NOTICE OF MEETING OF THE CITY COUNCIL OF THE CITY OF HARKER HEIGHTS, TEXAS

Notice is hereby given that, beginning at 5:00 p.m. on Tuesday, September 22, 2026, and continuing from day to day thereafter if necessary, the City Council of the City of Harker Heights, Texas, will hold a meeting in the Kitty Young Council Chamber at 305 Miller's Crossing, Harker Heights, Texas 76548. The subjects to be discussed are listed in the following agenda:

MEETING AGENDA

I. **INVOCATION:**

II. **PLEDGE OF ALLEGIANCE:**

I Pledge Allegiance to the Flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Honor the Texas Flag. I pledge allegiance to thee Texas; one State under God, one and indivisible.

III. **ROLL CALL:**

IV. **MAYORAL PROCLAMATIONS AND PRESENTATIONS:**

1. Proclamation declaring September 15 through October 15, 2026, as "Hispanic Heritage Month".
   Proclamation

2. Proclamation declaring October 2026 as "Fire Prevention Month" and October 4-10, 2026, as "Fire Prevention Week".
   Proclamation

3. Proclamation declaring October 2026, as "Community Planning Month".
   Proclamation

V. **PRESENTATIONS BY CITIZENS:**

Citizens who desire to address the Council on any matter may do so during this item. Please understand that while the Council appreciates hearing your comments, State law (Texas Gov't Code §551.042) prohibits them from: (1) engaging in discussion other than providing a statement of specific factual information or reciting existing City policy, and (2) taking action other than directing Staff to place the matter on a future agenda. Please state your name and the city of residence for the record and limit your comments to three minutes.

VI. **CONSENT ITEMS:**

1. Discussion and possible action regarding the approval of the minutes of the Regular Meeting of the City Council held on September 8, 2026.
   08 Sep 2026 - Minutes

VII. **REGULAR BUSINESS:**

1. Receive and discuss a presentation from Keith Sledd, Executive Director of the Heart of Texas Defense Alliance (HOTDA) regarding an update on current and future activities. (Assistant City Manager-Hawkins)
   Staff Report - Pdf

2. Discussion and possible action regarding approval of a Resolution of the City Council of the City of Harker Heights, Texas, authorizing execution of an Advance Funding Agreement (AFA) with the Texas Department of Transportation (TxDOT) for an Intersection Improvement Project (Intersection and Operational Improvements (IOI) FM 3481 at Chaparral Road) and authorizing the City Manager to act and sign on behalf of the City in accordance with State Law. (Resolution #2026-28; Project Manager)

   Staff Report - Pdf

3. Discussion and possible action regarding the approval of a Resolution of the City Council of the City of Harker Heights, Texas, approving a negotiated settlement between the Atmos Cities Steering Committee (ACSC) and Atmos Energy Corp., Mid-Tex Division regarding the Company's 2026 Rate Review Mechanism filing; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement; finding the rates to be set by the attached settlement tariffs to be just and reasonable and in the public interest; approving an attachment establishing a benchmark for pensions and retiree medical benefits; requiring the Company to reimburse ACSC's reasonable ratemaking expenses; determining that this Resolution was passed in accordance with the requirements of the Texas Open Meetings Act; adopting a savings clause; declaring an effective date; and requiring delivery of this Resolution to the Company and the ACSC's legal counsel. (Resolution #2026-33, Finance Director)

   Staff Report - Pdf

4. Receive and discuss the City Manager's Report.

VIII. **ITEMS FROM COUNCIL AND ANNOUNCEMENTS:**

1. Councilmember updates and closing statements.

2. Updates and comments from the Mayor.

IX. **ADJOURNMENT:**

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Harker Heights, Texas, a place readily accessible to the general public at all times, on the 15th of September 2026, by 5:00 p.m. and remained posted for at least three continuous business days preceding the scheduled date of said meeting.

Julie Helsham
City Secretary

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's office at 254-953-5600, or FAX 254-953-5614, or email jhelsham@harkerheights.gov for further information. Pursuant to Chapter 551 of the Government Code the City Council reserves the right to go into Closed Meeting on any item listed above if deemed necessary. Note: On occasion the City Council may consider agenda items out of order.

Proclamation



Whereas, Hispanic Americans can trace their roots back centuries to indigenous peoples and settlers of the New World who were on this continent long before the founding of our nation; and

Whereas, Millions of Hispanic people have come to the United States from Mexico, Puerto Rico, Cuba and other Caribbean regions, Central and South America and Spain creating and enriching our American culture; and

Whereas, Honoring Hispanic heritage nationally began in 1968 when President Lyndon B. Johnson proclaimed Hispanic Heritage Week; Twenty years later, President Ronald Reagan expanded the honor proclaiming the first Hispanic Heritage Month in 1988; and

Whereas, Today, we celebrate the gifts of Hispanic culture which offers a rich heritage, a deep commitment to family and community, a strong work ethic, an entrepreneurial spirit and an unwavering belief in the American Dream; and

Whereas, 2026 honors the theme, **"Together, we are more,"** to reflect on Hispanic American's service and contributions to the history of our Nation; and

Whereas, Hispanic Heritage Month is a call to action to reaffirm our respect, appreciation and support for Hispanic Americans and to ensure that they, like all Americans, are afforded the same rights, privileges and advantages to pursue their dreams; and

Whereas, the City of Harker Heights is a dynamic, diverse and determined city because of the strong influences of many cultures including the Hispanic culture that we pay special tribute to this month.

Now therefore, I, Michael Blomquist, Mayor of the City of Harker Heights do hereby proclaim September 15 through October 15, 2026, a month of celebration for:

"Hispanic Heritage Month"

In Witness Thereof, I have set my hand and have affixed the Seal of the City of Harker Heights, Texas, this 22nd Day of September 2026.

_____

Michael D. Blomquist, Mayor
City of Harker Heights

PROCLAMATION

WHEREAS, October is recognized as Fire Prevention Month, providing an opportunity to promote fire safety, prevent fires, and encourage families to develop and practice home fire escape plans; and

WHEREAS, Fire Prevention Week will be observed October 4–10, 2026, with the theme, **"Charge into Fire Safety™: Safe Charging Is a Superpower,"** highlighting the importance of safely using and charging lithium-ion battery-powered devices; and

WHEREAS, improper charging, damaged batteries, and incompatible charging equipment can increase the risk of fire, making safe charging practices essential; and

WHEREAS, working smoke and carbon monoxide alarms, properly maintained fire extinguishers, and practiced escape plans are essential to protecting lives and reducing fire-related injuries and deaths; and

WHEREAS, Fire Prevention Month and Fire Prevention Week provide an opportunity for all residents to identify fire hazards and take steps to make their homes, workplaces, schools, and community safer;

NOW, THEREFORE, I, Michael Blomquist, Mayor of the City of Harker Heights, Texas, do hereby proclaim October 2026 as,

"FIRE PREVENTION MONTH" and October 4–10, 2026, as "FIRE PREVENTION WEEK"

in the City of Harker Heights and encourage all residents to practice safe charging habits, maintain working smoke and carbon monoxide alarms, develop and practice home fire escape plans, and take action year-round to protect themselves, their families, and our community from fire.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the official seal of the City of Harker Heights, Texas, to be affixed this 22nd day of September 2026.

_____

Michael D. Blomquist, Mayor
City of Harker Heights, Texas

CITY OF HARKER HEIGHTS

COMMUNITY PLANNING MONTH PROCLAMATION

WHEREAS, change is constant and affects communities of all sizes; and

WHEREAS, thoughtful community planning helps manage change, expand opportunities, and create vibrant, resilient places to live and work; and

WHEREAS, successful planning depends on engaged citizens, informed public officials, and dedicated planning professionals committed to excellence in planning and implementation; and

WHEREAS, October is recognized as National Community Planning Month throughout the United States, providing an opportunity to recognize the vital role of planning in building equitable, resilient, and thriving communities; and

WHEREAS, National Community Planning Month provides an opportunity to recognize the dedication and contributions of the City of Harker Heights Planning and Zoning Commission, citizen planners, and professional planning staff who devote their time and expertise to improving our community; and

WHEREAS, the City of Harker Heights expresses its appreciation for the continued commitment to public service demonstrated by all those who contribute to the community planning process.

Now Therefore, I, Michael Blomquist, Mayor of the City of Harker Heights do hereby proclaim October 2026, as

"Community Planning Month"

In Witness Thereof, I have set my hand and have affixed the Seal of the City of Harker Heights, Texas, this 22nd Day of September 2026.

_____

Michael D. Blomquist, Mayor
City of Harker Heights

Minutes of the City of Harker Heights Council Meeting that was called to order on Tuesday, September 8, 2026, at 5:00 PM, in the Kitty Young Council Chamber at the Harker Heights City Hall at 305 Miller's Crossing, Harker Heights, Texas 76548, with the following members present:

ROLL CALL:
Mayor Michael Blomquist
Mayor Pro-Tem Sam Halabi
Councilmember, Place 1 Brian Burt
Councilmember, Place 2 Shane Hodyniak - Virtually
Councilmember Place 3 Jesse Lee Myles, III
Councilmember, Place 4 Roxanne Flores

City Manager David Mitchell
City Secretary Julie Helsham

PRESENTATIONS BY CITIZENS:

The following citizens gave a presentation to Council:

- Dennis Faulkner, Harker Heights, Texas 76548.
- Leon Charpentier, Harker Heights, Texas 76548.
- Tony Canterino, Harker Heights, Texas 76548.
- Brianna Harrelson, Harker Heights, Texas 76548.

CONSENT ITEMS:

1. Discussion and possible action regarding the approval of the minutes of the Workshop and Special Meeting of the City Council held on August 18, 2026, and the Regular Meeting of the City Council held on August 25, 2026.

Councilmember, Place 4 Roxanne Flores made a motion to approve the Consent Agenda as presented. Councilmember, Place 1 Brian Burt seconded the motion. Carried unanimously.

PUBLIC HEARINGS:

CITY OF HARKER HEIGHTS TAXPAYER IMPACT STATEMENT
(As required by House Bill 1522 passed by the Texas Legislature in 2025)

This notice will inform taxpayers of the potential impact of the proposed tax rate for Fiscal Year 2026-2027, comparing what would be paid under the No New Revenue Tax Rate versus the Proposed Tax Rate.

