Town of Highland Park, Texas
TOWN COUNCIL MEETING
AGENDA

8:00 AM
March 3, 2026

4700 Drexel Drive Highland Park, TX 75205
Town Council Chambers

I. CALL TO ORDER

II. INVOCATION

III. PUBLIC COMMENT

This portion of the agenda is the public's opportunity to address the Town Council about any item listed on the agenda, except public hearings. Comments related to public hearings will be heard when the specific hearing begins. Public comments are limited to three (3) minutes per speaker, unless otherwise required by law. Per the Texas Open Meetings Act, the Town Council is not permitted to take action on or discuss any item not listed on the agenda. Items suggested for action may be placed on a future agenda at the Town Council's sole discretion.

IV. CONSENT AGENDA

All items under the Consent Agenda are considered to be routine by the Town Council and will be enacted by one motion and vote. There will be no separate discussion of items unless a request by a Council Member is made prior to the time of the Town Council voting on the motion. In such event, the item will be removed, without debate, from the general order of business and considered in its normal sequence.

A. Take action to formally accept the Annual Comprehensive Financial Report and related audit for the fiscal year ending September 30, 2025.

B. Take action authorizing the Town Administrator to execute a professional services agreement with Legacy Engineering Group for the Douglas Avenue Reconstruction project.

C. Take action authorizing the Town Administrator to execute a professional services agreement with Garver, LLC for the Eastern Avenue Reconstruction project.

D. Take action on the minutes of the Town Council meeting held on February 17, 2026.

E. Take action on the minutes of the Town Council study session held on February 17, 2026.

V. PUBLIC HEARING

A. Conduct a public hearing, review, discuss, and take action on a proposed replat creating Lots 16R and 17R, Block 16, a replat of part of Lot 16 and all of Lots 17, 18 and 19, Block 16, 3rd Installment of Mount Vernon Addition, located at 3924 Mockingbird Lane.

VI. MAIN AGENDA

A. Review, discuss, and take action on a resolution validating the annual review of the Statement of Investment Policies as adopted by the Town of Highland Park and approving recommended changes.

B. Review, discuss, and take action on canceling the Town Council meeting on August 4, 2026, and scheduling a Town Council meeting on August 11, 2026.

VII. ADJOURNMENT

Any item on this posted agenda could be discussed in closed session as long as it is within one of the permitted categories under Sections 551.071 through 551.076 and 551.087 of the Texas Government Code.

A member of the public may address the governing body regarding an item on the agenda either before or during the body's consideration of the item, upon being recognized by the presiding officer or the consent of the body.

SPECIAL ACCOMMODATIONS FOR TOWN COUNCIL MEETINGS: Let us know if you need special assistance of any kind.

Please contact the Town of Highland Park Administrative staff at (214) 521-4161 from 7:30 a.m. - 4:30 p.m., Monday through Friday.

Town of Highland Park
Town Council
Tuesday, March 3, 2026

Item Coversheet

Take action to formally accept the Annual Comprehensive Financial Report and related audit for the fiscal year ending September 30, 2025.

PRESENTED BY: John Samford, Director of Finance

BACKGROUND:

The Town is required by the Texas Local Government Code, the Town Charter, and its Financial Administrative Policies to undergo an annual audit of its financial statements for each fiscal year. This audit must be conducted by an independent Certified Public Accountant. For the fiscal year ending September 30, 2025, the Town Council engaged the professional audit firm Weaver and Tidwell, L.L.P. ("Weaver") to perform the audit.

The audit function is a vital component of the Town's commitment to transparency and public accountability. The audit was conducted in accordance with governmental auditing standards and meets all requirements established by state law. Weaver issued an unmodified ("clean") opinion, confirming that the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Weaver presented their report and findings to the Finance and Audit Advisory Committee ("Committee") on February 9, 2026, and subsequently to the Town Council during its study session on February 17, 2026. Based on these findings, the Committee recommends acceptance of the Annual Comprehensive Financial Report ("ACFR") and the related audit for the fiscal year ending September 30, 2025.

The following documents accompany this agenda item:

- Finance and Audit Advisory Committee Audit Review Letter dated February 17, 2026
- Audit Governance Letter for the fiscal year ending September 30, 2025, dated February 17, 2026
- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters dated February 17, 2026
- ACFR for the fiscal year ending September 30, 2025, with audit opinion dated February 17, 2026

RECOMMENDATION

The staff and the Finance and Audit Advisory Committee recommend that the Town Council accept the Annual Comprehensive Financial Report and related audit for the fiscal year ending September 30, 2025.

FINANCIAL IMPACT

This item has no financial impact.

ATTACHMENTS

Finance and Audit Advisory Committee Audit Review Letter dated February 17, 2026, Audit Governance Letter for the fiscal year ending September 30, 2025 dated February 17, 2026 , Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters dated February 17, 2026, Town of Highland Park 2025 AFCR Report

February 17, 2026

Honorable Mayor and Town Council Members
Town of Highland Park
4700 Drexel Drive
Highland Park, Texas 75205

RE: Finance and Audit Advisory Committee Audit Review

Dear Mayor and Council Members:

The Finance and Audit Advisory Committee ("Committee") convened on Monday, February 9, 2026. Committee members present were Chairman Allen Custard, Mayor Beecherl, Council Member Leland White, and Laura Downing. Committee member Andy Welch was not in attendance. Staff present included Tobin Maples, Town Administrator; Taylor Lough, Assistant Town Administrator; John Samford, Director of Finance; and Yesenia Cantu, Administrative Assistant.

Town staff presented a draft of the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending September 30, 2025, to the Committee. Mr. John DeBurro, CPA, Partner, and Mr. Brent Young, CPA, Director, from the audit firm Weaver and Tidwell, LLP ("Weaver") attended and provided an overview of the audit process, including Weaver's issuance of an unmodified opinion on the financial statements. Mr. Young also delivered the required communications to the Committee, noting that there were no significant items to report.

Following the presentation, the Committee held a session with the Weaver representatives without Town staff present. The audit opinion, prepared in accordance with Government Auditing Standards, concluded that there were no significant or material findings related to statement transactions, internal controls over cash and disbursements, fraud risks, or compliance with statutory requirements. No material audit adjustments were necessary. The Independent Accountant's Report confirmed that the Town complied, in all material respects, with applicable legal and internal policy requirements.

Town staff discussed fiscal year 2025 results noting the Town's total net position ended the year at $178,170,797, an increase of $11,785,138 or 7.1%. The increase is a result of operations (revenue over expense) of $3,924,782, a net increase in capital assets of $5,547,318, and the net impact of pension and other post-employment benefits of $2,313,038.

The General Fund, the Town's primary operating fund, reported a decrease in fund balance of $43,096. This change reflects the net impact of: (1) an excess of revenues over expenditures totaling $7,152,829; (2) budgeted transfers out of $8,771,025 from current revenues, primarily to the Capital Projects Fund; and (3) transfers in of $1,575,100, primarily from the Enterprise Fund, to cover its share of administrative costs related to Town operations. The General Fund's unassigned fund balance, the portion of fund balance that is available for spending at the Town's discretion, represents 29.1% of total operating expenditures.

The Enterprise Fund reported a combined ending net position of $49,159,934, representing an increase of $1,747,757, or 3.7%. The unrestricted net position totaled $11,969,450, which equals 87.7% of total Enterprise Fund operating expenses and transfers out. Additionally, the Enterprise Fund had $3,673,733 in encumbrances at year-end. After accounting for encumbrances, the unrestricted net position represents 60.8% of operating expenses, including transfers out.

Total Net Pension Liability decreased by $4,222,252. The pension liability increased $2,578,667; however, the plan's fiduciary net position increased by $6,800,919 primarily due to favorable investment performance coupled with supplemental contributions made to the plan during the year. As a result, the plan's funded ratio improved from 92.7% to 97.1%.

The Town successfully implemented Government Accounting Standards Board (GASB) Statement No. 101 – Compensated Absences during the fiscal year, as required. This implementation resulted in a prior period adjustment to net position totaling $1,473,297 ($1,359,136 for governmental activities and $114,161 for business-type activities/enterprise fund) to reflect the change in accounting principle.

There are two new GASB pronouncements effective for the 2026 fiscal year, GASB Statement No. 103 **Financial Reporting Model Improvements** and GASB Statement No. 104 **Disclosure of Certain Capital Assets**. Town staff will evaluate the applicability of these new pronouncements for implementation in 2026.

Following the Committee's review, which identified no areas of particular concern, the Annual Comprehensive Financial Report (including audited financial statements) for the fiscal year ending September 30, 2025, is hereby submitted to the Town Council for acceptance.

Very truly yours,

Allen Custard
Allen Custard (Feb 17, 2026 16:03:02 CST)

Allen Custard, Chairman
Finance and Audit Advisory Committee

Laura Downing
Laura Downing (Feb 17, 2026 20:33:28 CST)

Laura Downing, Member
Finance and Audit Advisory Committee

Andrew Welch
Andrew Welch (Feb 17, 2026 12:29:12 CST)

Andy Welch, Member
Finance and Audit Advisory Committee

FAAC Audit 2025 Review Letter_Final

Final Audit Report 2026-02-18

Created:	2026-02-17
By:	John Samford (jsamford@hptx.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAr040ZD3a1q5vxpE05zn2AIgiTeADNxHJ

"FAAC Audit 2025 Review Letter_Final" History

Document created by John Samford (jsamford@hptx.org)
2026-02-17 - 5:45:55 PM GMT

Document emailed to Allen Custard (acustard@pittsoil.com) for signature
2026-02-17 - 5:46:00 PM GMT

Document emailed to Laura Downing (laura_downing@live.com) for signature
2026-02-17 - 5:46:00 PM GMT

Document emailed to Andy Welch (andywelch1031@gmail.com) for signature
2026-02-17 - 5:46:00 PM GMT

Email viewed by Andy Welch (andywelch1031@gmail.com)
2026-02-17 - 6:28:21 PM GMT

Signer Andy Welch (andywelch1031@gmail.com) entered name at signing as Andrew Welch
2026-02-17 - 6:29:10 PM GMT

Document e-signed by Andrew Welch (andywelch1031@gmail.com)
Signature Date: 2026-02-17 - 6:29:12 PM GMT - Time Source: server

Email viewed by Allen Custard (acustard@pittsoil.com)
2026-02-17 - 10:02:08 PM GMT

Document e-signed by Allen Custard (acustard@pittsoil.com)
Signature Date: 2026-02-17 - 10:03:02 PM GMT - Time Source: server

Email viewed by Laura Downing (laura_downing@live.com)
2026-02-18 - 2:29:30 AM GMT

Document e-signed by Laura Downing (laura_downing@live.com)
Signature Date: 2026-02-18 - 2:33:28 AM GMT - Time Source: server

Agreement completed.

2026-02-18 - 2:33:28 AM GMT

1800 Hughes Landing Blvd #500
The Woodlands, Texas 77380
713-800-1060

February 17, 2026

To the Honorable Mayor
and Members of the Town Council
Town of Highland Park
4700 Drexel Drive
Highland Park, Texas 75205

We have audited the financial statements of Town of Highland Park (the Town) as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated February 17, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 11, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Town solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

With respect to any nonaudit/nonattest services we perform as previously communicated to you in the engagement letter, the Town acknowledges and understands that the Town has the responsibility for (a) making all management decisions and performing all management functions; (b) assigning an individual with suitable skills, knowledge, and experience to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Such nonaudit/nonattest services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Audit Standards.

Significant Risks Identified

Our audit process uses a risk-based approach in which we identify potential areas of risk that could lead to a material misstatement of the financial statements. We tailored our audit procedures to specifically address the following areas of risk:

- Management override of internal controls
- Improper revenue recognition – utilities and grants

These risks were addressed by walking through controls in each respective area and sample testing utility billings.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies
Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Town is included in Note I to the financial statements. During the year ended September 30, 2025, GASB 101, Compensated Absences was implemented, which required beginning net position to be restated in the governmental activities, business-type activities and enterprise funds. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus

Significant Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

1. Net pension liability
2. Total other post-employment benefits (OPEB) liability

Management's estimates of the items noted above are based on historical experience or information provided by third parties. We evaluated the key factors and assumptions used to develop these estimates and determined that the estimates are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures
The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future - period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material corrected adjustments as a result of the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Town's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated February 17, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Modification of the Auditor's Report – Emphasis of a Matter

Our audit opinion contains the following emphasis of matter paragraph:

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2025, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Town, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Town's auditors.

Other Information Included in Annual Comprehensive Financial Report

Other information comprises the introductory and statistical sections.

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Town's Annual Comprehensive Financial Report, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether a material inconsistency existed between the other information and the basic financial statements or if it otherwise appeared materially misstated.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Town Council and management of the Town and is not intended to be and should not be used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

The Woodlands, Texas

SCHEDULE OF UNCORRECTED MISSTATEMENTS

Account	Description	Debit	Credit		Governmental Activities Debit (Credit)				
					Assets	Liabilities	Fund balance	Revenue	Expenditures
Proposed JE # 3001									
to post impact of GASB 87 opening balances				Internal Service Fund					
22.3820.1100	AT&T LEASE RECEIPTS	27,989.00						$ 27,989	
22.3820.1400	VERIZON LEASE RECEIPTS	17,669.00						17,669	
22.2965	RETAINED EARNINGS		45,658.00				(45,658)		
Total		**45,658.00**	**45,658.00**						
Proposed JE # 3002									
to post impact of not accruing for federal grant revenue in prior year				Capital Projects Fund					
10.3870	INTERGOVERNMENTAL REVENUE	142,951.00						142,951	
10.2965	UNASSIGNED FUND BALANCE		142,951.00				(142,951)		
Total		**142,951.00**	**142,951.00**		$ -	$ -	$ (188,609)	$ 188,609	$ -

1800 Hughes Landing Blvd #500
The Woodlands, Texas 77380
713-800-1060

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and
Members of the Town Council
Town of Highland Park, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Highland Park, Texas (the Town), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 17, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Honorable Mayor and
Members of the Town Council
Town of Highland Park

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

The Woodlands, Texas
February 17, 2026

Town of Highland Park, Texas

THE TOWN OF
Highland Park
TEXAS
An American Community Making a Difference

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2025

Town of Highland Park, Texas

Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2025

Prepared by:
Finance Department

Town of Highland Park, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025
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Introductory Section
(Unaudited)

THE TOWN OF Highland Park TEXAS

4700 DREXEL DRIVE, HIGHLAND PARK, TEXAS 75205
Telephone 214-521-4161

February 17, 2026

The Honorable Mayor, Town Council and the Citizens
of the Town of Highland Park:

The Town of Highland Park ("Town") Financial Management Policies require that the Town's Finance Department prepare a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Annual Comprehensive Financial Report for the Town of Highland Park, Texas for the fiscal year ended September 30, 2025, is hereby issued.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making the representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

Profile of the Town

The Town was incorporated in 1913 and chartered as a home-rule city under Texas law in 1975. The Town is a fully developed upper-class residential community located in the heart of Dallas, just a few miles north of the Dallas central business district. The Town occupies approximately 2.2 square miles and serves a population of about 8,793. The Town is empowered by state statute to levy a property tax on both real and business personal property located within its boundaries.

The Town operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and five (5) Council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and the Town Administrator (manager), Town Secretary, Municipal Judge, and Town Attorney. The Town Administrator is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing heads of various departments. The Mayor and Town Council members serve two (2) year terms with a limit of three (3) terms in either capacity. All elected officials are elected at large.

The Town provides a full range of services, including public safety (police, fire and emergency medical), maintenance of streets and infrastructure, sanitation services, maintenance of the treated water distribution system and both sanitary and storm sewer collection and transmission systems, library services, parks and recreation as well as general administrative services.

The annual budget serves as the foundation of the Town's financial planning and control. The respective department heads prepare and submit line-item budget requests for the operations and maintenance portion of their respective departments as well as a listing of capital items for consideration. The personnel portion of the budget is developed by the Town's Finance and Human Resources Departments, utilizing market data compiled from other cities and compensation professionals. The Town Administrator uses these requests as the starting point for developing a proposed budget. The Town's Charter requires that the proposed budget be submitted to the Town Secretary no later than August 31st with adoption taking place no later than September 15th. The entire budget process includes public involvement as the various elements composing the budget are reviewed in open and advertised public meetings. The appropriated budget is prepared by fund and department (e.g. Public Safety). Department heads may make transfers of appropriations within a department's budgeted operations and maintenance levels; however, reallocation of personnel and capital appropriations must be approved by the Town Administrator. Amendments to budget dollar amounts must be approved by the Town Council. Budget-to-actual comparisons are provided in this report for the General Fund on page 24 and other budgeted governmental funds on pages 61-62 and 68-73.

Local Economy

Property tax revenues provide a significant portion of the Town's total governmental revenue within its General Fund. Historically, the Town has realized strong property value growth year-to-year, which was also experienced for fiscal year 2025. The property tax rate was reduced from fiscal year 2024 from 22.053 cents per $100 of taxable assessed value to 20.855 cents. Despite the reduction in the tax rate, property tax revenues were higher than the prior year. Even with one of the lowest municipal property tax rates in the Dallas/Ft. Worth Metroplex, property tax revenues are still considered a viable revenue source. Building activity, a key economic indicator, was slightly lower than in the prior fiscal year. While permits for new construction remained comparable to the previous year, the number of remodel permits issued in fiscal year 2025 declined relative to fiscal year 2024. In contrast, sales tax revenue—another measure of economic performance—rose by 6.7% over the prior fiscal year, driven in part by increased retail activity within the community. The Town's fiscal year 2026 Adopted Budget reflects a reduction in sales tax revenue as compared to the amount received during fiscal year 2025 due to the receipt of one-time prior period collections audit adjustments; however, actual revenue trends continue to show steady upward momentum.

Relevant Financial Policies

The Town's financial operations are guided by the Statement of Financial Management Policies as adopted by the Town Council. The purpose of these policies is to provide guidelines, in accordance with the applicable Texas Statutes and the Town of Highland Park Charter, Ordinances and Resolutions, for the planning and direction of the financial affairs of the Town. The intended goal of the Statement of Financial Management Policies is to enable the Town to adhere to the principles of sound municipal finance and to continue its long-term stable and positive financial condition.

Long-term Financial Planning

At September 30, 2025, General Fund unassigned fund balance exceeded the reserve amount required by its fund balance policy of 17% of operating expenditures. Moreover, the unrestricted net position requirement of 25% operating expenses within the Enterprise Fund was also met. The General Fund ended the year with an unassigned fund balance equivalent to 29.1% of current year expenditures. The Town's Enterprise Fund encompasses water and sewer operations, as well as solid waste services. The unrestricted net position of the Enterprise Fund represented 87.7% of total operating expenses and transfers out. In addition, the Enterprise Fund had $3,673,733 in encumbrances at year end. Unrestricted net position equates to 60.8% of current year operating expenses, including transfers out, once this item is taken into account.

Town management, in conjunction with the Council, developed and adopted a formal Capital Improvement Plan (CIP) for the Town during the year. The development of a formal CIP resulted in a separate multi-year capital budget, which is in addition to the Town's annual operating budget. Projects selected for inclusion in the CIP are evaluated based on several areas: safety, impact on Town services, quality of life, necessity, asset life expectancy, outside financial sources, and budgetary impact.

The Town is committed to continue funding its capital program on a pay-as-you-go basis. The development of a formal CIP and the use of fund balances within the General and Enterprise Fund in excess of the established minimums will each play a significant role in the Town's short-term and long-term financial strategies.

Awards

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the Town of Highland Park for its annual comprehensive financial report for the fiscal year ended September 30, 2024. This was the forty-third time that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The Town also received the GFOA's Distinguished Budget Presentation Award for its annual budget dated October 1, 2024. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Town. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Mayor and Town Council members for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectively submitted,

Tobin E. Maples	Taylor Lough
Tobin E. Maples, AICP	Taylor S. Lough
Town Administrator	Assistant Town Administrator

John R. Samford, CPA, CTP
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Highland Park
Texas

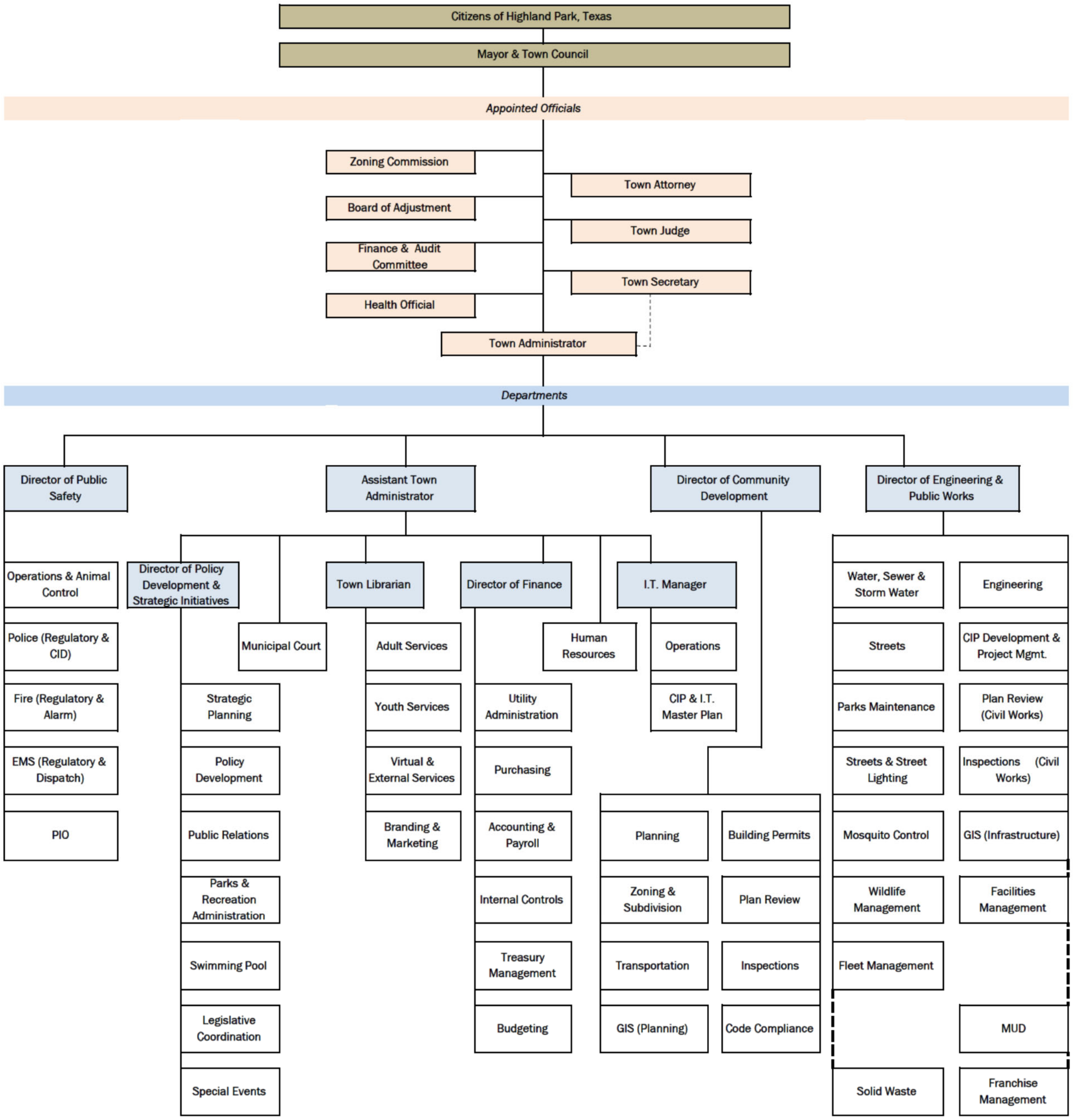
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

Town of Highland Park, Texas
Organizational Structure - As of October 1, 2024



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Town of Highland Park
Principal Officials

Town Council

Will C. Beecherl, **Mayor**

Don Snell, **Mayor Pro Tem**

Marc Myers, **Council Member**

Lydia Novakov, **Council Member**

Alan Friedman, **Council Member**

Leland White, **Council Member**

Town Administrator
Tobin E. Maples, AICP

Town Attorney
Susan Thomas

Town Judge
Albert D. Hammack

Local Health Authority
Dallas County Health & Human Services (DCHHS)

Town Secretary
Joanna Mekeal, TMRC

Assistant Town Administrator
Taylor Lough

Director of Engineering & Public Works
Lori Chapin, P.E.

Director of Finance
John Samford, CPA, CTP

Director of Public Safety
Chuck McGinnis

Town Librarian
Kortney Nelson, MLS

Director of Community Development
Jeff Armstrong, AICP

Director of Policy Development & Strategic Initiatives
Letecia McNatt

Financial Section

1800 Hughes Landing Blvd #500
The Woodlands, Texas 77380
713-800-1060

Independent Auditor's Report

The Honorable Mayor
and Members of the Town Council
Town of Highland Park, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Highland Park, Texas (the Town) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2025, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefits information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

The Woodlands, Texas
February 17, 2026

As management of the Town of Highland Park, Texas (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $178,170,797 (net position). Of this amount, $60,024,022 is classified as unrestricted net position and may be used to meet the Town's ongoing obligations to citizens and creditors, including funding of the Town's 'pay as you go' capital improvement plan and equipment replacement program.

- The Town's total net position increased a total of $11,785,138, excluding the prior period adjustment discussed below. The increase is a result of operations of $3,924,782 and changes in capital assets of $5,547,318, net of the impact of pension and Other Post-Employment Benefits (OPEB) $2,313,038.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $46,829,926, an increase of $7,657,496 in comparison with the prior year. Approximately 17.3% of the reported combined ending fund balances, or $8,093,421, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $8,093,421 or, 29% of total General Fund expenditures, and the unrestricted net position for the Enterprise Fund was $11,969,450, or 87.7% of total Enterprise Fund operating expenses and transfers out. The Enterprise Fund had $3,673,733 in encumbrances at year-end. It is important to note that this fund encompasses the water and sewer utility as well as solid waste. Moreover, working capital adjusted for less liquid current assets such as prepaids, inventory and unbilled receivables is used as a measure of funds available for spending.
- Total governmental capital outlay of $6,824,267 was primarily funded through resources within the Capital Projects Fund and Stormwater Drainage Fund set aside for that purpose or funding received from external entities to improve infrastructure within the Town.
- The Town implemented GASB Statement 101 – Compensated Absences at the beginning of fiscal year 2025 which resulted in a prior period adjustment to net position totaling $1,473,297 ($1,359,136 for governmental activities and $114,161 for business-type activities/enterprise fund) for this change in accounting principle.
- The Town continues the practice of funding capital improvements on a pay-as-you-go basis. Accordingly, the Town has no bonded or bank debt. However, the Town has entered into subscription-based information technology arrangements with outstanding balances of $54,389, a $273,261 decrease from 2024.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

The government-wide financial statements distinguish between governmental activities (i.e., functions of the Town that are principally supported by taxes and intergovernmental revenues) and business-type activities (i.e., functions that are intended to recover all or a significant portion of their cost through user fees and charges). The governmental activities of the Town include general government, public safety, streets, library services and parks and recreation. The business-type activities of the Town include the distribution and sale of treated water, and the collection and disposal of sewer and solid waste.

***Fund Financial Statements*:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains ten individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Capital Projects Fund, and the Stormwater Drainage Fund, which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for the General Fund. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the budget. The Town also adopts annual appropriated budgets for eight of the other governmental funds. Budgetary comparison schedules are provided for each of these funds within the combining and individual fund financial statements and schedules section of this report. The Municipal Court Building Security and Technology Fund was created in May 29, 2025, as required by state law, and no budget was adopted for this fund in 2025.

Proprietary Funds: The Town maintains two different types of proprietary funds. The Enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its distribution and sale of treated water, the collection and disposal of sanitary sewer and the collection and disposal of solid waste. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its equipment, building maintenance and management information systems. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 25-28 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-52 of this report.

Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertaining to the Town's funding of its obligation to provide pension benefits to Town employees through the Texas Municipal Retirement System and the Town's funding of its other postemployment benefit liability. Also included are the combining and individual fund financial statements and schedules. This supplementary information may be found on pages 54-78 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $178,170,797 at the close of the most recent fiscal year.

The largest portion of the Town's net position (65.7%) is its net investment in capital assets (e.g., land, buildings, machinery and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Additionally, $1,004,471 is restricted for Public Safety, Library, and Public, Educational, and Government (PEG) access channel fees. The remaining balance of $60,024,022, is classified as unrestricted net position and may be used to meet the Town's ongoing obligations to citizens and creditors, including funding of the Town's 'pay as you go' capital improvement plan.

Town of Highland Park, Texas Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 66,672,999	$ 59,158,702	$ 13,930,928	$ 14,326,976	$ 80,603,927	$ 73,485,678
Capital assets	77,297,646	73,499,909	38,453,444	36,703,863	115,751,090	110,203,772
Total assets	143,970,645	132,658,611	52,384,372	51,030,839	196,355,017	183,689,450
Deferred outflows of resources	2,179,669	4,490,225	288,582	657,164	2,468,251	5,147,389
Current liabilities	5,027,900	4,395,183	2,591,621	3,113,683	7,619,521	7,508,866
Long-term liabilities	6,083,058	9,544,909	775,464	1,069,494	6,858,522	10,614,403
Total liabilities	11,110,958	13,940,092	3,367,085	4,183,177	14,478,043	18,123,269
Deferred inflows of resources	6,028,493	2,761,965	145,935	92,649	6,174,428	2,854,614
Net position						
Investment in capital assets	79,951,820	72,785,134	37,190,484	35,032,513	117,142,304	107,817,647
Restricted	1,004,471	886,447	-	-	1,004,471	886,447
Unrestricted	48,054,572	46,775,198	11,969,450	12,379,664	60,024,022	59,154,862
Total net position	$ 129,010,863	$ 120,446,779	$ 49,159,934	$ 47,412,177	$ 178,170,797	$ 167,858,956

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Town of Highland Park, Texas Change in Net Position

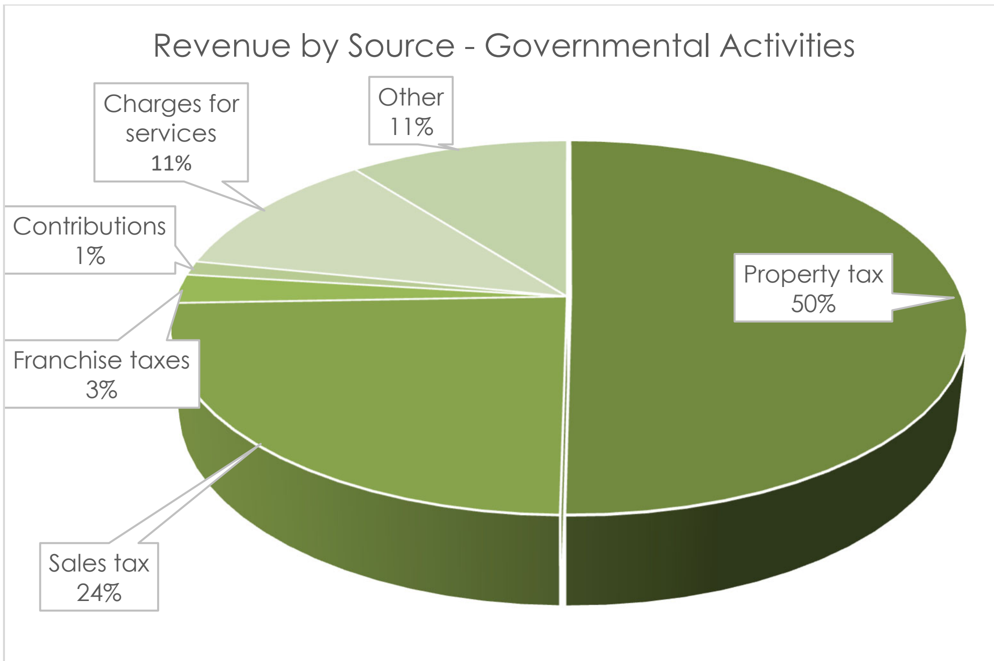
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenue						
Program revenues						
Charges for services	$ 4,388,241	$ 3,569,487	$ 14,422,189	$ 13,776,335	$ 18,810,430	$ 17,345,822
Operating grants and contributions	63,025	54,257	-	-	63,025	54,257
Capital grants and contributions	412,795	6,727,501	112,450	362,000	525,245	7,089,501
General revenues						
Property tax	19,484,406	18,400,369	-	-	19,484,406	18,400,369
Sales tax	9,388,670	8,801,419	-	-	9,388,670	8,801,419
Franchise taxes	979,517	975,703	-	-	979,517	975,703
Other	4,073,295	4,010,490	509,565	785,216	4,582,860	4,795,706
Total revenues	38,789,949	42,539,226	15,044,204	14,923,551	53,834,153	57,462,777
Expenses						
General government	3,615,321	3,425,900	11,389,165	10,564,079	15,004,486	13,989,979
Public safety	16,648,483	16,902,924	-	-	16,648,483	16,902,924
Development services	289,432	283,562	-	-	289,432	283,562
Streets	3,663,336	3,355,212	-	-	3,663,336	3,355,212
Library	999,474	1,013,033	-	-	999,474	1,013,033
Parks	2,401,666	2,283,552	-	-	2,401,666	2,283,552
Swimming pool	283,912	313,900	-	-	283,912	313,900
Municipal court	663,330	632,741	-	-	663,330	632,741
Finance	1,073,614	1,141,355	-	-	1,073,614	1,141,355
Building inspection	1,021,282	794,351	-	-	1,021,282	794,351
Total expenses	30,659,850	30,146,530	11,389,165	10,564,079	42,049,015	40,710,609
Excess (deficiency) of revenues over (under) expenditures	8,130,099	12,392,696	3,655,039	4,359,472	11,785,138	16,752,168
Transfers	1,793,121	1,631,302	(1,793,121)	(1,631,302)	-	-
Changes in net position	9,923,220	14,023,998	1,861,918	2,728,170	11,785,138	16,752,168
Net position, beginning of year, as previously reported	120,446,779	106,422,781	47,412,177	44,684,007	167,858,956	151,106,788
Change in Accounting Principle (GASB 101)	(1,359,136)	-	(114,161)	-	(1,473,297)	-
Net position, beginning of year (as restated)	119,087,643	106,422,781	47,298,016	44,684,007	166,385,659	151,106,788
Net position - ending	$ 129,010,863	$ 120,446,779	$ 49,159,934	$ 47,412,177	$ 178,170,797	$ 167,858,956

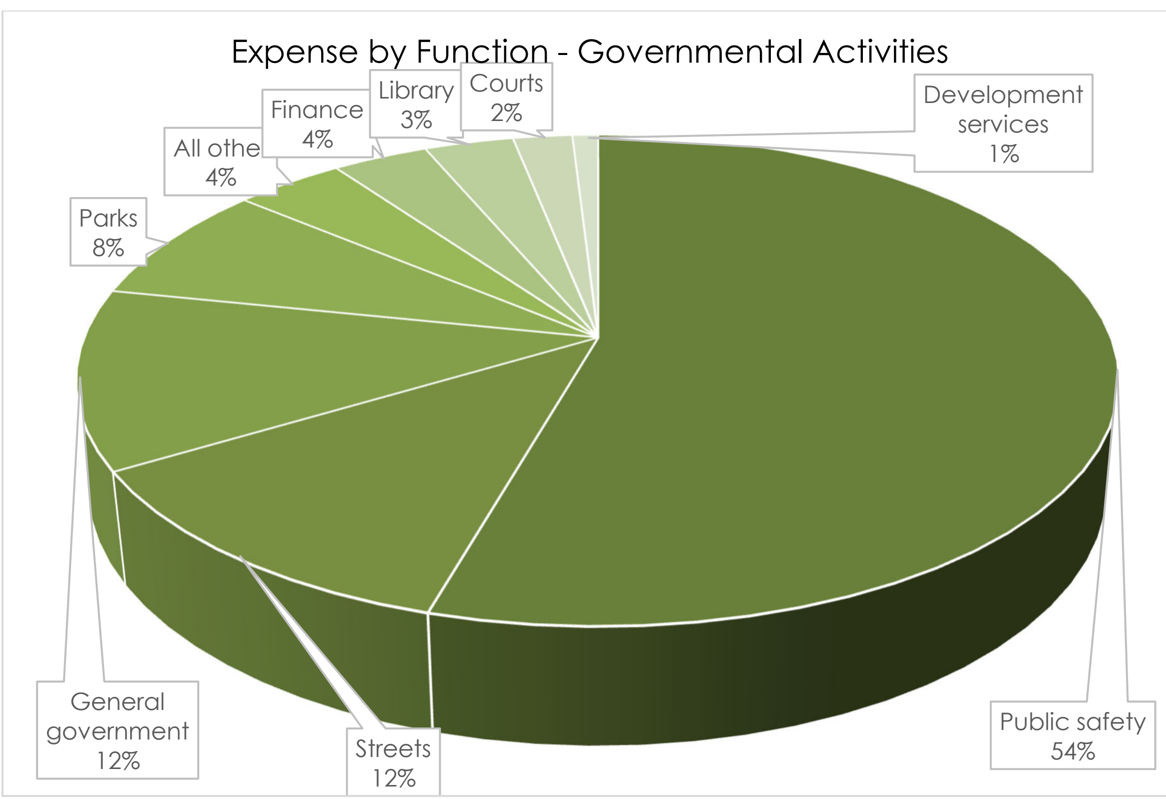
The Town's total net position of $178,170,797 increased a total of $11,785,138 or 7% over the previous fiscal year, which excludes the prior period adjustment for GASB 101. The increase is a result of operations of $3,924,782 and changes in capital assets of $5,547,318, net of the impact of pension and Other Post-Employment Benefits (OPEB) $2,313,038. During the year, the Town experienced an increase in property tax revenue, which was directly related to an increase in taxable assessed value. For Fiscal Year 2025 (Tax Year 2024), the property tax rate decreased from $0.220530 per $100 of taxable assessed value to $0.208550 per $100 of taxable assessed value. The Town experienced strong growth in sales tax revenue totaling $9,388,670, which is an increase of $587,251 or 6.7% over the amount collected in the previous fiscal year. The sales tax increase was primarily attributed to robust retail activity offset by repayments of sales tax to the State Comptroller as a result of an incorrect allocation to Highland Park. The repayment term began May 2023 and will end April 2029.

Governmental Activities: Governmental activities increased the Town's net position by $9,923,220, excluding the prior period adjustment.

Total revenues of $38,789,949 for fiscal year 2025 decreased by $3,749,277 (8.8%) from fiscal year 2024. Property tax revenue grew $1,084,037 due to an increase in taxable assessed values offset by a slight decrease in the tax rate. Capital grants and contributions decreased $6,314,706 primarily due to capital contributions received in 2024 from the Dallas Area Rapid Transit, Dallas County, and the City of University Park for infrastructure and mobility improvement projects that were not repeated in fiscal year 2025.

Total expenses increased $513,320 (1.7%) from 2024. The majority of this change was driven by increases in Street Department spending of $308,124 and Building Inspection of $226,931.

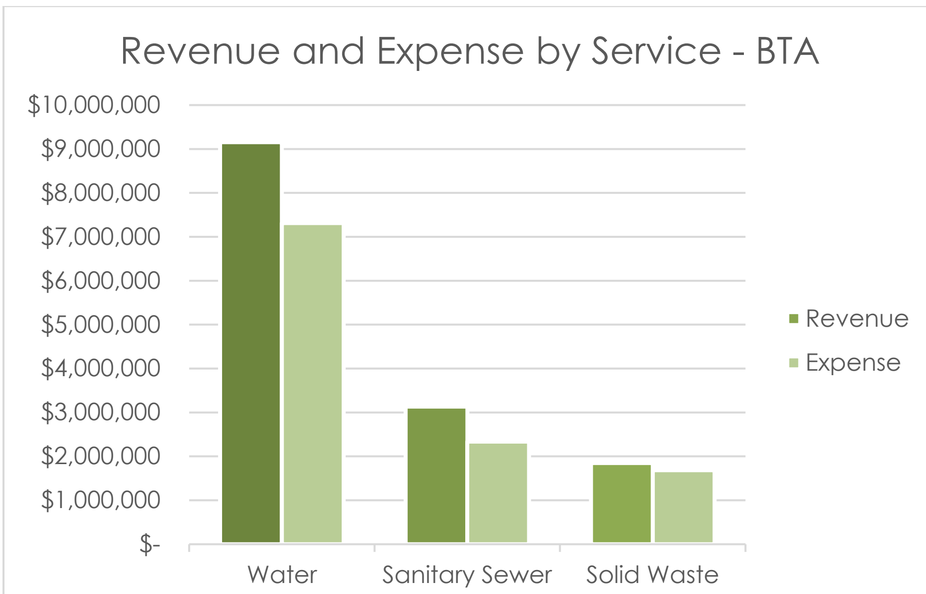




Business-type Activities: The rate structures for business-type activities are developed with the intent of generating resources sufficient to fund the cost of the respective service provided and for infrastructure replacement and/or rehabilitation. Net position from operations for business-type activities, excluding transfers, increased $3,655,039.

Total business-type revenues for 2025 increased by $120,653 (.8%) from 2024 revenues. Charges for services increased by $645,854 due to an increase in water and wastewater (6.5%) and solid waste (4.0%) rates coupled with a slight reduction in the gallons of water sold. Capital grants and contributions decreased by $249,550 due to the reduction of donations of storm sewer mains by developers to the Town. Other revenue decreased by $275,651 primarily due to interest earnings resulting from decreased investment performance attributable to the decrease in the Federal Fund rate and available investible funds.

Transfers: Transactions of a significant nature that did not impact the Town's total net position involved transfers made in conjunction with the Town's capital improvement program. Annually, the Utility Fund transfers a portion of its current resources to the Town's Capital Improvement Fund. Since fiscal year 2013 an inter-fund transfer is made to the General Fund for the purpose of funding a portion of the administrative costs of running the Town that is attributed to the Utility Fund. Transfers in the amount of $1,550,500, were made from the Enterprise Fund to the General Fund for these purposes. There was also $714,521 transferred to the capital projects fund for projects.



Government's Funds Financial Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $46,829,926, an increase of $7,657,496 in comparison with the prior year. This increase consists of the net result of activities described below for each of the individual governmental funds.

Approximately 17.3% of total fund balance, or $8,093,421, constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance includes amounts not available for new spending because it is 1) non-spendable and is for inventory and prepaid items ($33,256); 2) is restricted for special revenue funds and for use by the Library, DPS, Court, and PEG Access Channels ($1,004,471); 3) committed for capital acquisition and storm water drainage improvements ($30,279,328); or 4) assigned for capital projects, drainage, compensated absences, and to liquidate contracts and purchase orders of the prior period ($7,419,450).

Fund Balances - Governmental Funds

	General Fund		Capital Projects		Stormwater Fund		Non- Major Funds		Total Governmental Funds	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Fund Balances										
Nonspendable	$ 33,256	$ 33,106	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,256	$ 33,106
Restricted	202,855	191,314	-	-	-	-	801,616	695,133	1,004,471	886,447
Committed	7,637,479	7,466,208	20,727,930	15,530,470	1,913,919	2,070,587	-	-	30,279,328	25,067,265
Assigned	2,189,427	1,690,675	4,591,225	1,259,568	638,798	1,417,138	-	-	7,419,450	4,367,381
Unassigned	8,093,421	8,818,231	-	-	-	-	-	-	8,093,421	8,818,231
Total Fund Balances	$ 18,156,438	$ 18,199,534	$ 25,319,155	$ 16,790,038	$ 2,552,717	$ 3,487,725	$ 801,616	$ 695,133	$ 46,829,926	$ 39,172,430

The General Fund is the primary operating fund of the Town. The total fund balance of the Town's General Fund decreased by $43,096 during the current fiscal year; this was primarily the net result of (1) an excess of revenues over expenditures of $7,152,829 as well as; (2) budgeted transfers-out in the amount of $8,771,025 from current revenues primarily to the Capital Projects Fund; and (3) transfers-in of $1,575,100 primarily from the Enterprise Fund for the purpose of funding the Enterprise Fund's portion of administrative costs related to Town operations.

