City of Lake Dallas
City Council
Regular Meeting
City Hall
212 Main Street, Lake Dallas, TX 75065
Thursday, February 14, 2019 at 7:00 p.m.
Agenda

Section I – Presentations

1. **Call to Order & Determination of Quorum**

2. **Invocation & Pledges of Allegiance**

3. **Announcements & Special Recognitions**

   A. **City Manager's Report**
   The City Manager's Report may provide information on status of current city projects and other projects affecting the City, meetings and actions of the city's boards and commissions, upcoming local community events, including, but not limited to, departmental operations and capital improvement project status. No action will be taken with respect to this report.

4. **Citizen Agenda & Public Comment**

An opportunity for citizens to address the Mayor and City Council on matters which are not scheduled for consideration by the City Council or another City Board or Commission at a later date. In order to address the Council, please complete a Public Meeting Appearance Card and present it to the City Secretary prior to the start of the Council meeting. The Texas Open Meeting Act prohibits deliberation by the City Council of any subject which is not on the posted agenda, therefore the Council will not be able to discuss or take any action on items brought up during the citizen presentations. Citizen presentation will be limited to five (5) minutes per person.

<u>Section II – Consent Agenda</u>

All items listed below are considered to be routine by the City Council and will be enacted with one motion. There will be no separate discussion of the items unless a Councilmember so requests, in which event the item will be removed from the consent agenda and considered in its normal sequence.

5. Consider and Act on the Consent Agenda

A. Approval of Minutes of the Meeting held January 24, 2019.
B. Approval of ordinance canceling the regular City Council meeting for March 14, 2019.
C. Approval of a resolution approving a resolution of the Lake Dallas Community Development Corporation authorizing the issuance and sale of a sales tax revenue bond by the Corporation; approving a Sales Tax Remittance Agreement; and enacting other provisions relating to the subject.
D. Approval of a Resolution authorizing a cooperative purchasing agreement with Education Service Center Region 19- Allied States Cooperative.
E. Approval of a resolution, supporting the legislative priorities of the Board of Trustees of the Lake Dallas Independent School District.
F. Approval of a resolution appointing a member to the City of Lake Dallas Parks and Recreation Board.
G. Receive a report about the 2018 Lake Dallas Police Department racial profiling data.
H. Approval of a resolution authorizing an amendment to the Interlocal Cooperative Agreement with the Texas Department of Transportation for the operation and maintenance of the traffic signal at Hundley Drive and Lake Dallas Drive and authorizing the City Manager to negotiate and execute an amendment to the Interlocal Agreement regarding traffic signal maintenance with the City of Lewisville.

<u>Section III – Planning & Development</u>: None

<u>Section IV- General Items</u>

6. Receive and accept the annual audited financial statements for Fiscal Year 2017-2018.

7. Receive a report and hold a discussion regarding Allied Waste Systems, Inc., doing business as Republic, as the city's solid waste collection contractor, and the renewal of the Municipal Solid Waste Collection and Transportation Agreement

8. Receive a report, hold a discussion, and act to approve the City Manager's appointment and employment of a Finance Director.

9. Receive a report and hold a discussion regarding the proposal of a Rental Property Registration Program for the City of Lake Dallas, Texas.

Section V – Elected Official Requested Items

10. Mayor & Council Member Announcements.

The City Council may hear or make reports of community interest provided no action is taken or discussed. Community interest items may include information regarding upcoming schedules of events, honorary recognitions, and announcements involving imminent public health and safety threats to the city. Any deliberation shall be limited a proposal to place the subject on an agenda for a subsequent meeting.

Section VI – Executive Session As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed executive session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item listed above or herein.

11. Executive Session: Conduct a closed meeting pursuant to the Texas Government Code section 551.074 to deliberate the appointment and employment of the Finance Director

Section VII – Return to Open Session

12. Discuss and take appropriate action, if any, resulting from the discussions conducted in Closed Session.

Section VIII – Adjournment

I certify that the above notice of this meeting posted on the bulletin board at City Hall of the City of Lake Dallas, Texas on February 11, 2019 at 5:00 p.m.

Codi Delcambre

Codi Delcambre, TRMC
City Secretary

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed executive session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item listed above or herein.

If you plan to attend this public meeting and you have a disability that requires special arrangements at this meeting, please contact City Secretary's Office at (940) 497-2226 ext. 118 or fax (940) 497-4485 at least two (2) working days prior to the meeting so that appropriate arrangements can be made.

State of Texas
County of Denton
City of Lake Dallas

The Lake Dallas City Council met in a regular meeting on January 24, 2019 in the Lake Dallas City Hall, 212 Main Street, with notice of the meeting given, as required by Title 5, Chapter 551.041 of the Texas Government Code. Mayor Barnhart called the meeting to order at 7:00 p.m.

1. Roll Call

Michael Barnhart	Mayor
Megan Ray	Councilmember 1
Kathy Brownlee	Councilmember 2
Cheryl McClain	Councilmember 3
Charlie Price	Councilmember 4
Andi Nolan	Councilmember 5
Absent:	None

Staff Present: City Secretary Codi Delcambre, Police Chief Carolla, Public Works Manager Devin Shields, Director of Development Services Jeremy Tennant, Director of Library Services Natalie McAdams, Lieutenant Sawyer, and City Attorney Kevin Laughlin.

2. Invocation and Pledges of Allegiance
Susan Anderson led the invocation and pledges.

3. Announcements & Special Recognitions.
A. City Manager's Report

CoServ presented the Kids-n-Cops with a CoServ grant.

Chief Dan Carolla recognized and thanked Julien Peralta for all of his hard work and dedication at the Animal Shelter. He stated that Julien would be missed. He also introduced Cindy Uber as the Interim Animal Shelter Manager.

4. Citizen Agenda & Public Comments
Mayor Barnhart opened the Visitors/Citizens Agenda.

John Shoe of 737 Harbor Town Dr stated that he appreciated the repairs to Shady Shore Rd. He asked where Harbor Town was on the street repair schedule. He stated that one end of the street was in very bad shape.

5. Consider and Act on the Consent Agenda

A. Approval of Minutes of the Meeting held January 10, 2019.

B. **Approval of Resolution authorizing application for and acceptance of a grant through the Violence Against Women Justice and Training Program administered by the Office of the Governor.**
C. **Approval of Ordinance ordering a General Municipal Election to be held on May 4, 2019 for the purpose of election the Mayor and Councilmembers to Places 2 and 4; authorizing a Joint Election with other Denton Council Political Subdivisions; contracting for Election Services with Denton County; providing for a runoff date.**
D. **Approval of Resolution authorizing applications for and acceptance of a grant through the Rifle-Resistant Body Armor Grant Program, FY 2020 administered by the Office of the Governor.**
E. **Approval of Resolution authorizing the purchase of a Zero-Turn Mower from Lawn Land through the City's Cooperative purchasing agreement with Sourcewell.**

Motion: to approve the consent agenda items A through E was made by Councilmember Ray and second by Councilmember McClain.

Ayes: Councilmembers Ray, McClain, Price, Brownlee and Nolan
Noes: None

Motion Passed 5-0.

6. **Second reading and adoption of a resolution approving a project of the Lake Dallas Community Development Corporation for construction of improvements in order to provide public facilities and improvements for the benefit of its residents, and to comply with Section 505.158, Texas Local Government Code**

Motion to approve the second reading of a resolution approving a project of the Lake Dallas Community Development Corporation for construction of improvements in order to provide public facilities and improvements for the benefit of its residents, and to comply with Section 505.158, Texas Local Government Code was made by Councilmember Ray and second by Councilmember McClain.

Ayes: Councilmembers Ray, McClain, Price, Brownlee and Nolan
Noes: None

Motion Passed 5-0.

7. **Receive a report and hold a discussion regarding the City of Lake Dallas ordinances for harborage and pool maintenance.**

Council received a presentation from Code Enforcement Officer Daniel Rusnak regarding the City of Lake Dallas ordinance for harborage and pool maintenance. Council directed staff to proceeded with the recommended updates to the ordinance.

8. Mayor & Council Member Announcements:

Kathy Brownlee stated that it was National School Choice Week and she saw the Police Department segment on Channel 5 about the new vest.

9. Adjournment

Mayor Barnhart adjourned the meeting at 7:50 p.m.

Approved:

____

Michael Barnhart, Mayor

Attest:

____

Codi Delcambre, City Secretary

AGENDA ITEM 5B

CITY COUNCIL
AGENDA MEMO

Prepared By: John Cabrales, City Manager **February 14, 2019**

Cancellation of City Council Meeting

DESCRIPTION:

Consider and Act on an ordinance canceling the regular City Council meeting for March 14, 2019, and providing an effective date.

BACKGROUND INFORMATION:

Staff is recommending canceling the regular City Council meeting for March 14, 2019 because this meeting falls during the Spring Break for many local school districts, including Lake Dallas ISD. This is a time that some council members and staff members take time off of work to spend time with their kids. The next regularly scheduled council meeting is March 28, 2019.

RECOMMENDED MOTIONS:

I move to approve/deny an ordinance canceling the regular City Council meeting for March 14, 2019.

ATTACHMENT(S):

Ordinance

LAKE DALLAS, TEXAS
ORDINANCE NO. 2019-

AN ORDINANCE OF THE CITY OF LAKE DALLAS, TEXAS, CANCELING THE REGULAR CITY COUNCIL MEETING FOR MARCH 14, 2019; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, Section 3.09 of the City Charter of the City of Lake Dallas provides that the City Council shall hold at least one regular meeting each month and as many additional meetings as necessary to transact the business of the City; and

WHEREAS, the City Council has established by ordinance that its regular meetings shall be conducted at 7:00 p.m. on the second and fourth Thursdays of each month; and

WHEREAS, the City Council finds that canceling the regular meeting scheduled for March 14, 2019, will not adversely affect the operations of the City and will preserve City financial and human resources usually spent in preparation for such meeting.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS, THAT:

SECTION 1. The regular City Council meeting scheduled for March 14, 2019 is hereby canceled.

SECTION 2. This ordinance shall take effect immediately from and after its passage and the publication of the caption as the law in such cases provides.

DULY PASSED BY THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS ON THE 14TH DAY OF FEBRUARY, 2019.

APPROVED:

____
Michael Barnhart, Mayor

ATTEST:

____
Codi Delcambre, TRMC, City Secretary

APPROVED AS TO FORM:

____
Kevin B. Laughlin, City Attorney

AGENDA ITEM 5C

City Council

AGENDA MEMO

Prepared By: John Cabrales Jr, City Manager **February 14, 2019**

Taxable Series 2019 Bond Issuance

DESCRIPTION:

Consider and Act on a resolution approving a resolution of the Lake Dallas Community Development Corporation authorizing the issuance and sale of a sales tax revenue bond by the Corporation; approving a Sales Tax Remittance Agreement; and enacting other provisions relating to the subject.

BACKGROUND INFORMATION:

The Lake Dallas Community Development Corporation (CDC) has been incorporated and exists and operates as a duly constituted authority and instrumentality of the City of Lake Dallas, created pursuant to the Development Corporation Act, Texas Local Government Code, Chapters 501-507, as amended (the "Act"). At the Feb. 11, 2019 meeting, the CDC passed a resolution authorizing the issuance and sale of a CDC sales tax revenue bond, Taxable Series 2019, of which the proceeds of the bond will be used for the purchase of land, buildings, equipment, facilities and improvements at 103, 105 and 107 S. Lake Dallas Drive. The CDC has determined that a program of purchasing small tracts of real property within the City at strategic locations for the purpose of consolidating those tracts into a larger parcel for redevelopment will promote new and expanded business enterprises within the City and constitutes a "project" in accordance with Section 505.158 of the Act.

The issuance and sale of a CDC sales tax revenue bond, Taxable Series 2019, must be approved by council resolution, and the CDC and the City will need to enter into a Sales Tax Remittance Agreement, ensuring that sales taxes collected by the City for the benefit of the CDC pursuant to the Act are transferred and deposited into a fund for the use by the CDC in the furtherance of its authorized powers and purposes.

FINANCIAL CONSIDERATION:

The estimated purchase, closing and project management costs for 103, 105 and 107 S. Lake Dallas Drive is show on the table below.

Lake Dallas CDC Estimated Costs

Property	Sales Price	Approximate Closing Costs	Project Management	Total
103 S. Lake Dallas	$219,000	$800	$0	$219,800
105 S. Lake Dallas	$205,000	$800	$3,750	$209,550
107 S. Lake Dallas	$165,500	$2,500	$3,750	$171,750
Total	**$589,500**	**$4,100**	**$7,500**	**$600,600**

The City's financial advisor, Hilltop Securities Inc. prepared a debt capacity analysis for the CDC (attached). The issuance of $700,000 in bonds will the net the CDC approximately $665,000 in net project revenues, assuming a 3.75% private placement rate and $35,000 in total cost for the issuance. The first debt payment on the Taxable Series 2019 bond is in FY 2019-20 for approximately $42,479 for principal and interest. This will increase the total Debt Service payment for the CDC for FY 2019-20 from $204,928 to $247,407.

RECOMMENDED MOTIONS:

I move to approve/deny a resolution authorizing the issuance and sale of Lake Dallas Community Development Corporation sales tax revenue bond, Taxable Series 2019; providing for the security for and payment of said bond; approving a Sales Tax Remittance Agreement; and enacting other provisions relating to the subject.

ATTACHMENT(S):

1. Debt Capacity Analysis by Hilltop Securities Inc.
2. Resolution

RESOLUTION APPROVING A RESOLUTION OF THE LAKE DALLAS COMMUNITY DEVELOPMENT CORPORATION AUTHORIZING THE ISSUANCE AND SALE OF A SALES TAX REVENUE BOND BY THE CORPORATION; APPROVING A SALES TAX REMITTANCE AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Lake Dallas Community Development Corporation (the "Corporation") has been incorporated and exists and operates as a duly constituted authority and instrumentality of the City of Lake Dallas, Texas (the "City"), created pursuant to the Development Corporation Act, Texas Local Government Code, Chapters 501-507, as amended (the “Act”);

WHEREAS, there has been presented to this City Council a resolution (the "Bond Resolution") of the Board of Directors of the Corporation authorizing the issuance and sale of the Corporation's Sales Tax Revenue Bond, Taxable Series 2019 for the public purpose of providing funds to acquire land, buildings, equipment, facilities and improvements generally located in an area East of I-35 East Frontage Road, North of Main Street, South of Hundley Drive and West of Shady Shores Road as found by the corporation's board of directors to promote new or expanded business development (the "Projects"), in order to provide public facilities and improvements for the benefit of its residents, and to promote and encourage employment and public welfare and to promote and develop new and expanded business enterprises as authorized by the Act. and to pay the costs incurred in connection with the issuance of the Bond (as defined herein);

WHEREAS, the Corporation and the City shall enter into a certain Sales Tax Remittance Agreement, dated as of February 15, 2019, pursuant to which sales taxes collected by the City for the benefit of the Corporation pursuant to the Act are transferred and deposited into a fund for the use by the Corporation in the furtherance of its authorized powers and purposes;

WHEREAS, this City Council finds and determines that it is necessary and appropriate to approve the Bond Resolution and the Sales Tax Remittance Agreement for the purposes hereinabove provided; Now, Therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS:

Section 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. The Bond Resolution, attached hereto as Exhibit A, is hereby approved and the issuance by the Corporation of a sales tax revenue bond in the principal amount of $[] (the "Bond"), for the public purpose of providing funds for Projects and to pay the costs incurred in connection with the issuance of the Bond.

Section 2. The Sales Tax Remittance Agreement by and between the City and the Corporation, dated as of February 15, 2019, is hereby approved. For so long as the Bond remains outstanding, the City covenants, agrees and warrants, to the extent permitted by law, to cause no reduction, abatement or exemption in the sales tax below the rate voted at the election held by and within the City on September 14, 2002, and to cause such sales tax to be collected and deposited in accordance with the Sales Tax Remittance Agreement.

Section 3. This Resolution shall be effective immediately upon adoption.

PASSED AND APPROVED this February 14, 2019.

____
Mayor
City of Lake Dallas, Texas

ATTEST:

____
City Secretary
City of Lake Dallas, Texas

[CITY SEAL

EXHIBIT A

Bond Resolution

(See attached)

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF LAKE DALLAS COMMUNITY DEVELOPMENT CORPORATION SALES TAX REVENUE BOND, TAXABLE SERIES 2019; PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BOND; APPROVING A SALES TAX REMITTANCE AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

THE STATE OF TEXAS	§
	§
LAKE DALLAS COMMUNITY DEVELOPMENT CORPORATION	§

WHEREAS, Lake Dallas Community Development Corporation (the "Issuer") is a non-profit industrial development corporation created, existing and governed by the Development Corporation Act, Texas Local Government Code, Chapters 501-507, as amended (the "Act");

WHEREAS, pursuant to the authority granted in the Act, the City of Lake Dallas, Texas (the "City") has levied a one-half of one percent sales and use tax for the benefit of the Issuer (the "Sales Tax"), to be used exclusively for the purposes set forth in the Act;

WHEREAS, the proceeds of the bond hereinafter authorized will be used for the purchase of land, buildings, equipment, facilities and improvements generally located in an area East of I-35 East Frontage Road, North of Main Street, South of Hundley Drive and West of Shady Shores Road as hereby found by the Board of Directors of the Issuer to promote new or expanded business development (the "Projects"), in order to provide public facilities and improvements for the benefit of its residents, and to promote and encourage employment and public welfare and to promote and develop new and expanded business enterprises as authorized by the Act.;

WHEREAS, the bond hereafter authorized is being issued and delivered pursuant to the Act, particularly Section 505.158, Texas Local Government Code;

WHEREAS, the Issuer and the City shall enter into a Sales Tax Remittance Agreement, dated as of February 15, 2019, pursuant to which sales taxes collected by the City for the benefit of the Issuer pursuant to the Act shall be transferred and deposited into a fund for the use by the Issuer in the furtherance of its authorized powers and purposes;

WHEREAS, the Issuer has no outstanding debt secured by the Sales Tax; 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 time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Resolution, was given, all as required by the applicable provisions of Tex. Gov't Code Ann. ch. 551; Now, Therefore

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF LAKE DALLAS COMMUNITY DEVELOPMENT CORPORATION:

Section 1. DEFINITIONS.

"Act" shall mean the Development Corporation Act, Texas Local Government Code, Chapters 501-507, as amended.

"Additional Obligations" shall mean bonds, notes or other evidences of indebtedness which the Issuer reserves the right to issue or enter into, as the case may be, in the future in accordance with the terms and conditions provided in Section 14 hereof and which, together with the Bond, are equally and ratably secured by a parity pledge of and claim on the Pledged Revenues.

"Average Annual Debt Service" means that amount which, at the time of computation, is derived by dividing the total amount of Debt Service to be paid over a period of years as the same is scheduled to become due and payable by the number of years taken into account in determining the total Debt Service. Capitalized interest payments provided from proceeds or borrowings of the Issuer shall be excluded in making the aforementioned computation.

"Board" shall mean the Board of Directors of the Issuer.

"Bond" or "Bonds" shall mean the Lake Dallas Community Development Corporation Sales Tax Revenue Bond, Taxable Series 2019 authorized to be issued by this Resolution.

"City" shall mean the City of Lake Dallas, Texas.

"Comptroller" shall mean the Comptroller of Public Accounts of the State of Texas, and any successor official or officer thereto.

"Credit Facility" shall mean (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 at the time of acquisition of a Credit Facility a Rating Agency having an outstanding rating on Parity Obligations would rate the Parity Obligations fully insured or guaranteed by the issuer of the Credit Facility based on the rating of the issuer of the Credit Facility in one of 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 Parity Obligations would rate the Parity Obligations in 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 Parity Obligations and the interest thereon.

"Credit Facility Payment" means any payment the Issuer is obligated to make from amounts deposited in the Reserve Fund with respect to a Credit Facility.

"Debt Service" means, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the Issuer as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate of interest, that such obligations bear, or would have borne, interest at the maximum legal per annum rate applicable to such obligations, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to maturity, the principal amounts thereof will be redeemed prior to maturity in accordance with the mandatory redemption provisions applicable thereto.

"Fiscal Year" shall mean the fiscal year of the Issuer, being the twelve month period ending September 30 of each year.

"Holder," "Registered Owner" or words of similar import means the registered owner of the Bond from time to time as shown in the books kept by the Paying Agent/Registrar as bond registrar and transfer agent.

"Investment Act" shall mean the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

"Issuer" shall mean Lake Dallas Community Development Corporation.

"Maximum Annual Debt Service" shall mean the highest amount of Debt Service due on the Parity Obligations in any Fiscal Year.

"Outstanding", when used in this Resolution with respect to Parity Obligations, including the Bond, means, as of the date of determination, all Parity Obligations theretofore sold, issued and delivered by the Issuer, except:

(1) those Parity Obligations canceled or delivered to the transfer agent or registrar for cancellation in connection with the exchange or transfer of such obligations;

(2) those Parity Obligations paid or deemed to be paid in accordance with the provisions of Section 17 hereof or similar provisions of any resolution authorizing the issuance of Additional Obligations.

(3) those Parity Obligations that have been mutilated, destroyed, lost, or stolen and replacement obligations have been registered and delivered in lieu thereof.

"Parity Obligations" shall mean, collectively, the Bond and Additional Obligations.

"Paying Agent/Registrar" shall mean the financial institution so designated in accordance with the provisions of Section 4 of this Resolution.

"Pledged Revenues" shall mean all of the Issuer's receipts of the Sales Tax, less any amounts due or owing to the Comptroller as charges for collection or retention by the Comptroller for refunds and to redeem dishonored checks and drafts, to the extent such charges and retentions are authorized or required by law.

"Rating Agency" shall mean any nationally recognized municipal securities rating agency.

"Required Reserve" shall mean an amount equal to [0]% of the Maximum Annual Debt Service; provided, however, that for in any Fiscal Year in which the amount of the Sales Tax is equal to or greater than [1.10] times the amount of the Maximum Annual Debt Service, the amount of the Required Reserve shall be $0.00.

"Sales Tax" shall mean the one-half of one percent sales and use tax levied by the City within the boundaries of the City as they now or hereafter exist, together with any increases in the aforesaid rate if provided and authorized by the laws of the State of Texas, including specifically the Act, and collected for the benefit of the Issuer, all in accordance with the Act, including particularly Chapter 505 thereof.

"Transfer Agreement" shall mean the Sales Tax Remittance Agreement dated as of February 15, 2019, between the City and the Issuer.

Section 2. RECITALS, AMOUNT AND PURPOSE OF THE BOND.

(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 bond of the Lake Dallas Community Development Corporation (the "Issuer") is hereby authorized to be issued and delivered in the aggregate principal amount of $[] for the public purpose of providing funds to acquire land, buildings, equipment, facilities and improvements generally located in an area East of I-35 East Frontage Road, North of Main Street, South of Hundley Drive and West of Shady

Shores Road as found by the corporation's board of directors to promote new or expanded business development (the "Projects"), in order to provide public facilities and improvements for the benefit of its residents, and to promote and encourage employment and public welfare and to promote and develop new and expanded business enterprises as authorized by the Act, and to pay the costs incurred in connection with the issuance of the Bond.

(c) The Bond issued pursuant to this Resolution shall be designated: "LAKE DALLAS COMMUNITY DEVELOPMENT CORPORATION SALES TAX REVENUE BOND, TAXABLE SERIES 2019," and initially there shall be issued, sold, and delivered hereunder one fully registered bond, without interest coupons, dated February 15, 2019, in the denomination and principal amount of $[], numbered R-1, with any bond issued in replacement thereof being in the denomination of the full principal amount of the series of which the bond is issued and numbered consecutively from R-2 upward, payable in installments to the registered owner thereof, or to the registered assignee of said bond (in each case, the "Registered Owner"). Principal of said Bond shall mature and be payable in installments on the dates and in the amounts stated in the FORM OF BOND set forth in Section 5.

(d) The Bond shall bear interest on the unpaid balance of the principal amount thereof from the date of delivery to the scheduled due date, or date of prepayment or redemption prior to the scheduled due date, of the principal installments of the Bond at the rate of interest stated in the FORM OF BOND set forth herein. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Resolution.

(e) The term "Bond" as used in this Resolution shall mean and include collectively the bond initially issued and delivered pursuant to this Resolution and any substitute bond exchanged therefor, as well as any other substitute or replacement bond issued pursuant hereto, and the term "Bond" shall mean any such bond.

Section 3. RESERVED.

Section 4. CHARACTERISTICS OF THE BOND.

(a) Registration, Transfer and Exchange; Authentication. The Issuer shall keep or cause to be kept at the principal trust office of [__] (the "Paying Agent/Registrar"), books or records for the registration of the transfer and exchange of the Bond (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 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 and exchanges as herein provided. 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 Bond 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, exchange and delivery of a substitute Bond. Registration of assignments, transfers and exchanges of a Bond shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in Section 4(c) of this Resolution, 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 any Bond surrendered for 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 exchange of any Bond, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of a substitute Bond in the manner prescribed herein. Pursuant to Chapter 1201, Government Code, as amended, the duty of transfer of a Bond as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bond that initially was issued and delivered pursuant to this Resolution, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(b) Payment of Bond 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 Bond, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bond, shall properly and accurately record all payments on the Bond on the Registration Books, and shall keep proper records of all exchanges of a Bond, and all replacements of a Bond, as provided in this Resolution. However, in the event of a nonpayment 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 past due interest 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 the 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.

(c) In General. The Bond (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bond to be payable only to the Registered Owner thereof, (ii) may be exchanged for another Bond, (iii) may be transferred and assigned, (iv) shall have the characteristics, (vi) shall be signed, executed and authenticated, (vi) the principal of and interest on the Bond shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bond, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Resolution. The Bond initially issued and delivered pursuant to this Resolution is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in exchange for any Bond issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) The Issuer covenants with the Registered Owner of the Bond that at all times while the Bond is outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bond under this Resolution, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than twenty days written notice to the Paying Agent/Registrar, to be effective not later than 15 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 Resolution. 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 Bond, 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 the Registered Owner of the Bond, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(e) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Bond of Paying Agent/Registrar substantially in the form provided in this Resolution, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on the Bond. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the closing date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Resolution, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller.

(f) Cancellation of Initial Bond. On the closing date, one initial Bond representing the entire principal amount of the Bond, payable in stated installments to the purchaser designated in Section 21 or its designee, executed by manual or facsimile signature of the Chairman of the Board and Secretary of the Board of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, and with the date of delivery inserted thereon by the Paying Agent/Registrar, will be delivered to such purchaser or its designee.

Section 5. FORM OF BOND. The form of the Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bond initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Resolution.

(a) Form of Bond.

NO. R-

PRINCIPAL AMOUNT
$________

UNITED STATES OF AMERICA
STATE OF TEXAS

LAKE DALLAS COMMUNITY DEVELOPMENT CORPORATION
SALES TAX REVENUE BOND
TAXABLE SERIES 2019

Interest Rate	Delivery Date
As Shown Below	____________, 2019

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

LAKE DALLAS COMMUNITY DEVELOPMENT CORPORATION (the "Issuer"), being a nonstock, nonprofit industrial development corporation organized and existing under the laws of the State of Texas, including the Development Corporation Act, Texas Local Government Code, Chapters 501-507, as amended (the "Act"), and acting on behalf of the City of Lake Dallas, Texas (the "City"), for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns, the principal amount specified above, and to pay interest thereon, from the Delivery Date set forth above, on the balance of said principal amount from time to time remaining unpaid, at the rate per annum set forth above, calculated on the basis of a 360-day year of twelve 30-day months. The unpaid principal of this Bond shall mature and be payable in installments on the dates and in the principal installment amounts, and shall bear interest, calculated on the basis of basis of a 360-day year of twelve 30-day months, at the per annum rates, all as set forth in the following schedule:

Payment Date	Principal Installment	Interest Rates	Payment Date	Principal Installments	Interest Rates

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 Issuer shall pay interest on this Bond on __________, ____ and on each _______________ and _______________ thereafter to the date of maturity. The last principal installment of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity at the principal office of ____________________, __________, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of all other principal installments of and interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution of the Issuer authorizing the issuance of this Bond (the "Bond Resolution") 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 on the last day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and 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.

ANY ACCRUED INTEREST due in connection with the final installment of principal of this Bond shall be paid to the registered owner upon presentation and surrender of this Bond for payment 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 "Debt Service Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bond, when due.

IF THE DATE for the 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 dated February 15, 2019, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of $[] for the public purpose of providing funds to acquire land, buildings, equipment, facilities and improvements generally located in an area East of I-35 East Frontage Road, North of Main Street, South of Hundley Drive and West of Shady Shores Road as found by the corporation's board of directors to promote new or expanded business development (the "Projects"), in order to provide public facilities and improvements for the benefit of its residents, and to promote and encourage employment and public welfare and to promote and develop new and expanded business enterprises as authorized by the Act, and to pay the costs incurred in connection with the issuance of the Bond.

ON __________, ____, or any date thereafter, the outstanding principal of this Bond may be redeemed prior to maturity in [whole or in part], at the option of the Issuer, with funds derived from any available and lawful source, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

AT LEAST TWENTY days prior to the date fixed for any optional redemption of the Bond 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, to the Registered Owner of the Bond at its address as it appeared on the Registration Books on the day such notice of redemption is mailed; 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 this 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 Bond or portions thereof which 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 Bond or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption, and 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.

THE PAYING AGENT/REGISTRAR shall note in the Payment Record appearing on this Bond all prepayments or payments of principal installments on this Bond when made on their respective redemption or due dates, the date said payment was made and the remaining unpaid principal balance of this Bond and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Bond Registration Books.

THIS BOND is issuable in the form of one fully-registered Bond without coupons in the denomination of $[]. This Bond may be transferred or exchanged as provided in the Bond Resolution, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent/Registrar upon surrender of this Bond together with a written instrument of transfer or authorization for exchange satisfactory to the Paying Agent/Registrar and duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond of the same maturity and in the same aggregate principal amount shall be issued by the Paying Agent/Registrar to the transferee in exchange therefor as provided in the Bond Resolution, and upon payment of the charges therein prescribed. The Issuer and the Paying Agent/Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal interest due hereon and for all other purposes. The Paying Agent/Registrar shall not be required to make any such transfer or exchange 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.

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

THIS BOND shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication shall have been executed by the Paying Agent/Registrar or the Comptroller's Registration Certificate hereon shall have been executed by the Texas Comptroller of Public Accounts. It is hereby certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, 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; that this Bond is a special obligation of the Issuer; that neither the State of Texas, the City, nor any political corporation, subdivision, or agency of the State of Texas, nor any member of the Board of Directors of the Issuer, either individually or collectively, shall be obligated to pay the principal of or the interest on this Bond and neither the faith and credit nor the taxing power (except as described below) of the State of Texas, the City, or any other political corporation, subdivision, or agency thereof is pledged to the payment of the principal of or the interest on this Bond; that the principal of and interest on this Bond are secured by and payable from a first lien on and pledge of certain funds created under the Bond Resolution and the revenues defined in the Bond Resolution as the "Pledged Revenues", which include the proceeds of a one-half of one percent sales and use tax levied for the benefit of the Issuer by the City (the "Sales Tax") pursuant to Chapter 505 of the Act; and that the Registered Owner hereof shall not have the right to demand payment of the principal of or interest on this Bond from any tax proceeds other than the Sales Tax proceeds levied for the benefit of the Issuer by the City pursuant to Chapter 505 of the Act, or from any other source.

THE ISSUER HAS RESERVED the right in the Bond Resolution, subject to certain conditions set forth therein, to issue obligations or incur indebtedness from time to time in the future on a parity with the Bond with respect to the pledge of and lien on the Pledged Revenues which secures the Bond. The Issuer may also issue obligations or incur indebtedness which is secured on a junior and subordinate lien with respect to the Pledged Revenues

THE ISSUER HAS RESERVED THE RIGHT to amend the Bond Resolution as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owner of the Bond.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution 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 Resolution 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 Chairman of the Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Board of Directors of said Issuer.

(signature)	(signature)
Chairman, Board of Directors	Secretary, Board of Directors

(b) Form of Payment Record.

PAYMENT RECORD

Date of Payment	Principal Payment (amount and installment(s) to which payment is applied)	Remaining Principal Balance	Name and Title of Authorized Officer making Entry	Signature of Authorized Officer

(c) 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 Resolution described in the text of this Bond; and that this Bond has been issued in replacement of, or in exchange for, a Bond 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: ___________________________.

[NAME OF PAYING AGENT/REGISTRAR]
[CITY], [STATE]
Paying Agent/Registrar

By: ______________________________________
Authorized Representative

(d) Form of Assignment.

ASSIGNMENT
(Please type or print 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.

(e) 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)

Section 6. PLEDGE.

(a) The Bond and any interest payable thereon, and any Additional Obligations which may be issued in accordance herewith and be Outstanding from time to time, and any interest payable thereon, are and shall be secured by and payable from a first lien on and pledge of the Pledged Revenues. The Bond is and will be secured by and payable only from the Pledged Revenues, and not from amounts on deposit in any other Funds or accounts of the Issuer, and are not secured by or payable from a mortgage or deed of trust on any real, personal or mixed properties of the Issuer. Neither the State of Texas, the City, nor any political corporation, subdivision, or agency of the State of Texas, nor any member of the Board of Directors of the Issuer, either individually or collectively, shall be obligated to pay the principal of or the interest on the Bond and neither the faith and credit nor the taxing power (except as described below) of the State of Texas, the City, or any other political corporation, subdivision, or agency thereof is pledged to the payment of the principal of or the interest on the Bond. The Registered Owner of the Bond shall not have the right to demand payment of the principal of or interest on this Bond from any tax proceeds other than the Sales Tax proceeds levied for the benefit of the Issuer by the City pursuant to Section 4B of the Act, or from any other source.

(b) Article 1208, Government Code, applies to the issuance of the Bond 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 Bond is outstanding and unpaid, the result of such amendment being that the pledge of the taxes 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 Registered Owner of the Bond 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. REVENUE FUND. There shall be created and established on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special trust fund entitled the "Lake Dallas Community Development Corporation Sales Tax Revenue Fund" (hereinafter called the "Revenue Fund"). All Pledged Revenues shall be credited to the Revenue Fund immediately upon receipt. All Pledged Revenues deposited into the Revenue Fund shall promptly be transferred to the following funds in the following order of priority:

FIRST: To the payment of the amounts required to be deposited in the Debt Service Fund for the payment of Debt Service on the Parity Obligations as the same becomes due and payable;

SECOND: To the payment of the amounts required to be deposited in the Reserve Fund pursuant to this Resolution or any resolution relating to the issuance of Parity Obligations;

THIRD: To the payment of amounts required to be deposited in any other fund or account required by any resolution authorizing the issuance of Parity Obligations; and

FOURTH: To any fund or account held at any place or places, or to any payee, required by any other resolution of the Board which authorized the issuance of obligations or the creation of debt of the Issuer having a lien on the Pledged Revenues subordinate to the lien created herein on behalf of the Parity Obligations.

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

Section 8. DEBT SERVICE FUND.

(a) For the sole purpose of paying the principal of and interest on the Parity Obligations Outstanding at any time, as the same come due (including principal coming due as a result of any mandatory redemption of the Parity Obligations), there shall be created and established on the books of the Issuer a separate trust fund entitled the "Lake Dallas Community Development Corporation Sales Tax Revenue Bonds Debt Service Fund" (hereinafter called the "Debt Service Fund"). The Issuer covenants that there shall be deposited into the Debt Service Fund prior to each principal and interest payment date from the Pledged Revenues an amount equal to one hundred per cent (100%) of the interest on and the principal of the Bond then falling due and payable, and such deposits to pay principal and accrued interest on the Bond shall be made in substantially equal monthly installments on or before the 25th day of each month, beginning on or before the 25th day of the month next following the delivery of the Bond to the initial purchasers thereof; provided, however, that in any Fiscal Year the Issuer may elect to fund the Debt Service Fund on an accelerated basis and at any time when amounts on deposit in the Debt Service Fund are sufficient to make payment of all principal and interest coming due on the Outstanding Parity Obligations within the next twelve months, such deposits of Pledged Revenues to the Debt Service Fund may be discontinued, until there is once again an amount less than the principal and interest coming due on the Outstanding Parity Obligations within the next twelve months, at which time such deposits shall be resumed.