Rate Scenario	Median Homestead Taxable Value	Tax Rate (per $100 valuation)	Estimated Property Tax Bill - Harker Heights	Difference from No New Revenue Rate
FY 2025-26 Tax Rate (Current Year)	315,177	0.5300	1,670.44	448.30
FY 2026-27 No New Revenue Rate	232,700	0.5252	1,222.14	0.00
FY 2026-27 Proposed Tax Rate	232,700	0.5472	1,273.33	51.19

1. Council conducted a public hearing to discuss and take possible action regarding an Ordinance of the City Council of the City of Harker Heights, Texas, levying a tax rate of $0.5875 per $100 valuation, comprised of $0.4784 for maintenance and operations and $0.1091 for interest and sinking, for Fiscal Year 2027 (Tax Year 2026). David, Mitchell, City Manager and Ayesha Lealiiee, Finance Director, made the presentation.

The following citizens spoke on this item:

- Howard Arey, Harker Heights, Texas 76548.
- Andrew Thompson, Harker Heights, Texas 76548.
- Brianna Harrelson, Harker Heights, Texas 76548.
- Leon Charpentier, Harker Heights, Texas 76548.

Councilmember, Place 2 Shane Hodyniak made a motion to approve Ordinance #2026-26 levying a tax rate of $0.5300 per $100 valuation, comprised of $0.4209 for maintenance and operations and $0.1091 for interest and sinking for Fiscal Year 2027 (Tax Year 2026) Mayor Pro-Tem Sam Halabi seconded the motion. Carried 4-1 (opposed: Councilmember Place 3 Jesse Lee Myles, III).

Councilmember, Place 2 Shane Hodyniak made a motion that the property tax rate be increased by the adoption of a tax rate of $0.5300, which is effectively a 0.9% increase in the tax rate. Councilmember, Place 4 Roxanne Flores seconded the motion. Carried 4-1 (opposed: Councilmember Place 3 Jesse Lee Myles, III).

Mayor Blomquist called for a 15-minute recess at 6:49 p.m.

Mayor Blomquist reconvened the meeting at 7:04 p.m.

REGULAR BUSINESS:

1. Discussion and possible action regarding approval of a Resolution of the City Council of the City of Harker Heights, Texas, awarding a Professional Services Agreement (PSA) for the Americans with Disabilities Act (ADA) Self-Evaluation and Transition Plan, Phase II to Kimley-Horn and Associates, Inc in the amount of $149,000.00 and authorizing the City Manager to act and sign on behalf of the City. (Resolution #2026-31; Project Manager)

Mayor Pro-Tem Sam Halabi made a motion to approve Resolution 2026-31 of the City Council of the City of Harker Heights, Texas, awarding a Professional Services Agreement (PSA) for the Americans with Disabilities Act (ADA) Self-Evaluation and Transition Plan, Phase II to Kimley-Horn and Associates, Inc. in the amount of $149,000.00 and authorizing the City Manager to act and sign on behalf of the City. Councilmember, Place 1 Brian Burt seconded the motion. Carried unanimously.

2. Council discussed and considered the approval of a Resolution of the City Council of the City of Harker Heights, Texas, awarding a contract for the 2024 Manhole Rehabilitation Project, Phase II to B-Corp Utilities, Inc., in the amount of $300,778.00 and authorizing the City Manager to act and sign on behalf of the City. Trevor Jorgensen, Project Manager, made the presentation.

Councilmember, Place 4 Roxanne Flores made a motion to approve Resolution 2026-32 of the City Council of the City of Harker Heights, Texas, awarding a contract for the 2024 Manhole Rehabilitation Project, Phase II to B-Corp Utilities, Inc., in the amount of $300,778.00 and authorizing the City Manager to act and sign on behalf of the City. Mayor Pro-Tem Sam Halabi seconded the motion. Carried unanimously.

3. Council received and discussed the City Manager's Report. David Mitchell, City Manager, made the presentation.

No action taken.

ITEMS FROM COUNCIL AND ANNOUNCEMENTS:

1. Councilmember closing statements.

Councilmember Flores

Councilmember Flores reported that she attended several community events and provided the following comments:

- On September 3, Councilmember Flores attended the retirement celebration for Detective Johnny King. She congratulated Detective King on his retirement and expressed appreciation for his years of service and dedication to the community. She wished him the best as he begins his retirement.
- Councilmember Flores represented the City of Harker Heights at a System of Great Schools community engagement session. She noted that the event was particularly meaningful because she participated both as a Councilmember and as a parent. She emphasized the close connection between the City and its schools and the importance of participating in discussions concerning the future of local students and families.
- On September 4, Councilmember Flores attended the First Friday Concert Series featuring the Spazmatics. She commended the Parks and Recreation team for organizing the event and highlighted the variety of vendors, community information, activities, and entertainment available to attendees. She stated that the event was a positive opportunity for the community to come together.
- Following the First Friday event, Councilmember Flores attended the Harker Heights Knights football game to support the students, coaches, families, bands, cheerleaders, and others involved in the Friday night community atmosphere. She acknowledged that the Knights did not win the game but expressed appreciation for the opportunity to support the team.
- Councilmember Flores also visited Logos In Thread as the business celebrated 40 years in operation. She noted that the anniversary theme, "Built to Last: 40 Years," was fitting and mentioned the commemorative shirt created for the occasion. She congratulated Logos In Thread on the milestone and wished the business continued success.
- Councilmember Flores also provided an update regarding her goal of meeting with constituents. She stated that she had personally met with 14 additional constituents since her previous update, bringing her total to 55 constituents since being elected. She emphasized that each interaction provides an opportunity to listen, answer questions, hear concerns, learn from residents, and become better acquainted with the people she represents. She reiterated her goal of personally meeting with at least 100 constituents by the end of the year, noting that 45 additional constituents remained to reach that goal.
- Councilmember Flores thanked City Manager David Mitchell and City staff for their assistance in answering her questions and stated that she looked forward to the upcoming fiscal year and to working together in a peaceful and productive manner.

Councilmember Myles

- Councilmember Myles reflected on his first year serving on the City Council and stated that one of the most significant lessons he had learned was the Council's responsibility to hold the City Manager accountable for his performance and the performance of the organization. Drawing on his 22 years of military service, Councilmember Myles stated that accountability also requires providing the City Manager and staff with the necessary tools, resources, staffing, and financial support to accomplish the expectations established by the Council. He stated that the City cannot expect strong public safety, reliable services, improved infrastructure, competitive employee compensation, and long-term planning without providing the resources necessary to achieve those objectives.
- Councilmember Myles further stated that the Council should continue asking questions, evaluating expenditures, reviewing key performance indicators and other performance measures, protecting reserves, and ensuring value for taxpayer dollars. He explained that his consideration of the $0.5300 tax rate option was intended to determine whether the City could responsibly operate at that rate without weakening its capacity, deferring obligations, or creating structural financial issues.

- Councilmember Myles reiterated his support for the $0.5472 tax rate, stating that his standard was to provide the appropriate resources, demand strong performance, and hold leadership accountable for results. He thanked City Manager Mitchell for his service.

Councilmember Burt

- Councilmember Burt thanked City staff for their efforts throughout the budget process and expressed appreciation for their work. He stated that his primary reason for seeking a position on the City Council was to provide public services and empower residents to focus on what matters most to them, including their goals, hopes, and dreams.
- Councilmember Burt noted that many residents do not attend Council meetings or speak during public forums and stated that some individuals may be hesitant to participate because they are uncomfortable appearing before the Council. Councilmember Burt stated that he seeks to advocate on behalf of those residents as well as City employees. He expressed appreciation to City Manager Mitchell, Mr. Hawkins, Mr. Hyde, and all City staff for their work and acknowledged the challenges associated with their responsibilities.

Mayor Pro-Tem Halabi

- Mayor Pro-Tem Halabi expressed his appreciation to the City Manager and City staff for their hard work and dedication throughout the budget process. He acknowledged the challenges involved in managing the City and commended City Manager Mitchell for his work and accomplishments during his tenure. He noted that when residents bring issues or concerns to his attention, he has consistently been able to contact City Manager Mitchell or Mr. Hyde and receive prompt assistance, with many issues addressed or questions answered the same day.
- Mayor Pro-Tem Halabi also thanked Ayesha and the remainder of City staff for their continued efforts and dedication.
- Mayor Pro-Tem Halabi stated that Harker Heights is a great place to live and expressed his commitment to continuing to work toward maintaining the City's quality of life.

2. Updates and comments from the Mayor.

Mayor Blomquist submitted the following comments for the record and gave the following highlights/comments:

- August 26 – Attended the Harker Heights Police Department/Mayor Coffee with a Cop event at the Black Rifle Coffee Company in Harker Heights.
- August 26th – Attended the monthly Community Services Council meeting chaired by III Armored Corps Commander, LTG Kevin Admiral at the Lonestar Conference Center on Fort Hood.
- August 26th – Attended the Harker Heights Chamber Music Friendly City Board meeting at the Harker Heights Chamber of Commerce.
- August 28th – Attended the monthly III Armored Corps Retirement Ceremony honoring 11 Soldiers who served our Nation with honor for over 246 years commutatively.
- September 3rd – Attended the 1st Cavalry Division 105th Annual CAV WEEK Award Ceremony at Cooper Field on Fort Hood.
- September 3rd – Attended the Harker Heights Police Department's Retirement Ceremony for Detective Sergeant Johnny King. Thanked Detective King for his honorable service to our City and citizens over the years.
- September 4th – Had the honor of welcoming and kicking off the start of the First Friday's Music Event for the Spazmatics at the Carl Levin Park. Awesome event with loads of fun for all and great 80's music!
- September 4th – Attended the Harker Heights High School Varsity Football game at Leo Buckley Stadium in Killeen against Odessa Permian. The Knights sadly fell short of factory but played a great game. #REPthe Shield.

- The Mayor thanked Ayesha, staff, and the department heads for their outstanding work on the budget, emphasizing that compiling the information was a team effort requiring many long hours and meetings. The Mayor commended everyone for their dedication and hard work.
- The Mayor highlighted the upcoming Freedom Walk, scheduled for Friday, September 11, at Harker Heights High School. The event will be held in the auditorium at 9:30 a.m., followed by a march around the field. The Mayor encouraged everyone to attend if available.
- The Mayor also announced that the Harker Heights Farmers' Market will resume on Saturday, October 3, 2026, at City Hall, from 9:00 a.m. to 1:00 p.m., and encouraged everyone to attend.

ADJOURNMENT:

There being no further business, the City of Harker Heights Regular City Council Meeting was adjourned at 7:49 p.m.