As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29.1% of total General Fund expenditures less capital outlay, while total fund balance represents 65.3% of that same amount. The Capital Projects Fund ended the fiscal year with a total fund balance of $25,319,155, all committed or assigned for capital acquisitions and projects. The total fund balance of this fund increased by $8,529,117 during the current fiscal year; this was the net result of (1) an excess of revenues over expenditures of $60,071 (2) $9,455,046 in transfers into the Capital Projects Fund (General Fund $8,740,525 and Enterprise Fund $714,521 and (3) a transfer to the Enterprise Fund of $286,000 and a transfer to the Stormwater Drainage Fund of $700,000.

The Stormwater Drainage Fund ended the fiscal year with a total fund balance of $2,552,717. Of this amount, $1,913,919 is committed (i.e., available for future stormwater drainage improvements) with the balance being assigned for outstanding encumbrances expected to be honored upon performance by the vendor in the next year. The total fund balance of this fund decreased by $935,008 during the current fiscal year; this was the net result of (1) an excess of expenditures over revenue of $1,479,608; and (2) net transfers-in of $544,600. The excess of expenditures over revenue was due to stormwater drainage capital improvements requiring the planned use of available fund balance.

***Proprietary Funds*:** The Town's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Town's Enterprise Fund at the end of the year amounted to $11,969,450, a decrease of $410,214, while total net position of $49,159,934 increased a total $1,747,757 which includes a reduction in opening net position of $114,161 due to the implementation of GASB 101. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Net Position - Proprietary Funds

	Enterprise Fund		Internal Service Funds		Total Proprietary Funds	
	2025	2024	2025	2024	2025	2024
Net Position						
Net investment in capital assets	$ 37,190,484	$ 35,032,513	$ 6,068,086	$ 5,294,007	$ 43,258,570	$ 40,326,520
Unrestricted	11,969,450	12,379,664	10,987,574	10,142,155	22,957,024	22,521,819
Total Net Position	$ 49,159,934	$ 47,412,177	$ 17,055,660	$ 15,436,162	$ 66,215,594	$ 62,848,339

Total Net Position of the Internal Service Funds increased $1,619,498 to $17,055,660. These three funds account for the acquisition and disposal of vehicles, repair and maintenance of buildings and the replacement of technology equipment.

General Fund Budgetary Highlights

Actual fiscal year 2025 General Fund revenues of $34,963,492 were $2,066,118 (6.3%) more than the final amended budget, primarily due to stronger than expected sales tax revenue. Actual fiscal year 2025 General Fund expenditures of $27,810,663 were $2,416,209 (8.0%) less than the final amended budget due to savings in all departments ($1,416,209) and a budgeted transfer of $1,000,000 to the Stormwater Drainage Fund that was ultimately accounted for as an advance and treated as a due to/from in the fund financial statements.

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of September 30, 2025, amounts to $115,751,090 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, software subscriptions and park facilities. The net increase in the Town's investment in capital assets for the current fiscal year was $5,547,318, or 5.0% and primarily related to infrastructure improvements, the reconstruction of Beverly Drive-Miramar Avenue, Potomac Avenue-Auburndale Avenue along with various alleyway, water and sewer and drainage improvements. Additionally, a right-to-use subscription asset was reported in the Technology Replacement Fund. Additional information on the Town's capital assets can be found in Note 4 on pages 41-42 of this report.

Economic Factors and Next Year's Budgets and Rates

The development of the fiscal year 2025 – 2026 Operating Budget reflects a positive outlook for the Town's various revenue sources. Specifically:

- Taxable real and business personal property values grew at approximately 9.86%, or $927,193,000 as compared to the certified values provided in July 2024. Most of this increase results from reassessments, however, approximately $149,563,000 is related to new construction. In response, the tax rate was lowered from $0.208550 to $0.199296 per $100 taxable assessed. As a result of these changes, property tax revenues are projected to increase $970,933 as compared to the fiscal year 2025 budget.
- Sales tax projections were increased to $8,283,320 as compared to $7,020,752 budgeted for fiscal year 2025. Anticipated increase in retail activity coupled with the sales tax repayment arrangement with the State Comptroller affects this outlook.
- Water and sewer rates were adjusted by 3.9% and 3.0%, respectively, in response to an increase in the cost to purchase water from the Dallas County Park Cities Municipal Utility District and the cost of wastewater treatment provided by the City of Dallas in addition increases in the cost of capital improvements, personnel, and repair and maintenance.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Highland Park
Finance Department
4700 Drexel Drive
Highland Park, Texas 75205

Basic Financial Statements

Town of Highland Park, Texas
Statement of Net Position
September 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 36,614,984	$ 8,769,165	$ 45,384,149
Investments	21,414,958	2,177,376	23,592,334
Receivables (net of allowances for uncollectibles)	7,778,965	2,366,172	10,145,137
Inventories	10,690	195,950	206,640
Prepaids	22,566	5,904	28,470
Restricted assets			
Cash and cash equivalents	830,836	416,361	1,247,197
Capital assets (net of accumulated depreciation/amortization, where applicable)			
Depreciable	60,895,136	36,658,780	97,553,916
Non-depreciable	16,402,510	1,794,664	18,197,174
Total assets	143,970,645	52,384,372	196,355,017
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension contributions	1,655,432	189,394	1,844,826
Deferred pension experience loss	127,154	29,704	156,858
Deferred OPEB contributions	40,652	7,124	47,776
Deferred OPEB experience loss	110,611	19,092	129,703
Deferred OPEB assumption change loss	245,820	43,268	289,088
Total deferred outflows of resources	2,179,669	288,582	2,468,251
LIABILITIES			
Vouchers payable	2,341,892	1,677,334	4,019,226
Retainage payable	177,458	333,806	511,264
Accrued liabilities	760,309	51,116	811,425
Deposits	66,154	416,361	482,515
Noncurrent liabilities			
Due within one year			
Compensated absences	1,406,946	113,004	1,519,950
Subscription liability	54,389	-	54,389
Sales tax obligation	220,752	-	220,752
Due in more than one year			
Compensated absences	1,714,045	137,669	1,851,714
Sales tax obligation	570,298	-	570,298
Net pension liability	2,467,704	417,397	2,885,101
Total OPEB liability	1,331,011	220,398	1,551,409
Total liabilities	11,110,958	3,367,085	14,478,043
DEFERRED INFLOWS OF RESOURCES			
Deferred pension experience gain	35,035	10,412	45,447
Deferred pension assumption gain	280,573	26,888	307,461
Deferred pension investment gain	705,454	70,026	775,480
Deferred OPEB experience gain	10,774	1,826	12,600
Deferred OPEB assumption change gain	216,368	36,783	253,151
Deferred inflows - leases	4,780,289	-	4,780,289
Total deferred inflows of resources	6,028,493	145,935	6,174,428
NET POSITION			
Net investment in capital assets	79,951,820	37,190,484	117,142,304
Restricted for:			
Public safety	381,684	-	381,684
Library	419,932	-	419,932
PEG	202,855	-	202,855
Unrestricted	48,054,572	11,969,450	60,024,022
TOTAL NET POSITION	$ 129,010,863	$ 49,159,934	$ 178,170,797

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants And Contributions	Program Revenues: Capital Grants And Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	$ 3,615,321	$ 1,164,208	$ 14,563	$ -
Department of public safety	16,648,483	1,064,143	-	-
Community services	289,432	-	-	-
Street department	3,663,336	-	-	412,795
Library	999,474	8,361	48,462	-
Parks department	2,401,666	27,840	-	-
Swimming pool	283,912	105,418	-	-
Municipal court	663,330	522,222	-	-
Finance department	1,073,614	-	-	-
Building inspection department	1,021,282	1,496,049	-	-
Total governmental activities	30,659,850	4,388,241	63,025	412,795
Business-type activities				
Enterprise	11,389,165	14,422,189	-	112,450
Total business-type activities	11,389,165	14,422,189	-	112,450
Total primary government	$ 42,049,015	$ 18,810,430	$ 63,025	$ 525,245

GENERAL REVENUES
Property taxes
Sales taxes
Mixed beverage taxes
Franchise taxes
Penalties and interest on taxes
Interest on investments
Gain on sale of capital assets
Miscellaneous income
Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as previously reported

Change in Accounting Principle (GASB 101)

Net position, beginning of year (as restated)

NET POSITION, END OF YEAR

The Notes to the Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business - Type Activities	Total
$ (2,436,550)	$ -	$ (2,436,550)
(15,584,340)	-	(15,584,340)
(289,432)	-	(289,432)
(3,250,541)	-	(3,250,541)
(942,651)	-	(942,651)
(2,373,826)	-	(2,373,826)
(178,494)	-	(178,494)
(141,108)	-	(141,108)
(1,073,614)	-	(1,073,614)
474,767	-	474,767
(25,795,789)	-	(25,795,789)
-	3,145,474	3,145,474
-	3,145,474	3,145,474
$ (25,795,789)	$ 3,145,474	$ (22,650,315)
$ 19,484,406	$ -	$ 19,484,406
9,388,670	-	9,388,670
521,443	-	521,443
979,517	-	979,517
95,010	-	95,010
2,921,612	509,565	3,431,177
172,581	-	172,581
362,649	-	362,649
1,793,121	(1,793,121)	-
35,719,009	(1,283,556)	34,435,453
9,923,220	1,861,918	11,785,138
120,446,779	47,412,177	167,858,956
(1,359,136)	(114,161)	(1,473,297)
119,087,643	47,298,016	166,385,659
$ 129,010,863	$ 49,159,934	$ 178,170,797

Town of Highland Park, Texas
Balance Sheet - Governmental Funds
September 30, 2025

	General Fund	Capital Projects Fund	Stormwater Drainage	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equivalents	$ 7,182,148	$ 21,344,806	$ 4,661,693	$ 830,836	$ 34,019,483
Investments	6,967,978	4,866,598	2,020,668	-	13,855,244
Receivables, net					
Interest	44,978	233	13,619	-	58,830
Taxes	1,915,257	-	-	-	1,915,257
Leases	2,188,422	-	-	-	2,188,422
Other	423,668	-	-	-	423,668
Fines	172,529	-	-	-	172,529
Due from other funds	3,600,000	-	-	-	3,600,000
Inventories	10,690	-	-	-	10,690
Prepaids	22,566	-	-	-	22,566
TOTAL ASSETS	$ 22,528,236	$ 26,211,637	$ 6,695,980	$ 830,836	$ 56,266,689
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	$ 842,629	$ 760,361	$ 497,926	$ 29,220	$ 2,130,136
Retainage payable	-	132,121	45,337	-	177,458
Accrued liabilities	755,263	-	-	-	755,263
Due to other funds	-	-	3,600,000	-	3,600,000
Deposits	66,154	-	-	-	66,154
Total liabilities	1,664,046	892,482	4,143,263	29,220	6,729,011
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	234,131	-	-	-	234,131
Unavailable revenue - ambulance	359,325	-	-	-	359,325
Unavailable revenue - fines	172,529	-	-	-	172,529
Unavailable revenue - leases	1,941,767	-	-	-	1,941,767
Total deferred inflows of resources	2,707,752	-	-	-	2,707,752
FUND BALANCES					
Nonspendable					
Inventories	10,690	-	-	-	10,690
Prepaids	22,566	-	-	-	22,566
Restricted					
Crime prevention	-	-	-	216,913	216,913
Court security and technology	-	-	-	164,771	164,771
Library	-	-	-	419,932	419,932
PEG	202,855	-	-	-	202,855
Committed					
Capital acquisition	7,637,479	20,727,930	-	-	28,365,409
Stormwater drainage improvements	-	-	1,913,919	-	1,913,919
Assigned					
Compensated absences	1,406,946	-	-	-	1,406,946
Capital projects	-	4,591,225	-	-	4,591,225
Drainage	-	-	638,798	-	638,798
Other	782,481	-	-	-	782,481
Unassigned	8,093,421	-	-	-	8,093,421
Total fund balances	18,156,438	25,319,155	2,552,717	801,616	46,829,926
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 22,528,236	$ 26,211,637	$ 6,695,980	$ 830,836	$ 56,266,689

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$	46,829,926
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows related to pension and OPEB are not reported in the governmental funds.		2,179,669
Deferred inflows related to pension and OPEB are not reported in the governmental funds.		(1,248,204)
Capital assets used in governmental activities, including the internal service fund, are not reported in the governmental funds.		77,297,646
Property taxes receivable that are unavailable to pay for current period expenditures are deferred in the governmental funds.		234,131
Ambulance receivables that are unavailable to pay for current period expenditures are deferred in the governmental funds.		359,325
Court fines receivable that are unavailable to pay for current period expenditures are deferred in the governmental funds.		172,529
Excess sales tax due to the State of Texas is not reported in the governmental funds.		(791,050)
Net pension liability is not reported in the governmental funds.		(2,467,704)
The long-term liability for other postemployment benefits is not recorded in the governmental funds.		(1,331,011)
Payables for compensated absences are not reported in the governmental funds.		(3,120,991)
Internal service funds are used by the Town's management:		
The assets, liabilities and deferred inflows of the internal service funds are included with the governmental activities. The net property of $6,159,063, as it relates to the internal service funds is included in the capital asset amount above.		10,896,597
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$	129,010,863

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Fiscal Year Ended September 30, 2025

	General Fund	Capital Projects Fund	Stormwater Drainage	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 19,499,123	$ -	$ -	$ -	$ 19,499,123
Sales taxes	9,388,670	-	-	-	9,388,670
Mixed beverage taxes	521,443	-	-	-	521,443
Franchise fees	979,517	-	-	-	979,517
Penalties and interest	95,010	-	-	-	95,010
Licenses and permits	1,549,980	-	-	-	1,549,980
Service fees	1,253,339	-	1,142,518	68,760	2,464,617
Fines and forfeitures	335,079	-	-	-	335,079
Investment income	1,019,212	927,568	297,616	35,462	2,279,858
Contributions	14,563	-	-	48,462	63,025
Intergovernmental revenue	-	4,783,527	-	-	4,783,527
Miscellaneous	307,556	18	-	55,075	362,649
Total revenues	34,963,492	5,711,113	1,440,134	207,759	42,322,498
EXPENDITURES					
Current					
General government	3,106,694	-	191,632	-	3,298,326
Department of public safety	17,682,292	-	-	-	17,682,292
Community services	284,271	-	-	-	284,271
Street department	705,676	1,554,885	-	-	2,260,561
Library	900,217	-	-	40,251	940,468
Parks department	2,018,613	-	-	-	2,018,613
Swimming pool	238,729	-	-	-	238,729
Municipal court	632,578	-	-	36,425	669,003
Finance department	1,151,503	-	-	-	1,151,503
Building inspection department	1,090,090	-	-	-	1,090,090
Capital outlay	-	4,096,157	2,728,110	-	6,824,267
Total expenditures	27,810,663	5,651,042	2,919,742	76,676	36,458,123
Excess (deficiency) of revenues over (under) expenditures	7,152,829	60,071	(1,479,608)	131,083	5,864,375
OTHER FINANCING SOURCES (USES)					
Transfers in	1,575,100	9,455,046	700,000	-	11,730,146
Transfers out	(8,771,025)	(986,000)	(155,400)	(24,600)	(9,937,025)
Net other financing sources (uses)	(7,195,925)	8,469,046	544,600	(24,600)	1,793,121
Net change in fund balances	(43,096)	8,529,117	(935,008)	106,483	7,657,496
Fund balances, beginning of year	18,199,534	16,790,038	3,487,725	695,133	39,172,430
FUND BALANCES, END OF YEAR	$ 18,156,438	$ 25,319,155	$ 2,552,717	$ 801,616	$ 46,829,926

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2025

Net change in fund balances - total governmental funds	$ 7,657,496
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however in the Statement of Activities these costs are allocated over their estimated useful lives. This is the amount of capital additions reported as capital outlays.	6,824,267
The depreciation/amortization of capital assets used in governmental activities, excluding the Internal Service Funds, is not reported in the funds.	(3,497,350)
Compensated absences are reported as the amounts are earned in the Statement of Activities but as the amounts are paid in the funds. This is the net change in the liability for the year.	495,013
Property taxes levied and ambulance service and court revenue earned, but not available, are deferred in the governmental funds, but are recognized when earned (net of allowance for uncollectibles) in the Statement of Activities. This is the net change in unavailable property taxes, ambulance fees and court fines for the year.	23,848
Excess sales tax obligation due to the State of Texas is shown as a liability in the government wide financial statements but is not recorded in the fund financial statements. This amount represents payments on the obligation during the year.	220,752
Intergovernmental revenues earned but not available are deferred in the governmental funds, but are recognized when earned in the Statement of Activities. This is the net change in unavailable intergovernmental revenue for the year.	(4,370,732)
Pension and OPEB expense is reported as the amount paid in the funds. In the Statement of Activities, this expense is increased or decreased based on changes in deferred outflows and deferred inflows in the Statement of Net Position.	950,428
Internal service funds are used by management to charge the costs of certain activities, such as the purchase of equipment, to individual funds. The net revenue (expense) of internal service funds is reported with the governmental activities.	1,619,498
Change in net position - governmental activities	$ 9,923,220

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property taxes	$ 19,463,027	$ 19,463,027	$ 19,499,123	$ 36,096
Sales taxes	7,020,752	7,319,252	9,388,670	2,069,418
Mixed beverage taxes	540,000	540,000	521,443	(18,557)
Franchise fees	995,600	995,600	979,517	(16,083)
Penalties and interest	90,000	90,000	95,010	5,010
Licenses and permits	1,726,725	1,726,725	1,549,980	(176,745)
Service fees	1,411,914	1,411,914	1,253,339	(158,575)
Fines and forfeitures	239,500	239,500	335,079	95,579
Investment income	816,255	816,255	1,019,212	202,957
Contributions	17,500	17,500	14,563	(2,937)
Miscellaneous	269,701	277,601	307,556	29,955
Total revenues	32,590,974	32,897,374	34,963,492	2,066,118
EXPENDITURES				
Current				
General government	4,402,303	4,466,103	3,106,694	1,359,409
Department of public safety	17,989,125	17,969,125	17,682,292	286,833
Community services	312,748	312,748	284,271	28,477
Street department	847,137	847,137	705,676	141,461
Library	962,385	962,385	900,217	62,168
Parks department	2,104,408	2,104,408	2,018,613	85,795
Swimming pool	278,100	278,100	238,729	39,371
Municipal court	622,762	645,262	632,578	12,684
Finance department	1,216,351	1,211,351	1,151,503	59,848
Building inspection department	1,174,253	1,430,253	1,090,090	340,163
Total expenditures	29,909,572	30,226,872	27,810,663	2,416,209
Excess of revenues over expenditures	2,681,402	2,670,502	7,152,829	4,482,327
OTHER FINANCING SOURCES (USES)				
Transfers in	1,575,100	1,575,100	1,575,100	-
Transfers out	(4,771,025)	(8,771,025)	(8,771,025)	-
Net other financing sources (uses)	(3,195,925)	(7,195,925)	(7,195,925)	-
Net change in fund balances	(514,523)	(4,525,423)	(43,096)	4,482,327
Fund balance, beginning of year	18,199,534	18,199,534	18,199,534	-
FUND BALANCE, END OF YEAR	$ 17,685,011	$ 13,674,111	$ 18,156,438	$ 4,482,327

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets		
Cash and equivalents	$ 8,769,165	$ 3,426,337
Investments	2,177,376	7,559,714
Receivables (net of allowance for uncollectibles)		
Water, Sewer and Sanitation		
Billed	1,679,983	-
Unbilled	686,189	-
Interest	-	14,172
Other	-	11,799
Leases	-	2,994,288
Inventories	195,950	-
Prepaids	5,904	-
Total current assets	13,514,567	14,006,310
Noncurrent assets		
Restricted cash and cash equivalents	416,361	-
Capital assets		
Land	4,895	-
Construction in progress	1,789,769	573,255
Buildings and improvements	20,197	515,893
Improvements other than buildings	55,203,800	-
Vehicles and rolling stock	-	6,398,501
Machinery and equipment	2,219,371	7,748,197
Office furniture and equipment	25,326	-
Right-to-use subscription assets	-	173,746
Accumulated depreciation and amortization	(20,809,914)	(9,250,529)
Capital assets, net of accumulated depreciation and amortization	38,453,444	6,159,063
Total noncurrent assets	38,869,805	6,159,063
Total assets	52,384,372	20,165,373
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension contributions	189,394	-
Deferred pension experience loss	29,704	-
Deferred OPEB contributions	7,124	-
Deferred OPEB experience loss	19,092	-
Deferred OPEB assumption change loss	43,268	-
Total deferred outflows of resources	288,582	-
Total assets and deferred outflows of resources	52,672,954	20,165,373
LIABILITIES		
Current liabilities		
Vouchers payable	1,677,334	211,756
Retainage payable	333,806	-
Accrued liabilities	51,116	5,046
Deposits	416,361	-
Compensated absences	113,004	-
Subscription liability	-	54,389
Total current liabilities	2,591,621	271,191
Noncurrent liabilities		
Compensated absences	137,669	-
Net pension liability	417,397	-
OPEB liability	220,398	-
Total noncurrent liabilities	775,464	-
Total liabilities	3,367,085	271,191
DEFERRED INFLOWS OF RESOURCES		
Deferred pension experience gain	10,412	-
Deferred pension assumption change gain	26,888	-
Deferred pension investment gain	70,026	-
Deferred OPEB experience gain	1,826	-
Deferred OPEB assumption change gain	36,783	-
Deferred inflows - leases	-	2,838,522
Total deferred inflows of resources	145,935	2,838,522
Total liabilities and deferred inflows of resources	3,513,020	3,109,713
NET POSITION		
Net investment in capital assets	37,190,484	6,068,086
Unrestricted	11,969,450	10,987,574
TOTAL NET POSITION	$ 49,159,934	$ 17,055,660

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise Fund	Governmental Activities Internal Service Fund
OPERATING REVENUES		
Water sales	$ 8,918,977	$ -
Sewer services	3,134,075	-
New connections	120,255	-
Plumbing permits	47,985	-
Penalties for late payments	71,422	-
Inter-department water sales	227,032	-
Charges for services	1,849,793	1,563,035
Miscellaneous	52,650	1,045,907
Total operating revenues	14,422,189	2,608,942
OPERATING EXPENSES		
Personnel services	2,088,752	89,088
Materials and supplies	4,378,551	41,980
Services and charges	3,441,987	493,684
Depreciation	1,467,957	1,179,027
Total operating expenses	11,377,247	1,803,779
Operating income	3,044,942	805,163
NONOPERATING REVENUES		
Investment income	509,565	641,754
Gain (loss) on disposal of assets	(11,918)	172,581
Total nonoperating revenues	497,647	814,335
Income before contributions and transfers	3,542,589	1,619,498
Capital contributions	112,450	-
Transfers in	471,900	-
Transfers out	(2,265,021)	-
Change in net position	1,861,918	1,619,498
Net position, beginning of year, as previously presented	47,412,177	15,436,162
Change in accounting principle - GASB 101	(114,161)	-
Net position, beginning of year, as restated	47,298,016	15,436,162
NET POSITION, END OF YEAR	$ 49,159,934	$ 17,055,660

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise Fund	Governmental Activities Internal Service Fund
OPERATING ACTIVITIES		
Cash received from customers	$ 14,496,477	$ -
Cash received from interfund services	-	2,539,527
Cash payments to suppliers for goods and services	(8,384,155)	(571,097)
Cash payments to employees	(2,043,941)	(89,269)
Net cash provided by operating activities	4,068,381	1,879,161
NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(2,265,021)	-
Transfers from other funds	471,900	-
Net cash used for noncapital financing activities	(1,793,121)	-
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,117,006)	(1,672,692)
Principal payments on subscription liabilities	-	(119,358)
Proceeds from sale of capital assets	-	10,650
Net cash used for capital and related financing activities	(3,117,006)	(1,781,400)
INVESTING ACTIVITIES		
Investment income	564,191	688,823
Sale of investments	4,128,309	3,024,280
Purchase of investments	(2,232,364)	(7,075,133)
Net cash provided by (used for) investing activities	2,460,136	(3,362,030)
Net change in cash and cash equivalents	1,618,390	(3,264,269)
Cash and cash equivalents, beginning of year	7,567,136	6,690,606
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,185,526	$ 3,426,337

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise Fund	Governmental Activities Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 3,044,942	$ 805,163
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,467,957	1,179,027
(Increase) decrease in assets and deferred outflows of resources		
Accounts receivable	74,288	33,068
Inventory	(9,328)	-
Prepaid items	(1,093)	24
Leases	-	(155,766)
Deferred outflows of resources - pension and OPEB	368,582	-
Increase (decrease) in liabilities and deferred inflows of resources		
Vouchers payable	(459,758)	18,745
Accrued liabilities	(18,480)	(919)
Deposits payable	(29,300)	-
Compensated absences	(45,658)	(181)
Pension and OPEB liability	(377,057)	-
Deferred inflows of resources - pension and OPEB	53,286	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,068,381	$ 1,879,161
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	$ 112,450	$ -
Subscription liabilities issued for subscription assets	$ -	$ 173,746

The Notes to the Basic Financial Statements are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of the Town of Highland Park, Texas (Town), relating to the financial statements for the year ended September 30, 2025, conform to generally accepted accounting principles (GAAP) for local governmental units. The more significant accounting policies are summarized below.

Reporting Entity

In defining the scope of the Town for financial reporting purposes, the Town conforms to the criteria of the Government Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity as amended by GASB Statement 39, Determining Whether Certain Organizations are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus*. The Town's basic financial statements include all organizations and activities determined to be part of the Town's reporting entity. No other governmental organizations are includable within the Town's reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Property taxes, franchise taxes, ambulance fees and fines, licenses, intergovernmental activities and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's water and sewer function and various other functions of the Town and charges of the internal service funds to the water and sewer funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of change in net position, financial position and changes in cash flows. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the proprietary fund's activities are included on its statement of net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund and of the Town's Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The Town reports the following major governmental funds:

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

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Stormwater Drainage Fund – The Stormwater Drainage Fund is a capital projects fund that accounts for the collection of fees to protect the public health and safety from loss of life and property caused by surface water overflows, surface water stagnation and pollution arising from non-point source runoff within the Town.

The Town's Special Revenue Funds, included in Nonmajor Governmental Funds, are used to account for revenue sources that are legally restricted to expenditures for specified purposes and include the following:

Forfeited Property Fund – Accounts for the receipt of forfeited assets as a result of criminal activities and the funding of crime prevention programs and equipment.

Court Technology Fund – This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as mandated by state law, for technological enhancements to the Municipal Court and is applicable to amounts collected on or before May 28, 2025.

Court Security Fund – This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as required by state law, to support Municipal Court security and is applicable to amounts collected on or before May 28, 2025.

Municipal Court Building Security and Technology Fund - This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as required by state law, to support both technological enhancements and security for the Municipal Court and is applicable to amounts collected on or after May 29, 2025.

Library Fund – Accounts for the receipt of royalty revenues restricted to the Library.

Local Youth Diversion Fund - This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as mandated by state law. The funds are designated to support a local mental health authority, juvenile alcohol and substance abuse programs, educational and leadership initiatives, teen court programs, and other projects aimed at preventing or reducing juvenile court referrals.

Municipal Jury Fund – This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to juror reimbursements.

The Town reports the following major enterprise fund:

Enterprise Fund – The Town's Enterprise Fund is used to account for operations of the Town's sale of treated water and the disposal of sewage, as well as the collection and disposal of solid waste and recyclables, for its citizens.

Additionally, the government reports the following fund type:

Internal Service Funds – The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments within the Town. The Equipment Replacement Fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town. The Building Maintenance Fund is used to account for repairs and maintenance to buildings owned by the Town. The Technology Replacement Fund is used to account for the replacement of technology equipment.

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

Budgets and Budgetary Accounting

The Town's general policies and procedures in establishing the budgetary data reflected in the financial statements are described below.

1. The Town Administrator acts as the budget officer and prepares a proposed budget covering the expenditures of the Town in accordance with the provisions of the Town Charter.
2. A copy of the proposed budget is filed in the office of the Town Secretary no less than 30 days prior to the end of the fiscal year in accordance with provisions of the Town Charter.
3. A public hearing is conducted at a regular Town Council meeting to obtain citizen comments.
4. Notice of a public hearing relating to budget adoption is duly advertised by the Town Secretary in accordance with the provision of Vernon's Annotated Civil Statutes.
5. Prior to September 30, the budget is legally enacted through passage of an ordinance.
6. Amendments to the budget are made at regularly scheduled Town Council meetings.
7. The Town's budget is a line-item budget. Overall control is the responsibility of the Town Administrator with each respective department head being responsible for the administration of their departmental budgets. The department head has the flexibility of transferring appropriations between line items within the department as long as the total departmental appropriations are not exceeded. The exception to this policy is that no recognized salary or capital budgetary savings can be transferred without prior authorization of the Town Administrator.
8. Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.
9. Formal budgetary integration is employed as a management control device during the current year for the General Fund, Enterprise Fund and Internal Service Funds.
10. Legally adopted budgets for the General Fund, Capital Projects Fund, Stormwater Drainage Fund and each of the nonmajor governmental funds, with the exception of Municipal Court Building Security and Technology Fund are annually adopted on the modified accrual basis of accounting. Budgeted amounts are as amended. Expenditures in excess of the budget may occur within individual expenditure accounts without Town Council approval. The Town Council must approve all expenditures in excess of the budget on a departmental basis.
11. The legally adopted budgets for the Enterprise Fund and Internal Service Funds are adopted on a basis consistent with GAAP, except that capital outlays are treated as expenses.

Inventories of Supplies

Inventories of supplies are stated at cost (first-in, first-out) and are determined by physical count. Inventory item expenditures are recognized when used under the consumption method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in the government-wide and fund financial statements. The Town uses the consumption method in the governmental funds.

Leases

The Town is a lessor for noncancelable leases of property. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements for any lease receivable with an initial, individual value of $100,000 or more. At the commencement of a lease, the Town initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The Town has $5,182,710 remaining in leases receivable ($140,113 of which is due within one year) and $4,780,289 in deferred inflows as of September 30, 2025.

Key estimates and judgments related to the leases include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Town uses the lessee's incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancelable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised or (2) terminated for which it is reasonably certain to not be exercised.

Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed-in-substance or that depend on an index or rate, residual value guarantee payments from the lessee that are fixed-in-substance, and any lease incentives that are payable to the lessee.

The Town monitors changes in circumstances that would require remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITA)

The Town has noncancelable contracts with SBITA vendors for the right-to-use information technology software, alone or in combination with tangible capital assets. The Town recognizes subscription liabilities, reported with long term liabilities, and right-to-use subscription assets, reported with the other capital assets, in the government-wide and proprietary funds financial statements. The Town recognizes SBITA liabilities with an initial, individual value of $100,000 or more.

At implementation of GASB Statement No. 96 and the commencement of subscription liabilities beginning after October 1, 2022, the Town initially measured the subscription liabilities at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liabilities are reduced by the principal portion of SBITA payments made. The right-to-use subscription assets are initially measured as the initial amount of the subscription liabilities, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

Key estimates and judgments related to SBITAs include how the Town determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Town uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the Town is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The Town monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

Property, Plant and Equipment

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the Town, is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Improvements other than buildings	12-20
Machinery and equipment	5-20
Right-to-use subscription assets	5
Office furniture and equipment	10
Computer equipment	3-5
Police sedans	5
Pickups/small trucks	5
Medium/heavy trucks	6-7
Fire apparatus	20

Pensions

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

Information regarding the Town's net pension asset/liability is obtained from TMRS through a report prepared for the Town by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, GASB Statement No. 78, Pensions Provided by Certain Multiple-Employer Defined Benefit Plans, GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.*

Defined Benefit Other Postemployment Benefit Plan

The Town has a single employer defined benefit other postemployment benefit (OPEB) plan (the Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category.

- Pension and OPEB contributions/benefit payments after measurement date – These contributions/benefit payments are deferred and reported as a reduction in net pension or OPEB liability (or as an increase in the net pension asset) in the year subsequent to their deferral.
- Difference in expected and actual pension/OPEB experience – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.
- Difference due to changes of assumptions related to OPEB – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category.

- Difference in expected and actual pension/OPEB experience – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.
- Difference due to changes of assumptions related to pension and OPEB – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.
- Difference in projected and actual investment loss on pension assets – This difference is deferred and amortized over a closed five-year period.
- Unavailable revenue in governmental funds – These resources unavailable for revenue recognition are deferred and recognized as revenue when available.
- Unavailable revenue related to leases receivable.

Compensated Absences

The Town implemented GASB Statement 101, Compensated Absences at October 1, 2024 which resulted in restatements to beginning net position of the governmental activities and the business-type activities/enterprise fund. The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation
The Town's policy permits employees to accumulate earned but unused vacation benefits, with no with limits on accumulation. Vacation benefits are eligible for payment upon separation from employment, with limitations.

Sick Leave
The Town's policy permits employees to accumulate earned but unused sick leave benefits, with no with limits on accumulation. Sick leave benefits are eligible for payment upon separation from employment, with limitations.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences.

Encumbrances

Encumbrances outstanding at the end of the year are not included in the expenditures of the Governmental Funds or expenses of the Enterprise Fund. Assigned fund balance is established in the governmental funds and a budget reappropriation is made for those amounts the Town intends to pay during the next year applicable to next year's budget appropriations.

Fund Balance

Fund balance classifications, under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* are Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with this statement, the Town classifies governmental fund balances as follows:

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action of the highest level of decision-making authority. Committed fund balance is reported pursuant to an Ordinance passed by the Town Council.

Assigned – includes fund balance amounts that are self-imposed by the Town to be used for a particular purpose. Fund balance can be assigned by the Town's Council or the Assistant Town Administrator as established in the Town's Statement of Financial Management Policies. This classification includes insurance deductibles, encumbrances, program start-up costs, compensated absences, projected budget deficit for subsequent years and other legal uses.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

Generally, the Town would first apply restricted resources, then committed, assigned and unassigned resources when an expense is incurred for purposes for which more than one classification of fund balance is available.

Minimum Fund Balance Policy – It is the policy of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 17% of non-capital expenditures.

Property Tax

Property taxes attach as an enforceable lien on property located in the Town as of January 1. Taxes are levied on October 1 for the current fiscal year and are due and payable on or before January 31 of the following year. Dallas County bills and collects property taxes on behalf of the Town. The property tax revenues are recognized when levied to the extent that they result in current receivables. The tax rate for the current year was $0.208550 on each $100 of assessed valuation.

Note 2. Deposits and Investments

The Town's management of deposits and investments are directed by its Statement of Investment Policies (Policies), adopted by the Town Council. The Policies are in accordance with the laws of the State of Texas, where applicable. The Policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments and certain investment practices. Authorized investments include obligations of the United States or its agencies and instrumentalities (excluding mortgage-backed securities), direct obligations of the State of Texas or its agencies and instrumentalities, collateralized certificates of deposit, eligible local government investment pools and money market mutual funds meeting specific conditions.

Repurchase agreements, reverse purchase agreements, bankers' acceptances and commercial paper are also authorized to the extent that they may be contained in the portfolios of approved local government investment pools. Investments are held until maturity or until fair values equal or exceed cost.

In accordance with GASB Statement No. 31 and No. 72, the Town's participating investments with a remaining maturity at time of purchase of less than one year and non-participating investments are reported utilizing an amortized cost measure. Participating investments with a remaining maturity at date of purchase of more than one year are reported at fair value.

Any unrealized gain/loss resulting from the valuation is recognized in the respective funds that participate in the Town's investment pool. The gain/loss resulting from valuation is reported within the revenue account "investment income" on the Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds and the Statement of Revenues, Expenses and Changes in Fund Net Position for Proprietary Funds.

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturity of three (3) months or less from the date of acquisition.

The Town's carrying amounts of cash and cash equivalents and investments as of September 30, 2025, as reflected in the financial statements, are:

Cash and cash equivalents	$ 45,384,149
Restricted cash and cash equivalents	1,247,197
Investments	23,592,334
	$ 70,223,680

The Town's deposits, including certificates of deposits, are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities pledged to the Town, and held in the Town's name. The balances held at financial institutions at year-end were $47,203,125.

Deposits and investments as of September 30, 2025, consist of the following:

Deposits	$ 46,629,946
Certificates of deposit	23,592,334
Petty cash on hand	1,400
	$ 70,223,680

The table below identifies the investment types that are allowed for the Town by the Public Funds Investment Act (Government Code Chapter 2265.) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	3 Years	80%	None
U.S. Government Agency Securities and Instruments of Government-Sponsored Corporations	3 Years	80%	None
Authorized Local Government Investment Pool (per Pool)	3 Years	75%	None
Fully Collateralized Certificates of Deposit	3 Years	80%	50%
SEC-Regulated No-Load Money Market Mutual Fund (per Fund)	3 Years	25%	50%
Municipal Bonds	3 Years	25%	5%

The Town maintains a comprehensive and proactive cash management program which is designed to monitor and control all Town funds to ensure maximum utilization and yield a market rate of return. The basic and underlying strategy of this program is that all the Town's funds are earning interest. The Town's investment strategy emphasizes low credit risk, diversification, and the management of maturities.

Interest Rate Risk – In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 270 days. As of September 30, 2025, the Town did not invest in any securities which are highly sensitive to interest rate fluctuations.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At September 30, 2025, the Town had no investments subject to credit risk.

Concentration of Credit Risk – Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue or a specific class of securities. With the exception of U.S. Government securities (debt obligations issued by the U.S. Government, its agencies or instrumentalities) as authorized in the Town's investment policy, no more than 80% of the total investment portfolio will be invested in any one security type or with a single financial institution, with the exception of the Town's designated depository bank. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Texas Government Code, Section 2257, Collateral for Public Funds establishes the requirement of and the criteria for securing deposited public funds. The Town's investment policy further defines eligible securities acceptable for securing Town deposits at a level equal to at least 102% of deposits plus any accrued interest less any amount insured by the Federal Deposit Insurance Corporation. As of September 30, 2025, the Town's deposits with its financial institution in excess of federal depository insurance limits were fully collateralized.

Custodial Credit Risk – Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town avoids custodial credit risk on investments through its investment policy which further limits eligible instruments for investments of public funds. As of September 30, 2025, the Town had no custodial credit risk on its investments.

Note 3. Receivables

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds					Business-Type Activities
	General	Capital Projects	Stormwater Drainage	Internal Service Fund	Total Governmental Activities	Enterprise
Taxes receivable	$ 1,990,278	$ -	$ -	$ -	$ 1,990,278	$ -
Allowance for uncollectible taxes	(75,021)	-	-	-	(75,021)	-
	1,915,257	-	-	-	1,915,257	-
Accounts receivable	980,886	-	-	-	980,886	2,395,304
Allowance for uncollectible accounts	(384,689)	-	-	-	(384,689)	(29,132)
	596,197	-	-	-	596,197	2,366,172
Interest receivable	44,978	233	13,619	14,172	73,002	-
Leases receivable	2,188,422	-	-	2,994,288	5,182,710	-
Other receivables	-	-	-	11,799	11,799	-
	2,233,400	233	13,619	3,020,259	5,267,511	-
Total	$ 4,744,854	$ 233	$ 13,619	$ 3,020,259	$ 7,778,965	$ 2,366,172

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance October 1, 2024	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2025
General Capital Assets					
Capital assets not being depreciated					
Land	$ 7,811,870	$ -	$ -	$ -	$ 7,811,870
Construction in progress	3,246,245	5,265,739	-	(494,599)	8,017,385
Total capital assets not being depreciated	11,058,115	5,265,739	-	(494,599)	15,829,255
Capital assets being depreciated					
Buildings	22,374,494	-	-	-	22,374,494
Capital improvements	68,580,120	1,558,528	-	494,599	70,633,247
Furniture and fixtures	40,444	-	-	-	40,444
Office equipment	400,155	-	-	-	400,155
Machinery and equipment	5,978,482	-	-	-	5,978,482
Total capital assets being depreciated	97,373,695	1,558,528	-	494,599	99,426,822
Less accumulated depreciation for					
Buildings	(8,140,357)	(680,713)	-	-	(8,821,070)
Capital improvements	(29,656,823)	(2,512,728)	-	-	(32,169,551)
Furniture and fixtures	(40,444)	-	-	-	(40,444)
Office equipment	(400,155)	-	-	-	(400,155)
Machinery and equipment	(2,382,365)	(303,909)	-	-	(2,686,274)
Total accumulated depreciation	(40,620,144)	(3,497,350)	-	-	(44,117,494)
Capital assets being depreciated, net	56,753,551	(1,938,822)	-	494,599	55,309,328
Internal Service Fund Capital Assets					
Capital assets not being depreciated/amortized					
Construction in progress	66,586	506,669	-	-	573,255
Total capital assets not being depreciated/amortized	66,586	506,669	-	-	573,255
Capital assets being depreciated/amortized					
Building improvements	254,498	261,395	-	-	515,893
Machinery and equipment	7,194,535	553,662	-	-	7,748,197
Vehicles and rolling stock	6,144,620	350,966	(97,085)	-	6,398,501
Right-to-use subscription assets	327,650	173,746	(327,650)	-	173,746
Total capital assets being depreciated/amortized	13,921,303	1,339,769	(424,735)	-	14,836,337
Less accumulated depreciation/amortization for					
Building improvements	(42,146)	(32,383)	-	-	(74,529)
Machinery and equipment	(5,187,972)	(107,778)	-	-	(5,295,750)
Vehicles and rolling stock	(2,938,468)	(980,951)	97,085	-	(3,822,334)
Right-to-use subscription assets	(131,060)	(57,915)	131,059	-	(57,916)
Total accumulated depreciation/amortization	(8,299,646)	(1,179,027)	228,144	-	(9,250,529)
Total capital assets being depreciated/amortized, net	5,621,657	160,742	(196,591)	-	5,585,808
Governmental activities capital assets, net	$ 73,499,909	$ 3,994,328	$ (196,591)	$ -	$ 77,297,646

	October 1, 2024	Additions	Sales or Other Dispositions	Adjustments/ Transfers	September 30, 2025
Business-type Activities					
Capital assets not being depreciated					
Land	$ 4,895	$ -	$ -	$ -	$ 4,895
Construction in progress	8,247,625	2,835,371	-	(9,293,227)	1,789,769
Total capital assets not being depreciated	8,252,520	2,835,371	-	(9,293,227)	1,794,664
Capital assets being depreciated					
Buildings	20,197	-	-	-	20,197
Improvements other than buildings	46,125,101	301,574	(516,102)	9,293,227	55,203,800
Machinery and equipment	2,126,860	92,511	-	-	2,219,371
Office furniture and equipment	25,326	-	-	-	25,326
Total capital assets being depreciated	48,297,484	394,085	(516,102)	9,293,227	57,468,694
Less accumulated depreciation/amortization for					
Building	(20,197)	-	-	-	(20,197)
Capital improvements	(17,734,905)	(1,456,246)	504,184	-	(18,686,967)
Machinery and equipment	(2,066,773)	(11,156)	-	-	(2,077,929)
Office equipment	(24,266)	(555)	-	-	(24,821)
Total accumulated depreciation	(19,846,141)	(1,467,957)	504,184	-	(20,809,914)
Total capital assets being depreciated, net	28,451,343	(1,073,872)	(11,918)	9,293,227	36,658,780
Business-type activities capital assets, net	$ 36,703,863	$ 1,761,499	$ (11,918)	$ -	$ 38,453,444

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

Governmental activities:	
General government	$ 779,130
Public safety	395,576
Town services	6,014
Street department	1,677,281
Library	70,528
Parks department	523,638
Swimming pool	45,183
Total depreciation/amortization expense - general capital assets	3,497,350
Internal service fund	1,179,027
Total Governmental activities	4,676,377
Business-type activities / Enterprise fund	$ 1,467,957

Note 5. Interfund Transactions

Interfund transfers are made throughout the fiscal year for a variety of reasons. Transfers made during fiscal year 2025 were as follows:

Transfer Fund	Transfer In	Transfer Out	Purpose of Transfer In	Purpose of Transfer Out
General fund	$ 1,575,100	$ 8,771,025	1 and 3	2
Capital projects fund	9,455,046	986,000	2	1 and 2
Stormwater drainage fund	700,000	155,400	2	3
Nonmajor governmental funds	-	24,600	-	2 and 3
Enterprise fund	471,900	2,265,021	1 and 2	1 and 2
	$ 12,202,046	$ 12,202,046		

1) Indirect cost allocation
2) Capital funding
3) Personnel funding

Interfund balances at September 30, 2025 consisted of the following individual fund receivables and payables:

Due to fund	Due from Fund	Amount
General fund	Stormwater drainage fund	$ 3,600,000

Note 6. Long-term Liabilities

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Beginning of Year (Restated)*	Additions	Reductions	End of Year	Within One Year
Governmental activities					
Compensated absences	$ 3,616,004	$ -	$ (495,013)	$ 3,120,991	$ 1,406,946
Subscription liability	327,650	173,746	(447,007)	54,389	54,389
Sales tax obligation	1,011,802	-	(220,752)	791,050	220,752
Total	$ 4,955,456	$ 173,746	$ (1,162,772)	$ 3,966,430	$ 1,682,087
Business-type activities					
Compensated absences	$ 296,331	$ -	$ (45,658)	$ 250,673	$ 113,004
Total	$ 5,251,787	$ 173,746	$ (1,208,430)	$ 4,217,103	$ 1,795,091

* Beginning balances for compensated absences were adjusted for the implementation of GASB 101. Compensated absences are reported as a net change for the year as allowed under provisions of GASB 101, paragraph 30.

