

# **City Council Meeting**

**September 26, 2023**

**At**

**Gatesville Council Chamber**

**110 N. 8<sup>th</sup> Street**

**5:30 P.M.**



**INDEX  
REGULAR CITY COUNCIL MEETING  
SEPTEMBER 26, 2023**

**5:30 P.M.**

**PAGE 1-2 --- AGENDA – 09-26-2023**

**CALL TO ORDER  
QUORUM CHECK  
INVOCATION  
PLEDGE OF ALLEGIANCE**

**CITIZENS/PUBLIC COMMENTS FORUM: PERSONS WHO DESIRE TO ADDRESS THE CITY OF GATESVILLE CITY COUNCIL WILL BE RECEIVED AT THIS TIME. IF A PERSON WISHES TO COMMENT ON A PARTICULAR AGENDA ITEM, THEN THE SPEAKER SHOULD INDICATE SUCH ITEM(S) ON THE SIGN IN SHEET PRIOR TO THE MEETING. PUBLIC COMMENT IS LIMITED TO 3 MINUTES PER SPEAKER. SPEAKERS MUST CONDUCT THEMSELVES IN A CIVIL MANNER. IN ACCORDANCE WITH THE TEXAS OPEN MEETINGS ACT, THE CITY OF GATESVILLE CITY COUNCIL CANNOT DELIBERATE OR ACT ON ITEMS NOT LISTED ON THE MEETING AGENDA.**

**PAGE 3-19 - DISCUSSION AND POSSIBLE ACTION REGARDING THE CONSENT AGENDA: (ALL CONSENT AGENDA ITEMS ARE CONSIDERED ROUTINE BY CITY COUNCIL AND WILL BE ENACTED BY ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION OF THESE ITEMS UNLESS A COUNCILMEMBER REQUESTS AN ITEM BE REMOVED AND CONSIDERED SEPARATELY)**

**RESOLUTION 2023-109: MINUTES FROM REGULAR CITY COUNCIL MEETING  
SEPTEMBER 12, 2023**

**RESOLUTION 2023-110: LETTER SUPPORTING THE RAILROAD RESILIENCY  
PROJECT AT FORT CAVAZOS THROUGH THE DEFENSE  
ECONOMIC ADJUSTMENT ASSISTANCE GRANT**

**RESOLUTION 2023-111: VAIL & PARK ENGAGEMENT LETTER FOR AUDIT  
SERVICES RELATED TO THE YEAR ENDING SEPTEMBER  
30, 2023**

**PAGE 20 - NO MEMORANDUM- DISCUSSION AND POSSIBLE ACTION REGARDING  
A PROCLAMATION DECLARING OCTOBER 5, 2023 AS GATESVILLE  
TEACHERS' APPRECIATION DAY (KEEGAN WEBB)**

**PAGE 21-23 - CITY COUNCIL MEMORANDUM- DISCUSSION AND POSSIBLE ACTION  
REGARDING AN ORDINANCE OF THE CITY OF GATESVILLE, TEXAS,  
AMENDING THE FISCAL YEAR 2022-23 BUDGET OF THE CITY OF  
GATESVILLE TO ALLOW FOR ADJUSTMENTS TO THE GENERAL FUND  
REVENUES AND EXPENDITURES OF SEVEN HUNDRED EIGHTY -THREE  
THOUSAND FIVE HUNDRED DOLLARS (\$783,500); AND ALLOWING FOR  
ADJUSTMENTS TO THE AIRPORT FUND REVENUES AND  
EXPENDITURES OF ONE HUNDRED SEVENTEEN THOUSAND FORTY-SIX  
DOLLARS (\$117,046); DECLARING A MUNICIPAL PURPOSE; PROVIDING  
A SEVERABILITY CLAUSE; PROVIDING FOR AN OPEN MEETINGS  
CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE (1ST READING OF  
ORD. 2023-06) (SCOTT ALBERT & MIKE HALSEMA)**

**PAGE 24-30 - CITY COUNCIL MEMORANDUM- DISCUSSION AND POSSIBLE ACTION  
REGARDING FINANCING WITH CAPITAL ONE PUBLIC FUNDING FOR  
MUSCO LIGHTING (SCOTT ALBERT)**

**NO MEMO - RECESS REGULAR MEETING AND CALL AN EXECUTIVE SESSION-  
CLOSED MEETING -----**

**THE CITY COUNCIL OF THE CITY OF GATESVILLE MAY CONVENE IN EXECUTIVE  
SESSION IN ACCORDANCE WITH THE TEXAS OPEN MEETINGS ACT, TEXAS  
GOVERNMENT CODE:**

**SECTION 551.071 (1) (A) AND (2) (CONSULTATIONS WITH ATTORNEY) AND  
SECTION 551.072 (DELIBERATIONS ABOUT REAL PROPERTY), SECTION 551.074  
(PERSONNEL MATTERS), SECTION 551.76 (DELIBERATIONS ABOUT SECURITY  
DEVICES), OR SECTION 551.087 (DELIBERATIONS REGARDING ECONOMIC  
DEVELOPMENT NEGOTIATION); SECTION 551.086 (MEETING CONCERNING  
MUNICIPALLY OWNED UTILITY-COMPETITIVE MATTERS);**

**A. DISCUSSION REGARDING THE ZONING FOR 3909 SH 36 AND THE ALLOWED  
USES**

**B. DISCUSSION REGARDING THE TRANSFER OF CITY PROPERTY**

**SECTION 551.071 THIS CLOSED SESSION IS IN ACCORDANCE WITH LOCAL  
GOVERNMENT CODE SECTION 551.071-  
CONSULTATION WITH ATTORNEY- REGARDING CONFIDENTIAL MATTERS IN  
WHICH THE DUTY OF THE ATTORNEY TO THE GOVERNMENTAL BODY UNDER THE  
TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT OF THE STATE BAR OF  
TEXAS CONFLICTS WITH CHAPTER 551 OF THE TEXAS GOVERNMENT CODE**

**END EXECUTIVE SESSION AND RECONVENE OPEN MEETING -----**

**NO MEMO - DISCUSSION AND POSSIBLE ACTION RESULTING FROM DISCUSSION  
DELIBERATED IN EXECUTIVE SESSION**

**NOTICE**  
**THIS NOTICE IS POSTED IN COMPLIANCE WITH THE OPEN MEETING ACT**  
**(TEX. GOV'T CODE CHAPTER 551, SEC. 551.041)**

**AGENDA**  
**REGULAR CITY COUNCIL MEETING**  
**5:30 P.M**  
**GATESVILLE CITY COUNCIL CHAMBERS**  
**110 NORTH 8<sup>TH</sup> STREET, GATESVILLE, TEXAS 76528**  
**SEPTEMBER 26, 2023**

An Open Meeting will be held concerning the following subjects:

1. Call to Order.
2. Quorum check.
3. Invocation.
4. Pledge of Allegiance.
5. Citizens/Public Comments Forum: Persons who desire to address the City of Gatesville City Council will be received at this time. If a person wishes to comment on a particular agenda item, then the speaker should indicate such item(s) on the sign in sheet prior to the meeting. Public comment is limited to 3 minutes per speaker. Speakers must conduct themselves in a civil manner. In accordance with the Texas Open Meetings Act, the City of Gatesville City Council cannot deliberate or act on items not listed on the meeting agenda.

