



Post Office Box 9010 Addison, Texas
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5300 Belt Line Road
(972) 450-7000 Fax: (972) 450-7043

AGENDA

REGULAR MEETING OF THE CITY COUNCIL

AND / OR

WORK SESSION OF THE CITY COUNCIL

5:30 PM

SEPTEMBER 14, 2010

TOWN HALL

**ADDISON TOWN HALL, 5300 BELT LINE ROAD, ADDISON,
TX 75001**

WORK SESSION

Item Discussion regarding the upcoming Town meeting.
#WS1 -

Item Discussion regarding Council meeting procedures.
#WS2 -

REGULAR MEETING

Pledge of Allegiance

Item #R1- Consideration of Old Business

Introduction of Employees

Discussion of Events/Meetings

Item #R2- Consent Agenda.

#2a- Approval of Minutes for:

7/31/2010 Special Meeting and Work Session

8/9/2010 Special Meeting and Work Session

8/24/2010 Regular Meeting and Work Session

#2b- Approval to increase the cost of the joint election agreement with Dallas County to conduct a special election to be held on November 2, 2010 to an anticipated amount not to exceed \$25,000.00.

#2c- Approval of an agreement with the Texas Department of Transportation for a Selective Traffic Enforcement Program (STEP) grant in the amount of \$33,015.92, with a focus on speeding, safety belt compliance and intersection traffic control enforcement.

#2d- Approval of an Agreement for Professional Services with Half Associates, Inc., for an amount not to exceed \$90,440 for Construction Inspection of certain public infrastructure (including two (2) vehicular bridges, one (1) pedestrian bridge and other public infrastructure improvements) within that area of the Town generally known as Vitruvian Park (Vitruvian Park Public Infrastructure Phase 1D).

#2e- Approval of a supplemental agreement to the Agreement

for Professional Services with Halff Associates, Inc., for an amount not to exceed \$25,000.00 for additional services related to the design of certain public infrastructure (including two (2) vehicular bridges, one (1) pedestrian bridge and other public infrastructure improvements) within that area of the Town generally known as Vitruvian Park (Vitruvian Park Public Infrastructure Phase 1D).

Item #R3 Presentation of a check to the U.S.O. from the Town of Addison for the Silver for Service Promotion in celebration of the 25th Anniversary of Town of Addison *Kaboom Town!*

Item #R4 **PUBLIC HEARING.** Case 1601-SUP/ONCOR Electric Delivery Company. Presentation, discussion and consideration of approval of a Special Use Permit for installation of a public utility, either privately or publicly owned, located on .4388 acres of land just east of Inwood Road and south of Landmark Blvd. on application from ONCOR Electric Delivery Company, represented by Mr. Mark Housewright of Masterplan.

COMMISSION FINDINGS: The Addison Planning and Zoning Commission, meeting in regular session on June 24, 2010, voted to recommend approval of a Special Use Permit for an installation of a public utility, either privately or publicly owned, located on .4388 acres of land just east of Inwood Road and south of Landmark Blvd., on application from ONCOR Electric Delivery Company, represented by ONCOR Electric Delivery Company, represented by Mr. Mark Housewright of Masterplan, subject to no conditions.

Voting Aye: Arfsten, DeFrancisco, Doherty, Hewitt, Oliver, Wheeler, Wood

Voting Nay: none

Absent: none

Attachment(s):

1. Docket map, staff report, commission findings
2. Information Submitted by ONCOR

Item #R5 **PUBLIC HEARING.** Case 1605-SUP/Valhalla Security Consulting, LLC. Presentation, discussion and consideration of approval an ordinance approving a Special Use Permit for a form of commercial amusement (an indoor weapons training and shooting facility), located in a Commercial-1 district (C-1), at 4949 Belt Line Road, on application from Valhalla Security Consulting, LLC, represented by Mr. Bill Dahlstrom of Jackson-Walker, LLP.

COMMISSION FINDINGS: The Addison Planning and Zoning Commission, meeting in regular session on August 26, 2010, voted to recommend approval of a Special Use Permit for a form of commercial amusement (an indoor weapons training and shooting facility), located in a Commercial-1 district, subject to the following condition:

-Any dead or missing landscaping shall be replaced, and the irrigation system shall be restored to operable condition prior to the issuance of a Certificate of Occupancy.

Voting Aye: Arfsten, Doherty, Hewitt, Oliver, Wheeler

Voting Nay: none

Absent: DeFrancisco, Wood

Attachment(s):

1. Docket map, staff report, and commission findings

Recommendation:

Administration recommends approval

Item #R6 Presentation and discussion of final funding levels for various social service and cultural non-profit groups to be included in the FY 2010-11 Budget.

Attachment(s):

1. Non-Profit Funding Recommendations (Staff Version)
2. Non-Profit Funding Recommendations (Blank Version)

Recommendation:

Staff recommends FY 2010-11 funding requests totaling \$122,000 to be paid out of the General Fund and \$442,200.00 to be paid out of the Hotel Fund. Recommendations for specific funding amounts for each non-profit are identified in the attached spreadsheet.

Item #R7 **PUBLIC HEARING** regarding the Town of Addison's Annual Budget for the Fiscal Year ending September 30, 2011.

Item #R8 **PUBLIC HEARING** on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 3.7 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code).

Item #R9 - Presentation, discussion and consideration of approval of an ordinance of the Town of Addison, Texas amending the Town's annual budget for the fiscal year ending September 30, 2010.

Attachment(s):

1. Budget Amendment Ordinance
2. Exhibits A - C

Recommendation:

Staff recommends approval.

Item #R10 - Presentation, discussion and consideration of approval of an ordinance of the city council of the Town of Addison, Texas approving a negotiated resolution between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division regarding Atmos Energy's third rate review mechanism (RRM) filing in all cities exercising original jurisdiction; declaring existing rates to be unreasonable; requiring the company to reimburse cities' reasonable ratemaking expenses; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement and finding the rates to be set by the attached tariffs to be just and reasonable; approving Atmos Energy's proof of revenues; extending the RRM process for two cycles and adopting a new RRM tariff; ratifying the settlement agreement, including cost recovery for a steel service line replacement program; and providing for other matters in connection therewith.

Attachment(s):

1. 2010 RRM Ordinance
2. Attachments to Ordinance

Recommendation:

Staff recommends approval.

Item #R11 - Presentation, discussion and consideration of approval of Atmos Energy gas franchise audit and authorization for the city manager to elect for Atmos Energy to remit to the Town franchise fees based on the audit report, to continue to remit to the Town franchise fees calculated on franchise fees recovered from customers and authorize Atmos Energy to recover these fees from customers located within the Town of Addison.

Attachment(s):

1. Atmos Gas 2010 Franchise Audit
2. Atmos Energy Company Response to Audit
3. Franchise Fee Election Letter

Recommendation:

Staff recommends approval.

Item #R12 - Presentation, discussion and consideration of approval of a contract with Cornerstone Adminisystems for the billing and collection of fees for emergency medical services, subject to approval by the City Attorney.

Attachment(s):

1. RFP Tab

Recommendation:

Staff recommends approval.

Item #R13 - Presentation, discussion and consideration of approval of a contract for depository services, a Temporary Management

Services Agreement, and a Security Agreement with The Frost National Bank, subject to final approval by the City Manager and City Attorney.

Attachment(s):

1. RFP Tab
2. Treasury Management Agreement
3. Bank Depository Agreement
4. Security Agreement

Recommendation:

Staff recommends approval.

Item #R14 - Presentation, discussion and consideration of approval of a contract with First Data Merchant Services for credit card processing services.

Recommendation:

Staff recommends approval.

Item #ES1 - Closed (Executive) session of the Addison City Council pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney to seek the advice of its attorney about pending litigation, to wit: Town of Addison, Texas v. Crimson Tide Management, Inc., Case No. 09-09882-B, Dallas County, Texas, and/or a settlement offer in connection therewith.

Item #R15 - Discussion and consideration of any action in connection with certain pending litigation, to wit: Town of Addison, Texas v. Crimson Tide Management, Inc., Case No. 09-09882-B, Dallas County, Texas.

Adjourn Meeting

Posted:

Lea Dunn, 9/9/2010, 5PM

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS
WITH DISABILITIES. PLEASE CALL (972) 450-2819 AT LEAST
48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**

Council Agenda Item: #WS1

AGENDA CAPTION:

Discussion regarding the upcoming Town meeting.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

Type:

No Attachments Available

Council Agenda Item: #WS2

AGENDA CAPTION:

Discussion regarding Council meeting procedures.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

Type:

No Attachments Available

Council Agenda Item: #R 2a

AGENDA CAPTION:

Approval of Minutes for:

7/31/2010 Special Meeting and Work Session

8/9/2010 Special Meeting and Work Session

8/24/2010 Regular Meeting and Work Session

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

- [07-31-2010 Minutes for Special Meeting and Work Session](#)
- [08-09-2010 Minutes for Special Meeting and Work Session](#)
- [08-24-2010 Minutes for Regular Meeting and Work Session](#)

Type:

Backup Material
Backup Material
Backup Material

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
SPECIAL MEETING AND WORK SESSION**

July 31, 2010

Addison Conference & Theatre Centre, Buckthorn Room, 15650 Addison Rd.,
Addison, TX 75001

Special Meeting started at 8:30AM. Executive Session started at 4:01PM and
adjourned at 4:34PM.

Posted: Lea Dunn, 07-27-2010, 5:00PM

Council Members Present:

Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik

Absent:

None

Item #WS1 - Department Budget Presentations/Discussion regarding Proposed 2010-2011 Budget, including without limitation the following: Municipal Court, Parks and Recreation, General Services, Developmental Services, Finance, City Manager, and Council Projects/Combined Services During the Special Meeting and Work Session, Item #WS2 and Item #WS3 identified in the agenda will be discussed at the times indicated. Following each such discussion, presentation and discussion of Item #WS1 may be continued.

There was no action taken.

Item #WS2 - This Item will be discussed beginning at 11:00 am. Discussion regarding the Council's August 10, 2010 vote of record on the proposed tax rate for the fiscal year beginning October 1, 2010 and ending September 30, 2011.

There was no action taken.

Item #WS3 - This Item will be discussed beginning at 1:00 pm. Discussion regarding proposed amendments to the Addison City Charter, including recommendations by the Charter Review Committee.

There was no action taken.

Item #ES1 - Closed (Executive) session of the Addison City Council pursuant to Section 551.087, Texas Government Code, to discuss or deliberate regarding commercial or financial information that the City Council has received from a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or to deliberate the offer of a financial or other incentive to such business prospect or business prospects.

Item #S1 - Consideration of any action regarding commercial or financial information that the City Council has received from a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or any action regarding the offer of a financial or other incentive to such business prospect or business prospects.

A motion to approve was made by Councilmember Kimberly Lay.

The motion was seconded by Councilmember Don Daseke.

The motion result was: Passed

Voting Aye: Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik

Voting Nay: None

Attest:

Mayor-Joe Chow

City Secretary-Lea Dunn

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
SPECIAL MEETING AND WORK SESSION**

August 9, 2010

4:00 PM - Town Hall

Addison Conference Centre, Acacia Room, 15650 Addison Road, Addison, TX 75001

Lea Dunn, 08/05/2010, 4PM

Council Members Present:

Chow, Clemens, Daseke, Lay, Noble, Resnik

Absent:

Mellow

Item #WS1 - Department Budget Presentations/Discussion regarding Proposed 2010-2011 Budget, including without limitation the following:

Hotel Fund, Conference and Theatre Centre, Visitor Information Center, Special Events, Marketing.

There was no action taken.

Item #WS2 - Discussion regarding proposed amendments to the Addison City Charter, including recommendations by the Charter Review Committee.

There was no action taken.

Executive Session convened at 9:57 P.M. and ended at 10:52 P.M.

Item #ES1 - Closed (Executive) session of the Addison City Council pursuant to Section 551.071, Tex. Gov. Code, to conduct a private consultation with its attorney on a matter or matters at Addison Airport in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Tex. Gov. Code.

Item #ES2 - Closed (Executive) session of the Addison City council pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney to seek the advice of its attorney about pending litigation, to wit: Town of Addison, Texas v. Crimson Tide Management, Inc., Case No. 09-09882-B, Dallas and/or a settlement offer in connection therewith.

Item #S1 - Consideration of any action taken regarding a matter or matters at Addison Airport.

Action taken is termination of a ground lease at Addison Airport located generally at 4700 Airport Parkway.

A motion to Approve was made by Councilmember Resnik.
The motion was seconded by Councilmember Daseke
The motion result was: Passed
Voting Aye: Chow, Clemens, Daseke, Lay, Noble, Resnik
Voting Nay: None
Absent: Mellow

Item #S2 - Discussion and consideration of any action in connection with certain pending litigation, to wit: Town of Addison, Texas v. Crimson Tide Management, Inc., Case No. 09-09882-B, Dallas County, Texas.

A motion to Approve was made by Councilmember Lay.
The motion was seconded by Councilmember Clemens
The motion result was: Passed
Voting Aye: Chow, Clemens, Daseke, Lay, Noble, Resnik
Voting Nay: None
Absent: Mellow

Mayor – Joe Chow

Attest:

City Secretary – Lea Dunn

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
WORK SESSION**

August 24, 2010

3:00 PM - Town Hall

Work Session began at 3:00 PM, Regular Meeting began at 7:30 PM, 5300 Belt Line Road, Dallas, TX 75254

Upstairs Conference Room

Council Members Present:

Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik

Absent:

None

Work Session

Item #WS1 - Discussion regarding Proposed Town of Addison 2010-2011 Budget and additional projects and choices: During the Regular Meeting, discussion regarding this Work Session Item may be continued.

There was no action taken.

Mayor-Joe Chow

Attest:

City Secretary-Lea Dunn

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
REGULAR MEETING**

August 24, 2010

3:00 PM - Town Hall

Work Session began at 3:00 PM, Regular Meeting began at 7:30 PM, 5300 Belt Line Road, Dallas, TX 75254

Posted: Lea Dunn, 3PM, 8/20/2010

Council Members Present:

Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik

Absent:

None

REGULAR MEETING

Item #R1 - Consideration of Old Business

The following employees were introduced:

Val Benavides with the Police Department and Kyle Fortenberry with the Fire Department.

There was no action taken.

Item #R2 - Consent Agenda

#2a - Approval of the Minutes for: 7/13/2010 Regular City Council Meeting and Work Session and 8/10/2010 Regular City Council Meeting and Work Session

A motion to Approve was made by Councilmember Blake Clemens.

The motion was seconded by Councilmember Kimberly Lay.

The motion result was: Passed

Voting Aye: Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik

Voting Nay: None

#2b - Approval of the award of a bid totaling \$88,200.00 to American Landscape Systems for annual landscape and irrigation maintenance in the Addison Circle District and Addison Circle Park.

A motion to Approve was made by Councilmember Blake Clemens.

The motion was seconded by Councilmember Kimberly Lay.

The motion result was: Passed

Voting Aye: Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik
Voting Nay: None

#2c - Approval of amendments and modifications to certain ground leases at Addison Airport between the Town, as landlord, and RR Investments, Inc. (d.b.a. Million Air FBO, Dallas), as tenant, including amendments related to proposed building improvements, subject to final review and approval by the City Manager and the City Attorney.

A motion to Approve was made by Councilmember Blake Clemens.
The motion was seconded by Councilmember Kimberly Lay.
The motion result was: Passed
Voting Aye: Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik
Voting Nay: None

#2d - Approval of an estoppel letter agreement from F&M Bank & Trust Company regarding certain financing provided by F&M Bank & Trust Company to Key Development, LLC., Tenant under a certain Ground Lease at Addison Airport in which the Town of Addison is the Landlord, the leased premises under the Ground Lease being certain property located at the Airport at 4500 Westgrove Drive (formerly 4444 Westgrove Drive).

A motion to Approve was made by Councilmember Blake Clemens.
The motion was seconded by Councilmember Kimberly Lay.
The motion result was: Passed
Voting Aye: Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik
Voting Nay: None

#2e - Approval of an amendment to the Code of Ordinances of the City by amending Chapter 66 (Solid Waste), Article II (Collection and Disposal), Division 2 (Service Charge) by amending Section 66-52 increasing the monthly fee for single family residential garbage and recycling collection from \$11.11 to \$11.42.

Ordinance 010-025 was approved.
A motion to Approve was made by Councilmember Blake Clemens.
The motion was seconded by Councilmember Kimberly Lay.
The motion result was: Passed
Voting Aye: Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik
Voting Nay: None

#2f - Approval of a resolution authorizing the City Manager to enter into a Federal Aviation Administration Grant Agreement administered by the Texas Department of Transportation, to make airport improvements.

Resolution R10-021 was approved.
A motion to Approve was made by Councilmember Blake Clemens.

The motion was seconded by Councilmember Kimberly Lay.
The motion result was: Passed
Voting Aye: Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik
Voting Nay: None

#2g - Approval of a Supplemental Agreement to the Agreement for Professional Services with Halff Associates, Inc., in the amount not to exceed \$28,900.00 for the Spring Valley Road project.

A motion to Approve was made by Councilmember Blake Clemens.
The motion was seconded by Councilmember Kimberly Lay.
The motion result was: Passed
Voting Aye: Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik
Voting Nay: None

Item #R3 - **PUBLIC HEARING** on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 3.7 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code).

The Mayor opened the Meeting as a Public Hearing.

The following people spoke:

John Cummings - 3817 Azure
David Taylor - 3788 Chatum Court
Ted Bernstein - 3875 Weller Run Court
Lance Murray - 3884 Weller Run Court

The Mayor closed the Meeting as a Public Hearing.
There was no action taken.

Item #R4 - **PUBLIC HEARING**, presentation, discussion and consideration of approval of an ordinance (and a corresponding resolution) order and calling for a special election to be held on November 2, 2010 for the purpose of submitting to the qualified voters of the Town amendments to the existing Charter of the Town of Addison. AUDIENCIA PÚBLICA, presentación, discusión y consideración de la aprobación de una ordenanza (y la resolución correspondiente) orden y convocó a elecciones especiales que se llevaran a cabo el 02 de noviembre 2010 con el propósito de someter a los votantes calificados de la Ciudad las enmiendas a las actuales Carta de la Ciudad de Addison.

The Mayor opened the Meeting as a Public Hearing.

The following people spoke:

Bob Barrett - 14637 Lexus
Linda Groce - 4102 Pokolodi Circle
Charles Hansen - 5055 Addison Circle
Paul Walden - 14806 LeGrande
Chris Mulvaney - 3867 Lakeview Court
Carol Alkek - 4043 Morman Lane
Donna Yakos - 3816 Azure Lane
Billy Dreis - 4025 Morman Lane
Ted Bernstein - 3875 Weller Run Court
Robin Moss - 3918 Dome
Fran Powell - 14796 Lochinvar
Karen Gassett - 16301 Ledgemont Lane
Don Watson - 3733 Chatum Court
Tom Hunse - 14784 Winnwood Road
Ed Homko - 5055 Addison Circle
Doreen Cluck - 3734 Vitruvian Way
Andy Siegel - 3333 Lee Parkway, Dallas, TX 75219
Bill Perry - 3837 Azure

The Mayor closed the Meeting as a Public Hearing.

Ordinance 010-026 was approved, subject to City Attorney approval.
A motion to Approve w/ Conditions was made by Councilmember Neil Resnik.
The motion was seconded by Councilmember Blake Clemens.
The motion result was: Passed
Voting Aye: Chow, Clemens, Daseke, Lay, Noble, Resnik
Voting Nay: Mellow

Item #R5 - Presentation, discussion and consideration of approval of a resolution to enter into a joint election agreement in an anticipated amount not to exceed \$15,000.00 with Dallas County to conduct a special election to be held on November 2, 2010. (Aprobación de una resolución para entrar en un acuerdo de elección conjunta por una cantidad de aproximadamente de \$15,000.00 con el Condado de Dallas para llevar a cabo las elecciones municipales de Addison el 2 de Noviembre de 2010.)

Resolution R10-022 was approved.
A motion to Approve was made by Councilmember Blake Clemens.
The motion was seconded by Councilmember Kimberly Lay.
The motion result was: Passed
Voting Aye: Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik
Voting Nay: None

Item #R6 - Presentation, discussion and consideration of approval of a Second Modification to Master Facilities Agreement between the Town of Addison, UDR, Inc., and various property owners regarding an assignment of a portion of the property subject to the Master Facilities Agreement and concerning a development generally known as Vitruvian Park and generally located in an area south of Spring Valley Road and along and near Brookhaven Club Drive.

A motion to Approve was made by Councilmember Kimberly Lay.

The motion was seconded by Councilmember Blake Clemens.

The motion result was: Passed

Voting Aye: Chow, Clemens, Daseke, Lay, Mellow, Noble, Resnik

Voting Nay: None

Item #R7 - Presentation, discussion and consideration of approval of award of a bid in the amount of \$147,295.00 to Highland Builders, Inc., for remodeling of Suite 430 at 5100 Belt Line Road for Visitor Services offices.

This Item was tabled until a future meeting.

There was no action taken.

Item #R8 - Presentation, discussion and consideration of approval of the award of a contract to Interprise Design for professional services including design, architecture, and engineering for completion of construction drawings for Suite 400 at 5100 Belt Line Road.

This Item was tabled until a future meeting.

There was no action taken.

Item #R9 - Presentation of the proposed Town of Addison 2010-2011 Airport Fund Budget.

There was no action taken.

Item #R10 - Presentation of the proposed Town of Addison 2010-2011 Utility Fund Budget.

There was no action taken.

Item #R11 - Presentation of the Financial Quarterly Report for the period ending June 30, 2010.

There was no action taken.

Mayor-Joe Chow

Attest:

City Secretary-Lea Dunn

Council Agenda Item: #R 2b

AGENDA CAPTION:

Approval to increase the cost of the joint election agreement with Dallas County to conduct a special election to be held on November 2, 2010 to an anticipated amount not to exceed \$25,000.00.

FINANCIAL IMPACT:

This figure is based on estimates from Dallas County in the Joint Participants Meeting on September 2, 2010, advising the amount to conduct the special election will be approximately \$22,000.

BACKGROUND:

N/A

RECOMMENDATION:

Staff recommends approval.

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

Type:

No Attachments Available

Council Agenda Item: #R 2c

AGENDA CAPTION:

Approval of an agreement with the Texas Department of Transportation for a Selective Traffic Enforcement Program (STEP) grant in the amount of \$33,015.92, with a focus on speeding, safety belt compliance and intersection traffic control enforcement.

FINANCIAL IMPACT:

- \$11,572.92 Paid by Town in matching funds
- \$21,443.00 Reimbursement for enforcement hours worked
- \$2,540.00 Vehicle mileage reimbursement, incl \$450 travel/misc

This item was not included in the police department's Fiscal Year 10/11 budget, but can be accommodated within the police department operating budget. The total grant award is \$33,015.92. Within this amount \$23,983.00 (\$21,443.00 plus up to \$2,540.00 patrol vehicle mileage reimbursement, including \$450.00 travel/miscellaneous expenses) is guaranteed to the Town for reimbursement of enforcement hours worked by department personnel. Derived from the total salary cost of \$21,443.00 and multiplied by the fringe benefit cost of 15.8%, the Town's matching funds equal \$11,572.92.

Since the department successfully completed the terms and goals of the previous years grant, the Town is now eligible to request additional grant funds for vehicle mileage accrued during approved enforcement hours.

BACKGROUND:

The Texas Department of Public Safety, the law enforcement community, training agencies, associations, prosecutors, the judiciary and the Texas Department of Transportation (TxDOT) work together to decrease crashes, fatalities, and injuries. To achieve this goal, the program combines a concerted local and statewide media campaign with additional law enforcement activities to reinforce the message. Selective Traffic Enforcement

Programs (STEP) are grants provided by TxDOT to law enforcement agencies to enforce traffic safety laws such as speed and safety belt use. We are confident this program will be successful in attaining compliance through enforcement and in raising the public's awareness through education.

RECOMMENDATION:

Staff recommends approval.

COUNCIL GOALS:

Provide Superior Public Safety, Customer Service, Social and Health Services to the Community

ATTACHMENTS:

Description:

Type:

No Attachments Available

Council Agenda Item: #R 2d

AGENDA CAPTION:

Approval of an Agreement for Professional Services with Halff Associates, Inc., for an amount not to exceed \$90,440 for Construction Inspection of certain public infrastructure (including two (2) vehicular bridges, one (1) pedestrian bridge and other public infrastructure improvements) within that area of the Town generally known as Vitruvian Park (Vitruvian Park Public Infrastructure Phase 1D).

FINANCIAL IMPACT:

Funded established by Certificates of Obligation for Vitruvian Park (From the \$3,630,056 Allocated for Phase 1D by the Master Facilities Agreement, Revised Exhibit "C1"). The Project Manager is Clay Barnett, P.E.

BACKGROUND:

The Master Facilities Agreement for Vitruvian Park approved by the City Council on October 9, 2007 established that 4% of the construction cost be used for inspection and materials engineering and testing of the Vitruvian Park Public Infrastructure. On October 28, 2008, City Council authorized an agreement with Kleinfelder for this service for Phase 1. However due the complexity of the design of the bridges, staff conducted interviews with inspectors from Kleinfelder and Halff. Although both firms were highly qualified, Halff was selected due to their familiarity with the bridge design.

Because Halff does not perform materials engineering and testing, Kleinfelder will continue to perform this service. A work order for two percent (2%) of the construction cost will be executed with Kleinfelder will be executed in accordance with the current contract.

RECOMMENDATION:

Staff recommends approval.

COUNCIL GOALS:

Conduct the Business of the Town in a Fiscally Responsible Manner

ATTACHMENTS:

Description:

Type:

No Attachments Available

Council Agenda Item: #R 2e

AGENDA CAPTION:

Approval of a supplemental agreement to the Agreement for Professional Services with Halff Associates, Inc., for an amount not to exceed \$25,000.00 for additional services related to the design of certain public infrastructure (including two (2) vehicular bridges, one (1) pedestrian bridge and other public infrastructure improvements) within that area of the Town generally known as Vitruvian Park (Vitruvian Park Public Infrastructure Phase 1D).

FINANCIAL IMPACT:

Funded established by Certificates of Obligation for Vitruvian Park (From the \$3,630,056.00 Allocated for Phase 1D by the Master Facilities Agreement, Revised Exhibit "C1"). The current design contract amount is \$422,000.00. The additional design costs are \$25,000.00. The Project Manager is Clay Barnett, P.E.

BACKGROUND:

The Agreement for Professional Services for the Vitruvian Park Phase 1 Infrastructure with Halff Associates, Inc. in the amount not to exceed \$370,000.00 was authorized by the City Council on February 23, 2010. A Supplemental Agreement in the amount not to exceed \$52,000.00 was authorized by the City Council on June 22, 2010.

During construction, the contractor submitted a "Request for Information" regarding the lighting system and the associated wiring. Upon examining the plans for this phase and Phase 1C (the Park Project), it was determined that there were some differences that needed to be resolved between the two plan sets. The Supplemental Agreement approved on June 22 was utilized to coordinate the lighting systems and the associated wiring between the park plans and the bridge plans. This Supplemental Agreement includes any additional change orders, reviewing shop drawings and responding to Requests for Information.

RECOMMENDATION:

Staff recommends approval.

COUNCIL GOALS:

Conduct the Business of the Town in a Fiscally Responsible Manner

ATTACHMENTS:

Description:

Type:

No Attachments Available

Council Agenda Item: #R3

AGENDA CAPTION:

Presentation of a check to the U.S.O. from the Town of Addison for the Silver for Service Promotion in celebration of the 25th Anniversary of Town of Addison *Kaboom Town!*

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

Type:

No Attachments Available

Council Agenda Item: #R4

AGENDA CAPTION:

PUBLIC HEARING. Case 1601-SUP/ONCOR Electric Delivery Company. Presentation, discussion and consideration of approval of a Special Use Permit for installation of a public utility, either privately or publicly owned, located on .4388 acres of land just east of Inwood Road and south of Landmark Blvd. on application from ONCOR Electric Delivery Company, represented by Mr. Mark Housewright of Masterplan.

COMMISSION FINDINGS: The Addison Planning and Zoning Commission, meeting in regular session on June 24, 2010, voted to recommend approval of a Special Use Permit for an installation of a public utility, either privately or publicly owned, located on .4388 acres of land just east of Inwood Road and south of Landmark Blvd., on application from ONCOR Electric Delivery Company, represented by ONCOR Electric Delivery Company, represented by Mr. Mark Housewright of Masterplan, subject to no conditions.

Voting Aye: Arfsten, DeFrancisco, Doherty, Hewitt, Oliver, Wheeler, Wood

Voting Nay: none

Absent: none

FINANCIAL IMPACT:

NA

BACKGROUND:

NA

RECOMMENDATION:

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

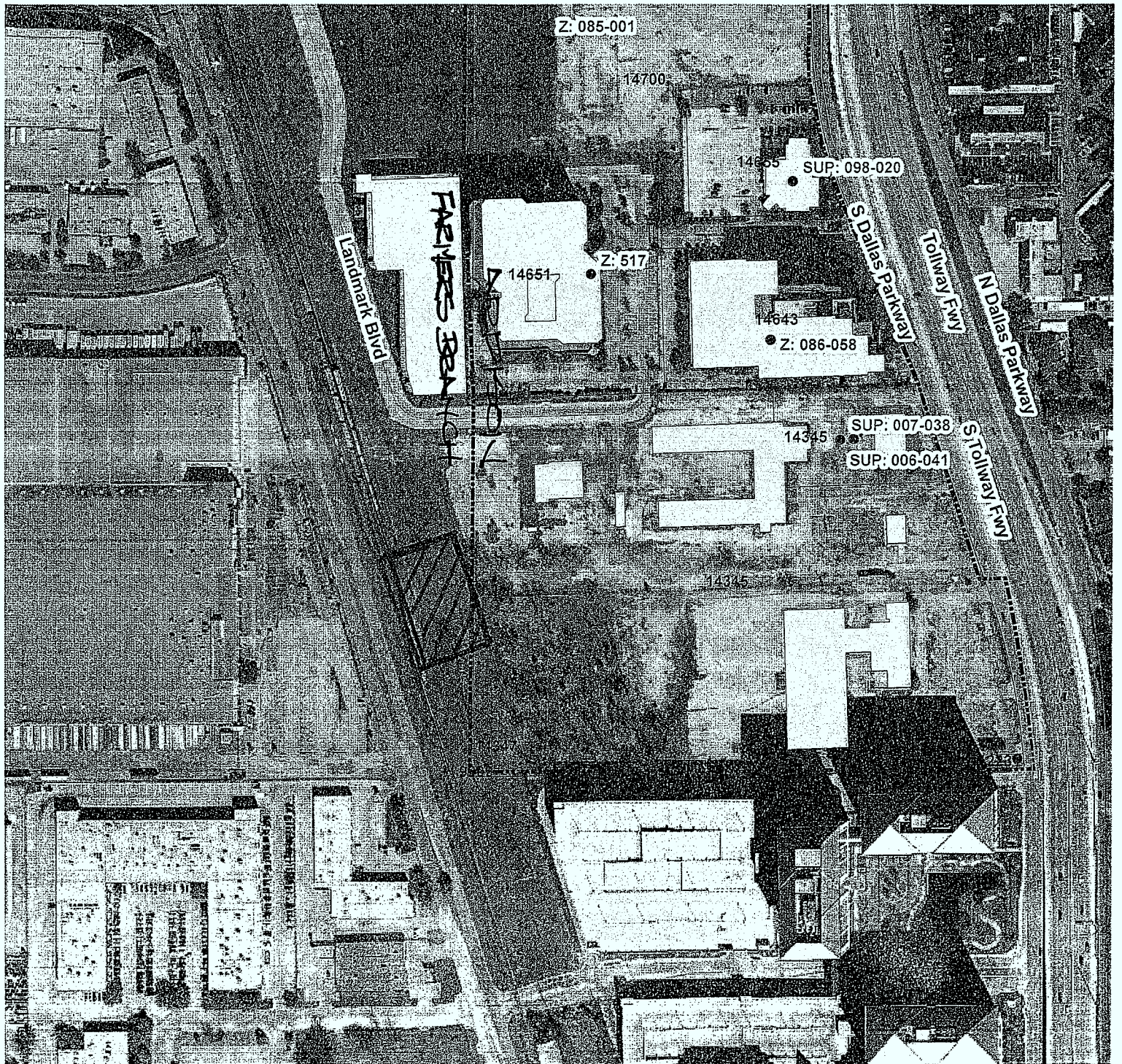
- [Docket map, staff report, commission findings](#)
- [Information Submitted by ONCOR](#)

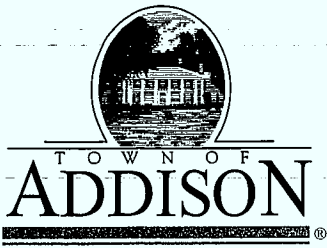
Type:

Backup Material
Backup Material

1601-SUP

PUBLIC HEARING Case 1601-SUP/ONCOR Electric Delivery Company. Requesting approval of a Special Use permit for an installation of a public utility, either privately or publicly owned, located on .4388 acres of land just east of Inwood Road and south of Landmark, Blvd. on application from ONCOR Electric Delivery Company, represented by Mr. Mark Housewright of Masterplan.





DEVELOPMENT SERVICES
(972) 450-2880 Fax: (972) 450-2837

16801 Westgrove
Post Office Box 9010 Addison, Texas 75001-9010

June 16, 2010

RE: Case 1601-SUP/ONCOR Electric Delivery Company

LOCATION: .4388 acres of land just east of Inwood Road and south of Landmark Blvd.

REQUEST: Approval of a Special Use Permit for an Installation of a public utility, either privately or publicly owned

APPLICANT: ONCOR Electric Delivery Company, Represented by Mr. Mark Housewright of Masterplan

DISCUSSION:

Background. The staff has been working with ONCOR and Masterplan for some time on an effort to site this electric substation facility. ONCOR needs to boost electric power in this area, and therefore needs to add a substation. ONCOR has a power transmission line that runs north and south adjacent to the St. Louis and Southwestern railroad right-of-way that parallels Inwood Road. ONCOR actually owns the land as a right-of-way as opposed to simply having an easement for the transmission line. The right of way is 100 feet wide, which is wide enough to allow for the installation of the station. The ONCOR right-of-way is right on the border between Addison and Farmers Branch and goes into both cities.

The actual site ONCOR has chosen for the substation is about 20% in Addison and about 80% in Farmers Branch. In Addison, the installation of an electric substation requires a Special Use Permit as an installation of a public utility, either privately or publicly owned. In Farmers Branch, the property is zoned Industrial-1, which allows the installation of an electric substation as a "by right" use.

Proposed Plan. The staff first started meeting with ONCOR and Masterplan several months ago in an effort to site the substation. ONCOR wants to use the land that it already owns so that it does not have to purchase land. It also needs to position the substation between the existing towers that carry the transmission line. Given those criteria, the substation can be in one of two locations: the location as shown on the

plan, or a location 150 feet north of the location shown on the plan. It has to be in one of those two locations to fit between the two transmission towers.

ONCOR wanted to avoid the time and expense of going through a Special Use Permit process in Addison, and it tried diligently to slide the substation to the north 150 feet so that it could be located in Farmers Branch, and therefore be allowed by right. If ONCOR could locate the facility entirely within the City of Farmers Branch, it would not require any zoning actions by the Town of Addison.

However, when ONCOR placed the substation 150 feet to the north, it caused it to encroach into an existing street right-of-way that ONCOR granted to the Town several years ago for the extension of Landmark Boulevard (drawing attached). Right now, Landmark Boulevard turns and goes east and the street right-of-way is not being used. However, in the future, the Town would like to extend Landmark Boulevard south so that it can connect into the street that Farmers Branch has built adjacent to Inwood Road. If Addison can extend Landmark to the south and tie into the existing Farmers Branch street, it will have another route into and out of the South Quorum office park, which would be highly desirable.

The Town's engineering staff did not want to give up the right-of-way, so ONCOR then had two choices: it could go through an eminent domain process and condemn the right-of-way back from the Town, or it could move the substation to the south, which placed a portion of the facility within the city limits of Addison and thus required a Special Use Permit. ONCOR chose to move the substation south to the location shown on the plans and file an application for a Special Use Permit.

Fencing. ONCOR is proposing to fence around the facility with a chain-link fence. The staff asked ONCOR if it was planning to construct a solid wall, and ONCOR stated that the site was met the bare minimum for width and did not allow for the additional thickness of a solid wall around the site. In addition, ONCOR needs room to maneuver equipment in and out, and since this site is so narrow, ONCOR felt that there may be times when it will have to take the fence out to allow equipment to work on the site. Therefore, it does not want to put in a wall that would have to be taken out and replaced.

Landscaping. The staff saw the note on the plans which reads: "Landscape buffer by license agreement provided by the City of Farmers Branch." The staff talked to the applicant about the note to determine if Farmers Branch was going to pay to landscape around the substation. The applicant stated that the City of Farmers Branch is going to plant landscaping within its street right-of-way along Inwood Road to screen the substation from the Farmers Branch (west) side. The staff talked to the applicant about planting landscaping against the Addison (east) side, but the applicant noted that there was not room on the site for landscaping, which was why Farmers Branch was willing to plant landscaping on its own land along Inwood Road to screen the substation. Addison does not own any land adjacent to the east side of this site to use for landscaping.

RECOMMENDATION:

The staff has talked through this item for several months with ONCOR. The staff recognizes the need to add electrical power in order to serve the Addison businesses in this area. However, the staff also realizes that an electric substation is not a wonderful neighbor for the adjacent property owner.

If Addison does not grant the Special Use Permit, ONCOR will have to go back to its other choice, which is to move the substation 150 feet to the north and condemn the road right-of-way back from the Town. The staff realizes that the city limit line between Addison and Farmers Branch is an invisible line, and that if the substation moves 150 feet to the north, it is still just as visible on the Addison side.