Compensated absences liabilities, as well as the net pension and other postemployment benefit liabilities attributable to the governmental activities, will be liquidated by the General Fund.

Sales Tax Obligation

The Town negotiated a long-term payout of excess sales tax received in prior years in the original amount of $1,324,534, with the State Comptroller. The total negotiated payout calls for seventy-two equal monthly payments which are deducted each month from the Town's sales tax receipts beginning May 2023. The liability totaled $791,050 at September 30, 2025. No interest is associated with this liability.

Subscription Liability

The Town has entered into a SBITA with an interest rate of 3.88%. The Town has $115,830 remaining in net subscription assets and $54,389 (all current) in subscription liabilities and recorded $57,915 in amortization expense and $7,102 of interest expense for fiscal year ended September 30, 2025.

Future payments for the subscription liability are as follows:

	Principal	Interest	Total
2026	$ 54,389	$ 2,195	$ 56,584
Total	$ 54,389	$ 2,195	$ 56,584

Note 7. Retirement Plans

Texas Municipal Retirement System

Plan Description

The Town participates as one of 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com*. All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

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

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

A summary of plan provisions for the Town are as follows:

Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	0%
Annuity increase (to retirees)	0% of CPI

Employees Covered by Benefit Terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	150
Inactive employees entitled to but not yet receiving benefits	52
Active employees	130
	332

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the Town matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The Town's contribution rate is based on the liabilities created from the benefit plan options selected by the Town and any changes in benefits or actual experience over time.

Employees for the Town were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the Town were 12.56% and 13.20% in calendar years 2025 and 2024, respectively. The Town's contributions to TMRS for the year ended September 30, 2025, were $2,431,516 which was $250,000 greater than actuarially required amount of $2,181,516.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-15-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	35.0%	7.10%
Core fixed income	6.0%	5.00%
Non-core fixed income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private equity	13.0%	8.50%
Private debt	13.0%	8.20%
Real estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Public & Private Markets	4.0%	7.30%
Total	100%	

Discount Rate

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

Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance at December 31, 2023	$ 96,861,195	$ 89,753,842	$ 7,107,353
Changes for the year:			
Service cost	2,114,641	-	2,114,641
Interest	6,409,766	-	6,409,766
Difference between expected and actual experience	(27,687)	-	(27,687)
Changes in assumptions	-	-	-
Employer contributions	-	2,371,089	(2,371,089)
Employee contributions	-	1,118,012	(1,118,012)
Net investment income	-	9,291,079	(9,291,079)
Benefit payments, including refunds of employee contributions	(5,918,053)	(5,918,053)	-
Administrative expense	-	(59,810)	59,810
Other changes	-	(1,398)	1,398
Net changes	2,578,667	6,800,919	(4,222,252)
Balance at December 31, 2024	$ 99,439,862	$ 96,554,761	$ 2,885,101

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's net pension liability (asset)	$ 13,898,568	$ 2,885,101	$ (6,443,513)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

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

For the year ended September 30, 2025, the Town recognized pension expense of $1,407,239.

At September 30, 2025, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 156,858	$ 45,447
Changes of assumptions	-	307,461
Net differences between projected and actual pension plan earnings on pension plan investments	-	775,480
Contributions subsequent to the measurement date	1,844,826	-
Total	$ 2,001,684	$ 1,128,388

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,844,826 will be recognized as a reduction of the net pension liability (or an increase in the net pension asset) for the year ending September 30, 2026.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2026	$ 84,588
2027	1,069,949
2028	(1,479,526)
2029	(646,541)
Total	$ (971,530)

Deferred Compensation Plan

The Town offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 to its employees. Under this plan, employees may defer receipt of income. The plan is administered by Mission Square Retirement. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, and the Town has no fiduciary responsibilities over the plan. It is therefore not reported in the financial statements of the Town.

Note 8. Postemployment Benefits Other Than Pensions

The Town offers retired employees and their dependents the option to retain health and dental insurance coverage under the Town's insurance carrier until age 65 through a single employer defined benefit plan. The Town does not contribute funds for this coverage and retirees are required to pay all insurance premiums. While the Town does not directly pay premiums for retirees, the Town's cost for insurance coverage is affected by the inclusion of these individuals in the group. This effect on cost is considered to be an implicit rate subsidy. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate report. Benefit provisions for retirees are not mandated by any form of employment agreement and the continued provision of these benefits is based entirely on the discretion of the Town Council.

Before the age of 65, retired employees are allowed to remain on the Town's healthcare insurance.

The Town bills retirees quarterly in advance for the cost of their premiums and the Town remits these premiums at the same time it remits premiums for active employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

A measurement date of December 31, 2024 was used for the September 30, 2025 liability and expense. The information that follows was determined as of a valuation date of December 31, 2023.

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	67
Active employees	125
Total employees	192

Total OPEB Liability: The Town's total OPEB liability of $1,551,409 ($1,331,011 for governmental activities and $220,398 for business-type activities) was measured as of December 31, 2024 and was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions: The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	December 31, 2024
Actuarial Cost Method	Individual Entry-Age
Discount Rate	4.08% as of December 31, 2024
Inflation	2.50%
Salary Increase	3.60% to 11.85%, including inflation
Demographic Assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of tables are used, with male rates multiplied by 103% and female rates 105%. The rates are projected on a fully generational basis using the mortality improvement rates in the MP-2021 table to account for future improvements.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	35% for eligible employees who retiree at the age of 50 or later; 0% for eligible employees who retire before age 50.
Other Information	The discount rate changed from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024.

Discount Rate: For plans that do not have a formal trust that meets GASB's requirements, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The discount rate was based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index".

Changes in the Total OPEB Liability

		Total OPEB Liability
Balances as of October 1, 2024	$	1,514,982
Changes for the year:		
Service cost		100,321
Interest on total OPEB liability		57,553
Difference between expected and actual experience		(1,772)
Changes of assumptions		(42,622)
Benefit payments, age adjusted premiums, net of retiree contributions		(77,053)
Balances as of September 30, 2025	$	1,551,409

Sensitivity of the total OPEB liability to changes in the discount rate and health care cost trend rates: The total OPEB liability of the Town has been calculated using a discount rate of 4.08%.

The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

		1% Decrease 3.08%		Current Discount Rate Assumption 4.08%		1% Increase 5.08%
Total OPEB Liability	$	1,694,003	$	1,551,409	$	1,423,134

The total OPEB liability of the Town has been calculated using the assumed health care cost trend rates of 7.2% decreasing to 4.25%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

		1% Decrease		Current Healthcare Cost Trend Rate Assumption		1% Increase
Total OPEB Liability	$	1,389,432	$	1,551,409	$	1,740,315

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2025, the Town recognized OPEB expense of $184,513. At September 30, 2025, the Town reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	$ 129,703	$ 12,600
Changes of assumptions	289,088	253,151
Benefit payments subsequent to the measurement date	47,776	-
	$ 466,567	$ 265,751

Benefit payments subsequent to the measurement date and before fiscal year-end of $47,776 will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2026.

Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Amortization of Future Deferred (Inflows) Outflows of Resources
2026	$ 25,661
2027	26,792
2028	15,775
2029	26,811
2030	52,135
Thereafter	5,866
	$ 153,040

Note 9. Commitments and Contingencies

The Town purchases treated water from a third-party through a contract which expires on April 18, 2032.

Sewage service is provided to the Town under a contract with a third-party which expires in 2044.

The Town contracts for the use of a sanitary landfill for solid waste disposal with a third-party. This landfill was permitted by the State of Texas in 1995 with an initial projected life of 37 years. The current projected estimated useful life has been extended to 2037.

The Town contracts for solid waste collection services and collection of recyclable materials with a third-party which expires April 30, 2027.

The Town is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town's management that the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

As discussed in Note 1, Summary of Significant Accounting Policies, Budgets and Budgetary Accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Town had $10,052,780 of encumbrances expected to be honored upon performance by the vendor in the next year as follows:

General Fund	$	782,481
Capital Projects Fund		4,591,225
Enterprise Fund		3,673,733
Equipment Replacement Fund		21,485
Technology Replacement Fund		324,530
Stormwater Drainage Fund		638,798
Building Maintenance Fund		17,197
Court Technology Fund		2,950
Library Fund		381

Required Supplementary Information
(Unaudited)

Town of Highland Park, Texas

Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios
Texas Municipal Retirement System
For the Last Ten Measurement Years Ended December 31

	2024	2023	2022	2021	2020
TOTAL PENSION LIABILITY					
Service cost	$ 2,114,641	$ 2,029,542	$ 1,893,799	$ 1,813,834	$ 1,864,737
Interest	6,409,766	6,314,592	6,172,103	5,688,203	5,559,516
Changes of benefit terms	-	-	4,808,893		
Effect of plan changes	-	-	-	-	-
Differences between expected and actual experience	(27,687)	(47,810)	419,212	374,064	(92,870)
Change in assumptions*	-	(592,148)	-	-	-
Benefit payments, including refunds of employee contributions	(5,918,053)	(6,755,454)	(6,128,614)	(4,983,551)	(5,815,356)
Net change in total pension liability	2,578,667	948,722	7,165,393	2,892,550	1,516,027
Total pension liability - beginning	96,861,195	95,912,473	88,747,080	85,854,530	84,338,503
TOTAL PENSION LIABILITY - ENDING (a)	99,439,862	96,861,195	95,912,473	88,747,080	85,854,530
PLAN FIDUCIARY NET POSITION					
Contributions - employer	2,371,089	2,098,680	1,481,191	1,531,217	1,332,360
Contributions - employee	1,118,012	1,083,896	1,011,954	967,010	996,424
Net investment income	9,291,079	9,661,045	(6,863,768)	11,143,564	6,281,265
Benefit payments, including refunds of employee contributions	(5,918,053)	(6,755,454)	(6,128,614)	(4,983,551)	(5,815,356)
Administrative expense	(59,810)	(61,649)	(59,513)	(51,638)	(40,696)
Other	(1,398)	(430)	71,017	352	(1,589)
Net change in plan fiduciary net position	6,800,919	6,026,088	(10,487,733)	8,606,954	2,752,408
Plan fiduciary net position - beginning	89,753,842	83,727,754	94,215,487	85,608,533	82,856,125
PLAN FIDUCIARY NET POSITION - ENDING (b)	$ 96,554,761	$ 89,753,842	$ 83,727,754	$ 94,215,487	$ 85,608,533
NET PENSION (ASSET) LIABILITY - ENDING (a)-(b)	$ 2,885,101	$ 7,107,353	$ 12,184,719	$ (5,468,407)	$ 245,997
Plan fiduciary net position as a percentage of total pension (asset) liability	97.10%	92.66%	87.30%	106.16%	99.71%
Covered payroll	$ 15,971,605	$ 15,386,977	$ 14,456,483	$ 13,814,427	$ 14,234,630
Net pension (asset) liability as a percentage of covered payroll	18.06%	46.19%	84.29%	-39.58%	1.73%

*The long-term expected rate of return on pension plan investments decreased from 7% to 6.75% in 2015.

The information in this schedule has been determined as of the measurement date (December 31) of the Town's net pension (asset) liability and is intended to show information for 10 years.

2019	2018	2017	2016	2015
$ 1,798,273	$ 1,709,542	$ 1,643,029	$ 1,581,867	$ 1,408,625
5,372,028	4,887,236	4,735,388	4,601,305	4,443,414
4,682,521	-	-	-	-
732,922	3,684	76,301	(335,432)	1,099,257
(170,894)	-	-	-	1,761,337
(4,160,576)	(4,129,918)	(4,346,827)	(3,436,976)	(4,781,270)
8,254,274	2,470,544	2,107,891	2,410,764	3,931,363
76,084,229	73,613,685	71,505,794	69,095,030	65,163,667
84,338,503	76,084,229	73,613,685	71,505,794	69,095,030
848,997	805,639	668,603	374,590	444,414
947,885	899,083	866,707	835,073	787,570
11,408,726	(2,355,801)	9,925,987	4,678,472	107,358
(4,160,576)	(4,129,918)	(4,346,827)	(3,436,976)	(4,781,270)
(64,536)	(45,565)	(51,461)	(52,856)	(65,395)
(1,938)	(2,381)	(2,608)	(2,848)	(3,230)
8,978,558	(4,828,943)	7,060,401	2,395,455	(3,510,553)
73,877,567	78,706,510	71,646,109	69,250,654	72,761,207
$ 82,856,125	$ 73,877,567	$ 78,706,510	$ 71,646,109	$ 69,250,654
$ 1,482,378	$ 2,206,662	$ (5,092,825)	$ (140,315)	$ (155,624)
98.24%	97.10%	106.92%	100.20%	100.23%
$ 13,541,213	$ 12,844,042	$ 12,381,528	$ 11,929,614	$ 11,271,001
10.95%	17.18%	-41.13%	-1.18%	-1.38%

Town of Highland Park, Texas

Schedule of Contributions

Texas Municipal Retirement System

For the Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Actuarially determined contribution	$ 2,181,516	$ 2,052,326	$ 1,734,466	$ 1,293,919	$ 1,280,300
Contributions in relation to the actuarially determined contribution	(2,431,516)	(2,315,164)	(1,917,466)	(1,476,919)	(1,522,632)
CONTRIBUTIONS DEFICIENCY (EXCESS)	$ (250,000)	$ (262,838)	$ (183,000)	$ (183,000)	$ (242,332)
Covered payroll	$ 17,142,280	$ 15,790,149	$ 15,016,365	$ 14,264,657	$ 13,710,838
Contributions as a percentage of covered payroll	12.7%	13.0%	11.6%	9.1%	9.3%

Notes to Schedule

Valuation date	Actuarially determined contribution rates are calculated as of December 31 each year and become effective in January, 12 months and a day later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 Years (longest amortization ladder)
Asset valuation method	10 year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary increases	3.5% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuar to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected c a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information:	There were no benefit changes during the year.

The information in this schedule has been determined as of the measurement date (December 31).

2020	2019	2018	2017	2016
$ 747,949	$ 728,484	$ 699,391	$ 600,931	$ 408,628
(1,195,508)	(839,877)	(770,984)	(600,931)	(408,628)
$ (447,559)	$ (111,393)	$ (71,593)	$ -	$ -
$ 13,825,301	$ 13,392,486	$ 12,697,397	$ 12,306,527	$ 12,214,139
8.65%	6.27%	6.07%	4.88%	3.35%

Town of Highland Park, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios
For the Last Eight Measurement Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY								
Service cost	$ 100,321	$ 71,315	$ 94,201	$ 72,856	$ 57,813	$ 45,081	$ 44,723	$ 39,166
Interest	57,553	40,407	21,400	25,653	30,984	39,551	35,710	38,395
Difference between expected and actual experience of the total OPEB liability	(1,772)	140,348	27,596	13,205	19,936	(62,317)	(2,483)	-
Changes of assumptions	(42,622)	342,947	(220,444)	(184,634)	88,745	80,071	(39,236)	47,917
Benefit payments	(77,053)	(84,152)	(69,114)	(45,616)	(52,490)	(43,749)	(59,608)	(54,711)
Net change in total OPEB liability	36,427	510,865	(146,361)	(118,536)	144,988	58,637	(20,894)	70,767
Total OPEB liability - beginning	1,514,982	1,004,117	1,150,478	1,269,014	1,124,026	1,065,389	1,086,283	1,015,516
TOTAL OPEB LIABILITY - ENDING	$ 1,551,409	$ 1,514,982	$ 1,004,117	$ 1,150,478	$ 1,269,014	$ 1,124,026	$ 1,065,389	$ 1,086,283
Covered-employee payroll	$ 14,872,862	$ 15,386,977	$ 14,456,483	$ 13,814,427	$ 14,234,630	$ 13,541,213	$ 12,844,042	$ 12,381,528
Total OPEB liability as a percentage of covered-employee payroll	10.43%	9.85%	6.95%	8.33%	8.91%	8.30%	8.29%	8.77%

Other Information:
There are no assets accumulated in a trust to pay related benefits for the OPEB Plan.

Changes of assumptions reflect the effects of changes in the discount rate each period. The discount rate at the beginning of FYE 2018 was 3.81%.
FYE22 - The attribution period for the accumulation of service costs was updated to only include employment with the Town of Highland Park.
FYE24 - The demographic and salary increase assumptions were updated to reflect the 2023 TMRS Experience Study. Additionally, the participation rates, 2-person coverage rate for males and health care cost trend rates were updated to better reflect the plan's anticipated experience.
FYE25 - Changes in assumptions reflect a change in the discount rate from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024.

Combining and Individual Fund Financial Statements and Schedules

Town of Highland Park, Texas
Budgetary Comparison Schedule
Capital Projects Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment income	$ 675,000	$ 675,000	$ 927,568	$ 252,568
Intergovernmental	15,826,414	15,826,414	4,783,527	(11,042,887)
Miscellaneous	-	-	18	18
Total revenues	16,501,414	16,501,414	5,711,113	(10,790,301)
EXPENDITURES				
Current				
Street department	1,782,820	1,782,820	1,554,885	227,935
Capital outlay	27,759,811	27,759,811	4,096,157	23,663,654
Total expenditures	29,542,631	29,542,631	5,651,042	23,891,589
Excess (deficiency) of revenues over (under) expenditures	(13,041,217)	(13,041,217)	60,071	13,101,288
OTHER FINANCING SOURCES (USES)				
Transfers in	5,455,046	9,455,046	9,455,046	-
Transfers out	(986,000)	(986,000)	(986,000)	-
Net other financing sources (uses)	4,469,046	8,469,046	8,469,046	-
Net change in fund balances	(8,572,171)	(4,572,171)	8,529,117	13,101,288
Fund balance, beginning of year	16,790,038	16,790,038	16,790,038	-
FUND BALANCE, END OF YEAR	$ 8,217,867	$ 12,217,867	$ 25,319,155	$ 13,101,288

Town of Highland Park, Texas
Budgetary Comparison Schedule
Stormwater Drainage Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Service fees	$ 1,129,560	$ 1,129,560	$ 1,142,518	$ 12,958
Investment income	137,000	137,000	297,616	160,616
Miscellaneous	1,000,000	1,000,000	-	(1,000,000)
Total revenues	2,266,560	2,266,560	1,440,134	(826,426)
EXPENDITURES				
Current				
General government	278,235	278,235	191,632	86,603
Capital outlay	4,728,050	4,728,050	2,728,110	1,999,940
Total expenditures	5,006,285	5,006,285	2,919,742	2,086,543
Excess (deficiency) of revenues over (under) expenditures	(2,739,725)	(2,739,725)	(1,479,608)	1,260,117
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	700,000	700,000	-
Transfers out	(155,400)	(155,400)	(155,400)	-
Net other financing sources (uses)	544,600	544,600	544,600	-
Net change in fund balances	(2,195,125)	(2,195,125)	(935,008)	1,260,117
Fund balance, beginning of year	3,487,725	3,487,725	3,487,725	-
FUND BALANCE, END OF YEAR	$ 1,292,600	$ 1,292,600	$ 2,552,717	$ 1,260,117

NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

Forfeited Property Fund – Accounts for the receipt of forfeited assets as a result of criminal activities and the funding of crime prevention programs and equipment.

Court Technology Fund – This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as mandated by state law, for technological enhancements to the Municipal Court and is applicable to amounts collected on or before May 28, 2025.

Court Security Fund – This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as mandated by state law, for technological enhancements to the Municipal Court and is applicable to amounts collected on or before May 28, 2025.

Municipal Court Building Security and Technology Fund - This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as required by state law, to support both technological enhancements and security for the Municipal Court and is applicable to amounts collected on or after May 29, 2025.

Library Fund – Accounts for royalty receipts that are restricted for the library.

Local Youth Diversion – This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as mandated by state law. The funds are designated to support a local mental health authority, juvenile alcohol and substance abuse programs, educational and leadership initiatives, teen court programs, and other projects aimed at preventing or reducing juvenile court referrals.

Municipal Jury Fund– This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to juror reimbursements.

Town of Highland Park, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Special Revenue Funds		
	Forfeited Property	Court Technology	Court Security
ASSETS			
Cash and equivalents	$ 131,583	$ 121,447	$ 25,880
TOTAL ASSETS	$ 131,583	$ 121,447	$ 25,880
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Vouchers payable	$ 26,631	$ 567	$ -
Total liabilities	26,631	567	-
FUND BALANCES			
Restricted			
Crime prevention	104,952	-	-
Court security and technology	-	120,880	25,880
Library	-	-	-
Total fund balances	104,952	120,880	25,880
TOTAL LIABILITIES AND FUND BALANCES	$ 131,583	$ 121,447	$ 25,880

Special Revenue Funds - Continued					
Municipal Court Building Security and Technology Fund	Library	Local Youth Diversion Fund	Municipal Jury	Total Nonmajor Governmental Funds
18,011	$ 421,954	$ 109,766	$ 2,195	$ 830,836
$ 18,011	$ 421,954	$ 109,766	$ 2,195	$ 830,836
$ -	$ 2,022	$ -	$ -	$ 29,220
-	2,022	-	-	29,220
-	-	109,766	2,195	216,913
18,011	-	-	-	164,771
-	419,932	-	-	419,932
18,011	419,932	109,766	2,195	801,616
$ 18,011	$ 421,954	$ 109,766	$ 2,195	$ 830,836

Town of Highland Park, Texas
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2025

	Special Revenue Funds		
	Forfeited Property	Court Technology	Court Security
REVENUES			
Service fees	$ -	$ 17,190	$ 16,917
Investment income	5,004	5,859	1,558
Contributions	-	-	-
Miscellaneous	55,075	-	-
Total revenues	60,079	23,049	18,475
EXPENDITURES			
Current			
Library	-	-	-
Municipal court	348	36,077	-
Total expenditures	348	36,077	-
Excess (deficiency) of revenues over (under) expenditures	59,731	(13,028)	18,475
OTHER FINANCING USES			
Transfers out	-	-	(24,600)
Total other financing uses	-	-	(24,600)
Net change in fund balances	59,731	(13,028)	(6,125)
Fund balances, beginning of year	45,221	133,908	32,005
FUND BALANCES, END OF YEAR	$ 104,952	$ 120,880	$ 25,880

Special Revenue Funds - Continued				
Municipal Court Building Security and Technology Fund	Library	Local Youth Diversion Fund	Municipal Jury	Total Nonmajor Governmental Funds
$ 18,011	$ -	$ 16,316	$ 326	$ 68,760
-	18,568	4,385	88	35,462
-	48,462	-	-	48,462
-	-	-	-	55,075
18,011	67,030	20,701	414	207,759
-	40,251	-	-	40,251
-	-	-	-	36,425
-	40,251	-	-	76,676
18,011	26,779	20,701	414	131,083
-	-	-	-	(24,600)
-	-	-	-	(24,600)
18,011	26,779	20,701	414	106,483
-	393,153	89,065	1,781	695,133
$ 18,011	$ 419,932	$ 109,766	$ 2,195	$ 801,616

Town of Highland Park, Texas
Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Forfeited Property Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment income	$ 6,877	$ 6,877	$ 5,004	$ (1,873)
Miscellaneous	2,500	2,500	55,075	52,575
Total revenues	9,377	9,377	60,079	50,702
EXPENDITURES				
Current				
Municipal court	-	-	348	(348)
Total expenditures	-	-	348	(348)
Excess of revenues over expenditures	9,377	9,377	59,731	50,354
Net change in fund balances	9,377	9,377	59,731	50,354
Fund balance, beginning of year	45,221	45,221	45,221	-
FUND BALANCE, END OF YEAR	$ 54,598	$ 54,598	$ 104,952	$ 50,354

Town of Highland Park, Texas
Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Court Technology Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Service fees	$ 23,700	$ 23,700	$ 17,190	$ (6,510)
Investment income	5,753	5,753	5,859	106
Total revenues	29,453	29,453	23,049	(6,404)
EXPENDITURES				
Current				
Municipal court	36,077	36,077	36,077	-
Total expenditures	36,077	36,077	36,077	-
Net change in fund balances	(6,624)	(6,624)	(13,028)	(6,404)
Fund balance, beginning of year	133,908	133,908	133,908	-
FUND BALANCE, END OF YEAR	$ 127,284	$ 127,284	$ 120,880	$ (6,404)

Town of Highland Park, Texas
Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Court Security Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Service fees	$ 23,300	$ 23,300	$ 16,917	$ (6,383)
Investment income	1,478	1,478	1,558	80
Total revenues	24,778	24,778	18,475	(6,303)
Excess (deficiency) of revenues over (under) expenditures	24,778	24,778	18,475	(6,303)
OTHER FINANCING USES				
Transfers out	(24,600)	(24,600)	(24,600)	-
Total other financing uses	(24,600)	(24,600)	(24,600)	-
Net change in fund balances	178	178	(6,125)	(6,303)
Fund balance, beginning of year	32,005	32,005	32,005	-
FUND BALANCE, END OF YEAR	$ 32,183	$ 32,183	$ 25,880	$ (6,303)

Town of Highland Park, Texas
Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Library Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment income	$ 18,200	$ 18,200	$ 18,568	$ 368
Contributions	53,800	53,800	48,462	(5,338)
Total revenues	72,000	72,000	67,030	(4,970)
EXPENDITURES				
Current				
Library	44,407	44,407	40,251	4,156
Total expenditures	44,407	44,407	40,251	4,156
Net change in fund balances	27,593	27,593	26,779	(814)
Fund balance, beginning of year	393,153	393,153	393,153	-
FUND BALANCE, END OF YEAR	$ 420,746	$ 420,746	$ 419,932	$ (814)

Town of Highland Park, Texas
Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Local Youth Diversion Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
REVENUES				
Service fees	$ 15,100	$ 15,100	$ 16,316	$ 1,216
Investment income	3,773	3,773	4,385	612
Total revenues	18,873	18,873	20,701	1,828
Net change in fund balances	18,873	18,873	20,701	1,828
Fund balance, beginning of year	89,065	89,065	89,065	-
FUND BALANCE, END OF YEAR	$ 107,938	$ 107,938	$ 109,766	$ 1,828

Town of Highland Park, Texas
Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Municipal Jury Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Service fees	$ 300	$ 300	$ 326	$ 26
Investment income	75	75	88	13
Total revenues	375	375	414	39
Net change in fund balances	375	375	414	39
Fund balance, beginning of year	1,781	1,781	1,781	-
FUND BALANCE, END OF YEAR	$ 2,156	$ 2,156	$ 2,195	$ 39

INTERNAL SERVICE FUNDS

Equipment Replacement Fund – Accounts for the acquisition and disposal of vehicles and large dollar equipment for the Town.

Building Maintenance Fund – Accounts for repairs and maintenance to buildings owned by the Town.

Technology Replacement Fund – Accounts for the replacement of technology equipment.

Town of Highland Park, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2025

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,837,477	$ 641,324	$ 947,536	$ 3,426,337
Investments	3,273,349	1,013,016	3,273,349	7,559,714
Accrued interest receivable	7,042	88	7,042	14,172
Other receivables	-	-	11,799	11,799
Leases receivable	-	-	2,994,288	2,994,288
Total current assets	5,117,868	1,654,428	7,234,014	14,006,310
CAPITAL ASSETS				
Construction in progress	-	-	573,255	573,255
Buildings and improvements	-	515,893	-	515,893
Vehicles and rolling stock	6,398,501	-	-	6,398,501
Machinery and equipment	1,046,480	121,536	6,580,181	7,748,197
Right-to-use subscription assets	-	-	173,746	173,746
Accumulated depreciation/amortization	(4,362,144)	(126,518)	(4,761,867)	(9,250,529)
Capital assets, net of accumulated depreciation/amortization	3,082,837	510,911	2,565,315	6,159,063
Total assets	8,200,705	2,165,339	9,799,329	20,165,373
LIABILITIES				
Current liabilities				
Vouchers payable	87,171	20,492	104,093	211,756
Accrued liabilities	-	5,046	-	5,046
Subscription liability	-	-	54,389	54,389
Total current liabilities	87,171	25,538	158,482	271,191
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - leases	-	-	2,838,522	2,838,522
Total deferred inflows of resources	-	-	2,838,522	2,838,522
NET POSITION				
Net investment in capital assets	3,082,837	510,911	2,474,338	6,068,086
Unrestricted	5,030,697	1,628,890	4,327,987	10,987,574
Total net position	$ 8,113,534	$ 2,139,801	$ 6,802,325	$ 17,055,660

Town of Highland Park, Texas
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended September 30, 2025

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ 551,650	$ 689,600	$ 321,785	$ 1,563,035
Miscellaneous	-	99,656	946,251	1,045,907
Total operating revenues	551,650	789,256	1,268,036	2,608,942
OPERATING EXPENSES				
Personnel services	-	89,088	-	89,088
Materials and supplies	-	41,980	-	41,980
Services and charges	-	486,582	7,102	493,684
Depreciation and amortization	596,522	41,663	540,842	1,179,027
Total operating expenses	596,522	659,313	547,944	1,803,779
Operating income (loss)	(44,872)	129,943	720,092	805,163
NON-OPERATING REVENUES				
Investment income	233,675	79,791	328,288	641,754
Gain on disposal of assets	10,650	-	161,931	172,581
Total non-operating revenues	244,325	79,791	490,219	814,335
Change in net position	199,453	209,734	1,210,311	1,619,498
Net position, beginning of year	7,914,081	1,930,067	5,592,014	15,436,162
NET POSITION, END OF YEAR	$ 8,113,534	$ 2,139,801	$ 6,802,325	$ 17,055,660

Town of Highland Park, Texas

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2025

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
OPERATING ACTIVITIES				
Cash received from interfund services	$ 574,176	$ 789,256	$ 1,176,095	$ 2,539,527
Cash payments to suppliers for goods and services	-	(560,896)	(10,201)	(571,097)
Cash payments to employees	-	(89,269)	-	(89,269)
Net cash provided by operating activities	574,176	139,091	1,165,894	1,879,161
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(419,479)	(261,395)	(991,818)	(1,672,692)
Principal payments on subscription liabilities	-	-	(119,358)	(119,358)
Proceeds from sale of capital assets	10,650	-	-	10,650
Net cash used for capital and related financing activities	(408,829)	(261,395)	(1,111,176)	(1,781,400)
INVESTING ACTIVITIES				
Sale of investments	1,261,427	261,426	1,501,427	3,024,280
Purchase of investments	(3,031,059)	(770,725)	(3,273,349)	(7,075,133)
Investment income	278,542	79,703	330,578	688,823
Net cash used for investing activities	(1,491,090)	(429,596)	(1,441,344)	(3,362,030)
Net change in cash and cash equivalents	(1,325,743)	(551,900)	(1,386,626)	(3,264,269)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,163,220	1,193,224	2,334,162	6,690,606
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,837,477	$ 641,324	$ 947,536	$ 3,426,337
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ (44,872)	$ 129,943	$ 720,092	$ 805,163
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	596,522	41,663	540,842	1,179,027
(Increase) decrease in accounts receivable	-	-	33,068	33,068
(Increase) decrease in prepaids	-	24	-	24
(Increase) decrease in leases	-	-	(155,766)	(155,766)
Increase (decrease) in vouchers payable	22,526	(31,439)	27,658	18,745
Increase (decrease) in accrued liabilities	-	(919)	-	(919)
Increase (decrease) in compensated absences	-	(181)	-	(181)
Total adjustments	619,048	9,148	445,802	1,073,998
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 574,176	$ 139,091	$ 1,165,894	$ 1,879,161
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Subscription liabilities issued for subscription assets	$ -	$ -	$ 173,746	$ 173,746

Statistical Section

Statistical Section
(Unaudited)

This part of the Town's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Town of Highland Park, Texas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	$ 46,764,910	$ 46,950,588	$ 48,600,002	$ 51,296,854
Restricted	6,427,046	5,070,790	4,650,021	678,207
Unrestricted	15,495,335	17,931,929	21,461,168	29,303,573
Total governmental activities	68,687,291	69,953,307	74,711,191	81,278,634
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	21,977,963	25,064,820	24,380,192	24,989,944
Restricted	757,365	588,189	540,101	-
Unrestricted	4,878,494	4,783,514	8,134,055	10,109,727
Total business-type activities	27,613,822	30,436,523	33,054,348	35,099,671
PRIMARY GOVERNMENT				
Net investment in capital assets	68,742,873	72,015,408	72,980,194	76,286,798
Restricted	7,184,411	5,658,979	5,190,122	678,207
Unrestricted	20,373,829	22,715,443	29,595,223	39,413,300
TOTAL PRIMARY GOVERNMENT	$ 96,301,113	$ 100,389,830	$ 107,765,539	$ 116,378,305

Source: Town Annual Comprehensive Financial Report

2020	2021	2022	2023	2024	2025
$ 55,637,115	$ 59,412,918	$ 60,465,360	$ 65,965,057	$ 72,785,134	$ 79,951,820
850,463	933,776	1,020,206	800,446	886,447	1,004,471
27,747,703	38,982,924	45,751,160	39,657,278	46,775,198	48,054,572
84,235,281	99,329,618	107,236,726	106,422,781	120,446,779	129,010,863
26,981,741	27,829,668	29,323,876	29,908,233	35,032,513	37,190,484
-	-	-	-	-	-
9,559,018	9,543,879	10,960,785	14,775,774	12,379,664	11,969,450
36,540,759	37,373,547	40,284,661	44,684,007	47,412,177	49,159,934
82,618,856	87,242,586	89,789,236	95,873,290	107,817,647	117,142,304
850,463	933,776	1,020,206	800,446	886,447	1,004,471
37,306,721	48,526,803	56,711,945	54,433,052	59,154,862	60,024,022
$ 120,776,040	$ 136,703,165	$ 147,521,387	$ 151,106,788	$ 167,858,956	$ 178,170,797

Town of Highland Park, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019
EXPENSES				
Governmental activities:				
General government	$ 2,384,232	$ 2,619,896	$ 2,356,690	$ 3,098,785
Department of public safety	12,739,997	12,791,955	12,945,374	13,740,569
Community services	581,762	535,389	546,896	536,719
Street department	1,833,046	2,124,658	2,525,487	2,353,901
Street lighting department	173,948	174,281	163,948	171,973
Library	858,706	748,880	861,484	932,961
Parks department	1,440,116	1,560,182	1,617,882	1,958,178
Swimming pool	207,793	232,174	217,285	212,452
Sanitation	1,093,055	-	-	-
Municipal court	411,642	394,023	460,418	508,203
Finance department	757,264	780,238	830,269	970,798
Building inspection department	526,709	553,578	845,846	774,762
Total governmental activities expenses	23,008,270	22,515,254	23,371,579	25,259,301
Business-type activities:				
Enterprise	6,303,437	7,684,059	8,097,351	7,853,843
Total business-type activities expenses	6,303,437	7,684,059	8,097,351	7,853,843
Total primary government expenses	29,311,707	30,199,313	31,468,930	33,113,144
PROGRAM REVENUES				
Governmental activities:				
Charges for services				
General government	403,852	416,071	421,736	532,944
Department of public safety	871,979	856,381	807,058	1,144,249
Street department	-	-	-	-
Library	10,770	8,729	10,376	9,742
Parks department	11,722	11,643	22,724	13,339
Swimming pool	98,254	100,667	198,587	108,690
Sanitation*	1,235,509	-	-	-
Municipal court	1,016,752	1,194,712	1,099,949	1,434,027
Building inspection department	1,008,806	1,453,459	1,239,753	1,418,085
Operating grants and contributions	38,436	38,422	46,118	53,800
Capital grants and contributions	892,238	402,065	3,476,027	4,810,374
Total governmental activities program revenues	5,588,318	4,482,149	7,322,328	9,525,250
Business-type activities:				
Charges for services	9,685,418	10,884,396	11,683,600	10,958,440
Capital grants and contributions	551,244	768,705	373,600	130,135
Total business-type activities program revenues	10,236,662	11,653,101	12,057,200	11,088,575
Total primary government program revenues	15,824,980	16,135,250	19,379,528	20,613,825
NET (EXPENSE/REVENUE)				
Governmental activities	(17,419,952)	(18,033,105)	(16,049,251)	(15,734,051)
Business-type activities	3,933,225	3,969,042	3,959,849	3,234,732
TOTAL PRIMARY GOVERNMENT NET EXPENSE	$ (13,486,727)	$ (14,064,063)	$ (12,089,402)	$ (12,499,319)

*Beginning in fiscal year 2017, sanitation activities are being reported in the Enterprise fund.
Source: Town Annual Comprehensive Financial Report

Schedule 2
Page 1 of 2

2020	2021	2022	2023	2024	2025
$ 3,765,097	$ 2,981,564	$ 2,572,481	$ 5,017,991	$ 3,425,900	$ 3,615,321
17,180,703	12,512,997	13,233,553	19,810,647	16,902,924	16,648,483
554,707	498,352	361,578	303,271	283,562	289,432
2,628,353	2,811,780	3,235,368	3,488,637	3,355,212	3,663,336
168,476	117,267	-	-	-	-
938,552	939,472	965,287	1,044,791	1,013,033	999,474
2,102,759	1,988,991	1,827,180	2,414,190	2,283,552	2,401,666
186,375	208,344	260,564	271,860	313,900	283,912
-	-	-	-	-	-
522,465	507,601	514,243	552,479	632,741	663,330
1,190,417	864,940	891,370	1,425,991	1,141,355	1,073,614
781,322	896,119	767,365	1,279,754	794,351	1,021,282
30,019,226	24,327,427	24,628,989	35,609,611	30,146,530	30,659,850
8,905,337	8,480,641	9,076,184	10,665,899	10,564,079	11,389,165
8,905,337	8,480,641	9,076,184	10,665,899	10,564,079	11,389,165
38,924,563	32,808,068	33,705,173	46,275,510	40,710,609	42,049,015
598,382	455,092	460,560	507,880	658,406	1,164,208
1,230,719	903,656	938,450	987,662	969,260	1,064,143
-	-	-	-	-	-
5,664	6,245	5,995	7,143	7,812	8,361
27,563	21,000	22,200	27,080	28,920	27,840
75,648	110,508	128,589	143,510	115,572	105,418
-	-	-	-	-	-
821,654	665,870	552,803	498,221	529,980	522,222
1,367,286	1,556,166	1,503,328	1,536,711	1,259,537	1,496,049
87,347	61,884	262,223	2,382,752	54,257	63,025
5,129,895	1,988,732	1,870,685	1,113,815	6,727,501	412,795
9,344,158	5,769,153	5,744,833	7,204,774	10,351,245	4,864,061
11,363,772	11,047,240	12,804,325	13,694,318	13,776,335	14,422,189
199,000	62,000	639,000	164,000	362,000	112,450
11,562,772	11,109,240	13,443,325	13,858,318	14,138,335	14,534,639
20,906,930	16,878,393	19,188,158	21,063,092	24,489,580	19,398,700
(20,675,068)	(18,558,274)	(18,884,156)	(28,404,837)	(19,795,285)	(25,795,789)
2,657,435	2,628,599	4,367,141	3,192,419	3,574,256	3,145,474
$ (18,017,633)	$ (15,929,675)	$ (14,517,015)	$ (25,212,418)	$ (16,221,029)	$ (22,650,315)

Town of Highland Park, Texas
Changes in Net Position - Continued
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes	$ 11,593,666	$ 12,627,053	$ 13,253,603	$ 13,771,347
Sales taxes	3,616,074	3,480,389	4,071,324	4,312,342
Mixed beverage taxes	191,407	219,135	270,661	329,814
Franchise taxes	1,021,287	1,037,496	1,036,561	1,085,951
Penalty and interest on taxes	48,196	55,376	105,698	83,002
Investment income	92,266	206,841	443,110	760,221
Miscellaneous and gain (loss) on sale of assets	429,777	488,288	521,421	541,134
Transfers	1,099,425	1,184,543	1,401,658	1,417,683
Total governmental activities	18,092,098	19,299,121	21,104,036	22,301,494
Business-type activities:				
Investment and miscellaneous income	14,288	38,202	109,027	228,274
Transfers	(1,066,425)	(1,184,543)	(1,401,658)	(1,417,683)
Total business-type activities	(1,052,137)	(1,146,341)	(1,292,631)	(1,189,409)
Total primary government	17,039,961	18,152,780	19,811,405	21,112,085
CHANGE IN NET POSITION				
Governmental activities	672,146	1,266,016	5,054,785	6,567,443
Business-type activities	2,881,088	2,822,701	2,667,218	2,045,323
TOTAL PRIMARY GOVERNMENT	$ 3,553,234	$ 4,088,717	$ 7,722,003	$ 8,612,766

2020	2021	2022	2023	2024	2025
$ 14,833,790	$ 15,184,505	$ 15,484,800	$ 17,049,124	$ 18,400,369	$ 19,484,406
4,198,191	5,663,645	6,954,907	6,641,364	8,801,419	9,388,670
286,304	432,488	472,603	528,201	514,224	521,443
938,957	884,641	997,854	1,001,560	975,703	979,517
83,786	87,774	78,478	73,706	111,668	95,010
421,252	153,769	393,224	2,257,124	2,776,234	2,921,612
1,504,216	9,394,855	872,315	686,431	608,364	535,230
1,365,219	1,850,934	1,537,083	(646,618)	1,631,302	1,793,121
23,631,715	33,652,611	26,791,264	27,590,892	33,819,283	35,719,009
148,872	55,123	81,056	560,309	785,216	509,565
(1,365,219)	(1,850,934)	(1,537,083)	646,618	(1,631,302)	(1,793,121)
(1,216,347)	(1,795,811)	(1,456,027)	1,206,927	(846,086)	(1,283,556)
22,415,368	31,856,800	25,335,237	28,797,819	32,973,197	34,435,453
2,956,647	15,094,337	7,907,108	(813,945)	14,023,998	9,923,220
1,441,088	832,788	2,911,114	4,399,346	2,728,170	1,861,918
$ 4,397,735	$ 15,927,125	$ 10,818,222	$ 3,585,401	$ 16,752,168	$ 11,785,138