**CONSENT:**

6. Discussion and possible action regarding the Consent Agenda: (all consent agenda items are considered routine by City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember requests an item be removed and considered separately.)

**Resolution 2023-109: Minutes from Regular City Council Meeting September 12, 2023**

**Resolution 2023-110: A letter supporting the Railhead Resiliency Project at Fort Cavazos through the Defense Economic Adjustment Assistance Grant**

**Resolution 2023-111: Vail & Park Engagement letter for audit services related to the year ending September 30, 2023**

**OTHER BUSINESS:**

7. Discussion and possible action to approve a proclamation declaring October 5, 2023 as Gatesville Teachers' Appreciation Day (Keegan Webb)
8. Discussion and possible action regarding an Ordinance of the City of Gatesville, Texas, amending the Fiscal Year 2022-23 budget of the City of Gatesville to allow for adjustments to the General Fund revenues and expenditures of Seven Hundred Eighty -Three Thousand Five Hundred Dollars (\$783,500); and allowing for adjustments to the Airport Fund revenues and expenditures of One Hundred Seventeen Thousand Dollars (\$117,000); declaring a Municipal Purpose; providing a Severability Clause; providing for an Open Meetings Clause; and providing for an Effective Date (1st Reading of Ord. 2023-06) (Scott Albert & Mike Halsema)
9. Discussion and possible action regarding financing with Capital One Public Funding for MUSCO Lighting (Scott Albert)

**EXECUTIVE SESSION:**

10. Recess Regular Meeting and call an Executive Session - Closed Meeting -----  
The City Council of the City of Gatesville may convene in Executive Session in accordance with the Texas Open Meetings Act, Texas Government Code:

**Section 551.071 (1) (A) and (2) (Consultations with Attorney) and Section 551.072 (deliberations about Real Property), Section 551.074 (Personnel Matters), Section 551.76 (Deliberations about Security Devices), or Section 551.087 (Deliberations Regarding Economic Development Negotiation); Section 551.086 (meeting concerning municipally owned utility-competitive matters);**

- A. Discussion regarding the zoning for 3909 SH 36 and the allowed uses.**
- B. Discussion regarding the transfer of city property.**

**Section 551.071 This closed session is in accordance with Local Government Code Section 551.071-**

**Consultation with Attorney- Regarding confidential matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas conflicts with Chapter 551 of the Texas Government Code**

- 11. End Executive Session and Reconvene Open Meeting -----**
- 12. Discussion and possible action resulting from discussion deliberated in Executive Session**
- 13. Adjourn Meeting**

**I hereby attest that the above agenda was posted on this the 22nd day of September, 2023 by 5:00 p.m. on the official City of Gatesville website, [www.gatesvilletx.com](http://www.gatesvilletx.com) and the official bulletin boards at the Gatesville City Hall, 803 E. Main Street and Gatesville Council Chambers, 110 N. 8th Street, Gatesville, Texas.**

  
**Wendy Cole, City Secretary**

The City of Gatesville council chambers are wheelchair accessible and accessible parking spaces are available at the back entrance of City Hall. Requests for accommodations or interpretive services must be made 24 hours prior to this meeting. Please contact the city secretary's office at 254-865-8951 or FAX 254-865-8320, or email [wcole@gatesvilletx.com](mailto:wcole@gatesvilletx.com) for further information.

REGULAR CITY COUNCIL MEETING  
SEPTEMBER 12, 2023 AT 5:30 P.M.  
COUNCIL CHAMBERS, 110 NORTH 8TH STREET,  
GATESVILLE, TEXAS 76528

AN OPEN MEETING WAS HELD CONCERNING THE FOLLOWING SUBJECTS:

1) CALL TO ORDER REGULAR CITY COUNCIL MEETING AT 5:36 P.M. THIS 12TH DAY OF SEPTEMBER, 2023

COUNCIL PRESENT: Mayor Gary Chumley, Councilmembers Barbara Burrow, John Westbrook, Claude Williams, and Meredith Rainer

REGRETS: Councilmembers Greg Casey and Joe Patterson

CITY STAFF PRESENT: City Manager Scott L. Albert, City Secretary Wendy Cole, Finance Director Mike Halsema, and Police Chief Brad Hunt

OTHERS: Jonathan Ford, Deborah Ford, Lauren Morrell, and Gatesville Messenger Staff Writer, Kaylee Dusang

2) HEAR VISITORS/CITIZENS FORUM: AT THIS TIME, ANY PERSON WITH BUSINESS BEFORE THE COUNCIL NOT SCHEDULED ON THE AGENDA MAY SPEAK TO THE COUNCIL FOR A MAXIMUM OF THREE (3) MINUTES. NO FORMAL ACTION CAN BE TAKEN ON THESE ITEMS AT THIS MEETING

Visitors present were only concerned with an agenda item.

3) DISCUSSION AND POSSIBLE ACTION REGARDING THE CONSENT AGENDA: (ALL CONSENT AGENDA ITEMS ARE CONSIDERED ROUTINE BY CITY COUNCIL AND WILL BE ENACTED BY ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION OF THESE ITEMS UNLESS A COUNCILMEMBER REQUESTS AN ITEM BE REMOVED AND CONSIDERED SEPARATELY)

RESOLUTION 2023-102: Minutes from Regular City Council Meeting August 22, 2023

RESOLUTION 2023-103: Minutes from Special City Council Meeting August 29, 2023

RESOLUTION 2023-104: Proclamation for the National Society Daughters of the American Revolution declaring September 17th through September 23rd as "Constitution Week"

RESOLUTION 2023-105: Interlocal Agreement for 9-1-1 Public Safety Answering Point Services between the Central Texas Council of Governments and the City of Gatesville, Texas

Motion by John Westbrook, seconded by Barbara Burrow, to approve the Consent Agenda; all four voting "Aye", motion passed.

4) DISCUSSION AND POSSIBLE ACTION REGARDING A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GATESVILLE, TEXAS APPROVING A PROFESSIONAL SERVICES AGREEMENT WITH POST OAK PRESERVATIONS SOLUTIONS, L.L.C., A TEXAS LIMITED LIABILITY COMPANY, FOR A SURVEY AND DETERMINATION OF ELIGIBILITY FOR NATIONAL REGISTER OF HISTORIC PLACES NOMINATION; AUTHORIZING THE CITY MANAGER TO EXECUTE SAID AGREEMENT; AND PROVIDING AN EFFECTIVE DATE

(SCOTT ALBERT)

City Manager Albert discussed the potential hiring of Post Oak Preservation Solutions (POPS) for providing services in conjunction with evaluating the feasibility of establishing a National Register Historic District for downtown Gatesville. There are several advantages to establishing this district but the main purpose to establish this district is to allow building owners the opportunity to seek state and federal tax credits. These tax credits can be used towards reimbursing for renovation costs on buildings up to forty-five percent (45%). It's important to note that even if downtown Gatesville receives a National Historic District designation, building owners are not obligated to participate in the district. Alternatively, if a building owner does not intend to use the tax credits, they can sell them to corporations like Blue Bell or Johnson & Johnson. Mr. Albert noted that POPS had an initial meeting with downtown business owners on August 30th.