(b) The required deposits to the Debt Service Fund for the payment of principal of and interest on the Bond shall continue to be made as hereinabove provided until (i) the total amount on deposit in the Debt Service Fund is equal to the amount required to fully pay and discharge the Bond (principal and interest) then Outstanding or (ii) the Bond is no longer Outstanding.

Section 9. RESERVE FUND.

(a) There shall be created and ordered held at a depository of the Issuer, for the benefit of all Parity Obligations, the "Lake Dallas Community Development Corporation Sales Tax Revenue Bonds Reserve Fund" (hereinafter called the "Reserve Fund"). To the extent that the amount on deposit in the Reserve Fund is at any time of calculation less than the Required Reserve, the Issuer shall deposit to the Reserve Fund the Required Reserve as provided in this Section or in a resolution authorizing the issuance of Parity Obligations. The Required Reserve amount for the Bonds may be funded by the deposit to the Reserve Fund of cash or a Credit Facility. If so funded with a Credit Facility or cash (whether at the time of delivery of Additional Obligations or by accumulation over time), a cash amount (or investments of cash) or the face value of a Credit Facility shall at least equal the Required Reserve. All funds, investments and Credit Facilities on deposit and credited to the Reserve Fund shall be used solely for (i) the payment of the principal of and interest on Parity Obligations, when and to the extent other funds available for such purposes are insufficient, (ii) to make Credit Facility Payments and (iii) to the extent not required to maintain the Required Reserve, to pay, or provide for the payment of, the final principal amount of a series of Parity Obligations so that such series of Parity Obligations is no longer deemed to be "Outstanding" as such term is defined herein with reference to the Bond, or (iv) as provided in clause (d) below, any excess amount in the Reserve Fund may be transferred to the Revenue Fund and allocated in accordance with Section 7 hereof. Subject to subsection (e) of this Section, the Issuer may at any time substitute a qualifying Credit Facility for all or part of the cash or other Credit Facility on deposit in, or held for the benefit of, the Reserve Fund.

(b) The Required Reserve may be calculated at the time of either of the following events: (1) the end of the Issuer's current Fiscal Year, or (ii) the date of delivery of any series of Additional Obligations; provided that the Required Reserve amount may be calculated on the occurrence of such events as if such event occurred as of the end of the Issuer's then-current Fiscal Year.

(c) When and for so long as the cash and investments in the Reserve Fund and/or coverage afforded by a Credit Facility held for the account of the Reserve Fund equal the Required Reserve, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve, the Issuer covenants and agrees that the Issuer shall cure the deficiency in the Reserve Fund by making deposits to the Reserve Fund from the Pledged Revenues in accordance with Section 7 by monthly deposits in amounts equal to not less than 1/36th of the Required Reserve with any such deficiency payments being made on or before the last day of each month until the Required Reserve has been fully restored. Reimbursements to the provider of any Credit Facility deposited to the Reserve Fund shall constitute the making up of a deficiency to the extent that such reimbursements result in the reinstatement, in whole or in part, as the case may be, of the face value of the

Credit Facility. The Issuer further covenants and agrees that, subject only to the prior deposits to be made to the Debt Service Fund, the Pledged Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve, and any reserve fund that may be established for the benefit of any issue or series of Additional Obligations and to cure any deficiency in such amounts as required by the terms of this Resolution and any other resolution pertaining to the issuance of Additional Obligations.

(d) Earnings and income derived from the investment of amounts held for the credit of the Reserve Fund shall be retained in the Reserve Fund until the Reserve Fund contains the Required Reserve. During such time as the Reserve Fund contains the Required Reserve, the Issuer may, at its option, withdraw all surplus funds in the Reserve Fund and deposit such surplus in the Revenue Fund.

(e) Notwithstanding any other provision of this Resolution, if a Credit Facility is utilized in connection with the Bond after the issuance date of the Bond, the Board must specifically approve any such Credit Facility and any such Credit Facility must be submitted to the Attorney General (if submission is then required by law) for approval.

(f) In the event that the Issuer deposits in the Reserve Fund a Credit Facility and there is a draw upon the Credit Facility, the Issuer shall reimburse the issuer of such Credit Facility for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is used, from Pledged Revenues, however, such reimbursement from Pledged Revenues shall be subject to the provisions of subsection (c) of this Section and to the provisions of clause SECOND of Section 7.

Section 10. RESERVED.

Section 11. INVESTMENTS. Money in any Fund established by this Resolution may, at the option of the Board, be invested in eligible investment securities as described in the Investment Act; provided that all such investments 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. Investment earnings realized on investments attributable to the Debt Service Fund shall be retained therein and shall constitute a credit against the amount of money that is required to be on deposit therein for each payment of principal or interest. Such investments shall be valued in terms of current market value as of the last day of each Fiscal Year. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bond.

Section 12. FUNDS SECURED. Money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the City.

Section 13. PAYMENT. On or before the first payment date for the Bond and semiannually on or before each August 1 and February 1 thereafter while any portion of the Bond is Outstanding and unpaid, the Issuer shall cause to be transferred to the Paying Agent/Registrar amounts sufficient to make payment of the principal of and interest on the Bond to the Holder thereof with funds on deposit in the Debt Service Fund.

Section 14. ADDITIONAL OBLIGATIONS. In addition to the right to issue obligations of inferior lien, the Issuer reserves the right to issue Additional Obligations which, when duly authorized and issued in compliance with law and the terms and conditions hereinafter appearing, shall be on a parity with the Bond herein authorized, payable from and equally and ratably secured by a lien on and pledge of the Pledged Revenues. The Additional Obligations may be issued in one or more installments, provided, however, that none shall be issued unless and until the following conditions have been met:

(a) The Chairman of the Board or the Executive Director of the Issuer shall have executed a certificate stating (A) 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 resolution authorizing the issuance of outstanding Parity Obligations, and (B) either (1) payments into all special funds or accounts created and established for the payment and security of all outstanding Parity 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 (2) the application of the proceeds of sale of such obligations then being issued will cure any such deficiency;

(b) The Chairman or Executive Director signs and delivers to the Board a written certificate reflecting that for (i) the Fiscal Year next preceding the adoption of the resolution authorizing the proposed Additional Obligations or (ii) a consecutive twelve (12) month period out of the fifteen (15) month period next preceding the month in which the resolution authorizing the proposed Additional Obligations is adopted, the Pledged Revenues and interest earnings thereon were equal at least to 1.10 times the Maximum Annual Debt Service requirements on all Parity Obligations to be outstanding after the issuance of the proposed Additional Obligations; provided, however, that in the event an increase in the rate of the Sales Tax becomes effective prior to the date of a resolution authorizing the issuance of Additional Obligations, such certificate or report shall calculate the Pledged Revenues for the calculation period as if such increased rate were in effect during the calculation period; and

(c) The resolution authorizing the Additional Obligations provides that the Debt Service Fund be augmented by amounts adequate to accumulate the sum required to pay the principal and interest on such obligations as the same shall become due.

Section 15. REFUNDING BONDS. The Issuer reserves the right to issue refunding Bonds to refund all or any part of the Parity Obligations (pursuant to any law then available) upon such terms and conditions as the Board may deem to be in the best interest of the Issuer, and if less than all such Parity Obligations then Outstanding are refunded, the conditions precedent prescribed (for the issuance of Additional Obligations) set forth in Section 14 hereof shall be satisfied, and shall give effect to the refunding.

Section 16. SUBORDINATE DEBT. Except as may be limited by a future resolution authorizing the issuance of Parity Obligations, the Issuer shall have the right to issue or create any debt payable from or secured by a lien on all or any part of the Pledged Revenues for any lawful purpose without complying with the provisions of Section 14 or 15 hereof, provided the pledge and the lien securing such debt is subordinate to the pledge and lien established, made and created in Section 6 of this Resolution with respect to the Pledged Revenues to the payment and security of the Parity Obligations.

Section 17. DEFEASANCE OF BOND.

(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 Resolution, 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 the Defeased Bond 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 ad valorem taxes herein levied and pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or

Defeasance Securities, and thereafter the Issuer will have no further responsibility with respect to amounts available to the Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Bond, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities.

(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 Bond 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 a Defeased Bond 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 Bond, 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 State law that are eligible to refund, retire or otherwise discharge obligations such as the Bond.

(d) Until the Defeased Bond shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bond 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 Resolution.

Section 18. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BOND.

(a) Replacement Bond. 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 Bond. Application for replacement of a damaged, mutilated, lost, stolen or destroyed Bond 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 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 Bond. 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 Resolution.

(e) Authority for Issuing Replacement Bond. In accordance with Sec. 1206.022, Government Code, this Section of this Resolution 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 Bond is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bond in the form and manner and with the effect, as provided in Section 4(a) of this Resolution for a Bond issued in exchange for another Bond.

Section 19. CUSTODY, APPROVAL, AND REGISTRATION OF BOND; BOND COUNSEL'S OPINION; CONTINGENT INSURANCE PROVISION, IF OBTAINED; ENGAGEMENT OF BOND COUNSEL.

(a) The Chairman of the Board is hereby authorized to have control of the Bond initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bond pending its delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Bond. The approving legal opinion of the Issuer's Bond Counsel may, at the option of the Issuer, be printed on the Bond issued and delivered under this Resolution, but shall have no legal effect, and shall be solely for the convenience and information of the Registered Owner of the Bond. In addition, if bond insurance is obtained, the Bond may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Bond 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 Bond to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Bond 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 Chairman of the Board, and the Chairman of the Board is hereby authorized to execute such engagement letter.

Section 20. [RESERVED].

Section 21. SALE OF BOND.

Section 22. The Bond is hereby initially sold and shall be delivered to [] in [], Texas (the "*Purchaser*"), for cash for the par value thereof, pursuant to the Private Placement Letter dated the date of the final passage of this Resolution which the Chairman is hereby authorized to execute and deliver. The Bond shall initially be registered in the name of the Purchaser. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable.

Section 23. FURTHER PROCEDURES. The Chairman, Vice Chairman of the Board and Secretary of the Board, 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 execute, acknowledge and deliver in the name of and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar and 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, the Bond, the sale of the Bond and the private placement letter. 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 24. NO RULE 15c2-12 UNDERTAKING. The Issuer has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The Issuer is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the Issuer or the Bond. Notwithstanding the foregoing, the Issuer agrees to provide to the Purchaser a copy of the City's most recent annual audited financial statement and a copy of its most recently adopted budget upon written request.

Section 25. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Resolution subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of the Registered Owner, except as otherwise required by paragraph (b) below, amend or supplement this Resolution in order to (i) cure any ambiguity, defect or omission in this Resolution that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Resolution and that shall not materially adversely affect the interests of the holders, (iv) qualify this Resolution 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 Resolution as shall not be inconsistent with the provisions of this Resolution and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the Registered Owner shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of the Registered Owner, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Resolution or in the Bond so as to:

(1) Make any change in the maturity of the Bond;

(2) Reduce the rate of interest borne by the Bond;

(3) Reduce the amount of the principal of payable on the Bond;

(4) Modify the terms of payment of principal or of interest on the Bond or impose any condition with respect to such payment; or

(5) Change the requirement with respect to Registered Owner consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Resolution under this Section, the Issuer shall send by U.S. mail to the Registered Owner of the Bond a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the Registered Owner of the Bond, 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 Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be modified and amended in accordance with such amendatory Resolution, and the respective rights, duties, and obligations of the Issuer and the Registered Owner of the Bond shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the Registered Owner of the Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the ailing of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of the mailing of said notice by the Registered Owner, or by a successor in title, by filing notice with the Issuer.

For the purposes of establishing ownership of the Bond, the Issuer shall rely solely upon the registration of the ownership of such Bond on the registration books kept by the Paying Agent/Registrar.

Section 26. CONSTRUCTION FUND. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Taxable Series 2019 Bond Construction Fund" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Projects as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Debt Service Fund.

Section 27. APPROVAL OF SALES TAX TRANSFER AGREEMENT.

(a) The Issuer hereby approves the Transfer Agreement and the Chairman of the Board is hereby authorized and directed to execute and deliver and the Secretary of the Board of the Issuer is hereby authorized and directed to attest the Transfer Agreement. The Issuer hereby confirms the City's depository bank as the Issuer's depository bank for the Sales Tax Fund established pursuant to the Sales Tax Remittance Agreement.

(b) Pursuant to the provisions of the Transfer Agreement, the City has agreed to do any and all things necessary to accomplish the transfer of the Sales Tax collected for the benefit of the Issuer to the Revenue Fund on a monthly basis. The Transfer Agreement shall govern matters with respect to the collection of sales and use taxes from the Comptroller, credits and refunds due and owing to the Comptroller, and other matters with respect to the collection and transfer of the Sales Tax.

(c) The Chairman and Secretary of the Board are hereby ordered to do any and all things necessary to accomplish the transfer of money to the funds established hereby in ample time to pay the principal of and interest on the Bonds.

Section 28. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Resolution, 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 Resolution, despite such invalidity, which remaining portions shall remain in full force and effect.

Section 29. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption by the Board.

(Execution Page Follows)

PASSED, APPROVED AND EFFECTIVE this ____________________, 2019.

____
Chairman, Board of Directors

ATTEST:

____
Secretary, Board of Directors

[CORPORATION SEAL]

SALES TAX REMITTANCE AGREEMENT

THIS SALES TAX REMITTANCE AGREEMENT, dated as of FEBRUARY 15, 2019, executed by and between the City of Lake Dallas, Texas (the "City") and the Lake Dallas Community Development Corporation (the "Corporation")

W I T N E S S E T H:

WHEREAS, the Corporation was created by the City pursuant to the Development Corporation Act, Texas Local Government Code, Chapters 501-507, as amended (the “Act”), specifically with the Corporation to possess the powers granted by Chapter 505, Texas Local Government Code; and

WHEREAS, at an election held on September 14, 2002 (the "Election"), a majority of the citizens of the City voting at said Election authorized the City to levy a sales and use tax on the receipts at retail of taxable items within the City at a rate of one-half of one percent (the "Sales Tax"), and additionally the voters approved the use of the voted sales tax for the cost of projects authorized under Section 4B of former Article 5190.6, Texas Revised Civil Statutes (now codified in Chapter 505, Texas Local Government Code); and

WHEREAS, under the Act and the provisions of the Texas Tax Code, disbursements of sales and use taxes are made to cities, such as the City, by the Comptroller of Public Accounts of Texas (the "Comptroller"); and

WHEREAS, under authority of the Act, the Corporation was created to fund and finance eligible projects under the Act and to issue and secure obligations with the Sales Tax collected by the City under authority of the Act; and

WHEREAS, the parties hereto find it necessary and advisable to enter into this Agreement to evidence the duties and responsibilities of the respective parties with respect to the collection, remittance and transfer of such sales and use tax revenues.

NOW THEREFORE, in consideration of the covenants and agreements herein made, and subject to the conditions herein set forth, the City and the Corporation contract and agree as follows:

ARTICLE I
SALES TAX FUND

Section 1.1. Creation of Fund. The City agrees to establish and maintain at an official depository bank of the City (the "Depository"), a fund to be entitled "Lake Dallas Community Development Corporation Sales and Use Tax Fund" (the "Sales Tax Fund"). The Sales Tax Fund shall be maintained as a separate fund at the Depository, and no other moneys of the City shall be commingled with the Sales Tax Fund. The City shall also maintain separate investment accounts into which all deposits shall be transferred when funds are received.

Section 1.2. Deposits to Fund. The revenues received by the City from the Comptroller from the charge and levy of the Sales Tax shall be deposited as received, or transmitted by the Comptroller directly, to the credit of the Sales Tax Fund, for the benefit of the Corporation, and shall be made available to the Corporation from time to time as hereinafter provided in this Agreement.

Section 1.3. Security for Fund. The City hereby agrees that moneys on deposit in the Sales Tax Fund shall at all times be collateralized in the manner and with the collateral required by the City for its own funds.

Section 1.4. Change in Depository. The City reserves the right from time to time to change its official depository bank, and hereby agrees to give the Corporation thirty (30) days prior written notice of any such change in its official depository bank.

ARTICLE II
TRANSFER OF FUNDS

Section 2.1. Collection of Sales Tax. (a) Until the Comptroller is able to determine and report the amount of the Sales Tax levied for the benefit of the Corporation and any rebate, charge-back or adjustment thereof on a point of collection basis, the City will allocate a portion of the undivided sales and use tax receipts to the Corporation on the basis of the total sales and use taxes collected, multiplied by the pro rata portion of the Sales Tax and divided by all other sales and use taxes received from the Comptroller by the City. In addition, the City will allocate the costs of any rebate or charge-back applicable to the undivided sales and use tax receipts between the City and the Corporation on a pro rata basis.

(b) The Chairman of the Board of Directors of the Corporation and the chief financial officer of the City shall take such actions as are required to cause the Sales Tax to be delivered and transferred by the Texas State Treasurer and the Comptroller to the City for use by the Corporation by the fastest and most economically feasible means available.

Section 2.2. Sales Tax Fund. By resolution adopted by the Corporation approving this Agreement on February 11, 2019 (the "Resolution"), the Corporation confirmed the City's depository bank as the depository bank for the Sales Tax Fund all as provided herein.

Section 2.3. Transfers to Sales Tax Fund. On or before the 25th day of each month, the City shall direct the Depository to transfer funds on deposit in the Sales Tax Fund to the credit of the Revenue Fund of the Corporation. The City shall cause the Depository to make such transfers within twenty-four (24) hours of receipt of such direction to the extent that there are moneys on deposit in the Sales Tax Fund to effect such transfer.

Section 2.4. Use of Moneys by Corporation. The Corporation agrees to use the moneys on deposit in the Corporation's Revenue Fund in a manner consistent with the terms and conditions of the Act and the Election.

Section 2.5. Covenant of the City. Recognizing that the Sales Tax shall provide the security for the Corporation's bonds and other obligations, so long as such bonds and other obligations are outstanding, the City covenants and agrees that it will take and pursue all possible action permitted by the Act and other applicable State law to cause the Sales Tax to be levied and collected continuously at the rate of one half of one percent or, to the extent permitted by law and necessary or desirable, at a higher rate, and the City will not cause a reduction, abatement or exemption in the Sales Tax or in the rate at which it is authorized to be collected.

ARTICLE III
MISCELLANEOUS

Section 3.1. Depository Responsibilities. The Chairman of the Board of Directors of the Corporation and the City Manager of the City shall develop procedures to ensure that the official depository bank of the City, as it may exist from time to time, shall be obligated to perform the duties detailed in this Agreement, and to that end the City agrees to incorporate into its agreement with its official depository bank a covenant by the official depository bank that it will perform all duties and obligations as a depository as set forth in this Agreement.

Section 3.2. Fees of Depository. In connection with the establishment and maintenance of the Sales Tax Fund, the Corporation agrees to pay the reasonable costs and expenses of the Depository associated with the administration of the Sales Tax Fund and such costs and expenses, if any, shall never constitute a cost, liability, or obligation of the City.

Section 3.3. Severability. If any clause, provision, or section of this Agreement should be held illegal or invalid by any court of competent jurisdiction, the invalidity of such clause, provision, or section shall not affect any of the remaining clauses, provisions, or sections hereof and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision, or section had not been contained herein. In case any agreement or obligation contained in this Agreement should be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the City and the Corporation, as the case may be, to the full extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in multiple counterparts, each of which shall be considered an original for all purposes, as of the day and year first set out above.

CITY OF LAKE DALLAS, TEXAS

By: ________________________________
Mayor

LAKE DALLAS ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION

By: ________________________________
Chairman, Board of Directors

City of Lake Dallas, TX

CDC Capacity Analysis

Preliminary; 1/29/19

A	B	C	D	E	F	G	H	I	J
					NET Project Funds:		*$665,000*		
	Total Existing CDC Debt Service			Net Revenue Available for Debt Service	$700,000- Series 2019 Delivered 2/27/19- 3.75% TIC(1)			Total Net New CDC Debt Service	
FYE	Principal	Interest	Total		Principal	Interest	Total		Coverage
2018	$ 148,375	$ 61,105	$ 209,480	$ 315,000				$ 209,480	**1.5037**
2019	152,938	55,906	208,843	315,000				208,843	**1.5083**
2020	154,375	50,553	204,928	315,000	$ 5,000	$ 37,479	$ 42,479	247,407	**1.2732**
2021	162,500	45,178	207,678	315,000	15,000	26,063	41,063	248,741	**1.2664**
2022	148,375	39,458	187,833	315,000	30,000	25,500	55,500	243,333	**1.2945**
2023	130,625	33,864	164,489	315,000	55,000	24,375	79,375	243,864	**1.2917**
2024	133,750	28,313	162,063	315,000	60,000	22,313	82,313	244,375	**1.2890**
2025	141,875	22,629	164,504	315,000	60,000	20,063	80,063	244,566	**1.2880**
2026	150,000	16,599	166,599	315,000	60,000	17,813	77,813	244,412	**1.2888**
2027	75,000	10,224	85,224	315,000	135,000	15,563	150,563	235,787	**1.3360**
2028	80,000	7,029	87,029	315,000	140,000	10,500	150,500	237,529	**1.3262**
2029	85,000	3,621	88,621	315,000	140,000	5,250	145,250	233,871	**1.3469**
	$ 1,562,813	$ 374,477	$ 1,937,289		$ 700,000	$ 204,917	$ 904,917	$ 2,842,206	

Notes:

(1) Assumes 3.75% Private Placement Rate ; Assumes $35K total cost of issuance

PRELIMINARY - FOR ILLUSTRATIVE PURPOSES ONLY, SUBJECT TO CHANGE.

AGENDA ITEM 5D

CITY COUNCIL
AGENDA MEMO

Prepared By: Daniel Carolla, Chief of Police **February 14, 2019**

Interlocal Agreement with Education Service Center Region 19

DESCRIPTION:

Consider and Act on a Resolution authorizing an cooperative purchasing agreement with Education Service Center Region 19- Allied States Cooperative

BACKGROUND INFORMATION:

The Lake Dallas Police Department currently uses an online training vendor to provide many of the training courses necessary to train police personnel according to the Texas Commission on Law Enforcement. The current cost is paid per completion of each class, and not on a yearly subscription. The Lake Dallas Police Department has the opportunity to join the Education Service Center Region 19 Allied States Cooperative and contract with Police One Academy as a subscription online training provider. The cooperative pricing ensures the best available subscription rate, and the yearly subscription keeps the costs for online training predictable.

FINANCIAL CONSIDERATION:

The total cost of the Police One Academy subscription is $850.00.

RECOMMENDED MOTIONS:

I move to approve/deny a Resolution authorizing a cooperative purchasing agreement with Education Service Center Region 19 – Allied States Cooperative.

ATTACHMENT(S):

Resolution
Education Service Center Region 19 Membership Agreement Application
Police One Academy Quote

CITY OF LAKE DALLAS, TEXAS
RESOLUTION 02142019- ______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS, AUTHORIZING A COOPERATIVE PURCHASING AGREEMENT WITH EDUCATION SERVICE CENTER REGION 19 TO PARTCIPATE IN ITS PURCHASING COOPERATIVE PURSUANT TO THE INTERLOCAL COOPERATION ACT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, upon the recommendation of City Administration, the City Council of the City of Lake Dallas, Texas, pursuant to Tex. Gov't Code § 791.001, et seq., desires to participate in the purchasing cooperative offered by Education Service Center Region 19 known as "Allied States Cooperative", and finds that participating in said program will be highly beneficial to the City's taxpayers through the anticipated savings to be realized; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS, THAT:

SECTION 1. The City Manager is authorized to sign on behalf of the City a cooperative purchasing agreement with Education Service Center Region 19 for the purpose of participating in the Center's purchasing cooperative known as "Allied States Cooperative" and to sign and deliver any and all necessary requests and documents in connection therewith.

SECTION 2. This Resolution shall be effective immediately upon approval.

PASSED AND APPROVED this the 14th day of February 2019.

City of Lake Dallas, Texas

____
Michael Barnhart, Mayor

ATTEST:

____
Codi Delcambre, TRMC, City Secretary

APPROVED AS TO FORM:

____
Kevin B. Laughlin, City Attorney
(kbl:2/8/19:105996)

EDUCATION SERVICE CENTER REGION 19 • ALLIED STATES COOPERATIVE
6611 BOEING DRIVE • EL PASO, TX 79925-1010 • 915-780-5019 • Fax: 915-780-5061

INTERLOCAL AGREEMENT (SS-PUR-F025.7)

Upon agreement and authorized approval by the governing body of each of the parties, this agreement will be in effect between the referenced parties, in which Education Service Center- Region 19 Allied States Cooperative will cooperatively bid out goods and services. This agreement shall automatically renew on the anniversary date. Either party may terminate this agreement with or without cause given a 30-day notice.

Authority for cooperative contracting is granted under Government Code Title 7, Chapter 791 Interlocal Cooperation Contracts, Subchapter B General Interlocal Contracting Authority and Subchapter C Specific Interlocal Contracting Authority and Local Government Code, Chapter 271, Subchapter F, Section 271.101. and Section 271.102.

Region 19 Education Service Center through Allied States Cooperative will:

- Provide organizational and administrative support to facilitate member requirements
- Provide staff necessary for efficient operation of the purchasing cooperatives
- Provide administrative support for contract compliance with awarded bidders
- Comply with competitive bidding requirements
- Disseminate information in an expedient manner regarding awards and information related to specified contracts
- Maintain the ESC-Region 19 Allied States Cooperative website
- Provide specific contract requirement bid processing services during the contract period on a case by case basis.

Purchasing Co-op Members will:

- Designate a contact person for communications
- To the extent permitted by law, indemnify and save harmless Education Service Center - Region 19 Allied States Cooperative, the Region 19 Board of Directors, and Region 19 employees or representatives from all suits and claims resulting or arising from any breach of this Agreement or related agreements by the Co-op member and any negligent or intentional acts of Co-op member, its employees or agents. This Interlocal Agreement does not constitute a waiver of the sovereign immunity of any of the parties hereto.
- Submit copies of all purchase orders utilizing ESC-Region 19 ASC contracts to ESC Region 19 ASC.
- Pay awarded vendors in compliance with the payment terms set forth in the contracts.
- Notify ESC-Region 19 Allied States Cooperative in writing of any non-compliance issues with awarded vendors.
- Mutually agree with ESC-R19 (ASC) on specific contracts to be utilized due to market coverage by vendors.
- Each party paying for the performance of governmental function or services must make those payments from current revenues available to the paying party.

Please return approved agreement to:
Procurement Director
ESC-Region 19 Allied States Cooperative
6611 Boeing Drive, El Paso, TX 79925

Purchasing Cooperative Member

____
Name of District/Agency

____
Name of Authorized Person

____
Signature of Authorized Person

____
Title Date

Region 19 Education Service Center

Armando Aguirre, Ed.D.

____
Authorized Signature

____
Date

AUTHORIZATION OF THE INTERLOCAL AGREEMENT

DISTRICT/AGENCY CONTACT

____
Name

____
Address: City State Zip

____
Email

____
Telephone

____
Fax

Serving the Educational Communities of El Paso & Hudspeth Counties *by Praetorian Digital*

Order Form

Quote Number	00019267	Expiration Date	2/28/2019

Academy Contact Information

Prepared By	Marco DeLeon	Phone	(415) 735-2981
Title	Enterprise Director	Email	marco.deleon@praetoriandigital.com

Department Information

Account Name	Lake Dallas Police Department	Billing Contact	Daniel Carolla
Address	PO Box 368 Lake Dallas, TX 75065 United States	Payment Type	Invoice
		Contract Start Date	3/1/2019
		Contract End Date	2/29/2020
Contact Name	Daniel Carolla		
Phone	(940) 497-2228		
Email	dcarolla@lakedallaspd.org		

Subscription Platform

Product	Additional Details	Sales Price	Quantity	Total Price
PoliceOne Academy Annual Rate Per User	Subscription for 17 Users - Unlimited Access	$50.00	17.00	$850.00
Texas Package	Intermediate Courses - Unlimited Access (Waived)	$0.00	1.00	$0.00

Contract Total $850.00

Terms & Conditions

Billing: A yearly subscription billing period begins at the effective starting date of service as stated above. A payment is due in full at the beginning of the 12-month period unless otherwise specified. **Renewal:** Term of subscription will be automatically renewed upon contract end date using current rate card rates at the time of renewal, unless written notice of non-renewal is received at least sixty-days prior to contract end date. **Cancellation:** Contract cannot be cancelled prior to effective contract end date. **Department Personnel Use Only:** Passwords and videos can be used by department personnel during the term of the subscription. Sharing department login access to the PoliceOne Academy or CorrectionsOne Academy or any downloaded or video content with other departments is expressly prohibited. Any violation of this policy will result in revocation of department access. **Service Agreement:** The terms of this Order Form ("Order Form") and the Master Subscription Agreement ("MSA") located at http://www.praetoriandigital.com/LMS-Master-Service-Agreement between the Customer and Praetorian Digital govern the use of the Praetorian Digital Academy learning management system and related services. By executing this Order Form, Customer agrees to the terms of this document and the MSA.

Signature:__________________________ Date:_________________

Billing Contact: Ker Thao, ker.thao@praetoriandigital.com, *p: 415.*962.8327; *F: 415.962.8340; 200 Green Street #200, San Francisco CA 94111*

AGENDA ITEM 5E

CITY COUNCIL
AGENDA MEMO

Prepared By: John Cabrales Jr, City Manager **February 14, 2019**

Resolution Supporting Lake Dallas ISD Legislative Priorities

DESCRIPTION:

Consider and Act on a resolution of the City Council of the City of Lake Dallas, Texas, supporting the legislative priorities of the Board of Trustees of the Lake Dallas Independent School District; and providing an effective date.

BACKGROUND INFORMATION:

The 86th Texas Legislature convened on January 8, 2019 and is expected to consider legislation on a wide range of issues with a direct impact on public education in general and on Lake Dallas Independent School District (LDISD) in particular. As a result, the LDISD Board passed a resolution (#2018-19-02) establishing their priorities for the legislative session. They have endorsed the following key legislative priorities by the Texas Association of School Boards and the Texas Association of School Administrators.

1. Support legislation that creates an adequate and equitable school funding system that reduces the state's over-reliance on recapture and property value increases. Advocate for local discretion on spending to ensure that the needs of students, staff, and communities are met.
2. Support legislation that provides funding for school safety initiatives. Advocate for flexibility in how districts utilize these funds to meet the needs of local schools and communities.
3. Support full funding for the expansion of high-quality Pre-K programs state-wide.
4. Support legislation that establishes a comprehensive accountability system that looks beyond high-stakes, multiple-choice exams to meaningful assessments that have value for students, parents, and teachers, as well as measures, which each community deems important in promoting college and career readiness.
5. Support legislation increasing state funding to assist with increased healthcare costs associated with TRS-ActiveCare and TRS-Care.
6. Support legislation that guarantees all mid-size school districts have the opportunity to benefit from the mid-size school formula and ensures any legislative changes in student and district programs will enhance funding opportunities for all mid-size schools.

Successful cities know that education deserves their attention and that a quality public education system is one of the most important drivers of economic growth and an indicator of a city's overall health. Just as strong public education systems drive economic growth, the inverse is also true. Cities that struggle to improve student outcomes—such as the high school dropout rate—risk significant economic disadvantages, outright losses and reduced education levels across the population. The City of Lake Dallas is fortunate to have a school district that offers programs and educational opportunities that are suited to the needs of a broad spectrum of students. LDISD schools, programs, staff and students earn state and regional recognition regularly.

The LDISD Board recently passed a resolution (#2018-19-03) in support of the lake cities ability to preserve their ability to determine their own financial destiny, in order to protect the health, safety and welfare of citizens. Staff recommends passing a resolution supporting the LDISD legislative priorities for the benefit of the students, parents, teachers, and for the community as a whole.

FINANCIAL CONSIDERATION:

None.

RECOMMENDED MOTIONS:

I move to **approve/deny** a resolution of the City Council of the City of Lake Dallas, Texas, supporting the legislative priorities of the Board of Trustees of the Lake Dallas Independent School District.

ATTACHMENT(S):

1. Resolution
2. LDISD Legislative Resolution #2018-19-02
3. LDISD Legislative Resolution #2018-19-03

CITY OF LAKE DALLAS, TEXAS
RESOLUTION NO. 02142019-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS, IN SUPPORT OF THE LEGISLATIVE PRIORITIES OF THE BOARD OF TRUSTEES OF THE LAKE DALLAS INDEPENDENT SCHOOL DISTRICT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the vast majority of school-age children who reside within the City of Lake Dallas attend schools in the Lake Dallas Independent School District ("the District"); and

WHEREAS, the City Council of the City of Lake Dallas places great emphasis on the quality of education and recognizes that the future prosperity of not only Lake Dallas, but the entire state, relies on an education system that prepares students for college and all types of careers; and

WHEREAS, the City Council of the City of Lake Dallas supports the District's goal of striving for excellence in student achievement; and

WHEREAS, the City Council of the City of Lake Dallas recognizes that the ability of the District to continue to achieve said excellence is related to the actions of the 86^{th} Regular Session of the Texas Legislature; and

WHEREAS, the District's Board of Trustees has endorsed several key priorities by the Texas Association of School Boards and the Texas Association of School Administrators; and

WHEREAS, the City Council of the City of Lake Dallas finds it to be in the public interest to support the legislative priorities adopted by the District established for the 86^{th} Regular Session of the Texas Legislature.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS, DOES HEREBY:

SECTION 1. The City Council of the City of Lake Dallas, Texas, supports and endorses the following legislative priorities of the Lake Dallas Independent School District for the 86^{th} Regular Session of the Texas Legislature:

A. Support legislation that creates an adequate and equitable school funding system that reduces the state's over-reliance on recapture and property value increases. Advocate for local discretion on spending to ensure that the needs of students, staff, and communities are met.

B. Support legislation that provides funding for school safety initiatives. Advocate for flexibility in how districts utilize these funds to meet the needs of local schools and communities.

C. Support full funding for the expansion of high-quality Pre-K programs state-wide.

D. Support legislation that establishes a comprehensive accountability system that looks beyond high-stakes, multiple-choice exams to meaningful assessments that have value for students, parents, and teachers, as well as measures, which each community deems important in promoting college and career readiness.

E. Support legislation increasing state funding to assist with increased healthcare costs associated with TRS-ActiveCare and TRS-Care.

F. Support legislation that guarantees all mid-size school districts have the opportunity to benefit from the mid-size school formula and ensures any legislative changes in student and district programs will enhance funding opportunities for all mid-size schools.

SECTION 2. This Resolution shall be effective immediately upon approval.

PASSED AND APPROVED this the 14th day of February 2019.

City of Lake Dallas, Texas

____
Michael Barnhart, Mayor

ATTEST:

____
Codi Delcambre, TRMC, City Secretary

APPROVED AS TO FORM:

____
Kevin B. Laughlin, City Attorney
(kbl:2/1/19:105817)

RESOLUTION OF THE BOARD OF TRUSTEES OF THE LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

RESOLUTION #2018-19-02

A RESOLUTION ESTABLISHING LEGISLATIVE PRIORITIES FOR THE 86th SESSION OF THE TEXAS LEGISLATURE

WHEREAS, the Board of Trustees ("Board") of the Lake Dallas Independent School District places great emphasis on the quality of education; and recognizes that the future prosperity of not only the Lake Cities area, but the entire state, relies on an education system that creates an environment that prepares students for college and all types of careers; and

WHEREAS, the Lake Dallas Independent School District's goal of striving for excellence in student achievement is paramount; and

WHEREAS, the Lake Dallas ISD Board of Trustees endorses key priorities identified by the Texas Association of School Boards and the Texas Association of School Administrators; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the Lake Dallas Independent School District does hereby:

1. Support legislation that creates an adequate and equitable school funding system that reduces the state's over-reliance on recapture and property value increases. Advocate for local discretion on spending to ensure that the needs of students, staff, and communities are met.