CITY OF HARKER HEIGHTS, TEXAS:

_____
Michael D. Blomquist
Mayor

ATTEST:

_____
Julie Helsham, City Secretary

City Council Memorandum

FROM: The Office of the City Manager **DATE: September 22, 2026**

RECEIVE AND DISCUSS A PRESENTATION FROM KEITH SLEDD, EXECUTIVE DIRECTOR OF THE HEART OF TEXAS DEFENSE ALLIANCE (HOTDA) REGARDING AN UPDATE ON CURRENT AND FUTURE ACTIVITIES. (ASSISTANT CITY MANAGER-HAWKINS)

EXPLANATION:

The Heart of Texas Defense Alliance (HOTDA) is a regional (3 counties/7 cities) nonprofit [501(C)(6)/ Municipally- funded] corporation formed in February 2003 in response to an expressed need by the communities of Central Texas most affected by the activities of Fort Hood. HOTDA promotes the importance and sustainability of Fort Hood and all defense related industries, organizations and institutions in the Killeen-Temple-Fort Hood Metropolitan Statistical Area (MSA).

This presentation will provide an update on HOTDA current and future activities.

ACTION BY THE CITY COUNCIL:

None.

City Council Memorandum

FROM: The Office of the City Manager **DATE: September 22, 2026**

DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HARKER HEIGHTS, TEXAS, AUTHORIZING EXECUTION OF AN ADVANCE FUNDING AGREEMENT (AFA) WITH THE TEXAS DEPARTMENT OF TRANSPORTATION (TXDOT) FOR AN INTERSECTION IMPROVEMENT PROJECT (INTERSECTION AND OPERATIONAL IMPROVEMENTS (IOI) FM 3481 AT CHAPARRAL ROAD) AND AUTHORIZING THE CITY MANAGER TO ACT AND SIGN ON BEHALF OF THE CITY IN ACCORDANCE WITH STATE LAW. (RESOLUTION #2026-28; PROJECT MANAGER)

EXPLANATION:

The purpose of the IOI FM 3481 at Chaparral Road (Chaparral Road Phase 3A) Project is to realign Chaparral Road to FM 3481 (Stillhouse Lake Road) to create a safer intersection. Phase 3A of this project (City of Harker Heights) is approximately a 0.5 mile portion of an overall 6.64 mile project within adjacent jurisdictions (City of Killeen, Bell County).
This project (IOI FM 3481 at Chaparral Road) includes the installation of a traffic signal at the intersection, add turn lanes, construct a retaining wall along the south side of Chaparral Road, improve roadside ditch and cross culverts, and provide space for the future development of Chaparral Road into a five (5) lane roadway.

In July 2024, the City of Harker Heights entered into a Professional Service Agreement (PSA) with Freese and Nichols, Inc (FNI) for design, bid, construction, survey, SUE, geotechnical, utility, and acquisition services.

The Advance Funding Agreement with TxDOT outlines that a total $5,678,325.00 (80% Federal Participation, 20% State Participation) will be dedicated for construction services for this project.

The Engineer's Opinion of Probable Construction Cost (OPC) is $7,695,525.60.

RECOMMENDATION:

Staff recommends approving Resolution Number 2026-28 authorizing the execution of an Advance Funding Agreement (AFA) with the Texas Department of Transportation (TxDOT) for an Intersection Improvement Project (IOI FM 3481 at Chaparral Road) and authorizing the City Manager to act and sign on behalf of the City.

ACTION BY THE CITY COUNCIL:

1. Motion to **Approve / Disapprove** Resolution #2026-28.
2. Any other action desired.

ATTACHMENTS:

Chaparral Rd_3409-01-011 - Draft AFA
Oversight Level Special Approval Form
AFA_ChapparralRdPH3A_Resolution_WORD
AFA_ChapparralRdPH3A_Resolution_PDF

TxDOT:					Federal Highway Administration:	
CCSJ #	3409-01-011	AFA ID	Z00011367		CFDA No.	20.205
AFA CSJs	3409-01-011				CFDA Title	Highway Planning and Construction
District #	WAC	Code Chart 64#	18170			
Project Name	IOI | FM 3481 | @ Chaparral Rd				*AFA Not Used For Research & Development*	

STATE OF TEXAS §

COUNTY OF TRAVIS §

ADVANCE FUNDING AGREEMENT
For
Metropolitan Area Corridor
Both On-System and Off-System

THIS AGREEMENT (Agreement) is made by and between the State of Texas, acting by and through the **Texas Department of Transportation** called the "State", and the **City of Harker Heights**, acting by and through its duly authorized officials, called the "Local Government". The State and Local Government shall be collectively referred to as "the parties" hereinafter.

WITNESSETH

WHEREAS, federal law establishes federally funded programs for transportation improvements to implement its public purposes, and

WHEREAS, the Texas Transportation Code, Section 201.103 establishes that the State shall design, construct and operate a system of highways in cooperation with local governments, and Section 222.052 authorizes the Texas Transportation Commission to accept contributions from political subdivisions for development and construction of public roads and the state highway system within the political subdivision, and

WHEREAS, federal and state laws require local governments to meet certain contract standards relating to the management and administration of State and federal funds, and

WHEREAS, the Texas Transportation Commission has codified 43 TAC, Rules 15.50-15.56 that describe federal, state, and local responsibilities for cost participation in highway improvement and other transportation projects, and

WHEREAS, the Texas Transportation Commission passed Minute Order Number **116997** authorizing the State to undertake and complete a highway improvement or other transportation project generally described as **Intersection Improvement.** The portion of the project work covered by this Agreement is identified in the Agreement, Article 3, Scope of Work (Project), and

WHEREAS, the Governing Body of the Local Government has approved entering into this Agreement by resolution, ordinance, or commissioners court order dated **{Enter Date of Resolution}**, which is attached to and made a part of this Agreement as Attachment C, Resolution, Ordinance, or Commissioners Court Order (Attachment C). A map showing the Project location appears in Attachment A, Location Map Showing Project (Attachment A), which is attached to and made a part of this Agreement.

TxDOT:					Federal Highway Administration:	
CCSJ #	3409-01-011	AFA ID	Z00011367		CFDA No.	20.205
AFA CSJs	3409-01-011				CFDA Title	Highway Planning and Construction
District #	WAC	Code Chart 64#	18170			
Project Name	IOI | FM 3481 | @ Chaparral Rd				*AFA Not Used For Research & Development*	

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties, to be by them respectively kept and performed as set forth in this Agreement, it is agreed as follows:

AGREEMENT

1. Responsible Parties:

For the Project covered by this Agreement, the parties shall be responsible for the following work as stated in the article of the Agreement referenced in the table below:

1	**Local Government***	Utilities	Article 8
2.	**Local Government***	Environmental Assessment and Mitigation	Article 9
3.	**Local Government***	Architectural and Engineering Services	Article 11
4.	**Local Government**	Construction Responsibilities	Article 12
5.	**Local Government***	Right of Way and Real Property	Article 14

An asterisk next to the party responsible for specific work in the above table indicates that the associated specific work is not anticipated as part of the Project and is therefore not included in the budget; however, the party indicated will be responsible for that specific work if that work is not the subject of another agreement and the State determines that the specific work has become necessary to successful completion of the Project.

2. Period of the Agreement

This Agreement becomes effective when signed by the last party whose signing makes the Agreement fully executed. This Agreement shall remain in effect until the Project is completed or unless terminated as provided below.

3. Scope of Work

The scope of work for the Project consists of intersection relocation with retaining wall, signalization, and turn lanes at the intersection of FM 3481 and Chaparral Rd. as shown on Attachment A.

4. Project Sources and Uses of Funds

The total estimated cost of the Project is shown in Attachment B, Project Budget (Attachment B) which is attached to and made a part of this Agreement.

A. If the Local Government will perform any work under this Agreement for which reimbursement will be provided by or through the State, the Local Government must complete training. If federal funds are being used, the training must be completed before federal spending authority is obligated. Training is complete when at least one individual who is working actively and directly on the Project successfully completes and receives a certificate for the course entitled “Local Government Project Procedures and Qualification for the Texas Department of Transportation” and retains qualification in accordance with applicable TxDOT procedures. Upon request, the Local Government shall provide the certificate of

TxDOT:					Federal Highway Administration:	
CCSJ #	3409-01-011	AFA ID	Z00011367		CFDA No.	20.205
AFA CSJs	3409-01-011				CFDA Title	Highway Planning and Construction
District #	WAC	Code Chart 64#	18170			
Project Name	IOI | FM 3481 | @ Chaparral Rd				*AFA Not Used For Research & Development*	

qualification to the State. The individual who receives the training certificate may be an employee of the Local Government or an employee of a firm that has been contracted by the Local Government to perform oversight of the Project. The State in its discretion may deny reimbursement if the Local Government has not continuously designated in writing a qualified individual to work actively on or to directly oversee the Project.

B. The expected cash contributions from the federal government, the State, the Local Government, or other parties are shown in Attachment B. The State will pay for only those Project costs that have been approved by the Texas Transportation Commission. For projects with federal funds, the State and the federal government will not reimburse the Local Government for any work performed before the federal spending authority is formally obligated to the Project by the Federal Highway Administration (FHWA). After federal funds have been obligated, the State will send to the Local Government a copy of the formal documentation showing the obligation of funds including federal award information. The Local Government is responsible for 100% of the cost of any work performed under its direction or control before the federal spending authority is formally obligated.

C. Attachment B shows, by major cost categories, the cost estimates and the party responsible for performing the work for each category. These categories may include but are not limited to: (1) costs of real property; (2) costs of utility work; (3) costs of environmental assessment and remediation; (4) cost of preliminary engineering and design; (5) cost of construction and construction management; and (6) any other local project costs.

D. The State will be responsible for securing the federal and State share of the funding required for the development and construction of the local Project. If the Local Government is due funds for expenses incurred, these funds will be reimbursed to the Local Government on a cost basis.

E. The Local Government will be responsible for all non-federal or non-State participation costs associated with the Project, unless otherwise provided for in this Agreement or approved otherwise in an amendment to this Agreement. For items of work subject to specified percentage funding, the Local Government shall only in those instances be responsible for all Project costs that are greater than the maximum State and federal participation specified in Attachment B and for overruns in excess of the amount specified in Attachment B to be paid by the Local Government.

F. The budget in Attachment B will clearly state all items subject to fixed price funding, specified percentage funding, and the periodic payment schedule, when periodic payments have been approved by the State.

G. When the Local Government bears the responsibility for paying cost overruns, the Local Government shall make payment to the State within thirty (30) days from the receipt of the State's written notification of additional funds being due.

H. When fixed price funding is used, the Local Government is responsible for the fixed price amount specified in Attachment B. Fixed prices are not subject to adjustment unless (1) differing site conditions are encountered; (2) further definition of the Local Government's requested scope of work identifies greatly differing costs from those estimated; (3) work requested by the Local

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Government is determined to be ineligible for federal participation; or (4) the adjustment is mutually agreed to by the State and the Local Government.