What staff is asking Council to consider is for POPS to do an initial survey of the potential Gatesville Historic District. POPS skilled specialists, Rebecca Wallisch and Alison Dunleavy (by-way-of zoom) presented an outline of services that would be provided if approved:

- Assist clients with the State & Federal Historic Tax Credit process
- Explained the National Register of Historic Places: Record of historically- significant buildings, places, sites, landscapes, neighborhoods, districts; provides the definitive history of the historic place; avails property owners of the historic tax credits; no regulatory burden unless Federal funding or approval
- Discussed a layout of the largest concentration of buildings around the courthouse square with a potential survey of the proposed historical district which included Raby Park.
- National Register Process: Research and Survey, Determination of Eligibility, Nomination, Approval.

The National Register Process can take up to one (1) or two (2) years to complete approval.

Contributing vs. Non-Contributing:

A contributing property is a building, structure or object within the district boundaries that adds to historic associations, architectural qualities, or archeological values that make the district significant and also retains integrity, or enough historical features to convey its significance.

A non-contributing property is a property that does not contribute to the historic qualities of the district, is less than 50 years old, has been significantly altered, or is not associated with a historic theme or time period.

Historic Tax Credits:

- Incentive for rehabilitating historic (50+ years old) buildings
- Available for buildings that are National Register of Historic Place listed or eligible
- New use must be compatible to historic building
- Work must adhere to the *Secretary of the Interior's Standard for Rehabilitation* to ensure the historic integrity of the building is preserved

Following a brief comparison of the Federal and State Historic Tax Credit Programs and “before and after” photos of a few example projects, Mayor Chu nley asked Council for a motion.

It was also noted that there needed to be enough eligible buildings and more than fifty percent (50%) of participating building owners- based on the survey- to move forward with the process.

RESOLUTION 2023-106: Motion by Barbara Burrow, seconded by Meredith Rainer, to authorize the City Manager to execute a professional services agreement with Post Oak Preservation Solutions on designating downtown Gatesville as a National Historic Place; all four voting “Aye”, motion passed.

5) DISCUSSION AND POSSIBLE ACTION REGARDING A REQUEST FROM GATESVILLE INDEPENDENT SCHOOL DISTRICT REGARDING TEMPORARY STREET CLOSURE FOR GATESVILLE INTERMEDIATE SCHOOL FALL FESTIVAL (DEBORAH FORD)

Gatesville Independent School District, Intermediate School Counselor, Deborah Ford spoke to the Council regarding a street closure for the Fall Festival scheduled on October 26, 2023 from 4:30 p.m. to 7:30 p.m. Ms. Ford requested that 27th Street- behind Gatesville Intermediate- from the Church of Jesus Christ of Latter- Day Saints at Marshall Street to the Tennis Courts be blocked off to help accommodate the school’s Fall Festival activities.

RESOLUTION 2023-107: Motion by Meredith Rainer, seconded by Claude Williams, to approve the temporary street closure of 27th Street on October 26, 2023 from 4:30 p.m. to 7:30 p.m. behind Gatesville Intermediate School- from the Church of Jesus Christ of Latter- Day Saints at Marshall Street to the Tennis Courts to accommodate the school’s Fall Festival activities; all four voting “Aye”, motion passed.

6) DISCUSSION AND POSSIBLE ACTION REGARDING AN ORDINANCE MAKING APPROPRIATIONS FOR THE SUPPORT OF THE CITY OF GATESVILLE, TEXAS, FOR THE FISCAL YEAR BEGINNING ON OCTOBER 1, 2023, AND ENDING ON SEPTEMBER 30, 2024. APPROPRIATING FUNDS TO A SINKING FUND TO PAY INTEREST AND PRINCIPAL ON THE CITY’S INDEBTEDNESS; ADOPTING THE ANNUAL BUDGET OF THE CITY OF GATESVILLE, TEXAS, FOR THE 2023-24 FISCAL YEAR; AND RATIFYING THE PROPERTY TAX INCREASE REFLECTED IN THE FY 2023-24 BUDGET (3RD AND FINAL READING OF ORDINANCE 2023-03) (SCOTT ALBERT)

City Manager Albert said that nothing has changed since the last two readings of the Budget Ordinance. The total budget for FY-24 has not changed and amounts to \$33,949,363, representing an increase of \$17,537,349 from the approved FY-23 budget of \$16,412,014. This significant increase is primarily attributable to several capital projects totaling \$16,932,072. Additionally, the FY-24 budget encompasses not only current revenues but also grants and bond proceeds earmarked for specific projects throughout the year. The table below outlines the allocation of funds across the three main areas for FY-24:

Description	Amount
Operation & Maintenance	14,261,893
Capital Projects	16,932,072
Debt	2,755,398
<b>TOTAL</b>	<b>\$33,949,363</b>

There was a brief discussion on possible projects assessed by Friese & Nichols at the Water Production Plant.

ORDINANCE 2023-03-03: Motion by John Westbrook, seconded by Barbara Burrow, to approve the third and final reading of Ordinance 2023-03 making appropriations for the support of the City of Gatesville, Texas budget for the Fiscal Year beginning on October 1, 2023, and ending on September 30, 2024, appropriating funds to a Sinking Fund to pay Interest and Principal on the City’s Indebtedness; Adopting the annual budget of the City of Gatesville, Texas, for the 2023-24 Fiscal Year; Record Vote by Roll Call:

Mayor Pro-Tem Meredith Rainer	<u>X</u>	AYE	_____	NAY	_____	ABSENT
Councilman Claude Williams	<u>X</u>	AYE	_____	NAY	_____	ABSENT
Councilwoman Barbara Burrow	<u>X</u>	AYE	_____	NAY	_____	ABSENT
Councilman Joe Patterson	_____	AYE	_____	NAY	<u>X</u>	ABSENT
Councilman Greg Casey	_____	AYE	_____	NAY	<u>X</u>	ABSENT
Councilman John Westbrook	<u>X</u>	AYE	_____	NAY	_____	ABSENT

All four voting “Aye”, motion passed.

Certification of Separate Vote to Ratify the Tax Increase: Motion by John Westbrook, seconded by Claude Williams to ratify the property tax revenue increase reflected in the adopted Fiscal Year 2023-2024 budget; all four voting “Aye”, no Nays, no abstentions, and two absent, motion passed.