2. Support legislation that provides funding for school safety initiatives. Advocate for flexibility in how districts utilize these funds to meet the needs of local schools and communities.

3. Support full funding for the expansion of high-quality Pre-K programs state-wide.

4. Support legislation that establishes a comprehensive accountability system that looks beyond high-stakes, multiple-choice exams to meaningful assessments that have value for students, parents, and teachers, as well as measures which each community deems important in promoting college and career readiness.

5. Support legislation increasing state funding to assist with increased healthcare costs associated with TRS-ActiveCare and TRS-Care.

6. Support legislation that guarantees all mid-size school districts have the opportunity to benefit from the mid-size school formula and ensures any legislative changes in student and district programs will enhance funding opportunities for all mid-size schools.

PASSED AND APPROVED this 19th day of January 2019 by the Board of Trustees of the Lake Dallas Independent School District

Lance Stacy
Board President

ATTEST: Glen Gowans
Board Secretary

RESOLUTION OF THE BOARD OF TRUSTEES OF THE LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

RESOLUTION #2018-19-03

A RESOLUTION ESTABLISHING LEGISLATIVE PRIORITIES FOR THE 86th SESSION OF THE TEXAS LEGISLATURE

WHEREAS, the Board of Trustees of the Lake Dallas Independent School District recognizes the need for the City of Corinth, the Town of Hickory Creek, the City of Lake Dallas and the Town of Shady Shores to preserve their ability to determine their own financial destiny in order to protect the health, safety, and welfare of their citizens and to meet the needs and demands of those citizens.

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the Lake Dallas Independent School District does hereby:

1. Support legislation that preserves municipal home-rule authority.
2. Oppose legislation that would reduce or otherwise negatively impact city and county revenue streams.
3. Oppose legislation that would erode current municipal economic development tools.

PASSED AND APPROVED this 19th day of January 2019 by the Board of Trustees of the Lake Dallas Independent School District

Lance Stacy
Board President

ATTEST: Glen Gowans
Board Secretary

AGENDA ITEM 5F

CITY COUNCIL
AGENDA MEMO

Prepared By: John Cabrales Jr, City Manager **February 14, 2019**

Parks & Recreation Board Appointment

DESCRIPTION:

Consider and Act on a resolution of the City Council of the City of Lake Dallas, Texas, appointing a member to the City of Lake Dallas Parks and Recreation Board.

BACKGROUND INFORMATION:

In November 2018, Mr. Thomas G. Wiggins, Member Place 7 resigned from the Parks and Recreation Board. His vacancy has not been filled. The City has received an application to serve on a Board or Commission from Ms. Kristy Gilbert (attached). She has indicated that her first choice is to serve on the Parks and Recreation Board. The Member Place 7 position expires October 2019.

Chapter 74, Parks and Recreation, Article II, Parks and Recreation Board, Section 74-32 (d) Membership, gives the city council the authority to appoint a member to serve for an unexpired term.

RECOMMENDED MOTIONS:

I move to approve/deny the resolution appointing Kristy Gilbert to Member Place 7 of the City of Lake Dallas Parks and Recreation Board.

ATTACHMENT(S):

1. Application
2. Resolution

CITY OF LAKE DALLAS, TEXAS
RESOLUTION NO ??-??

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS APPOINTING MEMBERS TO VARIOUS POSITIONS OF THE PARKS AND RECREATION BOARD; PROVIDING AN EFFECTIVE DATE.

WHEREAS, appointments to vacancies on the City's various Boards, Commissions and Committees are made each year for terms effective on October 1; and

WHEREAS, the Parks and Recreation Board has two (2) vacancies as the result of resignation, completion of term, or other reason that need to be filled; and

WHEREAS, the City Council of the City of Lake Dallas, Texas, finds it to be in the public interest to make appointments to fill said vacancies;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS, THAT:

SECTION 1

The following are current board members of the Parks and Recreation Board with terms ending as follows:

Name	Position	Term Expiration
Vacant	Member, Place 1	Oct. 2019
Lester Raborn	Member, Place 2	Oct. 2020
Rhonda Dutton	Member, Place 3	Oct. 2019
Dana Rhodes	Member, Place 4	Oct. 2020
Derina Malone	Member, Place 5	Oct. 2019
Ian Bryant	Member, Place 6	Oct. 2020
Vacant	Member, Place 7	Oct. 2019
Vacant	Alt. Member, Place 1	Oct. 2019
Vacant	Alt. Member, Place 2	Oct. 2020
Vacant	Alt. Member, Place 3	Oct. 2019
Vacant	Alt. Member, Place 4	Oct. 2020

SECTION 2

The following are hereby appointed to the Parks and Recreation Board with terms ending as follows:

Name	Position	Term Expiration
Vacant	Member, Place 1	Oct. 2019
Kristy Gilbert	Member, Place 7	Oct. 2019

Vacant	Alt. Member, Place 1	Oct. 2019
Vacant	Alt. Member, Place 2	Oct. 2020
Vacant	Alt. Member, Place 3	Oct. 2019
Vacant	Alt. Member, Place 4	Oct. 2020

SECTION 3

The appointed members to the Parks and Recreation Board are hereby appointed for the term stated above and until their successors are appointed and qualified.

SECTION 4

This Resolution shall take effect immediately upon passage.

PASSED AND APPROVED this the 9th day of August, 2018.

APPROVED:

____
Michael Barnhart, Mayor

ATTEST:

____
Codi Delcambre, TRMC
City Secretary

APPROVED AS TO FORM

____
Kevin B. Laughlin, City Attorney

AGENDA ITEM 5G

CITY COUNCIL
AGENDA MEMO

Prepared By: Daniel Carolla, Chief of Police **February 14, 2018**

2018 Racial Profiling Report

DESCRIPTION:

Receive a report about the 2018 Lake Dallas Police Department racial profiling data.

BACKGROUND INFORMATION:

The Texas Code of Criminal Procedure Articles 2.132 and 2.134 require that the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report to the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

FINANCIAL CONSIDERATION:

None

RECOMMENDED MOTIONS:

No action, discussion only.

ATTACHMENT(S):

2018 Racial Profiling Presentation
2018 TCOLE Racial Profiling Report

Lake Dallas Police Department 2018 Racial Profiling Report

February 14, 2019

1

Texas Code of Criminal Procedure - Art. 2.132. LAW ENFORCEMENT POLICY ON RACIAL PROFILING

2

Texas Code of Criminal Procedure - Art. 2.132. LAW ENFORCEMENT POLICY ON RACIAL PROFILING

- (a) In this article:
- (1) "Law enforcement agency" means an agency of the state, or of a county, municipality, or other political subdivision of the state, that employs peace officers who make motor vehicle stops in the routine performance of the officers' official duties.
- (2) "Motor vehicle stop" means an occasion in which a peace officer stops a motor vehicle for an alleged violation of a law or ordinance.
- (3) "Race or ethnicity" means the following categories:
- (A) Alaska native or American Indian;
- (B) Asian or Pacific Islander;
- (C) black;
- (D) white; and
- (E) Hispanic or Latino.

3

Texas Code of Criminal Procedure - Art. 2.132. LAW ENFORCEMENT POLICY ON RACIAL PROFILING

- (b) Each law enforcement agency in this state shall adopt a detailed written policy on racial profiling. The policy must:
- (1) clearly define acts constituting racial profiling;
- (2) strictly prohibit peace officers employed by the agency from engaging in racial profiling;
- (3) implement a process by which an individual may file a complaint with the agency if the individual believes that a peace officer employed by the agency has engaged in racial profiling with respect to the individual;
- (4) provide public education relating to the agency's compliment and complaint process, including providing the telephone number, mailing address, and e-mail address to make a compliment or complaint with respect to each ticket, citation, or warning issued by a peace officer;
- (5) require appropriate corrective action to be taken against a peace officer employed by the agency who, after an investigation, is shown to have engaged in racial profiling in violation of the agency's policy adopted under this article;

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Texas Code of Criminal Procedure - Art. 2.132. LAW ENFORCEMENT POLICY ON RACIAL PROFILING

- (6) require collection of information relating to motor vehicle stops in which a ticket, citation, or warning is issued and to arrests made as a result of those stops, including information relating to:
- (A) the race or ethnicity of the individual detained;
- (B) whether a search was conducted and, if so, whether the individual detained consented to the search;
- (C) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual;
- (D) whether the peace officer used physical force that resulted in bodily injury, as that term is defined by Section 1.07, Penal Code, during the stop;
- (E) the location of the stop; and
- (F) the reason for the stop; and

5

Texas Code of Criminal Procedure - Art. 2.132. LAW ENFORCEMENT POLICY ON RACIAL PROFILING

- (7) require the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision (6) to:
- (A) the Texas Commission on Law Enforcement; and
- (B) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

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(A) the race or ethnicity of the individual detained;

Asian/Pacific Islander	115
Black	583
Hispanic	603
Alaska/American Indiar	11
White	1981
Grand Total	**3293**

(B) whether a search was conducted and, if so, whether the individual detained consented to the search;

No Search	**3218**
No Search	3218
Search	**75**
Consent	13
Contraband in plain view	8
Incident to arrest	19
Inventory	2
Probable cause	33
Grand Total	**3293**

(C) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual;

No	3181
Yes	112
Grand Total	**3293**

(D) whether the peace officer used physical force that resulted in bodily injury, as that term is defined by Section 1.07, Penal Code, during the stop;

NO USE OF FORCE	3274
USE OF FORCE - BODILY INJURY	14
USE OF FORCE - NO BODILY INJURY	4
(blank)	1
Grand Total	**3293**

(E) the location of the stop; and

City street	2521
County road	44
Private Property or other	6
State Highway	27
US highway	695
Grand Total	**3293**

(F) the reason for the stop; and

MOVING TRAFFIC VIOLATION	2829
PRE EXISTING KNOWLEDGE	31
VEHICLE TRAFFIC VIOLATION	211
VIOLATION OF LAW	222
Grand Total	**3293**

Texas Code of Criminal Procedure - Art. 2.132. LAW ENFORCEMENT POLICY ON RACIAL PROFILING

- (c) The data collected as a result of the reporting requirements of this article shall not constitute prima facie evidence of racial profiling.
- (e) A report required under Subsection (b)(7) may not include identifying information about a peace officer who makes a motor vehicle stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the collection of information as required by a policy under Subsection (b)(6).
- (h) A law enforcement agency shall review the data collected under Subsection (b)(6) to identify any improvements the agency could make in its practices and policies regarding motor vehicle stops.

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Texas Code of Criminal Procedure - Art. 2.134. COMPILATION AND ANALYSIS OF INFORMATION COLLECTED

14

Texas Code of Criminal Procedure - Art. 2.134. COMPILATION AND ANALYSIS OF INFORMATION COLLECTED

- (b) A law enforcement agency shall compile and analyze the information contained in each report received by the agency under Article 2.133. Not later than March 1 of each year, each law enforcement agency shall submit a report containing the incident-based data compiled during the previous calendar year to the Texas Commission on Law Enforcement and, if the law enforcement agency is a local law enforcement agency, to the governing body of each county or municipality served by the agency.
- (c) A report required under Subsection (b) must be submitted by the chief administrator of the law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, and must include:

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Texas Code of Criminal Procedure - Art. 2.134. COMPILATION AND ANALYSIS OF INFORMATION COLLECTED

- (1) a comparative analysis of the information compiled under Article 2.133 to:
- (A) evaluate and compare the number of motor vehicle stops, within the applicable jurisdiction, of persons who are recognized as racial or ethnic minorities and persons who are not recognized as racial or ethnic minorities;
- (B) examine the disposition of motor vehicle stops made by officers employed by the agency, categorized according to the race or ethnicity of the affected persons, as appropriate, including any searches resulting from stops within the applicable jurisdiction; and
- (C) evaluate and compare the number of searches resulting from motor vehicle stops within the applicable jurisdiction and whether contraband or other evidence was discovered in the course of those searches; and

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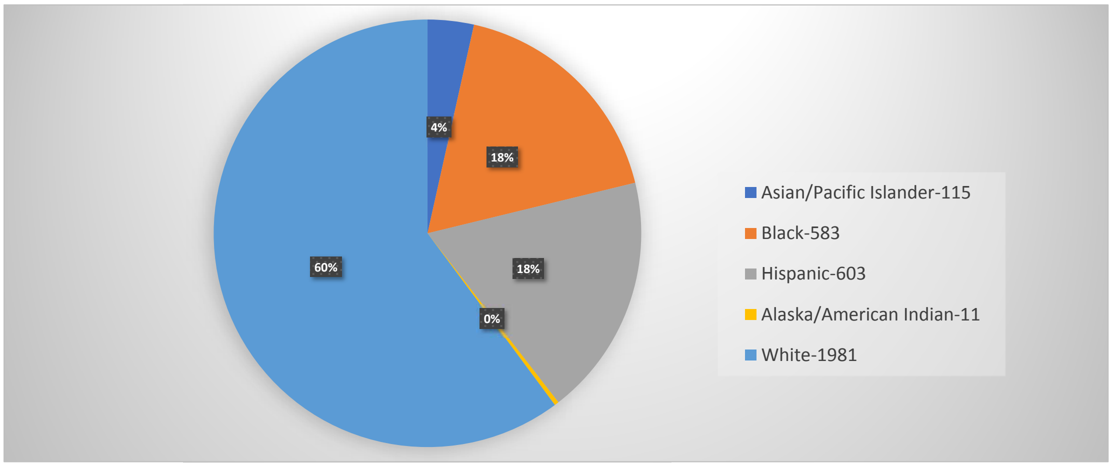
(A) Evaluate and compare the number of motor vehicle stops, within the applicable jurisdiction, of persons who are recognized as racial or ethnic minorities and persons who are not recognized as racial or ethnic minorities;



(B) Examine the disposition of motor vehicle stops made by officers employed by the agency, categorized according to the race or ethnicity of the affected persons, as appropriate, including any searches resulting from stops within the applicable jurisdiction; and

Asian/Pacific Islander	**115**
CITATION	**73**
No Search	71
Search	2
VERBAL WARNING	**6**
No Search	6
WRITTEN WARNING	**36**
No Search	35
Search	1
Black	**583**
CITATION	**311**
No Search	298
Search	13
CITATION AND ARREST	**2**
Search	2
VERBAL WARNING	**20**
No Search	20
WRITTEN WARNING	**249**
No Search	247
Search	2
WRITTEN WARNING AND ARREST	**1**
Search	1

Hispanic	**603**
ARREST	**4**
Search	4
CITATION	**402**
No Search	392
Search	10
CITATION AND ARREST	**1**
Search	1
VERBAL WARNING	**22**
No Search	22
WRITTEN WARNING	**174**
No Search	172
Search	2
Alaska/American Indian	**11**
CITATION	**8**
No Search	8
VERBAL WARNING	**1**
No Search	1
WRITTEN WARNING	**2**
No Search	2

White	**1981**
ARREST	**8**
Search	8
CITATION	**1037**
No Search	1020
Search	17
CITATION AND ARREST	**5**
No Search	1
Search	4
VERBAL WARNING	**71**
No Search	69
Search	2
WRITTEN WARNING	**859**
No Search	853
Search	6
WRITTEN WARNING AND ARREST	**1**
No Search	1
Grand Total	**3293**

(C) Evaluate and compare the number of searches resulting from motor vehicle stops within the applicable jurisdiction and whether contraband or other evidence was discovered in the course of those searches; and

Asian/Pacific Islander	**3**
Search Total	**3**
Consent Search	1
No Contraband Found	1
Probable cause	2
Drugs	2
Black	**18**
Search Total	**18**
Consent Search	3
Drugs	1
No Contraband Found	2
Contraband in plain view	1
Alcohol|Drugs	1
Incident to arrest	2
Drugs	1
No Contraband Found	1
Probable cause	12
Alcohol|Drugs	1
Alcohol|Other	1
Drugs	5
No Contraband Found	5

Hispanic	**17**
Search Total	**17**
Contraband in plain view	4
Alcohol	3
No Contraband Found	1
Incident to arrest	4
Alcohol|Drugs	1
(blank)	3
Inventory	1
Alcohol	1
Probable cause	8
Alcohol	1
Alcohol|Drugs	1
Currency|Drugs	1
Drugs	4
Other	1

White	**37**
Search Total	**37**
Consent Search	9
Alcohol	1
Drugs	1
No Contraband Found	7
Contraband in plain view	3
Drugs	1
No Contraband Found	2
Incident to arrest	13
Alcohol	1
Drugs	3
No Contraband Found	5
(blank)	4
Inventory	1
No Contraband Found	1
Probable cause	11
Alcohol	1
Drugs	9
No Contraband Found	1
Grand Total	**75**

Texas Code of Criminal Procedure - Art. 2.134. COMPILATION AND ANALYSIS OF INFORMATION COLLECTED

- (2) information relating to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.

Racial Profiling Complaint Data

- The Lake Dallas Police Department did not receive any complaints filed with the agency in 2018 that alleged officers had engaged in racial profiling.

Texas Code of Criminal Procedure - Art. 2.134. COMPILATION AND ANALYSIS OF INFORMATION COLLECTED

- (d) A report required under Subsection (b) may not include identifying information about a peace officer who makes a motor vehicle stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the reporting of information required under Article 2.133(b)(1).
- (e) The Texas Commission on Law Enforcement, in accordance with Section 1701.162, Occupations Code, shall develop guidelines for compiling and reporting information as required by this article.
- (f) The data collected as a result of the reporting requirements of this article shall not constitute prima facie evidence of racial profiling.

Appendix A: Texas Code of Criminal Procedure - Art. 2.133. REPORTS REQUIRED FOR MOTOR VEHICLE STOPS

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Texas Code of Criminal Procedure - Art. 2.133. REPORTS REQUIRED FOR MOTOR VEHICLE STOPS

- (a) In this article, "race or ethnicity" has the meaning assigned by Article 2.132(a).
- (b) A peace officer who stops a motor vehicle for an alleged violation of a law or ordinance shall report to the law enforcement agency that employs the officer information relating to the stop, including:
- (1) a physical description of any person operating the motor vehicle who is detained as a result of the stop, including:
- (A) the person's gender; and
- (B) the person's race or ethnicity, as stated by the person or, if the person does not state the person's race or ethnicity, as determined by the officer to the best of the officer's ability;
- (2) the initial reason for the stop;
- (3) whether the officer conducted a search as a result of the stop and, if so, whether the person detained consented to the search;

Appendix A 24

Texas Code of Criminal Procedure - Art. 2.133. REPORTS REQUIRED FOR MOTOR VEHICLE STOPS.

- (4) whether any contraband or other evidence was discovered in the course of the search and a description of the contraband or evidence;
- (5) the reason for the search, including whether:
- (A) any contraband or other evidence was in plain view;
- (B) any probable cause or reasonable suspicion existed to perform the search; or
- (C) the search was performed as a result of the towing of the motor vehicle or the arrest of any person in the motor vehicle;
- (6) whether the officer made an arrest as a result of the stop or the search, including a statement of whether the arrest was based on a violation of the Penal Code, a violation of a traffic law or ordinance, or an outstanding warrant and a statement of the offense charged;

Texas Code of Criminal Procedure - Art. 2.133. REPORTS REQUIRED FOR MOTOR VEHICLE STOPS.

- (7) the street address or approximate location of the stop;
- (8) whether the officer issued a verbal or written warning or a ticket or citation as a result of the stop; and
- (9) whether the officer used physical force that resulted in bodily injury, as that term is defined by Section 1.07, Penal Code, during the stop.
- (c) The chief administrator of a law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, is responsible for auditing reports under Subsection (b) to ensure that the race or ethnicity of the person operating the motor vehicle is being reported.

Racial Profiling Report | Full report

Agency Name:	Lake Dallas Police Department
Reporting Date:	01/28/2019
TCOLE Agency Number:	121210
Chief Administrator:	Daniel Carolla
Agency Contact Information:	
Phone:	940-497-2228
Email:	dcarolla@lakedallaspd.org
Mailing Address:	212 Main St. Lake Dallas Texas 75065

This Agency filed a full report

Lake Dallas Police Department has adopted a detailed written policy on racial profiling. Our policy:

1.) clearly defines acts constituting racial profiling;

2.) strictly prohibit peace officers employed by the Lake Dallas Police Department from engaging in racial profiling;

3.) implements a process by which an individual may file a complaint with the Lake Dallas Police Department if the individual believes that a peace officer employed by the Lake Dallas Police Department has engaged in racial profiling with respect to the individual;

4.) provides public education relating to the agency's complaint process;

5.) requires appropriate corrective action to be taken against a peace officer employed by the Lake Dallas Police Department who, after an investigation, is shown to have engaged in racial profiling in violation of the Lake Dallas Police Department's policy adopted under this article;

6.) require collection of information relating to motor vehicle stops in which a citation is issued and to arrests made as a result of those stops, including information relating to:

a.) the race or ethnicity of the individual detained;

b.) whether a search was conducted and, if so, whether the individual detained consented to the search; and

c.) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual; and

7.) require the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision(6) to:

a.) the Commission on Law Enforcement; and

b.) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

Executed by: Daniel Carolla

Chief Administrator

Lake Dallas Police Department

Date: 01/28/2019

Total stops: 3293

Gender

Female: 1176
Male: 2117

Race or ethnicity

Black: 583
Asian/Pacific Islander: 115
White: 1981
Hispanic/Latino: 603
Alaska Native/American Indian: 11

Was race or ethnicity known prior to stop?

Yes: 112
No: 3181

Reason for stop?

Violation of law: 222
Pre existing knowledge: 31
Moving traffic violation: 2829
Vehicile traffic violation: 211

Street address or approximate location of the stop

City street: 2521
US highway: 695
State highway: 27
County road: 44
Private property or other: 6

Was a search conducted?

Yes: 75
No: 3218

Reason for Search?

Consent: 13
Contraband: 8
Probable cause: 33
Inventory: 2
Incident to arrest: 19

Was Contraband discovered?

Yes: 42
No: 33

Description of contraband

Drugs: 27
Currency: 1
Weapons:
Alchohol: 13
Stolen property:
Other: 1

Result of the stop

Verbal warning: 120
Written warning: 1320
Citation: 1831
Written warning and arrest: 2
Citation and arrest: 8
Arrest: 12

Arrest Total

Total: 2

Arrest based on

Violation of Penal Code: 13
Violation of Traffic Law: 2
Violation of City Ordinance:
Outstanding Warrant 7

Was physical force resulting in bodily injury used during stop

Yes: 14
No: 3279

AGENDA ITEM 5H

City Council
AGENDA MEMO

Prepared By: Devin Shields, Public Works Manager **February 14, 2019**

TxDOT Interlocal Agreement for the maintenance of the traffic signal at Hundley Dr. and Lake Dallas Dr.

DESCRIPTION:

Consider and Act on a resolution of the City Council of the City of Lake Dallas, Texas authorizing the third amendment to a Voluntary Cooperative Agreement for the operation and maintenance of traffic signals (Contract #18-0XXM5003) with the Texas Department of Transportation, the City of Lewisville, and others relating to operation and maintenance of traffic signals on certain streets intersecting with Interstate Highway 35E; authorizing negotiation and execution of an amendment to the Interlocal Agreement with the City of Lewisville relating to traffic signal maintenance; and providing an effective date.

BACKGROUND INFORMATION:

Prior to the I-35E expansion project the traffic lights at the intersection of Hundley Drive and Lake Dallas Drive had been under the control of the City of Lake Dallas, and maintained through an Interlocal Agreement (ILA) with the City of Lewisville. During the I-35E project the intersection was rebuilt and new traffic signals were installed by the Texas Department of Transportation (TxDOT). Now, through this new proposed amendment to the Voluntary Cooperative Agreement with TxDOT, the responsibility for operation and maintenance of these signals is to be transferred to TxDOT, but will continue to be maintained by the City of Lewisville through a separate ILA between TxDOT and the City of Lewisville. The only other signal lights controlled by the City of Lake Dallas are at Shady Shores Road and Swisher Road, and these are operated and maintained through a separate ILA with the City of Lewisville which will need to be amended upon approval of this third amendment to a Voluntary Cooperative Agreement.

FINANCIAL CONSIDERATION:

The transfer of control of the traffic signals at this intersection should translate into a reduction in the cost of our ILA with the City of Lewisville as we will be going from two traffic signal intersections down to one signal interstation. Currently we pay the City of Lewisville $2,000 per year ($1,000 per intersection) to operate and maintain the traffic signals at the two signal intersections.

RECOMMENDED MOTIONS:

I move to approve/deny a resolution authorizing the third amendment to a Voluntary Cooperative Agreement for the operation and maintenance of traffic signals with the Texas Department of Transportation, the City of Lewisville, and others relating to operation and maintenance of traffic signals on certain streets intersecting with Interstate Highway 35E; and authorizing negotiation and execution of an amendment to the Interlocal Agreement with the City of Lewisville relating to traffic signal maintenance.

ATTACHMENT(S):

1. Amendment to Interlocal Cooperative Agreement with TxDOT
2. Resolution

CITY OF LAKE DALLAS, TEXAS
RESOLUTION NO. 02142019-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS AUTHORIZING THE THIRD AMENDMENT TO VOLUNTARY COOPERATION AGREEMENT FOR THE OPERATION AND MAINTENANCE TRAFFIC SIGNALS (CONTRACT #18-0XXM5003) WITH THE TEXAS DEPARTMENT OF TRANSPORTATION, THE CITY OF LEWISVILLE, AND OTHERS RELATING TO OPERATION AND MAINTENANCE OF TRAFFIC SIGNALS ON CERTAIN STREETS INTERSECTING WITH INTERSTATE HIGHWAY 35E; AUTHORIZING NEGOTIATION AND EXECUTION OF AN AMENDMENT TO THE INTERLOCAL AGREEMENT WITH CITY OF LEWISVILLE RELATING TO TRAFFIC SIGNAL MAINTENANCE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Lake Dallas has previously entered into that certain *Voluntary Cooperation Agreement for the Operation and Maintenance Traffic Signals* (Contract #18-0XXM5003) (“the Signal Agreement”) with the Texas Department of Transportation (“TxDOT”) providing for the operation and maintenance by the City of Lewisville of certain traffic signals located at intersections within the corporate limits of the City of Lake Dallas; and

WHEREAS, as part of the recent Interstate Highway 35E construction project, TxDOT replaced existing signal equipment owned and operated by the City of Lake Dallas with new traffic signal equipment owned by TxDOT at the intersections of IH-35E at Turbeville Road/Hundley Drive and IH-35E at Oak Drive/Lake Dallas Drive; and

WHEREAS, TxDOT has requested that the Signal Agreement be further amended to include the above-referenced traffic signals to the list of traffic signals to be operated and maintained by TxDOT by the City of Lewisville pursuant to the Signal Agreement; and

WHEREAS, the above-referenced traffic signals are presently being maintained for the City of Lake Dallas by the City of Lewisville pursuant to a separate interlocal agreement; and

WHEREAS, City Administration recommends amending the agreement with the City of Lewisville to delete the above-referenced traffic signals from the scope of work in that agreement; and

WHEREAS, the City Council of the City of Lake Dallas finds it to be in the public interest to enter into the above described amendments;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS, THAT:

SECTION 1. The City Manager is authorized to execute the third amendment to the *Voluntary Cooperation Agreement for the Operation and Maintenance Traffic Signals* (Contract #18-

0XXM5003) with the Texas Department of Transportation, the City of Lewisville, and other local governments in the form attached hereto as Exhibit "A" and incorporated herein by reference.

SECTION 2. The City Manager is hereby authorized to negotiate and execute on behalf of the City an amendment to that certain *Interlocal Agreement* with the City of Lewisville dated December 12, 2009, and effective January 1, 2010, as amended by agreement dated September 20, 2010, to remove from the scope of said agreement any traffic signals being maintained pursuant to the Signal Agreement with TxDOT and others.

SECTION 3. This Resolution shall be effective immediately upon passage.

PASSED AND APPROVED this the 14th day of February 2019.

City of Lake Dallas, Texas

____
Michael Barnhart, Mayor

ATTEST:

____
Codi Delcambre, TRMC, City Secretary

APPROVED AS TO FORM:

____
Kevin B. Laughlin, City Attorney
(kbl:2/8/19:105984)

Exhibit "A"

Contract # 18-0XXM5003

THE STATE OF TEXAS §

THE COUNTY OF TRAVIS §

AMENDMENT TO VOLUNTARY INTERLOCAL COOPERATION AGREEMENT

FOR THE OPERATION AND MAINTENANCE OF TRAFFIC SIGNALS
Amendment Number 3

It is mutually understood and agreed by and between the undersigned contracting parties to the above numbered Voluntary Interlocal Cooperation Agreement for the Operation and Maintenance of Traffic Signals to amend said Agreement as follows:

Article 4 – Compensation (a) shall be voided in its entirety and replaced with the following:

Article 4 – Compensation (a) The maximum amount payable under this Agreement is $89,945 per year.

Exhibit 1-A shall be voided in its entirety and replaced with the attached EXHIBIT 1-C to add IH 35E at Turbeville Rd/Hundley Dr and IH 35E at Oak Dr/Lake Dallas Dr.

This amendment shall become effective when fully executed. All other terms and conditions of the above numbered Voluntary Interlocal Cooperation Agreement for the Operation and Maintenance of Traffic Signals not hereby amended remain in full force and effect.

ADMINISTRATOR—CITY OF LEWISVILLE

By Donna Barron Date 11-6-18
AUTHORIZED SIGNATURE

Donna Barron
TYPED OR PRINTED NAME AND TITLE

Title City Manager

LOCAL GOVERNMENT—CITY OF COPPELL

By ____________________ Date ____________
AUTHORIZED SIGNATURE

____
TYPED OR PRINTED NAME AND TITLE

Title ____________________

LOCAL GOVERNMENT—CITY OF CORINTH

By ____________________ Date ____________
AUTHORIZED SIGNATURE

____
TYPED OR PRINTED NAME AND TITLE

Title ____________________

LOCAL GOVERNMENT—CITY OF THE COLONY

By ______________________________ Date ______________
AUTHORIZED SIGNATURE

____
TYPED OR PRINTED NAME AND TITLE

Title ______________________________

LOCAL GOVERNMENT—TOWN OF HICKORY CREEK

By ______________________________ Date 01-15-2019
AUTHORIZED SIGNATURE

Lynn C. Clark
TYPED OR PRINTED NAME AND TITLE

Title Mayor

LOCAL GOVERNMENT—CITY OF LAKE DALLAS

By ______________________________ Date ______________
AUTHORIZED SIGNATURE

____
TYPED OR PRINTED NAME AND TITLE

Title ______________________________

FOR THE STATE OF TEXAS
Executed for the Executive Director and approved for the Texas Transportation Commission for the purpose and effect of activating and/or carrying out the orders, established policies or work programs heretofore approved and authorized by the Texas Transportation Commission.

By ______________________________ Date ______________
James K. Selman, P.E.
Dallas District Engineer

EXHIBIT 1-C

Signalized intersections with one (1) controller on State Highways located within the Local Government of The Colony.

SH 121 at Standridge
SH 121 at FM 423/Crider
SH 121 at Paige/Plano Parkway
FM 423 at Lake Highlands
FM 423 at Lone Star Ranch Parkway
FM 423 at Memorial Drive
FM 423 at Cougar Alley
FM 423 at South Colony
FM 423 at North Colony
FM 423 at Quick Trip Driveway

Signalized intersections with one (1) controller on State Highways located within the Local Government of Coppell.

SH 121 at Denton Tap Road

Signalized intersections with one (1) controller on State Highways located within the Local Governments of Corinth, Hickory Creek and Lake Dallas.

IH35E at FM 2181 (Swisher)

Signalized intersections with one (1) controller on State Highways located within the Local Governments of Corinth and Hickory Creek.

FM 2181 (Teasley Drive) at Hickory Creek Blvd.
FM 2181 (Teasley Drive) at Town Hall/Garrison
FM 2181 (Teasley Drive) at Parkridge/Sycamore Bend

Signalized intersections with one (1) controller on State Highways located within the Local Government of Corinth.

FM 2181 at Post Oak
FM 2181 at FM 2499

Signalized intersections with one (1) controller on State Highways located within the Local Government of Corinth.

IH35E at Corinth Parkway
IH 35E at Post Oak

Signalized intersections with two (2) controllers on State Highways located within the Local Governments of Hickory Creek and Lake Dallas.

IH35E at Turbeville Rd/Hundley Dr

Signalized intersections with one (1) controller on State Highways located within the Local Government of Hickory Creek.

IH35E at Oak Dr/Lake Dallas Dr

Contract # 18-0XXM5003

THE STATE OF TEXAS §

THE COUNTY OF TRAVIS §

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FOR THE OPERATION AND MAINTENANCE OF TRAFFIC SIGNALS
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This amendment shall become effective when fully executed. All other terms and conditions of the above numbered Voluntary Interlocal Cooperation Agreement for the Operation and Maintenance of Traffic Signals not hereby amended remain in full force and effect.

ADMINISTRATOR—CITY OF LEWISVILLE

By Donna Barron Date 11-6-18
AUTHORIZED SIGNATURE

Donna Barron
TYPED OR PRINTED NAME AND TITLE

Title City Manager

LOCAL GOVERNMENT—CITY OF COPPELL

By ______________________ Date ______________
AUTHORIZED SIGNATURE

____
TYPED OR PRINTED NAME AND TITLE

Title ______________________

LOCAL GOVERNMENT—CITY OF CORINTH

By ______________________ Date ______________
AUTHORIZED SIGNATURE

____
TYPED OR PRINTED NAME AND TITLE

Title ______________________

LOCAL GOVERNMENT—CITY OF THE COLONY

By ______________________________ Date ______________
AUTHORIZED SIGNATURE

____
TYPED OR PRINTED NAME AND TITLE

Title ______________________________

LOCAL GOVERNMENT—TOWN OF HICKORY CREEK

By Lynn C. Clark Date 01-15-2019
AUTHORIZED SIGNATURE

Lynn C. Clark
TYPED OR PRINTED NAME AND TITLE

Title Mayor

LOCAL GOVERNMENT—CITY OF LAKE DALLAS

By ______________________________ Date ______________
AUTHORIZED SIGNATURE

____
TYPED OR PRINTED NAME AND TITLE

Title ______________________________

FOR THE STATE OF TEXAS

Executed for the Executive Director and approved for the Texas Transportation Commission for the purpose and effect of activating and/or carrying out the orders, established policies or work programs heretofore approved and authorized by the Texas Transportation Commission.

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IH35E at Turbeville Rd/Hundley Dr

Signalized intersections with one (1) controller on State Highways located within the Local Government of Hickory Creek.

IH35E at Oak Dr/Lake Dallas Dr

AGENDA ITEM 6

CITY COUNCIL
AGENDA MEMO

Prepared By: John Cabrales Jr., City Manager **February 14, 2019**

Fiscal Year 2017-2018 Annual Audit

DESCRIPTION:

Receive and accept the annual audited financial statements for Fiscal Year 2017-2018.

BACKGROUND INFORMATION:

Article 7, Municipal Finance, Section 7.12 Independent Audit of the City Charter requires that the city's financial statements be audited by an independent auditor each year.

> Section 7.12. Independent Audit.
>
> At the close of each fiscal year, and at such other times as it may be deemed necessary, the council shall direct that an independent audit be made of all accounts of the city by a certified public accountant. The certified public accountant shall have no personal interest, directly or indirectly, in the financial affairs of the city or any of its officers and shall report directly to the city council.
>
> Upon completion of the audit, a summary of the results thereof shall be published immediately in the official newspaper of the City of Lake Dallas and copies of the audit placed on file in the city secretary's office for public record. A copy of the comprehensive financial annual report shall be available at city hall.