Therefore, the Town has two choices. It can approve the Special Use Permit or deny the permit and force ONCOR to move 150 feet to the north and place the facility entirely within the City of Farmers Branch. If ONCOR moves 150 feet to the north, the substation is no less visible to Addison's property owners, but the Town will lose a piece of right-of-way that it might eventually need.

The staff tries diligently to work with ONCOR to provide efficient electric service to Addison's residents and businesses. The Town and ONCOR have worked successfully on sharing rights-of-way in other locations, such as the Redding Trail, which lies in an ONCOR right-of-way in the Midway Meadows neighborhood. The staff recognizes the need for additional electric capacity in this area of Town and recommends approval of the Special Use Permit for an installation of a public utility, either privately or publicly owned, subject to no conditions.

Respectfully submitted,

A handwritten signature in black ink that reads "C Moran". The signature is written in a cursive, somewhat stylized font.

Carmen Moran
Director of Development Services

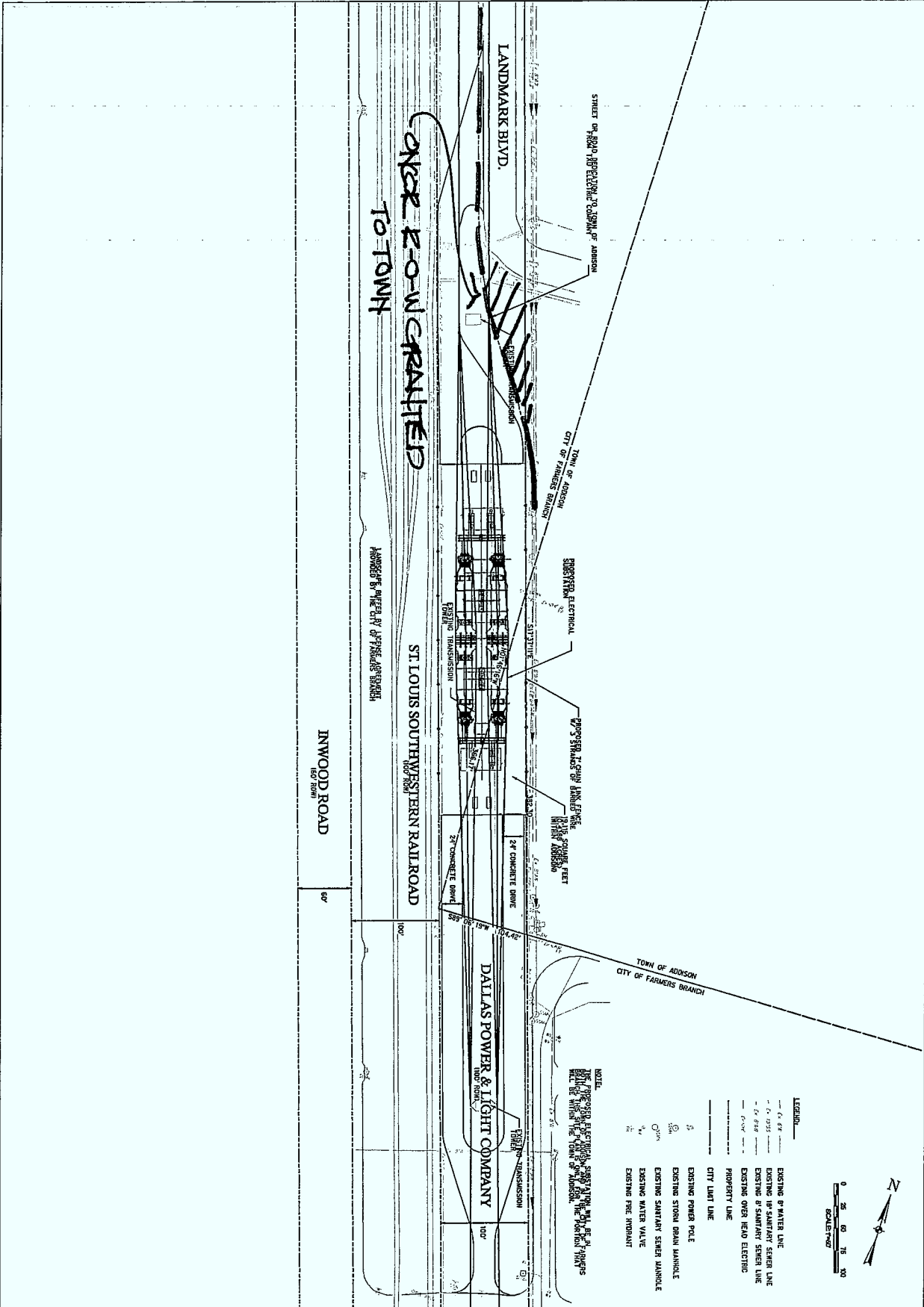
COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on June 24, 2010, voted to recommend approval of a Special Use Permit for an installation of a public utility, either privately or publicly owned, located on .4388 acres of land just east of Inwood Road and south of Landmark Blvd., on application from ONCOR Electric Delivery Company, represented by ONCOR Electric Delivery Company, represented by Mr. Mark Housewright of Masterplan, subject to no conditions.

Voting Aye: Arfsten, DeFrancisco, Doherty, Hewitt, Oliver, Wheeler, Wood

Voting Nay: none

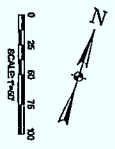
Absent: none



LEGEND

- 0.69" — EXISTING WATER LINE
- 1.5" — EXISTING BR SANITARY SEWER LINE
- 1.5" — EXISTING BR SANITARY SEWER LINE
- 0.69" — EXISTING OVER HEAD ELECTRIC
- — PROPERTY LINE
- — CITY LIMIT LINE
- — EXISTING POWER POLE
- — EXISTING STORM DRAIN MANHOLE
- — EXISTING SANITARY SEWER MANHOLE
- — EXISTING WATER VALVE
- — EXISTING FIRE HYDRANT

NOTE:
 1. THE PROPOSED ELECTRICAL SUBSTATION WILL BE IN THE PROPERTY OF THE CITY OF ADDISON.
 2. THE PROPOSED ELECTRICAL SUBSTATION WILL BE IN THE PROPERTY OF THE CITY OF ADDISON.
 3. THE PROPOSED ELECTRICAL SUBSTATION WILL BE IN THE PROPERTY OF THE CITY OF ADDISON.



Revision No.	Date	Description
1		
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10		

PRELIMINARY

FOR INTERNAL REVIEW ONLY

THIS DOCUMENT IS THE PROPERTY OF HALFF AND SHOULD NOT BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF HALFF.

DATE: 8/11/2010
 TIME: 9:42:19 AM
 USER: MocoFu4

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3800 PARKWOOD BLVD. SUITE 200
 FORT WORTH, TEXAS 76107
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 FAX: 817.335.4401
 WWW.HALFF.COM

ONCOR

ONCOR ELECTRIC DELIVERY COMPANY
 INWOOD ROAD SUBSTATION
 ADDISON, TEXAS

Sheet Number: **C1.00**

DATE: 8/11/2010

Carmen Moran


From: Clay Barnett
Sent: Monday, June 14, 2010 10:14 AM
To: Carmen Moran
Cc: Nancy Cline
Subject: Comments on Case 1601-SUP

Carmen,

On Case 1601-SUP/ONCOR, please indicate the limits of the public right-of-way on the site plan. Additionally, no portion of the facility can be located within the public right-of-way.

If you have any questions, please let me know.

Thanks,
Clay Barnett, P.E.
Town Engineer
Town of Addison
16801 Westgrove Drive
Addison, TX 75001-2818
Office: (972) 450-2857

 Please consider the environment before printing this e-mail.

[Learn more at AddisonGreen.info](http://AddisonGreen.info)



900 Jackson St. Suite 640
Dallas, Texas 75202
214-761-9197

www.masterplanconsultants.com

ONCOR MONTFORT SUBSTATION

EXHIBIT A

Basic Electric Power System

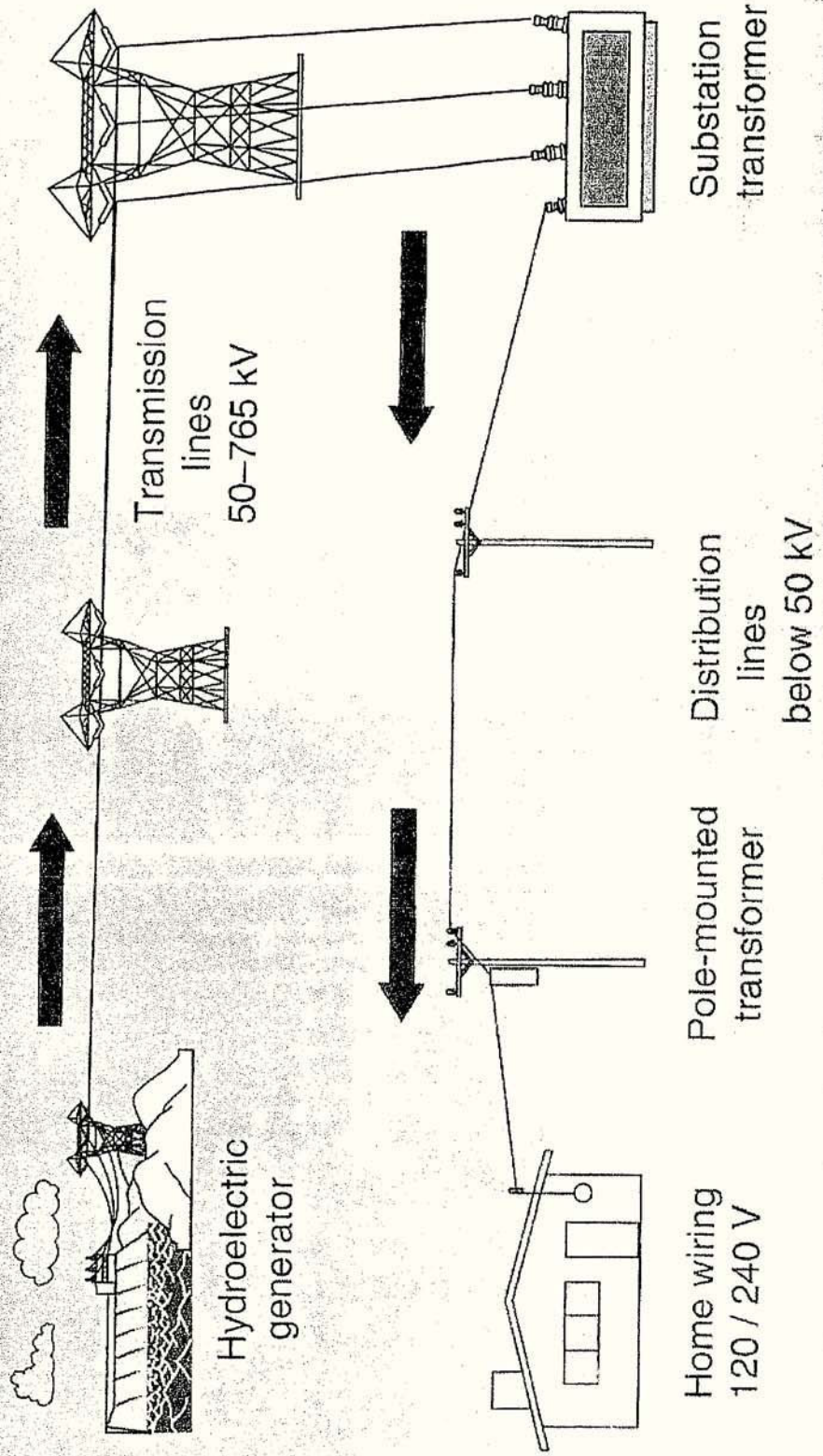


EXHIBIT B

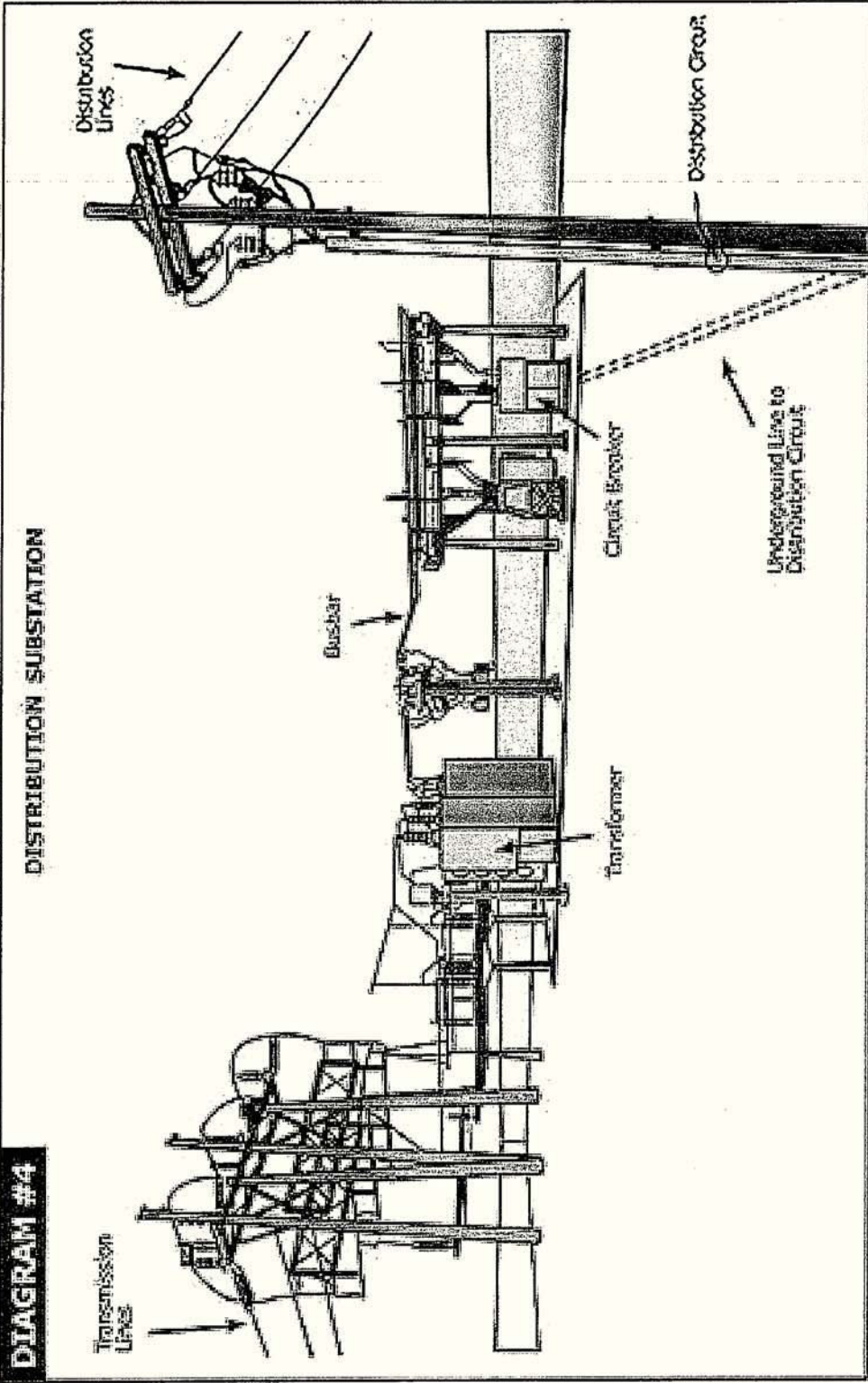
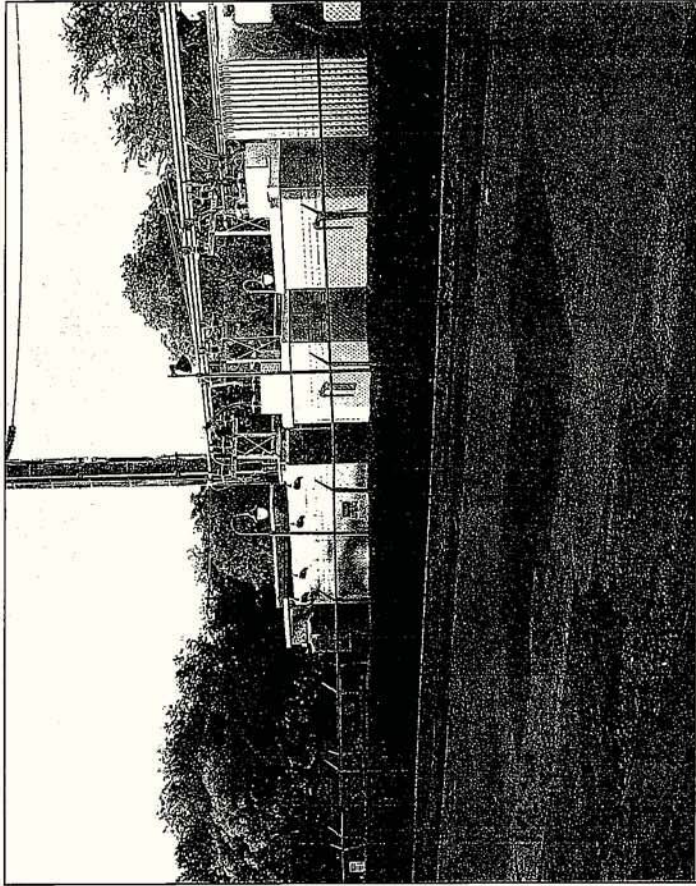


DIAGRAM #4

DISTRIBUTION SUBSTATION

EXHIBIT C



Standard level of service for University Park substation

EXHIBIT D



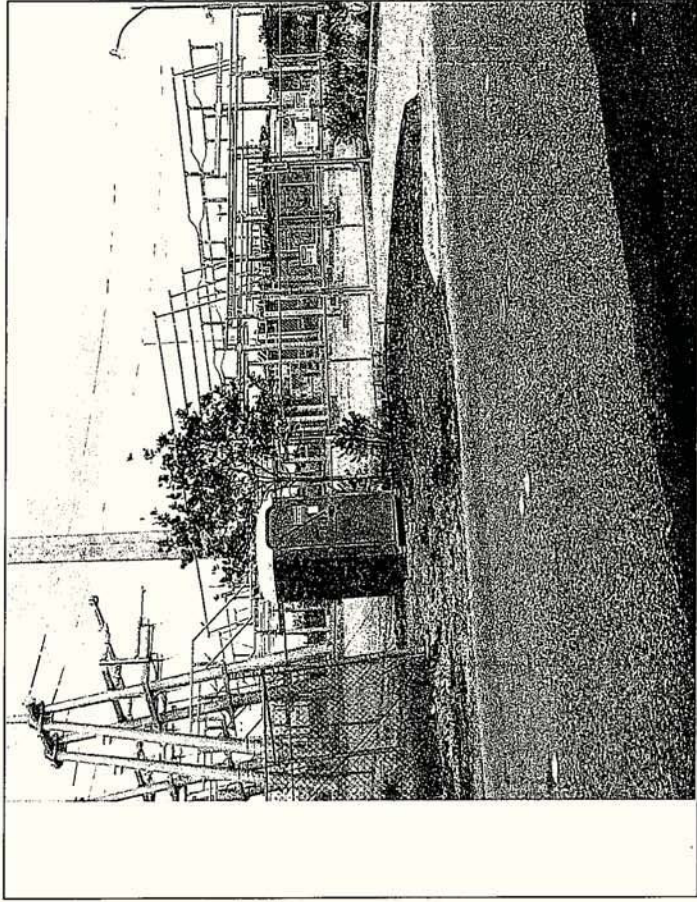
University Park substation homes across street valued at over \$500,000.

EXHIBIT E



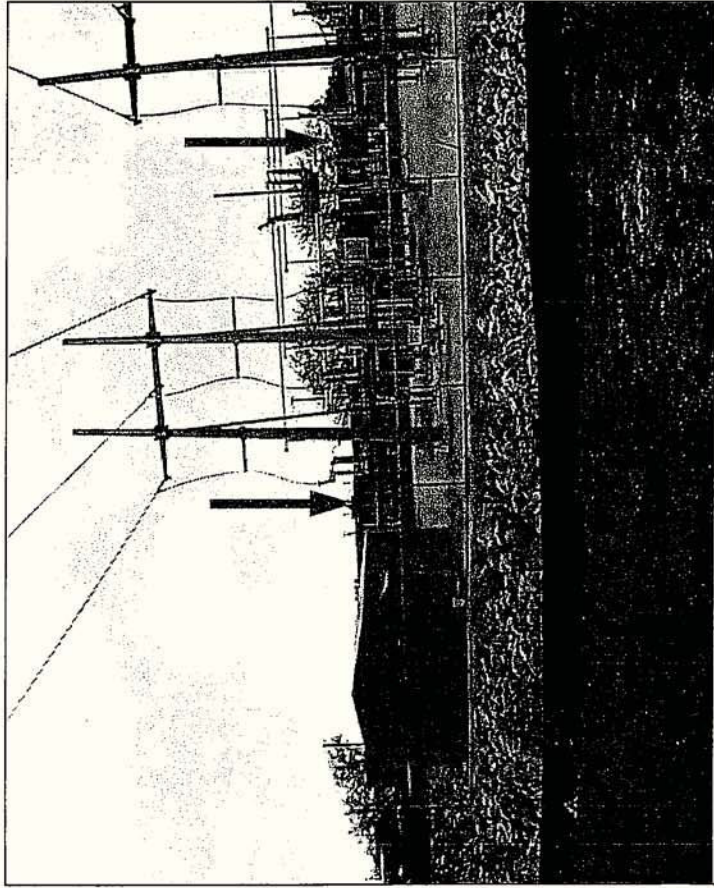
Standard substation on Greenville Avenue.

EXHIBIT F



Carrollton Country Club substation

EXHIBIT G



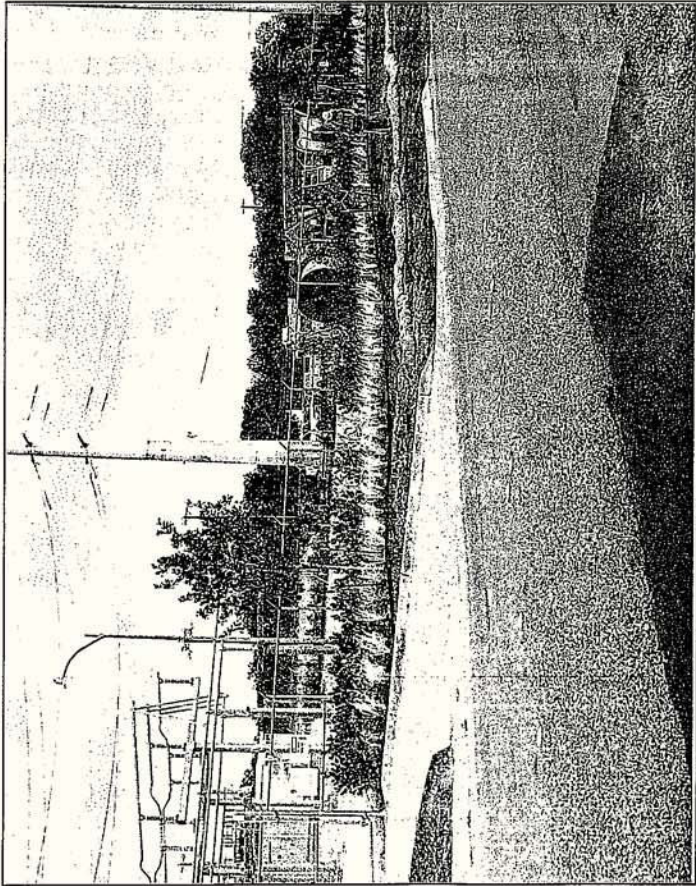
Substation in Grand Prairie, with residential in background (arrows).

EXHIBIT H



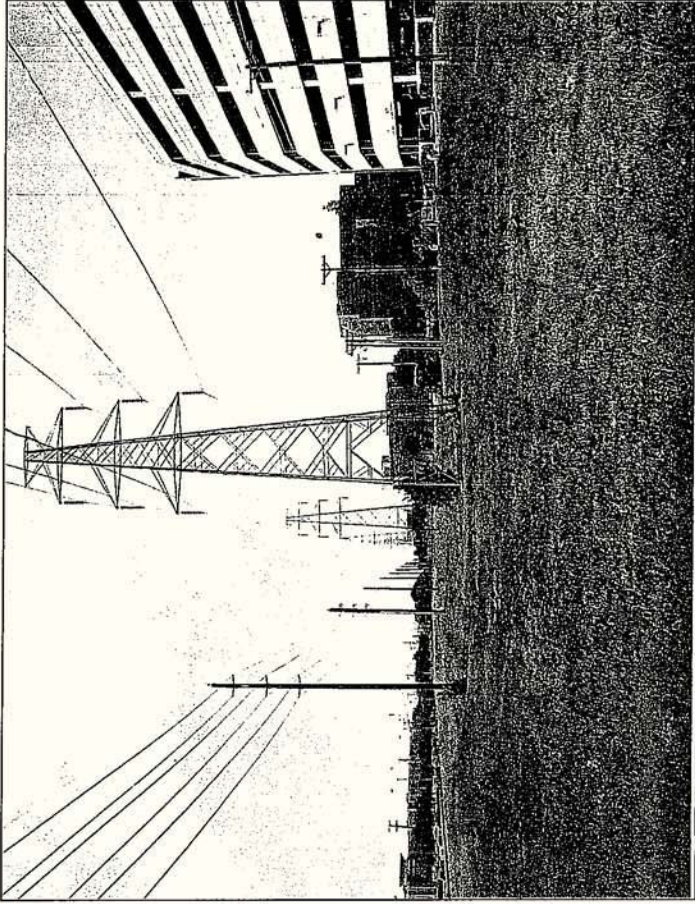
Substation in Grand Prairie, with residential in background (arrows).

EXHIBIT I



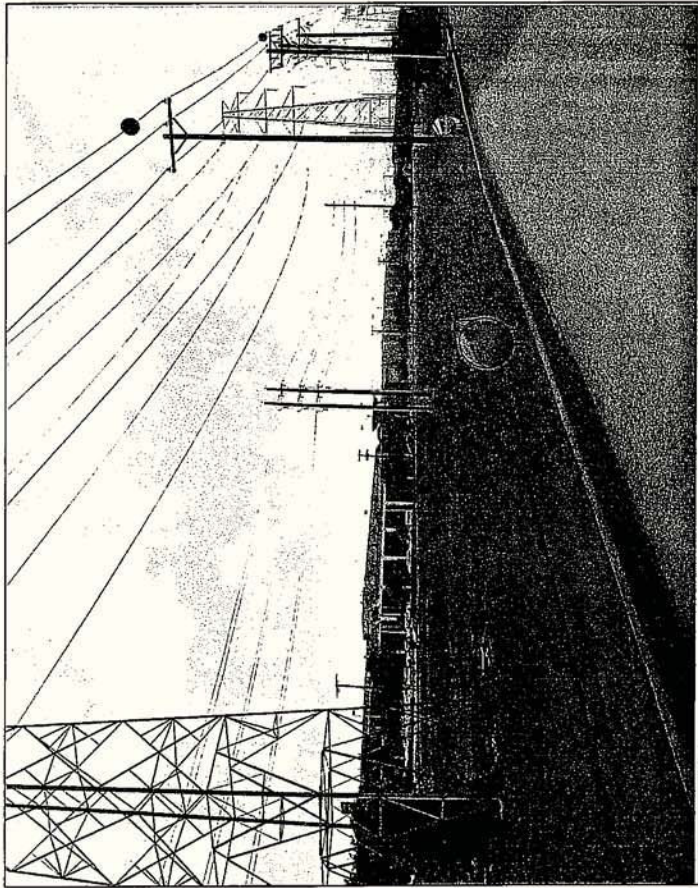
Carrollton Country Club substation

EXHIBIT J



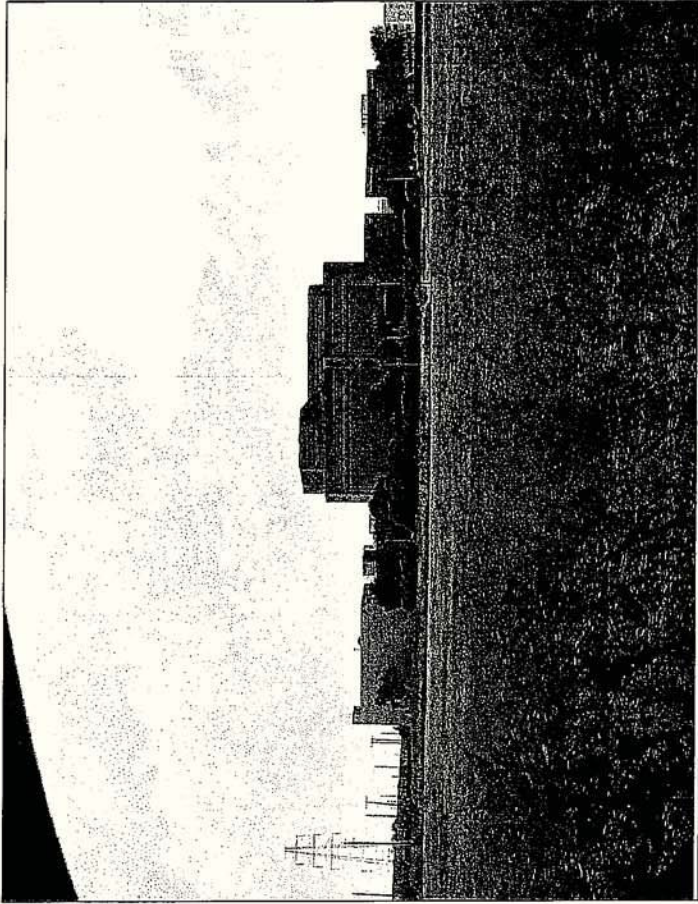
View of site and transmission corridor.

EXHIBIT K



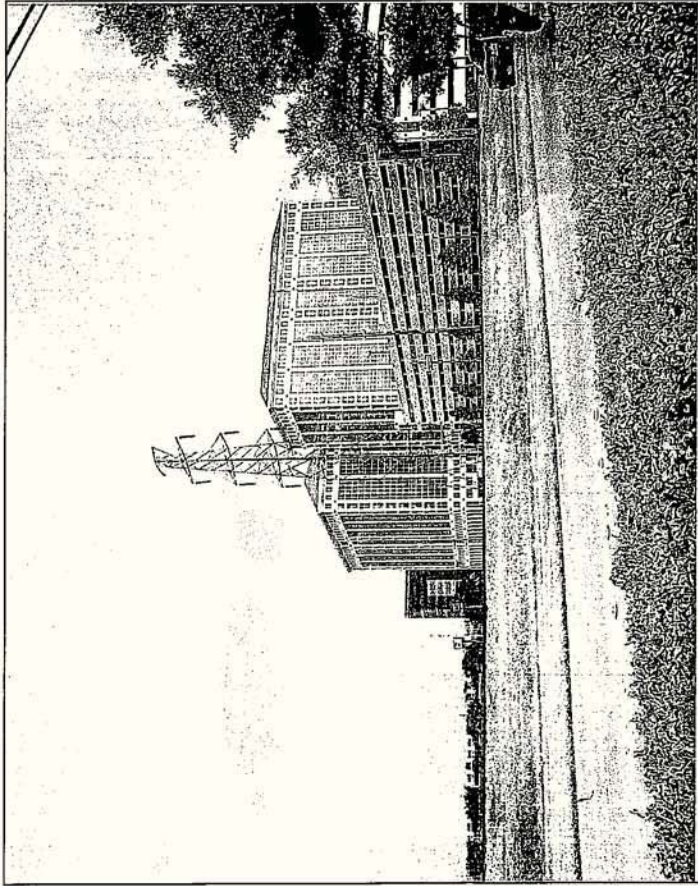
View of site.

EXHIBIT L



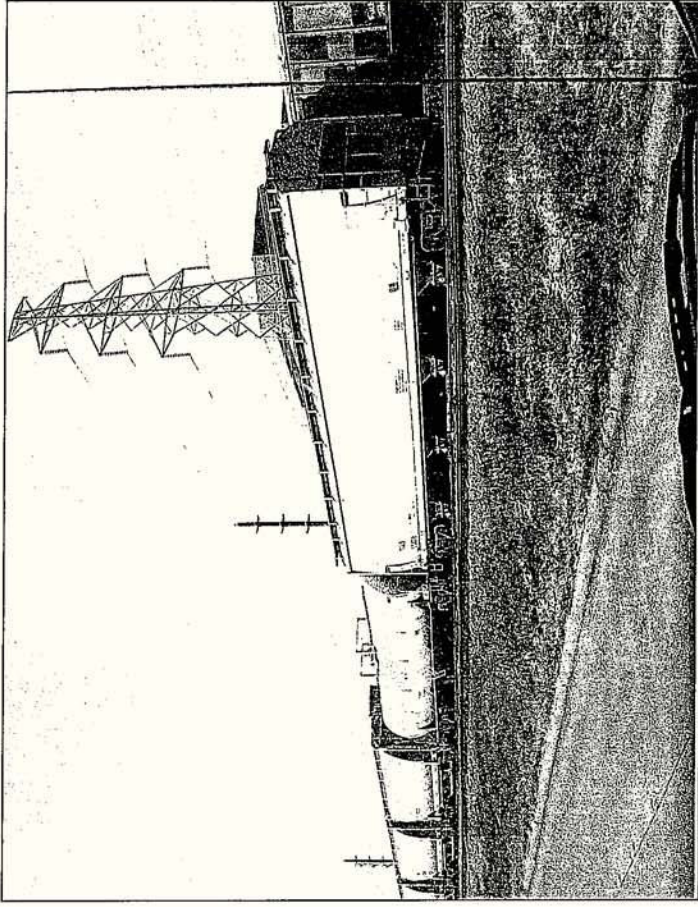
View of uses to the north of site.

EXHIBIT M



View of site and adjacent use.

EXHIBIT N



View of proposed landscaped area in
Farmers Branch.

EXHIBIT P

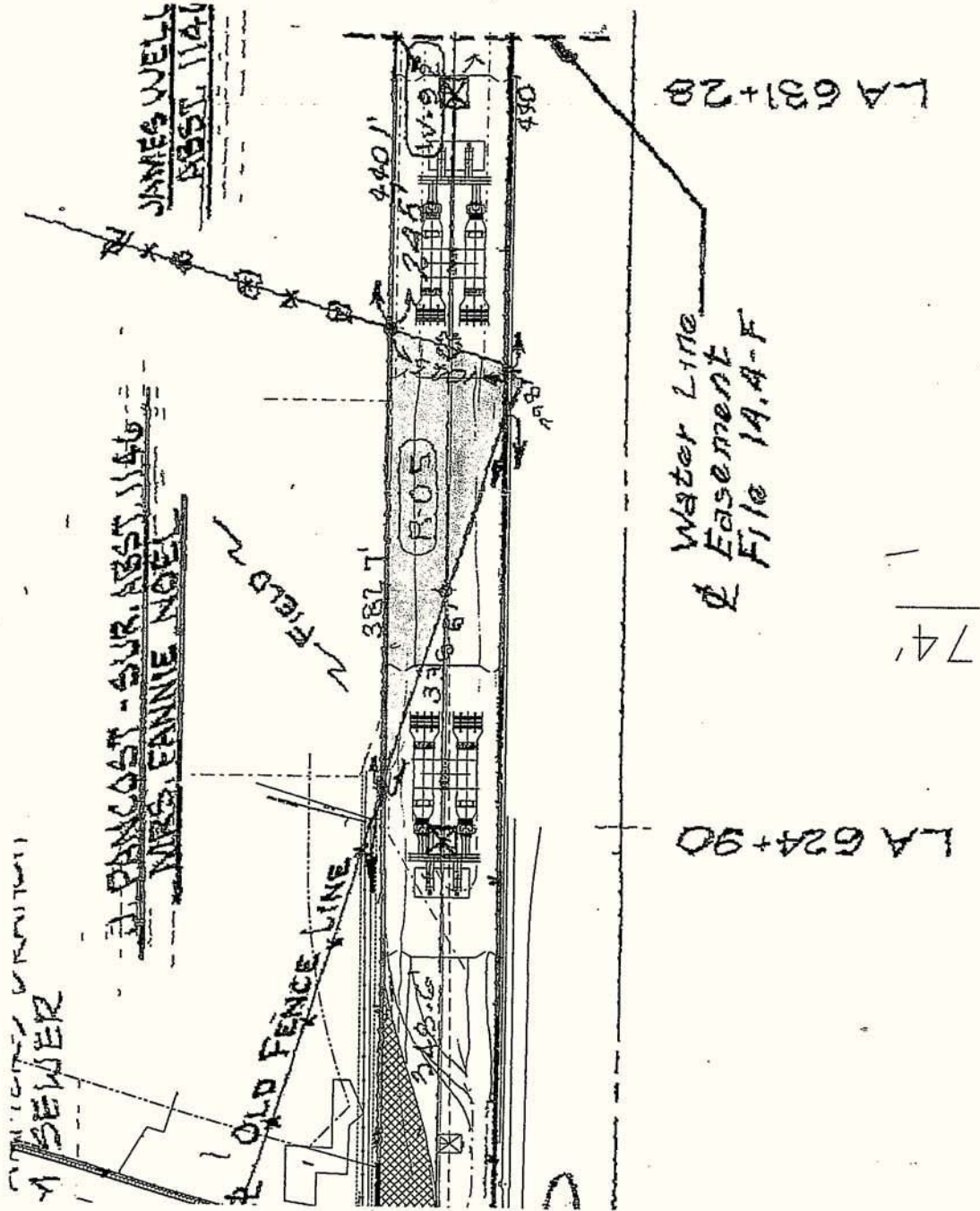
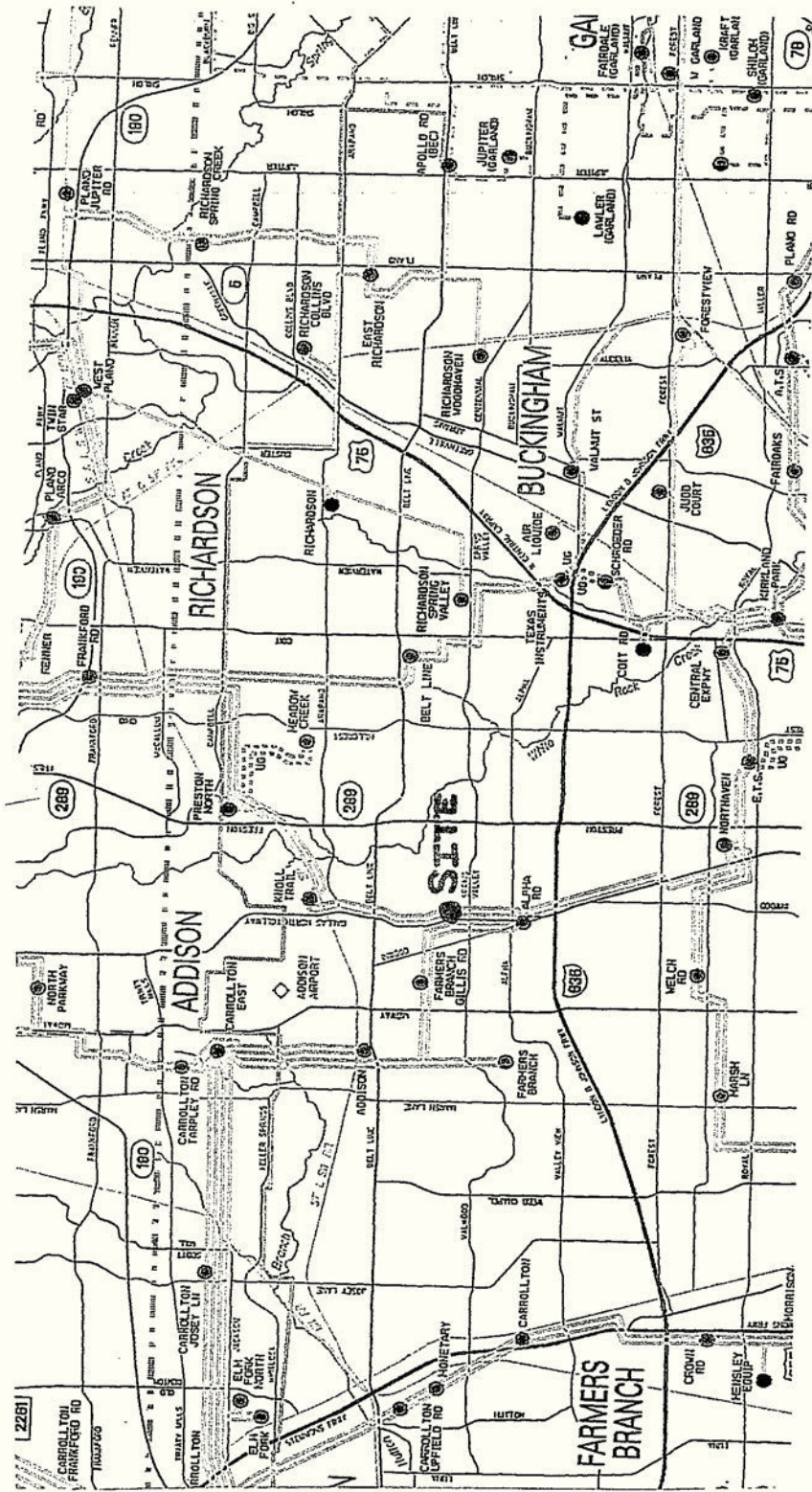


EXHIBIT Q



DISTRIBUTION ELECTRICAL PLAN 2011

MAJOR DISTRIBUTION EXPANSION PLANS (2011-2015)

Farmers Branch Area

Region: Metro

Service Center: Farmers Branch

Planner: Phil Schupp

2013

PROBLEM: The 2013 projected summer load on Alpha Rd. Substation is 70.4 MVA which is 120 percent of the 58.75 MVA emergency rating for this substation.