Town of Highland Park, Texas

Schedule 3

Governmental Funds Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Mixed Beverage Tax	Total
2016	$ 11,593,666	$ 3,606,074	$ 1,021,287	$ 191,407	$ 16,412,434
2017	12,627,053	3,480,389	1,037,496	219,135	17,364,073
2018	13,253,603	4,071,324	1,036,561	270,661	18,632,149
2019	13,771,347	4,312,342	1,085,951	329,814	19,499,454
2020	14,833,790	4,198,191	938,957	286,304	20,257,242
2021	15,201,900	5,663,645	884,641	432,488	22,182,674
2022	15,493,542	6,954,907	997,854	472,603	23,918,906
2023	16,985,988	6,641,364	1,001,560	528,201	25,157,113
2024	18,372,869	8,801,419	975,703	514,224	28,664,215
2025	19,499,123	9,388,670	979,517	521,443	30,388,753

Town of Highland Park, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019
GENERAL FUND				
Nonspendable	$ 22,992	$ 159,937	$ 14,469	$ 11,759
Restricted	14,000	14,000	14,000	-
Committed	-	-	-	-
Assigned	1,136,308	1,377,190	1,205,592	1,180,056
Unassigned	3,517,765	3,885,817	4,540,892	5,219,327
Total general fund	4,691,065	5,436,944	5,774,953	6,411,142
ALL OTHER GOVERNMENTAL FUNDS				
Restricted	516,425	628,530	625,198	678,207
Committed	5,810,044	7,523,730	6,767,959	8,658,185
Assigned	833,609	1,054,012	2,582,157	2,459,396
Total all other governmental funds	7,160,078	9,206,272	9,975,314	11,795,788
TOTAL GOVERNMENTAL FUNDS	$ 11,851,143	$ 14,643,216	$ 15,750,267	$ 18,206,930

Source: Town Annual Comprehensive Financial Report

Schedule 4

2020	2021	2022	2023	2024	2025
$ 14,705	$ 19,830	$ 35,437	$ 31,661	$ 33,106	$ 33,256
124,588	144,078	161,539	177,451	191,314	202,855
974,559	10,139,152	10,219,404	10,564,946	7,466,208	7,637,479
1,960,441	1,360,812	1,356,936	1,345,034	1,690,675	2,189,427
4,670,765	7,717,749	8,759,561	6,388,614	8,818,231	8,093,421
7,745,058	19,381,621	20,532,877	18,507,706	18,199,534	18,156,438
725,875	789,698	858,667	622,995	695,133	801,616
10,077,807	7,526,582	7,897,018	14,027,135	17,601,057	22,641,849
2,696,684	2,747,024	5,851,807	3,137,685	2,676,706	5,230,023
13,500,366	11,063,304	14,607,492	17,787,815	20,972,896	28,673,488
$ 21,245,424	$ 30,444,925	$ 35,140,369	$ 36,295,521	$ 39,172,430	$ 46,829,926

Town of Highland Park, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019
REVENUES				
Taxes	$ 16,392,412	$ 16,293,063	$ 17,608,789	$ 18,413,771
Penalties and interest	48,196	55,376	105,698	83,002
Licenses and permits	1,050,004	1,499,728	1,228,621	1,444,633
Service and franchise fees	3,108,151	3,096,463	3,066,496	3,337,171
Fines and forfeitures	474,179	462,396	434,024	514,011
Investment income	67,366	153,834	343,893	567,086
Intergovernmental	-	-	1,287,770	5,193,320
Contributions	930,674	440,487	46,118	53,800
Miscellaneous	347,894	420,032	444,854	447,510
Total revenues	22,418,876	22,421,379	24,566,263	30,054,304
EXPENDITURES				
General government	1,777,454	2,014,024	2,029,119	2,120,711
Department of public safety	11,177,755	11,517,024	12,368,726	12,687,420
Community services	503,180	522,547	534,106	524,494
Street department	1,133,508	1,416,617	1,507,748	1,605,049
Street lighting department	160,212	172,221	159,411	170,327
Library	776,121	678,146	789,510	862,433
Parks department	1,307,206	1,445,195	1,536,638	1,754,729
Swimming pool	181,082	205,460	191,718	186,096
Municipal court	400,708	393,816	458,972	508,203
Finance department	757,116	811,923	829,268	897,434
Building inspection department	526,709	553,578	845,846	774,762
Sanitation*	1,093,055	-	-	-
Capital outlay	1,463,636	1,061,411	3,427,686	6,923,666
	21,257,742	20,791,962	24,678,748	29,015,324
Excess (deficiency) of revenues over (under) expenditures	1,161,134	1,629,417	(112,485)	1,038,980
OTHER FINANCING SOURCES (USES)				
Transfers in	5,109,975	5,612,637	5,894,153	5,645,458
Transfers out	(4,010,550)	(4,452,992)	(4,683,117)	(4,227,775)
Proceeds from sale of capital assets	-	3,011	8,500	-
Total other financing sources (uses)	1,099,425	1,162,656	1,219,536	1,417,683
NET CHANGE IN FUND BALANCE	$ 2,260,559	$ 2,792,073	$ 1,107,051	$ 2,456,663
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A

*Beginning in fiscal year 2017, sanitation activities are being reported in the Enterprise fund.
Note: there was no debt prior to fiscal year 2023 and no debt service payments in 2023 and 2024.
Source: Town Annual Comprehensive Financial Report

Schedule 5

2020	2021	2022	2023	2024	2025
$ 19,257,224	$ 21,298,033	$ 22,921,052	$ 24,155,553	$ 27,688,512	$ 29,409,236
83,786	87,774	78,478	73,706	111,668	95,010
1,411,594	1,592,042	1,543,714	1,583,832	1,296,207	1,549,980
2,808,609	2,734,052	2,833,206	2,824,216	2,864,251	3,444,134
299,002	245,039	259,708	253,577	338,742	335,079
318,868	120,586	308,540	1,830,254	2,219,440	2,279,858
2,513,332	2,014,877	2,586,273	5,650,999	3,024,581	4,783,527
60,519	57,084	262,223	85,028	54,257	63,025
437,957	459,542	633,303	641,175	532,163	362,649
27,190,891	28,609,029	31,426,497	37,098,340	38,129,821	42,322,498
2,254,606	2,631,084	2,577,299	2,786,789	2,999,446	3,298,326
13,275,151	13,504,159	14,579,489	15,729,025	17,019,636	17,682,292
548,693	492,338	355,564	297,257	277,548	284,271
1,872,132	1,889,052	2,188,769	2,308,617	1,995,034	2,260,561
166,830	136,636	-	-	-	-
868,024	868,615	896,368	967,262	945,116	940,468
1,697,430	1,964,092	1,838,087	1,870,403	2,022,821	2,018,613
158,801	180,174	232,394	234,995	269,892	238,729
522,465	506,593	511,977	552,479	632,741	669,003
940,857	935,897	978,024	1,133,236	1,201,722	1,151,503
781,322	903,973	765,423	974,001	861,903	1,090,090
-	-	-	-	-	-
3,405,116	6,175,462	3,344,742	8,442,506	8,658,355	6,824,267
26,491,427	30,188,075	28,268,136	35,296,570	36,884,214	36,458,123
699,464	(1,579,046)	3,158,361	1,801,770	1,245,607	5,864,375
5,249,478	4,555,216	6,901,839	11,580,394	7,822,782	11,730,146
(3,884,259)	(2,938,137)	(5,364,756)	(12,227,012)	(6,191,480)	(9,937,025)
973,811	9,161,468	-	-	-	-
2,339,030	10,778,547	1,537,083	(646,618)	1,631,302	1,793,121
$ 3,038,494	$ 9,199,501	$ 4,695,444	$ 1,155,152	$ 2,876,909	$ 7,657,496
N/A	N/A	N/A	0%	0%	0%

Town of Highland Park, Texas

Schedule 6

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value: Residential and Commercial Property	Estimated Market Value: Business Personal Property	Estimated Market Value: Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2016	$ 6,588,993,380	$ 78,087,300	$ 1,342,579,935	$ 5,324,500,745	0.220000
2017	7,125,427,370	91,050,750	1,450,954,097	5,765,524,023	0.220000
2018	7,246,975,530	89,904,340	1,391,208,630	5,945,671,240	0.220000
2019	7,631,020,950	98,970,880	1,441,898,043	6,288,093,787	0.220000
2020	7,835,471,260	107,590,560	1,479,869,372	6,463,192,448	0.230000
2021	7,665,313,510	106,332,000	1,476,064,436	6,295,581,074	0.230000
2022	8,252,646,410	99,214,640	1,580,315,112	6,771,545,938	0.230000
2023	9,382,277,690	104,583,140	2,084,341,031	7,402,519,799	0.230000
2024	11,674,856,260	109,992,840	3,353,521,920	8,431,327,180	0.220530
2025	13,574,894,680	126,174,600	4,316,446,922	9,384,622,358	0.208550

Source: Dallas Central Appraisal District

Town of Highland Park, Texas — Schedule 7

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

	Direct Rate	Overlapping Rates					
	Town of Highland Park	County				School District	
Fiscal Year	Operating/ General Rate	Dallas County	Hospital District	Community College District	Total County	Highland Park I.S.D	Dallas I.S.D.
2016	0.220000	0.243100	0.286000	0.123650	0.652750	1.111900	1.282090
2017	0.220000	0.252370	0.279400	0.122930	0.654700	1.152700	1.282090
2018	0.220000	0.253100	0.279400	0.124240	0.656740	1.203200	1.282090
2019	0.220000	0.253100	0.279400	0.124000	0.656500	1.235500	1.412040
2020	0.230000	0.253100	0.269500	0.124000	0.646600	1.165500	1.310390
2021	0.230000	0.249740	0.266100	0.124000	0.639840	1.151900	1.296740
2022	0.230000	0.237950	0.255000	0.123510	0.616460	1.131000	1.248240
2023	0.230000	0.227946	0.235800	0.115899	0.579645	1.077800	1.184935
2024	0.220530	0.215718	0.219500	0.110028	0.545246	0.892700	1.013835
2025	0.208550	0.215500	0.212000	0.105595	0.533095	0.866900	0.997235

Source: Dallas Central Appraisal District

Town of Highland Park, Texas

Schedule 8

Principal Property Taxpayers
September 30, 2025 and 2016

Property Tax Payer	2025 Taxable Assessed Value	2025 Rank	2025 % of Taxable Assessed Value	2016 Taxable Assessed Value	2016 Rank	2016 % of Taxable Assessed Value
HP Village Partners, LP	$ 269,840,500	1	2.88%	$ 130,004,050	1	2.44%
Dallas Country Club	61,777,910	2	0.66%	17,140,230	9	0.32%
4101 Trust	45,537,150	3	0.49%			
Crow, Harlan R	40,466,640	4	0.43%	22,214,948	5	0.42%
Muse, John R	39,470,000	5	0.42%	26,114,502	3	0.49%
Ware, Leslie	33,145,200	6	0.35%			
L&B Depp Ucepp 5500	28,000,000	7	0.30%	17,000,000	10	0.32%
Intercity Investment	27,679,820	8	0.29%	17,162,310	8	0.32%
Jones, Jerral W & Gene C	22,200,160	9	0.24%			
LDO Holdings, LLC	21,722,000	10	0.23%			
Cox, Edwin L Irrevocable Trust				29,051,230	2	0.55%
Crow, Margaret Life Estate				24,265,480	4	0.46%
Highland Park Shops, LLC				18,000,000	6	0.34%
Mitchell, Amy E				17,600,000	7	0.33%
Total	589,839,380		6.29%	318,552,750		5.98%
Total Assessed Valuation	$ 9,384,622,358		100.00%	$ 5,324,500,745		100.00%

Source: Dallas County Tax Office

Town of Highland Park, Texas **Schedule 9**

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Periods	Total Collections to Date	
		Amount	Percentage of Net Tax Levy		Amount	Percentage of Levy*
2016	$ 11,620,393	$ 11,580,927	99.66%	$ 37,104	$ 11,618,031	99.98%
2017	12,646,975	12,564,113	99.34%	78,165	12,642,278	99.96%
2018	13,236,918	13,173,166	99.52%	55,503	13,228,669	99.94%
2019	13,805,559	13,677,917	99.08%	116,569	13,794,486	99.92%
2020	14,870,511	14,753,266	99.21%	101,794	14,855,060	99.90%
2021	15,208,071	15,115,453	99.39%	68,484	15,183,937	99.84%
2022	15,537,129	15,442,441	99.39%	54,609	15,497,050	99.74%
2023	17,092,103	17,004,460	99.49%	49,643	17,054,103	99.78%
2024	18,484,978	18,374,498	99.40%	50,589	18,425,088	99.68%
2025	19,530,991	19,437,618	99.52%	-	19,437,618	99.52%

Source: Dallas County Tax Collection System - Tax Collector Annual Reports
Note: This schedule includes Levy adjustments in the year of the Levy but excludes Levy adjustments in tax years

Town of Highland Park, Texas

Schedule 10

Computation of Direct and Overlapping Debt
Year Ended September 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Highland Park	$ 54,389	100.00%	$ 54,389
Dallas County	179,530,000	2.58%	4,631,874
Dallas County Hospital District	511,285,000	2.58%	13,191,153
Dallas County Community College	247,115,000	2.51%	6,202,587
Dallas Independent School District	4,613,765,000	0.24%	11,073,036
Highland Park Independent School District	395,545,000	37.15%	146,944,968
Total Direct and Overlapping Debt:	$ 5,947,294,389		$ 182,098,006
Total Direct and Overlapping Debt % of A.V.:			1.77%
Total Direct and Overlapping Debt per Capita:			$ 20,709

Source: Municipal Advisory Council of Texas Estimated Overlapping Debt Statement as of 9/30/2025
Note: The estimated Percentage Applicable is the ratio of total taxable values in Highland Park compared to total for each respective governmental unit.

Town of Highland Park, Texas **Schedule 11**

Legal Debt Margin Information
Last Ten Fiscal Years

As a home rule city, the Town of Highland Park is not limited by the law in the amount of debt it may issue. The Town's charter (Section 9.10) states:

> The Town shall have the power to borrow money on the credit of the Town and to issue general obligation bonds and other evidence of indebtedness for permanent public improvements or for any other public purpose not prohibited by the Constitution and laws of the state of Texas, and to issue refunding bonds to refund outstanding bonds and other evidences of indebtedness of the Town previously issued. All such bonds shall be issued in conformity with the laws of the State of Texas.

The Town has no bonded debt issued or outstanding as of September 30, 2025.

Town of Highland Park, Texas

Schedule 12

Ratio of Outstanding Debt By Type
Last Two Fiscal Years

Fiscal Year	Governmental Activities Subscription Liability	Total Primary Government	Percentage of Personal Income*	Per Capita*
2023	$ 327,650	$ 327,650	0.02%	$ 37.58
2024	327,650	327,650	0.02%	37.91
2025	54,389	54,389	0.00%	6.19

Notes: *See Table 13 for personal income and population data.

Prior to 2023 the Town did not have any outstanding debt.

Town of Highland Park, Texas

Schedule 13

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended Sept 30	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2016	9,189	$ 1,137,533,877	$ 123,793	4.10%
2017	9,150	1,097,751,914	119,973	3.40%
2018	9,208	1,312,370,200	142,525	3.40%
2019	9,180	1,531,609,560	166,842	3.20%
2020	9,083	1,353,993,727	149,069	3.20%
2021	8,864	1,321,347,616	149,069	3.20%
2022	8,864	1,412,363,168	159,337	2.40%
2023	8,719	1,389,259,303	159,337	4.80%
2024	8,642	1,617,799,684	187,202	5.00%
2025	8,793	1,646,067,186	187,202	2.80%

Sources: US Census Bureau's QuickFacts report, US Census Tables

Principal Employers
Current Year and Nine Years Ago

Employer Industry	2025 Number of Establishments	2025 Employees	2016 Number of Establishments	2016 Employees
Wholesale trade	10	35	60	622
Retail trade	57	718	D	20 to 99
Information	7	20 to 99	D	20 to 99
Finance and insurance	37	456	D	250 to 499
Real estate and rental and leasing	D	100 to 249	D	20 to 99
Professional, scientific, and technical services	66	223	61	142
Administrative and support and waste management and remediation	19	156	18	78
Educational services	3	19	3	10
Health care and social assistance	34	384	30	106
Arts, entertainment, and recreation	10	281	9	335
Accommodation and food	25	788	16	495
Other services (except public	21	240	12	204

NOTE: The Town of Highland Park is a relatively small municipality, with a radius of about 2.2 square miles. The Town's most recent estimated population is approximately 8,743. Since there is no chamber of commerce in Highland Park, the only available information on employers is the Economic Census from the U.S. Census Bureau. This Census does not include information on individual businesses; rather, it contains only aggregate information by business sector. The information presented is from the most recent applicable Economic Census.

"D" = Individual company data withheld according to the U.S. Census Bureau website.

Town of Highland Park, Texas

Schedule 15

Construction and Property Values
Last Ten Fiscal Years

	Commercial Construction*		Residential Construction*		Property Value**	
Fiscal Year	Number of Permits	Value	Number of Permits	Value	Real Property	Personal Property
2016	29	$ 8,623,479	1,164	$ 102,641,000	$ 6,588,993,380	$ 78,087,300
2017	30	23,812,724	1,083	110,263,580	7,125,427,370	91,050,750
2018	22	45,226,370	1,117	83,254,000	7,246,975,530	89,904,340
2019	19	15,979,770	1,062	***	7,631,020,950	98,970,880
2020	26	16,227,820	808	***	7,835,471,260	107,590,560
2021	23	33,720,046	1,239	***	7,665,313,510	106,332,000
2022	16	6,286,811	1,052	***	8,252,646,410	99,214,640
2023	24	29,259,939	1,079	***	9,382,277,690	104,583,140
2024	28	2,957,095	1,567	***	11,674,856,260	109,992,840
2025	39	17,802,279	1,081	***	13,574,894,680	126,174,600

*Source: Town of Highland Park Permitting and Inspections Department

**Source: Dallas Central Appraisal District

***Pursuant to HB 852, which was passed May 21 by the 2019 Texas Legislature, cities may not base building permit rev enue or inspection fees on the v alue of a residential dwelling or on the cost of constructing or improv ing the building.

Town of Highland Park, Texas

Full-Time Employees by Function

Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019
General government	2.0	2.0	2.0	2.0
Public safety	70.0	70.5	73.0	73.0
Town services	3.0	3.0	3.0	3.0
Street	3.3	3.3	3.3	3.3
Street lighting	1.0	1.0	1.0	1.0
Library	4.0	4.0	4.0	5.0
Parks	9.0	9.0	7.0	7.0
Municipal court	2.0	2.0	2.0	2.0
Finance	5.0	5.0	5.0	5.0
Building inspection	4.0	4.0	5.0	5.0
Information technology	1.0	1.0	1.0	1.0
Utility administration	3.0	3.0	3.0	3.0
Water	4.4	4.4	5.4	5.4
Sewer	2.3	2.3	2.3	2.3
Engineering	5.0	5.0	4.0	4.0
Building maintenance	-	-	-	-
TOTAL CITY POSITIONS	119.0	119.5	121.0	122.0

Source: Official Town Budget

2020	2021	2022	2023	2024	2025
2.0	2.0	2.0	2.0	2.0	2.0
73.0	73.0	73.0	73.0	82.0	82.0
3.0	3.0	2.0	2.0	2.0	2.0
3.3	3.0	3.0	3.0	3.0	3.0
1.0	1.0	-	-	-	-
5.5	5.0	5.0	6.0	6.5	6.5
7.0	7.0	7.0	7.0	7.0	7.0
2.0	2.0	2.0	2.0	4.3	4.3
5.0	5.0	5.0	6.0	6.0	6.0
5.0	5.0	5.0	5.0	5.0	7.0
1.0	1.0	1.0	1.0	1.0	2.0
3.0	3.0	3.0	3.0	3.0	3.0
5.4	5.0	5.0	5.0	5.0	6.0
2.3	2.0	2.0	2.0	2.0	2.0
4.0	4.0	4.0	4.0	4.0	6.0
-	-	-	1.0	1.0	1.0
122.5	121.0	119.0	122.0	133.8	139.8

Town of Highland Park, Texas
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019
Administration				
Service Requests Processed	4,744	4,103	4,434	4,389
Public Safety				
Call Responses: Police	10,945	10,530	10,137	9,281
Call Responses: Fire	815	621	717	824
Call Responses: EMS	417	369	366	379
Citations Issued	9,596	12,054	11,505	11,695
Street				
Asphalt Repairs (Tons)	300	250	295	250
Storm Inlets	1,400	1,518	1,400	1,425
Library				
Total Circulation	47,449	47,317	44,398	48,148
Valid Library Cards	2,577	2,739	2,570	2,100
Swimming Pool				
Annual Passes Sold	1,360	1,365	1,381	1,223
Daily Passes Sold	3,059	2,540	2,608	2,487
Finance				
Accounts Payable Checks Disbursed	3,450	3,160	2,870	2,953
Payroll Checks/ACH Disbursed	4,026	3,963	3,995	4,366
Building Inspection				
Total Inspections	4,449	4,347	4,633	4,611
Total Permits Issued	1,865	1,748	1,742	1,640
Water				
Water Meters Read	66,777	66,136	66,542	66,451
Meters Installed/Replaced	252	107	449	577
Sewer				
Service Calls	29	22	25	22
Mains Cleaned	522	585	458	464

Source: Town Departments
* Due to COVID-19 restrictions

Schedule 17

2020	2021	2022	2023	2024	2025
4,034	4,130	3,337	3,953	4,158	3,873
9,229	9,086	10,001	8,250	11,460	11,110
824	958	894	867	1,074	1,028
352	431	438	540	467	492
7,158	5,556	5,001	3,614	3,667	4,277
250	283	38	34	36	37
1,431	1,490	1,468	6,228	6,228	6,228
48,403	57,654	67,005	69,832	74,749	102,189
2,120	2,057	1,992	2,121	2,093	2,110
1,086	1,481	1,433	1,433	1,315	1,198
*	1,897	2,676	2,630	1,762	2,288
3,149	3,387	3,862	3,118	3,004	3,013
4,177	4,214	4,172	4,269	4,291	4,480
3,896	3516	5,922	5,900	7,998	5,537
1,724	1,917	1,700	1,700	1,799	1,550
66,521	66,750	67,083	68,303	68,427	68,608
582	334	275	276	224	321
27	30	49	14	-	11
462	383	486	482	488	488

Town of Highland Park, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years

FUNCTION/PROGRAM	2016	2017	2018	2019
Administration				
Municipal building	1	1	1	1
Service Center	1	1	1	1
Public safety				
Stations	1	1	1	1
Fire vehicles	3	3	3	3
EMS vehicles	3	3	3	3
Patrol vehicles	10	10	10	10
SRT/TRT vehicle	-	-	-	-
Street				
Street (miles)	48	48	48	48
Library				
Libraries	1	1	1	1
Parks				
Parks	22	22	22	22
Tennis courts	8	8	8	8
Pickleball	-	-	-	-
Swimming pools	1	1	1	1
Water				
Water mains (miles)	40	40	40	40
Fire hydrants	252	252	252	252
Sewer				
Wastewater collection system (miles)	37	37	37	37

Source: Town Departments

2020	2021	2022	2023	2024	2025
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	3	3
3	3	3	3	3	3
10	10	10	10	10	10
-	-	-	-	1	1
48	48	48	48	48	48
1	1	1	1	1	1
22	22	22	22	22	22
8	7	7	7	7	7
-	-	4	4	4	4
1	1	1	1	1	1
40	40	40	40	43	43
252	252	252	252	262	264
37	37	37	37	37	37

Town of Highland Park
Town Council
Tuesday, March 3, 2026

Item Coversheet

Take action authorizing the Town Administrator to execute a professional services agreement with Legacy Engineering Group for the Douglas Avenue Reconstruction project.

PRESENTED BY: Lori Chapin, Director of Engineering

BACKGROUND:

The condition of each roadway within the Town has been evaluated based on a determination of a Pavement Condition Index ("PCI"). A PCI value of 100 denotes a road in excellent condition while zero ("0") represents a completely failed road. PCI values provide an indication of the types of problems present on the road surface and offer guidance on the type of work needed to fix the problem. Additional considerations for the type of roadway improvements needed include historical data regarding pothole repairs, water main breaks or other utility repairs, as applicable.

The 2024 pavement condition evaluation for Douglas Avenue between south Town limits and Arcady resulted in an average PCI score of 50 out of a possible 100 points. Additional degradation has occurred since the evaluation in 2024. The low score confirmed the need for total reconstruction of the roadway, including the pavement, subbase and curb and gutter. In addition, we have had several water main breaks over the last few years, which also impacts the integrity of the pavement.

The professional services agreement specifies that Legacy Engineering Group will provide design and bid package preparation services for the Douglas Avenue Reconstruction project. The design services include the reconstruction of Douglas Avenue from the south Town limits to Arcady Avenue (~1800 LF). The reconstruction includes full roadway concrete replacement, curb and gutter replacement, water and sewer improvements, asphalt overlay, and sidewalk/ADA ramp replacement.

The estimated design cost is $187,265 and includes conceptual and final design services.
The estimated special services cost is $62,470 and includes survey, geotechnical evaluation, and bid phase services for a total cost of $249,735.

The estimated construction cost is $2,300,000.

RECOMMENDATION

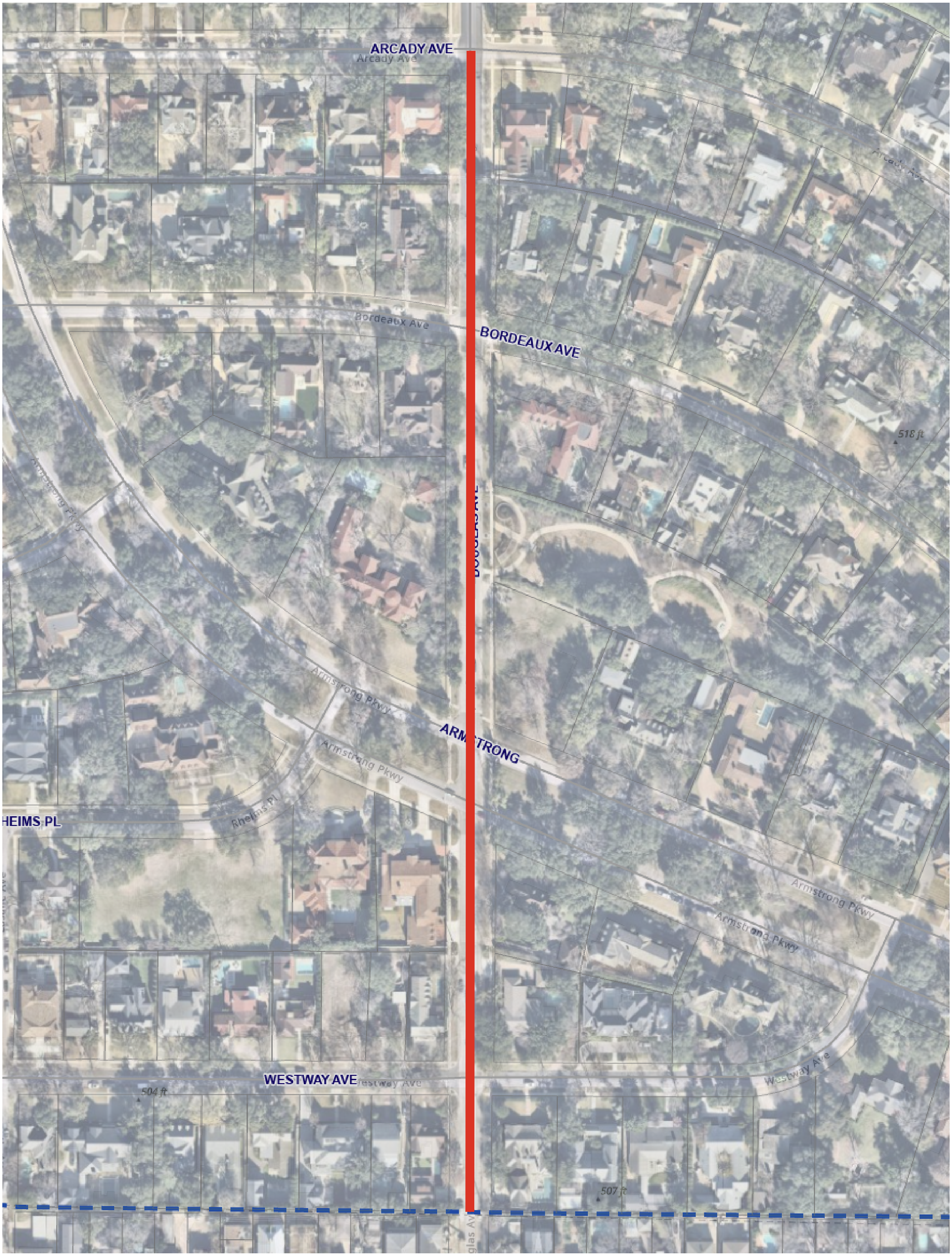
Staff recommend approval authorizing the Town Administrator to execute a professional services agreement for the design and bid package preparation for the Douglas Avenue Reconstruction project.

FINANCIAL IMPACT

Funding will be derived from the adopted FY 2025-2026 Capital Improvement Plan.

ATTACHMENTS

Douglas Avenue Reconstruction Project Area Map, Douglas Ave Reconstruction Project_Legacy Engineering Group Proposal_02-22-2026



DOUGLAS AVENUE RECONSTRUCTION

PROJECT AREA MAP

MARCH 2026

AGREEMENT FOR PROFESSIONAL SERVICES

This agreement ("Agreement") is made by and between the Town of Highland Park, Texas, a home-rule municipal corporation ("Town") and Legacy Engineering Group, a Professional Limited Liability Company ("Consultant") (each a "Party" and collectively the "Parties"), acting by and through their authorized representatives.

RECITALS:

WHEREAS, the Town desires to engage the services of the Consultant as an independent contractor, and not as an employee, to provide the services described in **Exhibit "A"** (the "Scope of Services" or "Services") to assist the Town with the following project: **Douglas Avenue Reconstruction Project** (the "Project") on the terms and conditions set forth in this Agreement; and

WHEREAS, the Consultant desires to render services for the Town on the terms and conditions set forth in this Agreement; and

WHEREAS, Town has determined the Consultant is qualified to provide the Services set forth in this Agreement; and

NOW THEREFORE, in consideration of the foregoing recitals, the mutual covenants set forth herein, and other valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties agree as follows:

Article I
Incorporation of Recitals/Agreement Documents/Term

1.1 Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein.

1.2 Agreement. This Agreement shall be comprised of the following documents:

(1) this Agreement, duly authorized written change orders, and any amendment hereto;
(2) **Exhibit "A"** Scope of Services;
(3) **Exhibit "B"** Project Schedule;
(4) **Exhibit "C"** Insurance Requirements; and
(5) **Exhibit "D"** Fee Schedule.

In the event of a conflict between one or more of the terms and provisions contained within the foregoing documents, in order to resolve any such conflict, priority of interpretation shall be given in the order that those documents are listed in this section.

1.3 Term. This Agreement shall commence on the last date of execution hereof ("Effective Date") and continue until completion of the Services, unless sooner terminated as provided herein.

Article II
Scope of Service

2.1 The Consultant shall perform the Services in connection with the Project as set forth in the Scope of Services. The Consultant, if a licensed engineer or registered architect shall perform the Services: (i) with the prevailing professional skill and care ordinarily provided by competent engineers or architects, as the case may be, practicing in the same or similar locality and under the same or similar circumstances and professional license but not limited to the exercise of reasonable, informed judgments and prompt, timely action; and (ii) as expeditiously as is prudent considering the ordinary professional skill and care of a competent engineer or architect, as the case may be. If the Consultant is not a licensed engineer or registered architect, the Consultant shall perform the Services: (i) with the professional skill and care ordinarily provided by similar consultants practicing in the same or similar locality and under the same circumstances and applicable licenses or certifications; and (ii) as expeditiously as is prudent considering the ordinary skill and care of similar competent consultants.

2.2 The Town shall, prior to commencement of Services, provide the Consultant with the information set forth in the Scope of Services, if any.

2.3 The Parties acknowledge and agree that any and all opinions provided by the Consultant in connection with the Scope of Services represent the professional judgment of the Consultant, in accordance with the standard of care applicable by law to the Services performed hereunder.

2.4 All information, documents, records and reports developed as a result of the Services provided under this Agreement shall be the property of the Town (hereinafter "Documents"). Any use by Consultant of the Documents developed hereunder, whether for publication or for work with other clients, must receive prior written permission from the Town. During the term and all renewals of this Agreement, all such Documents generated, compiled, collected or collated shall be maintained in the format required by Town. Further, all such Documents shall be returned to Town upon termination of this Agreement, and upon such termination shall be returned in the format required by Town.

Article III
Schedule of Work – Project Completion

The Consultant agrees to complete the required Services and submit all work required by the Town in accordance with the Project Schedule, a copy of which is attached hereto and incorporated herein as **Exhibit "B",** and as outlined in the Scope of Services within **214 consecutive calendar days**, exclusive of any review time by Town, from the date of written Notice to Proceed from Town to Consultant. The Parties hereto agree and understand that time is of the essence and that failure to timely perform obligations as required under this Agreement will result in damages to the other Party.

Article IV
Compensation and Method of Payment

4.1 Compensation to Consultant for performance of Services shall not exceed **Two Hundred Forty-Nine Thousand, Seven Hundred Thirty-Five Dollars and 00/100 cents ($249,735.00)**. Consultant will be compensated in accordance with the Fee Schedule included in Consultant's Proposal, a copy of which is attached hereto and incorporated herein as **Exhibit "D".** Unless otherwise provided herein, payment to the Consultant shall be monthly based on the Consultant's monthly progress report and detailed monthly itemized statement for Services that shows the names of the Consultant's employees, agents, contractors performing the Services, the time worked, the actual Services performed, the rates charges for such service, reimbursable expenses, the total amount of fee earned to date, percentage of work completed on the Project through the end of the then submitted billing period, and the amount due and payable as of the current statement, in a form reasonably acceptable to the Town. Monthly statements shall include authorized non-salary expenses with supporting itemized invoices and documentation. The Town shall pay such approved monthly statements within thirty (30) days after receipt and Town verification of the Services and expenses unless otherwise provided herein. The final payment of the compensation shall be made after satisfactory completion of the Services following the Town acceptance of the study, report, recommendation or other work set forth in the Scope of Services. Nothing contained in this Agreement shall require Town to pay for any work that is unsatisfactory as determined by Town or which is not submitted in compliance with the terms of this Agreement, nor shall failure to withhold payment pursuant to the provisions of this section constitute a waiver of any right, at law or in equity, which Town may have if Consultant is in default, including the right to bring legal action for damages or for specific performance of this Agreement. Waiver of any default under this Agreement shall not be deemed a waiver of any subsequent default.

4.2 Unless otherwise provided in the Scope of Services, the Consultant shall be responsible for all expenses related to the Services provided pursuant to this Agreement including, but not limited to, travel, copying and facsimile charges, telephone, internet and email charges. If additional services, trips or expenses are requested, Consultant will not provide such additional services until authorized by Town in writing to proceed. The Scope of Services shall be strictly limited. Town shall not be required to pay any amount in excess of the amount identified in the preceding paragraph unless Town shall have approved in writing in advance (prior to the performance of additional work) the payment of additional amounts.

4.3 The hourly rates set forth in the Scope of Services, if any, shall remain in effect during the term of this Agreement. Any changes to established hourly rates shall require the prior written consent of the Town.

4.4 Consultant shall keep accurate records of its Services and expenses incurred in the performance of this Agreement and shall make the same available to Town for inspection and copying upon five (5) days notice thereof. These records shall be kept by Consultant for two (2) years following the expiration of this Agreement.

Article V
Devotion of Time; Personnel; and Equipment

5.1 The Consultant shall devote such time as reasonably necessary for the satisfactory performance of the Services under this Agreement. Should the Town require additional services not included under this Agreement, the Consultant shall make reasonable effort to provide such additional services within the time schedule without decreasing the effectiveness of the performance of services required under this Agreement, and shall be compensated for such additional services on a time and materials basis, in accordance with Consultant's standard hourly rate schedule, or as otherwise agreed between the Parties. When Consultant is directed to revise or expand the Scope of Services under this Section of the Agreement, Consultant shall provide Town a written proposal for the entire costs involved in performing such additional services. Prior to Consultant undertaking any revised or expanded services as directed by Town under this Agreement, Town must authorize in writing the nature and scope of such services and accept the method and amount of compensation and the time involved in all phases of the Project. It is expressly understood and agreed by Consultant that any compensation not specified in Article IV herein above may require Highland Park Town Council approval and is subject to the current budget year limitations.

5.2 To the extent reasonably necessary for the Consultant to perform the Services under this Agreement, the Consultant shall be authorized to engage the services of any agents, assistants, persons, or corporations that the Consultant may deem proper to aid or assist in the performance of the Services under this Agreement. The Consultant shall provide written notice to and obtain written approval from the Town prior to engaging services not referenced in the Scope of Services. The cost of such personnel and assistance shall be included as part of the total compensation to be paid Consultant hereunder, and shall not otherwise be reimbursed by the Town unless otherwise provided herein.

5.3 The Consultant shall furnish the facilities, equipment and personnel necessary to perform the Services required under this Agreement unless otherwise provided herein.

5.4 The Town may require that Consultant submit monthly progress reports and attend monthly progress meetings scheduled by the Town or more frequently as may be required by the Town from time to time based upon Project demands. Each progress report shall detail the work accomplished and special problems or delays experienced on the Project during the previous report period, and the planned work activities and special problems or delays anticipated for the next report period.

Article VI
Miscellaneous

6.1 Entire Agreement. This Agreement constitutes the sole and only agreement between the Parties and supersedes any prior understandings written or oral agreements between the Parties with respect to this subject matter.

6.2 Assignment. The Consultant may not assign this Agreement without the prior written consent of Town. In the event of an assignment by the Consultant to which the Town has consented, the assignee shall agree in writing with the Town to personally assume, perform, and be bound by all the covenants and obligations contained in this Agreement.

6.3 Successors and Assigns. Subject to the provisions regarding assignment, this Agreement shall be binding on and inure to the benefit of the Parties to it and their respective heirs, executors, administrators, legal representatives, successors and assigns.

6.4 Governing Law and Venue. The Agreement is entered into subject to the Town Charter and ordinances of the Town, as same may be amended from time to time, and is subject to and is to be construed, governed and enforced under all applicable State of Texas and federal laws. Consultant will make any and all reports required per federal, state or local law including, but not limited to, proper reporting to the Internal Revenue Service, as required in accordance with Consultant's income. Situs of this Agreement is agreed to be Dallas County, Texas, for all purposes, including performance and execution. The parties to this Agreement agree and covenant that this Agreement will be enforceable in Highland Park, Texas; and that if legal action is necessary to enforce this Agreement, exclusive venue will lie in Dallas County, Texas.

6.5 Amendments. This Agreement may be amended by the mutual written agreement of the Parties.

6.6 Severability. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in it.

6.7 Independent Contractor. It is understood and agreed by and between the Parties that the Consultant, in satisfying the conditions of this Agreement, is acting independently, and that the Town assumes no responsibility or liabilities to any third party in connection with these actions. All Services to be performed by Consultant pursuant to this Agreement shall be in the capacity of an independent contractor, and not as an agent or employee of the Town. Consultant will have exclusive control of and the exclusive right to control the details of the work performed hereunder, and shall be liable for the acts and omissions of its officers, agents, employees, contractors, subcontractors and engineers and the doctrine of respondeat superior shall not apply as between Town and Consultant, its officers, agents, employees, contractors, subcontractors and engineers, and nothing herein shall be construed as creating a partnership or joint enterprise between Town and Consultant.

6.8 Right-of-Access. The Consultant shall not enter onto private property without lawful right-of-access to perform the required surveys, or other necessary investigations. The Consultant will take reasonable precautions to minimize damage to the private and public property in the performance of such surveys and investigations. Any right-of-access to public or private property shall be obtained in accordance with the Scope of Services.

6.9 Notice. Any notice required or permitted to be delivered hereunder may be sent by first class mail, courier, or by confirmed telefax or facsimile to the address specified below, or to such other Party or address as either Party may designate in writing, and shall be deemed received three (3) days after delivery or on the day actually received if sent by courier or otherwise hand delivered:

If intended for Town:

Town Administrator
Town of Highland Park, Texas
4700 Drexel Drive
Highland Park, Texas 75205

w/ a copy to:

Susan Thomas
Town Attorney
6371 Preston Rd., Suite 200
Frisco, Texas 75034

If intended for Consultant:

Oscar Michael Garza, PE, PTOE, PTP, RSP$_1$
President & CEO
7800 W Interstate 10, Suite 830
San Antonio, Texas 78230

6.10 Insurance. Before commencing work, Consultant shall, at its own expense, procure, pay for and shall maintain during the term of this Agreement insurance in accordance with the requirements set forth in , **Exhibit "C"**, entitled "Insurance Requirements", and written by companies approved by the state of Texas and acceptable to the Town. Consultant shall furnish to the Town certificates of insurance executed by the insurer or its authorized agent stating coverages, limits, expiration dates and compliance with all applicable required provisions. Certificates shall reference the Project and be provided to the Town.

6.11 **Indemnification. CONSULTANT DOES HEREBY COVENANT AND CONTRACT TO WAIVE ANY AND ALL CLAIMS, RELEASE, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE TOWN, ITS TOWN COUNCIL, OFFICERS, EMPLOYEES, AND AGENTS, IN BOTH THEIR PUBLIC AND PRIVATE CAPACITIES, FROM AND AGAINST ALL LIABILITY, CAUSES OF ACTION, CITATIONS, CLAIMS, COSTS, DAMAGES, DEMANDS, EXPENSES, FINES, JUDGMENTS, LOSSES, PENALTIES OR SUITS, WHICH IN ANY WAY ARISE OUT OF, RELATE TO, ARE CAUSED BY OR RESULT FROM CONSULTANT'S PERFORMANCE UNDER THIS AGREEMENT OR WHICH ARE CAUSED BY INTENTIONAL WRONGFUL ACTS OR NEGLIGENT ACTS OR OMISSIONS OF CONSULTANT, ITS SUBCONTRACTORS, ANY OFFICERS, AGENTS OR EMPLOYEES OF EITHER CONSULTANT OR ITS SUBCONTRACTORS, AND ANY OTHER THIRD PARTIES FOR WHOM OR WHICH CONSULTANT IS LEGALLY RESPONSIBLE (THE "INDEMNIFIED ITEMS") THE NEGLIGENCE, INTENTIONAL TORT, INTELLECTUAL PROPERTY INFRINGEMENT, OR FAILURE TO PAY A SUBCONTRACTOR OR SUPPLIER**

COMMITTED BY CONSULTANT, ITS AGENT, ITS CONSULTANT UNDER CONTRACT, OR ANY OTHER ENTITY OVER WHICH THE CONSULTANT EXERCISES CONTROL SUBJECT TO THE LIMITATIONS IN TEXAS LOCAL GOVERNMENT CODE § 271.904 AND TEXAS CIVIL PRACTICE AND REMEDIES CODE, § 130.002 (B).

BY WAY OF EXAMPLE, THE INDEMNIFIED ITEMS MAY INCLUDE PERSONAL INJURY AND DEATH CLAIMS AND PROPERTY DAMAGE CLAIMS, INCLUDING THOSE FOR LOSS OF USE OF PROPERTY.

INDEMNIFIED ITEMS SHALL INCLUDE ATTORNEYS' FEES AND COSTS, COURT COSTS, AND SETTLEMENT COSTS. INDEMNIFIED ITEMS SHALL ALSO INCLUDE ANY EXPENSES, INCLUDING ATTORNEYS' FEES AND EXPENSES, INCURRED BY AN INDEMNIFIED INDIVIDUAL OR ENTITY IN ATTEMPTING TO ENFORCE THIS INDEMNITY.