The audit for Fiscal Year 2017-2018 was conducted by Carl Deaton of Hankins, Eastup, Deaton, Tonn & Seay, from Denton, Texas. The report provides our residents, our bondholders, the City Council, staff and other interested parties with detailed information concerning the financial condition and activities of the government. Management assumes full responsibility for the completeness and reliability of the information contained in this report.

The financial highlights of the audit include:

- The assets and deferred outflows of the City exceeded its abilities and deferred inclofws at September 30, 2018 by $5,928,778
- The City's total net position increased by $112,808 during the fiscal year from the results of current year operations.

- As of September 30, 2018, the City governmental funds reported a combined ending fund balance of $1,944,972, an increase of $37,662 in comparison with the beginning of the period.
- The general fund balance decreased $161,662 from a fund balance of $1,444,321 at the beginning of the year to and ending fund balance of $1,282,699. This was mainly due to a transfer of $262,086 from the fund balance into newly created Special Revenue Funds.

FINANCIAL CONSIDERATION:

None

RECOMMENDED MOTIONS:

I move to approve/deny the acceptance of the annual audited financial statements for Fiscal Year 2017-2018 as prepared by our independent auditor.

ATTACHMENT(S):

1. Fiscal Year 2017-2018 Audit Report for General Government Funds
2. Fiscal Year 2017-2018 Audit Report for the Lake Dallas Community Development Corporation Fund

CITY OF LAKE DALLAS, TEXAS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2018

CITY OF LAKE DALLAS, TEXAS
TABLE OF CONTENTS

Members:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

HANKINS, EASTUP, DEATON, TONN & SEAY
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Lake Dallas, Texas

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas ("City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 5 through 12 and the Texas Municipal Retirement System Schedules on pages 44 and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Dallas, Texas's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 22, 2019 on our consideration of the City of Lake Dallas, Texas's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Dallas, Texas's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

January 22, 2019

MANAGEMENT'S DISCUSSION & ANALYSIS

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As management of the City of Lake Dallas, we offer readers of the City of Lake Dallas's financial statements this narrative overview and analysis of the financial activities of the City of Lake Dallas for the year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and with the independent auditors' report.

Financial Highlights

- The assets and deferred outflows of the City of Lake Dallas exceeded its liabilities and deferred inflows at September 30, 2018 by $5,928,778.
- The City's total net position increased by $112,808 during the fiscal year from the results of current year operations.
- As of September 30, 2018, the City of Lake Dallas's governmental funds reported a combined ending fund balance of $1,944,972, an increase of $37,662 in comparison with the beginning of the period.
- The general fund fund balance decreased $161,622, from a fund balance of $1,444,321 at the beginning of the year to an ending fund balance of $1,282,699.

Overview of the Financial Statements

The management discussion and analysis are intended to serve as an introduction to the City of Lake Dallas's basic financial statements. The City of Lake Dallas's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Also included as a discretely presented component unit is the Lake Dallas Community Development Corporation, which was formed on January 1, 2003 as the result of a successful 4B sales tax election. Separately-issued financial statements for the component unit may be obtaining by contacting the City of Lake Dallas.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Lake Dallas's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Lake Dallas's assets, deferred outflows, deferred inflows and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lake Dallas is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent period. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Position and the Statement of Activities, the City is divided between two kinds of activities:

- **Governmental activities.** All of the City's basic services are reported here, including the police, fire, library, community development, public works, park services, municipal court, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.

- **Business-type activities.** The City may charge a fee to customers to help it cover all or most of the cost of certain services it provides. The City had no business-type activities during the current period.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Lake Dallas are considered governmental funds.

Governmental Funds. All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at period-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The City of Lake Dallas maintains three types of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue funds and debt service fund. All but the special revenue funds are considered to be major funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Lake Dallas's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Lake Dallas does not currently have any fiduciary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and funds financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information highlighting budgetary information for the general fund.

Government-wide Financial Analysis

The City's combined net position was $5,928,778 as of September 30, 2018. The City first implemented GASB Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*, for fiscal year 2004. The following analysis presents both current and prior year data and discusses significant changes in the accounts. This analysis focuses on the net position (Table 1) and general revenues (Table 2) and changes in net position (Table 3) of the City's governmental activities.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position

	Governmental Activities	
	2017	2018
Current and other assets	$ 2,204,689	$ 2,214,077
Capital assets	8,834,788	8,258,742
Total assets	11,039,477	10,472,819
Deferred outflows of resources	563,621	435,556
Long-term liabilities outstanding	5,389,407	4,169,828
Other liabilities	263,783	233,962
Total liabilities	5,653,190	4,403,790
Deferred inflows of resources	133,938	575,807
Net position:		
Net investment in capital assets	4,789,286	4,787,693
Restricted	581,060	478,748
Unrestricted	445,624	662,337
Total net position	$ 5,815,970	$ 5,928,778

Governmental Activities. The City's general revenues for governmental activities for the years ended September 30, 2017 and 2018 are detailed below (Table 2).

Table 2
General Revenues

	2017	2018
Property taxes, levied for general purposes	$ 2,212,780	$ 2,470,903
Property taxes, levied for debt service	476,336	454,129
Sales taxes	1,170,140	1,016,232
Franchise taxes	402,736	424,586
Hotel occupancy taxes	71,902	84,978
Mixed beverage taxes	21,180	20,517
Investment earnings	18,375	39,727
Miscellaneous	-	16,460
	$ 4,373,449	$ 4,527,532

The following table provides a summary of the City's operations for the years ended September 30, 2017 and 2018.

Table 3
Changes in Net Position

	Governmental Activities	
	2017	2018
Revenues:		
Program revenues:		
Charges for services	$1,029,178	$ 895,199
Operating grants and contributions	48,340	58,923
Capital grants and contributions	100,000	-
General revenues:		
Property taxes	2,689,116	2,925,032
Sales taxes	1,170,140	1,016,232
Franchise taxes	402,736	424,586
Hotel occupancy taxes	71,902	84,978
Mixed beverage taxes	21,180	20,517
Investment earnings	18,375	39,727
Other	-	16,460
	5,550,967	5,481,654
Expenses:		
Administration	488,484	654,582
Legislative	226,683	-
Community relations	100,618	-
Tourism	-	61,220
City council	-	9,551
Public safety	2,626,347	2,624,264
Animal services	170,062	225,095
Library	160,789	183,317
Public works - streets	703,368	1,021,772
Municipal court	205,870	189,635
Parks and facilities	199,221	256,579
Development services	251,524	291,916
Debt service - interest	161,394	148,861
	5,294,360	5,666,792
Gain on sale of assets	-	54,222
Transfers in	148,966	243,724
Change in net position	405,573	112,808
Net position – October 1 (beginning)	5,410,397	5,815,970
Net position – September 30 (ending)	$5,815,970	$5,928,778

Financial Analysis of the Government's Funds

Governments Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the period.

As of the end of the current period, the City's governmental funds reported a combined ending fund balance of $1,944,972, an increase of $37,662 in comparison with the beginning of the period. Unassigned fund balance available for spending at the City's discretion was $1,222,017. A portion of fund balance is considered nonspendable and not available for new spending because it is restricted for street maintenance ($90,501), restricted for debt service ($160,576), restricted for tourism ($71,568), assigned for roof replacement ($44,621), has already been committed to liquidate prepaid items ($21,753) or are special revenue funds that have been restricted or assigned for specific purposes ($266,375).

The general fund is the chief operating fund of the City. At the end of the current period, unassigned fund balance of the general fund was $1,222,017, while total fund balance was $1,282,699. The fund balance of the City's general fund decreased by $161,622 during the current period, primarily due to the transfer of $281,661 restricted street maintenance funds and hotel occupancy tax funds to special revenue funds during the year.

General Fund Budgetary Highlights

During the current year, the City Council amended the budget once for the General Fund.

The original budget for the general fund projected that the activity for the year would increase available fund balance by $11,370. The available fund balance for the general fund actually decreased in the amount of $161,622 due to the street maintenance tax and hotel occupancy tax funds transfers mentioned above.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of September 30, 2018, amounted to $8,258,742 (net of accumulated depreciation). This amount represents a net decrease of $576,046, or 6.5 percent, below the beginning of the period. The investment in capital assets includes land, buildings, equipment, vehicles, roads and parks.

Major capital asset additions during the current year include the following:

Description	Amount
F550 dump body truck	$ 57,547
Street roller	17,307
Trailer	5,599
Total	$ 80,453

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities
Land	$ 397,872
Buildings and Improvements	1,885,239
Streets and Parks Infrastructure	5,403,321
Equipment and Vehicles	572,310
Totals	$8,258,742

Additional information on the City's capital assets can be found in Note 6 of this report.

Long-term Debt. At the end of the current period, the City had certificates of obligation outstanding of $745,000, accrued compensated absences of $242,702, an equipment loan of $246,829 and general obligation bonds outstanding of $2,525,000, for total long-term debt of $3,759,531. New debt was incurred during the year through the issuance of general obligation refunding bonds to defease two certificates of obligation series.

The City's total long-term debt decreased by $511,245 during the current period or 11.97%. Additional information on the City's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

The FY 2018-19 Budget focuses on continuing all existing services for our citizens, maintaining appropriate staffing levels, implementing a capital improvement plan, and maintaining a fund balance level in accordance with the city's fiscal policies. Highlights of the budget are detailed below:

- The property tax rate for the upcoming fiscal year will remain unchanged at $0.661750 per $100 of assessed valuation.
- Sales Tax revenues are projected to have a slight increase due to the anticipated opening of some commercial development.
- Franchise Fees are projected to remain flat.
- Permits and Fees are projected to decrease due to the decrease in the number of citations being issued.
- There are no cuts in programs or services to citizens.
- The full-time equivalents (FTE) will remain unchanged at 36.5, however there is some change in the personnel. The Police Department eliminated a civilian position that is no longer needed, and the vacant community relations position was eliminated. These two (2) FTE's were replaced with a part-time library assistant in the Library; a temporary/seasonal worker in Public Works; a temporary/seasonal worker in Willow Grove Park that is paid from the Willow Grove Special Revenue Fund; and the retention of the (0.5) FTE added in Animal Services last fiscal year.
- Capital Improvement Plans projects proposed in the FY 2018-19 budget include a replacement vehicle for Police, a replacement truck for Public Works, a zero turn mower paid out of the Willow Grove Park Special Revenue Fund, roof and air conditioner replacement and door security installation at City Hall, security doors and camera installation at the Library, air conditioner replacement and phase two of fence replacement at the Animal Shelter, and a new office building at the Public Works Yard.
- One-time strategic planning items include a Storm Water Drainage Fee Study, Comprehensive Zoning Ordinance update as required by the adoption of the Comprehensive Plan, and preparation of a new five-year Municipal Separate Storm Sewer System (MS4) permit submission as required by the law.

The General Fund revenues are proposed at $4,843,938, which represents an increase of 6.85% from the previous year's budget. Additional property taxes of $205,768, which is a 7.10% increase from last year's budget, will be realized from increased values and new construction. Sales tax revenues are projected to increase slightly and franchise fees are expected to remain flat. There is a projected decrease of approximately $130,283 in Fees and Fines due to a reduction in the number of citations issued.

General Fund operating expenses are proposed at $4,881,379, which represents an increase of 6.97% from the from the previous year's budget. This increase is primarily attributed to the employee compensation package and equity adjustments, as well as the inclusion of funds for payment to the Children's Advocacy Center of Denton County, increases in uniform and safety equipment for police, and needed capital projects.

There are funds for long range planning including a Storm Water Drainage Fee Study that will help us identify and prioritize drainage needs and determine if a fee-based system should be implemented. Also, a Comprehensive Zoning Ordinance update is required due to the recent adoption of the Comprehensive Plan with new zoning categories. There is funding for the preparation of a new five-year Municipal Separate Storm Sewer System (MS4) permit submission to the Texas Commission on Environmental Quality. And, there are funds for the platting of city owned property in preparation of capital improvements on some of the properties.

For FY 2018-19 debt service is budgeted at $635,521, which includes a $201,131 transfer from the Lake Dallas Community Development Corporation. The budget includes $135,831 for early payoff of 2018 GO Refunding Series callable debt, and/or for the issuance of new debt in the fiscal year.

The Lake Dallas (Type B) Community Development Corporation (CDC) Fund is funded by a special one-half (1/2) cent sales tax allocation, which was approved by the voters and went into effect in 2003. The CDC is governed by a board of directors. The CDC develops and submits its own budget to the City, for consideration and approval by the City Council. The revenue for this fund is projected to increase since sales tax is projected to have a slight increase in FY 2018-19. The CDC is looking at issuing debt for the purchase of land in the downtown area in order to address blight and work towards the redevelopment of this area.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Lake Dallas, 212 Main St., Lake Dallas, Texas 75065.

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BASIC FINANCIAL STATEMENTS

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CITY OF LAKE DALLAS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government	Component Unit
	Governmental Activities	Community Development Corporation
ASSETS		
Cash and Investments	$1,875,195	$ 384,796
Receivables (net of allowance for uncollectibles):		
Taxes – Ad Valorem	67,849	-
Taxes – Sales	189,144	63,048
Taxes - Franchise	15,045	-
Taxes- Occupancy	20,025	-
Other	24,030	-
Prepaid Expenses	21,753	-
Internal Balances	1,036	(1,036)
Capital Assets:		
Land	397,872	-
Buildings and Improvements, net	1,885,239	-
Streets and Parks Infrastructure, net	5,403,321	-
Equipment and Vehicles, net	572,310	-
Total Assets	10,472,819	446,808
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding	45,780	-
Deferred outflow related to TMRS	389,776	-
Total Deferred Outflows of Resources	435,556	-
LIABILITIES		
Accounts Payable	100,737	-
Accrued Wages Payable	34,860	-
Accrued Interest Payable	21,697	-
Short-term Loan Payable	72,736	-
Other Liabilities	3,932	-
Noncurrent Liabilities:		
Due within one year	454,026	-
Due in more than one year	3,305,505	-
Net pension liability	410,297	-
Total Liabilities	4,403,790	-
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to TMRS	575,807	-
Total Deferred Inflows of Resources	575,807	-
NET POSITION		
Net investment in capital assets	4,787,693	-
Restricted for:		
Community Development	-	446,808
Court Security and Technology	67,561	-
Other Purposes	411,187	-
Unrestricted Net Position	662,337	-
Total Net Position	$5,928,778	$ 446,808

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
Administration	$ 654,582	$ 47,991	$ 2,500	$ -
Tourism	61,220	40,305	-	-
City Council	9,551	-	-	-
Public Safety	2,624,264	259,064	-	-
Animal Services	225,095	31,265	19,718	-
Library	183,317	11,120	29,046	-
Public Works - Streets	1,021,772	-	-	-
Municipal Court	189,635	189,635	-	-
Parks and Facilities	256,579	182,239	-	-
Development Services	291,916	133,580	7,659	-
Debt Service - Interest and Fees	148,861	-	-	-
Total Governmental Activities	5,666,792	895,199	58,923	-
TOTAL PRIMARY GOVERNMENT	$5,666,792	$ 895,199	$ 58,923	$ -
COMPONENT UNIT:				
Community Development Corporation	$ 173,765	$ -	$ -	$ -
TOTAL COMPONENT UNIT	$ 173,765	$ -	$ -	$ -

GENERAL REVENUES:

Taxes:
- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Sales taxes
- Franchise taxes
- Hotel occupancy taxes
- Mixed beverage taxes

Investment Earnings
Miscellaneous
Gain on sale of assets
Special item – transfers in (out)
Total General Revenues and Special Items
Change in Net Position

NET POSITION, October 1 (beginning)
NET POSITION, September 30 (ending)

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Change in Net Position	
Governmental Activities	Component Unit Community Development Corp
$ (604,091)	$ -
(20,915)	-
(9,551)	-
(2,365,200)	-
(174,112)	-
(143,151)	-
(1,021,772)	-
-	-
(74,340)	-
(150,677)	-
(148,861)	-
(4,712,670)	-
(4,712,670)	-
-	(173,765)
-	(173,765)
2,470,903	-
454,129	-
1,016,232	338,744
424,586	-
84,978	-
20,517	-
39,727	6,796
16,460	-
54,222	-
243,724	(243,724)
4,825,478	101,816
112,808	(71,949)
5,815,970	518,757
$ 5,928,778	$ 446,808

CITY OF LAKE DALLAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	GENERAL FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	$1,243,138	$161,547	$470,510	$1,875,195
Receivables (net of allowances for uncollectibles):				
Ad Valorem tax	55,298	12,551	-	67,849
Sales tax	157,620	-	31,524	189,144
Franchise tax	15,045	-	-	15,045
Occupancy tax	-	-	20,025	20,025
Other	1,307	-	22,723	24,030
Due from other funds	48,973	-	25,870	74,843
Due from CDC	1,036	-	-	1,036
Prepaid costs	16,061	-	5,692	21,753
Total Assets	$1,538,478	$174,098	$576,344	$2,288,920
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 97,996	$ -	$ 2,741	$ 100,737
Accrued wages payable	34,860	-	-	34,860
Other liabilities	3,932	-	-	3,932
Due to other funds	-	2,937	71,906	74,843
Short-term loan payable	72,736	-	-	72,736
Total Liabilities	209,524	2,937	74,647	287,108
Deferred Inflows of Resources:				
Unavailable Revenue-Property Taxes	46,255	10,585	-	56,840
Total Deferred Inflows of Resources	46,255	10,585	-	56,840
Fund Balances:				
Nonspendable fund balance:				
Prepaid costs	16,061	-	5,692	21,753
Restricted fund balance:				
Restricted for debt service	-	160,576	-	160,576
Restricted for court security/technology	-	-	67,561	67,561
Restricted for street maintenance	-	-	90,501	90,501
Restricted for tourism	-	-	71,568	71,568
Restricted for other purposes	-	-	243,426	243,426
Assigned fund balance	44,621	-	22,949	67,570
Unassigned fund balance	1,222,017	-	-	1,222,017
Total Fund Balances	1,282,699	160,576	501,697	1,944,972
Total Liabilities, Deferred Inflows and Fund Balances	$1,538,478	$174,098	$576,344	$2,288,920

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Total Fund Balance – Governmental Funds	$ 1,944,972
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	15,731,117
Accumulated depreciation is not reported in the fund financial statements.	(7,472,375)
Bonds payable, certificates of obligation payable, equipment loan payable and compensated absences payable are not reported in the fund financial statements.	(3,759,531)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(21,697)
Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	56,840
Deferred charge on bond refundings is not recognized in the fund financial statements.	45,780
Included in the items related to debt is the recognition of the City's net TMRS pension liability required by GASB 68 in the amount of $410,297, a Deferred Resource Outflow related to TMRS in the amount of $389,776 and a Deferred Resource Inflow related to TMRS in the amount of $575,807. This amounted to a decrease in Net Position in the amount of $596,328.	(596,328)
Net Position of Governmental Activities	$ 5,928,778

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	GENERAL FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Taxes (ad valorem, sales and other)	$ 3,763,393	$ 454,851	$ 254,350	$ 4,472,594
Licenses and permits	145,356	-	-	145,356
Charges for services	278,971	-	112,477	391,448
Court fines	297,061	-	24,671	321,732
Donations and grants	31,546	-	30,010	61,556
Insurance proceeds	11,307	-	22,723	34,030
Interest	23,571	6,699	9,457	39,727
Miscellaneous	16,460	-	-	16,460
Total Revenues	4,567,665	461,550	453,688	5,482,903
Expenditures:				
Administration	662,906	-	-	662,906
Tourism	27,548	-	33,672	61,220
City council	9,551	-	-	9,551
Public safety	2,454,301	-	45,372	2,499,673
Animal services	181,798	-	18,732	200,530
Library	188,279	-	464	188,743
Public works – streets	340,945	-	258,207	599,152
Municipal court	183,043	-	7,670	190,713
Parks and facilities	77,904	-	104,662	182,566
Development services	298,061	-	-	298,061
Capital outlay	32,329	-	91,633	123,962
Debt service:				
Principal retirement	61,372	545,000	-	606,372
Interest and fees	8,261	111,477	-	119,738
Bond issuance costs	-	27,379	-	27,379
Total Expenditures	4,526,298	683,856	560,412	5,770,566
Excess of Revenues Over (Under) Expenditures	41,367	(222,306)	(106,724)	(287,663)
Other Financing Resources (Uses):				
Bond Proceeds	-	1,400,000	-	1,400,000
Payments to refunding escrow agent	-	(1,372,621)	-	(1,372,621)
Transfers out	(281,661)	-	(5,000)	(286,661)
Transfers in	24,450	219,274	286,661	530,385
Sale of assets	54,222	-	-	54,222
Total Other Financing Resources (Uses)	(202,989)	246,653	281,661	325,325
Net Change in Fund Balance	(161,622)	24,347	174,937	37,662
Fund Balance - October 1 (beginning)	1,444,321	136,229	326,760	1,907,310
Fund Balance - September 30 (ending)	$ 1,282,699	$ 160,576	$ 501,697	$ 1,944,972

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Total Net Change in Fund Balances – Governmental Funds	$ 37,662
Current year principal payments on bonds, certificates of obligation and equipment loans are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	606,372
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	123,962
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(700,008)
Interest is accrued on outstanding debt in the government-side financial statements, whereas in the fund financial statements interest expenditures are reported when due.	2,796
Revenues from property taxes are recorded as unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.	(1,249)
Bond proceeds are shown as other resources in the fund financial statements but are shown as an increase in long-term debt in the government-wide financial statements.	(1,400,000)
Payments to bond refunding paying agent are shown as other uses in the fund financial statements but are shown as a decrease in long-term debt in the government-wide financial statements.	1,372,621
Current year amortization of deferred charge on bond refunding is not recorded in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.	(4,540)
Current year compensated absences earned but not used is not recorded in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(40,127)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of 12/31/17 caused the change in ending net position to increase in the amount of $183,537. Contributions made before the measurement date but during the 2018 FY were also de-expended and recorded as a reduction in the net position liability for the City. This also caused an increase in the change in net position in the amount of $45,847. These contributions were replaced with the City's pension expense for the year of $113,705, which caused a decrease in the change in net position. The impact of all of these is to increase the change in net position by $115,319.	115,319
Change in Net Position of Governmental Activities	$ 112,808

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes (ad valorem, sales and other)	$ 3,667,423	$ 3,667,423	$ 3,763,393	$ 95,970
Licenses and permits	140,200	140,200	145,356	5,156
Charges for services	238,375	235,375	278,971	43,596
Court fines	421,883	421,883	297,061	(124,822)
Donations and grants	29,046	29,046	31,546	2,500
Insurance proceeds	-	-	11,307	11,307
Interest	5,754	5,754	23,571	17,817
Miscellaneous revenue	6,000	6,000	16,460	10,460
Total Revenues	4,508,681	4,505,681	4,567,665	61,984
Expenditures:				
Current:				
Administration	618,320	618,320	662,906	(44,586)
Tourism	25,500	25,500	27,548	(2,048)
City council	7,100	7,100	9,551	(2,451)
Public safety	2,511,358	2,517,358	2,454,301	63,057
Animal services	140,805	157,090	181,798	(24,708)
Library	204,163	204,281	188,279	16,002
Public works-streets	370,796	385,962	340,945	45,017
Municipal court	195,200	195,200	183,043	12,157
Parks and recreation	78,758	79,758	77,904	1,854
Development services	289,334	289,334	298,061	(8,727)
Debt Service	-	-	69,633	(69,633)
Capital Outlay	83,427	83,427	32,329	51,098
Total Expenditures	4,524,761	4,563,330	4,526,298	37,032
Excess of Revenues over (under) Expenditures	(16,080)	(57,649)	41,367	99,016
Other Financing Sources (Uses):				
Sale of Assets	3,000	3,000	54,222	51,222
Transfers out	-	-	(281,661)	(281,661)
Transfers in	24,450	24,450	24,450	-
Total Other Financing Sources (Uses)	27,450	27,450	(202,989)	(230,439)
Net Change in Fund Balance	11,370	(30,199)	(161,622)	(131,423)
Fund Balance – October 1 (beginning)	1,444,321	1,444,321	1,444,321	-
Fund Balance – September 30 (ending)	$ 1,455,691	$ 1,414,122	$ 1,282,699	$ (131,423)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lake Dallas (the "City") are presented in accordance with generally accepted accounting principles applicable to state and local governmental units as set forth by the Governmental Accounting Standards Board ("GASB).

In fiscal year 2004, the City implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments,* GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, GASB Statement No. 38, *Certain Financial Statement Disclosures*, which changes note disclosures requirements for governmental entities, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements,* which clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where difference have arisen, or potentially could arise, in interpretation and practice of GASB Statement No. 34.

GASB Statements No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the use of account groups to the already required fund financial statements and notes. GASB Statement No. 37 provided additional guidance in reporting infrastructure, program revenues and major criteria.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that the government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The following is a summary of the more significant accounting policies.

A. Reporting Entity

The City of Lake Dallas (City) is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The City of Lake Dallas, as of September 30, 2018 has one discretely presented component unit as defined by GASB criteria- the Lake Dallas Community Development Corporation. Separately–issued financial statements for the component unit may be obtained by contacting the City of Lake Dallas.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City had no business-type activities during the period.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded for the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The City had no proprietary funds or fiduciary funds during the period.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – These funds are established to account for funds restricted for specified purposes. For many funds in this type, project accounting is employed to maintain integrity for the various sources of funds.

Debt Service Fund – The Debt Service Fund accounts for the use of debt service taxes collected for the purpose of retiring bond and certificates of obligation principal and paying interest due.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first when appropriate, then unrestricted resources as they are needed.

D. Cash and Investments

The City's cash and investments are considered to be cash on hand, demand deposits and short-term investments in State investment pools.

E. Receivable and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the period are referred to as "due to/from other funds" or "advances to/from other funds."

Property tax receivables are shown net of an allowance for uncollectibles.

F. Property Taxes

Ad valorem taxes are levied from valuations assessed as of January 1 and recognized as revenue on the date of levy, on October 1. Property tax receivables are recognized when the City has an enforceable claim against the property owner. In the governmental funds, property tax revenue is recognized in the fiscal period for which the taxes are levied, provided that they become available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay current liabilities. The City's availability period is sixty days. Taxes collected prior to the levy date to which they apply are recorded as unavailable revenues and recognized as revenue of the period to which they apply.

Current taxes are due on October 1 and become delinquent if unpaid on February 1. Taxes unpaid as of February 1 are subject to penalty and interest as the City Council provides by ordinance. On January 1 of each year, a tax lien attaches to property to secure all taxes, penalties and interest ultimately imposed.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in the government-wide and fund financial statements. These items consist primarily of prepaid insurance.

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., streets, roads, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than $1000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of governmental activities is not included as part of the capitalized value of the assets constructed.

Depreciation expense is calculated on the straight-line method. Depreciation methods are designed to amortize the cost of the assets over their estimated useful lives. Estimated useful lives of major categories of property are as follows:

Category	Estimated Life
Buildings	25-40 years
Street infrastructure	15 years
Machinery and equipment	7-10 years
Vehicles	5-7 years

I. Compensated Absences

It is the City's policy to permit employees to accumulate certain earned but unused vacation and sick pay benefits. When an employee separates from service with the City, the employee is entitled to receive pay for earned but unused vacation and sick pay. All such vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. Budgets and Budgetary Accounting

Prior to September 1, the City Manager submits to the City Council a proposed budget for the ensuing fiscal year. At the meeting of the City Council at which the budget is submitted, the City Council fixes the time and place of the public hearing on the budget and causes to be published a notice of the budget hearing. After the budget hearing the budget may be adopted by a favorable vote of the majority vote of the Council. Upon adoption the budget is filed with the City Secretary and the County Clerk of Denton County.

The City Manager is authorized to transfer budgeted amounts between departments with any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures should not exceed appropriations at the department level, the classification level as reported in the combined financial statements. Unused appropriations lapse at the end of each fiscal year.

Budgets for the general fund and debt service fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget was amended once during the year by the City Council. Any amendments are reflected in the official minutes of the Council.

2. DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository agreement. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the agreement. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At September 30, 2018, the carrying amount of the City's deposits in checking accounts and interest-bearing savings accounts was $150,045 and the bank balance was $230,902. The City's cash deposits at September 30, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptance, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy addresses the following risks:

a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2018, the City's cash balances totaled $230,902. This entire amount was either collateralized with securities held by the City's financial institution's agent in the City's name or covered by FDIC insurance. Thus, the City's deposits are not exposed to custodial credit risk.

b. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2018, the City held all of its investments in two public funds investment pools – TexPool and LOGIC. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The City has no policy relating to the credit risk of investments. The credit quality rating for LOGIC at year-end was AAA (Standard & Poor's) and for TexPool was AAAm (Standard & Poor's).

d. Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no formal policy relating to interest rate risk but manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool and LOGIC investment pools is less than 60 days.

e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At September 30, 2018, the City was not exposed to foreign currency risk.

f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the City's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

The City's investments at September 30, 2018 are shown below:

Name	Carrying Amount	Market Value
TexPool Investment Pool	$1,381,240	$1,381,240
LOGIC Investment Pool	343,285	343,285
Total	$1,724,525	$1,724,525

Fair Value Measurements

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that ae measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based in the lowest level input that is significantly to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The City's investments in the TexPool and LOGIC investment pools (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

3. FUND BALANCE

The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Court security and technology fees are being restricted because their use is restricted pursuant to the regulations that allow the collection of those fees. Child safety fees, juvenile case management fees, state LEOSE training fees and drug seizure funds are being restricted because their use is restricted by law in a similar manner to these specific purposes. Debt service funds are being restricted because their use is restricted for the purpose of retiring long-term debt.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council has no committed fund balance as of September 30, 2018.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Council or through the Council delegating this responsibility to other individuals in the City. Under the City's policy, only the Council may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City assigned fund balance resources of various funds accounted for through the special revenue fund.

- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Council has provided otherwise in its commitment or assignment actions.

The Council has expressed an intent to maintain a level of assigned and unassigned fund balance in the general fund equal to 25 percent of the fund's operating expenditures.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 18) and are described below:

General Fund

The General Fund has unassigned fund balance of $1,222,017 at September 30, 2018. Prepaid costs of $16,061 are considered nonspendable fund balance and $44,621 insurance proceeds is assigned for roof replacement.

Special Revenue Funds

The fund balances of the Court Technology Fund and Court Security Fund (totaling $67,621) are shown as restricted for those purposes. The fund balances of the Street Maintenance Tax Fund ($90,501) and the Hotel Occupancy Tax Fund ($71,568) are shown as restricted for those purposes. The fund balances of the LEOSE Training Fund, Juvenile Case Management Fund, Drug Seizure Fund, Child Safety Fund, Forensic Testing Fund, Park Improvement Fund and Willow Grove Camping Fees Fund (totaling $243,426) are shown as restricted for those purposes also. The fund balances of the Kids N Cops Fund, Library Donations Fund and Animal Rescue Fund (totaling $22,949) have been assigned for use in the activities that generated those funds.

Debt Service Funds

The Debt Service Fund has restricted fund balance of $160,576 at September 30, 2018 that is restricted by law for use in retiring long-term debt.

3. RECEIVABLES

Government-wide receivables as of September 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Special Revenue Fund	Total
Receivables:				
Property taxes	$ 72,760	$ 16,514	$ -	$ 89,274
Sales taxes	157,620	-	31,524	189,144
Occupancy tax	-	-	20,025	20,025
Franchise tax	15,045	-	-	15,045
Other	1,307	-	22,723	24,030
Gross Receivables	246,732	16,514	74,272	337,518
Less: Uncollectible allowance	17,462	3,963	-	21,425
Net Total Receivables	$229,270	$ 12,551	$ 74,272	$316,093

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal period, the unavailable revenue reported in the governmental funds relates to delinquent property taxes.

5. INTERFUND BALANCES AND TRANSFERS

Interfund balances at September 30, 2018, consisted of the following individual fund receivables and payables:

Fund	Advances to Other Funds	Advances from Other Funds
General Fund		
Special Revenue Funds:		
Street Maintenance Tax	$ 71,906	$ -
Police Auction	-	25,870
Debt Service Fund	-	2,937
Total General Fund	71,906	28,807
Special Revenue Fund		
General Fund	-	46,036
Total Special Revenue Fund	-	46,036
Debt Service Fund		
General Fund	2,937	-
Total Debt Service Fund	2,937	-
Total	$ 74,843	$ 74,843

Virtually all of the above interfund balances are short-term loans due to the fact that checking account balances for most governmental funds are pooled into one demand account. There are no interfund balances that are not expected to be repaid within one year.

Interfund transfers for the year ended September 30, 2018 consisted of the following individual amounts:

Fund	Transfers to Other Funds	Transfers from Other Funds
General Fund:		
Debt Service Fund	$281,661	$ -
Debt Service Fund:		
General Fund	-	281,661
Special Revenue Fund:		
Kids N Cops Fund	-	5,000
Child Safety Fund	5,000	-
Total	$286,661	$286,661

Interfund transfers during the year include the following:

- Transfers from Lake Dallas Community Development Corporation to the debt service fund as reimbursement of payments of long-term debt - $219,274.
- Transfer from the Lake Dallas Community Development Corporation to the general fund toward costs of developing a comprehensive plan - $24,450.
- Transfer from the general fund to separate special revenue fund accounts of $169,372 street maintenance tax funds and $84,978 hotel occupancy tax funds.
- Transfer from the child safety special revenue fund to the Kids N Cops special revenue fund of $5,000 for use in that program.

6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 397,872	$ -	$ -	$ 397,872
Construction in Progress	26,225	-	(26,225)	-
Total capital assets, not being depreciated	424,097	-	(26,225)	397,872
Capital assets, being depreciated:				
Buildings and Improvements	3,023,948	19,940	-	3,043,888
Street and Parks	10,629,117	26,225	-	10,655,342
Equipment and Vehicles	1,937,613	104,022	(407,620)	1,634,015
Total capital assets, being depreciated	15,590,678	150,187	(407,620)	15,333,245
Less accumulated depreciation for:				
Buildings and Improvements	(1,084,306)	(74,343)	-	(1,158,649)
Street and Parks	(4,791,117)	(460,904)	-	(5,252,021)
Equipment and Vehicles	(1,304,564)	(164,761)	407,620	(1,061,705)
Total accumulated depreciation	(7,179,987)	(700,008)	407,620	(7,472,375)
Total capital assets, being depreciated, net	8,410,691	(549,821)	-	7,860,870
Governmental activities capital assets, net	$ 8,834,788	$(549,821)	$ (26,225)	$ 8,258,742

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 18,848
Public Safety	147,455
Animal Services	28,144
Public Works-Streets	427,462
Municipal Court	1,842
Parks and Recreation	75,051
Development Services	746
Library	460
Total depreciation expense – Governmental activities	$700,008

7. LONG TERM DEBT

Long term debt of the City consists of three general obligation bond series, one certificate of obligation series, an equipment loan and compensated absences. All long-term debt represents transactions in the City's governmental activities.

The City has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City.