I. Prior to the performance of any engineering review work by the State, the Local Government will pay to the State the amount specified in Attachment B. At a minimum, this amount shall equal the Local Government's funding share for the estimated cost of preliminary engineering performed or reviewed by the State for the Project. At least sixty (60) days prior to the date set for receipt of the construction bids, the Local Government shall remit its remaining financial share for the State's estimated construction oversight and construction cost.

J. The State will not execute the contract for the construction of the Project until the required funding has been made available by the Local Government in accordance with this Agreement.

K. Whenever funds are paid by the Local Government to the State under this Agreement, the Local Government shall remit a check or warrant made payable to the "Texas Department of Transportation" or may use the State's Automated Clearing House (ACH) system for electronic transfer of funds in accordance with instructions provided by TxDOT's Finance Division. The funds shall be deposited and managed by the State and may only be applied by the State to the Project.

L. The State will not pay interest on any funds provided by the Local Government.

M. If a waiver for the collection of indirect costs for a service project has been granted under 43 TAC §15.56, the State will not charge the Local Government for the indirect costs the State incurs on the Project, unless this Agreement is terminated at the request of the Local Government prior to completion of the Project.

N. If the Local Government is an Economically Disadvantaged County (EDC) and if the State has approved adjustments to the standard financing arrangement, this Agreement reflects those adjustments.

O. Where the Local Government is authorized to perform services under this Agreement and be reimbursed by the State, the Local Government is authorized to submit requests for reimbursement by submitting the original of an itemized invoice, in a form and containing all items required by the State, no more frequently than monthly and no later than ninety (90) days after costs are incurred. If the Local Government submits invoices more than ninety (90) days after the costs are incurred and if federal funding is reduced as a result, the State shall have no responsibility to reimburse the Local Government for those costs.

P. Upon completion of the Project, the State will perform a final accounting of the Project costs for all items of work with specified percentage funding. Any funds due by the Local Government, the State, or the federal government for these work items will be promptly paid by the owing party.

Q. The state auditor may conduct an audit or investigation of any entity receiving funds from the State directly under this Agreement or indirectly through a subcontract under this Agreement. Acceptance of funds directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide

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the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

R. Payment under this Agreement beyond the end of the current fiscal biennium is subject to availability of appropriated funds. If funds are not appropriated, this Agreement shall be terminated immediately with no liability to either party.

5. Termination of This Agreement

This Agreement shall remain in effect until the Project is completed and accepted by all parties, unless:

A. The Agreement is terminated in writing with the mutual consent of the parties;

B. The Agreement is terminated by one party because of a breach, in which case any costs incurred because of the breach shall be paid by the breaching party;

C. The Local Government elects not to provide funding after the completion of preliminary engineering, specifications, and estimates (PS&E) and the Project does not proceed because of insufficient funds, in which case the Local Government agrees to reimburse the State for its reasonable actual costs incurred during the Project; or

D. The Agreement is terminated by the State because the parties are not able to execute a mutually agreeable amendment when the costs for Local Government requested items increase significantly due to differing site conditions, determination that Local government requested work is ineligible for federal or state cost participation, or a more thorough definition of the Local Government's proposed work scope identifies greatly differing costs from those estimated. The State will reimburse Local Government remaining funds to the Local Government within ninety (90) days of termination; or

E. The Project is inactive for thirty-six (36) consecutive months or longer and no expenditures have been charged against federal funds, in which case the State may in its discretion terminate this Agreement.

6. Amendments

Amendments to this Agreement due to changes in the character of the work, terms of the Agreement, or responsibilities of the parties relating to the Project may be enacted through a mutually agreed upon, written amendment.

7. Remedies

This Agreement shall not be considered as specifying the exclusive remedy for any agreement default, but all remedies existing at law and in equity may be availed of by either party to this Agreement and shall be cumulative.

8. Utilities

The party named in Article 1, Responsible Parties, under AGREEMENT shall be responsible for the adjustment, removal, or relocation of utility facilities in accordance with applicable state laws, regulations, rules, policies, and procedures, including any cost to the State of a delay resulting from the Local Government's failure to ensure that utility facilities are adjusted, removed, or relocated before the scheduled beginning of construction. The Local Government will not be reimbursed with federal or State funds for the cost of required utility work. The Local Government must obtain advance

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approval for any variance from established procedures. Before a construction contract is let, the Local Government shall provide, at the State's request, a certification stating that the Local Government has completed the adjustment of all utilities that must be adjusted before construction is commenced.

9. Environmental Assessment and Mitigation

Development of a transportation project must comply with the National Environmental Policy Act and the National Historic Preservation Act of 1966, which require environmental clearance of federal-aid projects. The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the following:

A. The identification and assessment of any environmental problems associated with the development of a local project governed by this Agreement.
B. The cost of any environmental problem's mitigation and remediation.
C. Providing any public meetings or public hearings required for the environmental assessment process. Public hearings will not be held prior to the approval of the Project schematic.
D. The preparation of the NEPA documents required for the environmental clearance of this Project.

If the Local Government is responsible for the environmental assessment and mitigation, before the advertisement for bids, the Local Government shall provide to the State written documentation from the appropriate regulatory agency or agencies that all environmental clearances have been obtained.

10. Compliance with Accessibility Standards

All parties to this Agreement shall ensure that the plans for and the construction of all projects subject to this Agreement are in compliance with standards issued or approved by the Texas Department of Licensing and Regulation (TDLR) as meeting or consistent with minimum accessibility requirements of the Americans with Disabilities Act (P.L. 101-336) (ADA).

11. Architectural and Engineering Services

The party named in Article 1, Responsible Parties, under AGREEMENT has responsibility for the performance of architectural and engineering services. The engineering plans shall be developed in accordance with the applicable State's *Standard Specifications for Construction and Maintenance of Highways, Streets and Bridges* and the special specifications and special provisions related to it. For projects on the State highway system, the design shall, at a minimum conform to applicable State manuals. For projects not on the State highway system, the design shall, at a minimum, conform to applicable American Association of State Highway and Transportation Officials (AASHTO) design standards.

In procuring professional services, the parties to this Agreement must comply with federal requirements cited in 23 CFR Part 172 if the Project is federally funded and with Texas Government Code 2254, Subchapter A, in all cases. Professional contracts for federally funded projects must conform to federal requirements, specifically including the provision for participation by Disadvantaged Business Enterprises (DBEs), ADA, and

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environmental matters. If the Local Government is the responsible party, the Local Government shall submit its procurement selection process for prior approval by the State. All professional services contracts must be reviewed and approved by the State prior to execution by the Local Government.

12. Construction Responsibilities

The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the following:

A. Advertise for construction bids, issue bid proposals, receive and tabulate the bids, and award and administer the contract for construction of the Project. Administration of the contract includes the responsibility for construction engineering and for issuance of any change orders, supplemental agreements, amendments, or additional work orders that may become necessary subsequent to the award of the construction contract. In order to ensure federal funding eligibility, projects must be authorized by the State prior to advertising for construction.

B. If the State is the responsible party, the State will use its approved contract letting and award procedures to let and award the construction contract.

C. If the Local Government is the responsible party, the Local Government shall submit its contract letting and award procedures to the State for review and approval prior to letting.

D. If the Local Government is the responsible party, the State must concur with the low bidder selection before the Local Government can enter into a contract with the vendor.

E. If the Local Government is the responsible party, the State must review and approve change orders.

F. Upon completion of the Project, the party responsible for constructing the Project will issue and sign a “Notification of Completion” acknowledging the Project’s construction completion and submit certification(s) sealed by a professional engineer(s) licensed in the State of Texas.

G. For federally funded contracts, the parties to this Agreement will comply with federal construction requirements cited in 23 CFR Part 635 and with requirements cited in 23 CFR Part 633, and shall include the latest version of Form “FHWA-1273” in the contract bidding documents. If force account work will be performed, a finding of cost effectiveness shall be made in compliance with 23 CFR 635, Subpart B.

13. Project Maintenance

The Local Government shall be responsible for maintenance of locally owned roads and locally owned facilities after completion of the work. The State shall be responsible for maintenance of the State highway system after completion of the work if the work was on the State highway system, unless otherwise provided for in existing maintenance agreements with the Local Government.

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14. Right of Way and Real Property

The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the provision and acquisition of any needed right of way or real property.

The Local Government shall be responsible for the following:

A. Right of way and real property acquisition shall be the responsibility of the Local Government. Title to right of way and other related real property must be acceptable to the State before funds may be expended for the improvement of the right of way or real property.

B. If the Local Government is the owner of any part of the Project site under this Agreement, the Local Government shall permit the State or its authorized representative access to occupy the site to perform all activities required to execute the work.

C. All parties to this Agreement will comply with and assume the costs for compliance with all the requirements of Title II and Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Title 42 U.S.C.A. Section 4601 et seq., including those provisions relating to incidental expenses incurred by the property owners in conveying the real property to the Local Government and benefits applicable to the relocation of any displaced person as defined in 49 CFR Section 24.2(g). Documentation to support such compliance must be maintained and made available to the State and its representatives for review and inspection.

D. The Local Government shall assume all costs and perform necessary requirements to provide any necessary evidence of title or right of use in the name of the Local Government to the real property required for development of the Project. The evidence of title or rights shall be acceptable to the State, and be free and clear of all encroachments. The Local Government shall secure and provide easements and any needed rights of entry over any other land needed to develop the Project according to the approved Project plans. The Local Government shall be responsible for securing any additional real property required for completion of the Project.

E. In the event real property is donated to the Local Government after the date of the State's authorization, the Local Government will provide all documentation to the State regarding fair market value of the acquired property. The State will review the Local Government's appraisal, determine the fair market value and credit that amount towards the Local Government's financial share. If donated property is to be used as a funding match, it may not be provided by the Local Government. The State will not reimburse the Local Government for any real property acquired before execution of this Agreement and the obligation of federal spending authority.

F. The Local Government shall prepare real property maps, property descriptions, and other data as needed to properly describe the real property and submit them to the State for approval prior to the Local Government acquiring the real property. Tracings of the maps shall be retained by the Local Government for a permanent record.

G. The Local Government agrees to make a determination of property values for each real property parcel by methods acceptable to the State and to submit to

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the State a tabulation of the values so determined, signed by the appropriate Local Government representative. The tabulations shall list the parcel numbers, ownership, acreage and recommended compensation. Compensation shall be shown in the component parts of land acquired, itemization of improvements acquired, damages (if any) and the amounts by which the total compensation will be reduced if the owner retains improvements. This tabulation shall be accompanied by an explanation to support the determined values, together with a copy of information or reports used in calculating all determined values. Expenses incurred by the Local Government in performing this work may be eligible for reimbursement after the Local Government has received written authorization by the State to proceed with determination of real property values. The State will review the data submitted and may base its reimbursement for parcel acquisitions on these values.