SOLUTION: Establish Inwood Substation by installing 1-47 MVA, 138-13.2 kV transformer, 3-13.2 kV circuit breakers, and three feeder exits of 3-1000 MCM Cu of 300 feet each.

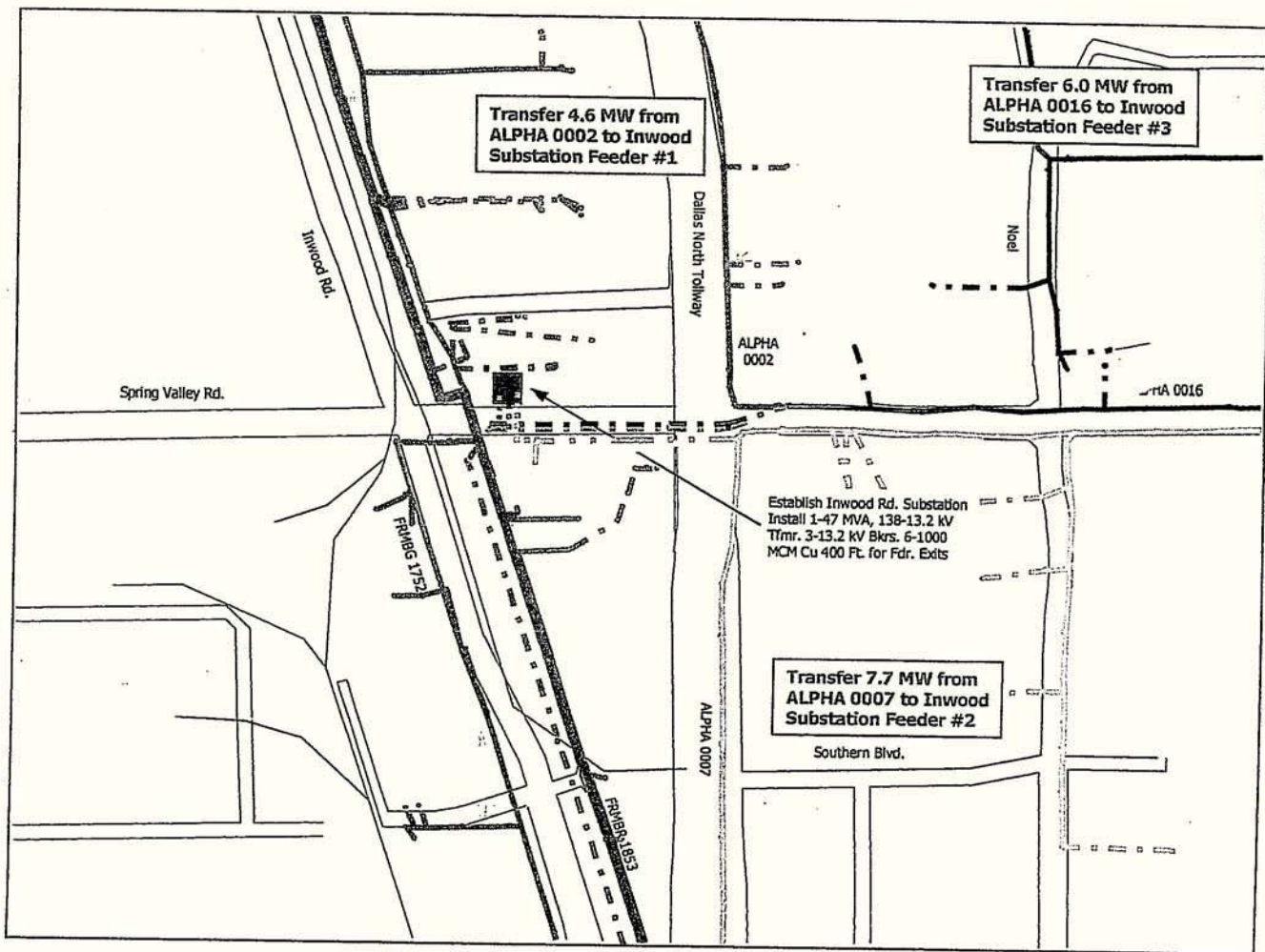


EXHIBIT S

WELLINGTON CENTRE

June 17, 2010

Planning and Zoning Commission
Town of Addison
5300 Belt Line Road
Dallas, TX 75254

Dear Commissioners:

I am writing to support the request filed by ONCOR Electric Delivery Co. for a Special Use Permit, allowing an electrical substation to be built just east of Inwood Road and south of Landmark Blvd.

Our company has had issues in the past regarding the reliability of electricity supplied to our building located at 14643 Dallas Parkway (known as Wellington Centre). On more than one occasion, we have experienced electrical surges and drops that damaged equipment costing more than \$20,000 per incident and we have been told the problem is related to insufficient or unstable load coming in to the area.

It is critical to our business, and many more in the surrounding commercial zones I'm sure, that we make sure an adequate supply of electricity is available. It is our understanding, after discussions with representatives of ONCOR, that the construction of this substation would greatly improve the reliability of electricity, not only immediately, but for the foreseeable future.

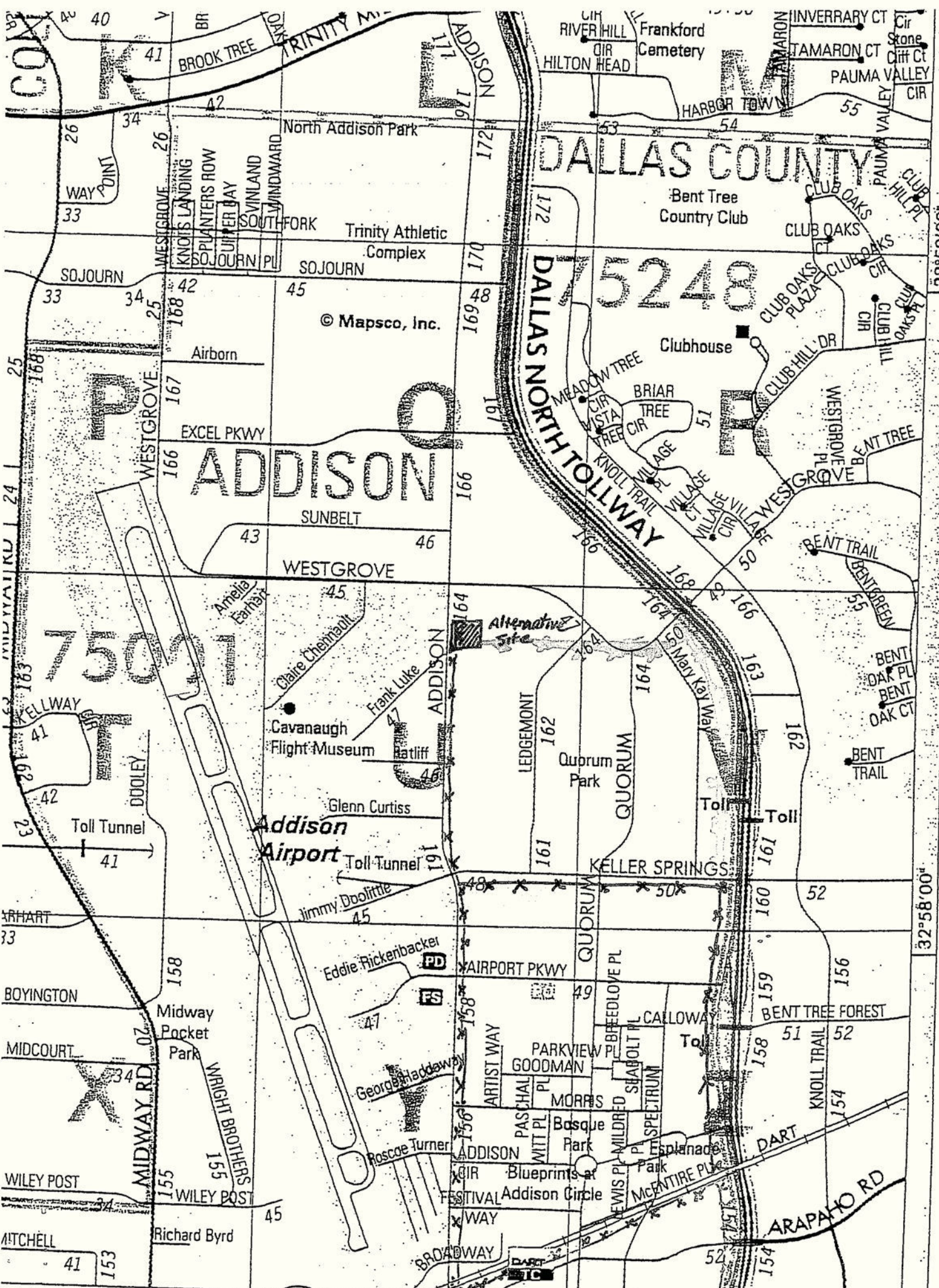
Since we haven't seen a rendering of how large the station might be, we are not sure of the aesthetic issues involved here, but "looks aside" ONCOR needs to do something to add to the electrical capacity in our immediate area.

If you have any questions, please feel free to contact me.

Best Regards,



Brent Steward



CONTINUED ON MAP 6
 32°59'00"
 32°58'00"
EXHIBIT T

Council Agenda Item: #R5

AGENDA CAPTION:

PUBLIC HEARING. Case 1605-SUP/Valhalla Security Consulting, LLC. Presentation, discussion and consideration of approval an ordinance approving a Special Use Permit for a form of commercial amusement (an indoor weapons training and shooting facility), located in a Commercial-1 district (C-1), at 4949 Belt Line Road, on application from Valhalla Security Consulting, LLC, represented by Mr. Bill Dahlstrom of Jackson-Walker, LLP.

COMMISSION FINDINGS: The Addison Planning and Zoning Commission, meeting in regular session on August 26, 2010, voted to recommend approval of a Special Use Permit for a form of commercial amusement (an indoor weapons training and shooting facility), located in a Commercial-1 district, subject to the following condition:

-Any dead or missing landscaping shall be replaced, and the irrigation system shall be restored to operable condition prior to the issuance of a Certificate of Occupancy.

Voting Aye: Arfsten, Doherty, Hewitt, Oliver, Wheeler

Voting Nay: none

Absent: DeFrancisco, Wood

FINANCIAL IMPACT:

NA

BACKGROUND:

NA

RECOMMENDATION:

Administration recommends approval

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

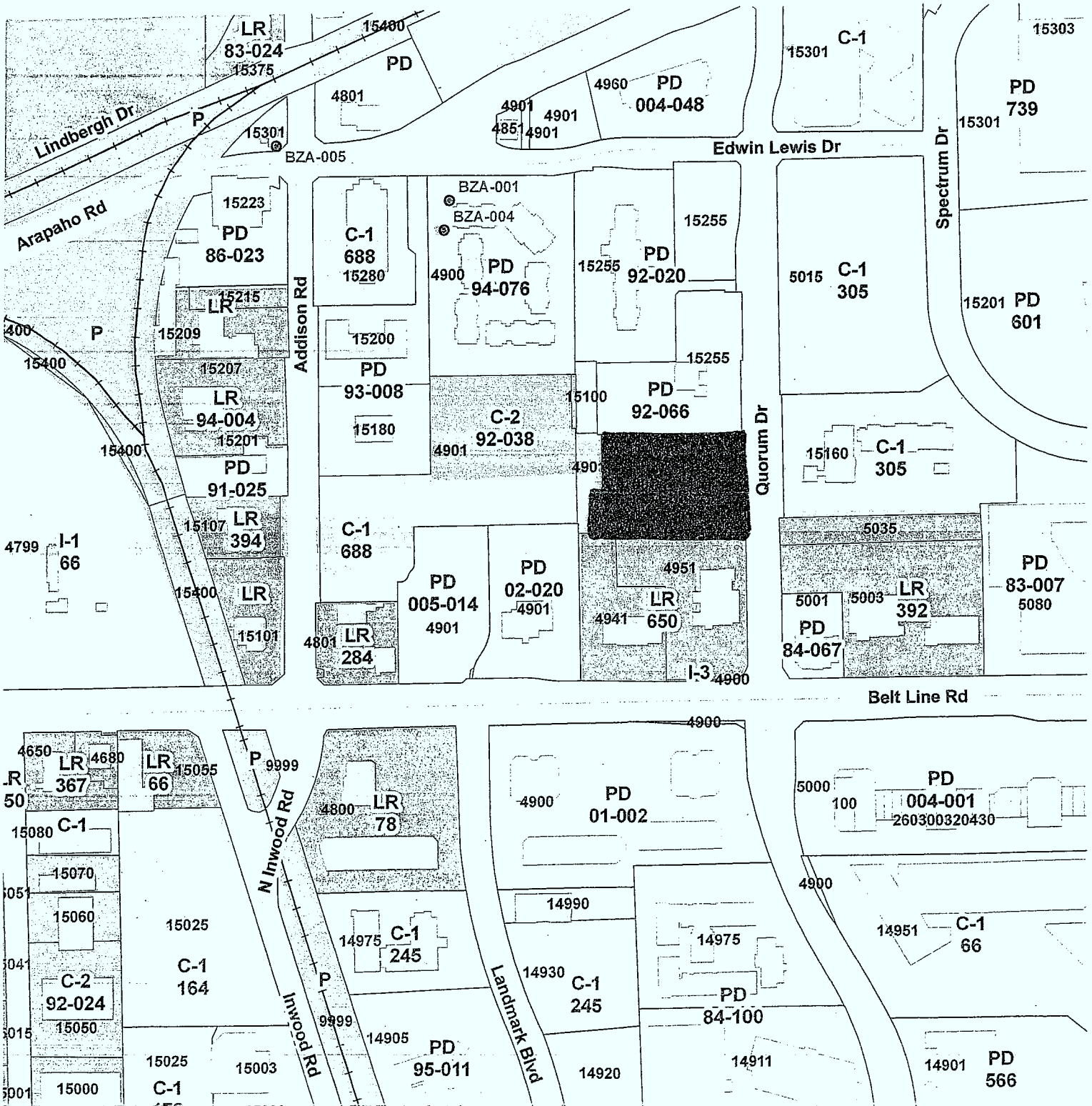
[Docket map, staff report, and commission findings](#)

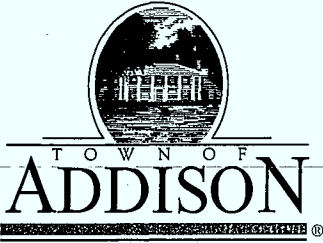
Type:

Backup Material

1605-SUP

PUBLIC HEARING Case 1605-SUP/Valhalla Security Consulting, LLC. Requesting approval of an ordinance approving a Special Use Permit for a form of commercial amusement (an indoor weapons training and shooting facility), located in a Commercial-1 district (C-1), at 4949 Belt Line Road, on application from Valhalla Security Consulting, LLC, represented by Mr. Bill Dahlstrom of Jackson-Walker, LLP.,





DEVELOPMENT SERVICES
(972) 450-2880 Fax: (972) 450-2837

16801 Westgrove
Post Office Box 9010 Addison, Texas 75001-9010

August 18, 2010

STAFF REPORT

RE: Case 1605-SUP/Valhalla Security Consulting, LLC

LOCATION: 4949 Belt Line Road

REQUEST: Approval of an ordinance approving a Special Use Permit for a form of commercial amusement (an indoor weapons training and shooting facility)

APPLICANT: Valhalla Security Consulting, LLC< represented by Mr. Bill Dahlstrom of Jackson-Walker, LLP

DISCUSSION:

Background. Valhalla Security is a company headquartered in Montrose, Colorado. It specializes in security training involving a variety of self-defense tools. Valhalla had a facility at a resort in Telluride, Colorado that featured "scenario shooting" rooms in which customers could simulate a hostage or terrorist scenario in a real setting using three dimensional mannequins. The facility was part of the resort, and the resort has since closed. Valhalla is looking to re-open the scenario shooting facility in a stand-alone location that is not connected to a resort. After a nation-wide search, the firm has chosen to open the facility in Addison because of its location to both DFW and Love Field, the Addison Airport, and the many restaurants and hotels in the area.

Valhalla offers training for a variety of customers. It trains executives who travel internationally. It also provides security and self-defense training for women. It offers recreational target shooting for pistol enthusiasts, and it also offers training to Police officers and SWAT teams, military teams, and other government agencies. The facility works off of an annual membership plan that provides scheduled shooting training to members, but it also offers individual classes for those who own a pistol and would like to be more familiar with how it operates. The facility will not sell guns or ammunition to the general public. Members can bring their own weapon, or can rent one from the facility, but no-one will be allowed to enter the facility with a loaded weapon. Since the facility is a training facility, all customers are accompanied at all times by an instructor.

There are no open shooting scenarios (like in paint ball or laser tag) or scenarios in which customers shoot at each other

Proposed Plan. The applicant is planning to take over the former Office Depot building at 4949 Belt Line Road. The facility will contain a retail area, a members' lounge, two static ranges, two residence shoot houses, an office shoot house, a restaurant shoot house, and a street scene shoot house. There will also be support facilities such as an office, employee break room, and restrooms.

The staff has not encountered a facility of this sort before, and it wanted to look at the possible land-use impacts. The staff had concerns about noise, smoke, odors, and parking.

Smoke and Odor. The "shoot houses" will be built within a steel-walled box within the building. The red lines on the plan indicate the walls that will be constructed with solid steel. The roof line of the shoot houses will be dropped below the existing roof line of the building and will also be solid steel. The space between the shoot house roof line and the actual roof will be used to house the ventilation systems, HVAC, and electrical conduit.

The facility will use frangible ammunition that disintegrates upon impact with any material harder than itself. The debris from the frangible ammunition is vacuumed up at the end of a round and the dust is packed into cartons and sent to a brass or copper recycler. The staff found some information on frangible ammunition on the internet and has copied an article for the Commission's information (attached).

The shoot houses are ventilated so as to remove the smoke and the fumes from the houses. The smoke is then filtered before it is vented to the outside. All debris from the ammunition is vacuumed up daily and recycled.

Noise. The applicant has indicated that since all shooting will be contained within the solid steel walls, which are then contained within a building that of concrete block construction with a brick façade, there should be no noise outside the building.

Parking. The current building was developed as a retail store (Office Depot). It was parked at a ratio of one space per 200 square feet. The building is approximately 22,000 square feet in size and provides 111 parking spaces, which meets the requirement. The staff does not have a standard parking ratio for a facility of this sort. However, other types of studios and training facilities, such as exercise, yoga, martial arts, and dance studios are parked at 1/200. Staff feels that the 1/200 ratio is sufficient and that the site provides sufficient parking to meet the requirement.

Landscaping. The landscaping on the site has been installed as per the ordinance, but the site has been vacant for a while. The Parks Director notes that any dead or missing landscaping needs to be replaced, and that the irrigation system will need to be restored to operable condition.

Building Code. The Building Official has reviewed the plan and notes the following:

1. The type of use proposed for this structure will be classified as a special amusement building. Therefore all construction shall comply with Section 411 of the 2006 IBC.
2. The exiting as shown does not comply with Chapter 10 of the 2006 IBC.

The applicant has submitted preliminary drawings that only show one exit for the building, but he is aware that he will have to meet all Building and Fire Codes. These are requirements that are contained in separate codes, and do not have to be a condition for zoning approval.

RECOMMENDATION:

Staff recommends approval of the Special Use Permit for a form of commercial amusement (an indoor weapons training and shooting facility), subject to the following condition:

-Any dead or missing landscaping needs to be replaced, and that the irrigation system will need to be restored to operable condition.

Respectfully submitted,



Carmen Moran
Director of Development Services

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on August 26, 2010, voted to recommend approval of a Special Use Permit for a form of commercial amusement (an indoor weapons training and shooting facility), located in a Commercial-1 district, subject to the following condition:

-Any dead or missing landscaping shall be replaced, and the irrigation system shall be restored to operable condition prior to the issuance of a Certificate of Occupancy.

Voting Aye: Arfsten, Doherty, Hewitt, Oliver, Wheeler,

Voting Nay: none

Absent: DeFrancisco, Wood

Frangible Ammunition

Frangible, or "soft," rounds are designed to break apart when they hit walls or other hard surfaces to prevent ricochets during close-quarters combat. Frangible ammunition represents the first viable revolutionary change to firearms science in the past 100 years. Frangible ammunition is a relatively recent development in bullets, presenting a departure from the standard projectiles in use for both range shooting and personal protection. With the advent of modern hostage rescue tactics in the 1970s and 1980s, the military and police agencies began to look for ways to minimize overpenetration risks. One widely-accepted solution was the frangible round, also known as the AET (Advanced Energy Transfer) round.

Frangible rounds are available in a wide array of pistol calibers, but due to the inherently high velocities of rifle rounds, frangible ammunition is much less effective in rifles. It is only produced in 5.56mm NATO and 7.62mm NATO, and its performance in actual combat is dubious. There are two frangible rounds that have been approved for training purposes only. One is a 9mm, and the other a 5.56. Approval for operational use will depend on the special mission requirements (the military necessity) for the round.

Frangible bullets are not made from a lead projectile covered with a copper jacket, but are composites of hybrid materials either pressed together at high pressure or glued together with adhesives. Frangible bullets are designed to break up into smaller pieces upon contact with harder objects or surfaces. The polymer-compound round produces no splashback and vastly decreased ricochets.

Frangible bullets will break up into small, less harmful, pieces upon contact with anything harder than they are. This maximizes the round's transfer of energy to the object and minimizes the chances that pieces of the bullet will exit the object at dangerous velocities. Each of the small fragments quickly loses any energy and therefore pose very little danger to any secondary targets. This means that full-power frangible bullets can be shot at target all the way up to muzzle contact without any worries that the bullet or case will ricochet and potentially hurt either the shooter or others.

Frangible rounds come in a variety of configurations, all of which perform in the same basic manner. Some, like the well-publicized Glaser Safety Slug, are hollowpoint rounds that are filled with tiny metal beads. Others are simply solid rounds with grooves or notches intended to facilitate rapid expansion and breakup.

Frangible bullets have been designed for a number of applications. Frangible bullets are primarily used in training exercises to reduce lead hazards on firing ranges. Frangible ammo is ideal for marksmanship training for both indoor and outdoor ranges, tactical team training, close-in engagement of metal targets and specialized service use. As such, it is the safest full-power training ammo for police and military shooters, civilian range owners and casual shooters.

Glaser Safety Slug, Inc. developed the first frangible bullet in 1974 to provide reduced ricochet and over-penetration danger with improved stopping power over conventional bullets. In 1987, Glaser developed the round-nose frangible bullet offering guaranteed feeding reliability. In 1988 Glaser introduced the compressed-core bullet to maximize bullet weight and the number of bullet fragments. This precision formed bullet also produces target grade accuracy, seldom found in a personal defense bullet. In 1994 Glaser improved fragmentation reliability to below 1,000 feet per second through the use of soft, rather than hard plastic in the bullet tip.

The Interagency Working Group for Non-Toxic Small Arms Ammunition, also known as the "Green Bullet" team, initially focused on non-lead bullet material composed of tin and tungsten is the leading candidate for use in military ammunition. Tens of thousands of rounds have been tested by the military with exceptional results. The armed forces use between 300 million and 400 million rounds of small-caliber ammunition each year. The first 1 million green 5.56-mm bullets will be used in the Army's M-16 infantry rifles. Officials hope to get all the lead out of bullets used in all the services by 2003.

Concerns with over penetration / ricochet hazards aboard aircraft, ships and (e. g.) nuclear power plants that might release hazardous materials have led to efforts to provide small caliber ammunition with reduced ricochet, limited penetration (RRLP) for use by SOF to reduce risk to friendly forces and innocent persons. There are three general levels of frangible: Training [may be used for training only]; reduced ricochet, limited penetration[RRLP, designed for purposes stated]; and general purpose frangible [though no military requirement has been established for a general purpose round for use by conventional forces]. Specific ammunition must undergo wound ballistics testing/ legal review once developed. It can be used for: Close Quarter Battle (CQB); Military operation in Urban Terrain (MOUT); Visit Board Search and Seizure; and Counter-Narcotics (CN) Operation.

Frangible bullets are not armor piercing munitions. In fact, they are the exact opposite. Frangible bullets may represent an unconventional threat to personal body armor, when contrasted with traditional lead based bullets. The true scope and relevance of this threat was not known as of November 2002. At the request of the National Institute of Justice (NIJ), staff of the Office of Law Enforcement Standards (OLES), located at the National Institute of Standards and Technology (NIST); has conducted a limited series of tests evaluating the performance of frangible ammunition against body armor. This preliminary study was designed to attempt to establish the validity of claims that these types of rounds pose a potential safety threat to personal body armor.

The firing of small arms ammunition for training, sport, law enforcement, and military purposes is a major source of environmental pollution. The lead from shot and bullets is a significant environmental and health problem at numerous public, private, and government-operated shooting ranges. Many sites are contaminated with hundreds of tons of lead, the result of years of shooting and target practice. Lead is tainting grounds and water, and is being ingested by wildlife, and has thus become a serious threat to the health and safety of human and animal populations. Indoor ranges pose other serious concerns such as increased lead exposure to the shooter due to the enclosed space and the subsequent need for high capacity ventilation and air filtration systems. Handling of ammunition and contaminated weapons can also produce elevated lead levels in the blood by absorption through the skin.

A non-toxic, all-metal replacement for lead in bullets has been developed at the Department of Energy's Oak Ridge National Laboratory (ORNL). Powder metallurgy techniques have been used to produce metal-matrix composite simulants that have properties very similar to those of lead. Bullets are fabricated from mixtures of powdered metals that are simply pressed at room temperature to produce a high-density material. No heat treating or sintering is necessary to achieve densities and mechanical properties that mimic those of lead and its alloys. Mechanical interlocking and "cold welding" bond the metals together, and can be varied to control the properties of the lead replacement. Bullets can be pressed directly to shape, or "slugs" can be produced that can be swaged into projectiles, with or without jacketing.

Non-lead bullets fabricated employing powder metallurgy simulants have proven to be one-to-one replacements for their lead analogs. Ammunition has been assembled using non-lead bullets and propellant charges matching currently available products. Velocity and chamber pressures were found to be similar to those for the lead-containing projectiles. Accuracy has also been examined and, in many cases, is improved through the use of the non-lead material.

The use of powder metallurgy provides greater flexibility in controlling bullets' properties. Processing conditions, composition, and powder particle size can be used to alter density and impact behavior. The latter is of significant importance in situations where penetration, ricochet, and collateral damage are concerns. The properties of non-lead materials can be controlled so that a bullet fragments into small particles upon impacting a hard target, but remains intact when engaging a soft target. A "frangible" bullet is desirable for close-quarters training, and extends response team capabilities in specialized environments. In addition, the density of the material can be varied over a broad range, allowing for new designs and improvements in ballistic performance.

Memorandum

Date: August 18, 2010
To: Carmen Moran, Director of Development Services
From: Slade Strickland, Director of Parks and Recreation
Subject: **Case 1605-SUP/Valhalla Security Consulting, LLC.**

Staff recommends that any dead or missing landscaping be replaced, and that the irrigation system be restored to operable condition.

To: Carmen Moran, Director Development Services

From: Lynn Chandler, Building Official

Date: August 11, 2010

Subject: Case 1605-SUP/Valhalla Security Consulting, LLC.

I have reviewed the space plan submitted by the applicant I have the following comments:

1. The type of use proposed for this structure will be classified as a special amusement building. Therefore all construction shall comply with Section 411 of the 2006 IBC.
2. The exiting as shown does not comply with Chapter 10 of the 2006 IBC.

Carmen Moran

From: Gordon Robbins
Sent: Tuesday, August 10, 2010 4:12 PM
To: Carmen Moran
Subject: Case 1605-SUP/Valhalla Security Consulting

The Fire Department has no objection to this SUP.

Thank you,

Gordon C. Robbins | Deputy Fire Chief | Fire Marshal

Town of Addison | 4798 Airport Pkwy | Addison TX 75001
ofc 972.450.7220 | fax 972.450.7208 | grobbins@addisontx.gov
http://www.addisontx.gov/departments/fire_dep/

Council Agenda Item: #R6

AGENDA CAPTION:

Presentation and discussion of final funding levels for various social service and cultural non-profit groups to be included in the FY 2010-11 Budget.

FINANCIAL IMPACT:

FY 2010-11 funding requests total \$190,000 out of the General Fund and \$447,200.00 out of the Hotel Fund. Council approved funding levels will be included in the FY 2010-11 Budget.

BACKGROUND:

On June 8, 2010 the City Council heard presentations and funding requests from the non-profit groups. To assist Council in reaching consensus on the final funding amounts, staff has provided the attached recommendation spreadsheet. Once the FY 2010-11 is adopted by Council, staff will bring back separate professional services contracts with each of the approved non-profits for City Council consideration and approval.

RECOMMENDATION:

Staff recommends FY 2010-11 funding requests totaling \$122,000 to be paid out of the General Fund and \$442,200.00 to be paid out of the Hotel Fund. Recommendations for specific funding amounts for each non-profit are identified in the attached spreadsheet.

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

- [Non-Profit Funding Recommendations \(Staff Version\)](#)
- [Non-Profit Funding Recommendations \(Blank Version\)](#)

Type:

Backup Material
Backup Material

Non-Profit Funding Recommendations for FY 2010-2011 (Staff Version)

AGENCY	FY 02/03 Funded	FY 03/04 Funded	FY 04/05 Funded	FY 05/06 Funded	FY 06/07 Funded	FY 07/08 Funded	FY 08/09 Funded	FY 09/10 Funded	FY 10/11 Requested	FY 10/11 Recommended	Crit 1	Crit 2	Crit 3	Crit 4	Crit 5	Crit 6	Crit 7	Crit 8
GENERAL FUND:																		
Metrocrest Family Medical Clinic	\$9,000	\$0	\$0	\$2,000	\$2,500	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	X	X	X	X	X	X	X	X
Metrocrest Chamber of Commerce	\$15,000	\$9,000	\$9,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	X	X	X	X	X	X	X	X
The Family Place	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000	X	X	X	X	X	X	X	X
Communities in Schools	\$30,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	X	X	X	X	X	X	X	X
Special Care & Career Services	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	N/A	N/A	X	X	X	X	X	X	X	X
Senior Adult Services	\$5,000	\$15,000	\$15,000	\$15,000	\$15,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	X	X	X	X	X	X	X	X
Metrocrest Social Services	\$5,000	\$15,000	\$15,000	\$30,000	\$20,000	\$20,000	\$25,000	\$25,000	\$30,000	\$30,000	X	X	X	X	X	X	X	X
CONTACT Crisis Line								\$5,000	\$25,000	\$5,000	X	X	X	X	X	X	X	X
Launchability (formerly Special Care & Career Services)									\$5,000	\$5,000	X	X	X	X	X	X	X	X
United Basketball League - Texas									\$30,000	\$2,000	X	X	X	X	X	X	X	X
SUBTOTAL	\$ 69,000	\$ 89,000	\$ 89,000	\$ 107,000	\$ 105,000	\$ 100,000	\$ 105,000	\$ 115,000	\$ 190,000	\$ 122,000								
HOTEL FUND:																		
Dance Council	\$15,000	\$6,600	\$6,600	\$6,600	\$6,800	\$7,000	\$7,000	\$7,200	\$7,200	\$7,200	X	X	X	X	X	X	X	X
WaterTower Theatre		\$230,000	\$230,000	\$230,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	X	X	X	X	X	X	X	X
WaterTower Theatre Matching		\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	X	X	X	X	X	X	X	X
Richardson Symphony Orchestra		\$0	\$0	\$0	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	X	X	X	X	X	X	X	X
Second Thought Theatre								\$15,000	\$20,000	\$15,000	X	X	X	X	X	X	X	X
SUBTOTAL	\$ 15,000	\$ 386,600	\$ 386,600	\$ 386,600	\$ 426,800	\$ 427,000	\$ 427,000	\$ 442,200	\$ 447,200	\$ 442,200								

Note: Metrocrest Social Services one-time additional funding of \$50,000 for a total of \$75,000 in FY 2009/10

Note: Metrocrest Social Services one-time additional funding of \$15,000 for a total of \$30,000 in FY 2005/06

Non-Profit Evaluation Criteria

Criterion #1: Does the applicant sufficiently indicate how they expect to impact Addison's residents with quality services?

Criterion #2: Does the applicant organization demonstrate a history of providing meritorious services or programs of work?

Criterion #3: Does the applicant organization demonstrate the proportion of Addison residents they expect to serve in a quantifiable fashion?

Criterion #4: Is there measurable evidence of support for the applicant organization (i.e. ticket sales, number of participants, letters of support, other contributions, etc.)?

Criterion #5: Are the services proposed in concert with the Council's stated mission and goals for the community?

Criterion #6: Does the program of work offered by the applicant organization benefit the Town by meeting a need not currently being met?

Criterion #7: Will financial support of this organization enrich community support services or the cultural resources of Addison?

Criterion #8: Does the applicant exhibit a history of administrative and financial capability necessary to realize the proposed activities successfully?

Organization	Amount Requested	Purpose of funding
Dance Council	\$6,800 \$2,200	Taste Dance Addison Style, which received \$6,600 last year. Providing Salsa Dance Instructors for the Summer Salsa series.
Richardson Symphony Orchestra	\$19,289 \$21,760 \$92,951 \$20,460 \$28,729	First of two concerts called "Addison at the Eisemann Center". Second of two concerts called "Addison at the Eisemann Center". (\$23,238 per concert) Provide a regulary scheduled orchestra subscription package at the Water Tower Theatre. There will be four concerts. (\$10,230 per concert) Provide a full orchestra concert for elementary school children in public schools that serve Addison. (\$1,178 per concert) To provide a two concert per month series available for any business or office building with the desire to host an ensemble.
WaterTower Theatre and Dallas Wind Symphony	\$75,100 \$43,800 \$38,000	Using National Talent to produce a one time showing of "The Music Man" as a segway into Kaboom Town. Using all local talent to produce the same one time showing Using all local talent and a smaller orchestra to produce the same one time showing.