IN ITS SOLE DISCRETION, THE TOWN SHALL HAVE THE RIGHT TO APPROVE COUNSEL TO BE RETAINED BY CONSULTANT IN FULFILLING ITS OBLIGATION TO DEFEND AND INDEMNIFY THE TOWN. CONSULTANT SHALL RETAIN TOWN'S APPROVED COUNSEL FOR THE TOWN WITHIN SEVEN (7) BUSINESS DAYS AFTER RECEIVING WRITTEN NOTICE FROM THE TOWN THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF CONSULTANT DOES NOT RETAIN COUNSEL FOR THE TOWN WITHIN THE REQUIRED TIME, THEN THE TOWN SHALL HAVE THE RIGHT TO RETAIN COUNSEL AND THE CONSULTANT SHALL PAY THESE ATTORNEYS' FEES AND EXPENSES. THE TOWN RETAINS THE RIGHT TO PROVIDE AND PAY FOR ANY OR ALL COSTS OF DEFENDING INDEMNIFIED ITEMS, BUT IT SHALL NOT BE REQUIRED TO DO SO.

THE CONSULTANT'S OBLIGATIONS UNDER THIS SECTION SHALL NOT BE LIMITED TO THE LIMITS OF COVERAGE OF INSURANCE MAINTAINED OR REQUIRED TO BE MAINTAINED BY CONSULTANT UNDER THIS AGREEMENT.

THIS INDEMNIFICATION PROVISION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

6.12 Sovereign Immunity. Nothing in the Agreement shall be deemed or construed as a waiver of any immunity or defense that may be available to the Town under the law, including without limitation the doctrine of sovereign immunity or governmental immunity. The Tow expressly reserves all immunities and defenses under the Texas Tor Claims Act and Chapter 271 of the Local Government Code. This Agreement is entered into solely for the purpose of providing goods or services to the Town as authorized by Texas Local Government Code section 271.151 et seq., and nothing herein shall be construed as expanding the Town's waiver of immunity beyond the limited waiver provided by that statute. No term or condition of this Agreement shall be interpreted to create or acknowledge any debt, liability, or obligation of the Town in violation of the Texas Constitution.

6.13 Counterparts. This Agreement may be executed by the Parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of any number of copies hereof each signed by less than all, but together signed by all of the Parties hereto.

6.14 Exhibits. The exhibits attached hereto are incorporated herein and made a part hereof for all purposes.

6.15 Consultant's Liability. Acceptance of the Documents by the Town shall not constitute nor be deemed a release of the responsibility and liability of Consultant, its employees, associates, agents or Consultants for the accuracy and competency of their designs, working drawings, specifications or other documents and work; nor shall such acceptance be deemed an assumption of responsibility by Town for any defect in the designs, working drawings, specifications or other documents and work; nor shall such acceptance be deemed an assumption of responsibility by Town for any defect in the designs, working drawings, specifications or other documents and work prepared by said Consultant, its employees, associates, agents or sub-Consultants.

6.16 Right to Inspect Records. Consultant agrees that Town shall have access to and the right to examine any directly pertinent books, documents, papers and records of Consultant involving transactions relating to this Agreement. Consultant agrees that Town shall have access during normal working hours to all necessary Consultant facilities and shall be provided adequate and appropriate work space in order to conduct audits in compliance with the provisions of this section. Town shall give Consultant reasonable advance notice of intended audits. Consultant further agrees to include in subcontract(s), if any, a provision that any subcontractor or engineer agrees that Town shall have access to and the right to examine any directly pertinent books, documents, papers and records of such engineer or sub-contractor involving transactions to the subcontract, and further, that Town shall have access during normal working hours to all such engineer or sub-contractor facilities and shall be provided adequate and appropriate work space, in order to conduct audits in compliance with the provisions of the paragraph. Town shall give any such engineer or sub-contractor reasonable advance notice of intended audits.

6.17 Default/Termination. If at any time during the term of this Agreement, Consultant shall fail to commence the work in accordance with the provisions of this Agreement or fail to diligently provide Services in an efficient, timely and careful manner and in strict accordance with the provisions of this Agreement or fail to use an adequate number or quality of personnel to complete the work or fail to perform any of its obligations under this Agreement in accordance with its terms, including without limitation the Scope of Services and/or the Project Schedule, then Town shall have the right, if Consultant shall not cure any such default after ten (10) days days written notice thereof, to terminate this Agreement on the eleventh (11^{th}) day following the date of Town's written notice of default. Any such act by Town shall not be deemed a waiver of any other right or remedy of Town.

6.18 Termination Without Cause. In addition to termination for default as set forth in Section 6.17 of this Agreement, the Town may terminate this Agreement at any time by Town without cause by providing Consultant thirty (30) days written notice of such termination.

6.19 Payment Obligations Upon Termination. Upon receipt of termination notice under either Section 6.18 or Section 6.19, Consultant shall immediately terminate working on, placing orders or entering into contracts for supplies, assistance, facilities or materials in connection with this Agreement and shall proceed to promptly cancel all existing contracts insofar as they are related to this Agreement. Upon termination, Town shall pay all money owed to Consultant based upon tasks satisfactorily completed as of the date of notice of termination. If Consultant has not met one or more percentage benchmarks as identified in **Exhibit "B", "Project Schedule"**, Consultant shall submit an invoice containing an itemized list of tasks performed with the associated hourly fee. In no event shall individual fees or the cost of such itemized list exceed the Lump Sum payment for the specific service provided by Consultant as listed in **Exhibit "D", "Fee Schedule"**. Consultant shall be entitled to compensation for any Services completed to the reasonable satisfaction of the Town in accordance with this Agreement prior to such termination.

In addition to the foregoing, If after exercising any such remedy due to Consultant's nonperformance under this Agreement, the cost to Town to complete the work to be performed under this Agreement is in excess of that part of the Agreement sum which has not theretofore been paid to Consultant hereunder, Consultant shall be liable for and shall reimburse Town for such excess. Town's remedies for Consultant's default or breach under this Agreement shall include monetary damages as allowed by law, re-performance of this Agreement at no extra charge to Town, or equitable remedies, including without limitation specific performance of this

Agreement. Notwithstanding the foregoing, damages shall be limited to actual damages. Consequential damages and exemplary damages are not recoverable as a remedy.

6.20 Dispute Resolution/Mediation. The parties may resolve/mediate any controversy, claim or dispute arising out of or relating to the interpretation or performance of this Agreement, or breach thereof, by voluntary mediation to be conducted by a mutually acceptable mediator.

6.21 Confidential Information. Consultant hereby acknowledges and agrees that its representatives may have access to or otherwise receive information during the furtherance of its obligations in accordance with this Agreement, which is of a confidential, non-public or proprietary nature. Consultant shall treat any such information received in full confidence and will not disclose or appropriate such Confidential Information for its own use or the use of any third party at any time during or subsequent to this Agreement. As used herein, "Confidential Information" means all oral and written information concerning Town, its affiliates and subsidiaries, and all oral and written information concerning Town or its activities, that is of a non-public, proprietary or confidential nature including, without limitation, information pertaining to customer lists, services, methods, processes and operating procedures, together with all analyses, compilation, studies or other documents, whether prepared by Consultant or others, which contain or otherwise reflect such information. The term "Confidential Information" shall not include such materials that are or become generally available to the public other than as a result of disclosure of Consultant, or are required to be disclosed by a governmental authority.

6.22 Conflict of Interest. Consultant covenants and agrees that Consultant and its associates and employees will have no interest, and will acquire no interest, either direct or indirect, which will conflict in any manner with the performance of the Services called for under this Agreement. All activities, investigations and other efforts made by Consultant pursuant to this Agreement will be conducted by employees, associates or subcontractors of Consultant. Consultant agrees that it is further aware of the vendor disclosure requirements set forth in Chapter 176, Local Government Code, as amended, and will abide by the same. In this connection, a lawful representative of Consultant shall execute the Conflict of Interest Questionnaire, Form CIQ.

6.23 No Third Party Beneficiary. For purposes of this Agreement, including its intended operation and effect, the parties (Town and Consultant) specifically agree and contract that: (1) the Agreement only affects matters/disputes between the parties to this Agreement, and is in no way intended by the parties to benefit or otherwise affect any third person or entity notwithstanding the fact that such third person or entity may be in contractual relationship with Town or Consultant or both; and (2) the terms of this Agreement are not intended to release, either by contract or operation of law, any third person or entity from obligations owing by them to either Town or Consultant.

6.24 Appropriation of Funds. All obligations of the Town under this agreement are subject to the availability and appropriation of funds by the Town Council each fiscal year. Town obligations hereunder shall not create a debt under Article XI, Sections 5 or 7 of the Texas Constitution.

6.25 Statutory Compliance.

A. Anti-Boycott Verification. The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. The foregoing verification is made pursuant to Section 2271.002, Texas Government Code. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section, “Anti-Boycott Verification,” shall survive termination of this Agreement until the statute of limitations has run.

B. Iran, Sudan and Foreign Terrorist Organizations. The Owner represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code. The foregoing representation is made pursuant to Section 2252.152, Texas Government Code, and excludes the Owner and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Owner understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section, “Iran, Sudan and Foreign Terrorist Organizations,” shall survive termination of the Agreement until the statute of limitations has run.

C. Verifications Pursuant to Chapter 2276, Texas Government Code. The Owner hereby verifies that it and its parent companies, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made pursuant to Section 2276.002, Texas Government Code, as amended. As used in the foregoing verification, “boycott energy companies” shall have the meaning assigned to the term “boycott energy company” in Section 809.001, Texas Government Code. The Owner understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section, “Verifications Pursuant to Chapter 2276, Texas Government Code,” shall survive termination of the Agreement until the statute of limitations has run

D. Verification Pursuant to Chapter 2274, Texas Government Code. The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any:

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association during the term of this Agreement.

The foregoing verification is made pursuant to Section 2274.002, Texas Government Code, as amended. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code, "firearm entity" shall have the meaning assigned to such term in Section 2774.001(6), Texas Government Code, and "firearm trade association" shall have the meaning assigned to such term in Section 2274.001(7), Texas Government Code. The Owner understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section, Verification Pursuant to Chapter 2274, Texas Government Code", shall survive termination of the Agreement until the statute of limitations has run.

E. Form 1295. Submitted herewith is a completed Form 1295 generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The City hereby confirms receipt of the Form 1295 from the Owner, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Parties understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Owner; and, neither the City nor its consultants have verified such information.

(Signature Page to Follow)

EXECUTED this _______ day of ____________________, 20__.

TOWN OF HIGHLAND PARK, TEXAS

By: ______________________________
Tobin Maples, Town Administrator

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, THE UNDERSIGNED AUTHORITY, A NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS, ON THIS DAY PERSONALLY APPEARED **TOBIN MAPLES** KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSE AND CONSIDERATION EXPRESSED, AND IN THE CAPACITY THEREIN STATED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____ DAY OF ____________________, 20__.

____
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS
My commission expires: ___________________________

EXECUTED this _______ day of ____________________, 20__.

CONSULTANT

LEGACY ENGINEERING GROUP, PLLC

By: ___________________________________

Name: Oscar Michael Garza, PE, PTOE, PTP, RSP1

Title: President & CEO

STATE OF TEXAS

COUNTY OF ______________

BEFORE ME, THE UNDERSIGNED AUTHORITY, A NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS, ON THIS DAY PERSONALLY APPEARED _______________________________ KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSE AND CONSIDERATION EXPRESSED, AND IN THE CAPACITY THEREIN STATED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____ DAY OF ____________________, 20__.

____

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS
My commission expires: ___________________________

EXHIBIT "A"
SCOPE OF SERVICES

EXHIBIT A
SCOPE OF SERVICES

TOWN OF HIGHLAND PARK (the "TOWN") is proposing to reconstruct **Douglas Avenue** and associated utilities from the south town limits to Arcady Avenue within the Town of Highland Park, TX. The work to be performed under this work authorization by **Legacy Engineering Group, PLLC** ("CONSULTANT") will consist of the preparation of Plans, Specifications, and Estimate ("PS&E") and Bid Phase Services.

1.0 PROJECT ADMINISTRATION AND COORDINATION SERVICES

The CONSULTANT will be responsible for project oversight and the daily management of the project. Frequent and appropriate communications will be maintained between the CONSULTANT and TOWN in an effort to expedite completion of the PS&E package accordingly.

Project Administration Services will include the following:

1.1 Prior to the Project Kick-Off Meeting, the CONSULTANT will designate in writing, one (1) Professional Engineer licensed to practice in the State of Texas to be the Project Manager throughout the duration of the project for project management and all communications, including billing. The CONSULTANT will not replace the designated Project Manager without the written approval of TOWN;

1.2 The CONSULTANT will submit to TOWN its invoices of services completed and compensation due, arranged by tasks. The CONSULTANT will show the budgeted and currently authorized amounts for each task, along with the invoiced and to-date amounts. The invoice must be submitted to TOWN by the 10th calendar day of each month;

1.3 Each month, and included with the submission of each invoice, the CONSULTANT will submit a monthly report of the status of work performed through the end of the previous month. The CONSULTANT will summarize decisions or agreements made, and will outline unresolved or pending issues requiring TOWN's involvement or decision;

Project Coordination Services will include the following:

1.4 The CONSULTANT will attend a Project Kick-Off Meeting with TOWN. The CONSULTANT will prepare and distribute meeting minutes within three (3) business days of the meeting; and

1.5 The CONSULTANT will attend a Comment Resolution Meeting after the 60 percent submittal to discuss review comments. The CONSULTANT will respond in writing to reviewer comments. Responses will include explanations for any items in disagreement. The CONSULTANT will prepare and distribute meeting minutes within three (3) business days of each meeting.

2.0 PROJECT DESIGN CRITERIA

The Project Design Criteria will be as follows:

2.1 All engineering documents released, issued, or submitted by or for a registered engineering firm, including preliminary documents, must clearly indicate the engineering firm name and number. Additionally, all completed documents submitted for final approval or issuance or a permit must bear the seal with signature and date adjacent thereto of a Professional Engineer licensed to practice in the State of Texas;

2.2 The design standards to be used will include but not be limited to the American Association of State Highway and Transportation Officials (AASHTO) A Policy on Geometric Design of Highways and Streets (Green Book), Texas Manual on Uniform Traffic Control Devices, ADA Accessibility Guidelines, Texas Pollutant Discharge Elimination System (TPDES) Guidelines, and applicable TOWN Design Standards/Guidelines; and

2.3 Project specifications will be developed utilizing the latest edition of the North Central Texas Council of Governments (NCTOG) Public Works Construction Standard Specifications and Standard Drawings Handbook.

3.0 SURVEYING SERVICES (SEE ATTACHED)

4.0 GEOTECHNICAL SERVICES (SEE ATTACHED)

5.0 TRAFFIC CONTROL PLAN SERVICES

5.1 The CONSULTANT will prepare Advance Warning Sign Layouts depicting the overall project area including side streets. The sheets will locate the advance warning signs that will be in place throughout the construction process;

5.2 The CONSULTANT will prepare TCP Typical Sections for each Phase of construction as required;

5.3 The CONSULTANT will prepare a Sequence of Work Narrative and submit to TOWN for review and incorporation into the plans. The narrative will include a phase-by-phase, step-by-step written account of the proposed activities throughout the construction process. This is intended to be a narrative account of the proposed activities shown in the TCP;

5.4 The CONSULTANT will obtain the most current applicable standards for inclusion in all plan submittals. Standards that require modification will be modified and sealed by a Professional Engineer licensed by the State of Texas. All standards will have the title blocks filled out with the applicable data;

5.5 The CONSULTANT will develop a P6 Project schedule to indicate the critical path; and

5.6 The CONSULTANT will calculate quantities for all items and prepare a quantity Summary Sheet.

6.0 ROADWAY DESIGN SERVICES

The tasks performed for the roadway design will include, but are not limited to the following:

6.1 The CONSULTANT will prepare a Title Sheet which will include pertinent project information;

6.2 The CONSULTANT will prepare a detailed Index of Sheets that shows each sheet's location.

6.3 The CONSULTANT will prepare any required special specifications or special provisions and identify the applicable general notes;

6.4 The CONSULTANT will calculate quantities for all items and prepare a quantity Summary Sheet.

6.5 The CONSULTANT will develop preliminary existing and proposed roadway typical sections for review and approval by the TOWN;

6.8 The CONSULTANT will prepare Removal Plan Sheets at a scale of 1"=50' that designate all existing project elements to be removed, salvaged, and/or replaced accordingly;

6.9 The CONSULTANT will develop Roadway Plan & Profile Sheets at a scale of 1"=50'. The sheets will include stations, horizontal/vertical alignment data, property information, driveway tables, landscaping details, and any other items required for the complete construction of the Project;

6.10 The CONSULTANT will prepare a proposed grading layout at intersection locations and cross-sections every 100 LF as well as at all driveway tie-in locations;

6.11 The CONSULTANT will obtain the most current applicable standards for inclusion in all plan submittals. Standards that require modification will be modified and sealed by a Professional Engineer licensed by the State of Texas. All standards will have the title blocks filled out with the applicable project data; and

6.12 The CONSULTANT will prepare an Opinion of Probable Construction Cost utilizing calculated quantities and average unit prices as appropriate based on the judgment of the CONSULTANT.

7.0 DRAINAGE DESIGN SERVICES

The tasks performed for the roadway design will include, but are not limited to the following:

7.1 The CONSULTANT will prepare an existing drainage area map for inclusion within the plans;

7.2 The CONSULTANT will calculate the anticipated storm runoff "Q" value based on the rational method calculation and include the values within the plans;

7.3 The CONSULTANT will prepare plan sheets and details for curb inlet modifications at the intersection of Douglas Ave and Armstrong Pkwy;

7.4 The CONSULTANT will obtain the most current applicable standards for inclusion in all plan submittals. Standards that require modification will be modified and sealed by a Professional Engineer licensed by the State of Texas. All standards will have the title blocks filled out with the applicable project data; and

7.5 The CONSULTANT will calculate quantities for all items and prepare a quantity Summary Sheet.

8.0 PAVEMENT MARKINGS SERVICES

The tasks performed for pavement marking design will include, but are not limited to the following:

8.1 The CONSULTANT will analyze design pavement markings to be shown on the roadway plan and profile sheets. Striping will be in accordance with the latest version of the TMUTCD standards;

8.2 The CONSULTANT will select the most current applicable standards for inclusion in all plan submittals. Standards that require modification will be modified and sealed by a Professional Engineer licensed by the State of Texas. All standards will have the title blocks filled out with the applicable data; and

8.3 The CONSULTANT will calculate quantities for all items and prepare a quantity Summary Sheet.

EXCLUSIONS
Signing is not included in this Scope of Services. If signing design, analysis, modifications, or related services are required, they shall be provided under a separate scope. The CONSULTANT assumes no responsibility for signing services under this agreement.

9.0 EROSION CONTROL, TREE, AND LANDSCAPING PLAN SERVICES

The tasks performed for the Erosion Control, Tree, and Landscaping Plan will include, but are not limited to the following:

9.1 The CONSULTANT will develop a Storm Water Pollution Prevention Plan (SW3P) that will include information such as the project description, project location, and indicate SW3P structural practices to be provided along the Project. The SW3P will be prepared for the length of the Project;

9.2 The CONSULTANT will prepare Erosion Control Layouts to include the necessary controls to minimize the runoff of sediment during construction. The layouts will include permanent storm water features as appropriate. The erosion control measures will be prepared and designed in accordance with the proposed phasing of construction. The layouts will be at a scale of 1"=50' double stacked;

9.3 The CONSULTANT will include details on trees and landscaping to be protected during construction, as well as proposed elements to be included in the project as deemed necessary by the TOWN;

9.4 The CONSULTANT will obtain the most current applicable standards for inclusion in all plan submittals. Standards that require modification will be modified and sealed by a Professional Engineer licensed by the State of Texas. All standards will have the title blocks filled out with the applicable project data; and

9.5 The CONSULTANT will calculate quantities for all items and prepare a quantity Summary Sheet.

10.0 UTILITY COORDINATION SERVICES

10.1 The CONSULTANT will gather utility location information using available records from known local utilities in the area as well as Texas One-Call locates provided by survey;

10.2 The CONSULTANT will correlate the record information with proposed design elements to determine any potential conflicts;

10.3 The CONSULTANT will develop a Utility Master File to be included in the Plan and Profile Sheets; and

10.4 The CONSULTANT adjust design elements to avoid utility conflicts as much as physically possible.

EXCLUSIONS
Utility coordination meetings and a utility conflict matrix are not included in this Scope of Services. Field verification of existing utilities, including but not limited to test holes and confirmation of horizontal and vertical locations, shall be performed by the Contractor. The CONSULTANT shall not be responsible for utility field verification or for discrepancies between record information and actual field conditions.

11.0 UTILITY DESIGN SERVICES (SEE ATTACHED)

12.0 SUBMITTAL REQUIREMENTS

Project Design Services Submittals will include the following:

12.1 Submittal and Review Meetings:

a. A Draft (70%) and Final (100%) submittal will be required; and

b. The CONSULTANT will attend a Draft (70%) Submittal Review Meeting with the TOWN.

12.2 Draft (70%) Submittal:

I. Title Sheet;
II. Index of Sheets;
III. General Notes;
IV. Project Layout Sheet;
V. Survey Control Sheet
VI. Existing & Proposed Typical Sections;
VII. Summary Sheets;
VIII. TCP Sequence of Work;
IX. TCP Standards;
X. Removal Plan Sheets;
XI. Roadway Plan & Profile Sheets;
XII. Intersection Grading Sheets;
XIII. Roadway Details/Standards;
XIV. Drainage Area Map/Calculations;
XV. Inlet Modification Design Sheets;
XVI. Drainage Details/Standards;
XVII. Erosion Control, Tree, and Landscaping Plan Sheets;
XVIII. 100 LF Cross-Sections;
XIX. Water / Sewer Design Layouts and Standards;
XX. Opinion of Probable Construction Cost;
XXI. Geotech / Pavement Design Report; and
XXII. All DGN/CAD Files

c. The CONSULTANT will provide an electronic copy of the Draft (70%) Project Manual

12.3 Final (100%) Submittal:

a. A Final (100%) submittal will include the previously outlined items as well as the following.
   I. Four (4) original signed (electronic signatures allowed) and sealed 11”x17” tabloid paper sets of the Final Construction Drawings; and
   II. An electronic copy of all files, including PDFs of the 100% submittal documents.

BID PHASE SERVICES

Bid Phase Services will include the following:

The CONSULTANT will post the plans on CIVCAST and set-up a Pre-Bid Meeting on Teams (online). The bid opening will be conducted automatically via CIVCAST and the CONSULTANT will share the data with the TOWN. The bid will be based on Best Value and not price alone. The TOWN will provide the CONSULTANT with criteria that the contractors/bid will be rated on and the CONSULTANT will assist with specific questions for ratings as applicable.

The CONSULTANT will prepare a bid tabulation, analyze Contractor bids, check references and provide a Recommendation to Award to the apparent lowest responsive responsible bidder within five (5) business days of receiving the bid documents from the TOWN; and

The CONSULTANT will furnish a set of Final Construction Contract Documents including plan sheets, Project Manual and Storm Water Pollution Prevention Plan to the awarded Contractor.

Lina T. Ramey
& Associates, Inc.

Engineering
Surveying
Mobile Mapping
Subsurface Utility Engineering
Construction Management

3 Febuary 2026

Michael Garza, PE, PTOE, PTP, RSP
Legacy Engineering Group

RE: Town of Highland Park Douglas Avenue Survey

Mr. Garza,

Thank you for the opportunity to assist you with your project in The Town of Highland Park. Below is our Scope of Services based on our understanding of the project and the information you have provided:

SCOPE:

-Conduct field surveys to collect visible topographic data within the existing apparent ROW of Douglas Avenue for the 0.35 mile length; includes 30 feet outside Douglas Avenue ROW at all intersecting streets
-collected features shall include roadway pavement, curb/gutter, sidewalks, signs, overhead wires, trees/shrubbery, light poles, traffic signals, visible utilities, paint markings
-collect flowline elevations/pipe sizes at sewer and storm manholes/inlets and top nut at water valves
-set survey control monuments throughout project corridor
-prepare MicroStation OpenRoads CAD file and .csv file
-project data will be based on TxDOT survey standards (NAD83 and NAVD88) utilizing the Leica RTK SmartNet.

LUMP SUM FEE: $35,280.00

ASSUMPTIONS:

Commence no later than 5 days upon receiving written Notice to Proceed, weather permitting
Final Data Delivery estimated submittal 5 weeks after commencing activity, weather permitting
No Property/Ownership Research to be conducted
No Right of Way plans to be prepared; apparent existing ROW based on found evidence
No lane closures anticipated
No SUE survey

Let me know if you have any questions.

Respectfully,

Christopher R. Freeman, RPLS
Survey Program Manager
cfreeman@ltraengineers.com
214-979-1144 (office)

HVJ ASSOCIATES®

8701 John Carpenter Freeway, Suite 250
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214.678.0227 Ph
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www.hvj.com

February 4, 2026

Eric Hernandez, PE
Legacy Engineering Group
7800 W. Interstate 10, Suite 830
San Antonio, Texas 78230-4750

Re: Geotechnical Investigation
Town of Highland Park Douglas Ave Reconstruction Pavement Design
Town of Highland Park, Texas
Owner: Town of Highland Park
HVJ Associates® Proposal No. DGT-26-0038 (Revision 1)

Dear Mr. Eric:

HVJ Associates® (HVJ) is pleased to submit this letter to provide a geotechnical study for the above-mentioned project. This letter outlines our understanding of the scope of the project and presents our approach and our fees for providing the study.

Project Background

Based on information provided by the client, we understand that the project involves roadway reconstruction, and water and wastewater replacement along Douglas Avenue in Town of Highland Park, Texas. The project limits are from the intersection of Hawthorne Ave and Arcady Ave to Douglas Avenue. The project length is about 1850 linear feet.

The purpose of our study will be to provide geotechnical recommendations for the design & construction of pavements, pavement section recommendations, and associated water/wastewater replacement guidelines in general accordance with the requirements of the Town of Highland Park standards.

Scope of Work

We propose three (3) pavement borings along the proposed alignment with 10 feet depth.

Our field exploration will include:

a. Field locate the borings using a handheld GPS unit with a horizontal accuracy of about 15 feet. Elevations will be interpolated from civil drawings or referenced from published topographical maps. Survey (horizontal and vertical) boring locations and provide the information to HVJ if that degree of accuracy is required.

b. Texas One Call System and a private utility locator will be used to locate any buried utilities in the vicinity of the proposed boring locations.

c. Mobilize a truck-mounted drilling rig to drill and sample three borings to depths of 10 feet below existing grade. Traffic control service will be required to drill all borings.

d. The borings will be sampled continuously to 10 feet. Shelby tube samples will be obtained in cohesive soils, and split spoon samples will be performed in cohesionless soils. When bedrock is encountered it, it won't be cored, and bedrock sample will be collected from auger cuttings.

e. When bedrock is encountered, Texas Cone Penetrometer (TCP) tests will be performed to evaluate the hardness of the bedrock. These tests will be performed in general accordance with TxDOT test method Tex-132-E.

f. Measure the depth of groundwater at each boring at the time of drilling and prior to backfilling.

g. Backfill boreholes with bentonite chips. Spider plugs will be used at depths of 3 feet and 5 feet.

h. The surface will be patched with cold patch asphalt or low-shrink fast setting concrete mix to match with the existing pavement.

Laboratory testing will be conducted on selected samples that are representative of the materials obtained during the field exploration. The tests will be used to evaluate and classify the soils and identify subsurface site characteristics.

Laboratory testing of representative soil samples will be performed to determine physical and engineering properties of the soil. The laboratory testing may include the following:

- Moisture Content
- Atterberg Limits
- Percent Passing #200 Sieve
- Lime Series (PI)
- Sulfate Testing

Upon completion of the field exploration, laboratory testing, and engineering analyses, we will prepare a geotechnical pavement report after reviewing available structural, geological, borings, and laboratory data. In general, the following items will be included in our report:

- Site vicinity map,
- Plan of borings,
- Table of laboratory results,
- Boring logs,
- Site Geology,
- Generalized subsurface conditions,
- Groundwater level observations,

- Pavement section and pavement subgrade recommendations in general accordance with the requirements of the Town of Highland Park and/or NCTCOG standards,
- Earthwork recommendations, and
- Construction considerations.

Schedule

HVJ Associates® expects to complete this assignment in approximately 8 to 10 weeks following receipt of a written notice to proceed and all the right of entries required to complete the field work. It should be noted that our ability to access the site and perform field exploration may be impacted by precipitation, excessive temperatures, or other climatic conditions. If weather conditions and site access permits, our field activities the following is our estimated schedule:

Description	Anticipated Completion from Notice to Proceed
Field Work (Marking boring locations, clearing utilities, obtaining site access, coordination, and completing drilling)	2-4 weeks
Laboratory Testing	5-8 weeks
Draft Geotechnical-Pavement Engineering Report Preparation	8-10 weeks
Final Geotechnical Engineering Report	1-2 weeks after receiving comments

A draft report will be submitted for review by LEG. After approval of HVJ Associates'® draft report, a final report of the study will be submitted. Additional revisions and/or supplements to the report following approval may be considered additional services.

Fee and Conditions

Based on the scope of work outlined, the fee for our services is provided below.

Category	Fee
Field Investigation	$6,885.00
Laboratory Testing	$1,125.00
Engineering Analyses, Pavement Design, and Geotechnical-Pavement Report	$4,260.00
Total Lump Sum Fee	**$12,270.00**

Our accounting procedures call for the submittal of invoices on a month-end basis or at the conclusion of the project should its duration last less than a month. Our credit terms are net 30 days. Generally, our invoicing can be expected to follow our schedule as follows:

• Completion of Field Work (or monthly):	up to 60% Fees
• Completion of Lab Work:	up to 80% Fees
• Engineering & Draft Report	up to 95% Fees
• Final Report Submitted:	up to 100% Fees

The following assumptions were made in preparing this letter:

- No known contamination exists at the site and standard geotechnical drilling and sampling is appropriate for the site. If contaminated soil is encountered in the boring, we will inform LEG immediately. Drilling of borings will be terminated, and the boring will be backfilled with bentonite chips.
- Boring locations are accessible to truck-mounted drilling equipment between 8.30AM to 5.00 PM in normal business days. If work needs to be performed at night or on weekends, there will be an additional fee.
- The exact boring locations will be determined by HVJ and approved by LEG.
- HVJ will coordinate with the Town of Highland Park to obtain Right-of-Way (ROW) and lane closure approvals.
- Field survey of the boring locations and elevations is not part of our scope.
- Laboratory samples will be held for no more than a period of 60 days following completion of the final report or 120 days following completion of the draft report, whichever is less.

The scope of services described is appropriate for the project configuration presented to us. If anomalous conditions are encountered, or if the project configuration changes significantly, a change in work scope may be required. HVJ Associates® will recommend such changes when and if it is deemed necessary. No changes will be implemented without prior authorization from LEG.

HVJ Associates® will contact the Texas One Call System, to locate buried utilities. We will take care to minimize damage to existing facilities; however, our activities may result in some damage to vegetation or unidentified existing utilities. This letter specifically excludes any costs associated with restoration of vegetation or repair of utilities damaged by our operations that were not previously identified by Texas One Call or LEG.

If this letter meets with your approval, please provide us a work authorization agreement. HVJ Associates® is pleased to be of service on this project. Please call us if you have any questions or require additional information.

Sincerely,

HVJ NORTH TEXAS - CHELLIAH CONSULTANTS, INC.

Thusha P. Thushanthan, P.E.
Geotechnical Department Manager

PT/BM

TOWN OF HIGHLAND PARK
DOUGLAS AVENUE RECONSTRUCTION
SCOPE OF SERVICES

FEBRUARY 18, 2026

PROJECT UNDERSTANDING

Legacy Engineering (Client) has been selected by the Town of Highland Park, Texas, for the design of the street reconstruction of Douglas Avenue. The roadway limits are understood to be from the southern city limits (approximately 150 feet north of the intersection with Hawthorne Avenue) to Arcady Avenue. As a subconsultant to Legacy, Lochner will provide water and wastewater design services. The water and wastewater design scope provided by the city includes the following:

- Approximately 1,160 linear feet of 6" water main to be upsized to 8" from the city limits to 200 feet south of the intersection with Bordeaux Avenue
- Approximately 222 linear feet of 8" wastewater main to be rehabilitated using pipe-bursting technology from 400 feet north of the city limits to Armstrong Avenue

Lochner understands that the schedule is compressed. There will be a 70% submittal and then the design will proceed to final design. The water main and wastewater improvements will be joint bid with the roadway reconstruction. The City has requested that the water mains be pipe burst – no new alignment selection is required. This scope and associated level of effort is based on the example plans for the 2024 Alley Rehabilitation project.

SCOPE

A. 70% Design Phase

1. Project Administration – This task includes routine communication with Client; managing manpower, budgets, and schedules; and invoicing.

2. Meeting with Owner and Client – Meet with Owner for project kickoff to review Scope and any anticipated issues. This meeting is assumed to be virtual.

3. Review Surveys, Maps, As-Builts – Review documents depicting the existing water and wastewater infrastructure provided by Owner. Review topographic survey (provided by others) and compare to record information. Review CCTV to locate services and point repairs (if any) in segment of wastewater pipe to be rehabilitated by CIPP.

4. Walk Project – Lochner will visit the site to walk the project and assess existing conditions that are visible.

5. Prepare Plan Sheets – Prepare General Notes, Details, and Quantity sheets for the Lochner scope. Lochner will prepare plan sheets only (no profiles) for the water and wastewater mains. Existing utilities will be shown where information was found to be

available and based on field mark-outs of utilities picked up by the survey. Lochner anticipates there will be three (3) water plan sheets and one (1) sewer plan sheet.

6. Prepare Opinion of Probable Construction Cost – Lochner will prepare a construction cost estimate based on the project requirements and pricing on recent similar construction projects.

7. QA/QC – Lochner will conduct QA/QC of the plans and specifications by a senior engineer not involved in the design of the project in accordance with the Lochner standard QA/QC guidelines.

8. Draft Technical Specifications – Lochner will prepare a table of contents to identify standard technical specifications to be used on the project. Lochner will also draft special provisions (if required) to the standard specifications and include them in this phase.

9. Design Submittal – Lochner will prepare and submit plans to Client for submittal to Owner. Plans will be prepared on 11" x 17" sheets at 1" = 40' horizontal scale.

B. 100% Design Phase

1. Project Administration – This task includes routine communication with Client; managing manpower, budgets, and schedules; and invoicing.

2. Attend Design Review Meeting – Lochner will attend a QA/QC meeting with Client and Owner staff to go over the plans and to receive comments/questions. It is assumed that this meeting will occur in person.

3. Prepare Revised Plan Sheets – Revise General Notes, Details, Plans, and Quantity sheets for the project based on Owner comments and on design progression. Lochner will summarize and respond to comments received from Owner at the 70% submittal.

4. Revise Opinion of Probable Construction Cost – Based on changes to the plans and updates, revise the opinion of probable construction cost.

5. QA/QC – Lochner will conduct QA/QC of the plans and specifications by a senior engineer not involved in the design of the project in accordance with the Lochner standard QA/QC guidelines.

6. Revise Technical Specifications – Address comments on the draft technical specifications and submit to Owner for final review.

7. Design Submittal - Lochner will prepare and submit sealed plans and specifications to Client at the 100% design stage. Plan sheets will be prepared on 11" x 17" sheets at 1" = 40' horizontal scale.

C. Bid Phase

1. Project Administration - This task includes routine communication with Client, managing manpower, budgets, and schedules; and invoicing.

2. Finalize Bid Documents – Address final comments or changes required by Owner and submit final signed and sealed plans and specifications to the Client for the project to be distributed to Contractors.

3. Contractor's Questions - Lochner will support Client by providing written interpretation of the intent of plans and specifications related to the water and wastewater improvements to Client for distribution to Bidders.

Schedule

Lochner understands NTP is expected in March with construction award anticipated by September 30, 2025. 70% submittal is expected in May with final design submittal in July. Lochner requires four (4) weeks after completion of the topographic survey to complete the 70% design and QA/QC prior to submittal.

Assumptions

1. Surveying, subsurface utility investigations (SUE), geotechnical investigations, environmental investigations, and archaeological investigations will be performed by others.
2. Traffic control design will be by others as part of the street reconstruction project.
3. Temporary mains required to maintain service during the pipebursting of the water mains shall be by the Contractor as a submittal for review and approval.
4. Water line size shall be as provided by Owner. Required pressure rating for the replacement pipe shall be provided by the Owner.
5. Bypass design shall be by the Contractor as a submittal for review and approval. Lochner will provide the sewer layout in sufficient detail for the contractor to understand potential suction and discharge points.
6. Standard specifications for water and sewer construction prepared by the North Central Texas Council of Governments will be utilized.
7. Additional limits of replacement beyond those identified in this scope are additional services.

8. Work is assumed to be completely within existing right-of-way and no private property access or easement document preparation is included.
9. Lochner’s scope of work will be performed using AutoCAD Civil 3D.
10. The project will be performed in a continuous manner without significant work stoppages or delays.
11. All permitting fees are to be paid by others.
12. No TCEQ permitting is assumed to be required. Preparation of exception requests is not included as requested by the Owner.
13. Pre-bid and bid evaluation will be performed by Client. No attendance or support with pre-bid meeting presentations is included in the scope. Lochner’s involvement in the bid phase is limited to final updates to the plans and specifications based on comments on the 100% submittal from Owner and responses to contractor questions requested of Lochner by Client. No addenda related to Lochner’s scope of work is included in the scope.
14. Construction phase services are not included and will be added as a separate authorization.
15. No public meeting or City Council attendance is included in the scope of work.

EXHIBIT "B"
PROJECT SCHEDULE

TASKS	2026						
	MAR	APR	MAY	JUNE	JULY	AUG	SEPT
DOUGLAS AVE RECONSTRUCTION DESIGN SERVICES							
NOTICE TO PROCEED: MARCH 3, 2026							
FIELD SURVEYING SERVICES (FIELD/PROCESSING)							
GEOTECHNICAL SERVICES (FIELD/REPORT)							
DEVELOP 70% ENGINEERING DESIGN SERVICES							
70% PLANS, SPECIFICATIONS, & ESTIMATE SUBMITTAL							
TOWN REVIEW							
DEVELOP 100% ENGINEERING DESIGN SERVICES							
100% PLANS, SPECIFICATIONS, & ESTIMATE SUBMITTAL							
BID ADVERTISEMENT							
BID OPENING							
CONCTRACTOR SELECTION							
ASSIGNMENT COMPLETION DATE: SEPTEMBER 30, 2026							

TOTAL CALENDAR DAYS: 214

EXHIBIT "C"
TOWN INSURANCE REQUIREMENTS

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 2/06/2026

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	
USI Southwest 9811 Katy Freeway, Suite 500 Houston, TX 77024 713 490-4600	CONTACT NAME: Hartford Service Center PHONE (A/C, No, Ext): 713 490-4600 FAX (A/C, No): 713-490-4700 E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Twin City Fire Insurance Company	29459
INSURER B : Hartford Casualty Insurance Company	29424
INSURER C : Arch Insurance Company	11150
INSURER D : Hartford Accident and Indemnity Co	22357
INSURER E :	
INSURER F :	

INSURED
Legacy Engineering Group,PLLC
7800 IH-10 West Suite 830
San Antonio, TX 78230

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY [X] PRO-JECT LOC OTHER:			61SBABH4338	06/27/2025	06/27/2026	EACH OCCURRENCE	$1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$1,000,000
							MED EXP (Any one person)	$10,000
							PERSONAL & ADV INJURY	$1,000,000
							GENERAL AGGREGATE	$2,000,000
							PRODUCTS - COMP/OP AGG	$2,000,000
								$
D	AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY / SCHEDULED AUTOS X HIRED AUTOS ONLY / X NON-OWNED AUTOS ONLY			61UECDI0202	06/27/2025	06/27/2026	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
A	X UMBRELLA LIAB [X] OCCUR EXCESS LIAB CLAIMS-MADE DED X RETENTION $10000			61SBABH4338	06/27/2025	06/27/2026	EACH OCCURRENCE	$5,000,000
							AGGREGATE	$5,000,000
								$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		61WECAD5PWZ	06/27/2025	06/27/2026	X PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$1,000,000
							E.L. DISEASE - EA EMPLOYEE	$1,000,000
							E.L. DISEASE - POLICY LIMIT	$1,000,000
C	Professional Liab Claims Made & Rep			PAAEP0148703 Retro: 05/19/19	06/27/2025	06/27/2026	$2,000,000 per claim $2,000,000 annl aggr.	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

First Supplemental Name applies to all policies - Legacy Engineering Group, PLLC RE: The General Liability and Auto Liability policy(s) includes an automatic Additional Insured endorsement that provides Additional Insured status to the Certificate Holder only when there is a written contract that requires such status, and only with regard to work performed on behalf of the named insured. All policies provide a Blanket Waiver of Subrogation when required by written contract, except as prohibited by law. GL - Per Project (See Attached Descriptions)

CERTIFICATE HOLDER	CANCELLATION
Town of Highland Park 4700 Drexel Drive Highland Park, TX 75205	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Bethany L Lovig

DESCRIPTIONS (Continued from Page 1)

Aggregate
Umbrella Follows form over the General Liability, Automobile and Workers Compensation policies.

RE: Douglas Avenue Reconstruction Project (South Town Limits to Arcady Avenue).
Additional Insured Includes: The Town of Highland Park and their employees, officers, officials, agent, and volunteers in respect to the contracted services.