7) RECESS REGULAR MEETING AT 6:18 P.M. AND CALL A-----

Public Hearing

Hear comments on the proposal to set City of Gatesville Fiscal Year 2024 Tax Rate at \$0.5600 per \$100 of taxable value (Scott Albert)

City Manager Albert presented a Power Point Presentation and said that the tax rate of \$0.56000 on each \$100.00 valuation of property, is the proposed rate being so set and designated as: \$0.510405 of said tax rate to be for the General Fund for the maintenance and operation expenditures of the City, and \$0.049595 of said tax rate to be for the payment of principal and interest on debt, For the total tax rate of \$ 0.56000.

Because of the election last November to abolish the half cent sales tax – it caused a change in this year’s State mandated formula - and is as follows: THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE. THE TAX RATE WILL EFFECTIVELY BE RAISED BY -13.38 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$ -86.46.

Additional information was noted and briefly discussed by City Manager Albert and Finance and HR Director, Mike Halsema:

- 2023 Certified Freeze Adjusted Taxable Value \$532,448,691
- 2023 Taxable Value of New Improvements \$7,945,140
- 2023 Anticipated Collection Rate 99.01%
- 2023 No-New-Revenue Tax Rate (NNR - what the rate would need to be to raise the same tax revenues as last year) is \$0.674138 per \$100 valuation
- 2023 Voter Approval Rate \$0.535976 per \$100 valuation
- 2023 De minimis Rate \$0.611162 per \$100 valuation

Mayor Chumley asked for any public comments and there were none.

8) END PUBLIC HEARING AND RECONVENE REGULAR MEETING AT 6:32 P.M.

9) DISCUSSION AND POSSIBLE ACTION REGARDING AN ORDINANCE ADOPTING A TAX RATE OF \$0.56 PER \$100 VALUATION TO SUPPORT THE 2023-2024 BUDGET FOR THE CITY OF GATESVILLE, TEXAS (3RD AND FINAL READING OF ORDINANCE 2023-04) (SCOTT ALBERT)

ORDINANCE 2023-04-03: Motion by Meredith Rainer, seconded by John Westbrook for the adoption of a tax rate of \$0.56000 on each \$100.00 valuation of property for the tax/ calendar year 2023, said tax rate being so set and designated: \$0.510405 of said tax rate to be for the General Fund for the maintenance and operation expenditures of the City, and \$0.049595 of said tax rate to be for the payment of principal and interest on debt, For the total tax rate of \$ 0.56000; all four voting “Aye”, motion passed; by a vote of:

MEREDITH RAINER	<u>X</u> AYE	_____ NAY	___ ABSENT
BARBARA BURROW	<u>X</u> AYE	_____ NAY	___ ABSENT
GREG CASEY	___ AYE	_____ NAY	<u>X</u> ABSENT
JOE PATTERSON	___ AYE	_____ NAY	<u>X</u> ABSENT
JOHN WESTBROOK	<u>X</u> AYE	_____ NAY	___ ABSENT
CLAUDE WILLIAMS	<u>X</u> AYE	_____ NAY	___ ABSENT

10) DISCUSSION AND POSSIBLE ACTION REGARDING AN ORDINANCE OF THE CITY OF GATESVILLE, TEXAS REPEALING CHAPTER 18, FEES OF THE CODE OF ORDINANCES OF THE CITY OF GATESVILLE; ADOPTING A NEW FEE SCHEDULE FOR THE CITY OF GATESVILLE; AND PROVIDING AN EFFECTIVE DATE (3RD & FINAL READING OF ORDINANCE 2023-05) (MIKE HALSEMA)

Finance Director, Mike Halsema, said that the only change to what Council had seen before was the deletion of a large table of building permit fees; as they were already established in another section above that table and were presented as “price per square foot”; and those fees are the same as the previous year.

ORDINANCE 2023-05-03: Motion by Barbara Burrow, seconded by Claude Williams, to approve the third and final reading of Ordinance 2023-05 repealing Chapter 18, Fees of the City of Gatesville Code of Ordinances; adopting a new fee schedule for the City of Gatesville and providing an effective date of October 1, 2023; all four voting “Aye”, motion passed.

11) MAYOR CHUMLEY STATED THAT THE CITY COUNCIL OF THE CITY OF GATESVILLE, TEXAS, WILL CONVENE IN A CLOSED MEETING ON THIS 12TH DAY OF SEPTEMBER, 2023 BEGINNING AT 6:35 P.M. AND ANNOUNCED THE SUBJECT TO BE DISCUSSED:

THIS CLOSED MEETING IS IN ACCORDANCE WITH GOVERNMENT CODE SECTION 551.074- DELIBERATION IN REGARDS TO RETAINING SPECIAL COUNSEL FOR WATER AND WASTEWATER ISSUES

12) MAYOR CHUMLEY RECONVENED THE OPEN MEETING AND STATED THAT THE CITY COUNCIL OF THE CITY OF GATESVILLE, TEXAS, ENDED ITS CLOSED MEETING AT 6:49 P.M. ON THIS 12TH DAY OF SEPTEMBER, 2023

13) DISCUSSION AND POSSIBLE ACTION IN REGARDS TO RETAINING SPECIAL COUNSEL FOR WATER AND WASTEWATER ISSUES

RESOLUTION 2023-108: Motion by Barbara Burrow, seconded by Meredith Rainer, to authorize the City Manager to execute an engagement letter with Lloyd Gosselink Law Firm, designating as Special Counsel to assist the City of Gatesville with specific water and wastewater concerns; all four voting “Aye”, motion passed.

14) ADJOURN MEETING AT 6:50 P.M. THIS 12TH DAY OF SEPTEMBER, 2023

ATTEST:

APPROVED:

\_\_\_\_\_  
Wendy Cole  
City Secretary

\_\_\_\_\_  
Gary M. Chumley  
Mayor



September 26, 2023

The Honorable Kevin Pottinger  
Chairman, Texas Military Preparedness Commission  
Office of the Governor  
P.O. Box 12428  
Austin, Texas 78711

RE: DEAAG Project – Railhead Energy Resiliency

Dear Chairman Pottinger and Commission Members,

The City of Gatesville wholeheartedly supports the selection of this project to convert one of the six Fort Cavazos’ diesel locomotive switch engines to an electric locomotive switch engine for Fort Cavazos’ Rail Operations Center. This conversion promises to enhance rail deployment operations, reducing operational costs, and provide essential backup power for rail operations.

This Defense Economic Adjustment Assistance Grant (DEAAG) project improves capability by converting Fort Cavazos’ one diesel switch engine to an electric engine with lithium-ion batteries for increased availability while reducing operations cost by 60% and reducing maintenance cost by 40%. The lithium-ion batteries provide 2.4 MW of battery storage that will provide emergency back-up power in the event of a power loss at the railhead. This capability would be especially critical during deployment operations to maintain continued flow of equipment and forces while providing a hedge against power loss from extreme weather or adversary attacks on the electrical infrastructure.

Fort Cavazos stands as the home to the Army’s sole Armored Corps and 27% of the active-duty armored brigades along with multiple enabling brigades. As a power projection platform, Fort Cavazos must be able to rapidly deploy and mobilize units. Fort Cavazos is one of two Army Mobilization Force Generating Installations that mobilize and deploy all Army Reserve and National Guard units. Since 2002, the installation deployed over 1.2 million soldiers and averages 5,737 soldiers deployed monthly. Consequently, Fort Cavazos is #2 in rail traffic volume for Army installations in the US.