The following is a summary of the changes in the City's Long-term Debt for the year ended September 30, 2018:

Description	Interest Rate Payable	Amounts Outstanding 10/01/17	Additions	Refunded/ Retired	Amounts Outstanding 09/30/18	Due Within One Year
Bonded Indebtedness:						
2008 General Obligation	4.21%	$ 665,000	$ -	$ 50,000	$ 615,000	$ 50,000
2009 General Obligation	2.5-3.375%	150,000	-	150,000	-	-
2012 General Obligation	1.499%	675,000	-	140,000	535,000	145,000
2018 General Obligation	2.81%	-	1,400,000	25,000	1,375,000	145,000
Total Bonded Indebtedness		1,490,000	1,400,000	365,000	2,525,000	340,000
Certificates of Obligation:						
2006 Series	4.24%	910,000	-	910,000	-	-
2008 A Series	4.199%	560,000	-	560,000	-	-
2009 Series	4.26%	800,000	-	55,000	745,000	55,000
Total Cert. of Obligation		2,270,000	-	1,525,000	745,000	55,000
Equipment Loan	2.997%	308,201	-	61,372	246,829	59,026
Compensated Absences		202,575	40,127	-	242,702	-
Total Long-Term Debt		$4,270,776	$1,440,127	$1,951,372	$3,759,531	$454,026

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds require the City to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

The retirement of accrued compensated absences is provided by financial resources of the General Fund.

8. DEBT SERVICE REQUIREMENTS TO MATURITY

Presented below is a summary of general obligation bond requirements to maturity:

Year Ended September 30,	Principal	Interest	Total Requirements
2019	$ 340,000	$ 72,550	$ 412,550
2020	350,000	64,197	414,197
2021	355,000	55,558	410,558
2022	300,000	46,779	346,779
2023	220,000	38,758	258,758
2024-2028	960,000	87,270	1,047,270
Total	$2,525,000	$ 365,112	$2,890,112

Presented below is a summary of certificates of obligation requirements to maturity:

Year Ended September 30,	Principal	Interest	Total Requirements
2019	$ 55,000	$ 31,737	$ 86,737
2020	55,000	29,394	84,394
2021	60,000	27,051	87,051
2022	60,000	24,495	84,495
2023	65,000	21,939	86,939
2024-2028	365,000	66,243	431,243
2029	85,000	3,621	88,621
Total	$ 745,000	$ 204,480	$ 949,480

9. DEFEASED BONDS OUTSTANDING

On July 24, 2018, the City issued $1,400,000 (par value) in general obligation refunding bonds with a 2.81% interest rate to advance refund $1,345,000 of certificates of obligation. The general obligation refunding bonds were issued at par, and, after paying issuance costs of $27,379, the net proceeds were $1,372,621. The net proceeds from the issuance of the general obligation refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bond matures. The advance refunding met the requirements of an in-substance debt defeasance and the certificates of obligation were removed from the City's long-term liabilities.

As a result of the advance refunding, the City decreased its total debt service requirements by $70,332 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $60,567.

In prior years, the City issued refunding bonds in a similar manner to defease other outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On September 30, 2018, $1,625,000 of bonds outstanding are considered defeased.

10. SHORT-TERM FINANCING

Short-term financing consists of a commercial loan obtained at Independent Bank for the purchase of equipment and refinanced through Government Capital Corporation with Citizens 1st Bank. A summary of the activity on the loan during the fiscal year ended September 30, 2018 is as follows:

Description	Interest Rate	Amounts Outstanding 10/01/17	Additions	Retired	Amounts Outstanding 09/30/18
Citizens 1st Bank	3.544%	$105,825	$ -	$ 33,089	$ 72,736
Total		$105,825	$ -	$ 33,089	$ 72,736

11. EQUIPMENT LOAN

During the current fiscal year the City obtained financing through Government Capital Corporation for the purchase of police vehicles and other equipment. A summary of the activity on the loan during the current fiscal year is as follows:

Description	Interest Rate	Amounts Outstanding 10/01/17	Additions	Retired	Amounts Outstanding 09/30/18
Equipment loan -					
Government Capital Corp	2.997%	$308,201	$ -	$ 61,372	$246,829

Presented below is a summary of debt service requirements to maturity:

Year Ended September 30,	Principal	Interest	Total Requirements
2019	$ 59,026	$ 7,401	$ 66,427
2020	60,795	5,632	66,427
2021	62,617	3,810	66,427
2022	64,391	2,036	66,427
Total	$246,829	$18,879	$265,708

12. DEFINED BENEFIT PENSION PLANS

Plan Description

The City of Lake Dallas participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com.*

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2017	Plan Year 2018
Employee deposit rate	7.0%	7.0%
Employer deposit rate	13.82%	13.71%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Reporting	70% of CPI Reporting

Employees covered by benefit terms.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to buy not yet receiving benefits	45
Active employees	28
	112

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Lake Dallas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lake Dallas were 13.82% and 13.71% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were $233,663, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. For cities with fewer than twenty employees, more conservative methods and assumptions are used. First, lower termination rates are used, with maximum multipliers of 75% for employers with less than 6 members, 85% for employers with 6 to 10 members, and 100% for employers with 11 to 15 members. There is also a load on the life expectancy for employers with less than 15 active members. The life expectancy is loaded by decreasing the mortality rates by 1% for every active member less than 15. For underfunded plans, the maximum amortization period for amortizing gains and losses is decreased from current levels by 1 year for each active member less than the 20 member threshold. Once the plan is overfunded, the amortization period reverts back to the standard amortization period. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2014 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return*
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2016	$8,567,777	$7,449,146	$1,118,631
Changes for the year:			
Service Cost	310,358	-	310,358
Interest	573,047	-	573,047
Change in benefit terms	-	-	-
Difference between expected and actual experience	(198,331)	-	(198,331)
Changes of assumptions	-	-	-
Contributions – employer	-	241,581	(241,581)
Contributions – employee	-	124,713	(124,713)
Net investment income	-	1,032,735	(1,032,735)
Benefit payments, including refunds of employee contributions	(466,739)	(466,739)	-
Administrative expense	-	(5,350)	5,350
Other changes	-	(271)	271
Net changes	218,335	926,669	(708,334)
Balance at 12/31/2017	**$8,786,112**	**$8,375,815**	**$ 410,297**

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	$1,699,877	$410,297	$(631,779)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized pension expense of $113,705.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$151,467
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	206,239	424,340
Contributions subsequent to the measurement date	183,537	-
Total	$389,776	$575,807

$183,537 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2019	$(95,316)
2020	(62,152)
2021	(106,118)
2022	(105,982)
2023	-
Thereafter	-

13. LITIGATION AND CONTINGENCIES

The City participates in some state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectibility of any related receivable at September 30, 2018 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

14. RISK MANAGEMENT

Liability and property insurance coverage is provided by TML Intergovernmental Risk Pool. The City retains, as a risk only, the deductible amounts for each declaration of coverage. There were no reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

The City is a member of the Texas Municipal League Intergovernmental Risk Pool. Insurance coverage of the City is divided into the following types: property, crime, general liability, public official's liability, auto liability, auto physical damage, auto catastrophic, inland marine (mobile equipment), law enforcement liability, and boiler and machinery.

15. SUBSEQUENT EVENTS

Management has reviewed events subsequent to September 30, 2018 through January 22, 2019, which is the date the financial statements were available to be issued. No events were identified that are required to be disclosed in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2017	2016	2015	2014
Total Pension Liability				
Service Cost	$ 310,358	$ 304,544	$ 280,697	$ 254,024
Interest (on the Total Pension Liability)	573,047	548,546	542,064	493,307
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(198,331)	(108,277)	(239,049)	235,740
Change of assumptions	-	-	98,743	-
Benefit payments, including refunds of employee contributions	(466,739)	(302,728)	(320,372)	(279,382)
Net Change in Total Pension Liability	218,335	442,085	362,083	703,689
Total Pension Liability - Beginning	8,567,777	8,125,692	7,763,609	7,059,920
Total Pension Liability - Ending (a)	$ 8,786,112	$ 8,567,777	$ 8,125,692	$ 7,763,609
Plan Fiduciary Net Position				
Contributions - Employer	$ 241,581	$ 222,894	$ 214,231	$ 236,507
Contributions - Employee	124,713	124,265	123,422	124,103
Net Investment Income	1,032,735	469,202	10,212	370,300
Benefit payments, including refunds of employee contributions	(466,739)	(302,728)	(320,372)	(279,382)
Administrative Expense	(5,350)	(5,298)	(6,220)	(3,866)
Other	(271)	(285)	(307)	(318)
Net Change in Plan Fiduciary Net Position	926,669	508,050	20,966	447,344
Plan Fiduciary Net Position - Beginning	7,449,146	6,941,096	6,920,130	6,472,786
Plan Fiduciary Net Position - Ending (b)	$ 8,375,815	$ 7,449,146	$ 6,941,096	$ 6,920,130
Net Pension Liability - Ending (a) - (b)	$ 410,297	$ 1,118,631	$ 1,184,596	$ 843,479
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.33%	86.94%	85.42%	89.14%
Covered Employee Payroll	$ 1,781,620	$ 1,775,768	$ 1,768,037	$ 1,763,314
Net Pension Liability as a Percentage of Covered Employee Payroll	23.03%	62.99%	67.00%	47.83%

Note: GASB 68, Paragraph 81, 2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of December 31, 2013 - the period from January 1, 2014 - December 31, 2014, December 31, 2014 - the period from January 1, 2015 - December 31, 2015, December 31, 2015 - the period from January 1, 2016 - December 31, 2016, and December 31, 2017 - the period from January 1, 2017 - December 31, 2017.

Note: Only four years of data is presented in accordance with GASBS 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	$ 233,663	$ 249,853	$ 224,395	$ 224,355
Contribution in Relation to the Contractually Required Contribution	(233,663)	(249,853)	(224,395)	(224,355)
Contribution Deficiency (Excess)	$ -0-	$ -0-	$ -0-	$ -0-
City's Covered-Employee Payroll	$ 1,701,413	$ 1,838,908	$ 1,765,570	$ 1,768,037
Contributions as a Percentage of Covered-Employee Payroll	13.73%	13.59%	12.71%	12.69%

Note: GASB 68, Paragraph 81, 2,b requires that the data in this schedule be presented as of the City's current fiscal year as opposed to the time period covered by the measurement date of January 1, 2014 - December 31, 2014, January 1, 2015 - December 31, 2015, December 31, 2015, January 1, 2016 - December 31, 2016 and January 1, 2017 - December 31, 2017.

Note: Only four years of data is presented in accordance with GASBS 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes	There were no benefit changes during the year.

COMBINING & INDIVIDUAL FUND STATEMENTS & SCHEDULES

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2017 AND 2018

	2017	2018
ASSETS		
Cash and cash equivalents	$ 1,398,096	$ 1,243,138
Receivables:		
Ad valorem tax	59,953	55,298
Sales tax	164,465	157,620
Franchise tax	30,372	15,045
Occupancy tax	20,025	-
Mixed beverage tax	4,962	-
Other	2,436	1,307
Due from other funds	-	48,973
Due from CDC	1,036	1,036
Prepaid costs	49,048	16,061
TOTAL ASSETS	$ 1,730,393	$ 1,538,478
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 78,350	$ 97,996
Accrued wages payable	28,310	34,860
Court costs payable	22,860	-
Other liabilities	3,945	3,932
Short-term loan payable	105,825	72,736
Total Liabilities	239,290	209,524
Deferred Inflows of Resources:		
Unavailable revenue-property taxes	46,782	46,255
Total Deferred Inflows of Resources	46,782	46,255
Fund Balance:		
Nonspendable	49,048	16,061
Restricted	262,086	-
Assigned	72,502	44,621
Unassigned	1,060,685	1,222,017
Total Fund Balance	1,444,321	1,282,699
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 1,730,393	$ 1,538,478

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2018

	2017	2018
REVENUES:		
Taxes:		
Property	$ 2,224,163	$ 2,471,430
Sales	1,170,140	846,860
Hotel occupancy tax	71,902	-
Mixed beverage	21,180	20,517
Franchise	402,736	424,586
License and permits	205,472	145,356
Charges for services	223,335	278,971
Court fines	388,323	297,061
Donations and grants	30,556	31,546
Insurance proceeds	72,502	11,307
Interest	12,550	23,571
Miscellaneous	-	16,460
Total Revenues	4,822,859	4,567,665
EXPENDITURES:		
Current:		
Administration	476,844	662,906
Tourism	-	27,548
Legislative	215,554	-
City council	-	9,551
Community relations	99,410	-
Public safety	2,482,057	2,454,301
Animal services	127,399	181,798
Library	152,911	188,279
Public works – streets	313,000	340,945
Municipal court	181,054	183,043
Parks and facilities	65,005	77,904
Development services	278,219	298,061
Capital outlay	697,626	32,329
Debt service:		
Principal	-	61,372
Interest	4,527	8,261
Total Expenditures	5,093,606	4,526,298
Excess of Revenues over (under) Expenditures	(270,747)	41,367
OTHER FINANCING SOURCES (USES):		
Loan proceeds	308,201	-
Sale of assets	-	54,222
Transfers out	(16,156)	(281,661)
Transfers in	44,282	24,450
Total Other Financing Sources (Uses)	336,327	(202,989)
Net Change in Fund Balance	65,580	(161,622)
Fund Balance - October 1 (beginning)	1,378,741	1,444,321
Fund Balance - September 30 (Ending)	$ 1,444,321	$ 1,282,699

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Ad valorem tax	$ 2,468,973	$ 2,471,430	$ 2,457
Sales tax	781,250	846,860	65,610
Mixed beverage tax	20,000	20,517	517
Franchise tax	397,200	424,586	27,386
Court fines and fees	421,883	297,061	(124,822)
Library donations, fines, memberships	5,600	4,989	(611)
Library funding	29,046	29,046	-
Denton County funding	-	3,498	3,498
Building permits	30,000	62,280	32,280
Park administration fees	15,000	15,000	-
Other permits and fees	95,200	83,076	(12,124)
School resource officer reimbursements	50,000	63,285	13,285
Rent - fire station	44,675	44,597	(78)
Other rentals	5,000	4,032	(968)
Parks maintenance	30,000	30,000	-
Staff/office services - EDC/CDC	42,000	42,000	-
Interest earned	5,754	23,571	17,817
Animal services	13,000	31,265	18,265
Special events	45,100	40,305	(4,795)
Donations	-	2,500	2,500
Insurance proceeds	-	11,307	11,307
Other revenue	6,000	16,460	10,460
TOTAL REVENUE	$ 4,505,681	$ 4,567,665	$ 61,984

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
ADMINISTRATION:			
Personnel:			
Salaries	$ 234,299	$ 229,122	$ 5,177
Retirement	31,736	35,851	(4,115)
Longevity pay	612	612	-
Insurance	30,983	19,078	11,905
Payroll taxes	3,380	3,749	(369)
Total Personnel	301,010	288,412	12,598
Supplies, Repairs and Services:			
Insurance	40,000	48,299	(8,299)
Office expense	9,800	4,791	5,009
Operating supplies	3,500	7,374	(3,874)
Travel and training	9,600	8,437	1,163
Ads and public notices	3,000	5,081	(2,081)
Publications	1,000	171	829
Printing	4,200	7,568	(3,368)
Dues and memberships	5,500	4,199	1,301
Postage	3,000	2,268	732
Telephone and utilities	37,560	36,627	933
Consultants and professionals	52,200	103,621	(51,421)
Legal services	42,000	41,564	436
Audit	15,500	16,000	(500)
Election costs	7,000	7,729	(729)
Tax appraisal fees	20,000	19,915	85
Email hosting services	6,000	6,649	(649)
Financial advisory services	3,500	3,500	-
Civic Plus	4,300	4,513	(213)
Software maintenance	24,050	25,938	(1,888)
Maintenance and repair - building	21,500	18,417	3,083
Miscellaneous	4,100	1,833	2,267
Total Supplies, Repairs and Services	317,310	374,494	(57,184)
TOTAL ADMINISTRATION	618,320	662,906	(44,586)

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
CITY COUNCIL:			
Supplies, Repairs and Services:			
Office expense	$ -	$ 308	$ (308)
Uniforms	600	261	339
Travel and training	6,000	6,775	(775)
Dues and memberships	-	1,645	(1,645)
Flowers/gifts/plaques	500	562	(62)
Total Supplies, Repairs and Services	7,100	9,551	(2,451)
TOTAL CITY COUNCIL	7,100	9,551	(2,451)
TOURISM:			
Supplies, Repairs and Services:			
Community events	500	2,548	(2,048)
Fireworks	25,000	25,000	-
Total Supplies, Repairs and Services	25,500	27,548	(2,048)
TOTAL TOURISM	25,500	27,548	(2,048)
PUBLIC SAFETY:			
Police Department:			
Personnel:			
Salaries	974,417	952,217	22,200
Retirement	129,721	132,999	(3,278)
Longevity pay	5,808	5,808	-
Insurance	204,996	168,686	36,310
Payroll taxes	13,849	16,701	(2,852)
Total Personnel	1,328,791	1,276,411	52,380

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Office expense	$ 4,600	$ 4,593	$ 7
Supplies	18,300	16,080	2,220
Printing	3,600	2,582	1,018
Travel and training	3,000	3,902	(902)
Physicals and evaluations	3,200	2,389	811
Information technology	-	5,425	(5,425)
Ads and public notices	800	-	800
Publications	4,548	2,922	1,626
Dues and memberships	2,400	510	1,890
Uniforms	-	313	(313)
Utilities	-	3,650	(3,650)
Legal	5,000	4,995	5
SANE exams	-	2,027	(2,027)
Software maintenance	30,116	30,996	(880)
Property loss	500	-	500
Jail fees	5,000	2,125	2,875
Telephone	11,200	9,306	1,894
Communications	60,458	60,458	-
Consultants and professionals	24,000	18,451	5,549
Maintenance and repair - building	7,600	10,291	(2,691)
Maintenance and repair - equipment	3,600	4,027	(427)
Maintenance and repair - vehicles	18,505	12,267	6,238
Vehicle fuel	21,115	19,556	1,559
Total Supplies, Repairs and Services	227,542	216,865	10,677
Total Police Department	1,556,333	1,493,276	63,057
Fire Department:			
Contribution for services	961,025	961,025	-
Total Fire Department	961,025	961,025	-
TOTAL PUBLIC SAFETY	2,517,358	2,454,301	63,057

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
ANIMAL SERVICES:			
Personnel:			
Salaries	$ 86,104	$ 103,607	$ (17,503)
Longevity pay	138	138	-
Retirement	5,800	11,325	(5,525)
Insurance	13,614	20,430	(6,816)
Payroll taxes	3,924	3,397	527
Total Personnel	109,580	138,897	(29,317)
Supplies, Repairs and Services:			
Office expense	1,050	284	766
Supplies	2,985	4,082	(1,097)
Travel and training	2,000	399	1,601
Physicals and evaluations	-	348	(348)
Land lease	1,250	1,255	(5)
Software maintenance	4,340	3,058	1,282
Uniforms	1,200	1,214	(14)
Telephone	1,200	1,136	64
Consultants and professionals	500	4,533	(4,033)
Utilities	9,300	10,797	(1,497)
Maintenance and repair - building	19,285	15,173	4,112
Maintenance and repair - vehicles	1,800	91	1,709
Vehicle fuel	2,600	531	2,069
Total Supplies, Repairs and Services	47,510	42,901	4,609
TOTAL ANIMAL SERVICES	157,090	181,798	(24,708)
LIBRARY:			
Personnel:			
Salaries	87,296	80,792	6,504
Longevity pay	174	120	54
Retirement	7,002	6,939	63
Insurance	11,355	7,597	3,758
Payroll taxes	3,555	3,607	(52)
Total Personnel	109,382	99,055	10,327

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Supplies	$ 3,150	$ 3,645	$ (495)
Postage	1,000	545	455
Library books/materials	10,000	9,983	17
Information technology	18,841	25,890	(7,049)
Travel and training	1,500	1,532	(32)
Printing	6,000	2,438	3,562
Advertising	500	643	(143)
Dues and memberships	4,500	4,298	202
Telephone	800	491	309
Utilities	12,750	12,448	302
Equipment rentals	2,400	2,033	367
Maintenance and repair - building	33,458	25,278	8,180
Total Supplies, Repairs and Services	94,899	89,224	5,675
TOTAL LIBRARY	204,281	188,279	16,002
PUBLIC WORKS:			
Streets and Drainage:			
Personnel:			
Salaries	157,880	149,697	8,183
Retirement	19,667	18,190	1,477
Longevity pay	636	636	-
Insurance	53,201	41,725	11,476
Payroll taxes	2,237	3,731	(1,494)
Total Personnel	233,621	213,979	19,642
Supplies, Repairs and Services:			
Supplies	6,300	3,694	2,606
Travel and training	2,500	1,940	560
Consultants and professionals	-	2,500	(2,500)
Uniforms	2,500	2,287	213
Telephone	1,900	2,053	(153)
Street lighting	53,000	55,490	(2,490)
Utilities	3,820	3,013	807
Engineering	3,705	9,536	(5,831)
Information technology	4,950	4,407	543

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Maintenance and repair - building	$ 17,000	$ 753	$ 16,247
Maintenance and repair - equipment	8,000	3,989	4,011
Maintenance and repair- vehicle	9,000	2,218	6,782
Maintenance - drainage	25,166	19,441	5,725
Maintenance - signs	5,000	5,805	(805)
Maintenance - trees	5,000	2,600	2,400
Vehicle fuel	4,500	7,240	(2,740)
Total Supplies, Repairs and Services	152,341	126,966	25,375
TOTAL PUBLIC WORKS	385,962	340,945	45,017
MUNICIPAL COURT:			
Personnel:			
Salaries	89,302	95,466	(6,164)
Longevity pay	408	408	-
Retirement	12,156	13,260	(1,104)
Insurance	21,533	20,388	1,145
Payroll taxes	1,301	1,710	(409)
Total Personnel	124,700	131,232	(6,532)
Supplies, Repairs and Services:			
Supplies	2,400	1,607	793
Travel and training	2,000	1,409	591
Printing	500	643	(143)
Dues and memberships	200	195	5
Legal services	10,000	10,733	(733)
Telephone	-	166	(166)
MVBA fees	40,000	21,160	18,840
Municipal judge	14,400	14,400	-
Jury fees	1,000	117	883
Warrant roundup	-	1,381	(1,381)
Total Supplies, Repairs and Services	70,500	51,811	18,689
TOTAL MUNICIPAL COURT	195,200	183,043	12,157

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
PARKS AND FACILITIES:			
Personnel:			
Salaries	$ 44,027	$ 43,148	$ 879
Longevity pay	186	186	-
Retirement	4,185	5,156	(971)
Insurance	12,547	13,204	(657)
Payroll taxes	513	1,738	(1,225)
Total Personnel	61,458	63,432	(1,974)
Supplies, Repairs and Services:			
Supplies	4,000	1,146	2,854
Telephone	600	236	364
Uniforms	1,400	1,622	(222)
Physicals and evaluations	-	122	(122)
Consultants and professionals	800	-	800
Park maintenance	2,000	2,712	(712)
Maintenance and repair - equipment	4,000	4,493	(493)
Maintenance and repair - vehicle	3,000	900	2,100
Vehicle fuel	2,500	3,241	(741)
Total Supplies, Repairs and Services	18,300	14,472	3,828
TOTAL PARKS AND FACILITIES	79,758	77,904	1,854
DEVELOPMENT SERVICES:			
Personnel:			
Salaries	151,260	108,977	42,283
Retirement	20,556	13,962	6,594
Longevity pay	468	468	-
Insurance	33,252	18,565	14,687
Payroll taxes	2,198	2,038	160
Total Personnel	207,734	144,010	63,724

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Supplies	$ 2,900	$ 2,866	$ 34
Travel and training	2,000	1,469	531
Printing	1,500	804	696
Publications	400	929	(529)
Advertising	1,000	706	294
Dues and memberships	950	600	350
Telephone	600	1,075	(475)
Consultants and professionals	-	2,084	(2,084)
Information technology	1,200	474	726
Software maintenance	-	1,972	(1,972)
Contract labor	-	15,034	(15,034)
Engineering	10,000	42,909	(32,909)
Inspection services	28,000	21,662	6,338
Health inspections	4,500	4,200	300
Comprehensive plan	24,450	55,404	(30,954)
Maintenance and repair - vehicles	1,500	878	622
Vehicle fuel	2,600	985	1,615
Total Supplies, Repairs and Services	81,600	154,051	(72,451)
TOTAL DEVELOPMENT SERVICES	289,334	298,061	(8,727)
CAPITAL OUTLAY:			
Capital outlay - equipment	15,000	12,389	2,611
Capital outlay - vehicles	68,427	-	68,427
Capital outlay - building	-	19,940	(19,940)
TOTAL CAPITAL OUTLAY	83,427	32,329	51,098
DEBT SERVICE:			
Principal	-	61,372	(61,372)
Interest	-	8,261	(8,261)
TOTAL DEBT SERVICE	-	69,633	(69,633)
TOTAL EXPENDITURES	$ 4,563,330	$ 4,526,298	$ 37,032

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CITY OF LAKE DALLAS, TEXAS
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Court Technology Fund	Court Security Fund	Street Maintenance Sales Tax	Hotel Occupancy Tax	Library Donations
ASSETS					
Cash and cash equivalents	$ 21,045	$ 42,754	$ 132,398	$ 51,543	$ 8,943
Receivables:					
Sales tax	-	-	31,524	-	-
Occupancy tax	-	-	-	20,025	-
Other	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid costs	3,869	-	-	-	-
TOTAL ASSETS	$ 24,914	$ 42,754	$ 163,922	$ 71,568	$ 8,943
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 107	$ -	$ 1,515	$ -	$ -
Due to other funds	-	-	71,906	-	-
Total Liabilities	107	-	73,421	-	-
Fund Balance:					
Nonspendable	3,869	-	-	-	-
Restricted	20,938	42,754	90,501	71,568	-
Assigned	-	-	-	-	8,943
Total Fund Balance	24,807	42,754	90,501	71,568	8,943
TOTAL LIABILITIES AND FUND BALANCE	$ 24,914	$ 42,754	$ 163,922	$ 71,568	$ 8,943

Juvenile Case Management Fund	Drug Seizure Fund	Kids N Cops Fund	Police Auction	Forensic Testing	Willow Grove Park Fund	Animal Rescue Fund	Park Improvement Fund
$ 149,841	$ 9,416	$ 9,625	$ (25,870)	$ 8	$ 41,819	$ 4,819	$ 5,604
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	22,723	-	-
-	-	-	25,870	-	-	-	-
-	-	-	-	-	1,823	-	-
$ 149,841	$ 9,416	$ 9,625	$ -	$ 8	$ 66,365	$ 4,819	$ 5,604
$ -	$ -	$ -	$ -	$ -	$ 562	$ 438	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	562	438	-
-	-	-	-	-	1,823	-	-
149,841	9,416	-	-	8	63,980	-	5,604
-	-	9,625	-	-	-	4,381	-
149,841	9,416	9,625	-	8	65,803	4,381	5,604
$ 149,841	$ 9,416	$ 9,625	$ -	$ 8	$ 66,365	$ 4,819	$ 5,604

CITY OF LAKE DALLAS, TEXAS
COMBINING BALANCE SHEET (CONTINUED)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	LEOSE Training Fund	Child Safety Fund	Total
ASSETS			
Cash and cash equivalents	$ 4,416	$ 14,149	$ 470,510
Receivables:			
Sales tax	-	-	31,524
Occupancy tax	-	-	20,025
Other	-	-	22,723
Due from other funds	-	-	25,870
Prepaid costs	-	-	5,692
TOTAL ASSETS	$ 4,416	$ 14,149	$ 576,344
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ -	$ 119	$ 2,741
Due to other funds	-	-	71,906
Total Liabilities	-	119	74,647
Fund Balance:			
Nonspendable	-	-	5,692
Restricted	4,416	14,030	473,056
Assigned	-	-	22,949
Total Fund Balance	4,416	14,030	501,697
TOTAL LIABILITIES AND FUND BALANCE	$ 4,416	$ 14,149	$ 576,344

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CITY OF LAKE DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Court Technology Fund	Court Security Fund	Street Maintenance Sales Tax	Hotel Occupancy Tax	Library Donations
Revenues:					
Taxes	$ -	$ -	$ 169,372	$ 84,978	$ -
Charges for services	-	-	-	-	-
Fines and fees	6,208	4,799	-	-	-
Donations and grants	-	-	-	-	2,633
Insurance proceeds	-	-	-	-	-
Interest earned	392	737	3,615	237	121
Total Revenues	6,600	5,536	172,987	85,215	2,754
Expenditures:					
Tourism	-	-	-	33,672	-
Public safety	-	-	-	-	-
Animal services	-	-	-	-	-
Municipal court	4,730	2,500	-	-	-
Parks and recreation	-	-	-	-	-
Library	-	-	-	-	464
Public works - streets	-	-	258,207	-	-
Capital outlay	-	-	80,247	-	-
Total Expenditures	4,730	2,500	338,454	33,672	464
Excess of Revenues over (under) Expenditures	1,870	3,036	(165,467)	51,543	2,290
Other Financing Sources (Uses):					
Transfers in (out)	-	-	255,968	20,025	-
Total Other Financing Sources (Uses)	-	-	255,968	20,025	-
Net Change in Fund Balance	1,870	3,036	90,501	71,568	2,290
Fund Balance – October 1 (beginning)	22,937	39,718	-	-	6,653
Fund Balance – September 30 (ending)	$ 24,807	$ 42,754	$ 90,501	$ 71,568	$ 8,943

Juvenile Case Management Fund	Drug Seizure Fund	Kids N Cops Fund	Police Auction	Forensic Testing	Willow Grove Park Fund	Animal Rescue Fund	Park Improvement Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	112,477	-	-
571	2,674	-	-	-	-	-	1,073
-	-	6,165	-	-	-	19,718	-
-	-	-	-	-	22,723	-	-
2,653	61	154	-	5	736	91	57
3,224	2,735	6,319	-	5	135,936	19,809	1,130
-	-	-	-	-	-	-	-
-	1,456	6,176	14,484	405	-	-	-
-	-	-	-	-	-	18,732	-
440	-	-	-	-	-	-	-
-	-	-	-	-	103,468	-	1,194
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	11,386	-	-	-	-
440	1,456	6,176	25,870	405	103,468	18,732	1,194
2,784	1,279	143	(25,870)	(400)	32,468	1,077	(64)
-	-	5,000	-	-	-	-	5,668
-	-	5,000	-	-	-	-	5,668
2,784	1,279	5,143	(25,870)	(400)	32,468	1,077	5,604
147,057	8,137	4,482	25,870	408	33,335	3,304	-
$ 149,841	$ 9,416	$ 9,625	$ -	$ 8	$ 65,803	$ 4,381	$ 5,604

CITY OF LAKE DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	LEOSE Training Fund	Child Safety Fund	Total
Revenues:			
Taxes	$ -	$ -	$ 254,350
Charges for services	-	-	112,477
Fines and fees	-	9,346	24,671
Donations and grants	1,494	-	30,010
Insurance proceeds	-	-	22,723
Interest earned	142	456	9,457
Total Revenues	1,636	9,802	453,688
Expenditures:			
Tourism	-	-	33,672
Public safety	6,975	15,876	45,372
Animal services	-	-	18,732
Municipal court	-	-	7,670
Parks and recreation	-	-	104,662
Library	-	-	464
Public works - streets	-	-	258,207
Capital outlay	-	-	91,633
Total Expenditures	6,975	15,876	560,412
Excess of Revenues over (under) Expenditures	(5,339)	(6,074)	(106,724)
Other Financing Sources (Uses):			
Transfers in (out)	-	(5,000)	281,661
Total Other Financing Sources (Uses)	-	(5,000)	281,661
Net Change in Fund Balance	(5,339)	(11,074)	174,937
Fund Balance – October 1 (beginning)	9,755	25,104	326,760
Fund Balance – September 30 (ending)	$ 4,416	$ 14,030	$ 501,697

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CITY OF LAKE DALLAS, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2017 AND 2018

	2017	2018
ASSETS		
Cash and cash equivalents	$ 133,292	$ 161,547
Receivables:		
Ad valorem tax	14,244	12,551
TOTAL ASSETS	$ 147,536	$ 174,098
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities:		
Due to other funds	$ -	$ 2,937
Total Liabilities	-	2,937
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	11,307	10,585
Total Deferred Inflows of Resources	11,307	10,585
Fund balance:		
Restricted for debt service	136,229	160,576
Total Fund Balance	136,229	160,576
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 147,536	$ 174,098

CITY OF LAKE DALLAS, TEXAS
DEBT SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2018

	2017	2018
REVENUES:		
Taxes:		
Property	$ 479,153	$ 454,851
Interest	2,741	6,699
TOTAL REVENUES	481,894	461,550
EXPENDITURES:		
Debt service:		
Principal retirement	500,000	545,000
Interest and fees	153,394	111,477
Bond issuance costs	-	27,379
TOTAL EXPENDITURES	653,394	683,856
Excess of Revenues over (under) Expenditures	(171,500)	(222,306)
Other Financing Resources (Uses):		
Bond proceeds	-	1,400,000
Payments to refunding escrow agent	-	(1,372,621)
Transfers in	165,122	219,274
Total Other Financing Resources (Uses)	165,122	246,653
Net change in fund balance	(6,378)	24,347
Fund balance, beginning of year	142,607	136,229
Fund balance, end of year	$ 136,229	$ 160,576

CITY OF LAKE DALLAS, TEXAS
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			
	Original	Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget
Revenues:				
Taxes (ad valorem)	$ 450,284	$ 450,284	$ 454,851	$ 4,567
Interest	-	-	6,699	6,699
Total Revenues	450,284	450,284	461,550	11,266
Expenditures:				
Principal	520,000	520,000	545,000	(25,000)
Interest and fees	139,764	139,764	111,477	28,287
Bond issuance costs	-	-	27,379	(27,379)
Total Expenditures	659,764	659,764	683,856	(24,092)
Excess of Revenues Over (Under) Expenditures	(209,480)	(209,480)	(222,306)	(12,826)
Other Financing Resources (Uses):				
Bond proceeds	-	-	1,400,000	1,400,000
Payments to refunding escrow agent	-	-	(1,372,621)	(1,372,621)
Transfers in	209,480	209,480	219,274	9,794
Total Other Financing Resources (Uses)	209,480	209,480	246,653	37,173
Net Change in Fund Balance	-	-	24,347	24,347
Fund Balance – October 1 (beginning)	136,229	136,229	136,229	-
Fund Balance – September 30 (ending)	$ 136,229	$ 136,229	$ 160,576	$ 24,347

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
City of Lake Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise The City of Lake Dallas, Texas's basic financial statements, and have issued our report dated January 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

January 22, 2019

STATISTICAL SECTION

CITY OF LAKE DALLAS, TEXAS
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Administration	Public Safety	Animal Services	Public Works - Streets	Municipal Court	Park and Recreation	Development Services
2009	$881,029	$2,295,176	$100,175	$356,767	$133,681	$113,491	$147,635
2010	978,718	2,484,940	121,518	316,898	131,070	132,459	150,471
2011	896,277	2,538,262	90,810	309,911	140,453	107,995	119,870
2012	921,854	2,455,426	88,492	311,391	152,134	93,881	128,455
2013	724,877	2,440,783	127,332	298,780	162,188	93,113	134,112
2014	593,199	2,456,186	149,482	261,144	159,238	74,610	192,819
2015	616,812	2,506,825	135,342	271,980	151,488	78,959	159,082
2016	643,477	2,546,566	134,568	473,678	156,230	146,940	169,953
2017	692,398	2,517,874	135,724	313,000	196,666	103,663	278,219
2018	733,677	2,499,673	200,530	599,152	190,713	182,566	298,061

Library	Community Relations	Capital Outlay	Debt Service	Total
$ -	$196,553	$ 901,239	$633,721	$5,759,467
-	164,893	1,308,153	668,116	6,457,236
-	115,098	139,921	649,267	5,107,864
-	112,556	148,530	667,211	5,079,930
-	114,787	253,710	558,222	4,907,904
-	119,726	2,065,753	514,717	6,586,874
37,778	114,479	380,969	500,482	4,954,196
152,428	112,514	239,049	446,428	5,221,831
154,505	99,410	698,926	657,921	5,848,306
188,743	-	123,962	753,489	5,770,566

CITY OF LAKE DALLAS, TEXAS
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Taxes	License and Permits	Charges for Services	Court Fines	Interest	Grants
2009	$3,301,663	$105,100	$602,068	$409,284	$18,540	$ 8,423
2010	3,274,471	123,448	830,574	546,534	2,001	12,164
2011	3,275,226	91,240	718,141	666,417	795	51,700
2012	3,534,748	68,591	712,799	702,786	1,116	7,550
2013	3,500,384	107,553	717,369	675,432	895	10,850
2014	3,539,885	255,255	2,442,787	785,608	529	18,413
2015	3,778,284	102,466	291,848	628,668	1,349	12,738
2016	3,895,843	129,163	287,364	560,921	8,024	110,509
2017	4,369,274	205,472	335,601	415,603	18,375	48,340
2018	4,472,594	145,356	391,448	321,732	39,727	61,556

Miscellaneous	Total
$16,210	$4,461,288
22,589	4,811,781
28,463	4,831,982
21,631	5,049,221
4,806	5,017,289
4,640	7,047,117
14,462	4,829,815
52,212	5,044,036
72,502	5,465,167
50,490	5,482,903

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CITY OF LAKE DALLAS, TEXAS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	(1) Property	Sales	Franchise	Hotel Occupancy	Mixed Beverage	Total
2009	$2,355,945	$506,808	$363,508	$52,449	$22,953	$3,301,663
2010	2,384,613	496,635	338,783	34,603	19,837	3,274,471
2011	2,341,696	516,425	350,045	51,316	15,744	3,275,226
2012	2,397,494	662,826	412,124	49,456	12,848	3,534,748
2013	2,231,647	695,042	405,491	54,755	23,449	3,500,384
2014	2,363,878	701,241	386,766	69,982	18,018	3,539,885
2015	2,510,163	774,987	401,826	72,014	19,294	3,778,284
2016	2,528,297	880,781	393,831	73,259	19,675	3,895,843
2017	2,703,316	1,170,140	402,736	71,902	21,180	4,369,274
2018	2,926,281	1,016,232	424,586	84,978	20,517	4,472,594

(1) Includes penalties and interest.