H. Reimbursement for real property costs will be made to the Local Government for real property purchased in an amount not to exceed eighty percent (80%) of the cost of the real property purchased in accordance with the terms and provisions of this Agreement. Reimbursement will be in an amount not to exceed eighty percent (80%) of the State's predetermined value of each parcel, or the net cost of the parcel, whichever is less. In addition, reimbursement will be made to the Local Government for necessary payments to appraisers, expenses incurred in order to assure good title, and costs associated with the relocation of displaced persons and personal property as well as incidental expenses.

I. If the Project requires the use of real property to which the Local Government will not hold title, a separate agreement between the owners of the real property and the Local Government must be executed prior to execution of this Agreement. The separate agreement must establish that the Project will be dedicated for public use for a period of not less than 10 (ten) years after completion. The separate agreement must define the responsibilities of the parties as to the use of the real property and operation and maintenance of the Project after completion. The separate agreement must be approved by the State prior to its execution. A copy of the executed agreement shall be provided to the State.

15. Insurance

If this Agreement authorizes the Local Government or its contractor to perform any work on State right of way, before beginning work, the entity performing the work shall provide the State with a fully executed copy of the State's Form 1560 Certificate of Insurance verifying the existence of coverage in the amounts and types specified on the Certificate of Insurance for all persons and entities working on State right of way. This coverage shall be maintained until all work on the State right of way is complete. If coverage is not maintained, all work on State right of way shall cease immediately, and the State may recover damages and all costs of completing the work.

16. Notices

All notices to either party shall be delivered personally or sent by certified or U.S. mail, postage prepaid, addressed to that party at the following address:

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Local Government:	**State:**
City of Harker Heights ATTN: City Manager 305 Millers Crossing Harker Heights, TX 76548	Texas Department of Transportation ATTN: Director of Contract Services 125 E. 11th Street Austin, TX 78701

All notices shall be deemed given on the date delivered in person or deposited in the mail, unless otherwise provided by this Agreement. Either party may change the above address by sending written notice of the change to the other party. Either party may request in writing that notices shall be delivered personally or by certified U.S. mail, and that request shall be carried out by the other party.

17. Legal Construction

If one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions and this Agreement shall be construed as if it did not contain the invalid, illegal, or unenforceable provision.

18. Responsibilities of the Parties

The State and the Local Government agree that neither party is an agent, servant, or employee of the other party, and each party agrees it is responsible for its individual acts and deeds as well as the acts and deeds of its contractors, employees, representatives, and agents.

19. Ownership of Documents

Upon completion or termination of this Agreement, all documents prepared by the State shall remain the property of the State. All data and information prepared under this Agreement shall be made available to the State without restriction or limitation on their further use. All documents produced or approved or otherwise created by the Local Government shall be transmitted to the State, in the format directed by the State, on a monthly basis or as required by the State. The originals shall remain the property of the Local Government. .

20. Compliance with Laws

The parties to this Agreement shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this Agreement. When required, the Local Government shall furnish the State with satisfactory proof of this compliance.

21. Sole Agreement

This Agreement constitutes the sole and only agreement between the parties and supersedes any prior understandings or written or oral agreements respecting the Agreement's subject matter.

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22. Cost Principles

In order to be reimbursed with federal funds, the parties shall comply with the cost principles established in 2 CFR 200 that specify that all reimbursed costs are allowable, reasonable, and allocable to the Project.

23. Procurement and Property Management Standards

The parties to this Agreement shall adhere to the procurement and property management standards established in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and to the Texas Uniform Grant Management Standards. The State must pre-approve the Local Government's procurement procedures for purchases to be eligible for state or federal funds.

24. Inspection of Books and Records

The parties to this Agreement shall maintain all books, documents, papers, accounting records, and other documentation relating to costs incurred under this Agreement and shall make such materials available to the State, the Local Government, and, if federally funded, the FHWA and the U.S. Office of the Inspector General or their duly authorized representatives for review and inspection at its office during the Agreement period and for seven (7) years from the date of final reimbursement by FHWA under this Agreement or until any impending litigation or claims are resolved. Additionally, the State, the Local Government, and the FHWA and their duly authorized representatives shall have access to all the governmental records that are directly applicable to this Agreement for the purpose of making audits, examinations, excerpts, and transcriptions.

25. Civil Rights Compliance

The parties to this Agreement are responsible for the following:

A. Compliance with Regulations: Both parties will comply with the Acts and the Regulations relative to Nondiscrimination in Federally-assisted programs of the U.S. Department of Transportation (USDOT), the Federal Highway Administration (FHWA), as they may be amended from time to time, which are herein incorporated by reference and made part of this Agreement.

B. Nondiscrimination: The Local Government, with regard to the work performed by it during the Agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The Local Government will not participate directly or indirectly in the discrimination prohibited by the Acts and the Regulations, including employment practices when the Agreement covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

C. Solicitations for Subcontracts, Including Procurement of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by the Local Government for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier will be notified by the Local Government of the Local Government's obligations under this Agreement and the Acts and Regulations relative to Nondiscrimination on the grounds of race, color, or national origin.

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D. Information and Reports: The Local Government will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information, and facilities as may be determined by the State or the FHWA to be pertinent to ascertain compliance with such Acts, Regulations or directives. Where any information required of the Local Government is in the exclusive possession of another who fails or refuses to furnish this information, the Local Government will so certify to the State or the FHWA, as appropriate, and will set forth what efforts it has made to obtain the information.

E. Sanctions for Noncompliance: In the event of the Local Government's noncompliance with the Nondiscrimination provisions of this Agreement, the State will impose such contract sanctions as it or the FHWA may determine to be appropriate, including, but not limited to:
   1. withholding of payments to the Local Government under the Agreement until the Local Government complies and/or
   2. cancelling, terminating, or suspending of the Agreement, in whole or in part.

F. Incorporation of Provisions: The Local Government will include the provisions of paragraphs (A) through (F) in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The Local Government will take such action with respect to any subcontract or procurement as the State or the FHWA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Local Government becomes involved in, or is threatened with, litigation with a subcontractor or supplier because of such direction, the Local Government may request the State to enter into such litigation to protect the interests of the State. In addition, the Local Government may request the United States to enter into such litigation to protect the interests of the United States.

26. Pertinent Non-Discrimination Authorities

During the performance of this Agreement, each party, for itself, its assignees, and successors in interest agree to comply with the following nondiscrimination statutes and authorities; including but not limited to:

A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (pro-hibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21.

B. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of federal or federal-aid programs and projects).

C. Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 et seq.), as amended, (prohibits discrimination on the basis of sex).

D. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.) as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27.

E. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age).

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F. Airport and Airway Improvement Act of 1982, (49 U.S.C. Chapter 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex).

G. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the federal-aid recipients, subrecipients and contractors, whether such programs or activities are federally funded or not).

H. Titles II and III of the Americans with Disabilities Act, which prohibits discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by Department of Transportation regulations at 49 C.F.R. parts 37 and 38.

I. The Federal Aviation Administration's Nondiscrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex).

J. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations.

K. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, the parties must take reasonable steps to ensure that LEP persons have meaningful access to the programs (70 Fed. Reg. at 74087 to 74100).

L. Title IX of the Education Amendments of 1972, as amended, which prohibits the parties from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq.).

27. Disadvantaged Business Enterprise (DBE) Program Requirements

If federal funds are used:

A. The parties shall comply with the Disadvantaged Business Enterprise Program requirements established in 49 CFR Part 26.

B. The Local Government shall adopt, in its totality, the State's federally approved DBE program.

C. The Local Government shall incorporate into its contracts with subproviders an appropriate DBE goal consistent with the State's DBE guidelines and in consideration of the local market, project size, and nature of the goods or services to be acquired. The Local Government shall submit its proposed scope of services and quantity estimates to the State to allow the State to establish a DBE goal for each Local Government contract with a subprovider. The Local Government shall be responsible for documenting its actions.

D. The Local Government shall follow all other parts of the State's DBE program referenced in TxDOT Form 2395, Memorandum of Understanding Regarding the

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Adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise by Entity, and attachments found at web address http://ftp.dot.state.tx.us/pub/txdot-info/bop/dbe/mou/mou_attachments.pdf.

E. The Local Government shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any U.S. Department of Transportation (DOT)-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The Local Government shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure non-discrimination in award and administration of DOT-assisted contracts. The State's DBE program, as required by 49 CFR Part 26 and as approved by DOT, is incorporated by reference in this Agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this Agreement. Upon notification to the Local Government of its failure to carry out its approved program, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

F. Each contract the Local Government signs with a contractor (and each subcontract the prime contractor signs with a sub-contractor) must include the following assurance: *The contractor, sub-recipient, or sub-contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this Agreement, which may result in the termination of this Agreement or such other remedy as the recipient deems appropriate*.

28. Debarment Certifications

If federal funds are used, the parties are prohibited from making any award at any tier to any party that is debarred or suspended or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549, "Debarment and Suspension." By executing this Agreement, the Local Government certifies that it and its principals are not currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549 and further certifies that it will not do business with any party, to include principals, that is currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549. The parties to this Agreement shall require any party to a subcontract or purchase order awarded under this Agreement to certify its eligibility to receive federal funds and, when requested by the State, to furnish a copy of the certification.

If state funds are used, the parties are prohibited from making any award to any party that is debarred under the Texas Administrative Code, Title 34, Part 1, Chapter 20, Subchapter G, Rule §20.585 and the Texas Administrative Code, Title 43, Part 1, Chapter 9, Subchapter G.

TxDOT:					Federal Highway Administration:	
CCSJ #	3409-01-011	AFA ID	Z00011367		CFDA No.	20.205
AFA CSJs	3409-01-011				CFDA Title	Highway Planning and Construction
District #	WAC	Code Chart 64#	18170			
Project Name	IOI | FM 3481 | @ Chaparral Rd				*AFA Not Used For Research & Development*	

29. Lobbying Certification

If federal funds are used, in executing this Agreement, each signatory certifies to the best of that signatory's knowledge and belief, that:

A. No federal appropriated funds have been paid or will be paid by or on behalf of the parties to any person for influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with federal contracts, grants, loans, or cooperative agreements, the signatory for the Local Government shall complete and submit the Federal Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

C. The parties shall require that the language of this certification shall be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and all sub-recipients shall certify and disclose accordingly. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Title 31 U.S.C. §1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

30. Federal Funding Accountability and Transparency Act Requirements

If federal funds are used, the following requirements apply:

A. Any recipient of funds under this Agreement agrees to comply with the Federal Funding Accountability and Transparency Act (FFATA) and implementing regulations at 2 CFR Part 170, including Appendix A. This Agreement is subject to the following award terms: http://www.gpo.gov/fdsys/pkg/FR-2010-09-14/pdf/2010-22705.pdf and http://www.gpo.gov/fdsys/pkg/FR-2010-09-14/pdf/2010-22706.pdf.