The selection of this Railhead Resiliency Project will significantly enhance Fort Cavazos military value. It improves the installation's deployment operations through refurbishment of a diesel locomotive to electric power. It improves effectiveness and efficiency by reducing maintenance and operation costs for rail operations. It also improves rail operations resiliency by ensuring continuous operations with a 2.4MW battery storage in the event of power interruptions.

Fort Cavazos is one of just two Army installations rated as unique "strategic Power Projection Platforms." Your funding for this Railhead Resiliency Project will demonstrate Texas unwavering support for the US military and Fort Cavazos. We sincerely thank you for your steadfast support of "The Great Place."

Best Regards,

Gary Chumley  
Mayor, City of Gatesville, TX



## Consent Agenda Item # 6

### CITY COUNCIL MEMORANDUM

**Date:** September 26, 2023  
**To:** Mayor & City Council  
**From:** Scott Albert, City Manager & Mike Halsema, Finance & HR Director  
**Agenda Item:** Discussion and possible action regarding engaging Vail & Park P. C. for Fiscal Year 2023 auditing services.

**Information:**

The city engaged Lafollett and Company for auditing services for the past two years. During 2022, the firm joined with Vail Park PC, and updated its name. The engagement letter presented for consideration includes \$43,000 for the standard audit, and \$10,000 for a single audit. A single audit is required when grant expenditures exceed \$750,000 for Federal or State grants in a fiscal year. The city has several grant projects in progress and is anticipated to exceed \$750,000 in grant expenditures for the year. For purposes of a single audit, ARPA or CLFRF funds are considered grant funds. Grant projects in FY23 include; the Rotunda demolition, water plant clarifier, airport AWOS replacement, Lovers Lane project, drainage study, and library grants.

**Financial Impact:**

The FY23 audit and single audit are \$53,000. Per the engagement letter, half is due at the start of the audit and half at completion.

**Staff Recommendation:**

The staff recommends that the city council approve the engagement letter with Vail Park PC for FY23 auditing services.

**Motion:** I move to approve the engagement letter with Vail Park PC for FY 23 auditing services.

**Attachments:**

Vail Park PC Audit Engagement Letter.

**Staff Contacts:**

Scott Albert, City Manager [salbert@gatesvilletx.com](mailto:salbert@gatesvilletx.com)

Mike Halsema, Finance & HR Director [mhalsema@gatesvilletx.com](mailto:mhalsema@gatesvilletx.com)

September 11, 2023

To the Mayor, City Council, and Management of the  
City of Gatesville, Texas  
110 North 8<sup>th</sup> Street  
Gatesville, TX 76528

We are pleased to confirm our understanding of the services we are to provide for City of Gatesville, Texas (the "City") for the year ending September 30, 2023, with optional annual renewal for the years 2024 and 2025.

### **Audit Scope and Objectives**

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of the City as of and for the year ending September 30, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's 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. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Changes in Net Pension Liability and Related Ratios – TMRS – Last Ten Measured Years
- 3) Schedule of Contributions to Pension Plan – TMRS – Last Ten Fiscal Years
- 4) Schedule of Changes in Total OPEB Liability and Related Ratios – TMRS – Last Ten Measured Years
- 5) Schedule of OPEB Contributions – TMRS – Last Ten Fiscal Years
- 6) Schedule of Changes to Total OPEB Liability and Related Ratios – Health Benefits Plan – Last Ten Measured Years
- 7) Schedule of OPEB Contributions – Health Benefits Plan – Last Ten Fiscal Years

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements.

- 1) Schedule of expenditures of federal awards
- 2) Combining Financial Statement – Nonmajor Governmental Funds
  - a) Combining Balance Sheet
  - b) Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS

and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit**

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities

by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- The City does not have written financial policies and procedures that include internal controls over financial reporting to ensure that all financial balances are properly recorded in the general ledger. We noted material adjustments to numerous balances were required that likely would have been detected by the City during the closing process, if proper internal controls, including review and supervision, were in place. Planning has not concluded, and modifications may be made.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

#### **Audit Procedures—Internal Control**

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the



Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the City’s compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

**Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the City in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual – Mike Halsema, Finance Director – with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

**Responsibilities of Management for the Financial Statements and Single Audit**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2)

employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on September 25, 2023.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

#### **Engagement Administration, Fees, and Other**

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication

from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Vail & Park, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to federal and/or state agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Vail & Park, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the federal and/or state agencies. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Mike Vail, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately September 25, 2023. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Our fee for these services will be at our standard hourly rates plus -of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, etc.) except that we agree that our gross fee, including expenses, will not exceed \$43,000 for FY2023, \$43,500 for FY2024, and \$44,000 for FY2025. These fees do not include the additional fee of \$10,000 that will apply if Single Audit procedures under Uniform Guidance are required. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses according to the Tentative Audit Schedule in Exhibit 1 and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly.

**Reporting**

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Mayor and City Council of the City of Gatesville, Texas. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor’s report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue reports, or withdrawing from the engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2021 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Sincerely,

*Vail + Park, P.C.*

**RESPONSE:**

This letter correctly sets forth the understanding of City of Gatesville, Texas.

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# Exhibit 1

City of Gatesville, Texas

Tentative Audit Schedule

For the year ended September 30, 2023

<u>Phase</u>	<u>Estimated Start Date</u>	<u>Estimated Completion Date</u>	<u>Associated Fee</u>
<p>1 – Planning and preliminary analytical review procedures</p> <p><i>1.1 Single Audit – Review federal grant programs summary detailing fund #, fund name, CFDA #, total expenditure, Type A or B programs, Major or Non-Major programs</i></p>	<p>Monday September 25, 2023</p>	<p>Friday September 29, 2023</p>	<p>\$26,500</p>
<p>2 – Internal control documentation, walkthroughs, and sample selection for internal control testing</p> <p><i>2.1 Single Audit – Compliance description documenting compliance requirements (A) – (N)</i></p>	<p>Wednesday November 15, 2023</p>	<p>Friday November 17, 2023</p>	<p>-</p>
<p>3 – Internal control testing and risk assessment procedures</p> <p><i>3.1 Single Audit – Test Major Program disbursements and perform noncompliance risk assessment procedures</i></p>	<p>Wednesday November 15, 2023</p>	<p>Friday November 17, 2023</p>	<p>-</p>
<p>4 – Confirmation selection and mailing</p>	<p>Monday October 2, 2023</p>	<p>Monday October 2, 2023</p>	<p>-</p>
<p>5 – Audit fieldwork</p>	<p>Monday December 18, 2023</p>	<p>Friday December 29, 2023</p>	<p>-</p>
<p>6 – Report tie-out and GAAP Disclosure Checklist</p> <p><i>6.1 Single Audit – Schedule of expenditures of federal awards</i></p>	<p>Monday March 4, 2024</p>	<p>Friday March 15, 2024</p>	<p>-</p>
<p>7 – Report issuance</p> <p><i>7.1 Single Audit – Data Collection Form</i></p>	<p>Tuesday March 26, 2024</p>	<p>Tuesday March 26, 2024</p>	<p>\$26,500</p>



## Report on the Firm's System of Quality Control

June 11, 2021

To the Shareholders of Vail & Park, P.C. and the  
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Vail & Park, P.C. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended September 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### **Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### **Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### **Required Selections and Considerations**

Engagements selected for review included an engagement performed under Government Auditing Standards, an audit of an employee benefit plans, and an examination of a service organization [SOC 1 engagement].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Vail & Park, P.C. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended September 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Vail & Park, P.C. has received a peer review rating of pass.