CITY OF LAKE DALLAS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Total Levy	Current Tax Collections	Percentage Of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Ratio Of Total Collections To Levy
2009	$2,334,122	$2,301,094	98.58%	$30,267	$2,331,361	99.88%
2010	2,377,828	2,349,084	98.79	11,158	2,360,242	99.26
2011	2,317,805	2,287,698	98.70	26,824	2,314,522	99.86
2012	2,362,226	2,336,365	98.90	27,584	2,363,949	100.07
2013	2,326,050	2,308,038	99.22	(2,170)	2,305,868	99.13
2014	2,341,912	2,323,470	99.21	15,981	2,339,451	99.89
2015	2,494,907	2,469,998	99.00	14,017	2,484,015	99.56
2016	2,531,786	2,503,074	98.87	12,260	2,515,334	99.35
2017	2,692,296	2,662,593	98.90	5,597	2,668,190	99.10
2018	2,897,846	2,868,579	98.99	34,860	2,903,439	100.19

Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Levy
$86,613	3.71%
86,276	3.63
81,789	3.53
77,212	3.27
72,259	3.11
70,349	3.00
79,858	3.20
95,117	3.76
97,628	3.63
89,274	3.08

CITY OF LAKE DALLAS, TEXAS
RATIO TO ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL LONG-TERM DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Principal	Interest and Fees	Total Debt Service	Total (1) Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
2009	$315,066	$288,655	$603,721	$4,930,382	12.25%
2010	390,000	276,024	666,024	5,588,216	11.92
2011	385,000	251,571	636,571	5,107,864	12.46
2012	400,000	237,211	637,211	5,079,930	12.54
2013	310,000	224,139	534,139	4,907,904	10.88
2014	315,000	186,995	501,995	6,586,874	7.62
2015	325,000	175,482	500,482	4,954,196	10.10
2016	280,000	166,428	446,428	5,221,831	8.55
2017	500,000	157,921	657,921	5,848,306	11.25
2018	561,372	119,738	681,110	5,770,566	11.80

(1) Excludes Capital Projects Fund.

LAKE DALLAS COMMUNITY
DEVELOPMENT CORPORATION

(A component unit of the City of Lake Dallas)

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

SEPTEMBER 30, 2018

LAKE DALLAS COMMUNITY
DEVELOPMENT CORPORATION

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Members:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
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HANKINS, EASTUP, DEATON, TONN & SEAY
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL. (940) 387-8563
FAX (940) 383-4746

INDEPENDENT AUDITORS' REPORT

Board of Directors
Lake Dallas Community Development Corporation
Lake Dallas, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lake Dallas Community Development Corporation (the "Corporation"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lake Dallas Community Development Corporation as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 5 through 9 and the budgetary comparison information on page 29, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 22, 2019 on our consideration of the Lake Dallas Community Development Corporation's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lake Dallas Community Development Corporation's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

January 22, 2019

MANAGEMENT'S DISCUSSION & ANALYSIS

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LAKE DALLAS COMMUNITY DEVELOPMENT CORPORATION

As management of the Lake Dallas Community Development Corporation, we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the Corporation's basic financial statements.

Financial Highlights

- The assets of the Corporation exceeded its liabilities at September 30, 2018 by $446,808. All of this amount is available to meet the Corporation's objective of promoting community development.

- The Corporation's total net position decreased by $71,949.

- As of September 30, 2018, the Corporation's governmental funds reported combined ending fund balances of $446,808, a decrease of $71,949 in comparison with the beginning of the year. All of this amount is available for spending at the Corporation's discretion (*committed, assigned or unassigned fund balance*).

Overview of the Financial Statements

The management discussion and analysis are intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The statement of activities presents information showing how the Corporation's net position changed during the most recent period. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid. Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Position and the Statement of Activities, the Corporation is divided between two kinds of activities:

- **Governmental activities.** All of the Corporation's basic services are reported here. Primarily sales taxes finance those services.

- **Business-type activities.** The Corporation may charge a fee to customers to help it cover all or most of the cost of certain services it provides. The Corporation had no business-type activities during the current period.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the Corporation as a whole. Some funds are required to be established by state law or bond covenants. However, the Board of Directors may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the Corporation are considered governmental funds.

Governmental Funds. All of the Corporation's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at period-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Corporation's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The Corporation maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Corporation's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Corporation does not currently have any fiduciary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and funds financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information highlighting budgetary information for the general fund.

Government-wide Financial Analysis

The Corporation's combined net position was $446,808 as of September 30, 2018. The Corporation first implemented GASB Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*, for fiscal year 2004. The following analysis presents both current and prior year data and discusses significant changes in the accounts. This analysis focuses on the net position (Table 1) and general revenues (Table 2) and changes in net position (Table 3) of the Corporation's governmental activities.

Table 1
Net Position

	Governmental Activities	
	2017	2018
Current and other assets	$ 530,988	$ 447,844
Capital assets	-	-
Total assets	530,988	447,844
Long-term liabilities outstanding	-	-
Other liabilities	12,231	1,036
Total liabilities	12,231	1,036
Net position:		
Unrestricted	518,757	446,808
Total net position	$ 518,757	$ 446,808

The following table provides a summary of the Corporation's operations for the years ended September 30, 2017and 2018:

Table 2
Changes in Net Position

	Governmental Activities	
	2017	2018
Revenues:		
Capital grants and contributions	$ -	-
General revenues:		
Sales taxes	390,059	338,744
Interest earnings	3,756	6,796
Transfers in (out)	(148,966)	(243,724)
	244,849	101,816
Expenses:		
Administration	46,096	50,871
Economic Development	167,154	122,894
	213,250	173,765
Change in net position	31,599	(71,949)
Net position – October 1 (beginning)	487,158	518,757
Net position – September 30 (ending)	$ 518,757	$ 446,808

Financial Analysis of the Government's Funds

Governments Funds. The focus of the Corporation's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the period.

As of the end of the current period, the Corporation's governmental funds reported combined ending fund balances of $446,808, a decrease of $71,949 in comparison with the beginning of the period. All of this amount constitutes committed, assigned or unassigned fund balance, which is available for spending at the Corporation's discretion.

General Fund Budgetary Highlights

During the current year, the Board of Directors of the Corporation did not amend the Corporation's budget.

The original budget reflected that the activity for the year would decrease available fund balance by $164,880. The available fund balance for the general fund actually decreased in the amount of $71,949. Sales tax revenue was $26,244 above budgeted projections, and grants and projects expenditures were $55,000 below budget projections.

Capital Asset and Debt Administration

Capital Assets. During the current fiscal year, the Corporation had no capital assets.

Long-term Debt. During the current fiscal year, the Corporation had no long-term debt.

Requests for Information

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lake Dallas Community Development Corporation, 212 Main St., Lake Dallas, Texas, 75065.

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BASIC FINANCIAL STATEMENTS

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LAKE DALLAS COMMUNITY
DEVELOPMENT CORPORATION

STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government
ASSETS	Governmental Activities
Cash and Investments	$ 384,796
Receivables:	
Sales taxes	63,048
Total Assets	447,844
LIABILITIES	
Due to City of Lake Dallas	1,036
Total Liabilities	1,036
NET POSITION	
Unrestricted Net Position	446,808
Total Net Position	$ 446,808

The accompanying Notes are an integral part of this statement.

LAKE DALLAS COMMUNITY
DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

		Program Revenues	
Functions/Programs	Expenses	Charges for Services	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:			
Administration	$ 50,871	$ -	$ -
Community Development	122,894	-	-
Total Governmental Activities	173,765	-	-
TOTAL PRIMARY GOVERNMENT	$ 173,765	$ -	$ -

GENERAL REVENUES:

Taxes:
Sales taxes
Interest earnings
Transfers in (out)
Total General Revenues

Change in Net Position

NET POSITION, October 1 (beginning)

NET POSITION, September 30 (ending)

The accompanying Notes are an integral part of this statement.

Net (Expense) Revenue and Change in Net Position
Governmental Activities
$ (50,871)
(122,894)
(173,765)
(173,765)
338,744
6,796
(243,724)
101,816
(71,949)
518,757
$ 446,808

LAKE DALLAS COMMUNITY
DEVELOPMENT CORPORATION

BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Total Governmental Funds
ASSETS		
Cash and Investments	$ 384,796	$ 384,796
Receivables:		
Sales taxes	63,048	63,048
Total Assets	$ 447,844	$ 447,844
LIABILITIES AND FUND BALANCE		
Liabilities:		
Current Liabilities:		
Due to City of Lake Dallas	$ 1,036	$ 1,036
Total Current Liabilities	1,036	1,036
Fund Balance:		
Unassigned Fund Balance	446,808	446,808
Total Fund Balance	446,808	446,808
Total Liabilities and Fund Balance	$ 447,844	$ 447,844

The accompanying Notes are an integral part of this statement.

LAKE DALLAS COMMUNITY
DEVELOPMENT CORPORATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Total Fund Balances – Governmental Funds	$ 446,808
Reconciling Items	-
Net Position of Governmental Activities	$ 446,808

The accompanying Notes are an integral part of this statement.

LAKE DALLAS COMMUNITY
DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Total Governmental Funds
Revenues:		
Sales tax	$ 338,744	$ 338,744
Interest income	6,796	6,796
Total Revenues	345,540	345,540
Expenditures:		
Downtown development	81,560	81,560
Office supplies	39	39
Audit fees	2,750	2,750
Legal	2,127	2,127
Park maintenance and operations	41,334	41,334
Staff services	42,000	42,000
Dues and memberships	150	150
Travel and training	3,305	3,305
Advertising	500	500
Total Expenditures	173,765	173,765
Excess of Revenue Over Expenditures	171,775	171,775
Other Resources (Uses):		
Transfers out	(243,724)	(243,724)
Total Other Resources (Uses)	(243,724)	(243,724)
Net Change in Fund Balance	(71,949)	(71,949)
Fund Balance – October 1 (beginning)	518,757	518,757
Fund Balance – September 30 (ending)	$ 446,808	$ 446,808

The accompanying Notes are an integral part of this statement.

LAKE DALLAS COMMUNITY
DEVELOPMENT CORPORATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Total Net Change in Fund Balances – Governmental Funds	$ (71,949)
Reconciling Items	-
Change in Net Position of Governmental Activities	$ (71,949)

The accompanying Notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lake Dallas Community Development Corporation (the "Corporation") are presented in accordance with generally accepted accounting principles applicable to state and local governmental units as set forth by the Governmental Accounting Standards Board ("GASB).

In fiscal year 2004, the Corporation implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments,* GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, GASB Statement No. 38, *Certain Financial Statement Disclosures*, which changes note disclosures requirements for governmental entities, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements,* which clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where difference have arisen, or potentially could arise, in interpretation and practice of GASB Statement No. 34.

GASB Statements No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the use of account groups to the already required fund financial statements and notes. GASB Statement No. 37 provides additional guidance in reporting infrastructure, program revenues and major criteria.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that the government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The following is a summary of the more significant accounting policies.

A. Reporting Entity

Lake Dallas Community Development Corporation is a Texas non-profit industrial development corporation formed on January 1, 2003 under the Development Corporation Act of 1979, with the approval of the City Council of the City of Lake Dallas, Texas, and governed by Section 4B of the Act. The Corporation is managed by a seven-member Board of Directors.

The purpose of the Corporation is to promote economic development within the City of Lake Dallas, Texas in order to eliminate unemployment and underemployment, to promote and encourage employment and the public welfare of the City, and to provide parks, park facilities and municipal buildings such as library facilities by developing, implementing and financing such projects. The primary source of funding for the Corporation is a one-quarter cent sales tax approved by the voters of the City of Lake Dallas in Fall, 2002.

The accompanying financial statements present the Corporation and its component units, entities for which the Corporation is considered to be financially accountable. The criteria for including organizations as component units within the Corporation's reporting entity, as set forth in Section 2100 GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Corporation holds the corporate powers of the organization
- the Corporation appoints a voting majority of the organization's board
- the Corporation is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Corporation
- there is fiscal dependency by the organization on the Corporation

No component units, as defined by GASB standards, have been identified for inclusion in the reporting entity. However, because the Board of Directors of the Corporation are appointed by and serve at the pleasure of the City Council of the City of Lake Dallas, and because the Corporation exists primarily to benefit the City of Lake Dallas, the Corporation's financial activity is also included as a component unit in the financial statements of the City of Lake Dallas, Texas.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Corporation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Corporation had no business-type activities during the period.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded for the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Corporation had no proprietary funds or fiduciary funds during the period.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes and interest associated with the current fiscal period are both considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Corporation. The amount shown as sales tax receivable on the balance sheet consists of sales tax received from the State in October and November, 2018.

The Corporation reports the following major governmental fund:

General Fund – The General fund accounts for the resources used to finance the fundamental operations of the Corporation. It is the basic fund of the Corporation and includes all activities except those required to be accounted for in another fund. Currently, the Corporation uses no funds other than the General Fund.

Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Cash and Investments

The Corporation's cash consists of demand deposits. The Corporation's investments consists of deposits in State investment pools.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Corporation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

G. Budgets and Budgetary Accounting

The Corporation follows these procedures in establishing the budgetary data reflected in the financial statements:

a. A proposed operating budget for the fiscal year commencing the following October 1, is submitted to the City of Lake Dallas City Council. The operating budget includes proposed expenditures and the means of financing them for the general fund.

b. A public hearing is conducted to obtain taxpayer comments.

c. The budget is legally enacted through passage of an ordinance.

d. Any revisions that alter the total expenditures for governmental type funds must be approved by the City of Lake Dallas City Council.

The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget was not amended during the year by the Corporation.

H. Fund Balance

The Corporation implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" in a prior year. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Corporation is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Corporation has no nonspendable fund balance at September 30, 2018.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Corporation has no restricted fund balance at September 30, 2018.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Corporation's Board of Directors. The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Corporation has no committed fund balance at September 30, 2018.

- Assigned: This classification includes amounts that are constrained by the Corporation's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to other individuals in the Corporation. Under the Corporation's adopted policy, only the Board of Directors may assign amounts for specific purposes. The Corporation has assigned no fund balance at September 30, 2018.

- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Corporation considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Corporation considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

The policy of the Board of Directors expresses an intent to maintain a level of assigned and unassigned fund balance in the general fund equal to 25 percent of the fund's operating expenditures.

The details of the fund balances are included in the Governmental Funds Balance Sheet on page 16.

2. DEPOSITS AND INVESTMENTS

The Corporation's funds are required to be deposited and invested under the terms of a depository agreement. The depository bank deposits for safekeeping and trust with the Corporation's agent bank approved pledged securities in an amount sufficient to protect Corporation funds on a day-to-day basis during the period of the agreement. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At September 30, 2018, the carrying amount of the Corporation's deposits in checking accounts was $37,125 and the bank balance was $38,274. The Corporation's cash deposits at September 30, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the Corporation's agent bank in the Corporation's name.

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Corporation to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the Corporation to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptance, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the Corporation to have independent auditors perform test procedures related to investment practices as provided by the Act. The Corporation is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the Corporation has adopted a deposit and investment policy. That policy addresses the following risks:

a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned to it. As of September 30, 2018, the Corporation's cash balances totaled $38,274. This entire amount was either collateralized with securities held by the Corporation's financial institution's agent in the Corporation's name or covered by FDIC insurance. Thus, the Corporation's deposits are not exposed to custodial credit risk.

b. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2018, the Corporation held all of its investments in LOGIC public funds investment pools. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for LOGIC at year-end was AAA (Standard & Poor's).

d. Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Corporation manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the LOGIC investment pools is less than 60 days.

e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At September 30, 2018, the Corporation was not exposed to foreign currency risk.

f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the Corporation's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

The Corporation's investment at September 30, 2018 is shown below:

Name	Carrying Amount	Market Value
LOGIC Investment Pool	$ 347,671	$ 347,671
Total	$ 347,671	$ 347,671

3. EXPENDITURES BY CHARACTER

The format of the Statement of Revenues, Expenditures, and Change in Fund Balance-Governmental Funds shows expenditures classified by project, meaning capital outlay directly associated with a particular project is charged to that account. Expenditures by character are as follows:

Current	$ 173,765
Capital outlay	-
Total	$ 173,765

Capital outlay expended by the Corporation during the current year is not considered a capital asset of the Corporation but is capitalized by the City of Lake Dallas as capital assets expended for the City's benefit.

4. TRANSFERS OUT

Transfers out consists of $219,274 funds transferred to the City of Lake Dallas, under terms of written agreements with the City, to use in making long-term debt payments on the Series 2006 and Series 2009 Certificates of Obligation, and $24,450 transferred to the City of Lake Dallas as a contribution toward the costs of developing a comprehensive plan. The Corporation has committed to continued future contributions toward the Series 2006 and Series 2009 Certificates of Obligation annual debt service requirements, based on the portion of the proceeds used by the Corporation.

5. SUBSEQUENT EVENTS

Management has reviewed events subsequent to September 30, 2018 through January 22, 2019, which is the date the financial statements were available to be issued. No subsequent events were identified that were required to be recorded or disclosed in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE DALLAS COMMUNITY
DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			
	Original	Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget
Revenues:				
Sales tax	$ 312,500	$ 312,500	$ 338,744	$ 26,244
Interest income	2,500	2,500	6,796	4,296
Total Revenues	315,000	315,000	345,540	30,540
Expenditures:				
Downtown development	100,000	100,000	81,560	18,440
Office supplies	50	50	39	11
Audit fees	3,000	3,000	2,750	250
Park maintenance and operations	42,500	42,500	41,334	1,166
Staff services	42,000	42,000	42,000	-
Traveling and training	3,000	3,000	3,305	(305)
Dues and membership	100	100	150	(50)
Legal	-	-	2,127	(2,127)
Advertising	300	300	500	(200)
Projects	15,000	15,000	-	15,000
BIG grants	40,000	40,000	-	40,000
Total Expenditures	245,950	245,950	173,765	72,185
Excess of Revenues Over Expenditures	69,050	69,050	171,775	102,725
Other Resources (Uses):				
Transfers out	(233,930)	(233,930)	(243,724)	(9,794)
Total Other Resources (Uses)	(233,930)	(233,930)	(243,724)	(9,794)
Net Change in Fund Balance	(164,880)	(164,880)	(71,949)	92,931
Fund Balance – October 1 (beginning)	518,757	518,757	518,757	-
Fund Balance – September 30 (ending)	$ 353,877	$ 353,877	$ 446,808	$ 92,931

Members:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

HANKINS, EASTUP, DEATON, TONN & SEAY
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Lake Dallas Community Development Corporation
Lake Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Lake Dallas Community Development Corporation (the "Corporation"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise The Lake Dallas Community Development Corporation's basic financial statements, and have issued our report dated January 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

January 22, 2019

AGENDA ITEM 7

City Council
AGENDA MEMO

Prepared By: John Cabrales Jr, City Manager **February 14, 2019**

Municipal Solid Waste Collection Agreement

DESCRIPTION:

Receive a report and hold a discussion regarding Allied Waste Systems, Inc., doing business as Republic, as the city's solid waste collection contractor, and the renewal of the Municipal Solid Waste Collection and Transportation Agreement.

BACKGROUND INFORMATION:

On December 1, 2014, the City entered into a Municipal Solid Waste Collection and Transportation agreement with Waste Management, that gives them exclusive right and privilege to conduct business for the purpose of collection and disposal of all residential, commercial and industrial garbage and trash, and residential recycling within the city limits. The agreement if for five (5) years and automatically extends for two additional terms of five (5) years, unless, not less than ninety (90) days before the termination of the then current term, one party advises the other in writing of its desire to terminate the agreement.

The agreement provides for waste collection at all city owned facilities, including collection of dead animals from the Animal Shelter at least once a month, at no cost to the City. The City also receives a ten percent (10%) franchise fee for all the services provide within the city. The agreement also provides the City with thirty (30) roll off bins each year, twenty (20) boxes and $1,500 for city sponsored events.

On September 27, 2018, the City was informed by Waste Management that they have agreed to sell certain of its assets, including the agreement with the City of Lake Dallas, to Allied Waste Systems, Inc., doing business as Republic. The sale will constitute an assignment of the agreement that requires the City's consent per Section 14 of the agreement.

> 14. TRANSFERABILITY OF AGREEMENT:
>
> Other than by operation of law, no assignment of the Agreement or any right accruing under this Agreement shall be made in whole or in part by the Contractor without the express written consent of the City, which consent shall not be unreasonably withheld. Upon the assignment, the assignee shall assume the

liability of the Contractor. Notwithstanding anything contained herein to the contrary, Contractor shall be permitted to assign this Agreement to an affiliate of Contractor without the City's consent.

On October 25, 2018, the City Council passed a resolution consenting to the assignment of the agreement to Republic, and they began collection operations in the city on December 1, 2018. The Municipal Solid Waste Collection and Transportation agreement expires on December 1, 2019. Staff would like some input on any terms sought by the council and whether to begin negotiations with Republic for a new agreement.

FINANCIAL CONSIDERATION:

The assignment has no effect on the terms of the existing agreement. Therefore, the City will continue to receive a ten percent (10%) franchise fee from Republic for all of the services they provide within the City. Republic will also provide the City with thirty (30) roll off bins each year, twenty (20) boxes and $1,500 for city sponsored events. Also, the current collection rates will remain in place and can only be adjusted in accordance with Section 9 of the agreement.

RECOMMENDED MOTIONS:

None discussion only.

ATTACHMENT(S):

1. Municipal Solid Waste Collection and Transportation Agreement
2. First Amendment to Waste the Agreement

MUNICIPAL SOLID WASTE COLLECTION AND TRANSPORTATION AGREEMENT

This Municipal Solid Waste Collection and Transportation Agreement (this "Agreement") is entered into as of the 1st day of DECEMBER, 2014, between the City of Lake Dallas, Texas ("City"), acting by and through its duly authorized City Manager, and Waste Management of Texas, Inc. ("Contractor"), a Texas corporation, acting by and through its duly authorized representative.

WITNESSETH:

WHEREAS, City desires to grant to Contractor the exclusive right to operate and maintain the service of collection and transportation of residential, commercial and industrial garbage and trash, and residential recycling, over, upon, along and across the present and future streets, alleys, bridges and public properties of the City, subject to the terms of this Agreement; and

WHEREAS, Contractor desires to operate and maintain the service of collection and transportation of residential, commercial and industrial garbage and trash, and residential recycling, over, upon, along and across the present and future streets, alleys, bridges and public properties of the City, subject to the terms of this Agreement.

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the parties hereto agree as follows:

1. DEFINITIONS:

1.01. **Bag or Bags:** Plastic sacks, designed to store refuse with sufficient wall strength to maintain physical integrity when lifted by the top. Total weight of a Bag and its contents shall not exceed forty (40) pounds.

1.02. **Brush:** Any cuttings or trimmings from trees, shrubs, or lawns, and similar materials. The term "Brush" specifically excludes limbs which are greater than four (4) feet in length, and specifically excludes debris resulting from services of a Commercial Service Provider.

1.03. **Bulky Waste:** White Goods, furniture, loose brush greater than four (4) feet in length or four (4) inches in diameter, auto parts, and other oversize wastes which are customary to ordinary housekeeping operations of a Residential Unit and whose large size precludes or complicates its handling by normal solid waste collection, processing or disposal methods.

1.04. **Bundle or Bundles:** Tree, shrub and brush trimmings or unrecycled newspapers and magazines securely tied together forming an easily handled package, not to exceed four (4) feet in length, six (6) inches in diameter, or 50 lbs. in weight. All Brush must be bundled.

1.05. **City:** The City of Lake Dallas, Texas.

1.06. **Commercial Unit:** All commercial businesses and establishments, including, but not limited to, stores, offices, restaurants, warehouses, and other non- manufacturing facilities, premises, locations or entities, public or private, within the corporate limits of the City.

1.07. **Commercial Hand Collect Unit:** A retail or light commercial type of business, which generates no more than one (1) cubic yard of Solid Waste per week.

1.08. **Commercial Waste:** All types of Solid Waste generated by stores, offices, restaurants, warehouses, and other non-manufacturing activities, excluding Residential Waste and Industrial Waste.

1.09. **Commercial Service Provider:** A commercial business enterprise or commercial service provider.

1.10. **Compactor:** Any container, regardless of size, which has a compaction mechanism, whether stationary or mobile.

1.11. **Construction and Demolition Debris:** Waste building materials resulting from construction, remodeling, repair, or demolition operations that are directly or indirectly the by-products of construction work or that result from demolition of buildings or other structures, but specifically excluding inert debris, land-clearing debris, yard debris, or used asphalt, asphalt mixed with dirt, sand, gravel, rock, concrete, or similar materials.

1.12. **Container:** A receptacle with a capacity of at least 18 - 20 gallons but less than 50 gallons, constructed of plastic, metal or fiberglass, having handles of adequate strength for lifting. The mouth of a container shall have a diameter greater than or equal to that of the base.

1.13. **Contract Administrator:** That person, or his designee, designated by the City to administer and monitor the provisions of this Agreement.

1.14. **Contractor:** Waste Management of Texas, Inc.

1.15. **Customer:** The owner or tenant of a Residential Unit, Commercial Unit and/or Industrial Unit, as the case may be, located within the City, and identified by the City as being eligible for and in need of the services provided by the Contractor under this Agreement.

1.16. **Dead Animals:** Animals or portions thereof that have expired from any cause except those slaughtered or killed for human use.

1.17. **Disposal Site:** A duly permitted sanitary landfill selected by Contractor.

1.18. **Dumpster:** Metal receptacle designed to be lifted and emptied mechanically for use only at Commercial Units or Industrial Units.

1.19. **Garbage:** Solid Waste consisting of putrescible or animal and vegetable waste materials resulting from the handling, preparation, cooking, and consumption of food, including waste materials from markets, storage facilities, handling and sale of produce and other food products, and all Dead Animals of less than ten pounds (10 lbs.) in weight, except those slaughtered for human consumption.

1.20. **Hazardous Waste:** Any Solid Waste identified or listed as a hazardous waste by the administrator of the Environmental Protection Agency under the Federal Solid Waste Disposal Act as amended by RCRA, 42 U.S.C. §001, et. seq., as amended.

1.21. **Industrial Unit:** All industrial businesses and establishments, including manufacturing facilities, premises, locations or entities, public or private, within the corporate limits of the City.

1.22. **Industrial Waste:** Solid Waste resulting from or incidental to any process of industry or manufacturing, or mining or agricultural operations.

1.23. **Medical Waste:** Waste generated by health care related facilities and associated with health care activities, not including Garbage or Rubbish generated from offices, kitchens, or other non-health-care activities. The term includes Special Waste from health cue-related facilities which is comprised of animal waste, bulk blood and blood products, microbiological waste, pathological waste, and sharps as those terms are defined in 25 TAC §1.132 (relating to Definitions). The term does not include medical waste produced on farmland and ranchland as defined in Agricultural Code, §252.001 (6) (Definitions--Farmland or ranchland), nor does the term include artificial, nonhuman materials removed from a patient and requested by the patient, including, but not limited to, orthopedic devices and breast implants.

1.24. **Polycart:** A rubber-wheeled receptacle with a maximum capacity of 90 - 96 gallons constructed of plastic, metal and/or fiberglass, designed for automated or semi-automated solid waste collection systems, and having a tight fitting lid capable of preventing entrance into the container by small animals. The weight of a Poly-cart and its contents shall not exceed 175 lbs.

1.25. **Qualified Disabled or Elderly Person:** means a person who, by virtue of age or disability, would suffer a hardship if required to place a polycart at the street for curb-side collections. Applications shall be made to the City on a form prescribed by the City. The City will provide the Contractor with updated lists that identify persons who qualify for front-door collections.

1.26. **Recyclable Material:** A material that has been recovered or diverted from the non-hazardous waste stream for purposes of reuse, recycling, or reclamation, a substantial portion of which is consistently used in the manufacture of products that may otherwise by produced using raw or virgin materials. Recyclable Material is not solid waste. However, Recyclable Material may become Solid Waste at such time, if any, as it is abandoned or disposed of rather than recycled, whereupon it will be solid waste, with respect to the party actually abandoning or disposing of such material.

1.27. **Recycling Cart:** A new or used plastic receptacle, designed for the purpose of curbside collection of Recyclable Materials, with minimum capacity of 64 gallons.

1.28. **Refuse:** Same as Rubbish.

1.29. **Residential Unit:** A residential dwelling within the service area of the City occupied by a person or group of persons comprising not more than four families. A Residential Unit shall be deemed occupied when either water or domestic light and power services are being supplied thereto. A condominium dwelling, whether of single or multi-level construction, consisting of four units, shall be treated as a Residential Unit, except that each single-family dwelling within any such Residential Unit shall be billed separately as a Residential Unit.

1.30. **Residential Waste:** All Refuse, Garbage and Rubbish and other Solid Waste generated by a Customer at a Residential Unit.

1.31. **Roll-off Bin:** Container provided to a Commercial Unit or Industrial Unit by Contractor measuring 20 cubic yard, 30 yards or 40 cubic yards, intended for high-volume refuse generating Commercial Units or Industrial Units, and capable of pickup and transport to a Landfill by loading of container onto rear of transporting vehicle, but excluding a Compactor.

1.32. **Rubbish:** Nonputrescible Solid Waste (excluding ashes), consisting of both combustible and noncombustible waste materials. Combustible rubbish includes paper, rags, cartons, wood, excelsior, furniture, rubber, plastics, yard trimmings, leaves, or similar materials; noncombustible rubbish includes glass, crockery, tin cans, aluminum cans, metal furniture, and similar materials that will not burn at ordinary incinerator temperatures (1,600 degrees Fahrenheit to 1,800 degrees Fahrenheit).

1.33. **Solid Waste:** Garbage, Rubbish, Refuse, sludge from a wastewater treatment plant, water supply treatment plant, or air pollution control facility, and other discarded material, including solid, liquid, semi-solid, or contained gaseous material resulting from industrial, municipal, commercial, mining, and agricultural operations and from community and institutional activities. The term does not include:

a) Solid or dissolved material in domestic sewage, or solid or dissolved material in irrigation return flows, or industrial discharges subject to regulation by permit issued under Texas Water Code, Chapter 26;

b) Solid, dirt, rock, sand, and other natural or man-made inert solid materials used to fill land if the object of the fill is to make the land suitable for the construction of surface improvement;

c) Waste materials that result from activities associated with the exploration, development, or production of oil or gas or geothermal resources and other substance or material regulated by the Railroad Commission of Texas under Natural Resources Code, §91.101, unless the waste, substance, or material results from activities associated with gasoline plants, natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants and is hazardous waste as defined by the administrator of the EPA under the federal Solid Waste Disposal Act, as amended by RCRA, as amended (42 USC, §§6901 et seq.), or

d) Unacceptable Waste.

1.34. **Special Waste:** Waste that requires special handling and management due to the nature of the waste, including, but not limited to, the following: (A) containerized waste (e.g. a drum, barrel, portable tank, box, pail, etc.), (B) waste transported in bulk tanker, (C) liquid waste, (D) sludge waste, (E) waste from an industrial process, (F) waste from a pollution control process, (G) Residue and debris from the cleanup of a spill or release of chemical, or (H) any other waste defined by Texas law, rule or regulation as "Special Waste".

1.35. **Stable Matter:** All manure and other waste matter normally accumulated in or about a stable, or any animal, livestock or poultry enclosure, and resulting from the keeping of animals, poultry, or livestock.

1.36. **Unacceptable Waste:** Any waste, the acceptance and handling of which by Contractor would cause a violation of any permit, condition, legal or regulatory requirement, substantial damage to Contractor's equipment or facilities, or present a danger to the health or safety of the public or Contractor's employees, including, but not limited to, Hazardous Waste, Special Waste (except as otherwise provided herein), untreated Medical Waste, Dead Animals weighing ten pounds (10 lbs.) or greater, solid or dissolved material in domestic sewage, or solid or dissolved material in irrigation return flows, or industrial discharges subject to regulation by permit, soil, dirt, rock, sand, and other natural or man-made inert solid materials used to fill land if the object of the fill is to make the land suitable for the construction of surface improvements.

1.37. **Unusual Accumulations:** As to Residential Units, any Waste placed curbside for collection in excess of the volumes or weights permitted by this Agreement, or placed outside a Polycart except as permitted by this Agreement, and as to Commercial or Industrial Units, any Waste located outside the Dumpster, Roll-off Bin or Compactor regularly used for such collection service.

1.38. **Waste:** All Residential Waste, Commercial Waste, and Industrial Waste to be collected by Contractor pursuant to this Agreement. The term "Waste" specifically excludes Unacceptable Waste.

1.39. **White Goods:** Refrigerators which have CFCs removed by a certified technician, stoves and ranges, water heaters, freezers, swing sets, bicycles (without tires), scrap metal, copper, and other similar domestic and commercial large appliances.

2. GRANT OF EXCLUSIVE FRANCHISE:

Contractor is hereby granted the exclusive right and privilege within the corporate limits of the City to conduct business for the purpose of collection and disposal of Waste, and collection of Recyclable Materials from Residential Units, subject to the terms hereof, within the corporate limits of the City, any tracts, territories and areas hereafter annexed to or acquired by City. All Residential Unit, Commercial Unit, and Industrial Unit Customers shall utilize Contractor's services pursuant to this Agreement. Notwithstanding the foregoing, Contractor shall not be responsible for collection of Waste within the Lake Haven Mobile Home Park unless notified by the City.

3. TERM:

The term of this Agreement shall commence December 1, 2014, ("Commencement Date") and continue remain in full force and effect for a period of five (5) years; provided, however, the term of this Agreement shall automatically extend without further action of the parties for two additional terms of five (5) years each, unless, not less than ninety (90) days before the termination of the then current term, one party advises the other in writing of its desire to terminate this Agreement at the conclusion of the then current term of the Agreement.