B. The Local Government agrees that it shall:

1. Obtain and provide to the State a System for Award Management (SAM) number (Federal Acquisition Regulation, Part 4, Sub-part 4.11) if this award provides more than $25,000 in federal funding. The SAM number may be obtained by visiting the SAM website whose address is: https://www.sam.gov/portal/public/SAM/
2. Obtain and provide to the State a Data Universal Numbering System (DUNS) number, a unique nine-character number that allows federal government to track the distribution of federal money. The DUNS may be requested free of charge for all businesses and entities required to do so by visiting the Dun & Bradstreet (D&B) on-line registration website http://fedgov.dnb.com/webform; and

TxDOT:					Federal Highway Administration:	
CCSJ #	3409-01-011	AFA ID	Z00011367		CFDA No.	20.205
AFA CSJs	3409-01-011				CFDA Title	Highway Planning and Construction
District #	WAC	Code Chart 64#	18170			
Project Name	IOI | FM 3481 | @ Chaparral Rd				*AFA Not Used For Research & Development*	

3. Report the total compensation and names of its top five executives to the State if:
   i. More than 80% of annual gross revenues are from the federal government, and those revenues are greater than $25,000,000; and
   ii. The compensation information is not already available through reporting to the U.S. Securities and Exchange Commission.

31. Single Audit Report

If federal funds are used:

A. The parties shall comply with the single audit report requirements stipulated in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

B. If threshold expenditures of $1,000,000 or more are met during the fiscal year, the Local Government must submit a Single Audit Report and Management Letter (if applicable) to TxDOT's Compliance Division, 125 East 11th Street, Austin, TX 78701 or contact TxDOT's Compliance Division by email at singleaudits@txdot.gov.

C. If expenditures are less than the threshold during the Local Government's fiscal year, the Local Government must submit a statement to TxDOT's Compliance Division as follows: "We did not meet the $_____ expenditure threshold and therefore, are not required to have a single audit performed for FY _____."

D. For each year the Project remains open for federal funding expenditures, the Local Government will be responsible for filing a report or statement as described above. The required annual filing shall extend throughout the life of the Agreement, unless otherwise amended or the Project has been formally closed out and no charges have been incurred within the current fiscal year.

TxDOT:					Federal Highway Administration:	
CCSJ #	3409-01-011	AFA ID	Z00011367		CFDA No.	20.205
AFA CSJs	3409-01-011				CFDA Title	Highway Planning and Construction
District #	WAC	Code Chart 64#	18170			
Project Name	IOI | FM 3481 | @ Chaparral Rd				*AFA Not Used For Research & Development*	

32. Signatory Warranty

Each signatory warrants that the signatory has necessary authority to execute this Agreement on behalf of the entity represented.

Each party is signing this Agreement on the date stated under that party's signature.

THE STATE OF TEXAS	THE LOCAL GOVERNMENT
Signature	Signature
Typed or Printed Name	Typed or Printed Name
Typed or Printed Title	Typed or Printed Title
Date	Date

TxDOT:					Federal Highway Administration:	
CCSJ #	3409-01-011	AFA ID	Z00011367		CFDA No.	20.205
AFA CSJs	3409-01-011				CFDA Title	Highway Planning and Construction
District #	WAC	Code Chart 64#	18170			
Project Name	IOI | FM 3481 | @ Chaparral Rd				*AFA Not Used For Research & Development*	

ATTACHMENT A
LOCATION MAP SHOWING PROJECT



TxDOT:					Federal Highway Administration:	
CCSJ #	3409-01-011	AFA ID	Z00011367		CFDA No.	20.205
AFA CSJs	3409-01-011				CFDA Title	Highway Planning and Construction
District #	WAC	Code Chart 64#	18170			
Project Name	IOI | FM 3481 | @ Chaparral Rd				*AFA Not Used For Research & Development*	

ATTACHMENT B
PROJECT BUDGET

Costs will be allocated based on 80% Federal funding and 20% State funding until the Federal funding reaches the maximum obligated amount. The Local Government will then be responsible for 100% of cost overruns.

Description	Total Estimated Cost	Federal Participation		State Participation		Local Participation	
		%	Cost	%	Cost	%	Cost
Construction (by Local Government)	$5,678,325	80%	$4,542,660	20%	$1,135,665	0%	$0
Subtotal	$5,678,325		$4,542,660		$1,135,665		$0
Environmental Direct State Costs	$2,270	0%	$0	100%	$2,270	0%	$0
Engineering Direct State Costs	$32,000	0%	$0	100%	$32,000	0%	$0
Right of Way Direct State Costs	$4,540	0%	$0	100%	$4,540	0%	$0
Utility Direct State Costs	$16,000	0%	$0	100%	$16,000	0%	$0
Construction Direct State Costs	$59,000	0%	$0	100%	$59,000	0%	$0
Subtotal	$113,810		$0		$113,810		$0
Indirect State Costs (5.51%)	$6,271	0%	$0	100%	$6,271	0%	$0
TOTAL	$5,798,406		$4,542,660		$1,255,746		$0

Initial payment by the Local Government to the State: $0.00.
Payment by the Local Government to the State before construction: $0.00.
Estimated total payment by the Local Government to the State $0.00.

This is an estimate. The final amount of Local Government participation will be based on actual costs.

TxDOT:					Federal Highway Administration:	
CCSJ #	3409-01-011	AFA ID	Z00011367		CFDA No.	20.205
AFA CSJs	3409-01-011				CFDA Title	Highway Planning and Construction
District #	WAC	Code Chart 64#	18170			
Project Name	IOI | FM 3481 | @ Chaparral Rd				*AFA Not Used For Research & Development*	

ATTACHMENT C
RESOLUTION, ORDINANCE, OR COMMISSIONERS COURT ORDER

Texas Department of Transportation

Project CSJ: 3409-01-011
LG Name: City of Harker Heights
LG Texas ID No. (TIN): 74-1402838
District or Division: 09-WAC
Project Name: IOI | FM 3481 | @ Chaparral Rd

Oversight Level Special Approval
Part A – LG Qualifications Statement

Local government (LG) agencies may manage elements of the project development process (environmental, right-of-way acquisition, utility relocation, non-construction, design/bid document preparation, letting and award, and construction/project close-out) with written TxDOT approval. This approval is typically provided by language in the Advance Funding Agreement executed by TxDOT and the LG agency. Part A (pages 1-4) of this form is required to be completed by LG personnel. Upon receipt of completed Part A, the TxDOT district or division will evaluate the LG's capabilities to manage one or more elements of a project using Part B (pages 5-8) for recommendation to TxDOT's Executive Director.

Project Description

Describe the scope of work, project limits, and any significant project elements for the proposed project or program:

Intersection relocation with retaining wall, signalization, and turn lanes at the intersection of FM 3481 and Chaparral Rd.

Project Management

Identify how the LG proposes to manage the following activities for this project (if an activity is not a part of the project, select N/A):

Element	Performed by LG Staff	Performed by LG's Consultant
Environmental	No	Yes
Right-of-Way acquisition	Yes	Yes
Utility relocation	No	Yes
Design and bid document preparation	No	Yes
Letting and award	Yes	Yes
Construction inspection, documentation and closeout	No	Yes
Non-construction	N/A	N/A
Other:	N/A	N/A

Project CSJ: 3409-01-011
LG Name: City of Harker Heights
LG Texas ID No. (TIN): 74-1402838
District or Division: 09-WAC
Project Name: IOI | FM 3481 | @ Chaparral Rd

Project Approach

Describe the LG's approach to performing the proposed management services for this project:

Environmental services have already been provided by the City's consultant and environmental clearance is anticipated in late 2026. The City plans to work alongside the consultant to acquire land from 2 parcels starting in early 2027. The City has already been meeting with TxDOT to make sure the acquisition process follows NEPA requirements and will continue to meet with TxDOT throughout the process. The design and bid documents have already been prepared by the City's consultant and have been reviewed by TxDOT on multiple occasions. The City and TxDOT will meet to discuss again before bidding the project. The City plans to let the project locally (TxDOT approved this decision in 2025). The City will meet with TxDOT before letting to make sure any TxDOT requirements are met before advertising. The City's consultant will lead construction inspection, documentation, and closeout once the project goes to construction. The consultant plans to be on site multiple times a week to check on progress and identify any issues.

Previous Experience of the LG

Attach an audited financial statement of the LG for the most recent fiscal year.

If TxDOT already has a copy of a Single Audit report or other audited financial statement for a recent year, identify the fiscal year in lieu of an attachment: FY 2025

Please provide information on up to two similar, completed projects managed or performed by the LG in the past five years.

Project A

Project Name:	2022 Street Improvements Project
Describe type of work:	Municipal roadway rehabilitation and reconstruction, including roadway excavation and reconstruciton cement stabilization, aggregate base placement, HMAC paving, localized pavement failure repairs, curb installtion, sod replacement, and traffic control
Describe any complex items of work:	Roadway reconstruction requiring cement stabilization and installation of a 10" aggregate base with 1.5" HMAC pavement, along with construction sequencing, curb imprrvoemens, localized roadway repairs, and traffic control within existin developed areas
Estimated Construction Cost:	$675,000.00
Actual Construction Cost:	$843,092.50
Scheduled Letting Date:	08/04/2022
Actual Letting Date:	08/04/2022
Scheduled Contract Time:	120 calendar days
Actual Contract Time:	189 calendar days
Activities performed by LG personnel:	Right-of-way aquisition, letting and award, construction administration
Activities performed by Consultants:	utility relocation, design and bid document preparation, construcition inspection documentation, and closeout
Name of current LG employee who worked on the project:	Mark Hyde - Assistant City Manager
Phone # for person named above:	254-953-5649
Email for person named above:	mhyde@harkerheights.gov

Project CSJ: 3409-01-011
LG Name: City of Harker Heights
LG Texas ID No. (TIN): 74-1402838
District or Division: 09-WAC
Project Name: IOI | FM 3481 | @ Chaparral Rd

Project B

Project Name:	2020 Warriors Path Reconstruction Phase 1 Project
Describe type of work:	Major municipal roadway reconstruction, including roadway excavation and embankment, flexible base and HMAC pavement construction, curb and gutter, concrete sidewalks and pedestrian ramps, driveways, drainage improvements, stormwater infrastructure, signage and pavement markings, water and wastewater utility improvements, traffic control, erosion and sedimentation controls, and associated site improvements
Describe any complex items of work:	Roadway reconstruction involving substantial excavation and embankment, multiple pavement sections with 8-, 10-, and 12-inch flexible base and HMAC pavement courses, construction of a 12' x 4' concrete box culvert and multiple reinforced concrete pipe drainage systems, curb inlets, headwalls, wingwalls, riprap and underdrain systems, along with water and wastewater relocations/connections.
Estimated Construction Cost:	$2,841531.00
Actual Construction Cost:	$2,298,468.59
Scheduled Letting Date:	12/03/2019
Actual Letting Date:	12/03/2019
Scheduled Contract Time:	180 days
Actual Contract Time:	180 days
Activities performed by LG personnel:	letting and award construction inspection, project documentation, coordination, and closeout
Activities performed by Consultants:	environmental, ROW acquisition; utility relocation coordination; design and bid coument preparation
Name of current LG employee who worked on the project:	Mark Hyde - Assistant City Manager
Phone # for person named above:	254-953-5649
Email for person named above:	mhyde@harkerheights.gov

LG Personnel

Please identify the LG's proposed personnel designations to support the capability of the LG to perform the type of work proposed or manage a contract for that work in a timely manner, consistent with federal, state, and Department regulations, standards, and specifications.