*RW Group, LLC*



*Office of the Mayor*  
**Gatesville, Texas**

**Proclamation**

GATESVILLE TEACHERS' APPRECIATION DAY

**WHEREAS**, Gatesville future strength depends on providing a high-quality education to all students; and

**WHEREAS**, teacher quality matters more to student achievement than any other school-related factor; and

**WHEREAS**, teachers spend countless hours preparing lesson plans and supporting students; and

**WHEREAS**, our Gatesville teachers demonstrated great resilience, adaptability, and creativity during the COVID-19 crisis; and

**WHEREAS**, our community recognizes and supports its teachers in educating the children of this community; and

**WHEREAS**, #TeachersCan is a statewide movement supported by more than 150 partnering businesses and organizations committed to elevating the teaching profession and honoring the critical role teachers play in the success of Texas; and

**NOW, THEREFORE, BE IT RESOLVED** that the Gatesville City Council joins partnering schools across Texas in celebrating World Teachers' Day and proclaims October 5, 2023 to be Gatesville Teachers' Day; and

**BE IT FURTHER RESOLVED** that the Gatesville City Council encourages members of our community to personally express appreciation to our teachers and display a light blue ribbon outside your homes or businesses the week of October 5 as a symbol of support for our educators.

*In witness whereof I have hereunto set my hand and caused this seal to be affixed.*

\_\_\_\_\_  
*Attest:* \_\_\_\_\_

*Date:* \_\_\_\_\_





## Agenda Item # 8

### CITY COUNCIL MEMORANDUM

**Date:** September 26, 2023

**To:** Mayor & City Council

**From:** Scott Albert, City Manager & Mike Halsema, Finance & HR Director

**Agenda Item:** Discussion and possible action regarding amending the FY 2022-23 Budget.

**Information:**

During fiscal year 23, the city received sales tax allocations 12.8% above budget. Property tax and franchise fee revenues were also significantly above budget. We anticipate overall revenues to exceed budget by 10%. Per our fund balance policy established as part of the fiscal and budget policies adopted September 13, 2022, staff is proposing amending the General Fund budget to allow for the transfer of excess revenues to the General Capital Fund. The General Fund had an unassigned fund balance of \$2,446,610 for FY22 year balance. By transferring excess revenues at year end and maintaining the fund balance at current levels, the fund balance would equal 31% of FY22 yearend expenditures. The Airport Fund received grants for the AWOS replacement. The total cost of the AWOS replacement was \$103,500, completed in April 23. The city received \$77,626 in reimbursements under the 75/25 agreement. Several hangars were destroyed by a windstorm in 2021 and were rebuilt with insurance proceeds in the fall of 2022. Additional work was required in December requiring an additional 13,500 in reconstruction costs. Neither the additional hangar work or the AWOS were included in the FY23 airport budget. These additional expenses total \$117,000.

**Financial Impact:**

The General Fund budget amendment will increase expense authority by \$783,500 to \$8,014,733. The Airport Fund amendment will increase the expenditure authority by \$117,000 to \$155,950.

**Staff Recommendation:**

The staff recommends that the city council approve the Ordinance amending the FY23 budget.

**Motion:** I move to approve Ordinance 2023-06, amending the Fiscal Year 2023 budget

**Attachments:**

Ordinance 2023-06.

**Staff Contacts:**

Scott Albert, City Manager [salbert@gatesvilletx.com](mailto:salbert@gatesvilletx.com)

Mike Halsema, Finance & HR Director [mhalsema@gatesvilletx.com](mailto:mhalsema@gatesvilletx.com)



ORDINANCE NO. 2023-06

AN ORDINANCE OF THE CITY OF GATESVILLE, TEXAS, AMENDING THE FISCAL YEAR 2022-23 BUDGET OF THE CITY OF GATESVILLE TO ALLOW FOR ADJUSTMENTS TO THE GENERAL FUND REVENUES AND EXPENDITURES OF SEVEN HUNDRED EIGHTY THREE THOUSAND FIVE HUNDRED DOLLARS (\$783,500); AND ALLOWING FOR ADJUSTMENTS TO THE AIRPORT FUND REVENUES AND EXPENDITURES OF ONE HUNDRED SEVENTEEN THOUSAND DOLLARS (\$117,000); DECLARING A MUNICIPAL PURPOSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR AN OPEN MEETINGS CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to Ordinance No. 2022-05, the City Council of GATESVILLE, Texas, approved the Fiscal Year 2022-23 Budget; and

WHEREAS, the City of GATESVILLE desires to increase funding in the General Fund and Airport Fund; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GATESVILLE, TEXAS AS FOLLOWS:

SECTION 1. The findings set forth in the above preamble to this Ordinance are true and correct and are hereby adopted.

SECTION 2. The Fiscal Year 2022-23

Budget is hereby amended by the City Council as follows: to allow for an adjustment to the General Fund of \$783,500, increasing revenues and appropriations. To allow for an adjustment to the Airport Fund of \$117,000, increasing revenues and appropriations.

SECTION 3. This Ordinance shall be filed with the City Secretary, who is directed to attach a copy of this Ordinance to the Fiscal Year 2022-23 Budget.

SECTION 4. This Ordinance was approved by at least three members of the City Council as required by Section 3.10 of the City Charter.

SECTION 5. If any section, subsection, paragraph, sentence, clause, phrase, or word in this Ordinance, or the application thereof to any person or under any circumstances is held invalid by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council of the City of GATESVILLE, Texas, hereby declares it would have enacted such remaining portions despite any such invalidity.

SECTION 6. It is officially found and determined that the meeting at which this Ordinance was passed was open to the public as required by law, and the public notice of the time, place and purpose of this meeting was given as required by law.

SECTION 7. This Ordinance shall become effective immediately upon its passage and

approval.

The foregoing Ordinance No. 2023-06 was read the first time and passed to the second reading this 26th day of September, 2023.

The foregoing Ordinance No. 2023-06 was read the second time and passed to the third reading this 10th day of October 2023.

The foregoing Ordinance No. 2023-06 was read the third time and was passed and adopted as an Ordinance to the City of Gatesville, Texas, this 14th day of November, 2023.