4. RATES:

Contractor is authorized to charge, and shall receive from the City, the rates set forth on **Exhibit A** attached hereto and incorporated herein by reference ("Base Rates"). The Base Rates are subject to adjustment as set forth in Section 9 below.

5. CONTRACTOR SERVICES:

5.01. **Residential Collection**

(a) **Residential/Commercial Hand Collect Collection:**

i. Contractor shall collect Residential Waste generated at a Residential Unit and placed in that Residential Unit's Polycart once per week during the term of this Agreement. Each Residential Unit shall be entitled to obtain a second Polycart service, at an additional rate of $3.98 per month ($2.99 for senior citizens). Each Residential Unit shall be allowed to place two (2) additional Bags of additional Residential Waste outside the Polycart, when the Polycart is full. In the event additional Residential Waste in excess of two (2) Bags is consistently generated and placed curbside outside the Polycart, such Residential Unit will be required to obtain a second Polycart, at the rate set forth above. The collection date for Residential Unit service shall be Monday of each week. Contractor reserves the right to request a change in residential collection days, based on specific circumstances as may be directed by Contractor to the City. Contractor will notify the City at least ninety (90) days in advance of any change in collection day so as to enable City to provide notice thereof to its residents.

ii. Contractor shall pick up Residential Waste and Recyclables generated at a Residential Unit occupied by a Qualified Disabled or Elderly person by hand from the front door of the residence.

iii. Contractor shall collect Commercial Waste placed in a Polycart from a Commercial Hand Collect Unit once per week.

iv. Construction Debris generated at a Residential Unit by a Commercial Service Provider shall be deemed Commercial Waste, and shall be collected pursuant to Section 5.02 below. Construction Debris generated at a Residential Unit by the owner or tenant of that Residential Unit, and not utilizing the services of a Commercial Service provided, shall be subject to the Bulky Waste limitations set forth in this Agreement.

(b) **<u>Brush/Bulky Waste Collection</u>:** Contractor shall provide a once per week collection service to Residential Units for collection of Bulky Waste and Bundles on each Monday of the week. Residential Unit Customers must call Contractor by 12:00 p.m. on the Friday before collection for such service. Contractor agrees to collect up to, but not to exceed, three (3) cubic yards of Bulky Waste or Bundles per week from each Residential Unit. Contractor shall have no obligation to collect any Bulky Waste or Brush in excess of the above volumes, or any Construction Debris produced by a Commercial Service Provider hired by a Customer and generated and located at that Residential Unit. All Brush must be cut and tied and placed in a Bundle. Bulky Waste and Brush Bundles shall be placed within three (3) feet of the curb, swale, paved surface of the roadway, closest accessible roadway, or other location agreed to by Contractor and Customer that will provide safe and efficient accessibility to Contractor's collection crew and vehicle.

(c) **<u>Recyclable Collection:</u>** Contractor shall provide once per week collection of Recyclable Materials placed in Recyclable Containers from Residential Units. Contractor shall not be required to collect any Recyclable Materials that are not placed in a Recycling Container. In addition, Contractor shall not be required to collect Recyclable Materials if the Customer does not segregate the Recyclable Materials from the remainder of the Residential Waste.

(d) **<u>Recycling Containers:</u>**

i. Contractor shall deliver a 64-gallon Waste Management Recycling Container to each Residential Unit on or about 90 days after the Agreement is approved by the City. New billing rates for Residential Units will not begin until the new Recycling Containers are delivered.

ii. Polycarts and Recycling Containers (together, the "Carts") shall be placed by the Customer of a Residential Unit in a location that is readily accessible to Contractor and its collection equipment, not to exceed three (3) feet from the curb or edge of the travel portion of the street, road or alley, and not to be located in a manner that will block the driveway or mailbox or otherwise inhibit proper servicing. The City shall aid Contractor in resolving problems of Cart location by the Customer. Customers shall not overload Carts, and the Carts shall be loaded such that the lids shall close securely.

iii. Contractor shall not be required to collect (i) any Residential Waste that is not placed in a Polycart, except as set forth above, (ii) any Residential Waste from a Polycart that is overloaded, or (iii) a Polycart that is not properly placed curbside.

iv. The Carts furnished by the Contractor hereunder shall remain the property of Contractor, and the Customer will have no interest in the Carts. The Carts shall remain at the location of the Residential Unit where delivered by Contractor. The Customer shall be responsible for all loss or damage to the Carts, except for normal wear and tear or for loss or damage resulting from Contractor's handling of the equipment. Any Cart removed from a Residential Unit shall be deemed lost, and Contractor shall be entitled to compensation by the Customer therefor. The Customer shall not overload (by weight or volume) a Polycart, and shall use the Polycart only for its proper and intended purpose. Additional Carts are available for residential Customers at an additional charge to be paid by the Customer. In the event a Cart should be lost or damaged, Contractor agrees to replace such lost or damaged Cart with a new Cart, at a cost equal to Contractor's actual cost of such Cart.

5.02. **Commercial and Industrial Collection:** Contractor shall have the exclusive right to collect and transport Commercial Waste and Industrial Waste from the Commercial Units and Industrial Units, respectively, utilizing Dumpsters, Compactors or Roll Off Bins, at such frequency as shall be reasonably requested by such Commercial Unit Customer or Industrial Unit Customer. The Dumpster, Compactor or Roll Off Bin shall be located on a concrete pad to accommodate equipment and at a location reasonably acceptable to Contractor. Contractor may, at its sole option, require Commercial Customers and Industrial Customers to enter into individual contracts with Contractor, subject to the terms of this Agreement. The foregoing shall include waste generated at temporary construction sites, unless otherwise prohibited by law.

5.03 **Municipal Collections:** Contractor shall provide to the City, at no additional cost to the City waste collection and disposal services utilizing right-sized dumpsters/roll offs/carts to all current and future City owned and maintained facilities, including the collection of dead animals from the City's animal shelter at least once per month. Below is a list of current City facilities and their service level. The service level shall be at such frequency to accommodate each city facility. The size of the containers may be upgraded or downgraded with approval from the city:

Animal Shelter: 687 N. Lakeview Dr. - one 6-cubic yard dumpster
Boys and Girls Club: 303 Alamo Ave. – one 6-cubic yard dumpster
City Hall: 212 Main Street – one 6-cubic yard dumpster
Lake Cities Library: 302 S. Shady Shores – one 6-cubic yard dumpster
Lake Dallas Public Works: 251 Betchan St. – one 6-cubic yard dumpster, one 20-yard roll-off as needed, two 95-gallon recycle carts
Willow Grove Park: Hundley Drive East – two 6-cubic yard dumpsters

5.04. **Unusual Accumulations Collection:** Contractor shall have no obligation to collect Unusual Accumulations outside the scope of this Agreement for Residential Units. Commercial or Industrial Unit Customers with more than one (1) cubic yard of Solid Waste overflow will be documented and Contractor will contact the Commercial or Industrial Unit Customer to adjust their container size or frequency of service given the overflow. If the Customer chooses not to voluntarily adjust their container size or frequency of service and continues to overfill their Containers or Roll-Off Bins, Waste Management will have the ability to apply an overflow fee of $82.50 as set forth in Exhibit A, which is inclusive of the City's Franchise Fee. This overflow fee will be subject to adjustment per Section 9 of the Agreement and the City's Franchise Fee.

5.05. **Special Waste:** Contractor is not required to accept, transport or manage any Special Waste, unless it is specifically identified in a written agreement between Contractor and Customer. Contractor may collect, and will have the right to impose, a surcharge for the transportation and disposal of Special Waste, depending on the quantities and any physical characteristics of the Special Waste and any special handling, regulatory compliance or increased concern for worker safety or environmental protection occasioned by the material.

5.06. **Unacceptable Waste:** Contractor shall not be obligated to collect Unacceptable Waste. Title to Unacceptable Waste shall not pass to Contractor, and liability for any unacceptable Waste shall remain with the generator of such Waste.

6. COLLECTION OPERATION:

6.01. **Hours of Operation:** Collection of Residential Waste shall begin no earlier than 7:00 A.M. and shall generally not extend beyond 7:00 P.M. No collection shall be made on Sunday. Collection of Commercial Waste and Industrial Waste shall be collected at such hours as may be determined by Contractor. No collection shall be made on Sunday, unless requested by a Customer and agreed to by Contractor.

6.02. **Routes of Collection:** Collection routes shall be established by the Contractor as reasonably approved by City. City shall provide Contractor with maps of the City containing sufficient detail for Contractor to design collection routes. Contractor shall provide to the City route maps for approval by the City, which approval shall not be unreasonably withheld.

6.03. **Holidays:** The following shall be holidays for purposes of this Agreement:

New Year's Day
Memorial Day
Independence Day
Labor Day
Thanksgiving Day
Christmas Day

Contractor may decide to observe any or all of the above-mentioned holidays by suspension or collection service on the holiday, but the Contractor shall be responsible for providing make-up collection for residential routes that occur on specified holidays. Make-up days shall be the next business day following the holiday.

6.04. **Complaints:** Customer complaints shall be directed by the City to Contractor, and Contractor shall promptly resolve such complaint based on the nature of the complaint. Contractor shall be responsible for maintaining a log of complaints based on the information provided to Contractor by the City, and shall provide the City, on a monthly basis, with copies of all complaints indicating the date, time and hour of the complaint, nature of the complaint, and the manner and timing of its resolution. Any alleged missed pickups will be investigated and, if such allegations are verified, Contractor shall arrange for collection on the next business day after receipt of such complaint. If the missed pickup is a result of Customer related acts or omissions, the City shall take appropriate action to cause such Customer to subsequently properly set out such Waste.

6.05. **Collection Equipment:** Contractor, at its sole cost and expense, agrees to furnish, all trucks, equipment, machines, and labor which are reasonably necessary to adequately, efficiently, and properly collect and transport garbage from Customers serviced by Contractor in accordance with this Agreement. Collection of Solid Waste shall be made using sealed packer-type trucks, and such equipment shall not be allowed to leak nor scatter any waste within the limits of the City nor while in route to the Disposal Site.

All motor vehicles used in performance of the obligations herein created shall not be older than four years and shall be clearly marked with the Contractor's name, telephone number and unit number legible from 150 feet. No advertising shall be permitted on vehicles. All collection equipment shall be maintained in a first class, safe, and efficient working condition throughout the term of this Agreement. Such vehicles shall be maintained and painted as often as necessary to preserve and present a well-kept appearance, and Contractor shall have a regular preventative maintenance program. City may inspect Contractor's vehicles at any time to insure compliance of equipment with this Agreement. Vehicles are to be washed on the inside and sanitized with a suitable disinfectant and deodorant a minimum of once a month. Such vehicles shall be washed and painted or repainted as often as necessary to keep them in a neat and sanitary condition.

6.06. **Disposal.** The Contractor shall deliver Waste collected to a duly permitted Disposal Site operated in compliance with rules stipulated by the TCEQ and/or the U.S. Environmental Protection Agency.

6.07. **Spillage:** The Contractor shall not be responsible for scattered Refuse unless the same has been caused by Contractor, in which case all scattered Refuse shall be picked up immediately by Contractor.

6.08. **Vicious Animals:** Employees of the Contractor shall not be required to expose themselves to the dangers of vicious animals in order to accomplish Refuse collection service. Contractor shall immediately notify the City, in writing, of such condition and of his inability to make collection.

6.09. **Protection From Scattering:** Each vehicle shall be equipped with a cover which may be net with mesh not greater than one and one-half (1½) inches, or tarpaulin, or fully enclosed metal top to prevent leakage, blowing or scattering of refuse onto public or private property. Such cover shall be kept in good order and used to cover the load going to and from the Disposal Site, during loading operations, or when parked if contents are likely to be scattered. Vehicles shall not be overloaded so as to scatter Refuse.

6.10. **Point of Contact:** All dealings and contacts between Contractor and the City shall be directed between the Municipal Marketing Manager of Contractor, or such other individual identified by Contractor, and the Contract Administrator designated by the City.

7. LICENSE AND TAXES:

Contractor shall obtain at its sole expense all licenses and permits required by the City and the State, and shall maintain same in full force and effect.

8. BILLING:

(a) Contractor shall provide billing and bill collection services for Residential Units, Commercial Units and Industrial Units. Contractor shall directly bill Residential Unit Customers, on a quarterly basis, in advance for services to Residential Units. Invoices shall be paid within thirty (30) days after receipt by such Customer. Past due invoices shall bear interest at the highest rate permitted by law.

(b) Contractor shall notify City in writing of any Residential Unit Customer that has failed to pay the City for waste collection services, and Contractor shall have the right to cease servicing such delinquent Residential Unit until notified by the City. Contractor shall have the right to cease servicing any Residential Unit, Commercial Unit or Industrial Unit that is delinquent in payment to Contractor. Contractor shall also be entitled to charge the Customer a reinstatement fee as set forth in Exhibit A.

(c) The City shall be entitled to receive a ten percent (10%) franchise fee (the "Franchise Fee") for all services rendered by Contractor hereunder to Residential Units, Commercial Units and Industrial Units. Contractor shall pay the City the Franchise Fee based on payments actually received from collection and disposal of Residential Waste, Commercial Waste and Industrial Waste, to be paid by Contractor within thirty (30) days after the last day of the month of Contractor's receipt of such payment, and is intended to apply to gross revenues (exclusive of sales tax revenues) received by Contractor arising from its operations in the City, which includes but is not limited base rates, reinstatement fees and replacement charges.

9. MODIFICATION TO RATES:

9.01 **CPI Adjustment:** Base Rates charged by Contractor for services will remain fixed as set forth on Schedule "A" and will not be adjusted for changes in the CPI (as hereinafter defined), until November 1, 2015. Commencing on November 1, 2015 and continuing annually on each anniversary date of the Commencement Date of this Agreement, Base Rates for services shall be adjusted by the same percentage as the Consumer Price Index, US City Average for All Urban Consumers, Garbage and Trash Collection, Not Seasonally Adjusted, Base Period December 1983 = 100 (published by the United States Bureau of Labor Statistics, Consumer Price Index) (the "C.P.I.·) shall have increased during the preceding twelve months. In the event the U.S. Department of Labor, Bureau of Labor Statistics ceases to publish the C.P.I., the parties hereto agree to substitute another equally authoritative measure of change in the purchasing power of the U.S. dollar as may be then available so as to carry out the intent of this provision.

9.02 **Fuel Adjustment:** Annually, on each November 1 of this Agreement, the Base Rates shall be subject to a fuel surcharge as follows: (i) an additional one percent (1%) increase in the Base Rates for every twenty-five cent ($0.25) increase in the price of diesel fuel at, above and including $3.00 per gallon (with a 1% surcharge beginning at $3.00 per gallon and an additional 1% surcharge at $3.25 per gallon, etc.) and (ii) a one percent (1%) decrease in the Base Rates for every twenty-five cent ($0.25) decrease in the price of diesel fuel below two dollars and fifty cents ($2.50) per gallon (with a one percent (1%) decrease beginning at two dollars and fifty cents ($2.50) per gallon and an additional one percent (1%) decrease at two dollars and no cents ($2.25) per gallon, etc). The diesel fuel price shall be as determined by reference to the Energy Information Administration of the US Department of Energy ("EIA/DOE")'s Weekly Retail On Highway Diesel Prices for the Gulf Coast. The EIA/DOE currently publishes these prices on their website at the following location: http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp. The determination of the average price of diesel fuel from the aforesaid website shall be made on the first Monday prior to October 1 of the subject year (or the first business day thereafter if such Monday is a Federal Holiday).

9.03 **Additional Adjustments:** Contractor shall also be entitled to an increase in Base Rates from time to time during the term of this Agreement, and upon thirty (30) days' written notice to the City, for increases in the Contractor's costs, due to changes in federal, state or local laws, rules or regulations, and increases in taxes, tariffs or surcharges. Documentation of such increases shall be submitted to the City at its request. Provided, however, that no such adjustment shall be requested prior to November 1, 2015.

9.04 **Council Approval:** The foregoing modifications to rates shall not be effective unless and until the rate increase is approved by the City Council, which approval shall not be unreasonably withheld.

10. CITY'S OBLIGATIONS:

The City agrees to perform all obligations required of the City pursuant to the terms of this Agreement, including, but not limited, the following:

a) The City shall designate the Contract Administrator, who shall communicate City decisions to Contractor on a timely basis from time to time as required under this Agreement;
b) When applicable, the City shall notify Contractor of Customers to be added or dropped from Contractor services, or of any change in Customer service and shall require all Residential Unit, Commercial Unit, and Industrial Unit Customers to utilize Contractor's services pursuant to this Agreement;
c) The City shall timely inform Contractor of complaints made by Customers;
d) The City shall work with Contractor in good faith to resolve complex Customer service issues; and
e) The City will cooperate with Contractor to educate Customers to encourage, promote and obtain proper Waste disposal as required by this Agreement, including educating Residential Unit Customers to assure proper and timely set out, and proper recycling techniques to minimize contamination.

11. COMPLIANCE WITH LAWS:

Contractor, its officers, agents, employees, contractors, and subcontractors, shall abide by and comply with all existing laws and laws which may be enacted by the federal, state, and local governments. It is expressly agreed that nothing in this Agreement shall be construed in any manner to abridge the right of City to pass or enforce necessary police and health regulation for the protection of its inhabitants. It is further agreed and understood that, if the City calls the attention of Contractor to any such violations on the part of the Contractor, its officers, agents, employees, contractors, or subcontractors, then Contractor shall immediately desist from such activity and correct such violation.

12. OFFICE:

Contractor shall maintain an office or such other facility through which it may be contacted by telephone without charge. Such office shall be equipped with sufficient telephones and shall have a responsible person in charge between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday.

13. ENFORCEMENT:

City grants unto Contractor the right to seek an injunction against any third party which is believed to be infringing on the rights of Contractor to this Agreement, including Contractor's exclusive franchise rights granted herein. By granting this right to Contractor, the City in no way reduces its right or obligation to enforce this Agreement or any other City ordinance relating to the collection and disposal of Waste. Furthermore, Contractor shall have all rights and remedies available to it under Texas law to collect delinquent payment of fees by City and/or Commercial Unit and Industrial Unit Customers. The City agrees to take all steps necessary and permitted by law to require Customers to comply with the terms of this Agreement.

14. TRANSFERABILITY OF AGREEMENT:

Other than by operation of law, no assignment of the Agreement or any right accruing under this Agreement shall be made in whole or in part by the Contractor without the express written consent of the City, which consent shall not be unreasonably withheld. Upon the assignment, the assignee shall assume the liability of the Contractor. Notwithstanding anything contained herein to the contrary, Contractor shall be permitted to assign this Agreement to an affiliate of Contractor without the City's consent.

15. LANDFILL CAPACITY:

Contractor shall have and maintain during the term hereof, adequate disposal capacity for the City's needs.

16. TERMINATION:

Except as otherwise provided herein, if either party defaults in the performance of any of the covenants or conditions contained herein, and fails to cure such default within thirty (30) days after the non-defaulting party has given the defaulting party written notice of such default (or if such default is of a nature that it cannot be cured within such thirty (30) day period, the defaulting party fails to commence the curing of such default within such thirty (30) day period, and fails to thereafter diligently pursue the curing thereof) (the "Cure Period"), the non-defaulting party may: (a) terminate this Agreement as of any date which the non-defaulting party may select, provided said date is at least thirty (30) days after the expiration of the Cure Period; (b) cure the default at the expense of the defaulting party; and/or (c) have recourse to any other right or remedy to which it may be entitled by law, including, but not limited to, the right to all damages or losses suffered as a result of such termination. In the event either party waives default by the other party, such waiver shall not be construed or determined to be a continuing waiver of the same or any subsequent breach or default.

17. DISPUTE RESOLUTION:

The parties shall endeavor to settle all disputes under, or relating to, this Agreement by amicable negotiations. Except as otherwise provided herein, any claim, dispute, disagreement or controversy that arises among the parties under or relating to this Agreement that is not amicably settled shall be submitted to non-binding mediation. If the parties remain unable to resolve the controversy through mediation, then, subject to Section 28, either party may pursue their claim, dispute, disagreement or controversy in a court with proper venue in the state within which the services are being performed.

18. FORCE MAJEURE:

The performance of this Agreement may be suspended and the obligations of either party excused in the event of and during the period that such performance is prevented or delayed by a Force Majeure occurrence. "Force Majeure" shall mean:

(a) Any actual or threatened act of God, including hurricanes, tornadoes, landslides, lightning, earthquakes, weather conditions, fire, flood, explosion, sabotage or similar occurrence, acts of a public enemy, extortion, war, blockade or insurrection, riot, civil disturbance, strike or other labor disturbances, governmental actions or regulations, governmental requests or requisitions for national defense, or breakdown or injury to, or shortage in, facilities used for the handling, processing or transportation of Solid Waste or any other cause beyond the reasonable control of either party;

(b) The order or judgment of any federal, State, or local court, administrative agency or governmental body (excluding decisions of federal courts interpreting federal tax laws, and decisions of State courts interpreting State tax laws) if it is not also the result of the willful misconduct or negligent action or inaction of the party relying thereon; provided that neither the contesting in good faith of any such order or judgment nor the failure to so contest shall constitute or be construed as a measure of willful misconduct or negligent action or inaction of such party;

(c) The suspension, termination, interruption, denial, or non-renewal of any permit or approval essential to the operation of the Contractor; or

(d) A Change in Law. "Change in Law" means (i) the adoption, promulgation, or modification or reauthorization after the date of this Agreement of any law, regulation, order, statute, ordinance, rule or binding judicial or administrative ruling that was not adopted, promulgated, modified or reissued on or before the date of this Agreement, or (ii) the imposition of any material conditions in connection with the issuance, renewal, or modification of any permit, license, registration, notice of intent or approval after the date of this Agreement, which in the case of either (a) or (b) establishes requirements affecting a party's operation under this Agreement more burdensome than the requirements that are applicable to such party and in effect as of the date of this Agreement. A change in any federal, State, county, or other tax law or workers compensation law shall not be a Change of Law. However, in the event that a federal, State or local entity imposes a fee, charge or tax after the date of this Agreement that applies to a party's operations per se, such fee, charge or tax shall be treated as a Change in Law.

19. EVIDENCE OF INSURANCE:

Contractor shall procure and maintain for the duration of the Agreement, with a carrier reasonably acceptable to City, insurance against claims for injuries to persons or damages to property, which may arise from or in conjunction with the performance of the work hereunder by the Contractor, its agents, representatives, employees, or subcontractors. The policy or policies shall name the City as an additional insured, subject to Contractor's indemnities set forth herein, and shall contain a clause that the insurer will not cancel or decrease the insurance coverage without first giving the City thirty (30) days notice in writing. The cost of such insurance shall be borne by the Contractor and a Certificate of Insurance evidencing that such insurance has been procured and is in force will be forwarded to the City before commencement of work hereunder.

Minimum Limits of Insurance:

Type Coverage	Per Occurrence Minimum	Aggregate Minimum
Workers Compensation	As required by law and shall cover all employees including drivers.	As required by law.
Comprehensive & General Public Liability	$1,000,000	$1,000,000
Property Damage	$1,000,000	$1,000,000
Comprehensive Auto Liability Bodily Injury	$1,000,000	
Comprehensive Auto Liability- Property Damage	$500,000	

20. INDEMNITY:

20.1 The Contractor shall indemnify, hold harmless and defend City against any claims, actions, or suits, including court costs and reasonable attorneys' fees, to the extent caused by Contractor's negligent or willful misconduct in providing the services required by this Agreement. Upon obtaining knowledge of any matter giving rise to possible indemnification, the City shall notify the Contractor immediately. The Contractor shall have the right to defend or contest any such claim or demand in the name of the City. The City shall provide such cooperation in connection therewith as the Contractor may reasonably request and shall make available to the Contractor or its representatives all records and other materials reasonably required in such defense. So long as the Contractor is contesting or defending any such claim or demand in good faith, no amount shall be deemed to be due hereunder unless the City has been required by order of any court to pay any sum arising from the subject matter of the suit.

21. OWNERSHIP:

Title to Waste shall pass to Contractor when placed in Contractor's collection vehicle. Title to Unacceptable Waste shall remain with the generator of such Unacceptable Waste.

22. SEVERABILITY:

Should any portion of this Agreement be deemed invalid or unenforceable to any extent, the parties hereto agree that such provision shall be amended to the minimum extent necessary to make such provision enforceable, and the remainder of this Agreement shall not be affected thereby.

23. PRIOR AGREEMENTS:

This Agreement contains the entire agreement between the parties hereto with respect to the matter set forth herein and supersedes any existing agreement between the parties with respect to the matters contained herein. No provision of any other document, including any request for proposal, shall be deemed incorporated herein, it being the intent of the parties that this Agreement sets forth the full agreement of the parties with respect to the services described herein. No change, alteration or amendment will be binding on either party unless set forth in a document duly executed by all parties hereto.

24. RECORDS:

City and Contractor agree to maintain at their respective places of business adequate records relating to the performance of their respective duties under this Agreement. Such records shall be made available at any time during reasonable business hours for inspection by the other party, at the inspecting party's expense, and upon reasonable advance notice; provided, however, only records directly relating to this Agreement and necessary to substantiate invoicing must be disclosed to the other party.

25. ATTORNEY'S FEES AND VENUE:

In the event suit is filed by either party as a result of the performance or non-performance of the terms set forth in this Agreement, notwithstanding the provisions of Chapter 271 of the Texas Local Government Code, the prevailing party shall recover its reasonable attorney fees and court costs, with exclusive venue of any such action to be in Denton County, Texas.

26. NOTICES:

All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given (i) if mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested, (ii) by delivering same in person to the intended addressee, (iii) by delivery to an independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the office of the intended addressee, or (iv) by prepaid telegram, telex, or facsimile to the addressee. Notice so mailed shall be effective upon its deposit with the United States Postal Service or any successor thereto; notice sent by such a commercial delivery service shall be effective upon delivery to such commercial delivery service; notice given by personal delivery shall be effective only if and when received by the addressee; and notice given by other means shall be effective only if and when received at the office or designated place or machine of the intended addressee. Notwithstanding anything contained herein to the contrary, any notice of default under this agreement must be both (i) mailed by Certified Mail, Return Receipt Requested and (ii) faxed to the alleged defaulting party to constitute proper notice hereunder. For purposes of notice, the addresses of the parties shall be as set forth below; provided, however, that either party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days notice to the other party in the manner set forth herein.

If to the City:

City of Lake Dallas, Texas
212 Main Street
Lake Dallas, Texas 75065
ATTN: City Manager

If to the Contractor:

Waste Management of Texas, Inc.
520 E. Corporate Dr.
Suite 100
Lewisville, TX 75057
ATTN: Joe Jaynes

or such other addresses as the parties may hereafter specify by written notice delivered in accordance herewith.

27. DISCRIMINATION PROHIBITED:

Contractor, in the execution, performance, or attempted performance of this Agreement, shall not discriminate against any person or persons because of sex, race, religion, color, or national origin. Contractor must be an equal opportunity employer.

28. APPROPRIATION; SOVEREIGN IMMUNITY:

The City hereby agrees and acknowledges that the non-appropriation provisions set forth in the Texas Constitution and Local Government Code are not applicable to this Agreement due to the nature of the services rendered by Contractor hereunder, and the City will not use such statute as a defense to payment hereunder. The City does not and shall not be deemed to waive its defenses and immunities, whether sovereign, governmental, official, legislative, qualified or otherwise, all such defenses and immunities being expressly retained. The parties acknowledge and agree that this agreement is not a contract for goods or services provided to the City, and is not a "contract subject to this subchapter" as defined in subchapter I, Texas Local Government

Code. Nothing in this Agreement is intended, and nothing herein shall in any way be deemed, to confer or create any rights in any person not a party to this Agreement.

29. STORM DEBRIS:

Contractor and City understand and agree that, in the event of a hurricane, tornado, major storm, natural disaster, Contractor shall comply with the terms and provisions of the Disaster Management Plan attached in **Exhibit B.**

30. AT YOUR DOOR

As part of its services, Residential Units will also participate in the At Your Door program as long as available by the Contractor. The rate for At Your Door in included in the Residential Rate. The particulars of the At Your Door program are more fully described in **Exhibit C**, which is attached hereto and incorporated herein by reference.

31. OTHER SERVICES:

(a) Contractor shall provide to the City, at no additional cost to the City:

i. Up to three thirty (30) yard Roll Off Bins totaling thirty (30) pulls per Agreement year, for City sponsored events and activities. City will pay for any pulls over thirty (30), at a most favored rate equal to the lowest currently charged by Contractor to any of its customers within Denton County, Texas. The City shall provide Contractor at least one week's prior notification of its desire to obtain a Roll-Off Bin. Unused events or pulls will not carry over to the next year.

ii. Contractor, after making reasonable attempts to pick up its 35-gallon recycling containers from Residential Units, shall leave City thirty (30) of those containers for the City to use at City sponsored events and activities for recycling purposes. After the City sponsored activities and events, the Contractor will be responsible for servicing the recycling containers after the containers are placed in one location by the City, which location is accessible to the Contractor.

iii. one (1) four (4) cubic yard Dumpster at the Swisher Cemetery, once per week service;

iv. a contribution of $1,500.00 on an annual basis to support a special event sponsored by the City; and

v. Twenty (20) event boxes per year for city events.

(b) Residents of the City shall be entitled to free disposal at Contractor's DFW landfill located in Lewisville, Texas. The user of the service must present a valid driver's license and water bill dated within the preceding sixty (60) days with the same address. The residential user may not use the free dumping privilege for disposal of non-residential or commercial waste. Contractor shall have the right to refuse any loads under the free dumping privilege which violate any rules established by Contractor.

EFFECTIVE this 1st day of December, 2014.

CITY OF LAKE DALLAS, TEXAS

By ______________________
City Manager

ATTEST:

____
CITY SECRETARY

CONTRACTOR:

By ______________________
Waste Management of TX, Inc., its President

Exhibit A
Residential, Commercial and Roll Off Rates

Residential Rates - (these prices include the City's 10% franchise fee

Residential Rate Trash and Recycling 1x a week collection: $14.94

Senior Rate Trash and Recycling 1x week collection: $10.16

Residential Rate Extra Trash Cart: $ 3.98

Senior Rate Extra Trash Cart: $ 2.99

Resi/Senior Rate Extra Recycle Cart: $ 2.35

Commercial Container Rates – (these prices include the City's 10% franchise fee)

Bin Size	1xWeek	2xWeek	3xWeek	4xWeek	5xWeek	6xWeek	Extra Pickup
2 cy	$59.32	$117.29	$157.47	$194.61	$$292.68	$351.22	$20.32
3 cy	$90.00	$135.06	$180.00	$228.84	$331.26	$397.57	$32.65
4 cy	$118.71	$194.83	$266.63	$344.73	$501.27	$601.52	$36.64
6 cy	$151.37	$241.78	$337.97	$438.78	$553.08	$663.70	$47.02
8 cy	$189.26	$314.74	$444.83	$584.69	$724.55	$854.45	$63.48
Casters	$8.46 each per						

& Locks	month						

Commercial Hand Collect (96 gallon) Cart Rates:

Commercial Hand Collect Cart, 1 x week:

One Cart: $23.59
Two Carts: $34.40
Three Carts: $47.21

Vertical Compactor Rates: (these prices include the City's 10% Franchise Fee)

Size	Haul Rate per pull	Delivery Rate	Daily Rental Rate
4 cy container	$177.96	Neg.	Neg.
6 cy container	$255.50	Neg.	Neg.
8 cy container	$337.23	Neg.	Neg.

Recycling for Small Businesses (if business selects to contract with City Contractor)

Size	1xWeek	2xWeek	Extra
6 cy container	$92.00	$110.80	$30.60

8 cy container	$104.00	$124.00	$42.00

Roll-Off Containers Rates: (these prices include the City's 10% Franchise Fee)

Size	Haul Rate per pull	Delivery Rate	Daily Rental Rate
20 cy container	$298.31	$103.08	$7.04
30 cy container	$354.56	$103.08	$7.04
40 cy container	$369.09	$103.08	$7.04
15 cy compactor	$211.16	Neg.	Neg.
30 cy compactor	$268.73	Neg.	Neg.
35 cy compactor	$326.30	Neg.	Neg.
40 cy compactor	$441.42	Neg.	Neg.

Stationary Compactors with 40 Cubic Yard receiver: (these prices include the City's 10% Franchise Fee

Size	Haul Rate per pull	Delivery Rate	Daily Rental Rate
2 cy container	$595.40	Neg.	Neg.
3 cy container	$595.40	Neg.	Neg.
4 cy container	$595.40	Neg.	Neg.
5 cy compactor	$595.40	Neg.	Neg.
6 cy compactor	$595.40	Neg.	Neg.

Miscellaneous Fees: (These prices include the City's 10% Franchise Fee)

Service Reinstatement for both commercial and residential: $40.05

Unusual Accumulations: $82.50

Re-delivery fee: $94.40

Exhibit B

WASTE MANAGEMENT OF TEXAS, INC.'S (CONTRACTOR)
DISASTER MANAGEMENT PLAN
FOR THE CITY OF LAKE DALLAS, TEXAS (CITY)

The City and CONTRACTOR agree that the City has the right to contract with any contractor or entity of its choice or as may be required by the Federal Emergency Management Association to provide Disaster or Storm Debris services within the City after a Disaster or Storm Event. For purposes of the Contract and this Attachment, "**Disaster or Storm Event**" shall mean an event, such as a tornado, hurricane, wildfire, ice or hail storm, war, riot, act of terrorism, or other Act of God that results in the generation of higher than normal volumes of Yard Waste, Bulky Waste, or Solid Waste by Residential Units, Commercial Units, or Industrial Units and that requires additional equipment, manpower, or resources beyond that which is included within this Agreement to collect and manage. It is not intended to be inclusive of Yard Waste, Bulky Waste, or Solid Waste not directly caused by an event described in the preceding sentence. "**Disaster or Storm Debris**" shall mean debris, such as Yard Waste, Bulky Waste, or Solid Waste, generated by Residential Units, Commercial Units, or Industrial Units as a direct result of a Disaster or Storm Event and that require collection and disposal and/or handling.

The City has requested that Contractor prepare a Disaster Management Plan that sets forth the activities and rates that Contractor would undertake should the City select Contractor to perform and should Contractor have the ability to provide such Disaster or Storm Event services:

1. CONTRACTOR would designate a local CONTRACTOR employee as its Disaster or Storm Event ("Event") representative to act as the lead contact and liaison with the City in responding to the Event. CONTRACTOR would request that this employee be designated as a member of the City's office of emergency management team to ensure seamless communication in coordinating CONTRACTOR's response. CONTRACTOR's designated representative would coordinate with both CONTRACTOR operations personnel and the City in responding to the Event.

2. Once the City declares it safe, CONTRACTOR operational personnel will, with the assistance of City staff, perform an assessment of the scope and impact of the Event and will begin putting together a plan and/or recommendations to perform clean-up services. CONTRACTOR's ability to assimilate the necessary equipment and labor in order to respond to the Event will be driven, in large part, by the size of the Event, the extent of the damage caused by the Event, weather factors, citizen reaction, and the accessibility of streets. The type, size, and number of vehicle(s) needed to perform the clean-up services will be influenced by the amount of debris generated, the size of the debris, Special Waste mixed into the debris, and access to the areas needing clean-up. As such, each Event may require the use of a different type of collection vehicle to perform removal services and the costs will vary based on the type of vehicle actually deployed.

3. Once CONTRACTOR's initial assessment has been completed, CONTRACTOR will provide a letter or report to the City's designated representatives regarding the scope of the Disaster or Storm Debris clean-up that CONTRACTOR believes is necessary. Typically, the full scope and extent of such a clean-up cannot be reasonably determined until at least seventy-two (72) hours after the Event has occurred. With regard to the length of time an Event clean-up may take, CONTRACTOR's experience has shown that the duration of a clean-up effort is greatly influenced by the residents' behavior. CONTRACTOR has found that after an initial clean-up collection has occurred in a specific area, within days of the initial clean-up, residents bring more debris to the curb, which requires another collection effort.
4. CONTRACTOR has the ability to bring in specialized disaster clean-up companies to assist with the effort if requested by the City. CONTRACTOR can act as the contractor for the City, if requested, and take responsibility for managing these subcontractors and their activities.