EXHIBIT "D"
FEE SCHEDULE

TOWN OF HIGHLAND PARK
DOUGLAS AVENUE RECONSTRUCTION PROJECT
FROM SOUTHERN TOWN LIMIT TO ARCADY AVENUE
LEGACY ENGINEERING GROUP

PROJECT SUMMARY	
TASK / SERVICE	**TOTAL**
Surveying Services	$35,280.00
Geotechnical Investigation Services	$12,270.00
Preliminary Engineering (70%) Design Phase Services	
TCP/Roadway/Drainage/SW3P	$90,875.00
Water/Wastewater	$36,360.00
Final Engineering (100%) Design Phase Services	
TCP/Roadway/Drainage/SW3P	$44,950.00
Water/Wastewater	$15,080.00
***Bid Phase Services**	$14,920.00
PROJECT TOTAL:	**$249,735.00**

*To be billed hourly with NTE amount listed

Douglas Avenue - Roadway Reconstruction
Estimated Level of Effort for PS&E Services

POSITION DESCRIPTION	Project Manager	Sr Project Engineer	Project Engineer	Senior CADD Technician	EIT	Admin	Total Labor hrs.	Cost
PRELIMINARY ENGINEERING DESIGN SERVICES (70%)								
Project Administration and Coordination Services								
Project Administration & Coordination w/Town of Highland Park (3 Months)	3	3	3				9	$1,950.00
Prepare Monthly Invoices, Progress Reports and Updated Design Schedule (3 Months)	3	3				3	9	$1,650.00
Team Coodination Meetings w/Subconsultants (Bi-Weekly @ 3 Months)	6	6	6				18	$3,900.00
Attend Design Workshop Meeting (Kick-Off Meeting) and Prepare Meeting Minutes	2	2	2				6	$1,300.00
Attend 70% Comment Resolution Meeting and Prepare Meeting Minutes	2	2	2				6	$1,300.00
Surveying Services (See LTRA Proposal)								
Right-Of-Way Surveying & Mapping / Topographic Survey								$35,280.00
Geotechnical Services (See HVJ Proposal)								
Field Investigation								$6,885.00
Laboratory Testing								$1,125.00
Engineering Analyses, Pavement Design, and Geotechnical-Pavement Report								$4,260.00
Traffic Control Plan Services (70%)								
Develop Traffic Control Plan Sequence of Construction	2	4	8				14	$2,800.00
Prepare Advance Warning Sign Layouts (1 Sheet)		2	2		4		8	$1,200.00
Include Appropriate Standards			2		4		6	$750.00
Develop P6 Construction Schedule	1		2		8		11	$1,400.00
Develop Preliminary TCP Quantities		2	2		4		8	$1,200.00
Roadway Design Services (70%)								
Prepare Title Sheet (1 Sheet)	1		1	4			6	$925.00
Prepare Index of Sheets (1 Sheet)	1		1	4			6	$925.00
Prepare General Notes Sheet (1 Sheet)	1		1	4			6	$925.00
Prepare Project Layout Sheet (1 Sheet)	1		2		8		11	$1,400.00
Develop Horizontal Alignment Data Sheet (1 Sheet)		2	4				6	$1,150.00
Develop Roadway Typical Sections (1 Sheet)	2		6		8		16	$2,350.00
Develop Roadway Plan and Profile Sheets (50 Scale, 11 x 17 Sheets, 5 Sheets)	12		24		40		76	$11,200.00
Develop Intersection Grading Layouts (4 Sheets)	8		16		32		56	$8,000.00
Develop Cross Section Sheets (every 100' and 1 per driveway, 12 Sheets)	4		24		32		60	$8,400.00
Include Appropriate Roadway Details/Standards (3 Sheets)			2		4		6	$750.00
Develop Preliminary Roadway Quantities	2		4		8		14	$2,000.00
Drainage Design Services (70%)								
Develop Drainage Area Maps Utilizing TNRIS (2 Sheets)	2		8		16		26	$3,500.00
Calculate / Display Storm Water Runoff Values (1 Sheet)	1		2		4		7	$1,000.00
Develop Inlet Modification Design / Details (2 Sheets)	4		12		16		32	$4,700.00
Include Appropriate Drainage Details/Standards (3 Sheets)			2		4		6	$750.00
Develop Preliminary Drainage Quantities	2		4		8		14	$2,000.00

LEGACY ENGINEERING GROUP

Douglas Avenue - Roadway Reconstruction
Estimated Level of Effort for PS&E Services

POSITION DESCRIPTION	Project Manager	Sr Project Engineer	Project Engineer	Senior CADD Technician	EIT	Admin	Total Labor hrs.	Cost
Pavement Markings Services (70%)								
Develop Proposed Pavement Marking Design	1		4		8		13	$1,750.00
Include Applicable Details/Standards			1		2		3	$375.00
Develop Preliminary Pavement Markings Quantities	1		1		2		4	$625.00
Erosion Control, Tree, and Landscaping Plan Services (70%)								
Erosion Control, Tree, and Landscaping Plan (100 Scale, 11 x 17 Sheets, 2 Sheets)	4		12		16		32	$4,700.00
Erosion Control, Tree, and Landscaping Plan Details/Standards (3 Sheets)			2		4		6	$750.00
Develop Preliminary Erosion Control, Tree, and Landscaping Plan Quantities	2		2		4		8	$1,250.00
Utility Coordination Services (70%)								
Utility Information Gathering		2		4	12		18	$2,150.00
Develop Utility Master File		4		8	12		24	$3,100.00
Utility Design Services (70%) (See Lochner Proposal)								
70% Water and Wastewater Design								$36,360.00
Cost Estimate (70%)								
Prepare a Preliminary Opinion of Probable Construction Cost	4		4				8	$1,700.00
Prepare Bid Alternative Quantities / Estimate	2		2				4	$850.00
Submittal Requirements (70%)								
Develop Draft Project Manual	4		16				20	$3,800.00
Compiling Applicable 70% Submittal Documents	4		8				12	$2,400.00
Total Hours	**82**	**32**	**194**	**24**	**260**	**3**	**595**	**$174,785.00**
SUMMARY								
HOURS SUB-TOTALS	**82**	**32**	**194**	**24**	**260**	**3**	**595**	**-**
BILLABLE RATE PER HOUR	$250.00	$225.00	$175.00	$125.00	$100.00	$75.00		-
TOTAL - PRELIMINARY ENGINEERING DESIGN PHASE SERVICES	**$20,500.00**	**$7,200.00**	**$33,950.00**	**$3,000.00**	**$26,000.00**	**$225.00**		**$174,785.00**

Douglas Avenue - Roadway Reconstruction
Estimated Level of Effort for PS&E Services

POSITION DESCRIPTION	Project Manager	Sr Project Engineer	Project Engineer	Senior CADD Technician	EIT	Admin	Total Labor hrs.	Cost
FINAL ENGINEERING DESIGN PHASE SERVICES (100%)								
Project Administration and Coordination Services								
Project Administration & Coordination w/Town of Highland Park (3 Months)	3	3	3				9	$1,950.00
Prepare Monthly Invoices, Progress Reports and Updated Design Schedule (3 Months)	3	3				3	9	$1,650.00
Team Coodination Meetings w/Subconsultants (Bi-Weekly @ 3 Months)	6	6	6				18	$3,900.00
Traffic Control Plan Services (100%)								
Update Advance Warning Sign Layouts (1 Sheet)		1	1		2		4	$600.00
Update Traffic Control Plan Sequence of Construction (1 Sheet)		1	1		4		6	$800.00
Update Appropriate Standards			1		2		3	$375.00
Update TCP Quantities, Summaries and Cost Estimate		1	1		2		4	$600.00
Roadway Design Services (100%)								
Update Title Sheet (1 Sheet)	1		1	2			4	$675.00
Update Index of Sheets (1 Sheet)	1		1	2			4	$675.00
Update General Notes Sheet (1 Sheet)	1		1	2			4	$675.00
Update Project Layout Sheet (1 Sheet)	1		1		2		4	$625.00
Update Roadway Typical Sections (1 Sheet)	1		1		2		4	$625.00
Update Roadway Plan and Profile Sheets (50 Scale, 11 x 17 Sheets, 5 Sheets)	4		12		16		32	$4,700.00
Update Intersection Grading Layouts (4 Sheets)	2		4		8		14	$2,000.00
Update Cross Section Sheets (every 100' and 1 per driveway, 12 Sheets)	2		12		16		30	$4,200.00
Update Appropriate Roadway Details/Standards (3 Sheets)	1		2		4		7	$1,000.00
Update Roadway Quantities, Summaries and Cost Estimate	1		2		2		5	$800.00
Drainage Design Services (100%)								
Update Drainage Area Maps (2 Sheets)	2		2		8		12	$1,650.00
Update Storm Water Runoff Values (1 Sheet)	1		1		2		4	$625.00
Update Inlet Modification Design / Details (2 Sheets)	2		6		8		16	$2,350.00
Update Appropriate Drainage Details/Standards (3 Sheets)			1		2		3	$375.00
Update Drainage Quantities, Summaries and Cost Estimate	1		2		2		5	$800.00
Pavement Markings Services (100%)								
Update Pavement Marking Design			1		1		2	$275.00
Update Applicable Standards			1		1		2	$275.00
Update Pavement Markings Quantities, Summaries and Cost Estimate			1		1		2	$275.00
Erosion Control, Tree, and Landscaping Plan Services (100%)								
Update Erosion Control, Tree, and Landscaping Plan (2 Sheets)	1		4		8		13	$1,750.00
Update Erosion Control, Tree, and Landscaping Plan Details/Standards (3 Sheets)			1		2		3	$375.00
Update Erosion Control, Tree, and Landscaping Quantities, Summaries and Cost Estimate	1		2		2		5	$800.00
Utility Coordination Services (100%)								
Final Verification with 100% Design	2	4			8		14	$2,200.00

Douglas Avenue - Roadway Reconstruction
Estimated Level of Effort for PS&E Services

POSITION DESCRIPTION	Project Manager	Sr Project Engineer	Project Engineer	Senior CADD Technician	EIT	Admin	Total Labor hrs.	Cost
Utility Design Services (100%) (See Lochner Proposal)								
100% Water and Wastewater Design								$15,080.00
Cost Estimate (100%)								
Update Opinion of Probable Construction Cost	4		4				8	$1,700.00
Update Bid Alternative Quantities / Estimate	2		2				4	$850.00
Submittal Requirements (100%)								
Update Project Manual	4		8				12	$2,400.00
Compiling Applicable 100% Submittal Documents	4		8				12	$2,400.00
Total Hours	**51**	**19**	**94**	**6**	**105**	**3**	**278**	**$60,030.00**
SUMMARY								
HOURS SUB-TOTALS	**51**	**19**	**94**	**6**	**105**	**3**	**278**	-
BILLABLE RATE PER HOUR	$250.00	$225.00	$175.00	$125.00	$100.00	$75.00		-
TOTAL - Engineering Services (Final Design Phase)	**$12,750.00**	**$4,275.00**	**$16,450.00**	**$750.00**	**$10,500.00**	**$225.00**		**$60,030.00**
BID PHASE SERVICES								
Project Phase Services								
Project Administration	4		8				12	$2,400.00
Attend Pre-Bid Meeting & Prepare Meeting Minutes	2		2				4	$850.00
Answer Contractor Questions	4		4				8	$1,700.00
Issue Addenda	4		8				12	$2,400.00
Prepare Bid Tabulation	4		8				12	$2,400.00
Analyze Contractor Bids and Provide Recommendation of Award	2		4				6	$1,200.00
Bid Phase Services (See Lochner Proposal)								$3,970.00
Total Hours	**20**	**0**	**34**	**0**	**0**	**0**	**54**	**$14,920.00**
SUMMARY								
HOURS SUB-TOTALS	**20**	**0**	**34**	**0**	**0**	**0**	**54**	-
BILLABLE RATE PER HOUR	$250.00	$225.00	$175.00	$125.00	$100.00	$75.00		-
TOTAL - Engineering Services (Bid Phase)	**$5,000.00**	**$0.00**	**$5,950.00**	**$0.00**	**$0.00**	**$0.00**		**$14,920.00**
TOTAL PROJECT SUMMARY								
HOURS SUB-TOTALS	**153**	**51**	**322**	**30**	**365**	**6**	**927**	**$249,735.00**
BILLABLE RATE PER HOUR	$250.00	$225.00	$175.00	$125.00	$100.00	$75.00	927	
TOTAL PROJECT SUMMARY	**$38,250.00**	**$11,475.00**	**$56,350.00**	**$3,750.00**	**$36,500.00**	**$450.00**		**$249,735.00**

LOCHNER FEE SCHEDULE
TOWN OF HIGHLAND PARK
DOUGLAS AVENUE STREET RECONSTRUCTION - W/WW REPLACEMENTS

	Task	QA/QC Manager Hours	Senior Project Manager, PE Hours	Design Engineer II, PE Hours	Staff Engineer I, EIT Hours	Senior CADD Designer Hours	Account Specialist Hours	Total Labor Hours	Total Labor Cost	Expenses Cost	Total Cost
		$ 325.00	$ 300.00	$ 180.00	$ 130.00	$ 145.00	$ 110.00				
A. 70% Design		*8*	*26*	*33*	*61*	*80*	*4*	***212***	***$36,310.00***	***$50.00***	***$36,360.00***
1	Project Administration		6				4	10	$2,240.00		$2,240.00
2	Meetiing with Owner and Client		2		2			4	$860.00		$860.00
3	Review survey, maps, as-builts		2	4	6	12		24	$3,840.00		$3,840.00
4	Walk Project		4		4			8	$1,720.00	$50.00	$1,770.00
5	Plans Preparation							0	$0.00		$0.00
	Prepare General Notes and Qty Sheets		1	1	2	6		10	$1,610.00		$1,610.00
	Prepare Water and Sewer Plan Sheets (4)		6	16	30	50		102	$15,830.00		$15,830.00
	Prepare Details		1	2	4	12		19	$2,920.00		$2,920.00
6	Prepare Expected Construction Cost		2	6	8			16	$2,720.00		$2,720.00
7	QA/QC	8						8	$2,600.00		$2,600.00
8	Draft Technical Specfications		1	4	4			9	$1,540.00		$1,540.00
9	Design Submittal		1		1			2	$430.00		$430.00
B. 100% Design		*4*	*13*	*17*	*24*	*24*	*2*	***84***	***$15,080.00***	***$0.00***	***$15,080.00***
1	Project Administration		4				2	6	$1,420.00		$1,420.00
2	Attend Design Review Meeting		2		2			4	$860.00		$860.00
3	Revise Plan Sheets							0	$0.00		$0.00
	Revise General Notes and Qty Sheets		1	1	1	4		7	$1,190.00		$1,190.00
	Revise Water and Sewer Plan Sheets		2	6	8	16		32	$5,040.00		$5,040.00
	Revise Details			2	2	4		8	$1,200.00		$1,200.00
4	Revised Expected Construction Cost		1	4	6			11	$1,800.00		$1,800.00
5	QA/QC	4						4	$1,300.00		$1,300.00
6	Revise Technical Specifications		2	4	4			10	$1,840.00		$1,840.00
7	Design Submittal		1		1			2	$430.00		$430.00
C. Bid Phase		*2*	*3*	*4*	*10*	*2*	*1*	***22***	***$3,970.00***	***$0.00***	***$3,970.00***
1	Project Administration		1				1	2	$410.00		$410.00
2	Finalize Bid Documents	2	1	2	6	2		13	$2,380.00		$2,380.00
3	Support Client w/ Contractor's Questions		1	2	4			7	$1,180.00		$1,180.00
Overall Project Total		**14**	**42**	**54**	**95**	**106**	**7**	**318**	**$55,360.00**	**$50.00**	**$55,410.00**

CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

FORM CIQ

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. *See* Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 **Name of vendor who has a business relationship with local governmental entity.**

N/A

2 ☐ **Check this box if you are filing an update to a previously filed questionnaire.** (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 **Name of local government officer about whom the information is being disclosed.**

N/A

Name of Officer

4 **Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.**

N/A

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

☐ Yes ☐ No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

☐ Yes ☐ No

5 **Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.**

N/A

6 ☐ Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

Oscar Michael Garza		2/6/2026
Name of signatory	Signature	Date

CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

(A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
(B) a transaction conducted at a price and subject to terms available to the public; or
(C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

***

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds $2,500 during the 12-month period preceding the date that the officer becomes aware that

(i) a contract between the local governmental entity and vendor has been executed; or
(ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than $100 in the 12-month period preceding the date the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or
(ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)

(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
(2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
(3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

(A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
(B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

(A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
(B) that the vendor has given one or more gifts described by Subsection (a); or
(C) of a family relationship with a local government officer.

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY
CERTIFICATION OF FILING

Certificate Number:
2026-1417296

Date Filed:
02/06/2026

Date Acknowledged:

1 **Name of business entity filing form, and the city, state and country of the business entity's place of business.**

Legacy Engineering Group, PLLC
San Antonio, TX United States

2 **Name of governmental entity or state agency that is a party to the contract for which the form is being filed.**

Town of Highland Park, Texas

3 **Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.**

Douglas Avenue
Reconstruction Design Services

4 Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
		Controlling	Intermediary
Garza, Oscar Michael	San Antonio, TX United States	X	

5 **Check only if there is NO Interested Party.** ☐

6 **UNSWORN DECLARATION**

My name is Oscar Michael Garza, PE, PTOE, PTP, RSP1, and my date of birth is 03/09/1985.

My address is 7800 W. Interstate 10, Suite 830, San Antonio (city), TX (state), 78230 (zip code), USA (country).

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Bexar County, State of Texas, on the 6 day of February (month), 20 26 (year).

Signature of authorized agent of contracting business entity
(Declarant)

Town of Highland Park
Town Council
Tuesday, March 3, 2026

Item Coversheet

Take action authorizing the Town Administrator to execute a professional services agreement with Garver, LLC for the Eastern Avenue Reconstruction project.

PRESENTED BY:

BACKGROUND:

The condition of each roadway within the Town has been evaluated based on a determination of a Pavement Condition Index ("PCI"). A PCI value of 100 denotes a road in excellent condition while zero (“0”) represents a completely failed road. PCI values provide an indication of the types of problems present on the road surface and offer guidance on the type of work needed to fix the problem. Additional considerations for the type of roadway improvements needed include historical data regarding pothole repairs, water main breaks or other utility repairs, as applicable.

The 2024 pavement condition evaluation for Eastern Avenue between Bordeaux Avenue and Mockingbird Lane resulted in an average PCI score of 40 out of a possible 100 points. Additional degradation has occurred since the evaluation in 2024. The low score confirmed the need for total reconstruction of the roadway, including the pavement, subbase and curb and gutter.

The professional services agreement specifies that Garver, LLC will provide design and bid package preparation services for the Eastern Avenue Reconstruction project. The design services include the reconstruction of Eastern Avenue from Bordeaux Avenue to Mockingbird Lane (~3500 LF). The reconstruction includes full roadway concrete replacement, curb and gutter replacement, waterline improvements, and sidewalk/ADA ramp replacement.

The estimated design cost is $203,163 and includes conceptual and final design services.
The estimated special services cost is $100,115 and includes survey, geotechnical evaluation, and bid phase services for a total cost of $303,278.

The estimated construction cost is $2,200,000.

RECOMMENDATION

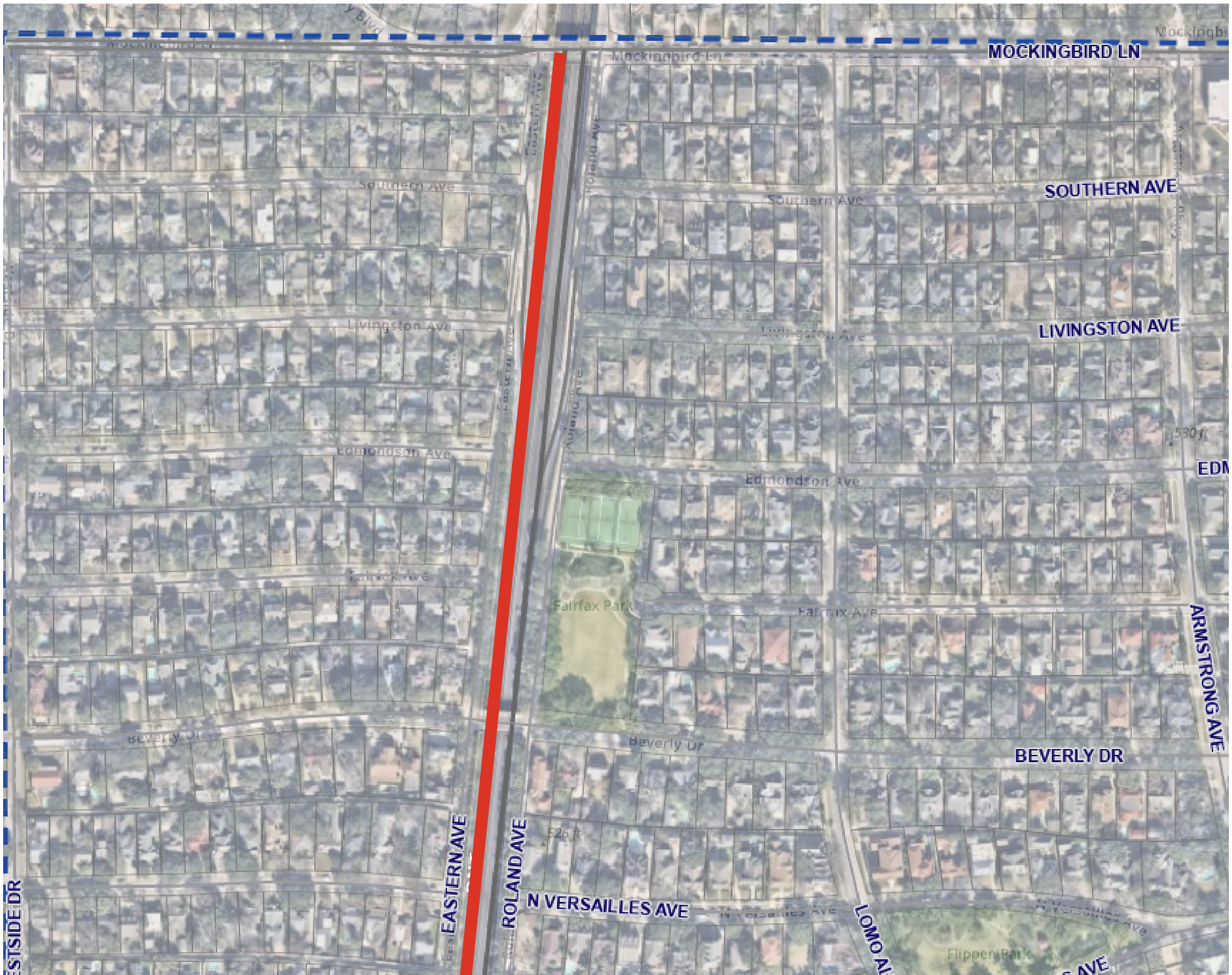
Staff recommend approval authorizing the Town Administrator to execute a professional services agreement for the design and bid package preparation for the Eastern Avenue Reconstruction project.

FINANCIAL IMPACT

Funding will be derived from the adopted FY 2025-2026 Capital Improvement Plan.

ATTACHMENTS

Eastern Avenue Reconstruction Project Area Map, Professional Services Form Contract-Final



EASTERN AVENUE RECONSTRUCTION

PROJECT AREA MAP

MARCH 2026

AGREEMENT FOR PROFESSIONAL SERVICES

This agreement ("Agreement") is made by and between the Town of Highland Park, Texas, a home-rule municipal corporation ("Town") and Garver, LLC, an Arkansas limited liability company ("Consultant") (each a "Party" and collectively the "Parties"), acting by and through their authorized representatives.

RECITALS:

WHEREAS, the Town desires to engage the services of the Consultant as an independent contractor, and not as an employee, to provide the services described in **Exhibit "A"** (the "Scope of Services" or "Services") to assist the Town with the following project: **Eastern Avenue Reconstruction** (the "Project") on the terms and conditions set forth in this Agreement; and

WHEREAS, the Consultant desires to render services for the Town on the terms and conditions set forth in this Agreement; and

WHEREAS, Town has determined the Consultant is qualified to provide the Services set forth in this Agreement; and

NOW THEREFORE, in consideration of the foregoing recitals, the mutual covenants set forth herein, and other valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties agree as follows:

Article I
Incorporation of Recitals/Agreement Documents/Term

1.1 Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein.

1.2 Agreement. This Agreement shall be comprised of the following documents:

(1) this Agreement, duly authorized written change orders, and any amendment hereto;
(2) **Exhibit "A"** Scope of Services;
(3) **Exhibit "B"** Project Schedule;
(4) **Exhibit "C"** Insurance Requirements; and
(5) **Exhibit "D"** Consultant's Fee Schedule.

In the event of a conflict between one or more of the terms and provisions contained within the foregoing documents, in order to resolve any such conflict, priority of interpretation shall be given in the order that those documents are listed in this section.

1.3 Term. This Agreement shall commence on the last date of execution hereof ("Effective Date") and continue until completion of the Services, unless sooner terminated as provided herein.

Article II
Scope of Service

2.1 The Consultant shall perform the Services in connection with the Project as set forth in the Scope of Services. The Consultant, if a licensed engineer or registered architect shall perform the Services: (i) with the professional skill and care ordinarily provided by competent engineers or architects, as the case may be, practicing in the same or similar locality and under the same or similar circumstances and professional license; and (ii) as expeditiously as is prudent considering the ordinary professional skill and care of a competent engineer or architect, as the case may be. If the Consultant is not a licensed engineer or registered architect, the Consultant shall perform the Services: (i) with the professional skill and care ordinarily provided by similar consultants practicing in the same or similar locality and under the same circumstances and applicable licenses or certifications; and (ii) as expeditiously as is prudent considering the ordinary skill and care of similar competent consultants.

2.2 The Town shall, prior to commencement of Services, provide the Consultant with the information set forth in the Scope of Services, if any.

2.3 The Parties acknowledge and agree that any and all opinions provided by the Consultant in connection with the Scope of Services represent the professional judgment of the Consultant, in accordance with the standard of care applicable by law to the Services performed hereunder.

2.4 Upon payment in full for Services rendered, all information, documents, records and reports delivered as a result of the Services provided under this Agreement shall be the property of the Town (hereinafter "Documents"); provided, however, the Consultant shall retain ownership of its underlying intellectual property, if any, such that it may continue to perform its business in the normal course. Any use by Consultant of the Documents developed hereunder, whether for publication or for work with other clients, must receive prior written permission from the Town. During the term and all renewals of this Agreement, all such Documents generated, compiled, collected or collated shall be maintained in the format required by Town. Further, all such Documents shall be returned to Town upon termination of this Agreement, and upon such termination shall be returned in the format required by Town. Notwithstanding the foregoing, Consultant may retain reproduced copies of drawings and other Documents. The Town's reuse or modification of any Documents without Consultant's involvement is at the Town's sole risk and without legal liability to the Consultant. To the extent permitted by law, the Town shall release and hold harmless the Consultant and its subconsultants from and against all claims, losses, damages, and expenses, including reasonable attorneys' fees, arising out of change to or reuse of Documents for any purpose other than this Project.

Article III
Schedule of Work – Project Completion

Without compromising its professional obligations under the applicable industry standard of care, the Consultant agrees to complete the required Services and submit all work required by the Town in accordance with the Project Schedule, a copy of which is attached hereto and incorporated herein as **Exhibit "B",** and as outlined in the Scope of Services within **420** consecutive calendar days, exclusive of any review time by Town, from the date of written Notice to Proceed from Town to Consultant. The Parties hereto agree and understand that time is of material consideration.

Article IV
Compensation and Method of Payment

4.1 Compensation to Consultant for performance of Services shall not exceed **THREE HUNDRED THREE THOUSAND TWO HUNDRED SEVENTY-EIGHT DOLLARS AND ZERO CENTS**. Consultant will be compensated in accordance with the Fee Schedule, a copy of which is attached hereto and incorporated herein as **Exhibit "D".** Unless otherwise provided herein, payment to the Consultant shall be monthly based on the Consultant's monthly progress report and detailed monthly itemized statement for Services that shows the names of the Consultant's employees, agents, contractors performing the Services, the time worked, the actual Services performed, the rates charges for such service, reimbursable expenses, the total amount of fee earned to date, percentage of work completed on the Project through the end of the then submitted billing period, and the amount due and payable as of the current statement, in a form reasonably acceptable to the Town. Monthly statements shall include authorized non-salary expenses with supporting itemized invoices and documentation. The Town shall pay such approved monthly statements within thirty (30) days after receipt and Town verification of the Services and expenses unless otherwise provided herein. The final payment of the compensation shall be made after satisfactory completion of the Services that materially conform to the Scope of Services and are adequate for their intended purpose and following the Town acceptance of the study, report, recommendation or other work set forth in the Scope of Services. Nothing contained in this Agreement shall require Town to pay for any work that is not submitted in compliance with the terms of this Agreement, nor shall failure to withhold payment pursuant to the provisions of this section constitute a waiver of any right, at law or in equity, which Town may have if Consultant is in default, including the right to bring legal action for damages or for specific performance of this Agreement. Waiver of any default under this Agreement shall not be deemed a waiver of any subsequent default.

4.2 Unless otherwise provided in the Scope of Services, the Consultant shall be responsible for all expenses related to the Services provided pursuant to this Agreement including, but not limited to, travel, copying and facsimile charges, telephone, internet and email charges. If additional services, trips or expenses are requested, Consultant will not provide such additional services until authorized by Town in writing to proceed. The Scope of Services shall be strictly limited. Town shall not be required to pay any amount in excess of the amount identified in the preceding paragraph unless Town shall have approved in writing in advance (prior to the performance of additional work) the payment of additional amounts.

4.3 The hourly rates set forth in the Scope of Services, if any, shall remain in effect during the term of this Agreement. Any changes to established hourly rates shall require the prior written consent of the Town.

4.4 Consultant shall keep accurate records of its Services and expenses incurred in the performance of this Agreement and shall make the same available to Town for inspection and copying upon five (5) days written notice thereof. These records shall be kept by Consultant for two (2) years following the expiration of this Agreement.

4.5 Notwithstanding anything in this Agreement to the contrary, Consultant may be entitled to an equitable adjustment in fee and/or schedule for circumstances outside of Consultant's reasonable control, including modifications in Consultant's scope requested in writing by the Town, or changes in applicable law, codes, or standards after the Effective Date of this Agreement.

Article V
Devotion of Time; Personnel; and Equipment

5.1 The Consultant shall devote such time as reasonably necessary for the satisfactory performance of the Services under this Agreement. Should the Town require additional services not included under this Agreement, the Consultant shall make reasonable effort to provide such additional services within the time schedule without decreasing the effectiveness of the performance of services required under this Agreement, and shall be compensated for such additional services on a time and materials basis, in accordance with Consultant's standard hourly rate schedule, or as otherwise agreed between the Parties. When Consultant is directed to revise or expand the Scope of Services under this Section of the Agreement, Consultant shall provide Town a written proposal for the entire costs involved in performing such additional services. Prior to

Consultant undertaking any revised or expanded services as directed by Town under this Agreement, Town must authorize in writing the nature and scope of such services and accept the method and amount of compensation and the time involved in all phases of the Project. It is expressly understood and agreed by Consultant that any compensation not specified in Article IV herein above may require Highland Park Town Council approval and is subject to the current budget year limitations.

5.2 To the extent reasonably necessary for the Consultant to perform the Services under this Agreement, the Consultant shall be authorized to engage the services of any agents, assistants, persons, or corporations that the Consultant may deem proper to aid or assist in the performance of the Services under this Agreement. The Consultant shall provide written notice to and obtain written approval from the Town prior to engaging services not referenced in the Scope of Services. The cost of such personnel and assistance shall be included as part of the total compensation to be paid Consultant hereunder, and shall not otherwise be reimbursed by the Town unless otherwise provided herein.

5.3 The Consultant shall furnish the facilities, equipment and personnel necessary to perform the Services required under this Agreement unless otherwise provided herein.

5.4 The Town may require that Consultant submit monthly progress reports and attend monthly progress meetings scheduled by the Town or more frequently as may be required by the Town from time to time based upon Project demands. Each progress report shall detail the work accomplished and special problems or delays experienced on the Project during the previous report period, and the planned work activities and special problems or delays anticipated for the next report period.

Article VI
Miscellaneous

6.1 Entire Agreement. This Agreement constitutes the sole and only agreement between the Parties and supersedes any prior understandings written or oral agreements between the Parties with respect to this subject matter.

6.2 Assignment. The Consultant may not assign this Agreement without the prior written consent of Town. In the event of an assignment by the Consultant to which the Town has consented, the assignee shall agree in writing with the Town to personally assume, perform, and be bound by all the covenants and obligations contained in this Agreement.

6.3 Successors and Assigns. Subject to the provisions regarding assignment, this Agreement shall be binding on and inure to the benefit of the Parties to it and their respective heirs, executors, administrators, legal representatives, successors and assigns.

6.4 Governing Law and Venue. The Agreement is entered into subject to the Town Charter and ordinances of the Town, as same may be amended from time to time, and is subject to and is to be construed, governed and enforced under all applicable State of Texas and federal laws. Consultant will make any and all reports required per federal, state or local law including, but not limited to, proper reporting to the Internal Revenue Service, as required in accordance with Consultant's income. Situs of this Agreement is agreed to be Dallas County, Texas, for all purposes, including performance and execution. The parties to this Agreement agree and covenant that this Agreement will be enforceable in Highland Park, Texas; and that if legal action is necessary to enforce this Agreement, exclusive venue will lie in Dallas County, Texas.

6.5 Amendments. This Agreement may be amended by the mutual written agreement of the Parties.

6.6 Severability. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in it.

6.7 Independent Contractor. It is understood and agreed by and between the Parties that the Consultant, in satisfying the conditions of this Agreement, is acting independently, and that the Town assumes no responsibility or liabilities to any third party in connection with these actions. All Services to be performed by Consultant pursuant to this Agreement shall be in the capacity of an independent contractor, and not as an agent or employee of the Town. Consultant will have exclusive control of and the exclusive right to control the details of the work performed hereunder, and shall be liable for the acts and omissions in the Services of its officers, agents, employees, contractors, subcontractors and engineers and the doctrine of respondeat superior shall not apply as between Town and Consultant, its officers, agents, employees, contractors, subcontractors and engineers, and nothing herein shall be construed as creating a partnership or joint enterprise between Town and Consultant.

6.8 Right-of-Access. The Consultant shall not enter onto private property without lawful right-of-access to perform the required surveys, or other necessary investigations, as set forth the Scope of Services. The Consultant will take reasonable precautions to minimize damage to the private and public property in the performance of such surveys and investigations. Any right-of-access to public or private property shall be obtained in accordance with the Scope of Services.

6.9 Notice. Any notice required or permitted to be delivered hereunder may be sent by first class mail, courier, or by confirmed telefax or facsimile to the address specified below, or to such other Party or address as either Party may designate in writing, and shall be deemed received three (3) days after delivery or on the day actually received if sent by courier or otherwise hand delivered:

If intended for Town:	w/ a copy to:
Town Administrator Town of Highland Park, Texas 4700 Drexel Drive Highland Park, Texas 75205	Susan Thomas Town Attorney 6371 Preston Rd., Suite 200 Frisco, Texas 75034

If intended for Consultant:

Jake Bennett, PE
3000 Internet Boulevard, Suite 400
Frisco, Texas 75034

6.10 Insurance. Before commencing work, Consultant shall, at its own expense, procure, pay for and shall maintain during the term of this Agreement insurance in accordance with the requirements set forth in, **Exhibit "C"**, entitled "Insurance Requirements", and written by companies approved by the state of Texas and acceptable to the Town. Consultant shall furnish to the Town certificates of insurance executed by the insurer or its authorized agent stating coverages, limits, expiration dates and compliance with all applicable required provisions. Certificates shall reference the Project and be provided to the Town.

6.11 **Indemnification. CONSULTANT DOES HEREBY COVENANT AND CONTRACT TO WAIVE ANY AND ALL CLAIMS, RELEASE, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE TOWN, ITS TOWN COUNCIL, OFFICERS, EMPLOYEES, AND AGENTS, IN BOTH THEIR PUBLIC AND PRIVATE CAPACITIES, FROM AND AGAINST ALL THIRD-PARTY TORT LIABILITY, CAUSES OF ACTION, CITATIONS, CLAIMS, COSTS, DAMAGES, DEMANDS, EXPENSES, FINES, JUDGMENTS, LOSSES, PENALTIES OR SUITS, WHICH IN ANY WAY ARISE OUT**

OF, RELATE TO, ARE CAUSED BY OR RESULT FROM BODILY INJURY (INCLUDING DEATH) OR TANGIBLE PROPERTY DAMAGE UNDER THIS AGREEMENT AND TO THE EXTENT ARE CAUSED BY INTENTIONAL WRONGFUL ACTS OR NEGLIGENT ACTS OR OMISSIONS OF CONSULTANT, ITS SUBCONTRACTORS, ANY OFFICERS, AGENTS OR EMPLOYEES OF EITHER CONSULTANT OR ITS SUBCONTRACTORS, AND ANY OTHER THIRD PARTIES FOR WHOM OR WHICH CONSULTANT IS LEGALLY RESPONSIBLE (THE "INDEMNIFIED ITEMS") OR THE NEGLIGENCE, INTENTIONAL TORT, INTELLECTUAL PROPERTY INFRINGEMENT (EXCEPT FOR CLAIMS ARISING OUT OF INFORMATION OR TECHNOLOGY PROVIDED OR SPECIFIED BY THE TOWN), OR FAILURE TO PAY A SUBCONTRACTOR OR SUPPLIER (TO THE EXTENT THE TOWN HAS FULFILLED ITS PAYMENT OBLIGATIONS TO CONSULTANT FOR WORK THAT HAS BEEN COMPLETED BY CONSULTANT IN MATERIAL CONFORMANCE WITH THE SCOPE OF SERVICES, ADEQUATE FOR ITS INTENDED PURPOSE, AND ACCEPTED BY THE TOWN) COMMITTED BY CONSULTANT, ITS AGENT, ITS CONSULTANT UNDER CONTRACT, OR ANY OTHER ENTITY OVER WHICH THE CONSULTANT EXERCISES CONTROL SUBJECT TO THE LIMITATIONS IN TEXAS LOCAL GOVERNMENT CODE § 271.904 AND TEXAS CIVIL PRACTICE AND REMEDIES CODE, § 130.002 (B).

BY WAY OF EXAMPLE, THE INDEMNIFIED ITEMS MAY INCLUDE BODILY INJURY AND DEATH CLAIMS AND TANGIBLE PROPERTY DAMAGE CLAIMS, INCLUDING THOSE FOR LOSS OF USE OF PROPERTY.

INDEMNIFIED ITEMS SHALL INCLUDE REASONABLE ATTORNEYS' FEES AND COSTS, COURT COSTS, AND SETTLEMENT COSTS. INDEMNIFIED ITEMS SHALL ALSO INCLUDE ANY ACTUAL EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES AND EXPENSES, INCURRED BY AN INDEMNIFIED INDIVIDUAL OR ENTITY IN ATTEMPTING TO ENFORCE THIS INDEMNITY.

IN ITS SOLE BUT REASONABLE DISCRETION, THE TOWN SHALL HAVE THE RIGHT TO APPROVE COUNSEL TO BE RETAINED BY CONSULTANT IN FULFILLING ITS OBLIGATION TO DEFEND AND INDEMNIFY THE TOWN. CONSULTANT SHALL RETAIN TOWN'S APPROVED COUNSEL FOR THE TOWN WITHIN SEVEN (7) BUSINESS DAYS AFTER RECEIVING WRITTEN NOTICE FROM THE TOWN THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF CONSULTANT DOES NOT RETAIN COUNSEL FOR THE TOWN WITHIN THE REQUIRED TIME, THEN THE TOWN SHALL HAVE THE RIGHT TO RETAIN COUNSEL AND THE CONSULTANT SHALL PAY THESE

ATTORNEYS' FEES AND EXPENSES. THE TOWN RETAINS THE RIGHT TO PROVIDE AND PAY FOR ANY OR ALL COSTS OF DEFENDING INDEMNIFIED ITEMS, BUT IT SHALL NOT BE REQUIRED TO DO SO.

THE CONSULTANT'S OBLIGATIONS UNDER THIS SECTION SHALL NOT BE LIMITED TO THE LIMITS OF COVERAGE OF INSURANCE MAINTAINED OR REQUIRED TO BE MAINTAINED BY CONSULTANT UNDER THIS AGREEMENT.

THIS INDEMNIFICATION PROVISION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

6.12 Sovereign Immunity. Nothing in the Agreement shall be deemed or construed as a waiver of any immunity or defense that may be available to the Town under the law, including without limitation the doctrine of sovereign immunity or governmental immunity. The Tow expressly reserves all immunities and defenses under the Texas Tor Claims Act and Chapter 271 of the Local Government Code. This Agreement is entered into solely for the purpose of providing goods or services to the Town as authorized by Texas Local Government Code section 271.151 et seq., and nothing herein shall be construed as expanding the Town's waiver of immunity beyond the limited waiver provided by that statute. No term or condition of this Agreement shall be interpreted to create or acknowledge any debt, liability, or obligation of the Town in violation of the Texas Constitution.

6.13 Counterparts. This Agreement may be executed by the Parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of any number of copies hereof each signed by less than all, but together signed by all of the Parties hereto.

6.14 Exhibits. The exhibits attached hereto are incorporated herein and made a part hereof for all purposes.

6.15 Consultant's Liability. Acceptance of the Documents by the Town shall not constitute nor be deemed a release of the responsibility and liability of Consultant, its employees, associates, agents or Consultants for the technical accuracy and competency of their designs, working drawings, specifications or other documents and work; nor shall such acceptance be deemed an assumption of responsibility by Town for any errors or omissions in the designs, working drawings, specifications or other documents and work; nor shall such acceptance be deemed an assumption of responsibility by Town for any errors or omissions in the designs, working drawings, specifications or other documents and work prepared by said Consultant, its employees, associates, agents or sub-Consultants.

6.16 Right to Inspect Records. Consultant agrees that Town shall have access to and the right to examine any directly pertinent books, documents, papers and records of Consultant involving transactions relating to this Agreement. Consultant agrees that Town shall have access during normal working hours to all necessary Consultant facilities and shall be provided adequate and appropriate work space in order to conduct audits in compliance with the provisions of this section. Town shall give Consultant reasonable advance notice of intended audits. Consultant further agrees to include in subcontract(s), if any, a provision that any subcontractor or engineer agrees that Town shall have access to and the right to examine any directly pertinent books, documents, papers and records of such engineer or sub-contractor involving transactions to the subcontract, and further, that Town shall have access during normal working hours to all such engineer or sub-contractor facilities and shall be provided adequate and appropriate work space, in order to conduct audits in compliance with the provisions of the paragraph. Town shall give any such engineer or sub-contractor reasonable advance notice of intended audits.

6.17 Default/Termination. If at any time during the term of this Agreement, Consultant shall fail to commence the work in accordance with the provisions of this Agreement or fail to diligently provide Services in an efficient, timely and careful manner and in strict accordance with the provisions of this Agreement or fail to use an adequate number or quality of personnel to complete the work or fail to perform any of its obligations under this Agreement in accordance with its terms, including without limitation the Scope of Services and/or the Project Schedule, then Town shall have the right, if Consultant shall not cure any such default after ten (10) days days written notice thereof, to terminate this Agreement on the eleventh (11th) day following the date of Town's written notice of default. Any such act by Town shall not be deemed a waiver of any other right or remedy of Town.

6.18 Termination Without Cause. In addition to termination for default as set forth in Section 6.17 of this Agreement, the Town may terminate this Agreement at any time by Town without cause by providing Consultant thirty (30) days written notice of such termination.

6.19 Payment Obligations Upon Termination. Upon receipt of termination notice under either Section 6.18 or Section 6.19, Consultant shall immediately terminate working on, placing orders or entering into contracts for supplies, assistance, facilities or materials in connection with this Agreement and shall proceed to promptly cancel all existing contracts insofar as they are related to this Agreement. Upon termination, Town shall pay all money owed to Consultant based upon tasks satisfactorily completed as of the date of notice of termination. If Consultant has not met one or more percentage benchmarks as identified in **Exhibit "B", "Project Schedule"**, Consultant shall submit an invoice containing an itemized list of tasks performed with the associated hourly fee. In no event shall individual fees or the cost of such itemized list exceed the Lump Sum payment for the specific service provided by Consultant as listed in **Exhibit "C", "Fee Schedule"**. Consultant shall be entitled to compensation for any Services completed to the reasonable satisfaction of the Town in accordance with this Agreement prior to such termination.

In addition to the foregoing, If after exercising any such remedy due to Consultant's nonperformance under this Agreement, the cost to Town to complete the work to be performed under this Agreement is in excess of that part of the Agreement sum which has not theretofore been paid to Consultant hereunder, Consultant shall be liable for and shall reimburse Town for such excess. Town's remedies for Consultant's default or breach under this Agreement shall include monetary damages as allowed by law, re-performance of this Agreement at no extra charge to Town, or equitable remedies, including without limitation specific performance of this Agreement. Notwithstanding the foregoing, damages shall be limited to actual damages. Consequential damages and exemplary damages are not recoverable as a remedy.

6.20 Dispute Resolution/Mediation. The parties may resolve/mediate any controversy, claim or dispute arising out of or relating to the interpretation or performance of this Agreement, or breach thereof, by voluntary mediation to be conducted by a mutually acceptable mediator.

6.21 Confidential Information. Consultant hereby acknowledges and agrees that its representatives may have access to or otherwise receive information during the furtherance of its obligations in accordance with this Agreement, which is of a confidential, non-public or proprietary nature. Consultant shall treat any such information received in full confidence and will not disclose or appropriate such Confidential Information for its own use or the use of any third party at any time during or subsequent to this Agreement. As used herein, "Confidential Information" means all oral and written information concerning Town, its affiliates and subsidiaries, and all oral and written information concerning Town or its activities, that is of a non-public, proprietary or confidential nature including, without limitation, information pertaining to customer lists, services, methods, processes and operating procedures, together with all analyses, compilation, studies or other documents, whether prepared by Consultant or others, which contain or otherwise reflect such information. The term "Confidential Information" shall not include such materials that are or become generally available to the public other than as a result of disclosure of Consultant, or are required to be disclosed by a governmental authority.