BY: \_\_\_\_\_  
GARY M. CHUMLEY, MAYOR

ATTESTED:

APPROVED AS TO FORM AND SUBSTANCE:

\_\_\_\_\_  
WENDY COLE  
CITY SECRETARY

\_\_\_\_\_  
CHARLES D. OLSON  
CITY ATTORNEY



**Agenda Item #9**

**CITY COUNCIL MEMORANDUM**

**Date:** September 26, 2023

**To:** Mayor & City Council

**From:** Scott L. Albert, City Manager

**Agenda Item:** Discussion and possible action regarding First Security Finance, Inc. financing for the purchase of MUSCO athletic field lighting.

**Information:**

On August 22, the City Council granted authorization to the City Manager to proceed with the execution of a contract and financing arrangements with Musco Sports Lighting for the acquisition of athletic field lighting at Bob Arnold, James Box, and Chuck Hyles fields.

The resolution presented before the City Council this evening pertains to the city's intention to enter into a public property finance lease purchase agreement with First Security Finance. This agreement aims to secure the necessary funding for the procurement and installation of Musco lights at the Gatesville Sports Complex.

The principal amount under consideration will not exceed \$800,000, and the maturity date is set no later than December 31, 2023. The proposed annual interest rate shall not exceed 5.35%. The initial rental payment is scheduled for October 1, 2024. Below is the payment schedule:

Rental Payment Date	Total Rental Payment	Principal Portion	Interest Portion	Purchase Price *
10/01/2024	\$102,022.52	\$62,575.73	\$39,446.79	\$718,424.27
10/01/2025	102,022.51	64,592.61	37,429.90	653,831.66
10/01/2026	102,022.52	67,957.89	34,064.63	585,873.77
10/01/2027	102,022.51	71,498.49	30,524.02	514,375.28
10/01/2028	102,022.51	75,498.49	26,798.95	439,151.72
10/01/2029	102,022.51	79,142.71	22,879.80	360,009.01
10/01/2030	102,022.52	83,266.05	18,756.47	276,742.96
10/01/2031	102,022.52	87,604.21	14,418.31	189,138.75
10/01/2032	102,022.52	92,168.39	9,854.13	96,970.36
10/01/2033	102,022.52	96,970.36	5,052.16	0.00
<b>Totals</b>	<b>\$1,020,225.16</b>	<b>\$781,000.00</b>	<b>\$239,225.16</b>	

The property finance act lease purchase agreement with First Security Finance, Inc. has been reviewed and approved by Victoria Thomas, special counsel.

**Financial Impact:**

The proposed loan will mature in 10 years (2033), with an annual payment of \$102,022.52. The FY-24 budget does include funds for the first-year payment, however the first payment is not due until October 1, 2024, which would be included in the FY 25 budget. The funding for the new lighting project will be sourced from HOT funds. Moreover, the final payment for renovations to the civic center, also funded by HOT funds, will be submitted this year, releasing approximately \$55,000 that can be allocated toward the lease agreement loan.

**Staff Recommendation:**

The staff recommends that the City Council approve the attached resolution authorizing the city to enter into a public property finance act lease purchase agreement with the First Security Finance Inc., to finance the costs of acquiring and installing a lighting system at the Gatesville Sports Complex.

**Motion:**

I move to approve Resolution 2023-113 entering into a public property finance act lease purchase agreement with First Security Finance, Inc. for the purchase of athletic field lights at the Gatesville Sports Complex.

**Attachments:**

- Resolution.
- September 19, 2023, email from Victoria regarding her review of the Public Property Finance Agreement with First Security Finance.

**Staff Contacts:**

Scott Albert, City Manager – [salbert@gatesvilletx.com](mailto:salbert@gatesvilletx.com)

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GATESVILLE, TEXAS, AUTHORIZING THE CITY TO ENTER INTO A PUBLIC PROPERTY FINANCE ACT LEASE PURCHASE AGREEMENT WITH FIRST SECURITY FINANCE, INC. TO FINANCE THE COSTS OF ACQUIRING AND INSTALLING A LIGHTING SYSTEM AT THE GATESVILLE SPORTS COMPLEX; AND APPROVING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.**

**WHEREAS**, the City of Gatesville, Texas (the "City") is a political subdivision duly organized under the constitution and laws of the State of Texas; and

**WHEREAS**, it is hereby determined that a true and real need exists for the acquisition and installation of a lighting system at the Gatesville Sports Complex (the "Personal Property") pursuant to the terms of a Purchase Agreement dated as of August 24, 2023, between the City and Musco Sports Lighting, LLC; and

**WHEREAS**, the City is authorized under the Constitution and laws of the State of Texas (the "State") to enter into a public property finance act lease purchase agreement to finance the acquisition and installation of the Personal Property; and

**WHEREAS**, in order to accomplish the foregoing, it is necessary and desirable for the City to enter into the following documents (the "Transaction Documents"):

1. Public Property Finance Act Lease Purchase Agreement (the "Agreement") with First Security Finance, Inc., as lessor (the "Lessor"), in a principal amount not to exceed \$800,000, a maturity date of no later than December 31, 2033, and an interest rate per annum not to exceed 5.35% per annum, for the purposes described therein, including to provide financing for the Personal Property;
2. Escrow Agreement with the Lessor and the escrow agent named therein for the purpose of establishing an acquisition fund into which the Lessor will deposit an amount equal to the aggregate principal components of rental payments under the Agreement; and
3. Federal Tax Agreement (the "Tax Agreement"), setting forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the proceeds of the Agreement in order to establish and maintain the exclusion of the interest portion of rental payments under the Agreement from gross income for federal income tax purposes and in order to provide guidance for complying with the arbitrage rebate provisions of the Internal Revenue Code upon the terms and conditions as set forth in the Tax Agreement.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF GATESVILLE, TEXAS, AS FOLLOWS:**

**Section 1.** The Transaction Documents are hereby approved in substantially the forms submitted to and reviewed by the City Council of the City on the date hereof, with such changes therein as are deemed necessary by the City's attorney and approved by the Mayor or the City Manager of the City (each, an "Authorized City Officer"), said officer's execution thereof to be conclusive evidence of the approval thereof. The Authorized City Officer is hereby authorized and directed to execute and deliver the Transaction Documents on behalf of and as the act and deed of the City. The City Secretary is hereby authorized to affix the City's seal thereto and attest such as may be necessary.

**Section 2.** During the term of the Agreement, the City covenants that prior to adopting a budget for any ensuing fiscal year the City shall place in its proposed budget for such ensuing fiscal year an amount necessary to pay the rental payments and all other amounts payable thereunder for such ensuing fiscal year and that the final budget for each fiscal year shall set aside and appropriate out of revenues generated from the City's operation and maintenance tax levy under Article XI, Section 4, Texas Constitution (the "Limited Tax") revenues and other revenues and funds lawfully available therefor an amount sufficient to pay the rental payments and all other amounts payable under the Agreement and shall deposit all such funds in accordance the Agreement. Pursuant to the Agreement, the City shall levy and agrees to assess and collect, a continuing direct annual Limited Tax on all taxable property within the boundaries of the City, within the limitations prescribed by law, at a rate from year to year sufficient, together with such other revenues and funds lawfully

available to the City for the payment of rental payments and all other amounts payable under the Agreement, to provide funds each year to pay the rental payments and all other amounts payable under the Agreement, full allowance being made for delinquencies and costs of collection. The Limited Tax and such revenues and funds in an amount sufficient to pay rental payments and all other amounts payable under the Agreement shall be pledged to the Lessor for such purpose as the same shall become due and payable under the Agreement.