Responsible Person in Charge (RPIC)

Name and Title	Trevor Jorgensen

The RPIC:

a. must be a full-time employee of the LG;
b. must be able to administer project activities (cost, time, scope, adherence to contract requirements, construction quality, etc.);
c. must maintain familiarity with day-to-day project operations, including project safety;
d. must make or participate in decisions about change orders or supplemental agreements;
e. must visit and review the project regularly;
f. must review financial processes, transactions, and documentation; and
g. must direct his/her project staff (agency or consultant) at all stages of the project.

Project CSJ: 3409-01-011
LG Name: City of Harker Heights
LG Texas ID No. (TIN): 74-1402838
District or Division: 09-WAC
Project Name: IOI | FM 3481 | @ Chaparral Rd

Project Manager (PM)

Name and Title	Colton Fisher
PM's previous experience on projects of similar type, complexity, and cost	Colton has over 12 years of transportation design experience and has managed projects for the City of Stephenville, City of Colleyville, and City of Killeen. These projects varied in size from ~$1 million to $120 million in construction costs. His previous project experience include many projects similar in size and scope to this one including roadways, retaining walls, and traffic signals.
PM's previous experience on TxDOT and/or FHWA-funded projects	Colton has been a designer on numerous TxDOT funded projects including projects for the Dallas District, Waco District, and Austin District.

The PM:

a. must be responsible for daily oversight of the project;
b. must be the primary point of communication with TxDOT for day-to-day matters;
c. may be the same person as the RPIC;
d. may be a LG employee or consultant.

Qualified Person

Name and Title	Trevor Jorgensen
Qualified Person's previous experience on projects of similar type, complexity, and cost	Trevor has over two years of municipal government experience with the City of Harker Heights. As Public Works Project Manager, he administers the City's Capital Improvement Program, including roadway, water, wastewater, and drainage infrastructure projects.
Qualified Person's previous experience on TxDOT and/or FHWA-funded projects	This project represents Trevor's first TxDOT/FHWA-funded project. As the City's designated Qualified Person, he will provide local government oversight and project administration while coordinating with TxDOT and the City's consultant engineering team throughout project delivery. Currently enrolled in TxDOT's required Local Government Project Procedures (LGP) training, including LGP101 8/12/26, LGP102 9/1/26, and LGP103 10/20/26.

The Qualified Person:

a. must have completed the TxDOT-required Local Government Project Procedures training prior to obligation of federal funds as outlined in the Advance Funding Agreement;
b. may be the same person as the RPIC or PM; and
c. may be a LG employee or consultant.

Submitted by:

LG Representative Signature
Signature Date 08/25/2026
LG Representative Printed Name Trevor Jorgensen
LG Representative Title Project Manager

RESOLUTION NO. ___2026-28____

A RESOLUTION AUTHORIZING EXECUTION OF AN ADVANCE FUNDING AGREEMENT (AFA) WITH THE TEXAS DEPARTMENT OF TRANSPORTATION FOR AN INTERSECTION IMPROVEMENT PROJECT (IOI FM 3481 AT CHAPARRAL ROAD) AND AUTHORIZING THE CITY MANAGER TO ACT AND SIGN ON BEHALF OF THE CITY IN ACCORDANCE WITH STATE LAW.

WHEREAS, on April 15th, 2026 via Minute Order 116997, the Texas Transportation Commission authorized IOI FM 3481 at Chaparral Road project (the "Project") to receive State and Federal funds for project Environmental, Engineering, Right of Way, Utility, and Construction, and Texas Department of Transportation (TxDOT) oversight; and

WHEREAS, the City of Harker Heights commits to provide the match, The local match is comprised of cash or bond; and

WHEREAS, the City of Harker Heights is responsible for all nonreimbursable costs and 100% overruns, if any; and

WHEREAS, the Governing Body of the City of Harker Heights desires to reaffirm its support of the Project, approve and authorize the execution of an Advance Funding Agreement (AFA) with TxDOT for the Project

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Harker Heights, Texas THAT the City of Harker Heights City Manager is authorized to enter into an AFA with TxDOT for this Project.

PASSED AND APPROVED on September 22, 2026, by the Harker Heights City Council.

_____
Michael D. Blomquist, Mayor
City of Harker Heights

ATTEST:

_____
Julie Helsham, City Secretary
City of Harker Heights

RESOLUTION NO. 2026-28

A RESOLUTION AUTHORIZING EXECUTION OF AN ADVANCE FUNDING AGREEMENT (AFA) WITH THE TEXAS DEPARTMENT OF TRANSPORTATION FOR AN INTERSECTION IMPROVEMENT PROJECT (IOI FM 3481 AT CHAPARRAL ROAD) AND AUTHORIZING THE CITY MANAGER TO ACT AND SIGN ON BEHALF OF THE CITY IN ACCORDANCE WITH STATE LAW.

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PASSED AND APPROVED on September 22, 2026, by the Harker Heights City Council.

_____
Michael D. Blomquist, Mayor
City of Harker Heights

ATTEST:

_____
Julie Helsham, City Secretary
City of Harker Heights

City Council Memorandum

FROM: The Office of the City Manager **DATE: September 22, 2026**

DISCUSSION AND POSSIBLE ACTION REGARDING THE APPROVAL OF A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HARKER HEIGHTS, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (ACSC) AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2026 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHMENT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; REQUIRING THE COMPANY TO REIMBURSE ACSC'S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND THE ACSC'S LEGAL COUNSEL. (RESOLUTION #2026-33, FINANCE DIRECTOR)

EXPLANATION:

The City of Harker Heights, along with 181 other Mid-Texas cities, is a member of the Atmos Cities Steering Committee (ACSC). Membership in ACSC provides the City with advocates for safe, reliable, and affordable natural gas service for its residents. The Committee participates in rate cases and rulemakings, engages in legislative efforts, and provides public resources and safety tips. In the 2026 fiscal year, the City's membership fee was $1,378.

On or about April 1, 2026, Atmos Mid-Tex filed a rate request pursuant to the RRM Tariff adopted by ACSC members claiming costs of service in a test year ending December 31, 2025, entitled it to additional system-wide revenues of $291.1 million. Application of the standards set forth in ACSC's RRM Tariff reduced Atmos Mid-Texas' request to $273.6 million. After reviewing the filing and conducting discovery, ACSC's consultants concluded under the RRM regime the system-wide deficiency should be $253.4 million.

After several settlement meetings between ACSC and Atmos Mid-Tex, an agreement to settle the case for $260.5 million was made. This includes payment of ACSC's expenses. The effective date for new rates is October 1, 2026.

The impact of this settlement on average residential rates is an increase of $13.37 a month or 14.15%. The increase for an average commercial usage will be $44.82 or 9.90%.

RECOMMENDATION:

Staff recommends approving the Resolution.

ACTION BY THE CITY COUNCIL:

1. Motion to **approve/disapprove** Resolution #2026-33.
2. Any other action desired.

ATTACHMENTS:

Resolution #2026-33
Attachment 1_CY25 MTX RRM - Tariffs
Attachment 2_ CY25 MTX RRM - Pension Benchmark

RESOLUTION NO. 2026-33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HARKER HEIGHTS, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE ("ACSC") AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2026 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHMENT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; REQUIRING THE COMPANY TO REIMBURSE ACSC'S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND THE ACSC'S LEGAL COUNSEL.

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

WHEREAS, the City is a member of the Atmos Cities Steering Committee ("ACSC"), a coalition of similarly-situated cities served by Atmos Mid-Tex ("ACSC Cities") that have joined together to facilitate the review of, and response to, natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, ACSC and the Company worked collaboratively to develop a Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program ("GRIP") process instituted by the Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

WHEREAS, the current RRM tariff was adopted by the City in a rate ordinance in 2018; and
WHEREAS, on about April 1, 2026, Atmos Mid-Tex filed its 2026 RRM rate request with ACSC Cities based on a test year ending December 31, 2026; and

WHEREAS, ACSC coordinated its review of the Atmos Mid-Tex 2026 RRM filing through its Executive Committee, assisted by ACSC's attorneys and consultants, to resolve issues identified in the Company's RRM filing; and

WHEREAS, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve an increase in base rates for Atmos Mid-Tex of $260.5 million on a system-wide basis with an Effective Date of October 1, 2026; and

WHEREAS, ACSC agrees that Atmos' plant-in-service is reasonable; and

WHEREAS, with the exception of approved plant-in-service, ACSC is not foreclosed from future reasonableness evaluation of costs associated with incidents related to gas leaks; and

WHEREAS, the attached tariffs (Attachment 1) implementing new rates are consistent with the recommendation of the ACSC Executive Committee, are agreed to by the Company, and are just, reasonable, and in the public interest; and

WHEREAS, the settlement agreement sets a new benchmark for pensions and retiree medical benefits (Attachment 2); and

WHEREAS, the RRM Tariff contemplates reimbursement of ACSC's reasonable expenses associated with RRM applications.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HARKER HEIGHTS, TEXAS:

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

Section 2. That, without prejudice to future litigation of any issue identified by ACSC, the City Council finds that the settled amount of an increase in revenues of $260.5 million on a system-wide basis represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 2026 RRM filing, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

Section 3. That despite finding Atmos Mid-Tex's plant-in-service to be reasonable, ACSC is not foreclosed in future cases from evaluating the reasonableness of costs associated with incidents involving leaks of natural gas.