6.22 Conflict of Interest. Consultant covenants and agrees that Consultant and its associates and employees will have no interest, and will acquire no interest, either direct or indirect, which will conflict in any manner with the performance of the Services called for under this Agreement. All activities, investigations and other efforts made by Consultant pursuant to this

Agreement will be conducted by employees, associates or subcontractors of Consultant. Consultant agrees that it is further aware of the vendor disclosure requirements set forth in Chapter 176, Local Government Code, as amended, and will abide by the same. In this connection, a lawful representative of Consultant shall execute the Conflict of Interest Questionnaire, Form CIQ.

6.23 No Third Party Beneficiary. For purposes of this Agreement, including its intended operation and effect, the parties (Town and Consultant) specifically agree and contract that: (1) the Agreement only affects matters/disputes between the parties to this Agreement, and is in no way intended by the parties to benefit or otherwise affect any third person or entity notwithstanding the fact that such third person or entity may be in contractual relationship with Town or Consultant or both; and (2) the terms of this Agreement are not intended to release, either by contract or operation of law, any third person or entity from obligations owing by them to either Town or Consultant.

6.24 Appropriation of Funds. All obligations of the Town under this agreement are subject to the availability and appropriation of funds by the Town Council each fiscal year. Town obligations hereunder shall not create a debt under Article XI, Sections 5 or 7 of the Texas Constitution.

6.25 Limitation of Liability. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, AND TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER PARTY (INCLUDING ITS SUBCONSULTANTS, AGENTS, ASSIGNEES, AND AFFILIATES) SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, PUNITIVE, EXEMPLARY, OR INCIDENTAL DAMAGES OF ANY KIND, REGARDLESS OF THE CAUSE OF ACTION (INCLUDING NEGLIGENCE OF ANY KIND OR CHARACTER); AND THE TOWN HEREBY AGREES THAT CONSULTANT'S AND ITS PERSONNEL'S TOTAL LIABILITY UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AMOUNT OF COLLECTABLE INSURANCE PROCEEDS, UP TO THE APPLICABLE PROFESSIONAL LIABILITY LIMITS REQUIRED UNDER EXHIBIT C OF THIS AGREEMENT. It is intended that this limitation apply to any and all liability or cause of action however alleged or arising, unless otherwise prohibited by law; provided, however, this limitation shall not apply to actual damages resulting from Consultant's grossly negligent or intentionally wrongful acts. For the avoidance of doubt, this limitation shall not apply to Consultant's obligations to indemnify or defend the Town against third-party claims, or to any statutory or regulatory obligations that cannot be limited by contract.

6.25 Statutory Compliance.

A. Anti-Boycott Verification. The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. The foregoing verification is made pursuant to Section

2271.002, Texas Government Code. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section, "Anti-Boycott Verification," shall survive termination of this Agreement until the statute of limitations has run.

B. Iran, Sudan and Foreign Terrorist Organizations. The Owner represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code. The foregoing representation is made pursuant to Section 2252.152, Texas Government Code, and excludes the Owner and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Owner understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section, "Iran, Sudan and Foreign Terrorist Organizations," shall survive termination of the Agreement until the statute of limitations has run.

C. Verifications Pursuant to Chapter 2276, Texas Government Code. The Owner hereby verifies that it and its parent companies, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made pursuant to Section 2276.002, Texas Government Code, as amended. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code. The Owner understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section, "Verifications Pursuant to Chapter 2276, Texas Government Code," shall survive termination of the Agreement until the statute of limitations has run

D. Verification Pursuant to Chapter 2274, Texas Government Code. The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any:

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association during the term of this Agreement.

The foregoing verification is made pursuant to Section 2274.002, Texas Government Code, as amended. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code, “firearm entity” shall have the meaning assigned to such term in Section 2774.001(6), Texas Government Code, and “firearm trade association” shall have the meaning assigned to such term in Section 2274.001(7), Texas Government Code. The Owner understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section, Verification Pursuant to Chapter 2274, Texas Government Code”, shall survive termination of the Agreement until the statute of limitations has run.

E. Form 1295. Submitted herewith is a completed Form 1295 generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The City hereby confirms receipt of the Form 1295 from the Owner, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Parties understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Owner; and, neither the City nor its consultants have verified such information.

(Signature Page to Follow)

EXECUTED this _______ day of ____________________, 20__.

TOWN OF HIGHLAND PARK, TEXAS

By: ______________________________

Tobin Maples, Town Administrator

EXECUTED this _______ day of ____________________, 20__.

CONSULTANT

GARVER, LLC

By:______________________________________

Wendy G. Travis, AICP

Vice President

EXHIBIT “A”
SCOPE OF SERVICES
(Final 2-4-2026)

Project Description

Eastern Avenue Reconstruction (from the south side of the intersection of Eastern Avenue and Mockingbird Lane to the north side of the intersection of Eastern Avenue and Bordeaux Avenue) approximately 3,500 linear feet (“Project”). The existing approximately 20 ft wide one-way single lane roadway shall be reconstructed in kind, at the same width as the existing roadway. The proposed paving will be concrete over stabilized subgrade. Intersecting street and alley paving shall be reconstructed to the nearest joint beyond the existing concrete valley gutter or approximately 5 feet of the alley entrance, respectively. The existing sidewalk shall also be reconstructed and confirmed to meet current ADA/PROWAG criteria. Additionally, there will be a small amount of 8-inch waterline replacement beginning approximately at the alley between Livingston Avenue and Southern Avenue and extending north up to approximately Mockingbird Lane (~450 LF). The two existing 3-foot long standard curb inlets at the southern end of the project limits shall be reconstructed as 5-foot long inlets. The Design will meet all current Town standards and NCTCOG/TXDOT where applicable.

1. **Scope of Basic Services (LUMP SUM):**

   A. **Preliminary Design (90% Design Package) – Full Set (LUMP SUM)**

      1. Standard sheet scales 1”=40’ H for plan/plan and 1”=40’ H & 1”=10’ V
         a. Plot existing topographic features including pavement & utilities on plan sheets.
         b. Provide general notes sheet.
         c. Provide typical roadway sections.
         d. Provide horizontal and vertical control per the Town’s guidelines.
         e. Provide removal plan.
         f. Prepare plan and profile drawings for the roadway showing proposed profile grade line (pgl) and existing ground at right-of-way.
         g. Prepare construction phasing plan.
         h. Prepare waterline plan sheets for 8-inch waterline replacement. (Plan only, no profile)
         i. Prepare signing and pavement marking plan.
         j. Prepare erosion control plan.
         k. Provide Town Standards as applicable.
         l. Provide additional special details as applicable.

      2. Roadway cross sections on 100-foot intervals, center of all streets, alleys, and drives.

3. Prepare draft Front End Documents.
    a. **Town to provide Word (.doc or .docx) templates and example go-by.**
4. Prepare opinion of probable cost based on preliminary design.
5. Internal QA/QC of Preliminary Design Package
6. Meetings with the Town
    a. Up to 2 in person 1 hour meetings or 6 virtual 1 hour meetings.
7. Submit preliminary construction plans in PDF format for Town staff review and comments.
8. Prepare and submit invoices.

B. Final Design and Signed & Sealed Plans (LUMP SUM)

1. Final Design Plans & Front End Documents
    a. Incorporate Town's preliminary design review comments into final design.
    b. Incorporate Town's draft comments on Front End Documents into final documents.
2. Update opinion of probable cost based on final design.
3. Internal QA/QC of Final Design Package.
4. Meetings with the Town
    a. Up to 1 in person 1 hour meeting or 3 virtual 1 hour meetings.
5. Submit final design construction plans in PDF format for Town staff review and comments.
6. Prepare and submit invoices.
7. Sealed Plans & Front End Documents
    a. Incorporate Town's final design review comments into sealed plans.
    b. Incorporate Town's final comments on Front End Documents into sealed documents.
8. Update opinion of probable cost based on sealed design.
9. Internal QA/QC of Sealed Plans Package.
10. Submit sealed construction plans in PDF format for bidding purposes.
11. Prepare and submit invoices.

C. Topographic Survey (LUMP SUM)

1. Roadway
    a. Detailed design survey of approximately 3,500 linear feet along Eastern Avenue of project corridor beginning at the center of Mockingbird Lane and continuing south to the center of Bordeaux Avenue.
    b. Trees six inches and greater within the project corridor right-of-way will be located. (Tree species shall not be provided)
2. Waterline
    a. Tie all waterline manholes along the project corridor and measure the manhole depth, sizes and direction of all lines in and out. Town to assist with opening bolted or frozen manholes.

b. Tie all waterline valves along the project corridor and measure downs to the top nut.

3. Survey (other information)
   a. Survey control will be calibrated to Town of Highland Park GPS monuments (as applicable).
   b. Surveyor will make a reasonable effort to request Texas811 and Town to completely mark underground utilities within the Project limits. However, <u>Surveyor and Garver do not accept responsibility for unresponsiveness by the Town or Texas811 of locating utilities not marked.</u>
   c. Recover sufficient monumentation to recover limits of existing right-of-way and parcel corners.
   d. Survey 2-feet past the apparent right-of-way of the streets. No right of entry is anticipated for this survey.
   e. Location of all visible utilities, including but not limited to: fire hydrants, valves, meters, manholes, pedestals, vaults, power poles and light poles, etc.
   f. Resetting disturbed control points for construction shall be an additional service.
   g. Survey control points other than iron rods will be provided as an additional service.
   h. The surveyor may require the assistance of the Town to open manholes or vaults that are bolted shut or “frozen”.

2. Special Services

A. Geotechnical Services (LUMP SUM)

1. Field Exploration
   a. Field locate borings by a handheld GPS unit. Elevations will be interpolated from civil drawings or referenced from published topographical maps.
   b. The borings will be drilled along the proposed roadway sections within the Right-of-Way (ROW). Town will be notified prior to drilling for utility locates.
   c. Mobilize traffic control crew to the site.
   d. Mobilize a truck-mounted drilling rig for pavement borings.
   e. Perform a total of eight (8) borings to depths of 10 feet below the existing grades.
   f. Obtain representative soil samples by means of the split-barrel and Shelby tube sampling procedures in accordance with ASTM Specifications D-1586 and D-1587, respectively.
   g. Texas Cone Penetrometer (TCP) tests will be performed to evaluate the load-carrying capacity of the bedrock encountered in the borings.
      1. These tests will be performed in general accordance with test method TEX-132-E in the Texas Department of Transportation (TxDOT) Manual of Testing Procedures.
   h. Measure the depth of groundwater at each boring at the time of drilling and prior to backfilling and/or patching.

2. Laboratory Testing
   Laboratory testing of representative soil samples will be performed to determine the physical and engineering properties of the soil. Laboratory testing will include up to:
   a. Moisture content tests
   b. Atterberg limit tests
   c. Percent passing No. 200 sieve
   d. Swell tests
   e. Unconfined compression
3. Engineering Report
   Upon completion of the field exploration, laboratory testing, and engineering analyses, we will prepare a written engineering report that will include:
   a. Observations from our site reconnaissance including current site conditions, surface drainage features, and surface topographic conditions.
   b. A review of the published soil and geologic conditions and their relevance to your planned development.
   c. A subsurface characterization and a description of the field exploration and laboratory tests performed. Groundwater concerns relative to the planned constructions, if any, will be summarized.
   d. Final logs of the soil borings and records of the field exploration in accordance with the standard practice of geotechnical engineers, and the results of the laboratory tests will be noted on the final boring logs or included on a separate test report sheet.
   e. Recommendations for preparation of pavement subgrades, subbase recommendations (flexible base option), and suggested concrete pavement sections, based on applicable standards based.
   f. Compaction requirements and suitable material guidelines for grading the site as well as construction considerations relating to the pavement and site work.

B. Bidding Phase (Hourly NTE)

1. Bidders will access plans and specifications on CIVCAST.
2. Attend virtual pre-bid conference.
3. Provide answers to questions that may arise in pre-bid meeting for the Town.
4. Prepare and issue Addendums, if needed.
5. Attend virtual bid opening and prepare project bid tabulations
6. Evaluate the bidders to determine best value to the Town and provide letter of recommendation.
7. Prepare Construction Contract
   a. Populate relevant areas of the project manual once the contractor has been awarded.
8. Provide conformed project documents for construction.

C. **Record Drawings (Hourly NTE)**
   1. Prepare record drawings, incorporating changes provided by the Contractor and known variations from the Town Staff to provide the Town the best possible set of record drawings. The final record drawings shall be furnished on set of half-size paper prints (11” x 17”) and one electronic half-size PDF.

3. **ADDITIONAL SERVICES: If requested by the Town, Consultant will provide the following services on an hourly basis:**

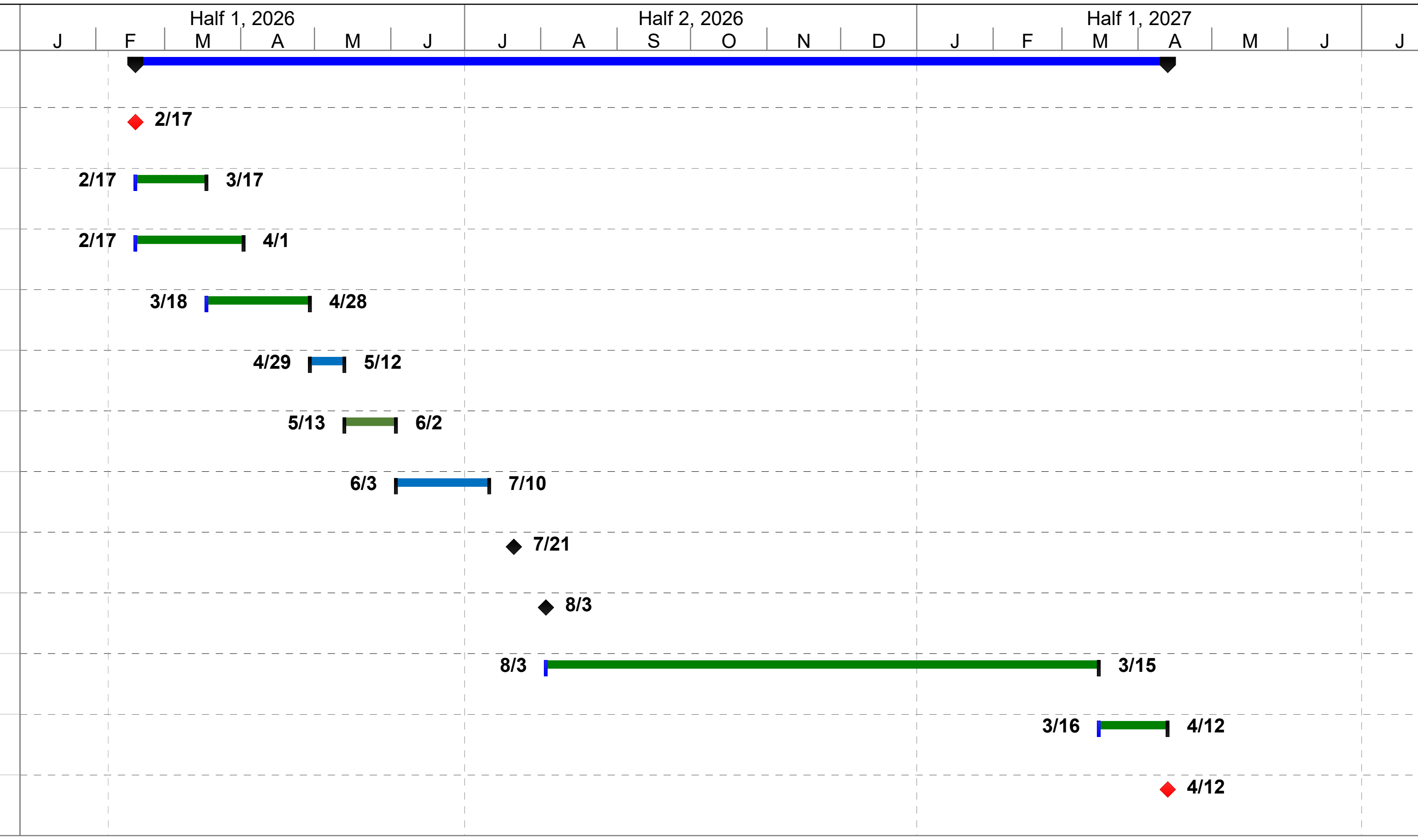
A. Any engineering design outside of the expressed project limits set forth in the Project Summary as part of this scope.
B. Design or standard drawing changes that occur after preliminary design plans have been completed.
C. Structural, Retaining/Sound Wall, or Bridge Design including required borings.
D. Drainage Design and computations.
E. Sanitary Sewer Design.
F. Landscape or Irrigation design other than replacing or repairing existing features to be impacted in construction.
G. Construction Phase Services.
H. Construction inspection and/or observation.
I. Illumination Design.
J. On-site meetings or other meetings other than those listed above.
K. Traffic Engineering/Traffic Counts; Traffic signal and/or pedestrian signal plans; Signal design or pull box/ wiring relocation at intersections.
L. Franchise Utility coordination or conflicts; drawing in new or proposed Franchise Utility locations into CADD design plans.
M. Subsurface Utility Engineering (SUE)
N. Right of Way or Easement Document preparation including Title searches, boundary surveys, property surveys, or deed research.
O. Resetting disturbed control points for construction
P. Providing survey control or ROW monuments other than iron rods
Q. SWP3 - Review fees, NOI, NOT, & BMP’s inspection during construction

END OF EXHIBIT “A”

Exhibit B

Eastern Avenue Reconstruction
Highland Park, Texas
Design/Review Schedule
February 6, 2026

ID		Task Name	Duration	Start	Finish	Predecessors
1		**Eastern Ave Design (Highland Park)**	**300 days**	**Tue 2/17/26**	**Mon 4/12/27**	
2		**Signed Contract/NTP (2/17/26)**	0 days	Tue 2/17/26	Tue 2/17/26	
3		**Survey**	21 days	Tue 2/17/26	Tue 3/17/26	2
4		**Geotechnical Services**	32 days	Tue 2/17/26	Wed 4/1/26	2
5		**Preliminary Design**	30 days	Wed 3/18/26	Tue 4/28/26	3
6		**City Review**	10 days	Wed 4/29/26	Tue 5/12/26	**5**
7		**Final Design & Signed Sealed Plans**	15 days	Wed 5/13/26	Tue 6/2/26	6
8		**Bidding**	28 days	Wed 6/3/26	Fri 7/10/26	7
9		**Council Award**	0 days	Tue 7/21/26	Tue 7/21/26	
10		**Notice to Proceed**	0 days	Mon 8/3/26	Mon 8/3/26	
11		**Construction**	**161 days**	**Mon 8/3/26**	**Mon 3/15/27**	10
12		**RECORD DRAWINGS**	20 days	Tue 3/16/27	Mon 4/12/27	11
13		**Project Complete**	**0 days**	**Mon 4/12/27**	**Mon 4/12/27**	**12**



NOTE: Durations are in Working days (5 days / week).

Fri 2/6/26 10:30 AM

Garver Proj. No. 2600034

EXHIBIT "C"
TOWN INSURANCE REQUIREMENTS

I. GENERAL INSURANCE REQUIREMENTS

A. All policies shall name the Town of Highland Park, its officers, agents, representatives and employees as additional insureds as to all applicable coverages with the exception of workers compensation insurance and professional liability insurance.

B. Such policies shall require the provision of written notice to Town at least thirty (30) days prior to cancellation, non-renewal or material modification of any policies, evidenced by return receipt or United States Certified Mail. Where an insurance carrier will not provide the requisite notice, Consultant shall provide such notice.

C. Such policies shall provide for a waiver of subrogation against Town for injuries, including death, property damage or any other loss to the extent the same is covered by the proceeds of the insurance.

II. INSURANCE COMPANY QUALIFICATION – All insurance companies providing the required insurance shall be authorized to transact business in the State of Texas and shall have a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s).

III. CERTIFICATE OF INSURANCE – A Certificate of Insurance and policy endorsement(s) evidencing the required insurance shall be provided in a form and manner acceptable to the Town within three (3) business days of execution of this Agreement. If the Agreement is renewed or extended by Town, a Certificate of Insurance and policy endorsement(s) shall also be provided to Town prior to the date the Agreement is renewed or extended.

IV. INSURANCE CHECKLIST – "X" means that the following coverage(s) is required for this Agreement.

	Coverage Required	Limits
_X_	1. Worker's Compensation & Employer's Liability	▪ Statutory Limits of the State of Texas

_X_	2. General Liability	▪ $1,000,000 each occurrence; ▪ $2,000,000 in the aggregate.
___	3. XCU Coverage	▪ Minimum $1,000,000 each occurrence; ▪ Minimum $2,000,000 in the aggregate.
_X_	4. Professional Liability	▪ $ 1,000,000 each claim; ▪ $ 2,000,000 in the aggregate.
___	5. Umbrella Coverage or Excess Liability Coverage	▪ An amount of $ 2,000,000.

_X_ 6. Town and its officers, agents, representatives and employees named as additional insured on General Liability Policy, as provided above. This coverage is primary to all other coverage Town may possess.

_X_ 7. General Liability Insurance provides for a Waiver of Subrogation against the Town for injuries, including death, property damage, or any other loss to the extent that same is covered by the proceeds of the insurance. All insurance policies that are required to name the Town as an additional insured must be endorsed to read as primary and non-contributory coverage regardless of the application of other insurance.

_X_ 8. Thirty (30) days' notice of cancellation, non-renewal, or material change required. The words "endeavor to" and "but failure" (to end of sentence) are to be eliminated from the Notice of Cancellation provision on standard ACORD certificates.

_X_ 9. Insurance company has a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s).

_X_ 10. The Certificate of Insurance must state the project title and bid number.

11. Other Insurance Requirements (State Below):

Exhibit D

Town of Highland Park
Eastern Avenue Reconstruction

FEE SUMMARY

	Basic Services	Estimated Fees
Lump Sum	Topographic Survey	$ 55,000.00
Lump Sum	Preliminary Design	$ 130,550.00
Lump Sum	Final Design & Sealed Plans	$ 67,989.00
	Subtotal for Basic Services	**$ 253,539.00**

	Special Services	Estimated Fees
Lump Sum	Geotech Engineering	$ 27,744.00
Hourly NTE	Bidding Services	$ 17,371.00
Hourly NTE	Record Drawings	$ 4,624.00
	Subtotal for Special Services	**$ 49,739.00**
	Total All Services	**$ 303,278.00**

Town of Highland Park
Town Council
Tuesday, March 3, 2026

Item Coversheet

Take action on the minutes of the Town Council meeting held on February 17, 2026.

PRESENTED BY: Joanna Mekeal, Town Secretary

BACKGROUND:

Minutes of the Town Council meeting held on February 17, 2026.

RECOMMENDATION

Staff recommends approval.

FINANCIAL IMPACT

This item has no financial impact.

ATTACHMENTS

2026-2-17 TC Minutes

MINUTES OF A MEETING OF THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS, HELD AT THE TOWN HALL, 4700 DREXEL DRIVE, HIGHLAND PARK, TX, 75205, AT 8:00 A.M. ON TUESDAY, FEBRUARY 17, 2026.

Mayor Will C. Beecherl, Mayor Pro Tem Don Snell, and Council Members Alan Friedman, Marc Myers, Lydia Novakov, and Leland White attended the meeting.

I. Mayor Will C. Beecherl called the meeting to order at 8:01 a.m.

II. Council Member Leland White gave the Invocation.

III. PUBLIC COMMENT

Mayor Beecherl asked if anyone wished to address the Town Council about any item listed on the agenda and explained that the Town Council may not discuss or make decisions on items not listed on the agenda. Public comments are limited to three minutes per speaker unless otherwise required by law. Items suggested for action may be placed on a future agenda at the Town Council's discretion. No comment was made.

IV. CONSENT AGENDA

On a motion made by Council Member Leland White, seconded by Council Member Lydia Novakov, the Town Council voted unanimously to approve Items A. through D. on the Consent Agenda. Prior to the vote, Mayor Beecherl explained that all items under the Consent Agenda are considered routine or discussed at a previous meeting. There will be no separate discussion of items unless a request by a Council Member is made prior to the Town Council voting on the motion.

A. *Take action to authorize the Town Administrator to execute a contract with SC Tracking Solutions and approve an ordinance for Backflow Prevention.*
B. *Take action authorizing the Town Administrator to execute an Interlocal Agreement with the North Central Texas Council of Governments for NearMap imagery.*
C. *Take action on the minutes of the Town Council meeting held on February 3, 2026.*
D. *Take action on the minutes of the Town Council study session held on February 3, 2026.*

V. ADJOURNMENT

Mayor Beecherl adjourned the Town Council meeting at 8:04 a.m.

APPROVED on the 3rd day of March 2026.

APPROVED:

Will C. Beecherl
Mayor

ATTEST:

Joanna Mekeal
Town Secretary

Town of Highland Park
Town Council
Tuesday, March 3, 2026

Item Coversheet

Take action on the minutes of the Town Council study session held on February 17, 2026.

PRESENTED BY: Joanna Mekeal, Town Secretary

BACKGROUND:

Minutes of the Town Council study session held on February 17, 2026.

RECOMMENDATION

Staff recommends approval.

FINANCIAL IMPACT

This item has no financial impact.

ATTACHMENTS

2026-02-17 TCSS Minutes

MINUTES OF A STUDY SESSION OF THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS, HELD AT TOWN HALL, 4700 DREXEL DRIVE, HIGHLAND PARK, TX, 75205, AT 8:07 A.M. ON TUESDAY, FEBRUARY 17, 2026.

Mayor Will C. Beecherl, Mayor Pro Tem Don Snell, and Council Members Alan Friedman, Marc Myers, Lydia Novakov, and Leland White attended the meeting.

I. Mayor Will C. Beecherl called the meeting to order at 8:07 a.m.

II. PUBLIC COMMENT

Mayor Beecherl asked if anyone wished to address the Town Council about any item listed on the agenda and explained that the Town Council may not discuss or make decisions on items not listed on the agenda. Public comments are limited to three minutes per speaker unless otherwise required by law. Items suggested for action may be placed on a future agenda at the Town Council's discretion. There was no comment.

III. FUTURE AGENDA DISCUSSIONS

A. Review, discuss, and consider the opportunity for a Town Council Member to request an item to be placed on a future Town Council Meeting agenda. Mayor Beecherl asked if any Town Council Member would like to request that an item be placed on a future Town Council study session agenda for discussion or consideration. There was no request made.

IV. REPORTS

A. Review and discuss the monthly Financial and Investment Report for the three-month period ending December 31, 2025. John Samford, C.P.A., Director of Finance, presented the Financial and Investment Report which included a summary of financial activity for the three-month period ending December 31, 2025. As of that date, combined revenues for the General Fund and Utility Fund totaled $14,832,867, representing 28.2% of the annual budgeted revenues for these funds. Combined expenditures and encumbrances for the General and Utility Funds were $11,024,871, or 20.4% of the total combined annual expenditure budget. Mr. Samford also presented the Quarterly Investment Report for the period ending December 31, 2025. As of December 31, the Town's total cash and investment portfolio had a market value of $69,746,546, with a weighted average yield of 4.00% and an average maturity of 57 days.

B. Review and discuss the Annual Comprehensive Financial Report and related audit for the fiscal year ending September 30, 2025. John Samford, C.P.A., Finance Director, introduced Brent Young, C.P.A., Director of Assurance Services at Weaver and Tidwell, LLP. Mr. Young explained that the annual audit was conducted in accordance with governmental auditing standards and fulfills the requirements set out in State law. The audit resulted in an unmodified, or clean, opinion, indicating the financial statements are presented fairly, in all material respects, under generally accepted accounting principles. In addition, he stated there were no material weaknesses in internal control, and no audit adjustments were made. Mr. Samford presented financial highlights including the Town's total net position, governmental activities, business-type activities, sales tax history, capital assets, and pension information. The auditors presented the report and findings to the Finance and Audit Advisory Committee on February 9, 2026. The Committee recommended acceptance of the annual audit. Mr. Samford added that formal acceptance of the Annual Comprehensive Financial Report and related audit for the fiscal year ending September 30, 2025, will occur at a future Town Council meeting. Mayor Beecherl thanked Mr. Samford and the Finance Department for their work.

C. Review and discuss the 2025 Racial Profiling Report for Highland Park Department of Public Safety compiled and analyzed by Dr. Alex del Carmen. Chuck McGinnis, Director of the Department of Public Safety, explained that Senate Bill 1074 mandates that a racial profiling report be compiled, analyzed, and submitted to the governing body of the municipality by March 1st of each year. The report was compiled and analyzed by Dr. Alex del Carmen and included in the agenda packet. Dr. Carmen is scheduled to present the report at a future date. Council Member Novakov requested that the report be made publicly available, and Chief McGinnis confirmed that it would be.

D. Review and discuss a presentation regarding on-street parking-related challenges and mobility solutions. Tobin Maples, A.I.C.P., Town Administrator, explained that the Town is currently experiencing on-street parking challenges largely attributable to daytime construction activity. At times, this activity has impeded traffic circulation, limited emergency vehicle access, and created pedestrian safety concerns. Town staff have been evaluating mobility-focused strategies aimed at reducing the number of non-resident vehicles parking and circulating within the Town during work hours. The objective of these efforts is to enhance public safety, preserve reliable emergency access, and support overall neighborhood functionality. Mr. Maples introduced Thomas De Ridder, Partnerships Principal with VIA, a provider of advanced public transit solutions. Mr. De Ridder presented mobility strategies tailored to the Town of Highland Park, including the implementation of a Workforce Circulator service designed to alleviate on-street parking congestion by transporting construction workers and local employees from designated parking locations directly to their job sites. The proposal also includes the potential to provide ADA paratransit services. The program could be structured to serve multiple rider categories, and a dedicated fleet could be custom-branded for Highland Park. Mr. De Ridder also outlined the technology platform supporting safety and regulatory compliance, as well as VIA's data-driven approach to performance monitoring and service optimization. In response to a question from Council Member Marc Myers, Mr. De Ridder confirmed that VIA operates vehicles capable of accommodating workers traveling with equipment. Mr. Maples noted that this presentation was for informational and discussion purposes only, with the intent of obtaining Town Council input. The Town Council concurred that staff should continue to explore and evaluate potential mobility solutions.

V. CLOSED SESSION

A. In accordance with the Texas Government Code, Chapter 551, Subchapter D, Section 551.071 – CONSULTATION WITH ATTORNEY – the Town Council will convene in closed session for consultation with and to receive legal advice from the Town Attorney regarding pending or contemplated litigation or settlement offer or regarding a matter in which the duty of the attorney *to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter re: (i) DART withdrawal election.*

Mayor Beecherl recessed the study session at 9:28 a.m. and convened a closed session at 9:30 a.m., pursuant to: (A) In accordance with the Texas Government Code, Chapter 551, Subchapter D, Section 551.071 – CONSULTATION WITH ATTORNEY – the Town Council will convene in closed session for consultation with and to receive legal advice from the Town Attorney regarding pending or contemplated litigation or settlement offer or regarding a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter re: (i) DART withdrawal election.

Mayor Beecherl ended the closed session at 10:23 a.m. and reconvened the study session in open session at 10:23 a.m. No final action, decision, or vote was taken during the closed session.

VI. OPEN SESSION

A. Pursuant to Section 551.102 of the Texas Government Code, the final action, decision, or vote regarding Closed Session Item A. above shall be made, if any. No motion was made.

VII. ADJOURNMENT – Mayor Beecherl adjourned the Study Session at 10:23 a.m.

APPROVED on the 3rd day of March 2026.

APPROVED:

Will C. Beecherl
Mayor

ATTEST:

Joanna Mekeal
Town Secretary

Town of Highland Park
Town Council
Tuesday, March 3, 2026

Item Coversheet

Conduct a public hearing, review, discuss, and take action on a proposed replat creating Lots 16R and 17R, Block 16, a replat of part of Lot 16 and all of Lots 17, 18 and 19, Block 16, 3rd Installment of Mount Vernon Addition, located at 3924 Mockingbird Lane.

PRESENTED BY: Jeff Armstrong, Director of Community Development

BACKGROUND:

The existing building site includes a house located on 36,553 square feet of land. The applicant proposes to divide the property into two lots. The property is zoned "D", One-family Residential. The new lots would each exceed the 9,500 square foot minimum lot size required in the D zoning district, with Lot 16R being approximately 21,000 square feet and Lot 17R being about 15,000 square feet. The existing house would meet all setback requirements on the new lot (proposed Lot 16R). Once replatted, each of the new lots would be similar in size to other building sites in the area.

The land was assembled into one ownership over time. The existing house at 3924 Mockingbird was constructed on Lots 17 and 18 and the west 20 feet of Lot 16. Lot 19 was purchased by the owner of 3924 Mockingbird in 2013, but the two parcels were never combined. Lot 19 has not been fenced and has been used for gardening with no other improvements on the site. The proposed replat will clean up the various lot lines and create two distinct lots.

The existing house will remain on proposed Lot 16R, addressed as 3924 Mockingbird Ln. Proposed Lot 17R could be sold separately following the replat, though it is not currently being marketed, and the applicant has provided no timeline to do so.

RECOMMENDATION

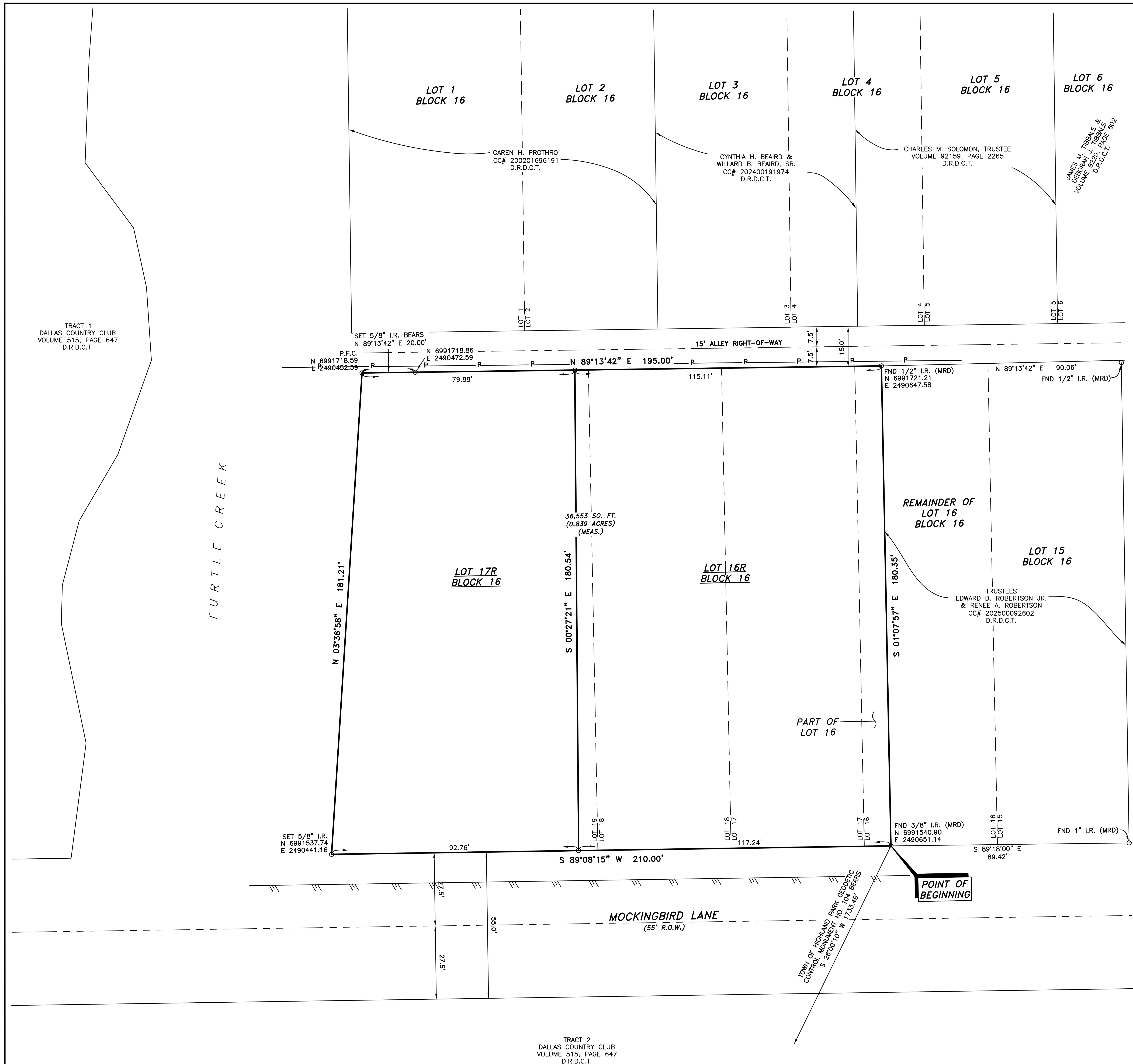
The plat meets all requirements of the Subdivision Ordinance. Staff recommends approval.

FINANCIAL IMPACT

This item has no financial impact.

ATTACHMENTS

Plat



NOTES:
1) NOTICE: SELLING A PORTION OF THIS ADDITION BY METES AND BOUNDS IS A VIOLATION OF TOWN ORDINANCE AND STATE LAW AND IS SUBJECT TO FINES AND WITHHOLDING OF UTILITIES AND BUILDING PERMITS.
2) A PORTION OF THE SUBJECT PROPERTY LIES WITHIN THE 100 YEAR FLOODPLAIN.
3) ALL BEARINGS SHOWN HEREON ARE BASED UPON THE TOWN OF HIGHLAND PARK GEODETIC CONTROL MONUMENTS.
4) ALL COORDINATES AND ELEVATIONS SHOWN HEREON ARE BASED UPON THE TOWN OF HIGHLAND PARK GEODETIC CONTROL MONUMENTS.
5) (MRD) INDICATES MONUMENTS OF RECORD DIGNITY THAT REPRESENT ORIGINAL CORNERS SET BY THE SURVEYOR OR A SURVEYOR FOLLOWING IN THE FOOTSTEPS OF THE ORIGINAL SURVEYOR OF THE SUBDIVISION OR TRACT REFERENCED IN LEGAL DESCRIPTION ABOVE UNLESS OTHERWISE NOTED.
6) THE PURPOSE OF THIS PLAT IS TO CREATE TWO RESIDENTIAL LOTS.

LEGEND:

(MRD)= MONUMENT OF RECORD DIGNITY
FND 1/2" I.R.=FOUND 1/2" IRON ROD
FND 3/4" I.P.=FOUND 3/4" IRON PIPE
FND 1/2" I.P.=FOUND 1/2" IRON ROD
FND "X"= FOUND CHISELED "X"
SET 5/8" I.R.= SET 5/8" IRON ROD WITH YELLOW CAP "RPLS 5587".
P.F.C.= POINT FOR CORNER
D.R.D.C.T.=DEED RECORDS, DALLAS COUNTY, TEXAS
M.R.D.C.T.=MAP RECORDS, DALLAS COUNTY, TEXAS
CC# = COUNTY CLERK'S FILE NUMBER
O.P.R.D.C.T.=OFFICIAL PUBLIC RECORDS OF DALLAS COUNTY, TEXAS

OWNER'S CERTIFICATE

STATE OF TEXAS
COUNTY OF DALLAS

WHEREAS, MCHENRY T. TICHENOR AND LISA W. TICHENOR ARE THE OWNERS OF A PART OF LOT 16, ALL OF LOT 17, ALL OF LOT 18, AND ALL OF LOT 19, IN BLOCK 16, OF THE THIRD INSTALLMENT OF MOUNT VERNON, AN ADDITION TO THE TOWN OF HIGHLAND PARK, DALLAS COUNTY, TEXAS, ACCORDING TO THE MAP THEREOF RECORDED IN VOLUME 1, PAGE 479, OF THE MAP RECORDS OF DALLAS COUNTY, TEXAS, AND BEING ALL OF A TRACT OF LAND DESCRIBED IN SPECIAL WARRANTY DEED WITH VENDOR'S LIEN TO MCHENRY T TICHENOR AND LISA W. TICHENOR, OF RECORD IN VOLUME 89222, PAGE 2351 (HEREINAFTER REFERRED TO AS "TICHENOR TRACT 1"), OF THE DEED RECORDS OF DALLAS COUNTY, TEXAS, AND BEING ALL OF A TRACT OF LAND DESCRIBED IN GENERAL WARRANTY DEED WITH VENDOR'S LIEN TO MCHENRY T. TICHENOR AND LISA W. TICHENOR, OF RECORD IN VOLUME 99055, PAGE 4658 (HEREINAFTER REFERRED TO AS "TICHENOR TRACT 2"), OF THE DEED RECORDS, DALLAS COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 3/8" IRON ROD FOUND FOR CORNER IN THE NORTH RIGHT-OF-WAY LINE OF MOCKINGBIRD LANE (55' RIGHT-OF-WAY), AT THE SOUTHEAST CORNER OF SAID TICHENOR TRACT 1, SAME BEING THE SOUTHWEST CORNER OF A TRACT OF LAND DESCRIBED IN A DEED TO THE EDWARD D. ROBERTSON, JR. AND RENEE A. ROBERTSON LIVING TRUST, OF RECORD UNDER COUNTY CLERK'S FILE NUMBER 202500092602, DEED RECORDS, DALLAS COUNTY, TEXAS, FROM WHICH A 1" IRON ROD FOUND FOR REFERENCE AT THE SOUTHEAST CORNER OF SAID ROBERTSON TRACT BEARS SOUTH 89°18'00" EAST, A DISTANCE OF 89.42 FEET;

THENCE NORTH 89°08'15" WEST ALONG THE NORTH RIGHT-OF-WAY LINE OF SAID MOCKINGBIRD LANE, A DISTANCE OF 210.00 FEET TO A 5/8" IRON ROD SET AT THE SOUTHWEST CORNER OF SAID LOT 19 AND AT THE SOUTHWEST CORNER OF SAID TICHENOR TRACT 2;

THENCE NORTH 03°36'58" EAST ALONG THE WEST LINE OF SAID LOT 19, A DISTANCE 181.21 FEET TO A POINT FOR CORNER IN THE SOUTH RIGHT-OF-WAY LINE OF AN ALLEY, AT THE NORTHWEST CORNER OF SAID LOT 19 AND AT THE NORTHWEST CORNER OF SAID TICHENOR TRACT 2, FROM WHICH A 5/8" IRON ROD SET FOR WITNESS CORNER BEARS NORTH 89°13'42" EAST, 20.00 FEET;

THENCE NORTH 89°13'42" EAST ALONG THE SOUTH RIGHT-OF-WAY LINE OF SAID ALLEY, A DISTANCE OF 195.00 FEET TO A 1/2" IRON ROD FOUND FOR CORNER AT THE COMMON NORTH CORNER OF SAID TICHENOR TRACT 1 AND SAID ROBERTSON TRACT, FROM WHICH A 1/2" IRON ROD FOUND FOR REFERENCE AT THE NORTHEAST CORNER OF SAID ROBERTSON TRACT BEARS NORTH 89°13'42" EAST, A DISTANCE OF 90.06 FEET;

THENCE SOUTH 01°07'57" EAST ALONG THE COMMON LINE OF SAID TICHENOR TRACT AND SAID ROBERTSON TRACT, A DISTANCE OF 180.35 FEET TO THE PLACE OF BEGINNING AND CONTAINING 36,553 SQUARE FEET OR 0.839 ACRES OF LAND.