Non-Profit Funding Recommendations for FY 2010-2011 (Blank Version for Council's Use)

AGENCY	FY 02/03 Funded	FY 03/04 Funded	FY 04/05 Funded	FY 05/06 Funded	FY 06/07 Funded	FY 07/08 Funded	FY 08/09 Funded	FY 09/10 Funded	FY 10/11 Requested	FY 10/11 Recommended	Crit 1	Crit 2	Crit 3	Crit 4	Crit 5	Crit 6	Crit 7	Crit 8	
GENERAL FUND:																			
Metrocrest Family Medical Clinic	\$9,000	\$0	\$0	\$2,000	\$2,500	\$3,000	\$3,000	\$3,000	\$3,000										
Metrocrest Chamber of Commerce	\$15,000	\$9,000	\$9,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000										
The Family Place	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$10,000	\$10,000										
Communities in Schools	\$30,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000										
Special Care & Career Services	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	N/A										
Senior Adult Services	\$5,000	\$15,000	\$15,000	\$15,000	\$15,000	\$17,000	\$17,000	\$17,000	\$17,000										
Metrocrest Social Services	\$5,000	\$15,000	\$15,000	\$30,000	\$20,000	\$20,000	\$25,000	\$25,000	\$30,000										
CONTACT Crisis Line								\$5,000	\$25,000										
Launchability (formerly Special Care & Career Services)									\$5,000										
United Basketball League - Texas									\$30,000										

SUBTOTAL	\$ 69,000	\$ 89,000	\$ 89,000	\$ 107,000	\$ 105,000	\$ 100,000	\$ 105,000	\$ 115,000	\$ 190,000	\$ 0									
HOTEL FUND:																			
Dance Council	\$15,000	\$6,600	\$6,600	\$6,600	\$6,800	\$7,000	\$7,000	\$7,200	\$7,200										
WaterTower Theatre		\$230,000	\$230,000	\$230,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000										
WaterTower Theatre Matching		\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000										
Richardson Symphony Orchestra		\$0	\$0	\$0	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000										
Second Thought Theatre								\$15,000	\$20,000										
SUBTOTAL	\$ 15,000	\$ 386,600	\$ 386,600	\$ 386,600	\$ 426,800	\$ 427,000	\$ 427,000	\$ 442,200	\$ 447,200	\$ 0									

Note: Metrocrest Social Services one-time additional funding of \$50,000 for a total of \$75,000 in FY 2009/10

Note: Metrocrest Social Services one-time additional funding of \$15,000 for a total of \$30,000 in FY 2005/06

Non-Profit Evaluation Criteria

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Criterion #7: Will financial support of this organization enrich community support services or the cultural resources of Addison?

Criterion #8: Does the applicant exhibit a history of administrative and financial capability necessary to realize the proposed activities successfully?

Organization	Amount Requested	Purpose of funding
Dance Council	\$6,800 \$2,200	Taste Dance Addison Style, which received \$6,600 last year. Providing Salsa Dance Instructors for the Summer Salsa series.
Richardson Symphony Orchestra	\$19,289 \$21,760 \$92,951 \$20,460 \$28,729	First of two concerts called "Addison at the Eisemann Center". Second of two concerts called "Addison at the Eisemann Center". (\$23,238 per concert) Provide a regulary scheduled orchestra subscription package at the Water Tower Theatre. There will be four concerts. (\$10,230 per concert) Provide a full orchestra concert for elementary school children in public schools that serve Addison. (\$1,178 per concert) To provide a two concert per month series available for any business or office building with the desire to host an ensemble.
WaterTower Theatre and Dallas Wind Symphony	\$75,100 \$43,800 \$38,000	Using National Talent to produce a one time showing of "The Music Man" as a segway into Kaboom Town. Using all local talent to produce the same one time showing Using all local talent and a smaller orchestra to produce the same one time showing.

Council Agenda Item: #R7

AGENDA CAPTION:

PUBLIC HEARING regarding the Town of Addison's Annual Budget for the Fiscal Year ending September 30, 2011.

FINANCIAL IMPACT:

N/A

BACKGROUND:

A Public Hearing is provided to hear any comments from the public regarding the Fiscal Year 2011 Budget.

RECOMMENDATION:

N/A

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

Type:

No Attachments Available

Council Agenda Item: #R8

AGENDA CAPTION:

PUBLIC HEARING on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 3.7 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code).

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

N/A

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

Type:

No Attachments Available

Council Agenda Item: #R9

AGENDA CAPTION:

Presentation, discussion and consideration of approval of an ordinance of the Town of Addison, Texas amending the Town's annual budget for the fiscal year ending September 30, 2010.

FINANCIAL IMPACT:

There is no direct financial impact associated with this item. Details of the amendments are presented in the attached materials.

BACKGROUND:

The annual budget is a blueprint of how financial resources are expected to be received and appropriated throughout the fiscal year. Inevitably, as the year progresses, variances with the budget occur in the various categories of revenue and expenditures. Each year, Financial and Strategic Services staff reviews the budget to determine which items should be recognized with formal budget attachments. Although variances occur in almost every one of the hundreds of detailed financial line items the Town maintains, budget amendments are presented to Council for only a few major categories using the following primary criteria:

Ø Appropriations for major cost centers (departments) will be exceeded. Financial and Strategic Services staff maintains budget control over operating department expenditures. Excess expenditures in one category are usually addressed with transfers of savings in other categories. However, if the excess expenditures are so large that the total department budget will be exceeded, these items must be addressed with a budget amendment.

Ø Revenues are significantly less than budgeted. A material shortage in a particular category may impact the ability to fund certain programs or significantly reduce fund balance. In other words, any variance that has a detrimental impact on the Town's finances is addressed with a budget amendment. Other amendments may be presented to Council that acknowledge major increases in revenues and/or reductions in expenditures. However, these items are usually presented in context with detrimental variances. For example, a reduction in the collection of

hotel occupancy taxes will be partially offset by a reduction in visitor services advertising.

Major changes proposed for the 2010 budget are: Recognize reductions in sales (\$500k) and hotel occupancy (\$800k) taxes. In the Council projects department, recognize the increased contribution to Metrocrest Social Services organization (\$50k) and potential economic development commitments (\$35k). In the Hotel fund, recognize additional revenue from special events (\$400k), costs associated with the lease and make-ready of the new Visit Addison! Centre (\$532k) and reduction of the unidentified costs associated with the Village on the Parkway lease (\$1,325k). Creation of three grant funds and the related revenue (\$1,706k), expenditures (\$1,493k) and transfers to other funds (\$198k). In the 2008 Capital Project fund, recognize UDR's contribution to Vitruvian Park infrastructure (\$1,796k), as well as a reduction in scope of capital expenditures for the project due to shifting of the expenditures to FY 2011 (net \$8,258k). In the Utility fund, recognize reductions in water and sewer revenue (\$1,200k), and interest earnings (\$120k) and reduction in capital expenditures due to the delay in building the overhead water storage facility (\$1650k).

Budget amendments are typically presented to Council in June. The amendments have been delayed this year because staff wanted to be confident of revenue and expenditure trends before recommending budget amendments. Exhibit A reflects the changes for all funds, Exhibit B shows how the changes affect the individual funds, and Exhibit C details the proposed budget changes.

RECOMMENDATION:

Staff recommends approval.

COUNCIL GOALS:

Conduct the Business of the Town in a Fiscally Responsible Manner

ATTACHMENTS:

Description:

[Budget Amendment Ordinance](#)

[Exhibits A - C](#)

Type:

Ordinance

Exhibit

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

**AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS
AMENDING THE ANNUAL BUDGET FOR THE FISCAL
YEAR ENDING SEPTEMBER 30, 2010; PROVIDING THAT
EXPENDITURES SHALL BE MADE IN ACCORDANCE
WITH SAID BUDGET AS AMENDED; PROVIDING FOR A
REPEAL CLAUSE AND DECLARING AN EMERGENCY.**

WHEREAS, the City Council of the Town of Addison, Texas (the “City”) adopted a budget for the City for the fiscal year beginning October 1, 2009 and ending September 30, 2010 as set forth in Ordinance No. 009-033 of the City; and

WHEREAS, Section 5.08 of the City Charter provides that the budget may be amended or changed, under conditions which may arise and which could not reasonably have been foreseen in the normal process of planning the budget, to provide for any additional expense in which the general welfare of the citizenry is involved, that such amendments shall be by Ordinance, and that they shall become an attachment to the original budget; and

WHEREAS, Section 102.010 of the Texas Local Government Code authorizes the City Council to make changes in the adopted budget for municipal purposes, and the change to the budget made herein is for municipal purposes; and

WHEREAS, the amendment and change to the budget made herein is as a result of conditions that have arisen and could not reasonably have been foreseen in the normal process of planning the budget, provides for additional expense in which the general welfare of the citizenry is involved, and the City Council finds that the significance of this matter is a matter of public necessity and an urgent need for the City.

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

Section 1. In accordance with Section 5.08 of the City Charter, Ordinance No. 009-033 of the Town of Addison, Texas (the “City”), adopting the 2009-10 annual budget, is hereby amended to appropriate \$70,977,830 for budget expenditures in the particulars stated in Exhibits A, B, and C attached hereto and made a part of this Ordinance.

Section 2. All ordinances of the City in conflict with the provisions of this Ordinance be, and the same are hereby repealed and all other ordinances of the City not in conflict with the provisions of this Ordinance shall remain in full force and effect.

Section 3. The above and foregoing recitals are true and correct and are incorporated herein and made a part of this Ordinance.

Section 4. The importance of this Ordinance creates an emergency and an imperative public necessity, and the Ordinance shall take effect and be in force from and after its adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the ____ day of September, 2010.

Joe Chow, Mayor

ATTEST:

By: _____
Lea Dunn, City Secretary

APPROVED AS TO FORM:

By: _____
John Hill, City Attorney

TOWN OF ADDISON
COMBINED SUMMARY OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
ALL FUNDS SUBJECT TO APPROPRIATION
Amendments to the 2009-2010 Annual Budget

	Special Revenue Funds				Combined Debt Service	Capital Project Funds			Proprietary Funds			TOTAL 2009-2010	
	General Fund	Hotel	Combined Grants	Combined Other		Streets	Parks	Combined Bonds	Airport	Utility	Combined Replacement	Amended	Original
BEGINNING BALANCES	\$ 10,652,000	\$ 4,643,010	\$ -	\$ 232,030	\$ 1,893,650	\$ 1,344,520	\$ 406,660	\$ 27,495,060	\$ 1,196,780	\$ 7,578,060	\$ 5,871,630	\$ 61,313,400	\$ 62,082,400
REVENUES:													
Ad valorem tax	10,707,230	-	-	-	5,098,670	-	-	-	-	-	-	15,805,900	15,805,900
Non-property taxes	10,235,000	3,450,000	-	-	-	-	-	-	-	-	-	13,685,000	14,985,000
Franchise fees	2,482,000	-	-	-	-	-	-	-	-	-	-	2,482,000	2,522,000
Licenses and permits	710,000	-	-	-	-	-	-	-	-	-	-	710,000	360,000
Intergovernmental	-	-	1,706,230	-	-	-	-	-	50,000	-	-	1,756,230	1,233,580
Service fees	1,469,900	1,737,000	-	-	-	-	-	-	695,000	8,144,700	-	12,046,600	12,721,600
Fines and penalties	1,200,000	-	-	52,000	-	-	-	-	-	60,000	-	1,312,000	1,312,000
Rental income	156,500	570,000	-	-	-	-	-	-	3,250,000	-	-	3,976,500	3,976,500
Interest & other income	252,500	100,000	20	13,750	80,000	50,000	10,000	2,433,500	45,000	55,000	190,000	3,229,770	1,343,750
TOTAL REVENUES	27,213,130	5,857,000	1,706,250	65,750	5,178,670	50,000	10,000	2,433,500	4,040,000	8,259,700	190,000	55,004,000	54,260,330
Transfers from other funds	13,130	-	-	-	1,670,000	185,320	-	-	-	-	-	1,868,450	1,670,000
TOTAL AVAILABLE RESOURCES	37,878,260	10,500,010	1,706,250	297,780	8,742,320	1,579,840	416,660	29,928,560	5,236,780	15,837,760	6,061,630	118,185,850	118,012,730
EXPENDITURES:													
General Government	6,571,300	-	-	118,000	-	-	-	-	-	-	467,500	7,156,800	7,055,800
Public Safety	14,245,770	-	190,780	-	-	-	-	-	-	-	768,000	15,204,550	15,013,770
Urban Development	955,580	-	-	-	-	-	-	-	-	-	-	955,580	955,580
Streets	1,722,600	-	-	-	-	-	-	-	-	-	52,220	1,774,820	1,677,600
Parks & Recreation	3,925,740	-	-	-	-	-	-	-	-	-	160,000	4,085,740	4,085,740
Tourism	-	6,506,060	1,910	-	-	-	-	-	-	-	-	6,507,970	6,414,060
Aviation	-	-	-	-	-	-	-	-	3,162,340	-	-	3,162,340	3,162,340
Utilities	-	-	-	-	-	-	-	-	-	7,091,050	-	7,091,050	7,091,050
Debt service	-	-	-	-	6,825,980	-	-	-	390,000	3,119,670	-	10,335,650	10,335,650
Capital projects and other uses	-	-	1,299,810	-	-	270,800	135,100	12,021,700	267,020	708,900	-	14,703,330	26,986,820
TOTAL EXPENDITURES	27,420,990	6,506,060	1,492,500	118,000	6,825,980	270,800	135,100	12,021,700	3,819,360	10,919,620	1,447,720	70,977,830	82,778,410
Transfers to other funds	1,000,000	670,000	198,450	-	-	-	-	-	-	-	-	1,868,450	1,670,000
ENDING FUND BALANCES	\$ 9,457,270	\$ 3,323,950	\$ 15,300	\$ 179,780	\$ 1,916,340	\$ 1,309,040	\$ 281,560	\$ 17,906,860	\$ 1,417,420	\$ 4,918,140	\$ 4,613,910	\$ 45,339,570	\$ 33,564,320

Total Revenues	\$ 55,004,000	
Decrease in fund balance	15,973,830	
Total Appropriable funds	<u>\$ 70,977,830</u>	
	Total Appropriations	<u>\$ 70,977,830</u>

TOWN OF ADDISON
GENERAL FUND
SCHEDULE OF REVENUES BY SOURCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
Ad valorem taxes:				
Current taxes	\$ 9,744,498	\$ 10,680,130	\$ -	\$ 10,680,130
Delinquent taxes	(14,883)	3,390	-	3,390
Penalty & interest	22,352	23,710	-	23,710
Non-property taxes:				
Sales tax	9,584,496	9,760,000	(500,000)	9,260,000
Alcoholic beverage tax	936,034	975,000	-	975,000
Franchise / right-of-way use fees:				
Electric franchise	1,514,152	1,500,000	-	1,500,000
Gas franchise	329,963	325,000	(140,000)	185,000
Telecommunication access fees	738,637	560,000	100,000	660,000
Cable franchise	170,479	130,000	-	130,000
Wireless network fees	7,000	-	-	-
Street rental fees	1,280	7,000	-	7,000
Licenses and permits:				
Business licenses and permits	160,607	160,000	-	160,000
Building and construction permits	269,074	200,000	350,000	550,000
Intergovernmental revenue	101,300	198,450	(198,450)	-
Service fees:				
General government	465	600	-	600
Public safety	777,791	725,000	125,000	850,000
Urban development	2,945	5,000	-	5,000
Streets and sanitation	350,587	350,000	-	350,000
Recreation	87,085	80,000	-	80,000
Interfund	181,656	184,300	-	184,300
Court fines	1,253,029	1,200,000	-	1,200,000
Interest earnings	273,920	177,500	-	177,500
Rental income	151,721	156,500	-	156,500
Other	79,033	75,000	-	75,000
TOTAL REVENUES	\$ 26,723,221	\$ 27,476,580	\$ (263,450)	\$ 27,213,130

TOWN OF ADDISON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 11,695,930	\$ 11,083,000	\$ (431,000)	\$ 10,652,000
REVENUES:				
Ad valorem taxes	9,751,967	10,707,230	-	10,707,230
Non-property taxes	10,520,530	10,735,000	(500,000)	10,235,000
Franchise fees	2,761,511	2,522,000	(40,000)	2,482,000
Licenses and permits	429,681	360,000	350,000	710,000
Intergovernmental	101,300	198,450	(198,450)	-
Service fees	1,400,529	1,344,900	125,000	1,469,900
Fines and penalties	1,253,029	1,200,000	-	1,200,000
Interest earnings	273,920	177,500	-	177,500
Rental income	151,721	156,500	-	156,500
Other	79,033	75,000	-	75,000
TOTAL REVENUES	26,723,221	27,476,580	(263,450)	27,213,130
TOTAL RESOURCES AVAILABLE	38,419,151	38,559,580	(694,450)	37,865,130
EXPENDITURES:				
General Government:				
City Manager	1,301,637	1,296,640	-	1,296,640
Financial and Strategic Services	930,784	881,030	-	881,030
General Services	869,685	795,280	-	795,280
Municipal Court	510,933	520,440	-	520,440
Human Resources	503,180	583,490	-	583,490
Information Technology	1,180,524	1,236,440	-	1,236,440
Combined Services	755,531	694,510	-	694,510
Council Projects	305,227	462,470	101,000	563,470
Public Safety:				
Police	7,288,251	7,390,520	-	7,390,520
Emergency Communications	1,038,330	1,135,680	-	1,135,680
Fire	5,964,407	5,719,570	-	5,719,570
Development Services	864,234	955,580	-	955,580
Streets	2,356,219	1,677,600	45,000	1,722,600
Parks and Recreation:				
Parks	2,677,554	2,527,050	-	2,527,050
Recreation	1,377,724	1,398,690	-	1,398,690
TOTAL EXPENDITURES	27,924,220	27,274,990	146,000	27,420,990
OTHER FINANCING SOURCES (USES):				
Modified Levels of Services	-	-	-	-
Transfer from Arbor Fund	196,689	-	-	-
Transfer from Reimbursement Grant Fund	-	-	13,130	13,130
Transfer to Capital Replacement Fund	(38,878)	-	-	-
Transfer to Debt Service Fund	-	(1,000,000)	-	(1,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	157,811	(1,000,000)	13,130	(986,870)
ENDING FUND BALANCE	\$ 10,652,742	\$ 10,284,590	\$ (827,320)	\$ 9,457,270

TOWN OF ADDISON
HOTEL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 5,715,693	\$ 4,981,010	\$ (338,000)	\$ 4,643,010
REVENUES:				
Hotel/Motel occupancy taxes	3,958,238	4,250,000	(800,000)	3,450,000
Proceeds from special events	1,296,052	1,337,000	400,000	1,737,000
Conference centre rental	438,886	500,000	-	500,000
Theatre centre rental	79,939	70,000	-	70,000
Interest earnings and other	114,394	100,000	-	100,000
TOTAL REVENUES	<u>5,887,509</u>	<u>6,257,000</u>	<u>(400,000)</u>	<u>5,857,000</u>
TOTAL AVAILABLE RESOURCES	<u>11,603,202</u>	<u>11,238,010</u>	<u>(738,000)</u>	<u>10,500,010</u>
EXPENDITURES:				
Visitor services administration	831,098	881,940	397,000	1,278,940
Marketing	971,113	805,460	-	805,460
Special events	2,883,177	2,707,860	-	2,707,860
Conference centre	973,467	1,453,370	(440,000)	1,013,370
Visit Addison! centre	-	-	135,000	135,000
Performing arts	557,286	565,430	-	565,430
Capital projects/modified levels of service	-	1,325,000	(1,325,000)	-
TOTAL EXPENDITURES	<u>6,216,141</u>	<u>7,739,060</u>	<u>(1,233,000)</u>	<u>6,506,060</u>
OTHER FINANCING SOURCES (USES):				
Transfer to Debt Service Fund	(699,800)	(670,000)	-	(670,000)
Transfer to Capital Replacement Fund	(14,769)	-	-	-
Transfer to IT Replacement Fund	(29,392)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(743,961)</u>	<u>(670,000)</u>	<u>-</u>	<u>(670,000)</u>
ENDING FUND BALANCE	<u>\$ 4,643,100</u>	<u>\$ 2,828,950</u>	<u>\$ 495,000</u>	<u>\$ 3,323,950</u>

TOWN OF ADDISON
PUBLIC SAFETY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 46,670	\$ 12,750	\$ -	\$ 12,750
REVENUES:				
Court awards	10,022	3,000	-	3,000
Interest earnings and other	1,022	750	-	750
TOTAL REVENUES	<u>11,044</u>	<u>3,750</u>	<u>-</u>	<u>3,750</u>
TOTAL AVAILABLE RESOURCES	<u>57,714</u>	<u>16,500</u>	<u>-</u>	<u>16,500</u>
EXPENDITURES:				
Supplies	41,141	-	-	-
TOTAL EXPENDITURES	<u>41,141</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING BALANCE	<u>\$ 16,573</u>	<u>\$ 16,500</u>	<u>\$ -</u>	<u>\$ 16,500</u>

TOWN OF ADDISON
MUNICIPAL COURT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 187,778	\$ 219,280	\$ -	\$ 219,280
REVENUES:				
Court security fees	26,722	22,000	-	22,000
Court technology fees	32,423	30,000	-	30,000
Interest earnings and other	12,934	10,000	-	10,000
TOTAL REVENUES	<u>72,079</u>	<u>62,000</u>	<u>-</u>	<u>62,000</u>
TOTAL AVAILABLE RESOURCES	<u>259,857</u>	<u>281,280</u>	<u>-</u>	<u>281,280</u>
EXPENDITURES:				
Personal services	9,000	21,000	-	21,000
Supplies	-	4,000	-	4,000
Maintenance	-	-	-	-
Contractual services	-	3,000	-	3,000
Capital outlay	33,573	90,000	-	90,000
TOTAL EXPENDITURES	<u>42,573</u>	<u>118,000</u>	<u>-</u>	<u>118,000</u>
ENDING BALANCE	<u>\$ 217,284</u>	<u>\$ 163,280</u>	<u>\$ -</u>	<u>\$ 163,280</u>

TOWN OF ADDISON
ARBOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 182,657	\$ -	\$ -	\$ -
REVENUES:				
Recycling proceeds	18,570	-	-	-
Contributions	7,799	-	-	-
Interest earnings and other	4,436	-	-	-
TOTAL REVENUES	<u>30,805</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL AVAILABLE RESOURCES	<u>213,462</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Maintenance and materials	16,273	-	-	-
Contractual services	500	-	-	-
TOTAL EXPENDITURES	<u>16,773</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfer to General Fund	(196,689)	-	-	-
ENDING BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF ADDISON
ADVANCED FUNDING GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ -	\$ -	\$ -	\$ -
REVENUES:				
Intergovernmental	-	-	15,280	15,280
Interest earnings and other	-	-	20	20
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>15,300</u>	<u>15,300</u>
TOTAL AVAILABLE RESOURCES	<u>-</u>	<u>-</u>	<u>15,300</u>	<u>15,300</u>
EXPENDITURES:				
Contractual services	-	-	-	-
Construction and equipment	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,300</u>	<u>\$ 15,300</u>

TOWN OF ADDISON
REIMBURSEMENT GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ -	\$ -	\$ -	\$ -
REVENUES:				
Intergovernmental	-	-	1,527,330	1,527,330
Interest earnings and other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>1,527,330</u>	<u>1,527,330</u>
TOTAL AVAILABLE RESOURCES	<u>-</u>	<u>-</u>	<u>1,527,330</u>	<u>1,527,330</u>
EXPENDITURES:				
Personal services	-	-	23,330	23,330
Supplies	-	-	1,250	1,250
Contractual services	-	-	8,270	8,270
Construction and equipment	-	-	1,296,030	1,296,030
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,328,880</u>	<u>1,328,880</u>
OTHER FINANCING SOURCES (USES):				
Transfer to General Fund	-	-	(13,130)	(13,130)
Transfer to Street Capital Project Fund	-	-	(185,320)	(185,320)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(198,450)</u>	<u>(198,450)</u>
ENDING BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

TOWN OF ADDISON
AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ -	\$ -	\$ -	\$ -
REVENUES:				
Intergovernmental	-	-	163,620	163,620
Interest earnings and other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>163,620</u>	<u>163,620</u>
TOTAL AVAILABLE RESOURCES	<u>-</u>	<u>-</u>	<u>163,620</u>	<u>163,620</u>
EXPENDITURES:				
Personal services	-	-	105,900	105,900
Supplies	-	-	22,630	22,630
Construction and equipment	-	-	35,090	35,090
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>163,620</u>	<u>163,620</u>
ENDING BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF ADDISON
GENERAL OBLIGATION DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 1,360,440	\$ 997,340	\$ -	\$ 997,340
REVENUES:				
Ad valorem taxes	5,884,567	5,098,670	-	5,098,670
Interest earnings and other	48,398	60,000	-	60,000
TOTAL REVENUES	<u>5,932,965</u>	<u>5,158,670</u>	<u>-</u>	<u>5,158,670</u>
TOTAL AVAILABLE RESOURCES	<u>7,293,405</u>	<u>6,156,010</u>	<u>-</u>	<u>6,156,010</u>
EXPENDITURES:				
Debt Service - Principal	3,600,100	3,853,940	-	3,853,940
Debt Service - Interest	2,597,299	2,253,000	-	2,253,000
Fiscal fees	13,945	3,000	-	3,000
TOTAL EXPENDITURES	<u>6,211,344</u>	<u>6,109,940</u>	<u>-</u>	<u>6,109,940</u>
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	-	1,000,000	-	1,000,000
TOTAL OTHER FINANCING (USES)	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
ENDING BALANCE	<u>\$ 1,082,061</u>	<u>\$ 1,046,070</u>	<u>\$ -</u>	<u>\$ 1,046,070</u>

TOWN OF ADDISON
OCCUPANCY TAX DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 890,310	\$ 896,310	\$ -	\$ 896,310
REVENUES:				
Interest earnings and other	24,555	20,000	-	20,000
TOTAL REVENUES	<u>24,555</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
TOTAL AVAILABLE RESOURCES	<u>914,865</u>	<u>916,310</u>	<u>-</u>	<u>916,310</u>
EXPENDITURES:				
Debt Service - Principal	515,000	535,000	-	535,000
Debt Service - Interest	197,088	181,040	-	181,040
Fiscal fees	-	-	-	-
TOTAL EXPENDITURES	<u>712,088</u>	<u>716,040</u>	<u>-</u>	<u>716,040</u>
OTHER FINANCING SOURCES (USES):				
Transfer from Hotel Fund	699,800	670,000	-	670,000
ENDING BALANCE	<u>\$ 902,577</u>	<u>\$ 870,270</u>	<u>\$ -</u>	<u>\$ 870,270</u>

TOWN OF ADDISON
STREET CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 2,758,542	\$ 1,344,520	\$ -	\$ 1,344,520
REVENUES:				
Intergovernmental	156,129	985,130	(985,130)	-
Interest earnings and other	54,151	50,000	-	50,000
TOTAL REVENUES	<u>210,280</u>	<u>1,035,130</u>	<u>(985,130)</u>	<u>50,000</u>
TOTAL AVAILABLE RESOURCES	<u>2,968,822</u>	<u>2,379,650</u>	<u>(985,130)</u>	<u>1,394,520</u>
EXPENDITURES:				
Engineering and contractual services	139,205	22,000	-	22,000
Construction and equipment	1,499,738	1,548,800	(1,300,000)	248,800
TOTAL EXPENDITURES	<u>1,638,943</u>	<u>1,570,800</u>	<u>(1,300,000)</u>	<u>270,800</u>
OTHER FINANCING SOURCES (USES):				
Transfer from Reimbursement Grant Fund	-	-	185,320	185,320
ENDING BALANCE	<u>\$ 1,329,879</u>	<u>\$ 808,850</u>	<u>\$ 500,190</u>	<u>\$ 1,309,040</u>

TOWN OF ADDISON
PARKS CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCE
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 896,193	\$ 406,660	\$ -	\$ 406,660
REVENUES:				
Interest earnings and other	18,157	10,000	-	10,000
TOTAL REVENUES	<u>18,157</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
TOTAL AVAILABLE RESOURCES	<u>914,350</u>	<u>416,660</u>	<u>-</u>	<u>416,660</u>
EXPENDITURES:				
Personal services	4,238	-	-	-
Engineering and contractual services	9,787	85,100	50,000	135,100
Construction and equipment	503,225	-	-	-
TOTAL EXPENDITURES	<u>517,250</u>	<u>85,100</u>	<u>50,000</u>	<u>135,100</u>
ENDING BALANCE	<u>\$ 397,100</u>	<u>\$ 331,560</u>	<u>\$ (50,000)</u>	<u>\$ 281,560</u>

TOWN OF ADDISON
2002 CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 1,976,671	\$ 1,808,360	\$ -	\$ 1,808,360
REVENUES:				
Interest earnings and other	44,407	35,000	-	35,000
TOTAL REVENUES	<u>44,407</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
TOTAL AVAILABLE RESOURCES	<u>2,021,078</u>	<u>1,843,360</u>	<u>-</u>	<u>1,843,360</u>
EXPENDITURES:				
Engineering and contractual services	244,585	100,000	-	100,000
Construction and equipment	43,236	400,000	-	400,000
TOTAL EXPENDITURES	<u>287,821</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
ENDING FUND BALANCE	<u>\$ 1,733,257</u>	<u>\$ 1,343,360</u>	<u>\$ -</u>	<u>\$ 1,343,360</u>

TOWN OF ADDISON
2004 CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 424,306	\$ 333,690	\$ -	\$ 333,690
REVENUES:				
Interest earnings and other	10,055	7,500	-	7,500
TOTAL REVENUES	<u>10,055</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
TOTAL AVAILABLE RESOURCES	<u>434,361</u>	<u>341,190</u>	<u>-</u>	<u>341,190</u>
EXPENDITURES:				
Construction and equipment	-	100,000	-	100,000
TOTAL EXPENDITURES	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
ENDING FUND BALANCE	<u>\$ 434,361</u>	<u>\$ 241,190</u>	<u>\$ -</u>	<u>\$ 241,190</u>

TOWN OF ADDISON
2006 CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 341,271	\$ 348,680	\$ -	\$ 348,680
REVENUES:				
Interest earnings and other	7,976	5,000	-	5,000
TOTAL REVENUES	<u>7,976</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
TOTAL AVAILABLE RESOURCES	<u>349,247</u>	<u>353,680</u>	<u>-</u>	<u>353,680</u>
EXPENDITURES:				
Engineering and contractual services	-	180,000	-	180,000
TOTAL EXPENDITURES	<u>-</u>	<u>180,000</u>	<u>-</u>	<u>180,000</u>
ENDING FUND BALANCE	<u><u>\$ 349,247</u></u>	<u><u>\$ 173,680</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 173,680</u></u>

TOWN OF ADDISON
2008 CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
BEGINNING BALANCE	\$ 27,094,160	\$ 25,004,330	\$ -	\$ 25,004,330
REVENUES:				
Interest earnings and other	624,153	450,000	140,000	590,000
Developer contributions	-	-	1,796,000	1,796,000
TOTAL REVENUES	<u>624,153</u>	<u>450,000</u>	<u>1,936,000</u>	<u>2,386,000</u>
TOTAL AVAILABLE RESOURCES	<u>27,718,313</u>	<u>25,454,330</u>	<u>1,936,000</u>	<u>27,390,330</u>
EXPENDITURES:				
Personal services	87	-	-	-
Engineering and contractual services	1,197,526	-	1,741,700	1,741,700
Construction and equipment	1,571,492	19,500,000	(10,000,000)	9,500,000
TOTAL EXPENDITURES	<u>2,769,105</u>	<u>19,500,000</u>	<u>(8,258,300)</u>	<u>11,241,700</u>
ENDING FUND BALANCE	<u>\$ 24,949,208</u>	<u>\$ 5,954,330</u>	<u>\$ 10,194,300</u>	<u>\$ 16,148,630</u>

TOWN OF ADDISON
AIRPORT ENTERPRISE FUND
STATEMENT OF INCOME AND CHANGES IN WORKING CAPITAL
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
INCOME STATEMENT				
Operating revenues:				
Operating grants	60,355	\$ 50,000	\$ -	\$ 50,000
Fuel flowage fees	627,559	650,000	-	650,000
Rental	3,282,117	3,250,000	-	3,250,000
User fees	40,881	45,000	-	45,000
Total operating revenues	<u>4,010,912</u>	<u>3,995,000</u>	<u>-</u>	<u>3,995,000</u>
Operating expenses:				
Town - Personal services	269,626	294,960	-	294,960
Town - Supplies	14,271	47,420	-	47,420
Town - Maintenance	161,169	29,270	-	29,270
Town - Contractual services	525,081	479,320	-	479,320
Grant - Maintenance	-	100,000	-	100,000
Operator - Operations & Maintenance	1,284,773	1,382,870	-	1,382,870
Operator - Service Contract	881,482	828,500	-	828,500
Total operating expenses	<u>3,136,402</u>	<u>3,162,340</u>	<u>-</u>	<u>3,162,340</u>
Net operating income	<u>874,510</u>	<u>832,660</u>	<u>-</u>	<u>832,660</u>
Non-operating revenues (expenses):				
Interest earnings and other	88,272	45,000	-	45,000
Interest on debt, fiscal fees, & other	(144,325)	(135,000)	-	(135,000)
Net non-operating revenues (expenses)	<u>(56,053)</u>	<u>(90,000)</u>	<u>-</u>	<u>(90,000)</u>
Net income (excluding depreciation)	<u>\$ 818,457</u>	<u>\$ 742,660</u>	<u>\$ -</u>	<u>\$ 742,660</u>
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	<u>\$ 818,457</u>	<u>\$ 742,660</u>	<u>\$ -</u>	<u>\$ 742,660</u>
Sources (uses) of working capital:				
Retirement of long-term debt	(252,676)	(255,000)	-	(255,000)
Net additions to fixed assets with grants	-	(1,338,000)	1,100,000	(238,000)
Other net additions to fixed assets	(346,791)	(29,020)	-	(29,020)
Net sources (uses) of working capital	<u>(599,467)</u>	<u>(1,622,020)</u>	<u>1,100,000</u>	<u>(522,020)</u>
Net increase (decrease) in working capital	218,990	(879,360)	1,100,000	220,640
Beginning fund balance	<u>960,014</u>	<u>1,196,780</u>	<u>-</u>	<u>1,196,780</u>
Ending fund balance	<u>\$ 1,179,004</u>	<u>\$ 317,420</u>	<u>\$ 1,100,000</u>	<u>\$ 1,417,420</u>

TOWN OF ADDISON
UTILITY ENTERPRISE FUND
STATEMENT OF INCOME AND CHANGES IN WORKING CAPITAL
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
INCOME STATEMENT				
Operating revenues:				
Water sales	\$ 4,972,519	\$ 5,059,700	\$ (750,000)	\$ 4,309,700
Sewer charges	4,108,426	4,275,000	(450,000)	3,825,000
Tap fees	24,210	10,000	-	10,000
Penalties	83,636	60,000	-	60,000
Total operating revenues	<u>9,188,791</u>	<u>9,404,700</u>	<u>(1,200,000)</u>	<u>8,204,700</u>
Operating expenses:				
Water purchases	2,555,204	2,653,400	-	2,653,400
Wastewater treatment	1,933,859	1,745,200	-	1,745,200
Utility operations	2,483,206	2,692,450	-	2,692,450
Total operating expenses	<u>6,972,269</u>	<u>7,091,050</u>	<u>-</u>	<u>7,091,050</u>
Net operating income	<u>2,216,522</u>	<u>2,313,650</u>	<u>(1,200,000)</u>	<u>1,113,650</u>
Non-operating revenues (expenses):				
Interest earnings and other	174,185	175,000	(120,000)	55,000
Interest on debt, fiscal fees, & other	(835,726)	(628,390)	-	(628,390)
Transfer to general fund	-	-	-	-
Net non-operating revenues (expenses)	<u>(661,541)</u>	<u>(453,390)</u>	<u>(120,000)</u>	<u>(573,390)</u>
Net income (excluding depreciation)	<u>\$ 1,554,981</u>	<u>\$ 1,860,260</u>	<u>\$ (1,320,000)</u>	<u>\$ 540,260</u>
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	\$ 1,554,981	\$ 1,860,260	\$ (1,320,000)	\$ 540,260
Sources (uses) of working capital:				
Retirement of long-term debt	(2,183,242)	(2,491,280)	-	(2,491,280)
Net additions to fixed assets	(1,067,114)	(2,358,900)	1,650,000	(708,900)
Net (increase) decrease in other assets	82,369	-	-	-
Net sources (uses) of working capital	<u>(3,167,987)</u>	<u>(4,850,180)</u>	<u>1,650,000</u>	<u>(3,200,180)</u>
Net increase (decrease) in working capital	(1,613,006)	(2,989,920)	330,000	(2,659,920)
Beginning fund balance	<u>9,083,573</u>	<u>7,578,060</u>	<u>-</u>	<u>7,578,060</u>
Ending fund balance	<u>\$ 7,470,567</u>	<u>\$ 4,588,140</u>	<u>\$ 330,000</u>	<u>\$ 4,918,140</u>

TOWN OF ADDISON
INFORMATION TECHNOLOGY INTERNAL SERVICE FUND
STATEMENT OF INCOME AND CHANGES IN WORKING CAPITAL
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
INCOME STATEMENT				
Operating revenues:				
Department contributions:	\$ 435,070	\$ -	\$ -	\$ -
Total operating revenues	<u>435,070</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating expenses:				
Contractual services	2,677	2,500	-	2,500
Total operating expenses	<u>2,677</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Net operating income	<u>432,393</u>	<u>(2,500)</u>	<u>-</u>	<u>(2,500)</u>
Non-operating revenues (expenses):				
Interest earnings and other	64,260	70,000	-	70,000
Other revenues (expenses)	<u>(26,428)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net non-operating revenues	<u>37,832</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>
OTHER FINANCING SOURCES (USES):				
Transfer from Hotel Fund	<u>29,392</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (excluding depreciation)	<u>\$ 499,617</u>	<u>\$ 67,500</u>	<u>\$ -</u>	<u>\$ 67,500</u>
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	<u>\$ 499,617</u>	<u>\$ 67,500</u>	<u>\$ -</u>	<u>\$ 67,500</u>
Sources (uses) of working capital:				
Acquisition of capital hardware/software:				
General government	(1,140,263)	(357,000)	-	(357,000)
Public safety	<u>(7,498)</u>	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Net sources (uses) of working capital	<u>(1,147,761)</u>	<u>(607,000)</u>	<u>-</u>	<u>(607,000)</u>
Net increase (decrease) in working capital	(648,144)	(539,500)	-	(539,500)
Beginning fund balance	<u>2,796,715</u>	<u>2,094,790</u>	<u>-</u>	<u>2,094,790</u>
Ending fund balance	<u>\$ 2,148,571</u>	<u>\$ 1,555,290</u>	<u>\$ -</u>	<u>\$ 1,555,290</u>