**Section 3.** The City hereby designates the Agreement as a “qualified tax-exempt obligation” for purposes of Section 265(b) of the Internal Revenue Code. In furtherance of such designation, the City represents, covenants and warrants the following: (a) during the calendar year 2023, the City (including any subordinate entities) has not designated nor will it designate obligations, which when aggregated with the Agreement, will result in more than \$10,000,000 of “qualified tax-exempt obligations” being issued; (b) the City reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year 2023 by the City (including any subordinate entities) will not exceed \$10,000,000; and (c) the City will take such action or refrain from such action as is necessary in order that the Agreement will not be considered “private activity bonds” within the meaning of section 141 of the Code.

**Section 4.** The City shall, and the officials and agents of the City are hereby authorized and directed to, take such action, expend such funds and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this resolution and to carry out, comply with and perform the duties of the City with respect to the Transaction Documents and the acquisition and installation of the Personal Property.

**Section 5.** The City has made certain capital expenditures in connection with the acquisition and installation of the Personal Property prior to the date hereof, and the City expects to make additional capital expenditures in connection with the acquisition and installation thereof in the future. The City intends to reimburse itself for all or a portion of such expenditures, to the extent permitted by law, with the proceeds of the Agreement or other tax-exempt obligations to be delivered by the City. The maximum principal amount of the Agreement or other tax-exempt obligations expected to be delivered for the Personal Property is not expected to exceed \$800,000.

**Section 6.** This resolution will take effect and be in full force from and after its adoption by the City Council of the City.

**PASSED** by the City Council of the City of Gatesville, Texas this 26<sup>th</sup> day of September, 2023.

**CITY OF GATESVILLE, TEXAS**

[SEAL]

By: \_\_\_\_\_  
Name: Gary Chumley  
Title: Mayor

ATTEST:

By: \_\_\_\_\_  
Name: Wendy Cole  
Title: City Secretary

**Scott Albert**

---

**From:** Victoria Thomas [REDACTED]  
**Sent:** Tuesday, September 19, 2023 12:44 PM  
**To:** Schurke, Jason (G&B)  
**Cc:** Scott Albert, [REDACTED], Cain Gunnett; Danita Fant; 'Sheila Mayden'; Lawlor, Samantha (G&B); Jackson, Janelle (G&B)  
**Subject:** RE: Gatesville, TX Public Property Finance Act Lease Purchase Agmt (Musco Lighting Project): Draft Documents and Authorizing Resolution  
**Attachments:** GATES Opinion ltr of Special Counsel PPFA First Security Finance - SportsComplexLighting.docx

All:

I've completed my review of the documents and they all look good. The only change I'd request is in paragraph 22 of the Agreement, where I'd request that a parenthetical be added to note that allowed self-insurance includes the City's participation in the Texas Municipal League Intergovernmental Risk Pool.

I've attached a validation opinion letter dated Oct. 12, 2023 with the understanding that I will see the fully executed documents referenced therein before that date.

Thank you!

v

**Victoria W. Thomas**  
Partner

**NICHOLS | JACKSON**  
[REDACTED]  
[REDACTED]  
[REDACTED]

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**From:** Schurke, Jason (G&B) [REDACTED]  
**Sent:** Thursday, September 14, 2023 10:25 AM  
**To:** Victoria Thomas [REDACTED]  
**Cc:** salbert [REDACTED], sphilips [REDACTED], Cain Gunnett [REDACTED], Danita Fant [REDACTED], 'Sheila Mayden' [REDACTED]; Lawlor, Samantha (G&B) [REDACTED], Jackson, Janelle (G&B) [REDACTED]  
**Subject:** Gatesville, TX Public Property Finance Act Lease Purchase Agmt (Musco Lighting Project): Draft Documents and Authorizing Resolution



500 N. Akard Street  
Suite 1800  
Dallas, Texas 75201  
Main: 214-965-9900  
Fax: 214-965-0010  
Web: www.njdhs.com

Victoria W. Thomas  
Partner  
Email: vthomas@njdhs.com

October 12, 2023

First Security Finance, Inc.  
First Security Center  
521 President Clinton Ave., Ste. 800  
Little Rock, AR 72201

Re: Public Property Finance Act Lease Purchase Agreement dated as of October 12, 2023 (the "Agreement"), between First Security Finance, Inc., as lessor (the "Lessor"), and the City of Gatesville, Texas, as lessee (the "Lessee")

Ladies and Gentlemen:

As special legal counsel to the Lessee, I have examined (a) an executed counterpart of the above-referenced Agreement which, among other things, provide financing for the purchase by the Lessee of the Personal Property described therein, (b) an executed counterpart of the Escrow Agreement, dated as of October 12, 2023 (the "Escrow Agreement"), among the Lessor, the Lessee and Bank OZK, as escrow agent, (c) an executed copy of the Lessee's Federal Tax Agreement, dated the date hereof (the "Tax Agreement"), (d) an executed copy of the resolution of the Lessee which, among other things, authorized the Lessee to execute the Agreement, the Escrow Agreement and the Tax Agreement (collectively, the "Lessee Documents"), and (f) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions.

Based on the foregoing, I am of the following opinions:

1. The Lessee is a public body corporate and politic, duly organized and existing under the laws of the State of Texas, and has a substantial amount of one or more of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) police power.
2. The Lessee has the requisite power and authority to purchase the Personal Property and to execute and deliver the Lessee Documents and to perform its obligations thereunder.
3. The Lessee Documents and the other documents either attached thereto or required therein have been duly authorized, approved and executed by and on behalf of the Lessee, and the Lessee Documents are valid and binding obligations of the Lessee enforceable in accordance with their respective terms.
4. The authorization, approval and execution of the Lessee Documents and all other proceedings of the Lessee relating to the transactions contemplated thereby have been performed in



accordance with all open meeting laws, public bidding laws and all other applicable state and federal laws.

5. There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Lessee Documents or the security interest of the Lessor or its assigns, as the case may be, in the Personal Property.

6. The Personal Property constitutes personal property and when subjected to use by the Lessee will not be or become a fixture under applicable law.

7. The authorization, execution, delivery and performance of the Lessee Documents by the Lessee do not require submission to, approval of, or other action by any governmental authority or agency which action has not been taken and is final and non-appealable.

All capitalized terms herein will have the same meanings as in the Agreement. The Lessor, its successors and assigns and any counsel rendering an opinion on the exclusion of the interest components of Rental Payments from gross income for purposes of federal income taxation are entitled to rely on this opinion.

Sincerely,

**NICHOLS, JACKSON, DILLARD,  
HAGER & SMITH, L.L.P.**

By:



Victoria W. Thomas

VWT:hs  
4859-8705-4976, v. 1

# 2023

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