Section 4. That the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Attachment 1, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional $260.5 million on a system-wide basis, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

Section 5. That the ratemaking treatment for pensions and retiree medical benefits in Atmos Mid-Tex's next RRM filing shall be as set forth on Attachment 2, attached hereto and incorporated herein.

Section 6. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's 2026 RRM filing.

Section 7. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.

Section 8. That the meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 9. That if any one or more sections or clauses of this Resolution is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Resolution, and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

Section 10. That consistent with the City Ordinance that established the RRM process, this Resolution shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after October 1, 2026.

Section 11. That a copy of this Resolution shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Thomas Brocato, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PRESENTED AND PASSED on this the 22nd day of September 2026, by a vote of _____ ayes and _____ nays at a regular meeting of the City Council of the City of Harker Heights, Texas.

_____
Michael D. Blomquist, Mayor

ATTEST:

_____
Julie Helsham, City Secretary

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**R – RESIDENTIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF**	
EFFECTIVE DATE:	**Bills Rendered on or after 10/01/2026**	

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 Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	$ 24.35 per month
Rider CEE Surcharge	$ 0.05 per month[1]
Total Customer Charge	$ 24.40 per month
Commodity Charge – All Ccf	$ 1.03839 per Ccf

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.

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.

[1]Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 19196. Surcharge billing effective July 1, 2026.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**C – COMMERCIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF**	
EFFECTIVE DATE:	**Bills Rendered on or after 10/01/2026**	

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 30,000 Ccf.

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 Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	$ 115.50 per month
Rider CEE Surcharge	$ 0.00 per month[1]
Total Customer Charge	$ 115.50 per month
Commodity Charge – All Ccf	$ 0.27784 per Ccf

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.

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.

Presumption of Plant Protection Level
For service under this Rate Schedule, plant protection volumes are presumed to be 10% of normal, regular, historical usage as reasonably calculated by the Company in its sole discretion. If a customer believes it needs to be modeled at an alternative plant protection volume, it should contact the company at mdtx-div-plantprotection@atmosenergy.com.

[1] Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 19196. Surcharge billing effective July 1, 2026.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF**	
EFFECTIVE DATE:	**Bills Rendered on or after 10/01/2026**	

Application
Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 200 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 200 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	$ 2,304.50 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.9582 per MMBtu
Next 3,500 MMBtu	$ 0.7018 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.1505 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.

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."

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.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF**	
EFFECTIVE DATE:	**Bills Rendered on or after 10/01/2026**	

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.

Presumption of Plant Protection Level
For service under this Rate Schedule, plant protection volumes are presumed to be 10% of normal, regular, historical usage as reasonably calculated by the Company in its sole discretion. If a customer believes it needs to be modeled at an alternative plant protection volume, it should contact the company at mdtx-div-plantprotection@atmosenergy.com.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**T – TRANSPORTATION**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF**	
EFFECTIVE DATE:	**Bills Rendered on or after 10/01/2026**	

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.

This tariff is not available to customers with a maximum daily demand of 1,000 MMBtu or greater and a daily/annual load factor of 10% or less. Load factor is calculated as follows: annual usage / (maximum daily connected demand X 365). Load factors will be recalculated once each year to determine appropriate eligibility for Rate T.

Type of Service
Company's receipt and delivery of all gas quantities under the applicable Transportation Agreement will be on a wholly interruptible basis subject to the Terms and Conditions incorporated in the Transportation Agreement. If Customer is an Industrial Customer, then Customer may elect, at the reasonable discretion of Company, to contract for Plant Protection transportation quantities defined as the minimum natural gas required to prevent physical harm and/or protect critical safety to the plant facilities, plant personnel, or the public when such protection cannot be achieved through the use of an alternate fuel. 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	$ 2,304.50 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.9582 per MMBtu
Next 3,500 MMBtu	$ 0.7018 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.1505 per MMBtu

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

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).

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**T – TRANSPORTATION**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF**	
EFFECTIVE DATE:	**Bills Rendered on or after 10/01/2026**	

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.

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.

Overpull Fee
Upon notification by Company of an event of interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of 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.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	**SUR – SURCHARGES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF**	
EFFECTIVE DATE:	**Bills Rendered on or after 10/01/2026**	

Application

This Rider is applicable to customer classes in the incorporated areas under the RRM tariff as authorized by the state or any governmental entity, a municipality, or a regulatory authority pursuant to any statute, ordinance, order, rule, contract, or agreement.

Monthly Calculation

Surcharges will be calculated in accordance with the applicable statute, ordinance, order, rule, contract, or agreement.

FASB ASC 740-10 (Fin48) Refund

Applicable to Customers taking service under Rate Schedules R – Residential, C – Commercial, I – Industrial and T – Transportation.

To ensure that gas utility customers receive the benefit associated with the changes in the Company's Uncertain Tax Positions ("UTPs") arising from recognition of Texas Margin Tax returns.

The decrease shall be calculated as follows:

Beginning with implementation of rates from the negotiated RRM Tariff, and annually thereafter, the portion of UTP liabilities identified in Schedule FIN48-1.1 for the prior fiscal year shall be allocated based on the final class allocations of GUD No. 10170 as per the RRM Tariff, divided by the annual bill count to derive rates to be refunded through Rider SUR in the subsequent fiscal year. Each year's calculation will include a true-up (+ or -) due to account for over/under collections. Amounts identified in Schedule FIN48-1 shall be adjusted to reflect any audit adjustments received from the Texas Comptroller of Public Accounts.

No action on the part of the Regulatory Authority is required to give effect to the amount to be refunded to customers. However, any amount refunded to customers shall be fully subject to review for reasonableness and accuracy in the gas utility's next statement of intent proceeding with the Railroad Commission of Texas, and if applicable, the gas utility shall be required to reconcile any discrepancies.

The following refund as authorized in the most recent negotiated RRM Tariff shall be refunded to each Rate Schedules R – Residential, C – Commercial, I – Industrial and T – Transportation customer's monthly bill in each month for a 12-month period. The refund amount by month by Rate Schedule is shown in the table below:

Rate Schedules	Rate
Rate R – Residential Sales	$ (0.14)
Rate C – Commercial Sales	$ (0.49)
Rate I – Industrial Sales	$ (10.47)
Rate T – Transportation	$ (10.47)

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	**SUR – SURCHARGES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF**	
EFFECTIVE DATE:	**Bills Rendered on or after 10/01/2026**	

Unprotected Excess Deferred Income Tax Amortization

The allocated RRM Cities balance of the Unprotected portion of the Excess Deferred Income Taxes ("EDIT") remaining after implementation of rates at October 1, 2026 shall be applied to each Rate Schedules R – Residential, C – Commercial, I – Industrial and T – Transportation customer's monthly bill for a one-month period. The refund amount by Rate Schedule is shown in the table below:

Rate Schedules	Rate
Rate R – Residential Sales	$ (4.45)
Rate C – Commercial Sales	$ (14.80)
Rate I – Industrial Sales	$ (319.02)
Rate T – Transportation	$ (319.02)

Maximum Allowable Operating Pressure ("MAOP") Hydrostatic Testing Cost Recovery

The allocated RRM Cities balance of the MAOP Hydrostatic Testing Cost as of December 31, 2025 is to be recovered through a monthly rate. This monthly rate shall be applied to each Rate Schedules R – Residential, C – Commercial, I – Industrial and T – Transportation customer's monthly bill for approximately twelve (12) months or until all approved costs are recovered from the applicable customer classes. The monthly recovery rate by Rate Schedule is shown in the table below:

Rate Schedules	Rate
Rate R – Residential Sales	$ 0.30
Rate C – Commercial Sales	$ 0.98
Rate I – Industrial Sales	$ 21.17
Rate T – Transportation	$ 21.17

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	**WNA – WEATHER NORMALIZATION ADJUSTMENT**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF**	
EFFECTIVE DATE:	**Bills Rendered on or after 10/01/2026**	

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) 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 Ccf 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 ith rate schedule or classification expressed in cents per Ccf

R_i = Commodity Charge rate of temperature sensitive sales for the ith schedule or classification.

HSF_i = heat sensitive factor for the ith schedule or classification divided by the average bill count in that class

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.

BI_i = base load sales for the ith schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the jth customer in ith rate schedule is computed as:

$WNA_i = WNAF_i \times q_{ij}$

Where q_{ij} is the relevant sales quantity for the jth customer in ith rate schedule.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	**WNA – WEATHER NORMALIZATION ADJUSTMENT**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF**	
EFFECTIVE DATE:	**Bills Rendered on or after 10/01/2026**	

Base Use/Heat Use Factors

	Residential		Commercial	
Weather Station	Base use Ccf	Heat use Ccf/HDD	Base use Ccf	Heat use Ccf/HDD
Abilene	9.78	0.1448	91.89	0.8018
Austin	9.07	0.1318	213.26	0.9418
Dallas	12.87	0.1937	192.49	1.1269
Waco	9.39	0.1261	159.17	0.8068
Wichita Falls	10.61	0.1364	133.65	0.6965

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at www.atmosenergy.com/MTXtariffs, in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and an Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2025

Line No.	Description	Shared Services		Mid-Tex Direct			Adjustment Total
		Pension Account Plan	Post-Employment Benefit Plan	Pension Account Plan	Post-Employment Benefit Plan	Supplemental Executive Benefit Plan	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Proposed Benefits Benchmark - Fiscal Year 2026 Willis Towers Watson Report as adjusted (1) (2) (3)	$ 200,382	$ (490,197)	$ 951,536	$ (3,288,240)	$ 72,926	
2	Allocation Factor	46.66%	46.66%	87.00%	87.00%	100.00%	
3	Proposed Benefits Benchmark Costs Allocated to Mid-Tex (Ln 1 x Ln 2)	$ 93,490	$ (228,707)	$ 827,882	$ (2,860,928)	$ 72,926	
4	O&M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%	
5	Proposed Benefits Benchmark Costs to Approve (Ln 3 x Ln 4)	$ 93,490	$ (228,707)	$ 827,882	$ (2,860,928)	$ 72,926	$ (2,095,337)
6							
7	O&M Expense Factor (WP_F-2.3, Ln 2)	80.27%	80.27%	36.19%	36.19%	8.73%	
8							
9	Summary of Costs to Approve (1):						
10	Total Pension Account Plan	$ 75,047		$ 299,646			$ 374,693
11	Total Post-Employment Benefit Plan		$ (183,588)		$ (1,035,492)		(1,219,080)
12	Total Supplemental Executive Benefit Plan					$ 6,367	6,367
13	Total (Ln 10 + Ln 11 + Ln 12)	$ 75,047	$ (183,588)	$ 299,646	$ (1,035,492)	$ 6,367	$ (838,020)

AGENDA ITEM #VII.3.