TOWN OF ADDISON
CAPITAL REPLACEMENT INTERNAL SERVICE FUND
STATEMENT OF INCOME AND CHANGES IN WORKING CAPITAL
Amendments to the 2009-2010 Annual Budget

	Actual 2008-09	Budget 2009-10	Amendments 2009-10	Amended Budget 2009-10
INCOME STATEMENT				
Operating revenues:				
Department contributions	\$ 502,700	\$ -	\$ -	\$ -
Total operating revenues	<u>502,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating expenses:				
Contractual services	2,677	3,000	-	3,000
Total operating expenses	<u>2,677</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Net operating income	<u>500,023</u>	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>
Non-operating revenues (expenses):				
Interest earnings and other	84,667	90,000	-	90,000
Proceeds from sale of assets	84,381	30,000	-	30,000
Net non-operating revenues	<u>169,048</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
OTHER FINANCING SOURCES (USES):				
Transfer from Hotel Fund	14,769	-	-	-
Transfer from General Fund	38,878	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>53,647</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (excluding depreciation)	<u>\$ 722,718</u>	<u>\$ 117,000</u>	<u>\$ -</u>	<u>\$ 117,000</u>
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	<u>\$ 722,718</u>	<u>\$ 117,000</u>	<u>\$ -</u>	<u>\$ 117,000</u>
Sources (uses) of working capital:				
Acquisition of capital equipment:				
General government	-	(105,000)	-	(105,000)
Public safety	(237,405)	(518,000)	-	(518,000)
Streets	(38,878)	-	(52,220)	(52,220)
Parks and recreation	-	(160,000)	-	(160,000)
Net sources (uses) of working capital	<u>(276,283)</u>	<u>(783,000)</u>	<u>(52,220)</u>	<u>(835,220)</u>
Net increase (decrease) in working capital	446,435	(666,000)	(52,220)	(718,220)
Beginning fund balance	<u>3,384,136</u>	<u>3,776,840</u>	<u>-</u>	<u>3,776,840</u>
Ending fund balance	<u>\$ 3,830,571</u>	<u>\$ 3,110,840</u>	<u>\$ (52,220)</u>	<u>\$ 3,058,620</u>

TOWN OF ADDISON
DETAIL OF RECOMMENDED FY 09-10 BUDGET AMENDMENTS

Fund / Category	Revenues and Other Funding Sources/Uses	Expenditures					Total Department
		Personal Services	Supplies	Maintenance	Contractual Services	Capital Outlay	
General fund / revenues and other source:							
Reduction in beginning fund balance	\$ (431,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reduction in sales tax	(500,000)						
Reduction in gas franchise fee	(140,000)						
Increase in telecommunication access line fees	100,000						
Increase in building inspection fees	350,000						
Reduction in intergovernmental revenue	(198,450)						
Increase in 911 fixed line fees	125,000						
Transfer from reimbursement grant fund	13,130						
Total General Fund Revenues & Other Sources	\$ (681,320)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General fund / Council projects:							
Increase in Office Supplies	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
Increase in Food Supplies	-	-	13,000	-	-	-	13,000
Additional contribution to Metrocrest Social Services	-	-	-	-	50,000	-	50,000
Economic development commitments	-	-	-	-	35,000	-	35,000
Total Council Projects	\$ -	\$ -	\$ 16,000	\$ -	\$ 85,000	\$ -	\$ 101,000
General fund / Streets							
Increase in employee benefit costs	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Increase in professional services for GBB study	-	-	-	-	25,000	-	25,000
Total Streets	\$ -	\$ 20,000	\$ -	\$ -	\$ 25,000	\$ -	\$ 45,000

TOWN OF ADDISON
DETAIL OF RECOMMENDED FY 09-10 BUDGET AMENDMENTS

Fund / Category	Revenues and Other Funding Sources/Uses	Expenditures					Total Department
		Personal Services	Supplies	Maintenance	Contractual Services	Capital Outlay	
Hotel fund / revenues and other sources and use							
Decrease in beginning fund balance	\$ (338,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Decrease in hotel occupancy tax	(800,000)						
Increase in special event revenue	400,000						
Remove original capital budget for VOP center						(1,325,000)	
Total Hotel Fund Revenues and Other Sources and Use:	\$ (738,000)	\$ -	\$ -	\$ -	\$ -	\$ (1,325,000)	\$ -
Hotel fund / Visitor services							
Make-ready of visitor service/chamber space	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ 200,000
Lease of VOP facility					43,000		43,000
Additional legal expenses related to VOP lease					75,000		75,000
Architectural and design services for VOP offices					15,000		15,000
Visitor services office utilities					4,000		4,000
Visitor services offices and conference rooms furniture						60,000	60,000
Total Visitor Services	\$ -	\$ -	\$ -	\$ 200,000	\$ 137,000	\$ 60,000	\$ 397,000
Hotel fund / Conference centre							
Remove budget for HVAC replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (440,000)	\$ (440,000)
Total Advanced Funding Grant Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (440,000)	\$ (440,000)
Hotel fund / Visit Addison! Centre							
Make-ready of space	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000
Architectural and design services for VA facility					35,000		35,000
Reduction of unidentified costs associated with VOP lease						(1,325,000)	(1,325,000)
Total Visit Addison! Centre	\$ -	\$ -	\$ -	\$ 100,000	\$ 35,000	\$ (1,325,000)	\$ (1,190,000)

TOWN OF ADDISON
DETAIL OF RECOMMENDED FY 09-10 BUDGET AMENDMENTS

Fund / Category	Revenues and Other Funding Sources/Uses	Expenditures					Total Department
		Personal Services	Supplies	Maintenance	Contractual Services	Capital Outlay	
Advanced funding grant fund							
Police grant	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Advanced Funding Grant Fund	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement grant fund							
Various federal, state, and county grants	\$ 1,527,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant expenditures		23,330	1,250		8,270	1,296,030	1,328,880
Transfer to general fund	(13,130)						
Transfer to street capital project fund	(185,320)						
Total Reimbursement Grant Fund	\$ 1,328,880	\$ 23,330	\$ 1,250	\$ -	\$ 8,270	\$ 1,296,030	\$ 1,328,880
ARRA grant fund							
Various federal and state grants	\$ 163,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant expenditures		105,900	22,630			35,090	163,620
Total AARA Grant Fund	\$ 163,620	\$ 105,900	\$ 22,630	\$ -	\$ -	\$ 35,090	\$ 163,620
Street capital projects fund							
Reduction of grant revenue due to accounting in new grant fund	\$ (985,130)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reduction of budget for grant supported projects which are accounted for in new grant fund and delay in scheduled street and street lighting projects						(1,300,000)	
Transfer from reimbursement grant fund	185,320						
Total Street Capital Project Fund	\$ (799,810)	\$ -	\$ -	\$ -	\$ -	\$ (1,300,000)	\$ -
Parks capital projects fund							
Design fees related to Redding Trail and Bush School	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000
Total Parks Capital Project Fund	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000

TOWN OF ADDISON
DETAIL OF RECOMMENDED FY 09-10 BUDGET AMENDMENTS

Fund / Category	Revenues and Other Funding Sources/Uses	Expenditures					Total Department
		Personal Services	Supplies	Maintenance	Contractual Services	Capital Outlay	
2008 capital projects fund							
Reimbursement of expenditures by AT&T Developer	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
contribution for Vitruvian Park	1,796,000						
Engineering and design services for Vitruvian Park					1,741,700		1,741,700
Reduced capital expenditures due to timing of projects						(10,000,000)	(10,000,000)
Total 2008 Capital Projects Fund	\$ 1,936,000	\$ -	\$ -	\$ -	\$ 1,741,700	\$ (10,000,000)	\$ (8,258,300)
Airport enterprise fund							
Reduce local match of grants for repair to runway due to delay in funding.	\$ -	\$ -	\$ -	\$ -	\$ -	(1,100,000)	(1,100,000)
Total Airport Enterprise Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,100,000)	\$ (1,100,000)
Utility enterprise fund							
Reduction in water sales revenue	\$ (750,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reduction in sewer charges revenue	(450,000)						
Reduction in interest earnings	(120,000)						
Reduced capital expenditures for delay in construction of overhead water storage tank						(1,650,000)	(1,650,000)
Total Utility Enterprise Fund	\$ (1,320,000)	\$ -	\$ -	\$ -	\$ -	\$ (1,650,000)	\$ (1,650,000)
Capital replacement internal service fund							
Increase budget for streets truck that was budgeted in FY2009 but not received until FY2010	\$ -	\$ -	\$ -	\$ -	\$ -	52,220	52,220
Total Capital Replacement Internal Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -	52,220	52,220

Council Agenda Item: #R10

AGENDA CAPTION:

Presentation, discussion and consideration of approval of an ordinance of the city council of the Town of Addison, Texas approving a negotiated resolution between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division regarding Atmos Energy's third rate review mechanism (RRM) filing in all cities exercising original jurisdiction; declaring existing rates to be unreasonable; requiring the company to reimburse cities' reasonable ratemaking expenses; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement and finding the rates to be set by the attached tariffs to be just and reasonable; approving Atmos Energy's proof of revenues; extending the RRM process for two cycles and adopting a new RRM tariff; ratifying the settlement agreement, including cost recovery for a steel service line replacement program; and providing for other matters in connection therewith.

FINANCIAL IMPACT:

Any action involving natural gas rates affect both the Town's revenues and expenditures. The Town receives from Atmos an annual franchise fee based on five percent of the company's revenues. For the 2010 fiscal year, the fee totaled \$189,093.00. The Town is also a consumer of natural gas and the amount budgeted for FY 2010 is \$45,940.00. The blended rate increase being considered by Council is around two percent, so the impact to revenues and expenditures will be negligible.

BACKGROUND:

Like most home rule cities in Texas, the Town of Addison retains original jurisdiction for rates charged by regulated utilities (natural gas, and electric distribution). The Town exercises its review of rate issues by being a member of two steering committees of customer cities, the Atmos Cities Steering Committee (ACSC) and the Oncor Cities Steering Committee. Through its actions, primarily litigation filed against Atmos, the ACSC was able to get Atmos to agree in 2008 to replace the unworkable and contentious Gas Reliability Infrastructure Program (GRIP) surcharge process with a Rate Review Mechanism (RRM). The RRM authorizes cities to meaningfully review and dispute the Company's annual rate filings

in an expedited rate proceeding at the city level. This authority was lacking under the GRIP process. The RRM permits the Company to seek an annual review of its revenues, estimated cost of operations, and capital investments. In most cases, the company cannot seek rate adjustments greater than five percent. The Company must provide evidence as part of the annual review process that cities can assess and, if necessary, challenge. The RRM process allows Atmos to seek a surcharge from ratepayers if its anticipated expenses exceed its anticipated revenues for a 12-month period. However, if the Company's revenues exceed its authorized rate of return, it must issue refunds. The RRM is applicable only to the Company's base rates - the cost of delivering natural gas to customers. The commodity price of natural gas is a pass-through cost to customers that can change monthly based upon the price of natural gas.

Consultants employed by ACSC reviewed the Company's 2010 RRM. Through a negotiated agreement between Atmos and the Steering Committee, the tariffs implementing the RRM will increase revenues to the Company by \$27 million compared to the \$70.2 million sought by the Company. The average monthly customer impact by class will be:

§ Residential (4.5Mcf/month) - \$1.40/month increase (3.15% overall increase)

§ Commercial (34.2 Mcf/month) - \$3.82/month increase (1.58% overall increase)

In addition to the items usually reviewed as part of the RRM filing, the ACSC worked with the Company to respond to pressure from the Railroad Commission to establish a comprehensive program to replace service lines that contain steel which is subject to corrosion and leaks. Together, the ACSC and the company agreed to: replace all service lines throughout the Mid-Tex Region with the highest degree of risk within two years; ensure coordination between ACSC city members and Atmos Mid-Tex to minimize disruption of rights of way without compromising safety; minimize and spread the rate impact on customers of the replacement program by extending the replacement of service lines with little relative risk of leaks over a 10-year period; and, the Company is permitted to recover the incremental and direct cost of the line

replacements through an adder to customer charges. Fulfillment of these goals in this case will lead to \$00.15 and \$00.41 added to residential and commercial customer charges, respectively.

RECOMMENDATION:

Staff recommends approval.

COUNCIL GOALS:

Provide Superior Public Safety, Customer Service, Social and Health Services to the Community, Conduct the Business of the Town in a Fiscally Responsible Manner

ATTACHMENTS:

Description:

- [2010 RRM Ordinance](#)
- [Attachments to Ordinance](#)

Type:

- Ordinance
- Exhibit

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, (“CITY”) APPROVING A NEGOTIATED RESOLUTION BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC” OR “STEERING COMMITTEE”) AND ATMOS ENTERGY CORP., MID-TEX DIVISION (“ATMOS MID-TEX” OR “COMPANY”) REGARDING THE COMPANY’S THIRD RATE REVIEW MECHANISM (“RRM”) FILING IN ALL CITIES EXERCISING ORIGINAL JURISDICTION; DECLARING EXISTING RATES TO BE UNREASONABLE; REQUIRING THE COMPANY TO REIMBURSE CITIES’ REASONABLE RATEMAKING EXPENSES; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; APPROVING ATMOS MID-TEX’S PROOF OF REVENUES; EXTENDING THE RRM PROCESS FOR TWO CYCLES AND ADOPTING A NEW RRM TARIFF; RATIFYING THE SETTLEMENT AGREEMENT, INCLUDING COST RECOVERY FOR A STEEL SERVICE LINE REPLACEMENT PROGRAM; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE STEERING COMMITTEE’S LEGAL COUNSEL.

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

WHEREAS, the City is a member of the Atmos Cities Steering Committee (“ACSC” or “Steering Committee”), a coalition of approximately 148 similarly situated cities served by Atmos Mid-Tex that have joined together to facilitate the review of and response to natural gas issues affecting rates charged in the Atmos Mid-Tex service area (such participating cities are referred to herein as “ACSC Cities”); and

WHEREAS, pursuant to the terms of the agreement settling the Company’s 2007 Statement of Intent to increase rates, ACSC Cities and the Company worked collaboratively to develop a Rate Review Mechanism (“RRM”) tariff that allows for an expedited rate review process controlled in a three year experiment by ACSC Cities as a substitute to the current GRIP process instituted by the Legislature; and

WHEREAS, the City took action in 2008 to approve a Settlement Agreement with Atmos Mid-Tex resolving the Company’s 2007 rate case and authorizing the RRM tariff; and

WHEREAS, the 2008 Settlement Agreement contemplates reimbursement of ACSC Cities' reasonable expenses associated with RRM applications; and

WHEREAS, on or about March 15, 2010, Atmos Mid-Tex filed with the City its third application pursuant to the RRM tariff to increase natural gas base rates by approximately \$70.2 million, such increase to be effective in every municipality that has adopted the RRM tariff within its Mid-Tex Division; and

WHEREAS, ACSC Cities coordinated its review of Atmos Mid-Tex's RRM filing by designating a Settlement Committee made up of ACSC representatives, assisted by ACSC attorneys and consultants, to resolve issues identified by ACSC in the Company's RRM filing; and

WHEREAS, the Company has filed evidence that existing rates are unreasonable and should be changed; and

WHEREAS, independent analysis by ACSC's rate expert concluded that Atmos Mid-Tex is able to justify an increase over current rates of \$21 million; and

WHEREAS, Atmos Mid-Tex has commenced a program to replace steel service lines based on a relative leak repair risk analysis; and

WHEREAS, the Steering Committee has entered a Settlement Agreement ("Attachment C" to this Ordinance) with Atmos Mid-Tex to: (1) increase base rate revenues by \$27 million; (2) extend the RRM process, with modifications for an additional two cycles and to thereafter require the filing of a system-wide Statement of Intent rate case on or before June 1, 2013; and (3) in the interim to allow current recovery of incremental direct costs of the steel service line replacement program in rates set via this Ordinance and in future RRMs; and

WHEREAS, the ACSC Executive Committee, as well as ACSC lawyers and consultants, recommend that ACSC members approve the attached rate tariffs ("Attachment A" to this Ordinance), which will increase the Company's revenue requirement by \$27 million; and

WHEREAS, the attached tariffs implementing new rates and Atmos Mid-Tex's Proof of Revenues ("Attachment B" to this Ordinance) are consistent with the negotiated resolution reached by ACSC Cities and are just, reasonable, and in the public interest; and

WHEREAS, it is the intention of the parties that if the City determines any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in the Company's Third RRM filing would be more beneficial to the City than the terms of the attached tariff, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally accrue to the City; and

WHEREAS, the negotiated resolution of the Company's RRM filing and the resulting rates are, as a whole, in the public interest.

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

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

Section 2. That the City Council finds the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable and new tariffs and Atmos Mid-Tex's Proof of Revenues, which are attached hereto and incorporated herein as Attachments A and B, are just and reasonable and are hereby adopted.

Section 3. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC Cities in processing the Company's rate application.

Section 4. That the Settlement Agreement, attached as Attachment C, which includes in addition to resolution of the Third RRM: (1) extension of a modified RRM process; (2) requirement that Atmos Mid-Tex file a system-wide Statement of Intent rate case on or before June 1, 2013; and (3) current recovery of incremental direct costs for a steel service line replacement program, is hereby ratified.

Section 5. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

Section 6. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 7. That if any one or more sections or clauses of this Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

Section 8. That if the City determines any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in the Company's Third RRM filing would be more beneficial to the City than the terms of the attached tariff, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally accrue to the City.

Section 9. That this Ordinance shall become effective from and after its passage with rates authorized by attached Tariffs to be effective for bills rendered on or after October 1, 2010.

Section 10. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of David Park, Vice President Rates and Regulatory Affairs, at Atmos Energy Corporation, 5420

LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this 14th day of September, 2010.

Joe Chow, Mayor

ATTEST:

By: _____
Lea Dunn, City Secretary

APPROVED AS TO FORM:

By: _____
John Hill, City Attorney

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

**Exhibit A to Settlement Agreement
Attachment A to Ordinance**

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Application

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Mcf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 7.15 per month
Commodity Charge – All Mcf	\$2.5246 per Mcf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Application

Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 3,000 Mcf.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Mcf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 13.91 per month
Commodity Charge - All Mcf	\$ 1.0796 per Mcf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Application

Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 3,500 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 450.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2750 per MMBtu
Next 3,500 MMBtu	\$ 0.2015 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0433 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Curtailment Overpull Fee

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 450.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2750 per MMBtu
Next 3,500 MMBtu	\$ 0.2015 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0433 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Imbalance Fees

All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Monthly Imbalance Fees

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

Curtailement Overpull Fee

Upon notification by Company of an event of curtailement or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailement or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement

A transportation agreement is required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Provisions for Adjustment

The base rate per Mcf (1,000,000 Btu) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Mcf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

- i = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification
- $WNAF_i$ = Weather Normalization Adjustment Factor for the i^{th} rate schedule or classification expressed in cents per Mcf
- R_i = base rate of temperature sensitive sales for the i^{th} schedule or classification approved by the entity exercising original jurisdiction.
- HSF_i = heat sensitive factor for the i^{th} schedule or classification calculated as the slope of the linear regression of average sales per bill (Mcf) and actual heating degree days by month for the test year by schedule or classification and weather station as part of the RRM filing.
- NDD = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.
- ADD = billing cycle actual heating degree days.
- BL_i = base load sales for the i^{th} schedule or classification calculated as the y-intercept of the linear regression of average sales per bill (Mcf) and actual heating degree days by month for the test year by schedule or classification and weather station as part of the RRM filing.

The Weather Normalization Adjustment for the j^{th} customer in i^{th} rate schedule is computed as:

$$WNA_j = WNAF_i \times q_{ij}$$

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Where q_{ij} is the relevant sales quantity for the j th customer in i th rate schedule.

Filings with Entities Exercising Original Jurisdiction

As part of its annual RRM filing the Company will file (a) a copy of each computation of the Weather Normalization Adjustment Factor, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, (c) a schedule showing the factors of values used in calculating such Weather Normalization Adjustment and (d) a random sample and audit of thirty (30) actual customer bills, with customer information deleted, for each rate schedule or classification to which the WNA was applied in the preceding 12 month period. To the extent that source data is needed to audit the WNA application, such data will be provided by the Company as part of the annual RRM filing.

If the RRM is discontinued, as provided in the Rider RRM tariff, the information required herein to be filed with the entities exercising original jurisdiction shall be filed on March 1 of each year.

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use Mcf	Heat use Mcf/HDD	Base use Mcf	Heat use Mcf/HDD
Abilene	1.06	.0131	9.03	.0588
Austin	1.17	.0138	19.39	.0674
Dallas	1.49	.0191	20.37	.0872
Waco	1.13	.0137	11.81	.0610
Wichita Falls	1.19	.0136	11.21	.0549

Sample WNAF_i Calculation:

$$.3352 \text{ per Mcf} = 2.5246 \times \frac{(.0131 \times (30-17))}{(1.06 + (.0131 \times 17))}$$

Where

- i = Residential Single Block Rate Schedule
- R_i = 2.5246 per MCF
- HSF_i = .0131 (Residential - Abilene Area)
- NDD = 30 HDD (Simple ten-year average of Actual HDD for Abilene Area – 9/15/06 – 10/14/06)
- ADD = 17 HDD (Actual HDD for Abilene Area – 9/15/06 – 10/14/06)
- BI_i = 1.06 Mcf (Residential - Abilene Area)

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

I. Purpose:

This mechanism is designed to provide annual earnings transparency. All rate calculations under this tariff shall be made on a system wide basis. If, through the implementation of the provisions of this mechanism, it is determined that rates should be decreased or increased, then rates will be adjusted accordingly in the manner set forth herein. The rate adjustments implemented under this mechanism will reflect annual changes in the Company's cost of service and rate base. This Rider RRM will be effective for the period commencing with the Company's RRM filing on April 1, 2011, and concluding with the implementation of new, final rates established pursuant to the general rate case that Atmos will file on or before June 1, 2013.

II. Definitions

a) The **Annual Evaluation Date** shall be the date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than April 1, of each year. This filing shall be effective in electronic form where practicable.

b) **Audited Financial Data** shall mean the Company's books and records related to the Company's Mid-Tex operating area and shared services operations. Audited Financial Data shall not require the schedules and information provided under this tariff to undergo a separate financial audit by an outside auditing firm similar to the Company's annual financial audit.

c) The **Evaluation Period** is defined as the twelve month period ending December 31, of each calendar year.

d) The **Rate Effective Period** is defined as the later of the twelve month period for which rates determined under this mechanism will be in effect or subsequent rates are implemented.

e) **Per Connection Basis** is defined as the existing average number of Mid-Tex active meters to customers during the Evaluation Period.

f) **Final Order** is defined as the most recent order establishing the Company's latest effective rates for the area in which the mechanism is implemented, and shall include municipal rate ordinances and resolutions.

III. Rate Review Mechanism

The Company shall file with each regulatory authority having original jurisdiction over the Company's rates the schedules specified below for the Evaluation Period, with the filing to be made by the Annual Evaluation Date following the end of the Evaluation Period. The schedules, which will be based upon the Company's Audited Financial Data, as adjusted, and provided in the same format as Atmos' RRM filing with municipalities on March 15, 2010, will exclude a true-up computation, but will include the following:

- a) Evaluation Period ending balances for actual gross plant in service, accumulated depreciation, accumulated deferred income taxes, inventory, working capital, and other rate base components will be used for the calculation of rates for the Rate Effective Period. The ratemaking treatments, principles, findings and adjustments included in the Final Order will apply. Regulatory adjustments due to prior regulatory rate base adjustment disallowances will be maintained. Cash working capital will be calculated using the lead/lag days approved in the Final Order. Accumulated deferred income taxes (ADIT) will be calculated using the methodology used in the Final Order. The RRM Schedules & Information section of this tariff identifies those ADIT components to be included in the calculation of rate base for both the Evaluation Period and Rate Effective Period calculations.

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
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- b) Depreciation rates booked in the period will be those approved in the Final Order, or the rate most recently approved. All calculation methodologies will be those approved in the Final Order except where noted or included in this tariff, or in the most recent order addressing the methodology. In addition, the Company shall exclude from operating and maintenance expense the discretionary costs to be disallowed from Rider RRM filings listed in the RRM Schedules and Information section of this tariff.
- c) Return on Equity (ROE) shall be maintained at 9.7%.
- d) Cost of debt will reflect actual cost for the Evaluation Period. Evaluation Period ending balances for cost of debt and capital structure will be used for the calculation of rates for the Rate Effective Period. Capital structure will be the actual Evaluation Period ratio of long-term debt and equity, with percentage equity not to exceed 50%, based on the calculation methodology outcomes used above.
- e) All applicable accounting adjustments along with all supporting work papers. Such adjustments may include:
 - 1) Pro-forma adjustments to update and annualize costs and revenue billing determinants for the Rate Effective Period.
 - 2) Pro-forma or other adjustments required to properly account for atypical, unusual, or nonrecurring events recorded during the Evaluation Period.
- f) Shared Services allocation factors shall be recalculated each year based on the latest component factors used during the Evaluation Period, but the methodology used will be that approved in the Final Order.
- g) Any changes to corporate structure or allocation of common costs will include narrative explanations with the filing.

IV. Calculation of Rate Adjustment

- a) The Company shall provide additional schedules indicating the following revenue deficiency/sufficiency calculations using the methodology accepted in the Final Order with the exception of any allowance for a true-up component in the April 1, 2011 or the April 1, 2012 RRM filings. Evaluation Period ending balances will be used for the calculation of rates for the Rate Effective Period. These schedules shall identify the rate adjustments necessary for the setting of prospective rates for the Rate Effective Period. The result shall be reflected in the proposed new rates to be established for the Rate Effective Period. In calculating the required rate adjustments, such adjustments will be made pro-ratably to the customer charge and usage charge based upon actual revenue generated, as adjusted under the Company's approved Weather Normalization Adjustment (WNA) Rider. Provided, however, that neither the Residential nor the Commercial customer charges may increase more than 20% per year.
- b) The Company may also adjust rates for the Rate Effective Period to include recovery of any known and measurable changes to operating and maintenance costs including, but not limited to, payroll and compensation expense, benefit expense, pension expense, insurance costs, materials and supplies, bad debt costs, medical expense, transportation and building and lease costs for the Rate Effective Period. Provided, however, that adjustments may only be made for costs that are reasonable and necessary. Additionally, utility plant and rate base for the Rate

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Effective Period will be established by using the Evaluation Period ending balances, including associated changes in depreciation and amortization expense and taxes. In calculating the Company's known and measurable changes for prospective RRM adjustment purposes, the following limitations will apply, on a Per Connection Basis.

1. Operating and Maintenance expenses per connection for the Rate Effective Period cannot increase more than 5% per year without specific identification and justification. Any proposed adjustment above 5% per year, is subject to the provisions of the Evaluation Procedures of this tariff. Such procedures provide that the regulatory authority will review the proposed adjustment and that the Company and regulatory authority will work collaboratively to seek agreement on the proposed adjustments to the Company's schedules and proposed rates. Justification for such expenditures over the cap shall include an event or combination of events beyond the control of the Company. The beginning adjusted Operation and Maintenance expense per connection for the 2007 RRM Evaluation Period will be limited to not exceed \$151 million divided by the connections for the period. The increase in adjusted Operation and Maintenance expenses per connection for the 2008 Rate Effective Period and the subsequent Rate Effective periods cannot exceed 5% per year, without specific identification and justification

2. Net plant investment per connection for the Rate Effective Period cannot increase more than 5% per year without specific identification and justification. Any proposed adjustment above 5% per year, is subject to the provisions of the Evaluation Procedures of this tariff. Such procedures provide that the regulatory authority will review the proposed adjustment and that the Company and regulatory authority will work collaboratively to seek agreement on the proposed adjustments to the Company's schedules and proposed rates. However, in performing a cap test to verify compliance, the Company shall exclude any changes in net plant investment associated with federal, state, or local mandates related to safety, compliance, or road moves, including steel service line replacement program costs incurred prior to October 1, 2010. The initial 2008 rate will be set using net plant limited to not exceed [$\$1,243,607,206$ divided by average active meters for the 12 months ended June 30 2007] times 1.025 times the average active meters for calendar year 2007. Subsequent filing calculations of net plant investment will be made using the same method used in the Company's September 20, 2007 Statement of Intent except that Evaluation Period ending balances will be used for net plant in the calculation of rates for the Rate Effective Period.

The rate increase limitations set forth in this tariff shall not preclude the Company from recovering any excluded net plant costs during a subsequent Evaluation Period in which the 5% limitation for net plant investment is not reached or in a subsequent Statement of Intent case. To the extent that the Company seeks to recover any excluded net plant costs during a subsequent Evaluation Period in which the 5% limitation for net plant investment is not reached or in a subsequent Statement of Intent case, the Company shall identify these costs as a specific line item in the schedule accompanying the RRM rate adjustment filing.

The regulatory authority may disallow any net plant investment that is not shown to be prudently incurred. Approval by the regulatory authority of net plant investment pursuant to the provisions of this tariff shall constitute a finding that such net plant investment was prudently incurred. Such finding of prudence shall not be subject to further review in a subsequent Evaluation Period or Statement of Intent filing.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

- c) Notwithstanding the limitations in subparts IV (a) through (b) of this tariff, the Company shall be entitled to separately adjust rates for the Rate Effective Period to include recovery for direct incremental costs associated with a steel service line replacement program incurred on and after October 1, 2010, a return on equity of 9.0% for such incremental costs as capitalized, depreciation, and applicable taxes. Capital structure will be the actual Evaluation Period ratio of long-term debt and equity, with percentage equity not to exceed 50%, based on the calculation methodology outcomes used above. Rate recovery associated with a steel service line replacement program shall be recovered through the Residential and Commercial customer charges and shall not be subject to or included in the rate increase limitations set forth in IV (a) through (b) of this tariff. Current year recovery factors are presumed to be \$0.15 for residential customers and \$0.41 for commercial customers. The rates will be adjusted annually, however, in no case will the per customer monthly cost recovery factors attributable to a steel service line replacement program exceed \$0.44 for residential customers or \$1.22 for commercial customers, prior to or during the pendency of the Company's next Statement of Intent case. Moreover, the per customer amount attributable to cost recovery for a steel service line replacement program shall be subject to review by the regulatory authority in a subsequent Evaluation Period and all costs associated with a steel service line replacement program will be subject to a prudence/reasonableness review in the Company's next Statement of Intent rate case.

- d) The Company shall provide a schedule demonstrating the "proof of revenues" relied upon to calculate the proposed rate for the Rate Effective Period. The proposed rates shall conform as closely as is practicable to the revenue allocation principles approved in the Final Order.

V. Attestation

A sworn statement shall be filed by the Company's Chief Officer in Charge of Mid-Tex Operations affirming that the filed schedules are in compliance with the provisions of this mechanism and are true and correct to the best of his/her knowledge, information and belief. No testimony shall be filed, but a brief narrative explanation shall be provided of any changes to corporate structure or allocation of common costs.

VI. Evaluation Procedures

The regulatory authority having original jurisdiction over the Company's rates shall have no less than ninety (90) days to review the Company's filed schedules and work papers. The Company will be prepared to provide all supplemental information as may be requested to ensure adequate review by the relevant regulatory authority. The Company shall not unilaterally impose any limits upon the provision of supplemental information and such information shall be provided within ten (10) working days of the original request. The regulatory authority may propose any adjustments it determines to be required to bring the schedules into compliance with the above provisions.

During and following the ninety (90) day review period and a thirty (30) day response period, the Company and the regulatory authority will work collaboratively and seek agreement on the proposed adjustments to the Company's schedule and proposed rates. If agreement has been reached by the Company and the regulatory authority, the regulatory authority shall authorize an increase or decrease to the Company's rates so as to achieve the revenue levels indicated for the Rate Effective Period. If, at the end of the thirty (30) day response period, the Company and the regulatory authority have not reached agreement on the proposed adjustments, the Company shall have the right to appeal the regulatory authority's action or inaction to the Railroad Commission of Texas. Upon the filing of any appeal, the Company shall have the right to implement the proposed RRM rate adjustment, including the adjustment attributable to steel service line replacement program costs, subject to refund.

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Rates established pursuant to the Rate Review Mechanism, if approved as provided herein, shall be effective on August 15 of each year.

VII. Reconsideration and Appeal

Orders issued pursuant to this mechanism are ratemaking orders and shall be subject to appeal under Sections 102.001(b) and 103.021, et seq., of the Texas Utilities Code (Vernon 2007).

VIII. Notice

Notice of the annual Rate Review Mechanism filing shall be provided pursuant to Section 104.103, TEX. UTIL. CODE ANN. no later than forty-five (45) days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) a description of the proposed revision of rates and schedules;
- b) the effect the proposed revision of rates is expected to have on the rates applicable to each customer class and on an average bill for each affected customer;
- c) the service area or areas in which the proposed rate adjustment would apply;
- d) the date the proposed rate adjustment was filed with the regulatory authority; and
- e) the Company's address, telephone number and website where information concerning the proposed rate adjustment may be obtained.

IX. RRM Schedules and Information

a. Accumulated Deferred Income Tax ("ADIT") Items To Be Recognized in Rate Base

The following list identifies those ADIT components to be included in the calculation of rate base for both the Evaluation Period and Rate Effective Period calculations:

Mid-Tex:

- Gas Plant in Service
- Insurance Accruals
- Benefit Accruals
- Deferred Expense Projects
- Allowance for Doubtful Accounts
- Customer Advances
- UNICAP Section 263A Costs (which shall be removed from Atmos Mid-Tex when these costs are transferred to Atmos Pipeline Texas)
- Regulatory Asset - Mid Tex
- Regulatory Liability - Mid-Tex
- Other Plant

SSU - Customer Support:

- Gas Plant in Service

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

SSU - General Office:

Gas Plant in Service
Insurance Accruals
Benefits Accruals
Deferred Expense Projects
Prepaid Expenses
Regulatory Liability - Atmos 109
FAS 115 Adjustment
Treasury Lock Adjustment
Revenue Agent Report Carryforward Adjustments 1990-1985
Tax Net Operating Loss Credit Carryforwards
State Bonus Depreciation
R & D Credit Valuation Allowance
Other Plant

b. Discretionary Costs to Be Disallowed from Rider RRM filings

The following types of employee reimbursed expenses and directly incurred costs are to be removed from all expense and rate base amounts included within Rider RRM filings for the Evaluation Period and for the Rate Effective Period:

Amounts incurred for travel, meals or entertainment of employee spouses.
Amounts for air travel that exceed published commercial coach air fares.
Amounts incurred for hotel rooms exceeding \$250 per night inclusive of taxes and fees assessed on such rooms.
Amounts for alcoholic beverages.
Amounts paid for admission to entertainment, sports, art or cultural events, and all event sponsorship costs.
Amounts for social club dues or fees.