<u>Contract Year 1 Rates for CONTRACTOR to Provide Disaster or Storm Debris Event Services</u>:

Collection Truck Rate:

a. Rear-end loader - $125/per hour

b. Grapple truck - $150/per hour

Disposal Cost: To be negotiated with the disposal facility that will be used to receive the Event debris. The disposal rate will be passed through to the City.

Container Rates: The container rates will be the same price as listed in the Attachments to the Contract.

The hourly Collection Truck Rate will be adjusted annually by the same percentage that the base rates for Commercial Solid Waste Services. This Plan does not obligate Contractor to provide the Disaster or Storm Debris services set forth herein for Disaster or Storm Events.

Exhibit C
At Your Door Residential Household Hazardous Waste Collection for the City of Lake Dallas, Texas

Waste Management will provide a Residential Unit household hazardous and other waste collection directly from homes of residents in the City of Lake Dallas, Texas ("City") as described more fully herein. To participate, City Residential Unit Customers (hereafter "Resident") will call the WM Curbside, LLC call center and request a collection at their home. The following wastes will be collected:

- ✓ Chemicals including paints, pesticides, automotive products and cleaners
- ✓ Universal waste including lamps, tubes, mercury devices
- ✓ Electronic waste including monitors, computers, microwave ovens
- ✓ Sharps to be collected in any rigid sealed container i.e., soft drink bottle

The program will allow the above to be collected according to the following terms:

- ✓ Unlimited number of collections per home
- ✓ Program is available throughout the year on an as needed basis
- ✓ Quantity of waste per collection is limited (must use the kit system)

Complete details on the program including the process and exceptions are listed on the following pages.

This program is managed by WM Curbside, LLC, a Waste Management company. WM Curbside, LLC manages similar programs in Texas and in other states. Some of the waste collected by WM Curbside, LLC is processed at Waste Management owned facilities.

Program Parameters and Rate

ELEMENTS INCLUDED IN THE PROGRAM

- ✓ Call center answers calls live from 7 AM through 7 PM, Monday through Friday. English and Spanish speakers located in the U.S.
- ✓ Automated call system available in English and Spanish after hours and on holidays
- ✓ Website available 24-7 to request a collection. Responses Monday through Friday.
- ✓ Assistance provided to disabled persons on a reservation basis
- ✓ Some waste is shipped to our Colorado facility for reuse by the public
- ✓ Reports provided for all activities on a monthly basis.
- ✓ Survey car provided to all participants is postage paid and addresses to the City, expect from 15% to 35% response.

HOME COLLECTION PROCEDURES

The program begins when the public is informed about how to participate. Residents call WM Curbside's call center; this is what happens next:

- ✓ Call center answers call live, participant is asked for basic information i.e., name, address, phone number, how they learned of the program, single or multi-family home and a short inventory of the waste. The call center customer service representatives discuss the program with the callers including the placement of the waste on collection day.

- ✓ The caller is provided with a date when they must place their waste at the entrance door or in front of their garage or if multi-family, in a safe location. That location is noted by the customer service representative for use by the customer service technician.

- ✓ A kit will be sent via U.S. mail to the participant who will have about 7-10 days to package the waste and place it out on the designated collection date. The kit consists of a heavy bag, bag tie, labels (for waste that is not labeled) and an instruction sheet. The instruction sheet reiterates the collection date and items discussed with the call center customer service representative.

- ✓ A customer service technician will arrive at the home during the day, inspect the waste for eligible items, package the waste based upon hazard classification and drive to the next home. In the event the waste is ineligible i.e., unlabeled, leaking, commercial waste, the resident will be contacted in person, by phone and a door hanger will be left with instructions. Residents do not have to be home for collections to occur.

- ✓ The waste is transported to the WM Curbside facility and then on to various recycling and processing facilities. Emphasis is placed on recycling then, treatment followed by incineration, and when no other options are available, disposal at secure landfills.

ELIGIBLE WASTE

A complete listing of eligible and ineligible waste is attached to this document. In general, most ordinary household chemicals purchased at retail stores are eligible for collection. All containers must be labeled and they cannot leak. If a container leaks, Residents are instructed to transfer it to a non-leaking container and label it. If a container is not labeled, participants are told to place a label on the container or use one provided in the kit.

If the item cannot be identified, and it is not a commercial chemical, the participant can request a visit from our technician to identify and collect the item. This is a rare occurrence since most participants can identify their waste.

Most consumer electronic items can be collected including microwave ovens. Large appliances are not acceptable. Console TV's and similar consumer electronic items are eligible unless they originate from a business. Universal waste will be collected which typically includes fluorescent lamps, compact fluorescent bulbs and mercury devices. Tubes are placed outside the kit bag taped together.

Sharps will be collected as part of the program as long as they originate from the home and have been placed into a rigid sealed container prior to collection. This program cannot accept bottles, liquids, creams or other pharmaceutical waste.

The quantity of waste that can be collected at any one time is limited to the items that can be placed into the kit bag along with auto batteries, large electronics and fluorescent tubes, which can be placed outside of the bag. If the participant has more waste than can be accommodated, the participant can request another collection.

INELIGIBLE WASTE

Commercial waste, waste from businesses, and unusually large quantities of the same waste are not eligible for this program. Our customer service representatives in the call center and our customer service technicians in the field are qualified to make the decision to collect or not to collect the waste. A list of other ineligible wastes is contained on the last page of this Exhibit.

WASTE QUANTITIES

The amount of waste that can be collected during a scheduled collection is limited to the waste that can be placed into the kit unless other arrangements are made. Participants will be discouraged from requesting a collection of very small quantities i.e., a sharps container. Callers with very small quantities will be directed to combine their waste with neighbors.

Program Evaluation

WM Curbside, LLC is committed to the successful implementation of program proposed in this document. To this end, two key elements will help to verify the success of the program:

SURVEY ELEMENT

A postage-paid card addressed to the City program manager will be included in every kit mailed to prospective participants. The card lists five multiple choice questions and two fill-in-the-blanks questions. On average, approximately 15-35% of these cards are completed by Residents and mailed to the cities sponsoring WM Curbside managed programs. The survey card is a "report card" of sorts that goes directly to the City. The responses allow us to continually improve or adjust the program.

REPORTS

Every item collected from every home is logged on the inventory form used by our customer service technicians on site. This data is entered into Curbside's proprietary database and reports are generated. Each month you will receive is a summary of the waste collected from your Residents. With this report, you can determine how your Residents are using the program and where to place emphasis on public education to achieve your goals to reach a specific neighborhood or waste stream that may need attention.

Program Acceptable and Unacceptable Waste

Acceptable Wastes

Pesticides
- Insect Sprays

Herbicides
Rust Removers
Swimming Pool Chemicals
Wood Preservatives
Used Oil Filters

Batteries:
Vehicle
Household

Fluorescent Tubes
Chlorine Bleach
Drain Openers
Corrosive Chemicals (noncommercial)
Lye
Muriatic Acid
Hobby Chemicals
Lubricants
- Used Motor Oil
- Used Transmission Fluid
- Gear Oil

Paint Products
- Oil
- Latex
- Spray
- Stripper

Paint Thinners
Automotive Chemicals
- Waxes
- Polishes
- Cleaners
- Carburetor Cleaner
- Brake Fluid
- Gasoline
- Antifreeze

Sharps

Unacceptable Waste

Biological Waste
Radioactive Materials
Detectors
Ammunition
Explosives
Commercial Chemicals
Large containers over 5 gallons
Materials improperly packaged for transportation
Fire Extinguishers
Gas Cylinders
Commercial Chemicals
Unlabeled material
Unknown materials
Tires
Appliances
Liquid Mercury
Driveway Sealer limited to 5 gallon
All Medicines
Food Waste/Cooking Oil

FIRST AMENDMENT TO MUNICIPAL SOLID WASTE COLLECTION AND TRANSPORTATION AGREEMENT

This **FIRST AMENDMENT TO MUNICIPAL SOLID WASTE COLLECTION AND TRANSPORTATION AGREEMENT** (this "Amendment") is entered into as of the 23rd day of April, 2015, by and between the City of Lake Dallas, Texas ("City"), and Waste Management of Texas, Inc. ("Contractor"), a Texas corporation.

WITNESSETH:

WHEREAS, the City and Contractor entered into a certain Municipal Solid Waste Collection and Transportation Agreement, dated on or about December 1, 2014 (the "Contract"), whereby Contractor was granted the exclusive right to provide residential and commercial waste collection and disposal within the City, as more particularly set forth in the Contract; and

WHEREAS, the City and Contractor desire to modify the Contract, as more particularly set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the parties hereto agree as follows:

1. The language in subsection 31(b), in the section titled "Other Services," is hereby deleted and replaced with the following language:

31 (b)

Residents of the City shall be entitled to free disposal at Contractor's DFW landfill located in Lewisville, Texas. The user of the service must present a valid state-issued Identification Card or Driver's License and their most recent invoice for waste services to the DFW landfill attendant. The waste services invoice must reflect that the resident has no overdue outstanding balance and that his/her account is in good standing. A resident whose waste service has been suspended, who has an outstanding unpaid balance, or who does not bring the most recent waste services invoice will not be entitled to free disposal at the DFW landfill. The residential user may not use the free dumping privilege for disposal of non-residential or commercial waste, including construction. However, construction waste from do-it-yourself home improvement projects will be accepted. Contractor shall have the right to refuse any loads under the free dumping privilege which violate any rules established by Contractor.

2. Nothing contained herein shall be deemed to amend or modify the Contract, except as expressly set forth herein. In the event of a conflict between the terms of the Contract and this Amendment, the terms of this Amendment shall control.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first set forth above.

CITY:	**CONTRACTOR:**
CITY OF LAKE DALLAS	**WASTE MANAGEMENT OF TEXAS, INC.**
By: ______________	By: ______________
Its: City Manager	Its: Director of Public Sector Services

Attest:

CITY OF LAKE DALLAS, TEXAS

AGENDA ITEM 8

CITY COUNCIL
AGENDA MEMO

Prepared By: John Cabrales Jr, City Manager **February 14, 2019**

Hiring of a Finance Director

DESCRIPTION:

Receive a report, hold a discussion, and act to approve the City Manager's appointment and employment of a Finance Director.

BACKGROUND INFORMATION:

In October 2018, Donna Bonner submitted her resignation as the City's Finance Director in order to accepted the Finance Director position for another city. The City posted this position twice on various locations and only four applicants were selected as qualified from the applicant pool. Of those, three pulled their applications prior to the interviews. Staff did interview Mrs. Michele Sanchez and found her to have the knowledge, skills and abilities to perform the duties of Finance Director.

She is currently employed as the Budget and Policy Analyst for Dallas County and oversees the Law Enforcement and Court budgets authorized at about $400 million in total. Michele has a Master's in Public Administration from the University of North Texas and a Bachelor's of Human Resources Management from the University of Texas at Tyler. She also has experience in budget preparation, grants management and economic development. Attached is Michele's Resume.

Article 4, Section 4.01.02 (Responsibilities and Powers), of the City Charter requires the city council to approve the hire of a department administrator. The City Manager has made a preliminary job offer to Mrs. Sanchez contingent upon the confirmation by the City Council and successfully passing a mandatory drug screen and background check.

ARTICLE 4. ADMINISTRATIVE SERVICE

Section 4.01.02. *Responsibilities and Powers.*

The city manager shall be responsible for the proper administration of the affairs of the city and shall have the power and duty to:

1) Appoint, hire, suspend, and/or terminate department administrators with approval by a simple majority of the city council;

FINANCIAL CONSIDERATION:

Starting salary range for this position is $60,000 to $75,000 annually plus benefits.

RECOMMENDED MOTIONS:

I move to confirm/deny the City Manager's appointment and employment of Michele Sanchez as the Finance Director for the City of Lake Dallas.

ATTACHMENT(S):

1. Finance Director Job Announcement
2. Resume of Michele Sanchez

FINANCE DIRECTOR

Department:	**Administration**	FLSA Status:	**Exempt**
Revised Date:	**October 2018**		

GENERAL PURPOSE: Under limited supervision, performs complex management and technical duties with responsibility for maintaining fiscal stability and safeguarding the assets of the City, and assures that Department activities are in compliance with state and Federal regulations, and City policies and procedures. This is a management position that reports to the City Manager.

PRIMARY DUTIES AND RESPONSIBILITIES:

*The following duties **ARE NOT** intended to serve as a comprehensive list of all duties performed but are intended to be a representative summary of the primary duties and responsibilities. Incumbent(s) may not be required to perform all duties listed and may be required to perform additional, position-specific duties. Duties are subject to possible modification to reasonably accommodate individuals with disabilities.*

- Serves as the principal financial advisor to the City Council and the City Manager; provides leadership, direction and guidance in financial strategies and priorities; evaluates and analyzes financial issues and policies, and recommends and implements solutions.
- Analyzes financial and resource information on City operations; evaluates City's needs, and recommends financial resource requirements; reviews and monitors status reports, and recommends appropriate actions; prepares and presents financial forecasts and status reports to City Council, and assures effective communication of financial issues.
- Reviews City operations and determines financial resource requirements and goals; develops short and long-range revenue and expenditure forecasts, and multiyear forecast models; evaluates revenue and expenditure trends, compares to budget and projections, develops financial impact analysis, and recommends budget and planning adjustments.
- Performs accounting activities related to general ledger, accounts receivable, accounts payable, and reconciles monthly bank statements.
- Assures the quality of the financial activities by staff and verifies the accuracy of financial records.
- Establishes internal financial controls, and assures the financial activities and procedures are in compliance with all laws, policies, regulations and accounting standards.
- Directs external financial reporting, preparation of financial statements, and development of the Comprehensive Annual Financial Report (CAFR); oversees the City's banking, bond rating and investment activities.
- Coordinates the development of the annual budget; monitors budget and financial variables, revenue cycle and expenditure trends; reviews and verifies journal entries and bank reconciliations.
- Assists staff, elected officials and boards and commissions, understand and interpret the City's budget and other financial documents.
- Assists staff with state and federal grant application, management and compliance.
- Maintains the integrity, professionalism, values and goals of the City by assuring that all rules and regulations are followed, and that accountability and public trust are preserved.
- Cooperates with co-workers professionally to accomplish work efficiently and effectively.
- Has regular, predictable attendance; attendance is a factor in continued employment with the City.

- Performs other duties as assigned or required.

MINIMUM QUALIFICATIONS:

Education and Experience:

Bachelor's Degree in Finance, Accounting, Business Administration or related field; AND at least two years' experience in government accounting and budgeting; OR an equivalent combination of at least six years of education and experience that will provide the necessary knowledge and skills to be an effective Finance Director.

Conditions of Employment:

- Must have a valid Class "C" Driver's License and valid state required minimum automobile liability insurance prior to employment (must obtain Texas Class "C" driver's license and state required minimum automobile liability insurance within 30 days of hire per state law).
- Must pass a drug test, driver's license check, criminal history background check, and social security number verification check.

Preferences:

- Master's degree in Business, Finance, Accounting, Public Administration, or an applicable field.
- Certified Government Finance Officer, Certified Public Accountant, or any other applicable certification.
- Proficiency in Asyst, Microsoft Word, Excel, and PowerPoint.

Required Knowledge of:

- City organization, operations, policies and procedures.
- Government Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB), and Government Finance Officers Association (GFOA) standards, recommended practices and policies, rules and regulatory reporting requirements.
- Generally Accepted Accounting Principles and Generally Accepted Auditing Principles related to Public Sector financial management.
- Legal, ethical and professional rules of conduct for municipal finance officers.
- Public Sector accounting and budgeting principles, including treasury and public debt management.
- Principles and practices of administrative management, including personnel rules, procurement, contract management, risk management and employee supervision.
- Record keeping and file maintenance principles and procedures.
- General ledger reconciliation standards.
- Business and personal computers, and spreadsheet software applications.
- Customer service standards and protocols.

Required Skill in:

- Reading, interpreting, understanding and applying accounting standards and procedures, applicable Federal and state rules and regulations, and City policies and procedures.
- Analyzing City needs and prioritizing and promoting financial strategies to meet future needs.
- Analyzing and interpreting financial documents, and preparing complex financial reports.

- Analyzing financial issues, evaluating alternatives, and developing recommendations and strategies.
- Using initiative and independent judgment within established procedural guidelines.
- Presenting and defending complex financial reports and information in public meetings.
- Maintaining interrelated financial and technical records, and identifying and reconciling errors.
- Operating a personal computer utilizing standard and specialized software.
- Establishing and maintaining cooperative working relationships with co-workers and elected officials.
- Assessing and prioritizing multiple tasks, projects and demands.
- Effective communication, both verbal and written.

Physical Demands / Work Environment:

- Physical requirements include occasional lifting/carrying of five to twenty-five pounds; visual acuity, speech and hearing; hand and eye coordination and manual dexterity necessary to operate a computer keyboard and basic office equipment.
- Work is performed in a standard office environment.

This job description is not an employment agreement, contract agreement, or contract. Management has exclusive right to alter this job description at any time without notice.

Item 9

Prepared By: Jeremy Tennant, Director of Development Services February 14, 2019

Rental Registration Program Proposal

DESCRIPTION:

Receive a report and hold a discussion regarding the proposal of a Rental Registration Program for the City of Lake Dallas, Texas.

BACKGROUND INFORMATION:

According to the Home Rule Charter, the City of Lake Dallas has the power to pass and enforce ordinances that may be expedient for the protection and maintenance of good government, the peace and welfare of the city, the performance of functions of the city and the order and security of the residents of the city as per Article 2, Section 2.01(11). The City Council has the authority to provide by ordinance for the exercise of the police powers of the city, as per Article 3, Section 3.07(11). Police Power is the inherent power of a government to exercise reasonable control over persons and property within its jurisdiction in the interest of the general security, health, safety, morals, and welfare except where legally prohibited. Although the City of Lake Dallas Vision 2030 Comprehensive Plan does not explicitly call for a rental registration program, it does call for the consideration of an advocacy program to aid code compliance to assist in improving the neighborhoods within the City of Lake Dallas. These two sections of the City of Lake Dallas' Home Rule Charter provide the authority of the City to pursue a proposal for a rental registration program.

The Rental Registration Program is an efficient and useful tool for identifying and remedying dangerous code violations in rental properties. Rental registration programs require non-owner-occupied rental properties to register with the city by submitting a simple form identifying basic information about the property, such as how to reach the landlord in the event of an emergency. A nominal annual fee is typically required as part of the registration to recover costs. The City then inspects each property/unit according to an inspection checklist, checking for major code violations and life-threatening conditions.

Codes such as those found in the 2015 International Property Maintenance Code (IPMC), will need to be adopted for the Rental Registration Program. The IPMC has been adopted by several cities to protect the health, safety, and welfare of the citizens of the city by establishing minimum standards and regulations on the maintenance of structures, buildings and properties within the

city. Minimum standards are established with respect to utilities, facilities, and other physical components essential to make structures safe, sanitary, and fit for human use and habitation.
The Rental Registration Program gives municipal inspectors the authority to enforce minimum standards for the exterior of all properties, and the interior of rental residential units. Rental residential properties that fail the initial inspection are subject to re-inspections.

Without a mechanism in place to proactively conduct interior inspections and identify the most dangerous properties, code compliance officers must rely on a complaint driven inspection process—a strategy that has proven to be ineffective. This is especially the case in communities with large low-income, immigrant populations, since these tenants are more likely to avoid reporting code violations for fear of retaliation[1].

One of the lessons localities have drawn from the foreclosure crisis is that it is crucial to prevent concentration of blighted properties, in part because poorly maintained, substandard housing can have a negative effect on neighboring property values. By addressing housing conditions proactively, and by quickly identifying and targeting exterior substandard conditions alongside interior code violations, proactive rental registration programs can ensure that properties don't become blighted, thereby preserving property values. From a financial standpoint, this benefits landlords, property owners and homeowners.

Upon reviewing best practices nationwide, most of the registration programs in the U.S. require mandatory registration and inspections of all rental properties or a subset of the properties, regardless of whether the properties have a history of code violations. The Landlords, tenants and the community will benefit by[2]:

- Documenting and recording the conditions of the rental properties.
- Educating owners and tenants about their rights and responsibilities
- Insuring that tenants are provided with safe and sanitary housing.
- Promoting healthy homes that can protect children and seniors.
- Identifying dangerous structures and eliminating hazards.

PUBLIC MEETINGS

Staff researched multiple existing, successful programs in drafting the proposed Rental Registration Program. Staff also held two meetings, on January 19 and 21, to share the proposed program with stakeholders to gather input on the proposed program. Both meetings were well attended by property managers, landlords and a couple of tenants. During the meetings staff presented the reason for the request for the proposed rental registration program, the components of the program, proposed fees for registration and inspection, and the benefits for the rental registration program. After staff's presentation, the participants of the meeting

[1] An Analysis of Rental Property Registration in Austin, TX
[2] Community Development Clinic, Texas Problem Properties Toolkit: A Resource to Help Texas Communities Address Problems Created by Vacant and Abandoned Properties

provided feedback, concerns and questions. The information below was gathered from both public meetings.

REGISTRATION:

- A registration program is not needed because the City can figure out who the landlords are in the City.

INSPECTION:

- It is not fair that to single family property owners that the city is proposing to inspect only 10% of multi-family apartments.
- Units should only be inspected when the tenet moves into the building.
- Landlord does not want the City to inspect the rental properties.
- Landlords are concerned that the renters destroy property and do not have to pay for repairs.
- Not in favor of the city inspecting units that have been built to code or that are currently occupied.
- An inspection should only be triggered at the change of tenancy.
- Section 22 already covers the minimum standards in Lake Dallas. Why is the program needed?

FEES:

- The program is too complex and should be simplified and be more affordable to landowners.
- The fees should be $8.00 Complaint based fees for registration.
- The proposed fees are aggressive.
- Charge $5.00 an inspection. Not every year.
- How will the program affect current rents? Will my rent go up?

GENERIC PROGRAM COMMENTS:

- The City should form a committee with landlords, tenants to get more input on the creation of the program.
- Renters should be allowed to participate in a forum to discuss their view on the rental registration program.
- The one code officer that the City has is already being overworked. Another task will require another code officer or new employee.
- The City of Seattle is currently being sued in a class action lawsuit due to their rental registration program which allows inspectors to inspect a property without a warrant. The Institute for Justice suit isn't challenging the ability to have such a system, or to enter into a unit when they have suspicion of a problem. The issue is that, as it's written now, the statue allows inspectors to enter a perfectly fine unit with no just cause; there's no intervening presence of a judicial officer to judge if the city has a reason to enter someone's home without their consent.
- The City of Lake Dallas does not need any more laws to enforce.

- The City of Lake Dallas should be bringing businesses into the City, not additional programs.
- The City should share information in Spanish, not only English.
- The program can help landlords by making them aware of landlord/tenant laws. The City needs to include these laws into the rental registration program.
- A proposal was that the landlords can take pictures of their properties and if the City gets a complaint then the City can contact the property owner and the property owner can share the pictures with the city instead of having a new program started.
- As a tenant, the program is aggressive. The current codes address tenant/landlord issues. More communication is needed between tenants and landlords.
- The City of Lake Dallas is already known as being difficult to deal with. This program will reinforce that thought.
- The program has been in the works for quite some time and none of the landlords were notified until now is of great concern and not close to good ethics and planning. Nor is it fair to landlords.

PROPOSED RENTAL REGISTRATION PROGRAM

Staff recommends a Rental Registration Program that:

- Requires the registration and inspection of all single-family, duplex, manufactured housing and multi-family rental residential units in the city.
- Only ten percent (10%) of the units in multi-family properties will be required to be inspected annually (this is recommended due to staffing constraints).

REGISTRATION REQUIRED

Every residential rental property in the City must be registered and have a Rental Permit issued before it can be legally occupied. This includes all single family, two-family, manufactured housing rental units and multi-family rental buildings. Registration fees are annual, unless the property qualifies for the no impact registration program and at that point the property will not have to register the next year. Properties must register yearly, upon change in ownership or tenancy. Permits are good for one calendar year, expiring on the last day of the registration month in which the permit was issued. Rental property owners are responsible for renewing their permits prior to the expiration of the permit. Permits not renewed within the last day of the registration month will be subject to a late fee. Permits may be suspended or revoked for failure to maintain the property to the required standards. Permits may not be transferred between properties. Permits are valid only for the unit for which it issued.

INSPECTIONS

Upon tenant change-out, each rental unit is subject to a health and safety inspection performed by an inspector. Inspections will be conducted by the Code Compliance Officer. The property owner or agent is responsible for scheduling the health and safety inspection with the

Department of Development Services. The scope of the inspection will include a visual inspection of the exterior of the structure and the interior of the structure. The inspection must be scheduled and completed within 30 days of the new occupancy or utility service activation via Lake Cities Municipal Utility Authority (LCMUA).

If a condition is believed to exist that requires attention, the City will contact the property owner or the property owner's agent and request that the condition be corrected. All contact should be made according to Chapter 92 of the Texas Property Code. All corrections must be completed in a reasonable time. If corrections are not made then a citation can be issued to the property owner.

RENTAL REGISTRATION AND INSPECTION FEES

Residential rental dwelling unit registration fees:

Initial Annual Registration fee is free for the first 90 days of the initiation of the Program
Single-Family Dwelling Units – $50.00
Duplexes – $50.00
Manufactured Housing – $50.00
Multifamily rental units containing 3 and more dwelling units – $50.00 X (10% of the units)
Late registration fee (per rental unit) – $100.00.

Residential property inspection fees:

Initial Inspection – NO CHARGE
1st Re-inspection – NO CHARGE
Each violation identified after 2nd Re-inspection – $120.00
No Inspection fee will be charged if an inspection is conducted and no violations are found.

NO IMPACT REGISTRATION STATUS

Well-maintained rental property with no outstanding violations of any applicable laws may qualify to participate in a No Impact Registration Status. Qualifying properties will not be subject to inspections for a calendar year after the first year of mandatory inspection, if conditions of the rental property do not deteriorate during that time to the point where the rental property would no longer meet eligibility standards for the No Impact Registration Status. This program serves two purposes: It strategically allocates the city's limited resources to those properties that are most in need of inspections. It also serves as an incentive for property owners to ensure that their property complies with applicable codes. Every two (2) years the property must register and the exterior be inspected again.

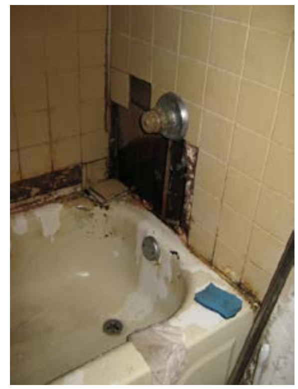
RIGHTS AND RESPONSIBILITIES OF THE LANDLORD AND TENANT

Landlord and Tenant Rights and Responsibilities are spelled out in the Texas Property Code, Chapter 92. Landlords have a legal obligation to ensure their rental properties do not pose a threat to the tenants' health or safety. If a landlord fails to repair problems that impact their tenants' health, safety or security in a reasonable time (generally 7 days), tenants must follow specific steps to seek a remedy. Tenants shall ensure that the part of the property which the tenant occupies or controls is maintained in a clean and sanitary condition and shall take reasonable precautions to prevent damage to the property.

EXAMPLES OF SUBSTANDARD CONDITIONS

Walkway to 2nd floor becoming detached from support posts

Mold on interior walls and floors



Missing tiles, rotting wall, mildew and mold

EXAMPLE OF COMMON INSPECTION ITEMS

The inspector will look for the following common items during inspections:

All Areas:
- No holes in walls, floors or ceilings
- Walls and roof in good structural condition
- No conditions exist that would materially affect the physical health or safety of an ordinary tenant
- Weed and trash issues
- Exit doors and emergency rescue openings, such as bedroom windows, must be operable from the inside without a key, card or special tool or knowledge

Electrical:
- Light Fixtures Operational
- Electrical Outlets have cover plates
- No bare light bulbs
- No extension cords used as permanent wiring
- No bare wires
- Electrical Panels labeled, have access and no apparent damage
- GFI plugs in exterior, garage, kitchen and washrooms

Plumbing:

- Operational water heater
- *(Must be capable of delivering water at a temperature of at least 120° F and have working T&P valve, pan and drains)*
- Operational bathtub/shower, toilet, sinks with no leaks
- *(Hot and cold water must be supplied to all fixtures, except toilet, which requires only cold water)*

Bedrooms:

- Operational smoke alarms inside all bedrooms and outside sleeping areas with a minimum of one alarm on each floor 2nd point of exit from bedrooms through windows of adequate size without permanent bars

Heating:

- Operational Heating Equipment

Building Exterior:

- Roof and Gutters in good condition
- Good condition of paint (no peeling paint)
- Exterior doors are weather tight and lockable
- Any garage door electric openers must have safety switch
- Windows are free of cracks, weather tight and lockable

Property Maintenance:

- Fence in good condition (not rotted and not leaning)
- Accessory structures structurally sound
- No large accumulation of trash and debris
- Driveway is in good repair
- No infestation of insects and rodents
- No rotten or unprotected wood on exterior surfaces
- No significant trip hazards in driveway or sidewalk
- Swimming pools, hot tubs and spas:
- *Fences and gates must meet code requirement*
- *Alarm on door to pool, hot tub or spa area*
- *Water cannot be stagnant*

Staff has found some issues and challenges with the proposed program based on input received at the public meetings. For example, requiring the inspection of an occupied unit could pose some problems for the City, property owner and tenant. Staff will continue to reach out to stakeholders as we refine the proposed program. Staff is seeking council direction on next steps for the proposed program.

FINANCIAL CONSIDERATION:

None, discussion only

RECOMMENDED MOTIONS:

None, discussion only

ATTACHMENT(S):

None

City of Lake Dallas
February 14, 2019

Proposed Rental Registration Program City Council Discussion

1

Rental Registration Program

- A tool for identifying and remedying dangerous code violations in rental properties.
- Requires registration of rental property with the City of Lake Dallas with basic information

2

What is the Purpose of the Rental Registration Program?

- Protect the Health, Safety and Welfare of the residents of the City of Lake Dallas
- Protect the integrity of surrounding residential structures (Property Valuation)
- Ability to inspect interior and exterior
  - Enhanced inspection of the exterior
  - Provide the ability to inspect the interior of a vacant structure

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Past Forums to Discuss the Rental Registration Program

- City Council Workshops
  - October 26, 2017
  - October 25, 2018

- Public Meetings for Comment and Inquiries
  - January 19, 2019
  - January 21, 2019

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Grouping of Comments from Public Meeting

- Registration
- Inspection
- Fees
- Generic Program Comments

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Registration Comments

- A registration program is not needed because the City can figure out who the landlords are in the City.

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Inspection Comments

- It is not fair that to single family property owners that the city is proposing to inspect only 10% of multi-family apartments.
- Units should only be inspected when the tenet moves into the building.
- Landlord does not want the City to inspect the rental properties.
- Landlords are concerned that the renters destroy property and do not have to pay for repairs.
- Not in favor of the city inspecting units that have been built to code or that are currently occupied.
- An inspection should only be triggered at the change of tenancy.
- Section 22 already covers the minimum standards in Lake Dallas. Why is the program needed?

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Fee Comments

- The program is too complex and should be simplified and be more affordable to landowners.
- The fees should be $8.00 Complaint based fees for registration.
- The proposed fees are aggressive.
- Charge $5.00 an inspection. Not every year.
- How will the program affect current rents? Will my rent go up?

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Generic Program Comments

- The City should form a committee with landlords, tenants to get more input on the creation of the program.
- Renters should be allowed to participate in a forum to discuss their view on the rental registration program.
- The one code officer that the City has is already being overworked. Another task will require another code officer or new employee.
- The City of Lake Dallas does not need any more laws to enforce.
- As a tenant, the program is aggressive. The current codes address tenant/landlord issues. More communication is needed between tenants and landlords.

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Generic Program Comments

- The City of Lake Dallas should be bringing businesses into the City, not additional programs.
- The City should share information in Spanish, not only English.
- The program can help landlords by making them aware of landlord/tenant laws. The City needs to include these laws into the rental registration program.
- A proposal was that the landlords can take pictures of their properties and if the City gets a complaint then the City can contact the property owner and the property owner can share the pictures with the city instead of having a new program started.

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Generic Program Comments

- The City of Seattle is currently being sued in a class action lawsuit due to their rental registration program which allows inspectors to inspect a property without a warrant. The Institute for Justice suit isn't challenging the ability to have such a system, or to enter into a unit when they have suspicion of a problem. The issue is that, as it's written now, the statue allows inspectors to enter a perfectly fine unit with no just cause; there's no intervening presence of a judicial officer to judge if the city has a reason to enter someone's home without their consent.
- The City of Lake Dallas is already known as being difficult to deal with. This program will reinforce that thought.
- The program has been in the works for quite some time and none of the landlords were notified until now is of great concern and not close to good ethics and planning. Nor is it fair to landlords.

Who Will be Impacted?

- All Rental Properties within the City of Lake Dallas
  - Single-Family
  - Duplex
  - Multi-Family
  - Manufactured Homes

Determination of Rental Properties

- Denton Central Appraisal District
- Lake Cities Municipal Utilities Authority
- Republic Waste Services

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Who is Considered a Renter?

- *Tenant* means any person who occupies a dwelling unit for living or dwelling purposes with the landlord's consent.

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How Will the Program Look?

- Registration
  - Every residential rental property
  - Fees are annual
    - Fees are due by the last day of the registration month
    - Exception: No Impact Registration – 1 calendar year
  - Must register property upon:
    - Yearly
    - Change of tenancy
    - Change of ownership
  - Permits are valid only for the unit issued, except multi-family

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How it will Work?

- Visual Inspections conducted by the Code Compliance Officer
  - Building Official and/or Fire Marshall, if necessary
- Follow the Dangerous Structure process if necessary

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2015 International Property Maintenance Code

- To **protect** the **health**, **safety**, and **welfare** of the citizens of the city by establishing minimum standards and regulations by regulating use and maintenance of structures, buildings and properties within the city.

- Minimum standards are established with respect to utilities, facilities, and other physical components essential to make structures safe, sanitary, and fit for human use and habitation.

Proposed Fee Structure

- ***Rental Dwelling Unit Registration Fees:***
  - Single-Family Dwelling Units – $50.00
  - Duplexes – $50.00
  - Manufactured Housing – $50.00
  - Multifamily rental units – $50.00 x 10% of the units
  - Initial annual registration fee is **Free for the first 90 days** of the initiation of the Program
  - Late registration fee (per rental unit) – $100.00

Proposed Fee Structure

- ***Rental Dwelling Unit Inspection Fees:***
  - Initial Inspection – NO CHARGE
  - Reinspection Fee – $120.00
  - No inspection fee will be charged if an inspection is conducted and no violations are found

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Breakdown of Program Costs

Personnel Cost	**$18,167**
Vehicle Cost	**$733**
Operation Cost (multiplier)	**$830**
Total	**$19,730**
Cost per unit (assuming 150 units)	**$131.53**

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Benefits of the Program

- Landlords, Tenants and Community
  - Documenting and recording the conditions of the rental properties.
  - Educating owners and tenants about their rights and responsibilities
  - Insuring that tenants are provided with safe and sanitary housing.
  - Promoting healthy homes that can protect children and seniors.
  - Identifying dangerous structures and elimination of hazards.

In Conclusion

What the Program is…

- To protect the health, safety and welfare of all residents
- To gain Compliance
- To protect the integrity of surrounding residential structures (Property Valuation)

What the Program is not…

- To generate additional revenue
- To Penalize property owners and renters