ATMOS ENERGY CORP., MID-TEX DIVISION
SUMMARY OF CURRENT AND PROPOSED RATE STRUCTURE
TEST YEAR ENDING DECEMBER 31, 2009
(2010 RRM SETTLEMENT PROPOSAL)

Line No.	Description (a)	Current (b)	Proposed (Beginning Oct 1) (d)
1	Rate R		
2	Customer Charge per month	\$7.00	\$7.00
3			
4	Consumption Charge per MCF	\$2.2647	\$2.5246
5	2008 RRM True-up per MCF	\$0.0000	\$0.0000
6	2009 RRM True-up per MCF	<u>\$0.0060</u>	<u>\$0.0000</u>
7	Total Consumption Charge per MCF	\$2.2707	\$2.5246
8	Rate C		
9	Customer Charge per month	\$13.50	\$13.50
10			
11	Consumption Charge per MCF	\$0.9825	\$1.0796
12	2008 RRM True-up per MCF	\$0.0000	\$0.0000
13	2009 RRM True-up per MCF	<u>\$0.0052</u>	<u>\$0.0000</u>
14	Total Consumption Charge per MCF	\$0.9877	\$1.0796
15	Rate I & T		
16	Customer Charge per month	\$425.00	\$450.00
17			
18	Consumption Charge per MMBTU:		
19	First 1,500 MMBTU	\$0.2496	\$0.2750
20	Next 3,500 MMBTU	\$0.1820	\$0.2015
21	Over 5,000 MMBTU	\$0.0390	\$0.0433
22	2008 RRM True-up per MMBTU:		
23	First 1,500 MMBTU	\$0.0087	\$0.0000
24	Next 3,500 MMBTU	\$0.0064	\$0.0000
25	Over 5,000 MMBTU	\$0.0014	\$0.0000
26	2009 RRM True-up per MMBTU:		
27	First 1,500 MMBTU	\$0.0000	\$0.0000
28	Next 3,500 MMBTU	\$0.0000	\$0.0000
29	Over 5,000 MMBTU	<u>\$0.0000</u>	<u>\$0.0000</u>
30	Total Consumption Charge per MMBTU		
31	First 1,500 MMBTU	\$0.2583	\$0.2750
32	Next 3,500 MMBTU	\$0.1884	\$0.2015
33	Over 5,000 MMBTU	\$0.0404	\$0.0433

**Exhibit B to Settlement Agreement
Attachment B to Ordinance**

**ATMOS ENERGY CORP., MID-TEX DIVISION
CUSTOMER IMPACT OF PROPOSED RATES COMPARED TO CURRENT RATES
TEST YEAR ENDING DECEMBER 31, 2009
(2010 RRM SETTLEMENT PROPOSAL)**

Line No.	Description (a)	Prospective Rate Increase (b)
1	Rate R	
2	Consumption Charge per MCF	
3	Change from Current Rate	\$0.2539
4	Billing Units for Specified Period	78,500,000
5	Total Change in Base Revenue	\$19,934,212
6	Associated Revenue Taxes	<u>\$1,490,401</u>
7	Total Rate Impact	\$21,424,613
8	Number of Bills for Specified Period	17,287,740
9	Average Impact per Bill	\$1.24
10	Rate C	
11	Consumption Charge per MCF	
12	Change from Current Rate	\$0.0919
13	Billing Units for Specified Period	49,500,000
14	Total Change in Base Revenue	\$4,547,060
15	Associated Revenue Taxes	<u>\$339,966</u>
16	Total Rate Impact	\$4,887,026
17	Number of Bills for Specified Period	1,445,436
18	Average Impact per Bill	\$3.38
19	Rates I&T - Customer Charge	
20	Customer Charge	
21	Change from Current Rate	\$25.00
22	Billing Units for Specified Period	10,985
23	Total Change in Base Revenue	\$274,625
24	Associated Revenue Taxes	<u>\$20,533</u>
25	Total Rate Impact	\$295,157.61
26	Rates I&T - 1st block	
27	Consumption Charge per MCF	
28	Change from Current Rate	\$0.0167
29	Billing Units for Specified Period	10,597,655
30	Total Change in Base Revenue	\$177,031
31	Associated Revenue Taxes	<u>\$13,236</u>
32	Total Rate Impact	\$190,266
33	Rates I&T - 2nd block	
34	Consumption Charge per MCF	
35	Change from Current Rate	\$0.0131
36	Billing Units for Specified Period	10,791,216
37	Total Change in Base Revenue	\$141,297
38	Associated Revenue Taxes	<u>\$10,564</u>
39	Total Rate Impact	\$151,862
40	Rates I&T - 3rd block	
41	Consumption Charge per MCF	
42	Change from Current Rate	\$0.0029
43	Billing Units for Specified Period	16,585,623
44	Total Change in Base Revenue	\$47,655
45	Associated Revenue Taxes	<u>\$3,563</u>
46	Total Rate Impact	\$51,218
47	Rates I&T - Total	
48	Total Rate Impact	\$688,504
49	Number of Bills for Specified Period	10,985
50	Average Impact per Bill	\$62.68
51		
52	Total Change in Base Revenue	\$25,121,880
53	Total Rate Impact (Inc. Rev. Taxes)	\$27,000,142

**ATMOS ENERGY CORP., MID-TEX DIVISION
CUSTOMER IMPACT OF PROPOSED RATES COMPARED TO CURRENT RATES
(STEEL SERVICE REPLACEMENT PROGRAM)**

Line No.	Description (a)	Prospective Rate Increase (b)
1	Rate R	
2	Monthly Customer Charge	
3	Change from Current Rate	\$0.15
4	Billing Units for Specified Period	17,287,740
5	Total Change in Base Revenue	\$2,593,161
6	Associated Revenue Taxes	<u>\$193,880</u>
7	Total Rate Impact	\$2,787,041
8	Number of Bills for Specified Period	17,287,740
9	Average Impact per Bill	\$0.16
10	Rate C	
11	Monthly Customer Charge	
12	Change from Current Rate	\$0.41
13	Billing Units for Specified Period	1,445,436
14	Total Change in Base Revenue	\$592,629
15	Associated Revenue Taxes	<u>\$44,308</u>
16	Total Rate Impact	\$636,937
17	Number of Bills for Specified Period	1,445,436
18	Average Impact per Bill	\$0.44
19		
20	Total Change in Base Revenue	\$3,185,790
21	Total Rate Impact (Inc. Rev. Taxes)	\$3,423,979
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**SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORP., MID-TEX
DIVISION AND ATMOS CITIES STEERING COMMITTEE**

WHEREAS, this settlement agreement is entered into by Atmos Energy Corp's Mid-Tex Division and Atmos Cities Steering Committee ("ACSC") whose members include the Cities of Abilene, Addison, Allen, Alvarado, Angus, Anna, Argyle, Arlington, Bedford, Bellmead, Benbrook, Beverly Hills, Blossom, Blue Ridge, Bowie, Boyd, Bridgeport, Brownwood, Buffalo, Burkburnett, Burlison, Caddo Mills, Carrollton, Cedar Hill, Celeste, Celina, Cisco, Cleburne, Clyde, College Station, Colleyville, Colorado City, Comanche, Coolidge, Coppell, Corinth, Corral City, Crandall, Crowley, Dalworthington Gardens, Denison, DeSoto, Duncanville, Eastland, Edgecliff Village, Emory, Ennis, Euless, Everman, Fairview, Farmers Branch, Farmersville, Fate, Flower Mound, Forest Hill, Fort Worth, Frisco, Frost, Gainesville, Garland, Garrett, Grand Prairie, Grapevine, Haltom City, Harker Heights, Haskell, Hewitt, Highland Park, Highland Village, Honey Grove, Hurst, Iowa Park, Irving, Justin, Kaufman, Keene, Keller, Kemp, Kennedale, Kerrville, Killeen, Krum, Lakeside, Lake Worth, Lancaster, Lewisville, Lincoln Park, Little Elm, Lorena, Malakoff, Mansfield, McKinney, Melissa, Mesquite, Midlothian, Murphy, Nocona, North Richland Hills, Northlake, Oakleaf, Ovilla, Palestine, Pantego, Paris, Parker, Pecan Hill, Plano, Ponder, Pottsboro, Prosper, Quitman, Red Oak, Reno (Parker County), Richardson, Richland, Richland Hills, Roanoke, Robinson, Rockwall, Roscoe, Rowlett, Sachse, Saginaw, Seagoville, Sherman, Snyder, Southlake, Springtown, Stamford, Stephenville, Sulphur Springs, Sweetwater, Temple, Terrell, The Colony, Tyler, University Park, Venus, Vernon, Waco, Watauga, Waxahachie, Westlake, Whitesboro, White Settlement, Wichita Falls, Woodway, and Wylie.

WHEREAS, on March 15, 2010, Atmos filed with the ACSC Cities an application, hereafter referred to as the 2010 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism; and

WHEREAS, ACSC has hired experts and lawyers to analyze the rates proposed by Atmos Energy Corp.'s, Mid-Tex Division ("Atmos" or "Company") in its 2010 RRM filing; and

WHEREAS, the Settlement Agreement resolves all issues between Atmos and ACSC ("the Signatories") regarding the 2010 RRM filing, which is currently pending before the ACSC Cities, in a manner that the Signatories believe is consistent with the public interest, and the Signatories represent diverse interests; and

WHEREAS, the Signatories believe that the resolution of the issues raised in the 2010 RRM filing can best be accomplished by each ACSC City approving this Settlement Agreement and the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to the following Settlement Terms as a means of fully resolving all issues between the ACSC Cities and Atmos involving the 2010 RRM filing:

Settlement Terms

1. Upon the execution of this Settlement Agreement, Atmos and the counsel for the ACSC cities will recommend that an ordinance or resolution be adopted to approve this Settlement Agreement and implement the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A. (Attachment A to the Ordinance ratifying this Agreement). Said tariffs should allow Atmos an additional, prospective \$27 million in annual revenue by implementation of rates shown in the proof of revenues attached as Exhibit B. (Attachment B to the Ordinance ratifying this Agreement). The uniform implementation of gas rates, terms and conditions established by this Settlement Agreement shall be effective for bills rendered on or after October 1, 2010.
2. In an effort to streamline the regulatory review process, Atmos and ACSC have agreed to renew the Rate Review Mechanism (“Rider RRM”) for a period commencing with the Company’s April 1, 2011 filing under this mechanism for the calendar year 2010, effective August 15, 2011, and concluding upon the implementation of new, final rates established pursuant to the general rate case that Atmos will file on or before June 1, 2013. Rider RRM provides for an annual rate adjustment to reflect changes in billing determinants, operating and maintenance expense, depreciation expense, other taxes expense, and revenues as well as changes in capital investment and associated changes in gross revenue related taxes. The revised RRM tariff is included in Exhibit A.
3. Notwithstanding the RRM rate adjustments that will occur pursuant to paragraph 2 of this Settlement Agreement, Atmos and ACSC agree that on or before June 1, 2013, Atmos shall file a general, system-wide rate case for the Mid-Tex Division. During the pendency of the general rate case, Atmos and ACSC agree that rate adjustments associated with the RRM filing for calendar year 2011 shall be implemented on August 15, 2012, and shall remain in effect until the earlier of either the issuance of a final order by the Railroad Commission of Texas in the general rate case to be filed on or before June 1, 2013, or the entry of an agreed upon order resolving all issues involved in the general rate case. The adjustments made or requested in the 5th year RRM shall not be considered precedent during the general rate case.
4. Atmos and ACSC further agree that for the period commencing March 1, 2010 through September 30, 2012, Atmos will expand its existing steel service line replacement program to complete the replacement of 100,000 steel service lines within its Mid-Tex Division during this period. Atmos and ACSC agree that a risk-based approach should be adopted to allow replacement of the highest priority steel service lines within this time period. Atmos agrees to provide the ACSC cities with quarterly reports providing the number and location of the lines replaced during the quarter. Atmos agrees to coordinate with ACSC member cities to minimize disruption to cities’ rights of way without compromising the safety of residents of the cities.
5. Atmos and ACSC agree that costs incurred to replace steel service lines prior to October 1, 2010 shall be included in the RRM rate adjustment calculation for the 2010 calendar year, and shall not be subject to or included in the rate cap limitations set forth in subsection IV (a)-(b) of the Rider RRM tariff.

6. Atmos and ACSC agree that the projected incremental direct costs incurred to replace steel service lines on or after October 1, 2010 shall be separately identified and shall not be subject to or included in the rate cap limitations set forth in subsection IV (a)-(b) of the Rider RRM tariff. Atmos and ACSC further agree that such projected direct incremental costs incurred to replace steel service lines after October 1, 2010, shall be separately calculated and recovered as a discrete component of customer charges in the Company's annual RRM filings as set forth below:
 - a. Atmos and ACSC agree that Atmos shall be entitled to separately adjust rates for the Rate Effective Period as defined in the Rider RRM tariff to allow recovery of the projected annual revenue requirement associated with direct incremental costs to be incurred in connection with a steel service line replacement program, that are not otherwise included within the RRM cost of service, including a return on equity of 9.0% within the overall weighted cost of capital applied to net investment (net plant additions, less accumulated depreciation and accumulated deferred income taxes), depreciation expense and applicable taxes;
 - b. Atmos and ACSC further agree that the capital structure used to calculate the steel service line replacement rate adjustment will be the actual Evaluation Period (as defined in the Rider RRM tariff) ratio of long-term debt and equity, with an equity percentage not to exceed 50%;
 - c. Rate recovery associated with a steel service line replacement program shall occur through an adjustment to the Residential and Commercial customer charges. Current year recovery factors as of October 1, 2010 shall be \$0.15 for residential customers and \$0.41 for commercial customers. The rates will be adjusted annually, however, Atmos and ACSC agree that in no case will the per customer monthly cost recovery factors attributable to a steel service line replacement program exceed \$0.44 for residential customers or \$1.22 for commercial customers, either prior to or during the pendency of the general rate case Atmos will file on or before June 1, 2013.
 - d. Atmos and ACSC further agree that any per customer amount attributable to cost recovery for a steel service line replacement program shall be subject to review by the regulatory authority in a subsequent Evaluation Period as defined in the Rider RRM tariff and all incremental costs associated with a steel service line replacement program shall be subject to a prudence/reasonableness review in the general rate case to be filed by Atmos on or before June 1, 2013.
7. With respect to the Company's annual RRM filings, Atmos agrees to pay all reasonable and necessary expenses of each entity having original jurisdiction that are incurred to review the Company's annual RRM filings. Atmos further agrees that in calculating the proposed rate for any Rate Effective Period, the Company shall not include: (1) any external legal, expert, or consultant costs to prepare and/or provide supportive information related to its filing; or (2) reimbursements to original jurisdiction entities.
8. Notwithstanding paragraph 7 of this Settlement Agreement, Atmos and ACSC agree that in the event of an appeal of an original jurisdiction entity's decision regarding a proposed RRM adjustment, recovery of rate case expenses shall be determined

according to Chapters 103 and 104, TEX. UTIL. CODE ANN. Further, in the event of such appeal(s), Atmos shall recover any reimbursement made to the original jurisdiction entity through a surcharge to all customer rates that are subject to the Commission's jurisdiction in that proceeding or proceedings that might be joined therewith, regardless of whether such reimbursements are made during the initial review period or appeal period.

9. The ACSC Cities agree that they will not challenge the legal basis of the rates, terms, and conditions reflected in Exhibit A, or any annual RRM adjustment that is implemented pursuant to Rider RRM.
10. Atmos and the ACSC Cities further agree that the express terms of the Rider RRM are supplemental to the filing, notice, regulatory review, or appellate procedural process of the ratemaking provisions of Chapter 104 of the Texas Utilities Code. If the statute requires a mandatory action on behalf of the municipal regulatory authority or Atmos, the parties will follow the provisions of such statute. If the statute allows discretion on behalf of the municipal regulatory authority, the ACSC Cities agree that they shall exercise such discretion in such a way as to implement the provisions of the RRM tariff. If Atmos appeals an action or inaction of an ACSC City regarding an RRM filing to the Railroad Commission, the ACSC Cities agree that they will not oppose the implementation of interim rates or advocate the imposition of a bond by Atmos consistent with the RRM tariff. Atmos agrees that it will make no filings on behalf of its Mid-Tex division under the provisions of TEX. UTIL. CODE ANN. § 104.301 while the Rider RRM is in place. In the event that a regulatory authority fails to act or enters an adverse decision regarding the proposed annual RRM adjustment, the Railroad Commission of Texas shall, pursuant to the provisions of the Texas Utilities Code, have exclusive appellate jurisdiction to review the action or inaction of the regulatory authority exercising exclusive original jurisdiction over the RRM request. In addition, the Signatories agree that this Settlement Agreement shall not be construed as a waiver of the ACSC Cities' right to initiate a show cause proceeding or the Company's right to file a Statement of Intent under the provisions of the Texas Utilities Code.
11. Atmos and ACSC further agree that the ordinance or resolution adopting this Settlement Agreement shall include a provision authorizing Atmos to establish regulatory asset account(s) for costs related to working gas in storage. Atmos and ACSC further agree that the language authorizing these regulatory asset account(s) shall be the same as that set forth in the 4th Ordering Paragraph (Page 10 of 11) of the Final Order Nunc Pro Tunc issued by Railroad Commission of Texas in GUD No. 9869 on February 23, 2010. This language states as follows:

IT IS FURTHER ORDERED that Atmos shall be allowed to establish a regulatory asset for the ad valorem taxes related to working gas in storage. In addition, Atmos shall be allowed to establish a regulatory asset for (1) the costs associated with Accumulated Deferred Income Tax for UNICAP Section 263A, (2) the WACOG to FIFO change, and (3) an amount equal to the rate of return approved in this RRM Proceeding for the Accumulated Deferred Income Tax items related to working gas in storage. Atmos shall record these amounts in Other Regulatory Assets (Account 182.3). These deferred items shall be considered, along with the

investment in working gas, for consideration and possible inclusion in rates for Atmos Pipeline-Texas in that entity's next filed rate case. If the Commission determines that such deferred items are not properly included in the rates of Atmos Pipeline – Texas, the items shall be further deferred until the next Atmos Mid-Tex rate case filed after the final decision in the Atmos Pipeline-Texas rate case for inclusion with the working gas investment in the Atmos Mid-Tex rates.

12. Atmos and ACSC agree that each ACSC city should approve this Settlement Agreement and adopt an ordinance or resolution to implement for the ACSC Cities the rates, terms, and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A, as well as the regulatory asset authorization language discussed in paragraph 12 of this Settlement Agreement.
13. The Signatories agree that the terms of the Settlement Agreement are interdependent and indivisible, and that if any ACSC city enters an order that is inconsistent with this Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Settlement Agreement or its subsequent withdrawal. If any ACSC city rejects this Settlement Agreement, then this Settlement Agreement shall be void *ab initio* and counsel for the ACSC Cities shall thereafter only take such actions as are in accordance with the Texas Disciplinary Rules of Professional Conduct.
14. The Signatories agree that all negotiations, discussions and conferences related to the Settlement Agreement are privileged, inadmissible, and not relevant to prove any issues associated with Atmos' 2010 RRM filing.
15. The Signatories agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the ACSC Cities of an ordinance or resolution implementing this Settlement Agreement.
16. The Signatories agree that this Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes, and, except to the extent the Settlement Agreement governs a Signatory's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding.
17. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this ____ day of August, 2010.

ATMOS ENERGY CORP., MID-TEX DIVISION

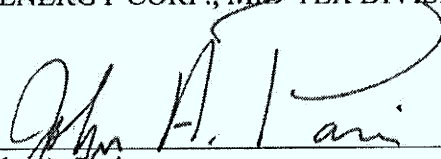
By:

John A. Paris
President, Mid-Tex Division

Agreed to this 20 day of August, 2010.

ATMOS ENERGY CORP., MID-TEX DIVISION

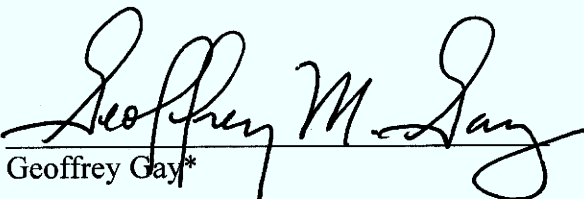
By:



John A. Paris
President, Mid-Tex Division

Agreed to this 20th day of August 2010.

ATTORNEY FOR ATMOS TEXAS MUNICIPALITIES, WHOSE MEMBERS INCLUDE THE CITIES OF ABILENE, ADDISON, ALLEN, ALVARADO, ANGUS, ANNA, ARGYLE, ARLINGTON, BEDFORD, BELLMEAD, BENBROOK, BEVERLY HILLS, BLOSSOM, BLUE RIDGE, BOWIE, BOYD, BRIDGEPORT, BROWNWOOD, BUFFALO, BURKBURNETT, BURLESON, CADDO MILLS, CARROLLTON, CEDAR HILL, CELESTE, CELINA, CISCO, CLEBURNE, CLYDE, COLLEGE STATION, COLLEYVILLE, COLORADO CITY, COMANCHE, COOLIDGE, COPPELL, CORINTH, CORRAL CITY, CRANDALL, CROWLEY, DALWORTHINGTON GARDENS, DENISON, DESOTO, DUNCANVILLE, EASTLAND, EDGECLIFF VILLAGE, EMORY, ENNIS, EULESS, EVERMAN, FAIRVIEW, FARMERS BRANCH, FARMERSVILLE, FATE, FLOWER MOUND, FOREST HILL, FORT WORTH, FRISCO, FROST, GAINESVILLE, GARLAND, GARRETT, GRAND PRAIRIE, GRAPEVINE, HALTOM CITY, HARKER HEIGHTS, HASKELL, HEWITT, HIGHLAND PARK, HIGHLAND VILLAGE, HONEY GROVE, HURST, IOWA PARK, IRVING, JUSTIN, KAUFMAN, KEENE, KELLER, KEMP, KENNEDALE, KERRVILLE, KILLEEN, KRUM, LAKESIDE, LAKE WORTH, LANCASTER, LEWISVILLE, LINCOLN PARK, LITTLE ELM, LORENA, MALAKOFF, MANSFIELD, MCKINNEY, MELISSA, MESQUITE, MIDLOTHIAN, MURPHY, NOCONA, NORTH RICHLAND HILLS, NORTHLAKE, OAKLEAF, OVILLA, PALESTINE, PANTEGO, PARIS, PARKER, PECAN HILL, PLANO, PONDER, POTTSBORO, PROSPER, QUITMAN, RED OAK, RENO (PARKER COUNTY), RICHARDSON, RICHLAND, RICHLAND HILLS, ROANOKE, ROBINSON, ROCKWALL, ROSCOE, ROWLETT, SACHSE, SAGINAW, SEAGOVILLE, SHERMAN, SNYDER, SOUTHLAKE, SPRINGTOWN, STAMFORD, STEPHENVILLE, SULPHUR SPRINGS, SWEETWATER, TEMPLE, TERRELL, THE COLONY, TYLER, UNIVERSITY PARK, VENUS, VERNON, WACO, WATAUGA, WAXAHACHIE, WESTLAKE, WHITESBORO, WHITE SETTLEMENT, WICHITA FALLS, WOODWAY, AND WYLIE

By: 
Geoffrey Gay*

* Subject to approval by ACSC City Councils

Council Agenda Item: #R11

AGENDA CAPTION:

Presentation, discussion and consideration of approval of Atmos Energy gas franchise audit and authorization for the city manager to elect for Atmos Energy to remit to the Town franchise fees based on the audit report, to continue to remit to the Town franchise fees calculated on franchise fees recovered from customers and authorize Atmos Energy to recover these fees from customers located within the Town of Addison.

FINANCIAL IMPACT:

The Town can realize approximately \$26,000 from the recalculated franchise fees for the past two years and in the future, depending upon sales of natural gas to Addison consumers, an estimated \$13,000 per year in additional franchise fee revenue. The Town receives an average \$235,000 annually from the gas franchise fee. The additional annual amount represents a five percent increase in this source of revenue.

BACKGROUND:

As part of the Atmos Cities Steering Committee (ACSC) evaluation of the company's rate review mechanism filing, a group of nine cities in the North Texas region decided to coordinate their efforts and enlist the services of a consultant to audit the franchise fees remitted by the company. Connie Cannady with J. Stowe & Co. was selected to perform the audit. Ms. Cannady is very familiar with public utilities and communication companies and has assisted Addison in the past with negotiation of the ATT/Comcast (now Time Warner) cable franchise agreement.

Attached is Ms. Cannady's audit results with findings that the fees did not include amounts that were due in accordance with the Town's franchise ordinance. The findings were shared with the company, which disputes the amounts owed, but is willing to pay the franchise fee on the franchise fee amount. As the audit revealed, the company has always paid franchise fees on this basis in the past, but unilaterally decided to remove those fees from the calculation. The company is willing to restore these amounts to the franchise payment provided it can recover the amount from their customers in Addison. If the company were to

recover the full amount in one year, the average monthly residential bill would increase approximately \$0.27 and the monthly commercial bill \$1.84.

In order to obtain the funds that the Town is owed, staff recommends council authorize the city manager to sign the franchise fee election letter.

RECOMMENDATION:

Staff recommends approval.

COUNCIL GOALS:

Conduct the Business of the Town in a Fiscally Responsible Manner

ATTACHMENTS:

Description:

- [Atmos Gas 2010 Franchise Audit](#)
- [Atmos Energy Company Response to Audit](#)
- [Franchise Fee Election Letter](#)

Type:

- Backup Material
- Backup Material
- Backup Material

1300 F Lookout Drive, Ste 100
Richardson, TX 75082
t 972 680 2000
f 972 680 2007

515 Congress Avenue, Ste 1515
Austin, TX 78701
t 512 479 7900
f 512 479 7905



July 12, 2010

Mr. Randy Moravec
Chief Financial Officer
Town of Addison
5300 Belt Line Road
Addison, Texas 75001

Dear Mr. Moravec:

J. Stowe & Co., LLC (“J. Stowe & Co.”) provides the following preliminary report concerning a review of the franchise fees paid to the Town of Addison (“Town”) by Atmos Energy (“Atmos” or the “Company”) for the period 2006 to 2009. Based on the analyses, J. Stowe & Co. includes a discussion of the activities performed, the issues noted during the review, and a preliminary estimate of the additional franchise fees due to the Town from Atmos.

This study does not constitute an examination of the financial condition of Atmos. Therefore, J. Stowe & Co. does not express any position with regard to the accuracy or validity of the financial information provided by Atmos during the course of the analyses.

PROJECT ACTIVITIES

J. Stowe & Co. conducted the following activities:

- Reviewed the basis on which fees are paid to the Town
- Reviewed the computation of fees provided by Atmos
- Reviewed the account information to support the reported revenues by Atmos
- Reviewed the Texas Railroad Commission Reports concerning gas operations within the Town of Addison
- Reviewed Atmos’ overall compliance with the franchise agreement.

BASIS FOR FRANCHISE FEE PAYMENTS

The franchise fee calculation is governed by the franchise agreement passed by Ordinance No. 003-0410 and amended by in 2008 to increase the franchise fee rate from 4% to 5%. The Ordinance 003-0410 provides for the following payment of franchise fees:

“Company, its successors and assigns, agrees to pay and City agrees to accept, on or before the 1st day of April 2004 . . . a sum of money which shall be equivalent to four percent (4%) of the

Gross Revenues, as defined in 6.B below, received by Company during the preceding calendar year.”

Section 6.B provides the definition of Gross Revenues as:

B. "*Gross Revenues*" shall mean all revenue derived or received, directly or indirectly, by the Company from or in connection with the operation of the System within the corporate limits of the City and including, without limitation:

- (1) All revenues received by the Company from the sale of gas to all classes of customers within the City;
- (2) All revenues received by the Company from the transportation of gas through the System of Company within the City to customers located within the City; and
- (3) The value of gas transported by Company for Transport Customers through the System of Company within the City ("Third Party Sales"), with the value of such gas to be reported by each Transport Customer to the Company, provided, however, that should a Transport Customer refuse to furnish Company its gas purchase price, Company shall estimate same by utilizing TXU Gas Distribution's monthly industrial Weighted Average Cost of Gas, as reasonably near the time as the transportation service is performed.
- (4) "Gross revenues" shall also include:
 - (a) other revenues derived from the following 'miscellaneous charges':
 - i. charges to connect, disconnect, or reconnect gas within the City;
 - ii. charges to handle returned checks from consumers within the City;
 - iii. such other service charges and charges as may, from time to time, be authorized in the rates and charges on file with the City; and
 - iv. contributions in aid of construction ("CIAC");
 - (b) revenues billed but not ultimately collected or received by the Company;
and
 - (c) gross receipts fees;
- (5) "Gross revenues" shall not include:
 - (a) the revenue of any Person including, without limitation, an affiliate, to the extent that such revenue is also included in Gross Revenues of the Company;
 - (b) sales taxes;
 - (c) any interest income earned by the Company; and
 - (d) all monies received from the lease or sale of real or personal property, provided, however, that this exclusion does not apply to the lease of facilities within the City's right of way.

In 2008, the Town amended the percentage of Gross Revenues that would be paid to the Town. The percentage increased from 4% to 5% to take effect with the April 2009 annual payment.

Section 6.C provides for a late payment fee as follows:

“Interest shall be calculated in accordance with the interest rate for customer deposits established by the PUC in accordance with Texas Utilities Code Section 183.003 for the time period involved.”

GENERAL OBSERVATIONS

As stated in the franchise agreement, Atmos Energy is required to pay franchise fees to the Town on an annual basis for revenue reported for the most recent calendar year period prior to the payment. Pursuant to the adoption of the TXU Gas settlement provisions in the 2003 franchise agreement¹, the Town is to receive franchise fees on all revenue reported by the Company, with the exceptions noted in the franchise agreement. Therefore, revenues should include those related to the “sale of gas” services, revenues from the transportation of gas, any and all miscellaneous service charges, contributions in aid of construction (“CIAC”), revenue from various rate riders and surcharges, and gross receipts fees. In addition, Atmos is required to pay on the value of the gas that is transported by Atmos but sold by a third party to those Atmos customers that receive service via a transportation tariff.

Our analysis demonstrated that Atmos is largely in compliance with the franchise agreement concerning franchise fees paid for the period 2007 through 2009. However, we noted that with the payments in 2009 (2008 calendar year) and 2010 (2009 calendar year), the Company made a unilateral decision to exclude certain revenue that had been included in payments prior to that period. Additionally, we noted that the Company receives certain other revenue that has not been included. Below is a more detailed discussion of the findings.

SUMMARY OF FINDINGS

Based on the review of Atmos’ methodology for computing franchise fees as well as the underlying customer billing records, we noted four major issues:

1. Atmos excluded franchise fees collected from gas sales customers for all of 2008 and 2009.
2. Atmos inappropriately deducted the refund given to customers based on the Atmos Pipeline rate proceeding GUD 9530.
3. Atmos received contributions from customers that were not included in the computation of gross revenue.
4. Atmos used a 4% franchise fee percentage for the 2009 payment on contributions in aid of construction (“CIAC”) after the Town had increased the percentage to 5%.

¹ Based on a settlement of the lawsuit filed by the City of Denton against TXU Electric and TXU Gas concerning underpayment of franchise fees – *City of Denton v. Texas Utilities Company et. al*, Cause No. 009383, 134th District Court of Dallas County.

1. Exclusion of Franchise Fee Revenue Received from Sales Customers

Based on the information provided by the Company, Atmos unilaterally decided in 2009 to exclude all franchise fees revenue collected from sales customers via the franchise fee rider when determining "Gross Revenues."² Prior to 2009 all franchise fees collected from these customers were reported as revenue and included in the franchise fee calculation. The payments made to Town do not include the GRS Rate Codes: CMFFE and RSFFE.

In our opinion, the definition of Gross Revenues specifically includes franchise fee revenue in that the language provides for the inclusion of "Gross receipts fees." Franchise fees are local gross receipts fees, and at the time of the settlement with Denton, TXU Gas recognized them as such. In fact, in review of the most recent RRM filing, Atmos classifies franchise fees as city local gross receipts in its workpapers to the filing. Atmos states in its remittance letter to the Town that gross receipts fees are included, but the Company has only included the state gross receipts tax collected from customers.

In addition, franchise fees are not a tax and therefore are not excludable under the banner of "Sales tax" that are excludable under the franchise language. In fact, in 1997 the Fifth Circuit Court of Appeals ruled that franchise fees are not taxes and should be considered as revenue in the computation of franchise fees paid to a franchising authority by a cable company. The Court likened franchise fees as a form of rent for access to the rights-of-way. Therefore, recovery of these costs should be treated similarly to recovery of any costs included in the price for the service. This same interpretation applies here, and therefore, the Company is not justified in excluding the amount of franchise fees that have been collected from customers.

Because the Company made this policy decision in January 2009, the exclusion of franchise fees in the Town's payments are for both the 2008 and 2009 calendar year payments. The underpayment for this issue is approximately \$24,300, before interest.

2. Deduction of GUD 9530 Refunds

Beginning with the payment in 2009 for the 2008 calendar year, the Company made a deduction to gross revenue to account for a refund resulting from the Atmos Pipeline case GUD 9530. Based on our understanding, the refund was due to a finding that the gas costs passed on by Atmos Pipeline were not entirely prudent. When asked clarifying questions concerning the 2008 and 2009 deductions, an Atmos representative stated that the Company's initial policy was not to deduct these refunds, but that a decision was made to do so with a true-up for prior period refunds.

In our opinion, these refunds should not be used to reduce the amount on which franchise fees are computed. These are refunds based on charges that were found to be imprudent when billed to customers in a prior period. In addition, there is nothing in the definition of gross revenues that allows for the exclusion of refunds, particularly those from a prior period. The only connection that GUD 9530 has with current receipts is in computing the refund for each customer based on current usage patterns.

The impact of removing GUD 9530 refunds is an underpayment of approximately \$1,800, before interest.

² Sales customer classes include residential and commercial customers.

3. Exclusion of Revenue from Customer Contribution Program

Review of the billing system showed that Atmos has been receiving revenue from customers who are willing to remit additional funds to be used to assist customers who cannot pay their gas bills. Although this program is clearly laudable, it does result in additional monies received by Atmos through the operation of the gas system. Therefore, it is our opinion that these receipts should have been included in the computation of franchise fees.

Including the receipts for customer contributions results in an underpayment that is less than \$100, before interest.

4. Use of 4% Versus 5%

As mentioned above, the Town amended the franchise agreement in 2008 to increase the percentage of gross revenue to be paid in franchise fees from 4% to 5%. However, in April 2009, Atmos remitted its CIAC payment based on a 4% computation. In our opinion, any payment made subsequent to the franchise amendment should be based on the 5% rate. The underpayment related to this issue is approximately \$200, before interest.

Open Issue

As part of our review, we requested that the Company provide samples of customer's bills as well as a reconciliation of the franchise fees paid to the franchise fee billed. With respect to the billing, Atmos provided copies that show the franchise fee factor used. However, the Company stated that they could not provide a reconciliation of fees paid to fee received.

In reviewing the franchise fee factor on the bills, we noted that it has fluctuated from year to year. We have requested that the Company provide a computation for each year in order to determine the extent to which the customers have been appropriately billed for franchise fees. We will update the Town when the information is received.

TOTAL UNDERPAYMENT COMPUTATION

Based on the above preliminary findings, we estimate the franchise fee underpayments with interest to be as follows:

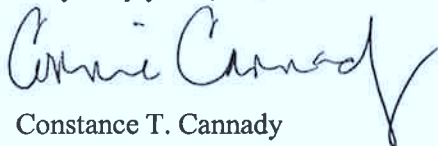
Underpayment	\$26,342
Interest	<u>381</u>
Total Due	\$26,722 (rounding)

Mr. Randy Moravec
July 12, 2010
Page 6

Exhibit A shows the computation of the total franchise fee underpayments. The interest has been computed based on the Public Utility Commission's rate for interest on customer deposits. The interest is computed through June 2010. In the event that a different period should be used, we will adjust the interest calculation accordingly.

J. Stowe & Co. greatly appreciates this opportunity to work with the Town of Addison, Texas. If you have any questions or need clarification on the issues discussed above, please contact Ms. Connie Cannady at 972.680.2000.

Very truly yours,

A handwritten signature in blue ink that reads "Connie Cannady". The signature is written in a cursive style with a large, sweeping flourish at the end.

Constance T. Cannady
Manager
J. Stowe & Co. LLC

**Summary of Franchise Fee Issues
Town of Addison
Atmos Gas**

	Apr-07	Apr-08	Apr-09	Apr-10	
Franchise Fee Rider Revenue	\$0	\$0	\$275,784	\$209,376	
GUD 9530 Refund	0	0	24,810	11,203	
Customer Contributions for Assistance	<u>413</u>	<u>320</u>	<u>398</u>	<u>581</u>	
Total Additional Revenue	413	320	300,993	221,160	
Fee Rate	<u>4.00%</u>	<u>4.00%</u>	<u>5.00%</u>	<u>5.00%</u>	
Subtotal Underpayment	17	13	15,050	11,058	\$26,137
Interest	<u>2</u>	<u>1</u>	<u>367</u>	<u>6</u>	<u>377</u>
Total Underpayments	19	14	15,417	11,064	26,514
CIAC			\$20,482		
Increase in Fee Rate			<u>1.00%</u>		
Subtotal Underpayment			205		205
Interest			<u>4</u>		<u>4</u>
Total Underpayments			208		208
Total Fee Underpayment					\$26,342
Interest					<u>381</u>
Total Underpayment					<u><u>\$26,722</u></u>



August 4, 2010

Mr. Randy Moravec
Chief Financial Officer
Town of Addison
5300 Belt Line Road
Addison, Texas 75001

RE: Gas Franchise Fee Audit

Dear Mr. Moravec:

I am writing in response to the audit report authored by Connie Cannady and dated July 12, 2010. Following careful internal review by both our legal and accounting departments, Atmos Energy Corporation ("Atmos" or "Company") does not find that there has been any underpayment to the Town of Addison ("Town") pursuant to the franchise fee agreement.

1. Franchise Fee on Franchise Fees

Following an internal review, Atmos determined that there was no legal support for the inclusion of the recovery of fees pursuant to a franchise fee agreement in the definition of Gross Revenues. The Company discontinued including franchise fees recovered from customers in the calculation of the franchise payment as of January 1, 2009.

Atmos has recently reached an agreement with the ACSC coalition to give member municipalities an opportunity to include franchise fees in the definition of Gross Revenues, conditioned upon the return of a letter indicating this election in writing. Likewise, Atmos agreed to make an additional payment that would reflect the inclusion of franchise fees in Gross Revenues going back to January 1, 2009 if also elected in writing. Atmos estimates this additional payment at approximately \$26,000. The Town should have received communication regarding this offer as well as a template for the required written notification from ACSC counsel, Geoffrey Gay.

2. GUD 9530 Refunds

The Town has previously received a franchise fee payment calculated on the inclusion of the amounts subject of the GUD 9530 docket. When an amount is charged to a customer and later refunded, the refunded amount is deducted from the total used to calculate fees associated with the refund amount such as sales tax, State gross receipts fees, and

franchise fees. This deduction is necessary to avoid overpayment of fees. Refunds are not included in the definition of Gross Revenues.

3. Customer Contribution Program

The customer contribution program is a charitable program. Charitable contributions are not included in the definition of Gross Revenues. Donations are entirely voluntary. Customers can change or end their giving at any time by simply calling Atmos toll-free and asking to be removed from the program. Their donation appears as a separate item on their monthly bill and they receive a statement in January for tax purposes.

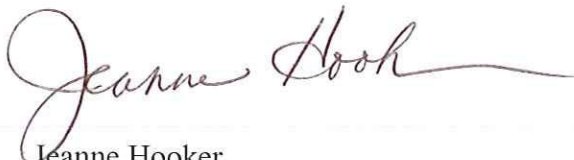
Although Atmos receives and administers these funds for the benefit of low income customers, the amounts remitted are not connected to any charge made by Atmos for its services, to Atmos' use of the Town's right-of-way, or to any category of revenue identified in the franchise fee agreement. It is worth noting that low income customers are not exempted by the Town from municipal franchise fees and to the extent that donated funds are administered in payment of a low income customer's bill, those funds may be applied toward the payment of franchise fees billed to that customer.

4. Contributions in Aid of Construction

The Town passed an amendment increasing its franchise fee from 4% to 5% effective October 1, 2008. All Contributions in Aid of Construction ("CIAC") billed and collected in the Town in 2008 were recorded prior to the October 1 effective date. Due to the ad hoc nature of projects that result in CIAC, this component of franchise fees is remitted based on actual collections and paid to the Town separately rather than being a calculated amount.

If the Town wishes to make the written election discussed in the franchise fee on franchise fee section, please execute the letter provided by Geoffrey Gay and return to me at your earliest convenience. If you have any questions, please contact me at 972-360-4428.

Sincerely,

A handwritten signature in cursive script that reads "Jeanne Hooker". The signature is written in black ink and is positioned above the typed name and title.

Jeanne Hooker
Manager of Public Affairs
Atmos Energy Corporation, Mid-Tex Division

September 15, 2010

Mr. David Park
Vice President Rates and Regulatory Affairs
Atmos Energy Corporation, Mid-Tex Division
5420 LBJ Freeway, Ste. 1862
Dallas, TX 75240

RE: Franchise Fees

Dear Mr. Park:

My initials signify agreement with the statements below:

_____The City intends that the amounts billed to and collected from customers for franchise fees be added to the revenue amount that Atmos uses to calculate the City's franchise fee payment, consistent with the Company's agreement with the Atmos Cities Steering Committee.

_____Further, the City elects to receive an additional payment for the period of time that franchise fees were not included in the calculation of the City's franchise fee payment, consistent with the Company's agreement with the Atmos Cities Steering Committee.

It is understood that by agreeing to one or both of the above statements, the City explicitly agrees that any additional franchise fee amounts paid to the City by Atmos are recoverable by Atmos from Company's ratepayers within city limits.

Sincerely,

Signature

Date

Printed Name

Title

City

Council Agenda Item: #R12

AGENDA CAPTION:

Presentation, discussion and consideration of approval of a contract with Cornerstone Adminisystems for the billing and collection of fees for emergency medical services, subject to approval by the City Attorney.

FINANCIAL IMPACT:

Cornerstone will receive 7% of the net revenue that is collected for the Town. Based on the Town's annual receipts over the last three years, this would equate to approximately \$17,500 annually. The Town's previous contract rate was 5.5% or about \$14,000 per year. If collections remain static, the Town will be paying a slightly higher fee but if collections increase by just 5% the Town will actually be realizing more EMS revenues overall. Staff believes Cornerstone's billing and collections processes will improve collections.

BACKGROUND:

In 2001, the Town began outsourcing the billing and collection of emergency medical services due to the increasing complexity of the function. In 2006, the Town entered a contract with its current provider Emergidata (formerly Southwest General Services). The initial 3-year contract expired in 2009 and the Town chose to renew for an additional one year term. The current term expires September 30th and the Town has chosen to not renew for the final one year option.

Staff from the Finance, Information Technology, and Fire departments have been working over the past year to address concerns in the Town's collection rate and increasing aged receivables. After reviewing the Town's current collections issues, staff requested proposals from various firms that specialized in the billing and collection of emergency medical services. In response to the RFP, the Town received 12 proposals from firms across the

country. Staff carefully evaluated all of the proposals according to the below criteria:

- Quality and Scope of Proposal (30%)
- Firm's Experience (30%)
- Reporting and Data Transfer Capabilities (20%)
- Fee Structure (20%)

Attached are the rankings of the 12 proposals for these criteria and the overall rankings. The three top firms were invited to present their proposal to a committee of staff from the Finance, Information Technology, and Fire departments. After reviewing the information submitted in the proposals and the presentations, staff concluded that Cornerstone offers the Town the best combination of value and service.

The contract includes a three-year service agreement with the possibility of two one-year extensions at the Town's option.

RECOMMENDATION:

Staff recommends approval.

COUNCIL GOALS:

Provide Superior Public Safety, Customer Service, Social and Health Services to the Community, Conduct the Business of the Town in a Fiscally Responsible Manner

ATTACHMENTS:

Description:

[RFP Tab](#)

Type:

Exhibit

RFP - Emergency Medical Services Billing Collections
Ranking of Proposals

For each criteria the firm was ranked on a scale of 1 (highest) to 12 (lowest):

Award Criteria	Cornerstone	Emergicon	Intermedix	CAG	AMB	DAB	EMS Management & Consultants	Specialized Billing	Engage Medical	Health Claims Plus	Claims Action	IATROS
Quality and scope of firm's proposal	1	4	2	7	6	3	5	8	11	9	11	12
Experience and performance on similar contracts	4	1	2	7	8	5	6	3	9	10	11	12
Billing and collection procedures and reporting capabilities	1	6	2	5	3	4	7	8	10	9	11	12
Proposer's overall price and fee structure	6	5	12	2	4	9	7	10	1	3	8	11
Overall Rank	1	2	3	4	5	6	7	8	9	10	11	12

Council Agenda Item: #R13

AGENDA CAPTION:

Presentation, discussion and consideration of approval of a contract for depository services, a Temporary Management Services Agreement, and a Security Agreement with The Frost National Bank, subject to final approval by the City Manager and City Attorney.

FINANCIAL IMPACT:

Budget: \$29,000 Anticipated Cost: \$18,000 annually

Depository service fees are budgeted and expensed in each of the major funds (General, Hotel, and Utility). The fees associated with depository services are expected to be approximately \$8,000 less than the current contract. The depository fees are fixed for a term of three years and are subject to change during the fourth and fifth years.

BACKGROUND:

Frost Bank has served as the Town's depository bank since August 1, 2004. To ensure the Town was receiving the best value for the services provided, the Financial and Strategic Services department released an RFP in July 2010. The Town reviewed all proposals and invited three banks to make an oral presentation to staff from the Finance and IT departments. After reviewing the proposals and oral presentations, staff ranked the proposals based on a set of weighted criteria. The rankings are presented in Attachment A. Frost Bank's proposal was determined to be the best value for the Town considering cost and services offered.

RECOMMENDATION:

Staff recommends approval.

COUNCIL GOALS:

Conduct the Business of the Town in a Fiscally Responsible Manner

ATTACHMENTS:

Description:

[RFP Tab](#)

Type:

Exhibit

- [Treasury Management Agreement](#)
- [Bank Depository Agreement](#)
- [Security Agreement](#)

Backup Material
Backup Material
Backup Material

Attachment A

For each criterion, proposals were rated on a scale of 1 (lowest) to 3 (highest). The ratings below represent the total scores received from the evaluation committee.

Criteria	Weight	BB&T		Frost		Wells Fargo	
		Rating	Score	Rating	Score	Rating	Score
Ability to Provide Services	20%	6	1.20	12	2.40	6	1.20
Cost of Proposed Services	15%	4	0.60	12	1.80	8	1.20
Effective Rates Paid	10%	6	0.60	8	0.80	10	1.00
Quality of All Reports	15%	6	0.90	12	1.80	6	0.90
Securities & Safekeeping	10%	4	0.40	12	1.20	8	0.80
Municipal Experience	15%	4	0.60	9	1.35	11	1.65
Completeness/Overall Quality	15%	7	1.05	12	1.80	5	0.75
Total Score		5.35		11.15		7.50	



BANKING INVESTMENTS INSURANCE

TREASURY MANAGEMENT SERVICES AGREEMENT

This TREASURY MANAGEMENT SERVICES AGREEMENT is executed as of the ____ day of _____, ____ (the "Effective Date") by and between The Frost National Bank (the "Bank"), a national banking association, and _____ (the "Customer"), a Government Institution, Tax Identification number: _____.

1. Treasury Management Services. The Bank offers various Treasury Management Services (individually, referred to herein as a "Service"; when one or more, collectively referred to herein as the "Services") to its public fund Customers. Enrollment in any individual Service requires the completion of the Treasury Management Services Request (the "Request"). Enrollment in a Service is accomplished by obtaining, completing and signing the Request, and submitting it to the Bank in person, through regular mail, or by facsimile. The Customer understands and agrees that the Bank is relying on the information provided by the contact person listed on the Request in providing the Services hereunder. For Services the Customer already receives from the Bank, a new Request is not required. However, the Bank's Treasury Management Procedures, Terms and Conditions that govern this Agreement, and the Bank's Depository Agreement, as both may be amended from time to time, shall govern Bank's provision of the Services. In the event of any conflict between the aforementioned agreements, the provisions of the Bank's Depository Agreement shall control.

2. Fees. The Customer agrees to pay the Bank for the Service(s) in which the Customer enrolls in accordance with the fee schedule for the applicable Service(s) as defined in the Depository Agreement and Proposal, a copy of which will be provided to the Customer at the time the Customer contracts for such Service(s).

In the event that Customer is subject to Chapter 113 of the Texas Local Government Code the Customer must check the box set forth below to direct the Bank to change the manner in which the Bank collects its fees and associated charges for the Services, and if the Customer fails to check the box, then Bank shall continue to collect its fees and associated charges for the Services in its usual and customary manner. For a Customer subject to Chapter 113 of the Texas Local Government Code that checks the box set forth below, the Bank will not charge the Customer's Deposit Account, but will, alternatively, send the Customer invoices for all fees and other charges due to the Bank pursuant to the terms of this Agreement. The invoices will be sent to the following address (with the following reference indicated below) for prompt handling and payment:

Reference: _____

The Customer certifies that it is subject to Chapter 113 of the Texas Local Government Code.

3. Term. The term of this Agreement is one (1) year from the date first written above, and it shall automatically renew for successive one (1) year terms, according to the provisions of the Depository Agreement and Proposal, unless terminated by either party pursuant to the termination provisions herein.

4. Entire Agreement. This Treasury Management Services Agreement, the Treasury Management Services Procedures, Terms and Conditions, all Treasury Management Services Requests, all applicable Service fee schedules, the Depository Agreement, and any attachments, schedules and exhibits to any of the foregoing, as well as all items expressly incorporated by reference herein, shall constitute a single agreement (collectively referred to herein as the "Agreement"), and, as such, shall contain all of the terms and conditions which govern the Services, and shall constitute the entire agreement between the parties

as relates to the Treasury Management Services offered by the Bank. As it relates to the Services, this Agreement supersedes any prior agreements or representations and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements.

5. Modification of Indemnification Provisions. Both Customer and Bank agree to exercise good faith and ordinary care in the performance of their respective duties and obligations under this Agreement. Any provision of any Bank Agreement, Schedule or Disclosure as listed in Section 4 relating to indemnification or defense of Bank and its agents by Customer is hereby amended and restated in its entirety as follows:

“Both Customer and Bank agree to exercise good faith and ordinary care in the performance of their respective duties and obligations under this Agreement. **To the extent authorized under the Constitution and laws of the State of Texas**, Customer shall indemnify and hold Bank harmless from liability resulting from the negligent acts or omissions of Bank, its agents, officers, directors, employees, successors and assigns (collectively, the “Bank Indemnitees”) pertaining to the activities to be carried out pursuant to the obligations of this Agreement; provided, however that Customer shall not hold any Bank Indemnitee harmless from claims arising out of the negligence or willful misconduct of any Bank Indemnitee.”

6. Mandamus. In addition to the other remedies specified in this Agreement, the Bank shall be entitled to a writ of mandamus upon any breach of this Agreement by the Customer to the extent permitted under the Constitution and laws of the State of Texas.

7. Representations. The Customer hereby represents and warrants that, to the extent required by applicable law (including but not limited to any statute, ordinance or charter): (a) the execution, delivery and performance of this Agreement by the Customer are in compliance with any applicable competitive bidding or other contracting requirement(s); and (b) the payment to the Bank of all fees, charges and other expenses according to the terms and conditions of this Agreement has been duly authorized by all necessary action that Customer is required to undertake, including but not limited to the inclusion of amounts for such fees, charges and expenses in the approved budget of the Customer.

In consideration of the mutual promises and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the Customer agrees to purchase from the Bank certain Services, and the Bank agrees to provide the Customer such Services, on the terms and conditions stated in this Agreement, as amended from time to time as provided for herein.

"CUSTOMER"

By: _____

Name: _____

Title: _____



100 West Houston Street
Post Office Box 1600
San Antonio, Texas 78296
www.frostbank.com

Dear Frost Customer:

In our continuing effort to provide a timely, efficient, and secure manner of transferring funds electronically throughout the states and abroad, we require the enclosed wire transfer packet to be entirely completed and returned to us at your earliest convenience. The package consists of the following:

Corporate Resolution
Funds Transfer Agreement
Attachment "A" (Authorization Form)
Telephone Notification Request Form
Callback Authorization Form
Authorization for Repetitive Funds Transfers

All of the forms require a signature by an authorized individual. Your proper completion of the Corporate Resolution, Funds Transfer Agreement and the Attachment "A" (noting the functions required by each individual on the Attachment "A"), will ensure your account is set up on a timely basis. In addition, please note the name/title appearing on the first page of the Corporate Resolution must sign all of the enclosed funds transfer forms.

When placing a wire order, you may call locally to (210) 220-5181 in San Antonio, (713) 388-7628 in Houston, (361) 844-1003 in Corpus Christi/Portland, (512) 473-4482 in Austin, (830) 249-6636 in Boerne/Fair Oaks, (956) 668-3002 in McAllen, (512) 393-5602 in San Marcos, (214) 515-4985 in Dallas, (817) 420-5656 in Fort Worth, (409) 770-7110 in Galveston, (830) 643-3403 in New Braunfels, or (956) 430-6533 in Harlingen and provide the following information:

The name of the person placing the wire transfer request.
The name of the business.
The Personal Identification Number (PIN) of the person placing the request.
The repetitive number if applicable. If there is no repetitive number, the detailed crediting party information will be required.

Also enclosed are listings of our business hours, deadlines, and local telephone numbers. Please call if you have questions regarding this package or with funds transfer in general.

Thank you for your business.

Sincerely yours,

Joe V. Villarreal
Funds Management Manager

CERTIFICATE OF CORPORATE RESOLUTIONS

I, the undersigned, hereby certify that I am Secretary of _____ (the "Company") duly organized and existing under the laws of the State of _____.

I further certify that either at a meeting of the Board of Directors of the Company duly and legally called and held in accordance with the charter and bylaws of the Company on the _____ day of _____, _____, at which meeting a quorum was present and voting throughout, or (if the date was not completed above) pursuant to a written consent signed by all the members of the Board of Directors of the Company, the following resolutions were duly adopted, and such Resolutions are now in full force and effect and have not been amended, modified or revoked:

RESOLUTIONS AUTHORIZING TRANSFER OF FUNDS

WITNESSETH:

From time to time, this Company may request The Frost National Bank, a national association, (the "Bank") to transfer funds from accounts of this Company at the Bank to other accounts at the Bank for credit to persons or accounts designated by this Company, or to other banks or institutions for credit to persons or accounts designated by this Company. Therefore, so that the Bank may have standing instructions upon which to act pursuant to requests or orders for the transfer of funds received by the bank;

"BE IT RESOLVED, that _____ of this Company is hereby authorized to agree upon with representatives of the Bank, and to enter into agreement(s) on behalf of this Company with the Bank setting forth the terms and conditions upon which the Bank will act upon requests or orders for the transfer of funds belonging to this Company and that such terms and conditions may authorize the Bank to act upon requests or orders received through a computerized communications system or received by voice (person-to-person or telephonic) communication, may specify means for authenticating or verifying such requests or orders as those of the Company, and may provide that this Company relieve the Bank from liability if it acts accordance with such agreement(s);

BE IT FURTHER RESOLVED, that the above designated officer is hereby authorized for and on behalf of this Company to appoint and delegate from time to time such persons who may request such transfers on behalf of this Company in accordance with any agreement entered into by said officer on behalf of this Company;

BE IT FURTHER RESOLVED, that the Bank is authorized to act upon requests or orders for the transfer of funds belonging to this Company upon the terms and conditions set forth in any agreement agreed by said officer(s) and entered into on behalf of this Company, including, if agreed to, those received by the Bank through a computerized communications system and/or those received by the Bank by voice (person-to-person or telephonic) communications;

BE IT FURTHER RESOLVED, that any Secretary or Assistant Secretary of this Company is hereby authorized and directed to certify these Resolutions to the Bank, and

BE IT FURTHER RESOLVED, that the Bank be promptly notified in writing by the Secretary or any other officer of this Company of any change in these resolutions and until it has actually received such notice in writing, the Bank is authorized to act in pursuance of these Resolutions."

I further certify that these Resolutions are within the power of the Board of Directors to pass as provided in the charter and bylaws of the Company.

I further certify that the officers of the Company hereunder set forth have been duly elected and as of the date hereof hold the office(s) specified in the foregoing Resolution, and that the signature(s) set forth beside each person's name is the true signature of such person.

<u>Title</u>	<u>Typed Name</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, I hereunto subscribe my name and affix the seal of the Company on this the _____ day of _____, 20____.

SECRETARY

STATE OF _____
COUNTY OF _____

SUBSCRIBED AND SWORN TO by _____, before me, the undersigned authority, on this _____ day of _____, 20____, to certify which witness my hand and seal of office.

Notary Public, State of _____

My Commission Expires: _____

FUNDS TRANSFER AGREEMENT

This Agreement is entered into as of _____, _____, by and between The Frost National Bank (hereinafter referred to as "Bank", "we", "us", and "our") and _____ (hereinafter referred to as "Customer", "you", and "your").

You hereby request Bank to act upon your instructions to transfer funds on the terms and conditions set forth in this Funds Transfer Agreement (hereinafter referred to as the "Agreement"). The funds transfer services offered by Bank are a method to transfer funds electronically for you. In consideration of the mutual covenants hereafter contained, you and Bank agree as follows:

I. AUTHORIZATIONS

1. You will notify us of the individual(s) (the "Authorized Representatives") who are authorized to request transfers of funds from designated accounts and receive notifications by completing Form A (Authorization for the Transfer and Notification of the Receipt of Funds), which is attached hereto and made a part hereof for all purposes.

2. We will accept any authorizations by Authorized Representatives for repetitive funds transfers that are made in accordance with the instructions on Form B (Authorization for Repetitive (Line Sheet) Funds Transfers), which is attached hereto and made a part hereof for all purposes (hereinafter referred to as the "Repetitive Transfer Authorization").

II. SECURITY CODES

We will assign a unique Customer Identification Code for use by your Authorized Representatives. We may, but are not obligated to, assign a unique Personal Identification Number for each Authorized Representative.

A unique message code, referred to herein as the "Repetitive Number", will be assigned for each repetitive transfer listed on the Repetitive Transfer Authorization.

We will provide these numbers and codes to you by registered mail.

These numbers and codes are strictly confidential. You shall maintain the highest level of security and shall disclose the numbers and codes to only the Authorized Representatives who will use such numbers and codes.

If you believe that these numbers or codes have become known by unauthorized persons (whether or not employed by you), you shall contact us immediately by telephone, and we will remove the numbers and codes from the system, and issue new numbers and codes to you. We reserve the right to change these numbers and codes upon notice to you.

We assume no responsibility to discover, audit or report to you any possible breach of security by your agents or representatives for unauthorized disclosure or use of such numbers and codes. You will be responsible for any liability, loss or damage resulting from our actions in accordance with instructions to us from unauthorized persons when accompanied by the appropriate Customer Identification Code or Personal Identification Number and/or Repetitive Number assigned to you or any of your Authorized Representatives.

III. TRANSFER REQUESTS

A. *Initiating Transfers*

1. Your Authorized Representative may direct us to transfer funds from any of your accounts with us listed on Form A (Authorization for the Transfer and Notification of the Receipt of Funds) to any other account with us, or to an account at another bank in accordance with the terms and conditions stated herein.

2. Funds transfer requests will be accepted during the normal business hours of our Funds Transfer Department, which are subject to change upon notice to you. These requests may be made orally or in writing, and may be made by use of the telephone.

B. *Honoring Transfers*

1. General - We will only accept a request for funds transfer if the individual(s) make the request in accordance with the requirements stated herein, and provide us with the unique Customer Identification Code or Personal Identification Number, valid Repetitive Numbers and other information as required by us.

You understand and agree that we may electronically record telephone conversations between your Authorized Representative and us. The decision to record any telephone conversation shall be solely within our discretion, and we shall have no liability for failing to do so.

We will be under no obligation to honor, either in whole or in part, any funds transfer request (a) which exceeds the collected balance in your account with us; (b) for which we were not able to obtain an authentication as stated herein; (c) which is not in accordance with any condition indicated by you and agreed to by us; or (d) which is not in accordance with any other requirements as stated herein.

If your account does not contain sufficient funds to accomplish a transfer, we may, at our option, debit your account into overdraft, and we shall not be liable for damages to you as a result thereof; however, we shall not be obligated to debit your account into overdraft. If we create an overdraft to complete a funds transfer, you agree to repay us upon demand, together with interest on the overdraft at the maximum lawful rate of interest. You hereby authorize us to charge any of your Bank accounts at any time for the amount of this interest.

We agree to use our best effort to execute all properly authorized funds transfer requests on the date received provided (i) such requests are received by us within the established deadline, and (ii) such day is a business day for us, the communication facility selected by us, and the receiving bank.

In executing any funds transfer request, we may utilize such means of transmission as we reasonably select.

We may initiate funds transfer requests in any order convenient to us.

2. Repetitive Transfers - We will assign a unique Repetitive Number to each repetitive transfer (i.e., a funds transfer request made routinely with instructions remaining constant except for the date and dollar amount). Instructions for repetitive transfers must be specified on the Repetitive Transfer Authorization. To initiate a repetitive transfer, your Authorized Representative must provide us with the following information:

- a. caller name;
- b. company name;
- c. Customer Identification Number;
- d. Personal Identification Number;
- e. your Bank account number with us from which funds are to be drawn;
- f. appropriate Repetitive Number; and
- g. amount to be transferred.

We may also request the name of the receiving bank.

All such information will be quoted back to your Authorized Representative for verification. If your Authorized Representative fails to notify us at such time of any discrepancy between the information provided by such Authorized Representative and the information we quoted back to such Authorized Representative, you expressly agree that we shall not be liable for any loss or liability resulting from such discrepancy.

If an incorrect Repetitive Number, Customer Identification Code or Personal Identification Number is stated, we will not execute the funds transfer request until the correct Repetitive Number, Customer Identification Code or Personal Identification Number is stated. If for any reason your Authorized Representative does not state any Repetitive Number (incorrect or otherwise), then we will consider such funds transfer request to be a non-repetitive transfer, and subject to call back authentication as provide herein.

3. Non-Repetitive Transfers - A non-repetitive transfer is a funds transfer request other than one stated on Form B, the Repetitive Transfer Authorization. If your Authorized Representative does not provide us with the unique Repetitive Number assigned to a repetitive transfer, we will treat such funds transfer request as a non-repetitive transfer, and subject to the terms of this provision.

To initiate a non-repetitive transfer request, your Authorized Representative must provide us with the following information:

- a. caller name;
- b. company name;
- c. Customer Identification Code;
- d. Personal Identification Number;
- e. your account number with us from which funds are to be drawn;
- f. amount to be transferred;
- g. the bank to which funds are to be transferred; and
- h. the name of the receiving party and account number to which funds are to be transferred.

All such information will be quoted back to your Authorized Representative for verification. If your Authorized Representative fails to notify us at such time of any discrepancy between the information provided by such Authorized Representative and the information we quoted back to such Authorized Representative, you expressly agree that we shall not be liable for any loss or liability resulting from such discrepancy.

We reserve the right to call back one of your Authorized Representatives (other than the Authorized Representative who made the request) to authenticate a non-repetitive transfer. If we are unable to secure an authentication, we are under no obligation to execute the transfer request, or we may delay the execution of the transfer request pending authentication; however, if we are unable to secure an authentication, we may execute the non-repetitive transfer as we, in our sole discretion, shall determine, provided we have received the information stated above and otherwise have acted in good faith. In no event will we be liable to you solely because we did not attempt to secure an authentication or failed to secure an authentication.

At the time we secure an authentication, all information provided by the Authorized Representative who made the request will be quoted back to the Authorized Representative who is authenticating the transfer for verification. If the Authorized Representative fails to notify us at such time that any of the information we quoted is incorrect, you expressly agree that we shall not be liable for any loss or liability resulting from such discrepancy.

C. *Authorization to Charge Account*

Upon receipt of the numbers, codes and other information stated herein, you hereby authorize us to charge your account(s) with us in the amount of funds transfer requests.

D. *Confirmation; Account Reconciliation*

We will send you a written advice of each funds transfer request executed. We will send it to the address provided in this Agreement, and will mail such advice promptly.

We will assign a reference number to each executed funds transfer request. This reference number will appear on the confirmation advice and periodic account statement. All correspondence relating to a specific funds transfer request must include the reference number assigned to such funds transfer request.

Executed funds transfer requests will be reflected on your periodic account statement. You agree to notify us as soon as possible of any discrepancy or any other objections of any type or nature between your records and any confirmation advice or periodic account statement. If you fail to notify us of any such discrepancy or objection within thirty days following receipt of the confirmation advice or account statement, whichever is sooner, you expressly agree that we shall not be liable for any loss or liability with respect to such discrepancies or objections.

IV. COMPENSATION

If you suffer any loss of interest resulting from our error in executing a funds transfer request, or from our failure to execute a funds transfer in accordance with these terms and conditions, we will reimburse you for such losses stated herein ("Compensation") provided that you have complied with these terms and conditions, and provided that such error or failure was within our reasonable control. Said Compensation shall be limited to the interest loss for the period beginning the date the transfer should have been made or the date of the error, and ending on the date of the transfer or the date of correcting any error, whichever comes first. We, in our sole discretion, have the option of compensating you for any liability by (1) adjustment of the aggregate, ledger and collected balances of your account to reflect properly in the average balances on the account analysis the amounts that would have resulted, or (2) reimbursement by check or credit to your account, in which case the interest shall be calculated by using a rate not to exceed our Federal funds rate in effect for the period involved. We will not be liable for consequential damages.

V. CHANGES

From time to time, you may change (a) accounts from which funds transfers may be made; (b) Authorized Representatives; (c) conditions stated on Form A; (d) the instructions for repetitive transfers; and (e) other information. However, you agree that we may rely on the information previously supplied by you until we receive written notice of any change on forms prescribed by us and signed by your duly authorized officer(s). Changes, additions and deletions will become effective at such time as we acknowledge receipt of written notice thereof.

The terms and conditions stated herein may be changed by us from time to time. Such change shall become effective upon receipt thereof, or otherwise as stated in our notice to you.

VI. LIMITATION OF LIABILITY

You agree to assume full responsibility for all transfers made by us in accordance with the procedures stated herein. You further agree to assign to us no responsibility beyond the duty to exercise ordinary care, and you agree that we shall be conclusively deemed to have exercised ordinary care if we have followed the procedures stated herein, or if you have not followed such procedures. We shall not be responsible for any loss arising from or in connection with any inaccuracy, act or failure to act on the part of any person not within our reasonable control or from any error, failure or delay in transmission of any funds transfer request including, without limitation, any inoperativeness of communications facilities or other circumstances beyond our reasonable control, such as acts of God, acts of governmental authority of a public enemy, or war, riots, fire, floods, civil commotion, insurrections, labor difficulties, severe or adverse weather conditions, equipment or computer failure or destruction, acts of or failure to act by recipients of transferred funds and their personnel, criminal acts of persons other than Bank personnel or other causes beyond our control.

You expressly agree to hold the Bank harmless and indemnify the Bank for any and all claims, demands, expenses (including, but not limited to, attorney's fees and costs), loss or damage of any nature whatsoever arising directly or indirectly from and transfer request initiated pursuant to this Agreement, and attachments to this Agreement, or other matters related to this Agreement, including, but not limited to, any election made by the Bank to act or refrain from acting upon a funds transfer request when we are unable to obtain proper authentication, except for liability to you caused by the gross negligence of us; however, IN NO EVENT SHALL THE BANK BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL, OR INDIRECT LOSSES OR DAMAGES, WHETHER OR NOT THE LIKELIHOOD OF SUCH LOSSES OR DAMAGES WAS KNOWN BY US.

VII. ADDITIONAL TERMS AND CONDITIONS

A. Fees - You agree to pay such wire transfer fees imposed from time to time in accordance with our customary pricing policies, and to reimburse us for any direct or indirect transfer charges or expenses incurred by us, including but not limited to any access charge from a communications system, telex transmission charges, transfer commissions, and correspondence charges. Such fees, charges or expenses shall be paid by our debiting your account with us or, at our option, through account analysis and balance requirements.

B. No Waiver - Except for changes made in accordance with these terms and conditions, no deviation, whether intentional or unintentional, shall constitute a change hereto, and no such deviation shall constitute a waiver of any right or duty of either party hereto.

C. Revocation - You shall have no right to reverse, adjust, or revoke a transfer request after it is received by us. If you request the reversal, adjustment or revocation of a transfer request, we may (but we are not obligated to) attempt to recover the funds from the transferee using whatever steps we deem appropriate, and you expressly agree to indemnify us against any costs, expenses, damages and liabilities, including attorney's fees, which we may incur in attempting to effect such recovery of funds. We make no representation or warranty as to our ability to revoke or cancel a transfer once made.

D. Account Agreement - The terms and conditions of your deposit account agreement with us are hereby incorporated by reference. If any inconsistency exists between such agreements and these terms and conditions, then these terms and conditions shall control, but only to the extent necessary.

E. Notices - Unless otherwise stated herein, all notices required by these terms and conditions shall be in writing, signed by duly authorized officers, and sent via first class U.S. mail, or by hand delivery. Notice to you will be sent to the following address:

Attention: _____

Notice to us should be sent to the following address:

The Frost National Bank
P.O. Box 1600
San Antonio, Texas 78296
Attention: Joe Villarreal, Funds Transfer Manager

F. Termination - This Agreement may be terminated at any time by either party upon five days written notice to the other party of termination. Termination of the Agreement shall not terminate Section VI of this Agreement.

G. Invalidity - In the event that any one or more of the provisions contained in this Agreement, for any reason, be held illegal, invalid, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

H. Entire Agreement - This Agreement, along with Form A (Authorization for the Transfer and Notification of the Receipt of Funds), Form B (Authorization for Repetitive (line sheet) Funds Transfers), and all schedules attached constitute the entire agreement between the Bank and Customer, and supersedes any and all other agreements, either oral or in writing, between the parties in respect to the subject matter hereof.

I. Binding Effect - This Agreement is binding upon and shall inure to the benefit of the respective heirs, successors and assigns of the parties hereto.

J. Headings - The headings of sections as used herein are for convenience only and shall not be construed to be a part of the text of the Agreement.

K. Governing Law - The Board of Governors of the Federal Reserve System has revised Subpart B of its Regulation J (12 CFR 210), effective January 1, 1991. Subpart B incorporates the provisions of Article 4A of the Uniform Commercial Code as set forth in Appendix B to Subpart B. Subpart B governs funds transfers carried in whole or in part through Fedwire. Any funds transfer order by or to you may be carried through Fedwire and therefore be subject to Subpart B of regulation J.

This Agreement shall be deemed to be a contract under and for all purposes shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States, (including without limitation, Subpart B of Regulation J (12 CFR 210), which shall control as to any funds transfer carried in whole or in part through Fedwire.

Bank may process funds transfer orders based on a bank account number or identifying number when such bank account number or identifying number is used, with or without a name, to identify the beneficiary of a funds transfer order or a bank, even if (when both name and number are used) the bank account number or identifying number identifies a person or entity different from the beneficiary or bank identified by name. If a funds transfer order issued by you identifies the beneficiary inconsistently by name and bank account or identifying number, payment of such funds transfer order might be made by the beneficiary's bank on the basis of the bank account number or identifying number even if such number identifies a person or entity different from the named beneficiary; and the beneficiary's bank need not determine whether the name and number refer to same person or entity. If a funds transfer order issued by you identifies an intermediary bank or beneficiary's bank only by an identifying number or by both name and identifying number, the receiving bank may rely on the identifying number as the proper identification of the intermediary bank or beneficiary's bank, even if such number identifies a person or entity different from the bank identified by name; and the receiving bank need not determine whether the name and number refer to the same person or entity or whether the number refers to a bank.

This Agreement is effective on the effective day of Agreement, which appears herein below.

CUSTOMER:

Name _____

By _____

Name _____

Title _____

THE FROST NATIONAL BANK

By _____

Name _____

Title _____

Effective date of Agreement: _____

Attachment - A

FROST BANK

AUTHORIZATION FOR THE TRANSFER AND NOTIFICATION OF THE RECEIPT OF FUNDS

NAME: _____
 ADDRESS: _____

ACCOUNT NUMBER: _____
 ADDITIONAL ACCOUNTS: _____
 ADDITIONAL ACCOUNTS: _____
 ACCOUNT OFFICER: _____

AUTHORIZED PERSON	PHONE NUMBER	PIN	TRANSACTION LIMIT	R	N	P	C
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(CODES)

- R - Repetitive wire transfer initiation
- N - Non-Repetitive wire transfer initiation
- P - Notification on incoming wires
- C - Callback

 AUTHORIZED SIGNATURE:

 DATE

Frost Bank

Date:

Company/Bank Name and Address:

-
-
-

Call Backs

The purpose of our call-back policy is to reduce the possibility of our acting on fraudulent wire transfer orders. We will attempt to call back on all non-repetitive wire orders exceeding \$200,000 and on all third party wire orders.

The individuals you authorize to verify your wire orders must be authorized on your Wire Transfer Authorization & Notification form. Verification must be done with someone other than the person that initiated the wire.

Frost Bank

Date: _____

Telephone Notification Request

Telephone notification is a service provided to inform our customers when wires are received for their account(s). To use this service, an analysis charge is assessed for each transaction for which our customer is notified. Please indicate below your decision regarding use of this service.

I wish telephone notification of any incoming wires for credit to our account.

I do NOT wish to be notified of any incoming wires for credit to our account.

Name of Customer
and/or Bank

Mailing Address

City, State, Zip

Telephone Number

Personnel to be
Notified

_____ ext. _____

_____ ext. _____

_____ ext. _____

_____ ext. _____

Authorized signer (print or type)

Signer's Title

X

Authorized signature

Date



BANK DEPOSITORY AGREEMENT

This depository agreement for public fund entities, together with the terms of the BANK's bid to serve as depository, a copy of which is attached hereto, if applicable (collectively, this "Agreement"), is made and entered into on the date last herein written by and between TOWN OF ADDISON, hereinafter called "DEPOSITOR," and THE FROST NATIONAL BANK, a national banking association, duly organized and authorized by law to do banking business in the State of Texas and now carrying on such business in said State (the "BANK").

1. Appointment of Depository and Term.

DEPOSITOR designates BANK as a depository for the period beginning October 1, 2010 and continuing until this Agreement has been canceled in accordance with the provisions hereof, for certain accounts in the name of the DEPOSITOR, and such accounts shall be opened by the DEPOSITOR designating the accounts and making deposits therein and the BANK accepting said deposits. The term of this Agreement (the "Term") shall be October 1, 2010 to September 30, 2013 as defined in the TOWN OF ADDISON'S Request for Proposal, unless the parties mutually agree to an extension of the Term of this Agreement if such extension is allowed by applicable law. If the parties agree to such an extension of the Term, then the parties shall either execute an addendum to this Agreement or other written evidence stating that the parties have agreed to an extension, the statutory or other legal authority for such extension and the date upon which such extension of the Term expires.

During the Term of this Agreement, the DEPOSITOR will, through appropriate action of its governing body, designate the officer or officers who, individually or jointly, will be authorized to represent and act on behalf of the DEPOSITOR in any and all matters of every kind arising under this Agreement, including, but not limited to, taking such actions as: (a) executing and delivering to BANK an electronic fund or funds transfer agreement (and any addenda thereto); (b) appointing and designating, from time to time, a person or persons authorized to request withdrawals, orders for payment, or transfers on behalf of DEPOSITOR in accordance with the electronic fund or funds transfer agreement and addenda; (c) making withdrawals or transfers by written instrument; and (d) delivering to BANK the DEPOSITOR'S collateral policy and evidence of approval by the DEPOSITOR'S governing body of (1) the collateral policy, (2) the CUSTODIAN (defined below), (3) this Agreement, and (4) the attached Security Agreement (defined below).

2. Establishment of Accounts.

DEPOSITOR shall deposit such of its funds as it may choose, and BANK shall receive such deposits as "Demand Deposits," Interest on Checking Accounts ("IOCs"), "Savings Accounts," Money Management Accounts ("MMAs"), and/or Certificates of Deposit ("CDs"), as designated by DEPOSITOR, and BANK shall hold said Demand Deposits, IOCs, Savings Accounts, MMAs, and/or CDs subject to payment in accordance with the terms of the particular deposit. BANK will allow, credit, and pay interest on such IOCs, Savings Accounts, MMAs, and/or CDs at a rate to be set by the BANK, with: (1) interest on IOCs and MMAs to be paid monthly as it accrues through the last day of each month; (2) interest on Savings Accounts to be paid quarterly as it accrues through the last day each quarter; and (3) interest on CDs to be paid at maturity. Interest on CDs shall be calculated for the exact number of days on the basis of a 365-day year. All BANK accounts or products listed above shall be in the name of TOWN OF

ADDISON with the designation of the fund or account in accordance with instructions of TOWN OF ADDISON.

3. Depository Services; DEPOSITOR Records; Fees.

Subject to the provisions stated above and to the particular terms of MMAs, Savings Accounts, or IOCs, BANK shall pay on demand to the order of DEPOSITOR upon presentation of checks, drafts, or vouchers properly issued, all or any portion of said deposits now on deposit or to be deposited with said BANK, as long as collected funds are on deposit.

BANK statements, check images, check registers, deposit slips, debit and credit notices, reconciliations, notices of interest earned, and any other related documentation, or images thereof, shall be retained by BANK for a period of 7 years after the date of receipt of the items. To the extent permitted by law, BANK shall make all records, books, and supporting documents, or images thereof, pertaining to services applicable to DEPOSITOR accounts and transactions pursuant to this Agreement available at any reasonable time during the term of this Agreement, to DEPOSITOR and its designated representatives. To the extent permitted by law, DEPOSITOR shall have the right to examine, audit, inspect, or make copies of any of such documents.

To determine charges for services rendered, BANK utilizes the previous month's average 91 day Treasury Bill auction discount rate plus 25 basis points as an earnings credit rate on BANK'S account analysis system. This system is used to calculate and account for all BANK service charges. BANK will calculate the DEPOSITOR'S combined average daily collected balances less combined average daily Federal Reserve requirements, and using the previous month's average 91-day Treasury Bill auction discount rate, will calculate the earnings of the BANK and use those earnings to offset the cost to the DEPOSITOR of combined services rendered by BANK. For any amount of cost of services not offset by DEPOSITOR'S balances as described above, DEPOSITOR shall remit payment in such amount to BANK monthly. Any excess available balance can be carried to the next month for service compensation. Any interest paid on IOCs, Savings Accounts, or MMAs is considered an expense on the account analysis statement.

4. Security of Funds; Acceptable Security; Appointment of CUSTODIAN; Increases in Collateral Amounts.

All funds on deposit with BANK to the credit of the DEPOSITOR (including Demand Deposits, IOCs, Savings Accounts, MMAs, and CDs) shall be secured pursuant to the BANK's "Security Agreement" or similar agreement (the "Security Agreement") and any agreement required by the CUSTODIAN (defined below), all of which are attached hereto.

DEPOSITOR and BANK, by execution of this Agreement, designate Federal Reserve Bank/Federal Home Loan Bank as the "CUSTODIAN," to hold collateral in an account maintained by CUSTODIAN in the name of the BANK and subject to the control of DEPOSITOR, according to the terms and conditions of this Agreement, the Security Agreement, and any agreement required by the CUSTODIAN to document such relationship.

DEPOSITOR recognizes that the Federal Deposit Insurance Corporation (or its successor) (the "FDIC") provides insurance for DEPOSITOR'S funds deposited at any one Texas financial institution, including accrued interest on such funds, only up to maximum regulatory limits as set by the FDIC. All uninsured funds on deposit with BANK to the credit of the DEPOSITOR shall be secured by collateral as provided for in the Texas Public Funds Collateral Act and in other applicable law (collectively, the "Acts"), and DEPOSITOR agrees and certifies that the collateral listed in Exhibit A to the Security Agreement shall be used as collateral to secure DEPOSITOR'S funds on deposit with the BANK. The market value of the collateral securing DEPOSITOR'S funds must at all times equal or exceed 102% (110% when mortgage-backed securities are used for collateral) of the daily ledger balance (amount of funds plus the amount of any accrued interest on the funds) of all DEPOSITOR'S Demand Deposits, IOC's, Savings Accounts,

MMA's and CDs, less the FDIC standard maximum deposit insurance amount ("SMDIA") (the "Collateral Requirement"). The market value with respect to any collateral as of any date and priced on such date will be obtained by the BANK from a generally recognized pricing source.

When the need for collateral with the BANK is expected to increase on any given day or over a series of days, DEPOSITOR agrees to notify the BANK of such expected increase at least 1 business day prior to the expected date the additional deposits are expected to be received.

5. Delivery of Collateral to CUSTODIAN.

BANK already, or will immediately after the effective date of this Agreement, deliver to CUSTODIAN collateral of the kind and character above mentioned of sufficient amount and market value to provide adequate collateral for the uninsured funds (as described in Section 4 above) of DEPOSITOR deposited with BANK. Such collateral or substitute collateral (as discussed below), shall be kept and retained by CUSTODIAN in an account maintained in the name of BANK and subject to the control of DEPOSITOR pursuant to the terms of this Agreement and of the Security Agreement, so long as the depository relationship between DEPOSITOR and BANK shall exist, and after the termination or expiration of this Agreement so long as any portion of the deposits made by DEPOSITOR with BANK shall have not been properly paid out by BANK to DEPOSITOR or on its order. The BANK grants a security interest in such collateral to DEPOSITOR. The joint custody account at the Federal Reserve Bank/ Federal Home Loan Bank will be held in the BANK's and DEPOSITOR's name.

6. Custodian Safekeeping Account.

The BANK shall cause CUSTODIAN to accept said collateral and hold the same in trust for the purposes stated in this Agreement, in a separate joint safekeeping account with the CUSTODIAN, the DEPOSITOR, and the BANK, to be managed pursuant to the Security Agreement, and the operating agreements, guidelines, and procedures as stated in this Agreement and pursuant to the terms of any separate agreement with the CUSTODIAN.

7. Duties and Liabilities of CUSTODIAN.

It is distinctly understood by all the parties that the CUSTODIAN shall not be required to ascertain the amount of funds on deposit by the DEPOSITOR with BANK, nor the validity, authenticity, genuineness, or negotiability of the securities deposited with the CUSTODIAN by BANK pursuant to this Agreement, and the CUSTODIAN is not liable to anyone for performing in accordance with this Agreement, except for the safekeeping of the securities delivered to Custodian, and for any negligence, gross negligence or willful misconduct of CUSTODIAN's own officers, agents, and employees.

8. Right of DEPOSITOR Upon BANK'S Breach of Duties Under Agreement or BANK'S Insolvency.

Should BANK fail at any time to pay immediately and satisfy upon proper presentation any check, draft, or voucher lawfully drawn upon any Demand Deposit, or fail at any time upon proper presentation or authorization to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against any IOC, MMA, or Savings Account and the interest on such IOC, MMA, or Savings Account, or in case BANK becomes insolvent or in any manner breaches its contract with DEPOSITOR, it shall be the duty of the CUSTODIAN, upon the demand of DEPOSITOR (in DEPOSITOR'S sole discretion, and supported by proper evidence of any of the above listed circumstances), to surrender the above-described collateral to DEPOSITOR. DEPOSITOR may, in accordance with the terms of this Depository Agreement and any applicable provisions of a Security Agreement, sell all or any part of such collateral, and out of the proceeds of such sale deduct for itself payment of all damages and losses sustained by it, together with all expenses of any kind and every kind incurred by DEPOSITOR on account of such breach, failure or insolvency, accounting to BANK for the remainder, if any, of such proceeds or collateral remaining unsold.

9. Collateral Substitutions by BANK.

If BANK shall desire to sell or otherwise dispose of any one or more of such collateral so deposited with the CUSTODIAN, it may, with prior approval of DEPOSITOR, substitute for any one or more of such collateral other collateral of the same market value and of the character authorized in this Agreement, and such right of substitution shall remain in full force and be exercised by BANK as often as it may desire to sell or otherwise dispose of any such collateral; provided, however, that at all times, the aggregate amount of such collateral or substituted collateral deposited with the CUSTODIAN shall always be such that it meets the Collateral Requirement. If at any time the aggregate amount of such collateral so deposited with the CUSTODIAN is less than the Collateral Requirement, then in that event, BANK shall immediately deposit with the CUSTODIAN additional collateral as may be necessary to meet the Collateral Requirement.

BANK shall be entitled to income on collateral held by the CUSTODIAN, and the CUSTODIAN may dispose of such income as directed by BANK without approval of DEPOSITOR, to the extent such income is not needed to secure DEPOSITOR's deposits, and provided that retention of such income does not otherwise violate this Agreement.

10. Trust Receipts For Collateral; DEPOSITOR'S Right To Itemized List of Collateral.

BANK shall cause CUSTODIAN to promptly forward to DEPOSITOR trust receipts covering all such collateral held for DEPOSITOR by CUSTODIAN, including substitute collateral substituted in accordance with this Agreement. BANK shall also maintain records relating to all such collateral held for the benefit of DEPOSITOR. Upon written request of the DEPOSITOR, and if in accordance with the CUSTODIAN's agreement, the BANK shall request that the CUSTODIAN furnish as of any date requested a completely itemized list of collateral held as security for DEPOSITOR.

11. Collateral Value In Excess of Collateral Requirement.

If at any time the collateral held by the CUSTODIAN for the benefit of the DEPOSITOR has a market value in excess of the Collateral Requirement, then upon the written authorization of an authorized representative of the BANK, confirmed by an authorized representative of the DEPOSITOR, the BANK may request withdrawal of a specified amount of collateral, the CUSTODIAN shall deliver this amount of collateral (and no more) to BANK, and the CUSTODIAN shall have no further liability for collateral so redelivered to BANK.

All substitutions, releases, and additional pledges of collateral pursuant to the terms hereof and of the Security Agreement shall be completed at the earliest time as is commercially reasonable.

12. Termination; Amendment of Agreement.

Either DEPOSITOR or BANK shall have the right to terminate this Agreement prior to the expiration date by providing the other party with 90 days prior written notice of its election to terminate. The Agreement shall terminate 90 days after delivery of such written notice, provided that all provisions of this Agreement have been fulfilled.

In addition to any other remedy that DEPOSITOR may have at law or in equity, if BANK breaches this Agreement in any manner or defaults on its obligations hereunder and does not cure such breach or default within 30 days of BANK receiving notice of such breach or default from DEPOSITOR, then after expiration of such 30 day cure period, DEPOSITOR may terminate this Agreement and withdraw its funds by giving BANK written notice of termination and withdrawal. Both BANK and DEPOSITOR agree that among other items constituting default under this Agreement is a failure to maintain adequate collateral or adequate capital ratios (if applicable).

In the event that DEPOSITOR fails to comply with any of its promises in this Agreement, or if any of its representations are untrue or any of its warranties is breached, and DEPOSITOR does not cure such breach or default within 30 calendar days of DEPOSITOR receiving notice of such breach or default from BANK, then after expiration of such 30 calendar day cure period, BANK may terminate this Agreement by sending written notice to DEPOSITOR of BANK's decision to terminate. Upon receipt of such notice, DEPOSITOR shall make provisions for the immediate withdrawal of DEPOSITOR'S funds from BANK.

This Agreement may be amended in a writing executed by both the DEPOSITOR and the BANK.

13. Post-Termination/Expiration Obligations.

When the relationship of DEPOSITOR and BANK shall have ceased to exist, and when BANK shall have properly paid out all deposits of DEPOSITOR, it shall be the duty of DEPOSITOR to give the CUSTODIAN a certificate to that effect. Upon CUSTODIAN'S receipt of such certificate, the CUSTODIAN shall redeliver to BANK all collateral then in its possession belonging to BANK for the benefit of DEPOSITOR, and taking its receipt for such delivery. An order in writing presented to the CUSTODIAN by DEPOSITOR and a receipt for such collateral by BANK shall constitute a full and final release of the CUSTODIAN of all its duties and obligations under this Agreement, and the CUSTODIAN shall not have any liability of any kind whatsoever to both DEPOSITOR and BANK, except for any liability as set forth in Section 7 above where such liability arose while the collateral was in CUSTODIAN's control.

14. Representations and Warranties of the Parties.

The BANK represents and warrants that:

- (a) the BANK is the sole legal and actual owner of the securities or of a beneficial interest in the securities utilized to collateralize deposits;
- (b) other than the security interest granted to DEPOSITOR herein, no other security interest has been, nor will be, granted in the securities utilized to collateralize deposits;
- (c) BANK accounts are insured to the regulatory limits of the FDIC;
- (d) this Agreement has been approved by the BANK's Board of Directors, and such approval is evidenced by a true and correct copy of the resolution of BANK's Board of Directors adopted at the meeting at which this Agreement was approved (attached to this Agreement and incorporated for all purposes), and further, such approval is reflected in the minutes of such meeting of the Board of Directors; and
- (e) this Agreement is an official record of the BANK, and has been, and will continue to be, an official record of the BANK from the date of its approval by the BANK's Board of Directors.

The DEPOSITOR represents, warrants and promises that:

- (a) the DEPOSITOR has complied with all applicable law governing the selection of a depository bank, that DEPOSITOR has full power and authority to enter into this Agreement, the Agreement is a valid and binding agreement enforceable against the DEPOSITOR pursuant to its terms, and does not and will not violate any statute or regulation applicable to DEPOSITOR;
- (b) all acts, conditions, and things required to exist, happen, or to be performed on DEPOSITOR'S part precedent to and in the execution and delivery of this Agreement exist or have happened or have been performed; and

- (c) DEPOSITOR will comply with the terms of any other agreements it may have with BANK in connection with this Agreement.

15. Incorporation of Request For Proposal and Response; Conflicting Provisions.

The DEPOSITOR'S Request for Proposal 10-22 dated July 2010 ("RFP"), and the BANK'S response to the DEPOSITOR'S Request For Proposal, dated August 9, 2010 ("Response"), are incorporated into this Agreement by reference. In the event of any conflicts between the RFP and the Response, the provisions of the RFP control. In the event of any conflicts between the Response and this Agreement regarding provisions and topics addressed in both documents, the provisions of this Agreement control. In the event of any provisions and topics addressed in the Response and not addressed in this Agreement, the Response controls.

16. Liability of the Parties.

The BANK's and DEPOSITOR'S duties and responsibilities to each other are limited as set forth in this Agreement, except with respect to any provisions of the law which cannot be varied or waived by agreement. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, NEITHER BANK NOR DEPOSITOR WILL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES (INCLUDING WITHOUT LIMITATION, LOSS OF REVENUE OR ANTICIPATED PROFITS), OR FOR ANY INDIRECT LOSS THAT THE OTHER PARTY MAY INCUR OR SUFFER IN CONNECTION WITH THE SERVICES PROVIDED HEREUNDER (EVEN IF THE SUCH PARTY HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES), INCLUDING WITHOUT LIMITATION, ATTORNEYS' FEES.**

17. Invalidity; Severability.

If any clause or provision of this Agreement is for any reason held to be invalid, illegal, or unenforceable, such holding shall not affect the validity, legality, or enforceability of the remaining clauses or provisions of this Agreement.

18. Governing Law; Venue.

This Agreement shall be construed in accordance with the substantive laws of the State of Texas, without regard to conflicts of law principles thereof. BANK and DEPOSITOR consent to the non-exclusive jurisdiction of a state or federal court situated in Bexar County, Texas, in connection with any dispute arising from or relating to this Agreement. BANK and DEPOSITOR irrevocably waive, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such proceeding brought in such a court and any claim that such proceeding brought in such a court has been brought in an inconvenient forum. BANK and DEPOSITOR each irrevocably waives any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement.

19. Notices.

Any communication, notice, or demand to be given hereunder shall be duly given when delivered in writing or sent by telex or facsimile to a party at its address indicated below.

If to the DEPOSITOR:

Randy Moravec
CFO
Town of Addison
P.O. Box 9010
Addison, TX 75001

If to BANK:

Tom Frost III
Senior Executive Vice President
Frost National Bank
P.O. Box 1600
San Antonio, TX 78296-1600

20. Security Measures.

BANK and DEPOSITOR agree to implement and follow mutually agreeable and adequate measures to protect the privacy and security of DEPOSITOR's transactions and information, including communications and information held by DEPOSITOR or BANK, or transmitted between DEPOSITOR and BANK. These measures may set forth in various BANK service-specific agreements or documentation, and shall address such issues as: (1) signature and identity verification; (2) fraud detection, prevention and reporting; (3) security codes and similar controls; (4) transmittal procedures and prior and proper authorization of telecopy, telephone, electronic and other transactions; (5) e-commerce issues such as encryption, e-mail security, and website security; and (6) computer and other access controls. BANK shall provide DEPOSITOR with at least 30 days prior written notice of any changes or amendments to the Bank's security procedures, as described in this Section 20 and elsewhere in this Agreement or other BANK service-specific agreements or documents, unless such changes or amendments must, in BANK'S sole opinion and discretion, be made: (i) immediately in order to guard against or mitigate a risk of fraud or criminal activity; or (ii) immediately to comply with an order or directive from law enforcement, court of law or any other regulatory agency with authority over the BANK's activities and operations.

21. Assignment and Binding Effect; Amendment.

The DEPOSITOR may not assign all or any part of its rights or obligations under the Agreement without the BANK'S prior express written consent, which may be withheld in the BANK'S sole discretion. The BANK may assign or delegate all or any part of its rights or obligations under the Agreement, including, without limitation, the performance of the services described herein. The Agreement will be binding on and inure to the benefit of the successors and permitted assigns of either party.

22. Third Party Service Providers.

In the normal course of its business, BANK may engage third party vendors or subcontractors to provide or assist in providing all or part of certain services. In the event that BANK engages such third party vendors or subcontractors, any contracts that BANK enters into with such third party vendors or subcontractors for the assistance in providing services under this Agreement shall contain necessary clauses requiring such third party vendors or subcontractors to comply with the provisions of this Agreement, including, but not limited to, levels of performance, service and data security. Any third party vendor or subcontractor used by BANK is an independent contractor and not the BANK'S agent. This Agreement may not be amended or modified in any manner except by written agreement executed by all of the parties.

23. Records, Reports and Audits.

BANK shall maintain separate, accurate and complete records relating to the DEPOSITOR'S funds, the pledged securities and all transactions relating to the pledged securities. BANK will also take reasonable steps to insure that the CUSTODIAN shall maintain separate, accurate and complete records relating to the pledged securities and all transactions relating to the pledged securities. DEPOSITOR and its representatives or agents shall have the right to examine and audit at any reasonable time upon 5 days prior written notice all records maintained pursuant to this Section 23.

IN WITNESS WHEREOF, the BANK and DEPOSITOR have caused this Agreement to be duly executed as of the _____ day of _____, 2010.

BANK:

THE FROST NATIONAL BANK, N.A.

ATTEST:

By: _____
Name: Tom Frost III
Title: Senior Executive Vice President

Name: Karen Faltisek
Title: Relationship Administrative Officer

DEPOSITOR accepts and agrees as the _____ day of _____, 2010.

DEPOSITOR:

TOWN OF ADDISON

ATTEST:

By: _____
Name: Randy Moravec
Title: Chief Financial Officer

Name:
Title:



SECURITY AGREEMENT

THE FROST NATIONAL BANK, N.A. (the "Bank"), for valuable consideration, the receipt and sufficiency of which is acknowledged, grants a security interest in and a pledge and assignment of (a) any and all Eligible Collateral (as defined below) from time to time held by The Federal Reserve Bank and/or Federal Home Loan Bank (the "Custodian"), identified on the Custodian's books as held for the account of the Depositor or jointly for the account of the Bank and the Depositor, together with (b) the products and proceeds of the foregoing and any substitutions or replacements thereof, whenever acquired and wherever located (the "Collateral") to TOWN OF ADDISON (the "Depositor"), in order to secure the payment when due, of the Deposits (as defined below) pursuant to the depository agreement ("Depository Agreement") between the Bank and the Depositor, dated of even date with this security agreement (the "Agreement") :

1. Definitions. Except as otherwise expressly defined in this Agreement, all terms used herein which are defined in the Uniform Commercial Code as in effect from time to time in Texas (the "Code") have the same meaning as in the Code. All other terms capitalized but not defined herein or in the Code have the meanings assigned to them in the Depository Agreement.

"Account" shall mean the separate custodial account established with Custodian in the name of Bank and for the benefit and subject to the control of Depositor as secured party in accordance with this Agreement.

"Authorized Person" shall be any officer of Depositor or Bank, as the case may be, duly authorized to give Written Instructions on behalf of Depositor or Bank, respectively, such authorized persons for Depositor to be designated in a certificate substantially in the form of Exhibit B, attached hereto, as such exhibit may be amended from time to time, or as designated in such other forms as may be prescribed by the Bank.

"Book-Entry System" shall mean the Federal Reserve/Treasury Book Entry System for receiving and delivering U.S. Government Securities.

"Business Day" shall mean any day on which Custodian and Bank are open for business and on which the Book Entry System is open for business.

"Collateral Requirement" shall mean an amount of Securities with a Market Value equal to 102% of Uninsured Deposits; provided, however, to the extent that mortgage-backed securities (declining principal balance) are used as Eligible Collateral, "Collateral Requirement" shall mean an amount of Securities with a Market Value equal to 110% of Uninsured Deposits secured with such mortgage-backed securities.

"Deposits" shall mean all deposits by Depositor in Bank, including all accrued interest on such deposits, that are available for all uses generally permitted by Bank to Depositor for actually and finally collected funds under the Bank's account agreement or policies.

"Eligible Collateral" shall mean any Securities of the types enumerated in the Schedule of Eligible Collateral (which types are in compliance with the collateral policy adopted and approved by the

governing body of Depositor) attached hereto as Exhibit A, as such exhibit may be amended from time to time pursuant to a written amendment signed by each of the parties to this Agreement, and any Proceeds of such Securities.

"Market Value" shall mean: (i) with respect to any Security held in the Account, the market value of such Security as made available to Bank or Custodian by a generally recognized source selected by the Bank or the Custodian, plus, if not reflected in the market value, any accrued interest on such Security, or, if such source does not make available a market value, the market value shall be as determined by Custodian or the Bank in its sole discretion based on information furnished to Custodian or Bank by one or more brokers or dealers; and (ii) with respect to any cash held in the Account, the face amount of such cash.

"Proceeds" shall mean any principal or interest payments or other distributions made in connection with Eligible Collateral and anything acquired upon the sale, lease, license, exchange, or other disposition of Eligible Collateral.

"Security" or "Securities" shall include, without limitation, any security or securities held in the Book-Entry System; common stock and other equity securities; bonds, debentures and other debt securities; notes, mortgages, or other obligations; and any instruments representing rights to receive, purchase, or subscribe for the same, or representing any other rights or interests in such security or securities.

"Trust Receipt" shall mean evidence of receipt, identification, and recording, including a written or electronically transmitted advice or confirmation of transaction or statement of account. Each advice or confirmation of transaction shall identify the specific securities which are the subject of the transaction. If available, statements of account may be provided by the Bank or the Custodian at least once each month and when reasonably requested by the Depositor, and must identify all Eligible Collateral in the Account and its Market Value.

"Uninsured Deposits" shall mean that portion of the daily ledger balance (amount of funds plus the amount of any accrued interest on the funds) of Depositor's Deposits with Bank which exceeds the standard maximum deposit insurance amount ("SMDIA") of the Federal Deposit Insurance Corporation ("FDIC").

"Written Instructions" shall mean written communications actually received by Bank or Custodian from an Authorized Person or from a person reasonably believed by Bank or Custodian to be an Authorized Person by a computer, telex, telecopier, or any other system whereby the receiver of such communications is able to verify by codes or otherwise with a reasonable degree of certainty the identity of the sender of such communication.

2. Security Requirement.

(a) The Bank, to secure the timely payment of Uninsured Deposits made by Depositor, has deposited with Custodian certain Securities as more fully described in the initial confirmation or Trust Receipt of such deposit delivered by Custodian to Bank and Depositor respectively. Pursuant to the Code, the Custodian shall act as a bailee or agent of the Depositor and, to the extent not inconsistent with such duties, shall hold Securities as a securities intermediary (as such term is defined in Chapter 8 of the Code) in accordance with the provisions of this Agreement, the Depository Agreement, and of any agreement entered into with the Custodian further governing the provision of Security by the Bank for Uninsured Deposits.

(b) (i) To secure the timely payment of Uninsured Deposits made by Depositor with Bank, Bank agrees to deliver or cause to be delivered to Custodian for transfer to the Account, Eligible Collateral having a Market Value equal or greater than the Collateral Requirement.

(ii) If the Market Value of such Eligible Collateral on any Business Day is less than the Collateral Requirement for such day, the Bank shall be required to deliver additional Eligible Collateral having a Market Value equal to or greater than such deficiency as soon as possible but no later than the close of business of Custodian on the Business Day on which Bank determined such deficiency. If on any Business Day, the aggregate Market Value of the Eligible Collateral provided pursuant to this Agreement exceeds the Collateral Requirement for such day, Custodian shall, at the direction of Bank and with the approval of the Authorized Person acting on behalf of the Depositor, transfer from the Account to or for the benefit of Bank, Eligible Collateral having a Market Value no greater than such excess amount.

(iii) When additional Eligible Collateral is required to cover incremental Deposits, the Bank must receive the request for collateral one (1) Business Day prior to the Business Day the incremental Deposits are received, and the Bank shall be required to deliver additional Eligible Collateral having a Market Value equal to or greater than the deficiency on the Business Day the incremental Deposits are received.

(c) For any changes made to the Eligible Collateral held in the Account due to releases, substitutions, or additions of Eligible Collateral, the Custodian shall update its records of the Account accordingly as soon as possible and promptly issue a Trust Receipt to the Depositor and the Bank.

(d) The Bank shall be entitled to income on Securities held by the Custodian in the Account, and the Custodian may dispose of such income as directed by Bank without approval of the Depositor, to the extent such income is not needed to meet the Collateral Requirement.

3. Custody of Securities. The parties agree that all Securities held in the Account shall be treated as financial assets. For purposes of the Code, the security interest granted by Bank in the Eligible Collateral and Proceeds for the benefit of the Depositor is created, attaches, and is perfected for all purposes under Texas law from the time Custodian identifies the pledge of any Eligible Collateral or Proceeds to the Depositor and issues a Trust Receipt to the Depositor for such Eligible Collateral or Proceeds. The security interest of the Depositor in Securities and all Proceeds shall terminate upon the transfer of such Securities or Proceeds from the Account.

4. Delivery of Securities. Bank and Depositor agree that Securities and Proceeds delivered to or received by Custodian for deposit in the Account may be in the form of credits to the accounts of Custodian in the Book Entry System. Bank and Depositor authorize Custodian on a continuous and ongoing basis to deposit in the Book Entry System all Securities and Proceeds that may be deposited therein and to utilize the Book Entry System in connection with its performance under this Agreement. Securities and Proceeds credited to the Account and deposited in the Book Entry System will be represented in accounts that include only assets held by Custodian or its agent(s) for third parties, including but not limited to accounts in which assets are held in a fiduciary, agency, or representative capacity.

The Bank acknowledges that to the extent permitted by law, the records of the Bank and/or the Custodian with respect to the pledge of Eligible Collateral as described in this Agreement: (a) may be inspected by the Depositor or by the Texas Comptroller of Public Accounts (the "Comptroller"), at any

time during regular business hours of the Bank or the Custodian; (b) such records may be subject to audit or inspection at any time pursuant to Sections 2257.025 and 2257.061 of the Texas Government Code, as amended; and (c) reports must be filed by the Custodian with the Comptroller when requested by the Comptroller.

5. Collection of Securities. If Depositor certifies in writing to Custodian that (a) Bank is in default under any underlying pledge or security agreement between Depositor and Bank, including the Depository Agreement and (b) Depositor has satisfied any notice or other requirement to which Depositor is subject pursuant to the Depository Agreement, then Depositor may give Custodian Written Instructions (x) to transfer specific amounts and issues of Securities held in the Account and, if applicable, specific amounts of the Proceeds held in the Account which have not previously been released to Bank, to designated accounts of Depositor and (y) to cease releasing to an account of Bank any Proceeds reflecting interest and principal on Securities in the Account as provided in Section 2(d).

6. Representation and Warranties.

(a) Representations of Bank. Bank represents and warrants, which representations and warranties shall be deemed to be continuing, that:

(i) the Board of Directors of the Bank has authorized the Bank to enter into this Agreement, and such authorization is reflected in the approving resolution of the Bank's Board of Directors and in the minutes of the meeting of the Board of Directors at which this Agreement was approved, and this Agreement has been legally and validly entered into and is enforceable against Bank in accordance with its terms;

(ii) this Agreement and the pledge of Eligible Collateral under this Agreement do not violate or contravene the terms of the Bank's charter documents, by-laws, or any agreement or instrument binding on the Bank or its property, or any statute or regulation applicable to the Bank;

(iii) the Bank has entered into this Agreement and the Depository Agreement (A) in the ordinary course of business, (B) in good faith and on an arm's-length basis with the Depositor, (C) not in contemplation of bankruptcy or insolvency, and (D) without intent to hinder, delay, or defraud the Bank's creditors;

(iv) a copy of each of (A) this Agreement, (B) the Depository Agreement, and (C) the resolution of the Board of Directors of the Bank approving this Agreement and the minutes of the meeting of the Board of Directors at which this Agreement was approved, have been placed (and will be continuously maintained) in the official records of the Bank;

(v) the Bank is sole legal and actual owner of the Securities or of beneficial interests in Securities deposited in the Account, free of all security interests or other encumbrances, except the security interest created by this Agreement;

(vi) this Agreement was executed by an officer of Bank who was authorized by the Bank's Board of Directors to do so;

(vii) the Bank is a bank or trust company duly authorized to do business in the State of Texas; and

(viii) all acts, conditions, and things required to exist, happen, or to be performed on its part precedent to and in the execution and delivery of this Agreement by it exist or have happened or have been performed.

(b) Representations of Depositor. Depositor represents and warrants, which representations and warranties shall be deemed to be continuing, that:

(i) this Agreement has been legally and validly entered into, has been approved by the Depositor's governing body, and does not and will not violate any statute or regulation applicable to it and is enforceable against Depositor in accordance with its terms;

(ii) the appointment of Custodian has been duly authorized by Depositor and this Agreement was executed by an officer of Depositor duly authorized to do so;

(iii) (A) all Securities identified on the Schedule of Eligible Collateral, attached hereto as Exhibit A, may be used to secure Depositor's Uninsured Deposits under applicable statutes and regulations, (B) the Collateral Requirement meets the requirements of such applicable statutes and regulations, (C) the governing board of Depositor has approved a collateral policy which authorizes all such Securities to be used as Eligible Collateral, and (D) such collateral policy complies with all applicable statutes and regulations;

(iv) it will not sell, transfer, assign, convey, pledge, or otherwise dispose in whole or in part its interests in or the rights with respect to any Securities deposited in the Account, or the Proceeds of such Securities, except as permitted in Section 5 of this Agreement;

(v) all acts, conditions, and things required to exist, happen, or to be performed on its part precedent to and in the execution and delivery of this Agreement exist or have happened or have been performed;

(vi) Depositor will comply with the terms of any other agreements it may have with the Bank in connection with this Agreement; and

(vii) In the event Depositor requests any financial services from the Bank other than depository services, the Depositor shall provide the Bank with a copy of the Depositor's current investment policy.

7. Continuing Agreement. This Agreement shall continue and remain in full force and effect and shall be binding upon the Bank and its successors and assigns until such time as (a) all Deposits have been paid in full to the Depositor or otherwise paid as instructed by the Depositor, and (b) the Depository Agreement is no longer in effect.

8. Rights and Remedies of the Depositor. The Depositor's rights and remedies with respect to the Collateral shall be those of a secured party under the Code and under any other applicable law, as the same may from time to time be in effect, in addition to those rights granted in this Agreement, in the Depository Agreement, and in any other agreement in effect between the Bank and the Depositor. The Depositor agrees to provide the Bank and the Custodian with reasonable notice of the sale, disposition, or other intended action subject to the provisions of this Agreement in connection with the Collateral, whether required by the Code or otherwise.

9. Application of Proceeds by the Depositor. In the event the Depositor sells or otherwise disposes of the Collateral in the course of exercising the remedies provided for in Section 5 above and in the Depository Agreement, any amounts held, realized, or received by the Depositor pursuant to the provisions of this Agreement, including the proceeds of the sale, in whole or in part, of any of the Collateral, shall be applied by the Depositor first toward the payment of any costs and expenses incurred by the Depositor in enforcing this Agreement, in realizing on or protecting any Collateral and in enforcing or collecting any Deposits, including attorneys' fees, and then toward payment of the Deposits in such order or manner as the Depositor may elect. Any Collateral remaining after such application and after payment to the Depositor of all the Deposits in full shall be paid or delivered to the Bank, its successors or assigns, or as a court of competent jurisdiction may direct.

10. Notices. Any communication, notice, or demand to be given under this Agreement shall be duly given when delivered in writing or sent by telex or facsimile to a party at its address indicated below.

If to the Depositor, at:

Mr. Randy Moravec
Chief Financial Officer
Town of Addison
P.O. Box 9010
Addison, TX 75001

If to the Bank, at:

Ms. Donna Easterling
Assistant Vice President
Frost National Bank
P. O. Box 1600
San Antonio, TX 78296

11. Miscellaneous.

(a) Updating Certificate of Authorized Persons. Depositor agrees to furnish to Bank a new and updated "Certificate of Authorized Persons" substantially in the form of Exhibit B, attached hereto, or in similar form as Bank may require, within a reasonable amount of time after there are additions or deletions to list of Authorized Persons authorized to act on behalf of the Depositor.

(b) Invalidity; Severability. If any clause or provision of this Agreement is for any reason held to be invalid, illegal or unenforceable, such holding shall not affect the validity, legality or enforceability of the remaining clauses or provisions of this Agreement.

(c) Amendment. This Agreement may not be amended or modified in any manner except by written agreement executed by all of the parties.

(d) Assignment and Binding Effect. The Depositor may not assign all or any part of its rights or obligations under the Agreement without the Bank's prior express written consent, which may be withheld in the Bank's sole discretion. The Bank may assign or delegate all or any part of its rights or obligations under the Agreement, including, without limitation, the performance of the services described herein. The Agreement will be binding on and inure to the benefit of the successors and permitted assigns of either party.

(e) Governing Law; Venue. This Agreement shall be construed in accordance with the substantive laws of the State of Texas, without regard to conflicts of law principles thereof. Bank and Depositor hereby consent to the non-exclusive jurisdiction of a state or federal court situated in Bexar

County, Texas, in connection with any dispute arising hereunder. Bank and Depositor hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such proceeding brought in such a court and any claim that such proceeding brought in such a court has been brought in an inconvenient forum. Bank and Depositor each hereby irrevocably waives any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement.

(f) Liability of the Parties. The Bank's and Depositor's duties and responsibilities to each other are limited as set forth in this Agreement, except with respect to any provisions of the law which cannot be varied or waived by agreement. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, NEITHER BANK NOR DEPOSITOR WILL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES (INCLUDING WITHOUT LIMITATION, LOSS OF REVENUE OR ANTICIPATED PROFITS) OR FOR ANY INDIRECT LOSS THAT THE OTHER PARTY MAY INCUR OR SUFFER IN CONNECTION WITH THE SERVICES PROVIDED HEREUNDER (EVEN IF SUCH PARTY HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES), INCLUDING WITHOUT LIMITATION, ATTORNEYS' FEES.**

IN WITNESS WHEREOF, the Bank and Depositor have caused this Agreement to be duly executed as of the _____ day of _____, 2010.

THE FROST NATIONAL BANK, N.A.

By _____

Name: Tom Frost III

Title: Senior Executive Vice President

Dated: _____

DEPOSITOR ACCEPTS AND AGREES

as of _____, 2010

TOWN OF ADDISON

By _____

Name: Randy Moravec

Title: Chief Financial Officer

EXHIBIT A
Schedule of Eligible Collateral

Eligible Collateral

All funds on deposit under the provisions of this agreement shall be continuously secured in accordance with the Texas Public Funds Collateral Act, Chapter 2257 of the Texas Government Code.

The following securities are approved as collateral for TOWN OF ADDISON funds:

1. United States Treasury Notes, Bills, Bonds or obligations fully and unconditionally guaranteed as to principal and interest by the full faith and credit of the United States.
2. Obligations of the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association.
3. Obligations of the Government National Mortgage Association.
4. Any obligation of an approved government agency which is considered to be an asset-backed, mortgage-backed, or pooled security.
5. Direct obligations of this State or its agencies or instrumentalities.

**EXHIBIT B
 CERTIFICATE OF AUTHORIZED PERSONS
 (Depositor)**

The undersigned hereby certifies that he/she is the duly elected and acting _____ of _____ (the "Depositor"), and further certifies that the following officers or employees of Depositor have been duly authorized in conformity with the approval of the Depositor's governing body to deliver Written Instructions to the [name of custodian] ("Custodian") pursuant to the Security Agreement between Depositor and the Bank dated _____, and that the signatures appearing opposite their names are true and correct:

Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature

This certificate supersedes any certificate of authorized individuals you may currently have on file.

[corporate seal] _____
 Title:
 Date:

Council Agenda Item: #R14

AGENDA CAPTION:

Presentation, discussion and consideration of approval of a contract with First Data Merchant Services for credit card processing services.

FINANCIAL IMPACT:

Budget: \$120,000 Anticipated Cost: \$90,000 annually

Credit card processing fees are netted against interest earnings revenue in each of the major funds (General, Hotel, and Utility). The Town's credit card processing fees continue to increase each year as payment by credit card is encouraged and becomes more frequent. Staff anticipates that the Town will save approximately \$10,000 per year as a result of the new credit card processing agreement.

BACKGROUND:

The Town accepts MasterCard, Visa, American Express and Discover. Credit card transactions are currently processed using three different modes: via the Town's web portals, payment software that includes import and export functionality, and card swipe terminals for point of sale transactions.

The Town currently averages 1,300 transactions per month totaling \$340,000. For each transaction, the Town pays a fee to the credit card processing company. Like most businesses, the Town absorbs these fees to accelerate the collection of funds and provide a convenience to the customer. This practice is consistent with many other Metroplex communities.

In connection with our depository services RFP, the Town also requested proposals for credit card processing services. The goal of this process was to enhance the level of customer service available to staff and lower the processing fees being paid by the Town. In response to our RFP, Frost Bank has proposed a relationship with First Data Merchant Services for our credit card processing services. This proposal was determined to be the best value for the Town considering cost and the level of service offered.

RECOMMENDATION:

Staff recommends approval.

COUNCIL GOALS:

Conduct the Business of the Town in a Fiscally Responsible Manner

ATTACHMENTS:

Description:

Type:

No Attachments Available

Council Agenda Item: #ES1

AGENDA CAPTION:

Closed (Executive) session of the Addison City Council pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney to seek the advice of its attorney about pending litigation, to wit: Town of Addison, Texas v. Crimson Tide Management, Inc., Case No. 09-09882-B, Dallas County, Texas, and/or a settlement offer in connection therewith.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

N/A

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

Type:

No Attachments Available

Council Agenda Item: #R15

AGENDA CAPTION:

Discussion and consideration of any action in connection with certain pending litigation, to wit: Town of Addison, Texas v. Crimson Tide Management, Inc., Case No. 09-09882-B, Dallas County, Texas.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

N/A

COUNCIL GOALS:

N/A

ATTACHMENTS:

Description:

Type:

No Attachments Available