OWNER'S DEDICATION

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS

THAT, **MCHENRY T. TICHENOR AND LISA W. TICHENOR**, THE UNDERSIGNED OWNERS OF THE PROPERTY DESCRIBED HEREIN DO HEREBY ADOPT THIS REPLAT OF A PART OF LOT 16, ALL OF LOT 17, ALL OF LOT 18 AND ALL OF LOT 19, BLOCK 16, THIRD INSTALLMENT OF MOUNT VERNON, TO LOT 16R AND LOT 17R, BLOCK 16, THIRD INSTALLMENT OF MOUNT VERNON, AN ADDITION TO THE TOWN OF HIGHLAND PARK, DALLAS COUNTY, TEXAS, AND DOES HEREBY DEDICATE TO THE PUBLIC USE FOREVER THE STREETS, ALLEYS AND EASEMENTS SHOWN THEREON.

WITNESS OUR HANDS AT ____________, TEXAS, THIS THE _____ DAY OF _______, 2026.

PRELIMINARY
RELEASED ON 02/09/2026
NOT TO BE RECORDED FOR ANY REASON
____

OWNER: MCHENRY T. TICHENOR

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, THE UNDERSIGNED AUTHORITY, A NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS, ON THIS DAY PERSONALLY APPEARED MCHENRY T. TICHENOR, KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATION THEREIN EXPRESSED AND IN THE CAPACITY THEREIN STATED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS THE ___ DAY OF _______, 2026.

____
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS.

MY COMMISSION EXPIRES: ____________________

PRELIMINARY
RELEASED ON 02/09/2026
NOT TO BE RECORDED FOR ANY REASON
____

OWNER: LISA W. TICHENOR

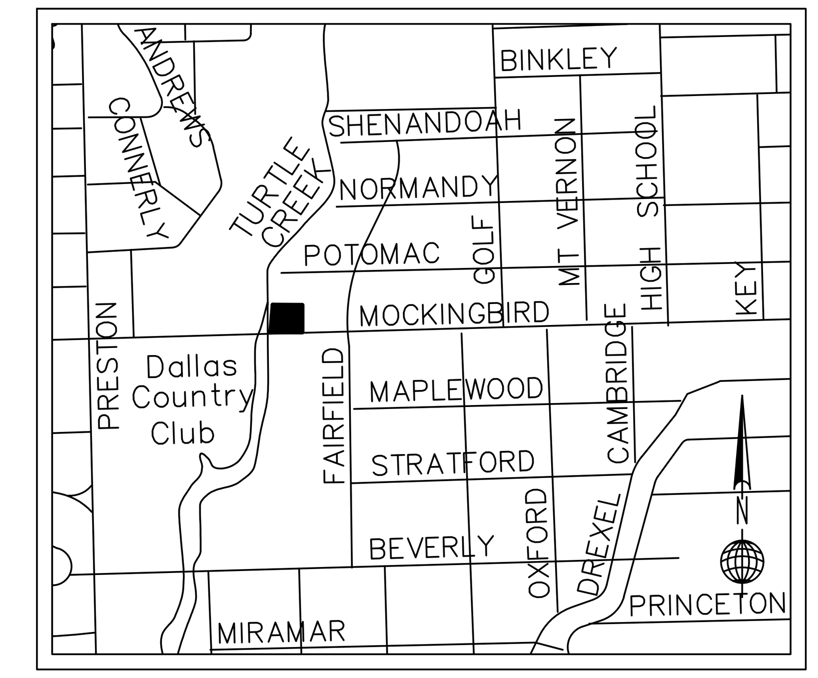
STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, THE UNDERSIGNED AUTHORITY, A NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS, ON THIS DAY PERSONALLY APPEARED LISA W. TICHENOR, KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT SHE EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATION THEREIN EXPRESSED AND IN THE CAPACITY THEREIN STATED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS THE ___ DAY OF _______, 2026.

____
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS.

MY COMMISSION EXPIRES: ____________________



VICINITY MAP
(1"=1000')

SURVEYOR'S CERTIFICATE

STATE OF TEXAS
COUNTY OF DALLAS

THAT, I, HOLLIE L. HEBNER, DO HEREBY CERTIFY THAT I PREPARED THIS REPLAT FROM AN ACTUAL SURVEY ON THE LAND AND THAT THE CORNER MONUMENTS SHOWN THEREON WERE FOUND AND/OR PROPERLY PLACED UNDER MY PERSONAL SUPERVISION IN ACCORDANCE WITH THE APPLICABLE CODES AND ORDINANCES OF THE TOWN OF HIGHLAND PARK, TEXAS.

WITNESS MY HAND AT DALLAS, TEXAS,

THIS THE _____ DAY OF ___________, 2026.

____
HOLLIE L. HEBNER
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 7003

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, THE UNDERSIGNED AUTHORITY, A NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS, ON THIS DAY PERSONALLY APPEARED HOLLIE L. HEBNER, KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT THEY EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATION THEREIN EXPRESSED AND IN THE CAPACITY THEREIN STATED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS THE 23RD DAY OF OCTOBER, 2025.

____
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

MY COMMISSION EXPIRES: _________________

CERTIFICATE OF APPROVAL BY TOWN COUNCIL

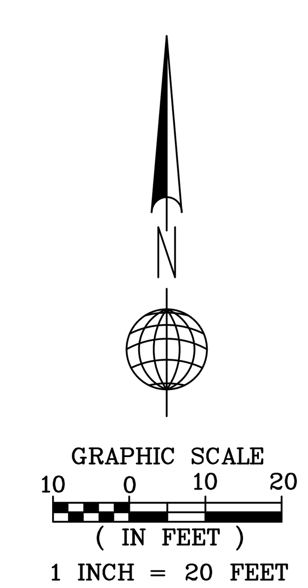
APPROVED THIS ______ DAY OF ________________, 2026, BY THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS.

____
WILL BEECHERL
MAYOR, TOWN OF HIGHLAND PARK, TEXAS

____
JOANNA MEKEAL
TOWN SECRETARY, TOWN OF HIGHLAND PARK, TEXAS

REPLAT OF
PART OF LOT 16, ALL OF LOT 17, ALL OF LOT 18 AND ALL OF LOT 19, BLOCK 16
THIRD INSTALLMENT OF MOUNT VERNON
TO
LOT 16R AND LOT 17R, BLOCK 16
THIRD INSTALLMENT OF MOUNT VERNON
AN ADDITION TO THE TOWN OF HIGHLAND PARK
DALLAS COUNTY, TEXAS

ADDRESS: 3924-3932 MOCKINGBIRD LANE



FEBRUARY, 2026

SCALE: 1" = 20'

OWNER:
McHENRY T. TICHENOR, JR. &
LISA W. TICHENOR
3924 MOCKINGBIRD LANE

SURVEYOR:
GLOBAL LAND SURVEYING, INC.
17111 PRESTON ROAD, STE 135
DALLAS, TEXAS 75252
PHONE (972) 881-1700
INFO@GLS-INC.COM
TBPELS FIRM NO. 10016300

FIRM NO. 10016300 JOB NO. 25-10-091

Town of Highland Park
Town Council
Tuesday, March 3, 2026

Item Coversheet

Review, discuss, and take action on a resolution validating the annual review of the Statement of Investment Policies as adopted by the Town of Highland Park and approving recommended changes.

PRESENTED BY: John Samford, Director of Finance

BACKGROUND:

The Town's Statement of Investment Policies ("Investment Policy") has been prepared to comply with Chapter 2256 of the Texas Government Code ("Public Funds Investment Act" or "PFIA"), and Chapter 2257 of the Texas Government Code ("Public Funds Collateral Act" or "PFCA"), as well as to reflect the Town's investment strategies.

The primary investment strategy and objectives of the Town are (in priority order):

- Safety and **preservation** of principal;
- Maintenance of sufficient **liquidity** to meet operational needs; and
- Optimization of a market rate of return (**yield**).

The PFIA requires annual review of the Investment Policy by the governing body (Town Council), even if there are no proposed changes.

This year, there are no legislative updates requiring action and no proposed changes to the investment strategy. Accordingly, the recommended revisions to the Investment Policy are minor and summarized as follows:

- **Updated table of contents** to match section wording
- **Updated Investment Responsibility (Section 5.2 – Prudence)** to be consistent with the applicable wording in the PFIA

Accompanying this agenda item are the following documents:

- **A redlined version of the Investment Policy**, reflecting the proposed revision
- **A clean version of the updated Investment Policy**
- **A copy of the Certificate of Distinction** award letter issued by the Government Treasurers' Organization of Texas in recognition of the Town's current Investment

Policy

RECOMMENDATION

The staff recommends approval. This item was presented to the Finance and Audit Advisory Committee on February 9, 2026.

FINANCIAL IMPACT

The Town's investment policies provide the appropriate framework to maximize investment income within the established parameters for preservation of principal and liquidity.

ATTACHMENTS

Resolution_Annual IPS Review, Highland Park Investment Policy 2026_Draft1- redline, Highland Park Investment Policy 2026_Draft1- clean, GTOT Award Letter_3.19.25

RESOLUTION NO. 004-26

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS, IN COMPLIANCE WITH CHAPTER 2256 OF THE TEXAS GOVERNMENT CODE, VALIDATING THE REVIEW OF THE STATEMENT OF INVESTMENT POLICIES AS ADOPTED BY THE TOWN OF HIGHLAND PARK.

WHEREAS, Section 2256.005(e) of the Texas Government Code ("Public Funds Investment Act") requires that the "governing body of an investing entity shall review its investment policy and investment strategies not less than annually;" and

WHEREAS, Section 2256.005(e) of the Public Funds Investment Act also requires that the "governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies;"

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Highland Park, Texas ("Town"):

That, the Town's Statement of Investment Policies ("Investment Policy") has been reviewed in accordance with the Public Funds Investment Act, as amended, and is to be used in the administration of the Town's investment activities; and

That, the recommended changes to the Investment Policy comply with the Public Funds Investment Act and Chapter 2257 of the Texas Government Code ("Public Funds Collateral Act") and have been incorporated into the Investment Policy, which is attached hereto and made a part hereof by reference as though copied fully herein.

PASSED AND APPROVED on this 3rd day of March 2026.

APPROVED AS TO FORM:

Susan Thomas
Town Attorney

APPROVED:

Will C. Beecherl
Mayor

ATTEST:

Joanna Mekeal
Town Secretary

TOWN OF HIGHLAND PARK, TEXAS

STATEMENT

OF

INVESTMENT POLICIES

MISSION STATEMENT

The mission of the Town of Highland Park is to provide personal, caring services in a prompt and efficient manner for our community in order to enhance the quality of life and preserve the heritage that is Highland Park.

Reviewed March, 2026~~5~~

PREFACE

It is the policy of the Town of Highland Park (hereinafter referred to as “Town”) that after allowing for the anticipated cash flow requirements of the Town and giving due consideration to the safety and risks of investments, all available funds shall be invested in conformance with these legal and administrative guidelines to obtain a market rate of return.

Effective cash management is recognized as essential to good fiscal management. An active cash management and investment policy will be pursued to take advantage of investment interest as a viable and material source of revenue for Town funds. The Town’s portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. The Town will invest public funds in a manner which will provide the maximum security and a market rate of return while meeting the daily cash flow demands of the Town.

The Town is required under Chapter 2256 of the Texas Government Code, also cited as the Public Funds Investment Act (“PFIA”) to adopt a formal written Investment Policy for the investment of public funds. This policy serves to satisfy the statutory requirement of the PFIA to define, adopt and review a formal investment strategy and policy.

This policy is also written to satisfy the requirements of Chapter 2257 of the Texas Government Code, also cited as the Public Funds Collateral Act (“PFCA”), which requires a written policy to regulate collateralized securities held in the name of the Town.

INVESTMENT OFFICER DESIGNATION

The following Town of Highland Park employees whose titles are set forth below are hereby authorized as Investment Officers to negotiate and execute any and all contracts and other documents as necessary to establish the Town of Highland Park investment and financial institution accounts, with the express powers granted to enter into treasury management services agreements as necessary for account transactions, including but not limited to deposit, withdrawal, and transfer via wire and ACH:

Assistant Town Administrator

Director of Finance

Commented [JH1]: Confirm titles remain correct

Commented [JS1R2]: Yes these titles are correct.

TOWN OF HIGHLAND PARK
STATEMENT OF INVESTMENT POLICIES

TABLE OF CONTENTS

Attachments:

INVESTMENT POLICIES

1. **PURPOSE.** The purpose of this Statement of Investment Policies (hereinafter referred to as "Policies") is to set forth specific investment policy and strategy guidelines for the Town in order to achieve the goals of safety, liquidity, rate of return, and public trust for all investment activities. The Town Council of the Town shall review the investment strategies and policies at least annually and approve it along with any revisions by formal resolution.

2. **INVESTMENT STRATEGIES.** The Town maintains a comprehensive and proactive cash management program which is designed to monitor and control all Town funds to ensure maximum utilization and yield a market rate of return. The basic and underlying strategy of this program is that all of the Town's funds are earning interest, whether as hard dollars or as credit to offset fees. It is the responsibility and obligation of the Town to maintain a flexible approach and be prepared to modify the investment strategy as market conditions dictate. The investment strategy described is predicated on conditions as now exist and are subject to change. The investment strategy emphasizes low credit risk, diversification, and the management of maturities. The strategy also considers the expertise and time constraints of the Investment Officers. The allowable investment instruments as defined in Section 6 of these Policies reflect the avoidance of credit risk. Diversification refers to dividing funds among a variety of investments offering independent returns. This strategy uses local government investment pools and other cash equivalent options to achieve liquidity targets. The management of maturities refers to structuring the maturity dates of the direct investments so that, while funds are initially invested for a longer period of time, some investments mature as cash needs require.

2.1. **The primary investment strategy and objectives** of the Town as specified in these Policies (See Section 4.) are listed below, in their order of importance:

- Safety and preservation of principal;
- Maintenance of sufficient liquidity to meet operating needs;
- A market rate of return on the investment portfolio; and
- Public trust.

2.2. **The list of investments authorized** by these Policies intentionally excludes some investments allowed by state law. The restrictions limit possible credit risk and provide the maximum measure of safety. Within the investment objectives, the investment strategy is to utilize authorized investments for maximum advantage to the Town. To increase the interest earnings for funds identified as being available for investment over longer periods of time based upon a cash requirements projection, the Town will consider the following strategies:

2.2.1. **Strategy No. 1.** Maintaining liquidity through the use of local government investment pools, money market mutual funds, and other cash equivalent options, as authorized by these Policies. An investment pool is an entity created to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority match those objectives of the Town. Funds are usually available from investment pools on a next-day basis, meaning the pools have a high degree of liquidity. Because of the size and expertise of

their staff, investment pools are able to prudently invest in a variety of the investment types allowed by state law. The strategy of the Town calls for the use of investment pools as a source of liquidity. Funds that may be needed on a short-term basis but that are in excess of the amount maintained at the depository bank are available for deposit in investment pools.

2.2.2. **Strategy No. 2.** Building a ladder of investments, authorized by these Policies, with staggered maturities for all or part of the longer-term investable funds. The benefits of this ladder approach include the following:

- It is straight-forward and easily understood;
- All investments remain within the approved maturity horizon;
- It will assure the Town that it will capture a reasonable portion of the yield curve; and,
- It provides predictable cash flow with scheduled maturities and reinvestment opportunities.

2.2.3. **Strategy No. 3.** Utilizing the services of an independent, third-party investment advisor on a periodic basis that would enable the Town to achieve a competitive rate of return on the funds available for longer term investment.

2.2.4. **Strategy No. 4.** The Town may maintain portfolios which utilize specific investment strategy considerations designed to address the unique characteristics of the fund group(s) represented in the portfolios. The strategies will address the suitability of the investment to the financial requirements of the Town, preservation and safety of principal, liquidity, marketability of the investment if the need arises to liquidate the investment before maturity, diversification of the portfolio, and yield:

- Investment strategies for operating funds and pooled funds containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio which will experience minimal volatility during economic cycles.
- Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date(s).
- Investment strategies for debt service reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund.
- Investment strategies for special projects and capital projects funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity.

2.2.5. **Strategy No. 5 – Hold until Maturity**. The strategy of the Town is to maintain sufficient liquidity in its portfolio so that it does not need to sell or redeem an investment prior to maturity. Should it become necessary to sell or redeem an investment prior to maturity,

where the sale proceeds are less than the current book value, the prior written consent of the Town Administrator must be obtained. Investments may be sold or redeemed prior to maturity by the Assistant Town Administrator at or above their book value at any time, without the consent of the Town Administrator.

2.2.6. **Strategy No. 6 – Pooling of Deposits and Investments.** A majority of the Town's demand deposits will be concentrated with one central or primary depository. This procedure will enhance the Town's ability to pool cash for operational efficiency and investment purposes, and provide more manageable banking relationships. The Town's investment portfolio may also be pooled to augment investment strategy development and implementation. Investment pool earnings will be appropriately allocated to the various, participating Town funds.

2.2.7. **Strategy No. 7 – Primary Depository Bank Relationships.** These Policies shall further seek to maintain good primary depository bank relationships while minimizing the cost of banking services. The Town will seek to maintain a primary depository contract which will be managed to a level that minimizes the cost of the primary depository banking relationship to the Town, while allowing the Town to earn an appropriate return on idle demand deposits. In addition, depositories not holding primary demand deposits of the Town may be eligible for secondary demand accounts or other deposit options.

2.2.8. **Strategy No. 8 – Maximizing Investible Cash Balances.** Procedures shall be established and implemented in order to maximize investible cash by decreasing the time between the actual collection and the deposit of receipts, and by the controlling of disbursements.

2.2.9. **Strategy No. 9 – Competitive Environment.** It is the policy of the Town to develop a competitive environment for all investment transactions.

Where practical, and at the discretion of the Investment Officer, at least three bids or offers must be solicited for all security and CD transactions. In a situation where the exact security being offered is not offered by other dealers, offers on the closest comparable investment may be used to establish fair market price of the security. When too few broker/dealers or banks, if any, or in instances where timing is critical, Town Investment Officers may use another authorized investment of similar maturity for evaluation purposes. The quotes may be accepted orally, in writing, electronically, or any combination of these methods, but must be followed by official written confirmation. Town Investment Officers may approve exceptions, on a case-by-case basis, by considering the investment type, maturity date, amount and potential disruptiveness to the Town's investment strategy.

3. **SCOPE.** These Policies shall govern the investment of all financial assets considered to be part of the Town and includes the following funds or fund types: the General Fund, Enterprise Funds, Capital Projects Fund, Debt Service Funds, Internal Service Funds, Special Revenue Funds, and any other funds which have been contractually delegated to the Town for management purposes. The Town may add or delete funds as may be required by law, or for proper accounting procedures. These Policies do not include funds governed by approved trust agreements, or assets administered for the benefit of the Town by outside agencies under retirement or deferred compensation programs. Additionally, bond funds (including debt service and reserve funds) are

governed by bond ordinances and are subject to the provisions of the Internal Revenue Code and applicable federal regulations governing the investment of bond proceeds.

4. **INVESTMENT OBJECTIVES.** Funds of the Town shall be invested in accordance with all applicable Texas statutes, these Policies and any other approved, written administrative procedures. The four objectives of the Town's investment activities shall be as follows (in the order of priority):

4.1. **Safety of Principal.** Safety of principal invested is the foremost objective in the investment decisions of the Town. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized investments as defined in these Policies, by qualifying the financial institutions with whom the Town will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on the Town's investments.

4.2. **Liquidity.** The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the Town's cash flow requirements and by investing in securities with active secondary markets. Investments shall be structured in such a manner as will provide the liquidity necessary to pay obligations as they become due. An investment may be liquidated prior to its stated maturity to meet unanticipated cash requirements, or to otherwise favorably adjust the Town's portfolio, in accordance with Section 2.2.5 above.

4.3. **Market Rate-of-Return (Yield).** The Town's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio. The investment portfolio shall be managed in a manner which seeks to attain a market rate of return throughout budgetary and economic cycles. The Town will not attempt to consistently attain an unrealistic above market rate-of-return, as this objective will subject the overall portfolio to greater risk. Therefore, the Town's rate of return objective is secondary to those of safety and liquidity. Portfolio rate of return (yield) is defined as the weighted average yield to maturity, expressed as a percentage.

4.4. **Public Trust.** All participants in the Town's investment program shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction which might involve a conflict of interest or otherwise impair public confidence in the Town's ability to govern effectively. All employees of the Town having either a direct or indirect role in the process of investing idle funds shall act responsibly as custodians of the public trust.

5. **INVESTMENT RESPONSIBILITY.** As provided in these Policies, the daily operation and management of the Town's investments are the responsibility of the following persons.

5.1. **Delegation of Authority.** The Assistant Town Administrator and the Director of Finance are the Investment Officers, and are authorized to deposit, withdraw, invest, transfer, or manage in any other manner the funds of the Town. Overall management responsibility for the investment program is hereby delegated to the Assistant Town Administrator, who shall establish written procedures for the operation of the investment program consistent with these Policies.

Commented [JH2]: Confirm titles remain correct

Commented [JS2R2]: Yes these titles are correct.

Such procedures shall include explicit delegation of authority to persons responsible for investment activities. No persons may engage in an investment transaction except as provided under the terms of these Policies and the procedures established by the Assistant Town Administrator. The Assistant Town Administrator shall establish a system of controls to regulate the activities of subordinate staff members. The system of controls shall be designed to provide reasonable assurance that assets of the Town are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that:

(1) the cost of a control should not exceed the benefits likely to be derived; and,
(2) the valuation of costs and benefits requires estimates and judgments by management.

The Assistant Town Administrator shall be designated as the primary Investment Officer for the Town and shall be responsible for investment decisions and activities under the direction of the Town Administrator. The Assistant Town Administrator may delegate any phase of the investment program to the Director of Finance. Both the Assistant Town Administrator and the Director of Finance are responsible for daily investment activities. However, ultimate responsibility for investment decisions will rest with the Assistant Town Administrator. Commitment of financial and staffing resources in order to achieve the investment objectives shall be the responsibility of the Town Council.

5.2. **Prudence.** The standard of care~~prudence~~ to be applied by the Investment Officer shall be the "prudent person" rule, which states, "investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." In determining whether the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:

5.2.1. The investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and

5.2.2. whether the investment decision was consistent with these Policies.

5.3. **Due Diligence.** An Investment Officer, acting in accordance with written policies and procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.

5.4. **Ethical Standards and Conflicts of Interest.** All Town employees having a direct or indirect role in the investment of Town funds shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Investment Officers shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. Any Investment Officer who has a personal business relationship with a depository bank or with a

business organization offering to engage in an investment transaction with the Town, as defined in Section 2256.005(i)(1-3) of the PFIA, shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the Town shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Town Council.

5.5. **Quality and Capability of Investment Management.** The Town shall provide periodic training in investments for the designated Investment Officers and other investment personnel through courses and seminars offered by professional organizations.

5.6. **Training.** All Investment Officers shall accrue at least ten (10) hours of training relating to the Officer's responsibility under the PFIA within twelve (12) months after assuming duties. Thereafter, eight (8) hours of training must be completed every two years aligned with the Town's fiscal year. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with PFIA. Such training shall be received from an independent source including courses or seminars from the Government Finance Officers Association, the Government Treasurers' Organization of Texas, the Government Finance Officers Association of Texas, the Association of Public Treasurers of the United States and Canada, the Texas Municipal League or any of its affiliates, the American Institute of Certified Public Accountants, the University of North Texas, or the North Central Texas Council of Governments.

6. **AUTHORIZED INVESTMENTS.** As stated previously, safety of principal is the primary objective in investing public funds and can be accomplished by limiting two types of risk: credit risk and interest rate risk. Credit risk is the risk associated with the failure of an issuer or backer. Interest rate risk is the risk that the value of an investment will decline due to an increase in the general level of interest rates. In order to provide for safety of principal as the Town's primary objective, only certain investments are authorized as acceptable investments for the Town. The following list of authorized investments for the Town intentionally excludes some investments authorized by law. These restrictions are placed in order to limit possible risk and provide the maximum measure of safety to Town funds.

6.1. **Authorized and Acceptable Investments.** The authorized list of investment instruments are as follows:

6.1.1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks, but excluding mortgage-backed securities.

6.1.2. Direct obligations of the State of Texas, its agencies and instrumentalities or obligations of agencies, counties, cities, and other political subdivisions of this State rated as to investment quality by a nationally recognized investment rating firm of not less than "A" or its equivalent.

6.1.3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, but excluding mortgage-related securities.

6.1.4. Financial Institution Deposits. A certificate of deposit, or other form of deposit, issued by a state or national bank with a main or branch office in this state, a savings bank (or savings and loan association) with a main or branch office in this state, or a federal credit union with a main or branch office in this state, and is:

- guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor;
- guaranteed or insured by the National Credit Union Share Insurance Fund (NCUSIF) or its successor;
- secured by obligations that are eligible as per the Public Funds Collateral Act and these Policies; or
- placed in accordance with the PFIA.

6.1.5. Eligible Local Government Investment Pools. Public funds investment pools which invest in instruments and follow practices allowed by the current law as defined in Section 2256.016 of the PFIA, provided that:

- the investment pool has been authorized by the Town Council;
- the pool shall have furnished the Town an offering circular containing the information required by Section 2256.016(b) of the PFIA;
- the pool shall furnish the Town investment transaction confirmations with respect to all investments made with it;
- the pool shall furnish to the Town monthly reports containing the information required under Section 2256.016(c)(2) of the PFIA;
- the pool is continuously rated no lower than “AAA” or “AAA-m” or an equivalent rating by at least one nationally recognized rating service;
- the pool marks its portfolio to market daily;
- the pool’s investment objectives shall be to maintain a stable net asset value of one dollar ($1.00); and
- the pool’s investment philosophy and strategy are consistent with these Policies.

6.1.6. Repurchase Agreements, Reverse Repurchase Agreements, Bankers’ Acceptances, and Commercial Paper. These investments are only authorized for the Town to the extent that they are contained in the portfolios of approved public funds investment pools in which the Town invests.

6.1.7. Regulated No-Load Money Market Mutual Funds. These investments are authorized under the following conditions:

- the money market mutual fund is registered with and regulated by the Securities and Exchange Commission;
- the fund provides the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940;
- the fund has a dollar-weighted average portfolio maturity in compliance with regulations;
- the investment objectives include the maintenance of a stable net asset value of one dollar ($1.0000) per share; and
- the fund is continuously rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service.

The Town may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.

6.2. **Investment Instruments NOT Authorized.** The following instruments are eligible for investment by local government according to state law, but they have been intentionally prohibited for the Town by these Policies: mortgage-related obligations, guaranteed investment contracts, options, financial futures contracts, and day trading of long-term securities. In addition to these restricted investments, state law specifically prohibits investment in the following securities:

6.2.1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.

6.2.2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.

6.2.3. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.

6.2.4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

7. **DIVERSIFICATION.** Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.

7.1. **Diversification by Maturities.** The longer the maturity of investments, the greater their potential price volatility. Therefore, it is the Town's policy to concentrate its investment

portfolio in shorter-term investments in order to limit principal risks caused by change in interest rates. The Town will attempt to match its investments with anticipated cash flow requirements. The Town will not directly invest in maturities more than three (3) years from the date of purchase. However, the above-described obligations, certificates, or agreements may be collateralized using longer dated instruments. The Town shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. Maturity scheduling shall be managed by the Investment Officers so that maturities of investments shall be timed to coincide with projected cash flow needs.

The entire Town portfolio including funds at the Town's primary depository bank, shall comprise one pooled fund group, and the maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio is two hundred seventy (270) days. Investment maturities for debt service interest and sinking funds and/or other types of reserve funds, whose use is currently not anticipated, may not exceed three (3) years.

7.2. **Diversification by Investment Instrument.** Diversification by investment instrument shall not exceed the following guidelines for each type of instrument (at the time of purchase):

	Percentage of Portfolio (Maximum)
U.S. Treasury Obligations	80%
U.S. Government Agency Securities and Instrumentalities Obligations	80%
Authorized Local Government Investment Pool (per Pool)	75%
Fully Insured or Collateralized Financial Institution Deposits	100%
SEC-Regulated No-Load Money Market Mutual Fund (per Fund)	25%
Municipal Bonds (limited to 5% per issuer)	25%

8. **AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS.** Financial institutions (federally insured banks) with or through whom the Town invests shall be state or national banks with a main or branch office in this state. No public deposit shall be made except in a qualified public depository as established by state laws. Broker/dealers authorized to provide investment services to the Town shall include only those authorized by the Town Council. All banking services will be governed by a depository contract acceptable to the Town. In addition, the Assistant Town Administrator shall maintain a list of security brokers/dealers and investment pools that are authorized by the Town Council.

8.1. **Authorized Broker/Dealers and Financial Institutions Financial Conditions**. As appropriate, the Assistant Town Administrator may review the financial condition and registration of an authorized broker/dealer or financial institution. The review may include, but is not limited to, review of rating agency reports, review of call reports, and analyses of management, profitability, capitalization, and asset quality. Financial institutions and brokers/dealers desiring

to conduct business with the Town shall be required to provide any financial data requested by an Investment Officer.

8.2. **Monitoring Investments**. The Assistant Town Administrator is responsible for monitoring the investments made by a financial institution and/or broker/dealer to determine that they are in compliance with the provisions of these Policies. As stated in Section 2256.017 of the PFIA, the Town is not required to liquidate investments that were authorized investments at the time of purchase.

The Town shall take all prudent measures that are consistent with these Policies to liquidate any investment, through the most efficient market available, that does not have or is down-graded to less than the minimum rating stated herein. The Town shall consider the time remaining until maturity, the quality of the investment, and the quality and amounts of any collateral which may be securing the investment in determining whether to hold the investment until maturity or to redeem the investment.

9. **INVESTMENT POLICIES CERTIFICATION.** All business organizations, as defined by the PFIA (e.g. local government investment pools or discretionary investment management firms), offering to engage in an investment transaction with the Town must supply a certification of having read the Town's Investment Policies signed by a qualified representative of the organization acknowledging that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the Town and the organization except to the extent that this authorization is dependent on an analysis of the makeup of the Town's entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions of the Town that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

The Town shall not enter into an investment transaction with a business organization prior to receiving the signed certification.

10. **DELIVERY VERSUS PAYMENT.** It is the policy of the Town that all security transactions entered into with the Town shall be conducted on a "**DELIVERY VERSUS PAYMENT"** (DVP) basis. By doing this, Town funds are not released until the Town has received the investment purchased. The notification may be oral, but shall be confirmed in writing.

11. **SAFEKEEPING AND COLLATERALIZATION**

11.1. **Safekeeping.** All securities owned by the Town shall be held by its safekeeping agent. Original safekeeping receipts shall be obtained and held by the Town. The Town shall contract with a bank or banks for the safekeeping of securities owned by the Town as part of its investment portfolio.

11.2. **Collateralization.** Consistent with the requirements of the PFCA, it is the policy of the Town to require full collateralization of all non-insured Town funds on deposit with a

depository bank, and a written depository pledge agreement acceptable to the Town. The market value of the investments securing the deposit of funds shall be at least equal to 102% of the amount of the deposits of funds, plus accrued interest, reduced to the extent that the deposits are insured by the FDIC or NCUSIF. Securities pledged as collateral shall be held by an independent third party governed by a mutually agreeable custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. The custodial agreement must clearly state that the custodial bank is instructed to release collateral securities to the Town in the event the Town has determined that the depository bank has failed to pay on any deposit, or has determined that the funds of the Town are in jeopardy for whatever reason, including involuntary closure or change of ownership. A clearly marked evidence of pledge, e.g., pledge receipt, must be supplied to the Town and retained by the Town. Any collateral with a maturity over five (5) years must be approved by an Investment Officer before the transaction is completed. Release of collateral or substitution of securities must be approved in writing by an Investment Officer.

The Town may also accept letters of credit issued by the Federal Home Loan Bank as collateral as long as the value of the letter of credit is equal to 100% of the principal and accrued interest of the uninsured portion of the deposit. The letter of credit should not expire until at least two business days beyond the expected maturity of the deposit or must have a renewal letter of credit in place before the currently held letter of credit expires.

11.2.1. In addition to FDIC or NCUSIF coverage, the Town may accept the following as collateral for bank deposits:

- Letters of credit issued by the Federal Home Loan Bank;
- U.S. Government securities;
- U.S. Agency and Instrumentality securities;
- State of Texas bonds; or
- Bonds issued by other Texas governmental entities (Town, County, school district, or special districts) with a remaining maturity of twenty (20) years or less. Bonds must be (and must remain) investment quality: that is, with a rating of at least "A" or its equivalent.

11.2.2. Financial institutions with whom the Town maintains collateralized deposits, shall require the custodial bank to provide monthly, and as requested by the Town, a listing of the collateral pledged to the Town, marked to current market prices (if available). The listing shall include total pledged securities itemized by name, type, description, par value, current market value, maturity date, and Moody's or Standard & Poor's rating, if applicable. The Town and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

11.2.3. **<u>Collateralized Deposits</u>**. Consistent with the requirements of State law, the Town requires all bank deposits to be federally insured or collateralized with eligible instruments. Financial institutions serving as Town depositories will be required to sign a

"Depository Agreement" with the Town. The collateralized deposit portion of the Agreement shall define the Town's rights to the collateral in the event of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;
- the Agreement must be executed by the Depository and the Town contemporaneously with the acquisition of the asset;
- the Agreement must be approved by the Board of Directors or the Loan Committee of the Depository and a copy of the meeting minutes must be delivered to the Town; and
- the Agreement must be part of the Depository's "official record" continuously since its execution.

12. **INTERNAL CONTROL.** The Assistant Town Administrator shall establish a system of written internal controls, which shall be reviewed annually by independent auditors, as a function of the annual audit. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. This review will provide assurance of compliance with policies and procedures as specified by these Policies.

13. **REPORTING.** The Investment Officers shall submit a signed quarterly investment report that summarizes current market conditions, economic developments, and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics, and shall explain the total investment return for the period.

13.1. **Annual Report.** The Investment Officers shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the Town Administrator and Town Council. The reports prepared by the Investment Officers shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Town Council by that auditor.

13.2. **Methods.** The quarterly investment report shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the reporting period. This management summary will be prepared in a manner which will allow the Town to ascertain whether investment activities during the reporting period have conformed to these Policies. The report will be prepared jointly and bear the signature of each Investment Officer of the Town and will be provided to the Town Council. The report will include the following:

13.2.1. A listing of individual investments held at the end of the reporting period. This list will include the name of the fund or pooled group fund for which each individual investment was acquired;

13.2.2. Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of securities for the period. Market value

shall be obtained from financial institutions or portfolio reporting services independent from the broker/dealer from which the security was purchased;

13.2.3. Additions and changes to the market value during the period;

13.2.4. Fully accrued interest for the reporting period;

13.2.5. Average weighted yield to maturity of the portfolio as compared to applicable benchmarks;

13.2.6. Listing of investments by maturity date;

13.2.7. Statement of compliance of the Town's investment portfolio with State Law and the investment strategy and policy approved by the Town Council; and

13.2.8. Market yield benchmark comparison of the Texas Local Government Investment Pool (TexPool) yield at report date.

14. **STATEMENT OF INVESTMENT POLICIES ADOPTION AND AMENDMENT.** The Town's Statement of Investment Policies shall be adopted and amended by resolution of the Town Council only. The Town's written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the Town. The Town Council shall adopt a resolution stating that it has reviewed the Statement of Investment Policies and that the resolution of the Town Council shall record any changes made.

Attachment A
GLOSSARY

Accretion: Accretion is the accumulation of gains an investor expects to receive after purchasing a bond at a discount and holding until maturity.

Accrued Interest: Term designating the interest due on a bond or other fixed income security that must be paid by the buyer of a security to its seller.

Agency Obligation: A security, almost always debt, issued by a corporation sponsored by the U.S. Government. Examples: bonds of the Tennessee Valley Authority.

Appreciation: Appreciation, in general terms, is an increase in the value of an asset over time.

Average Life. The average life is the length of time the principal of a debt issue is expected to be outstanding.

Basel III: It is an international regulatory accord that introduced a set of reforms designed to improve the regulation, supervision and risk management within the banking sector.

Basis Points (BPS): Basis points (BPS) refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

Benchmark: A benchmark is a standard against which the performance of a security, mutual fund or investment manager can be measured.

Bid: The price offered by a buyer of securities – when you are selling securities, you ask for a bid.

Bond: A bond is a fixed income instrument that represents a loan made by an investor to a borrower (typically corporate or governmental).

Broker: A broker brings buyers and sellers together for a commission.

Bullet Bond: A bullet bond is a debt instrument whose entire principal value is paid all at once on the maturity date, as opposed to amortizing the bond over its lifetime.

Callable Bond: A callable bond is a bond that the issuer may redeem before it reaches the stated maturity date. In essence, a callable bond allows the issuing company to pay off their debt early.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate.

Collateral: Evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a financial institution to secure deposits of public monies.

Confirmation: Commonly called a "confirm." The confirmation is a notice to a customer that payment is due on a purchase, or that net proceeds are available on a sale of securities. Federal securities law requires that a confirmation be sent promptly following each purchase and sale.

Conflict of Interest: Term used to describe a financial situation where a person prejudicially places personal affairs before those of constituents that the person is supposed to serve or represent.

Coupon: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

Current Maturity: Used to designate the remaining lifetime of an already outstanding bond.

Custodial Account: A custodial account can mean any account maintained by a fiduciarily responsible party on behalf of a beneficiary. A fiduciary is bound ethically and legally to act on the best behalf of another's interests.

Custodian: A custodian is a financial institution that holds assets pledged against a loan or collateralized deposit. A custodian holds securities and other assets in electronic or physical form.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Delivery Versus Payment: Delivery of securities first, with an exchange of money for the securities after delivery.

Discount: The difference between the cost price of a security and its maturity value when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities: Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value. Example: U.S. Treasury Bills.

Discount Yield: Measurement of return that computes interest on face value of security rather than on the dollar amount invested. Used in figuring yield on U.S. Treasury Bills.

Diversification: Dividing investment funds among a variety of investments, maturities and providers offering independent returns.

Duration: Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

Earnings Credit Rate (ECR): The earnings credit rate (ECR) is a calculation of credit that a financial institution allocates on customer deposits. Earnings Credits only offset service charges. The earnings credit rate is often correlated with the U.S. Treasury bill (T-bill) rate.

Face Value: The dollar amount that appears on the face of the bond or security. It is the dollar amount the issuer promises to pay to the holder at maturity. Also called par value.

Fair Value: In investing, it refers to an asset's sale price agreed upon by a willing buyer and seller, assuming both parties are knowledgeable and enter the transaction freely.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per depositor.

Federal Funds Rate: The rate of interest at which Fed Funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Farm Credit Bank (FFCB): Fiscal agent for the Farm Credit System, a public government sponsored enterprise (GSE) created in 1916 to lend to agricultural and rural America. Funds for loans are obtained through the issuance of Farm Credit Debt Securities.

Federal Home Loan Bank (FHLB): Government sponsored wholesale banks (currently 11 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLB is to liquefy the housing and other assets of its members who must purchase stock in their District Bank.

Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac): Government sponsored enterprise (GSE) created in 1970 to expand the secondary market for mortgages in the US. Along with other GSEs, Freddie Mac buys mortgages on the secondary market, pools them, and sells them as a mortgage-backed security to investors on the open market. This secondary mortgage market increases the supply of money available for mortgage lending and increases the money available for new home purchases.

Federal National Mortgage Association (FNMA or Fannie Mae): FNMA is a government sponsored enterprise (GSE). It is the largest single provider of residential mortgage funds in the United States. The corporation purchases and pools into securities a variety of adjustable and fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC): Consists of the seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money supply.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington D.C., 12 regional banks and thousands of financial institutions that are members of the system.

Financial Assets: Cash and other assets that, in the normal course of operations, will become cash.

Financial Industry Regulatory Authority (FINRA): It is an independent, non-governmental organization that writes and enforces the rules governing registered brokers and broker-dealer firms in the United States.

Government National Mortgage Association (GNMA or Ginnie Mae): A federal agency that purchases and pools as securities FHA or VA mortgages.

Government-sponsored Enterprise: A government-sponsored enterprise is a quasi-governmental entity established to enhance the flow of credit to specific sectors of the American economy.

Interest: Interest is the charge for the privilege of borrowing money, typically expressed as annual percentage rate (APR).

Interest Rate: The interest rate is the amount a lender charges for the use of assets expressed as a percentage of the principal. The interest rate is typically noted on an annual basis known as the annual percentage rate (APR).

Irrevocable Letter of Credit (ILOC): An irrevocable letter of credit is an official correspondence from a financial institution that guarantees payment for goods or services being purchased by the individual or entity, referred to as the applicant, that requests the letter of credit from an issuing institution.

Liquidity: A liquid assets is one that can be converted easily and rapidly into cash without a substantial loss of value.

Local Government Investment Pool (LGIP): An entity created under the Public Funds Investment Act to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are (1) preservation and safety of principal, (2) liquidity, and (3) yield.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement: A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transactions.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, etc.) with a one-year maturity or less, and often 30-days or less, are issued and traded.

National Credit Union Share Insurance Fund: A federal fund backed by the full faith and credit of the U.S. government that provides deposit insurance for accounts up to $250,000.

Offer: The price quoted by a seller of securities.

Overnight Repo: A repurchase agreement with expiration set for the following business day.

Par Value: The dollar amount that appears on the face of the debt instrument. It is the dollar amount the issuer promises to pay to the holder at maturity. Also, called face value.

Portfolio: Collection of investments held by an investor.

Primary Dealer: A designation given by the Federal Reserve System to financial institutions or broker/dealers who meet specific criteria, including capital requirements and participation in Treasury auctions.

Principal Cost: The cost to purchase the face amount (par value) of a debt security.

Quote: A quote is the last price at which a security or commodity traded, meaning the most recent price to which a buyer and seller agreed and at which some amount of the asset was transacted. The bid or ask quotes are the most current prices and quantities at which the shares can be bought or sold.

Rate of Return: The yield obtainable on a security based on its purchase price.

Repurchase Agreement (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.

Safekeeping: A service to customers rendered by financial institutions whereby securities and valuables of all types and descriptions are held by the institution.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Secured Overnight Financing Rate (SOFR): SOFR is the average rate at which institutions can borrow US dollars overnight while posting US Treasury bonds as collateral.

Securities and Exchange Commission: Agency created by Congress to protect investors in security related transactions by administering securities legislation.

Sell: To transfer ownership for a monetary consideration. The term is used in conjunction with the disposition of stocks, bonds, or other financial assets.

Structured Notes: Notes issued by Government Sponsored Enterprises (FFCB, FHLB, FHLMC, FNMA, etc.) and Corporations that have imbedded options (e.g.: call features, step-up coupons,

floating rate coupons, derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

Treasury Bills: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Bonds: Long-term coupon bearing U.S. Treasury Securities issued as direct obligations of the U. S. Treasury and having initial maturities of more than 10 years.

Treasury Notes: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Treasury and having initial maturities from two to ten years.

Treasury STRIPS: Treasury STRIPS are fixed-income securities that are sold at a significant discount to face value, but don't offer interest payments. STRIPS, which is an acronym for Separate Trading of Registered Interest and Principal of Securities, are zero-coupon bonds that come about when the bond's coupons are separated from the par value of the bond or note.

Weighted Average Maturity (WAM): Weighted average maturity is the weighted average amount of time until the securities in a portfolio mature.

Yield Spread: A yield spread is the difference between yields on differing debt instruments of varying maturities, credit ratings and risk, calculated by deducting the yield of one instrument from another.

Yield to Call (YTC): Yield to call is a financial term that refers to the return an investment holder receives if the security is called/redeemed prior to its maturity date.

Yield to Maturity (YTM): Yield to maturity is the annualized total return anticipated on a security if the instrument is held until it matures.

Attachment B
Authorized Broker/Dealers

FHN Financial
Multi-Bank Securities
Samco Capital Markets
Wells Fargo Securities

TOWN OF HIGHLAND PARK, TEXAS

STATEMENT

OF

INVESTMENT POLICIES

MISSION STATEMENT

The mission of the Town of Highland Park is to provide personal, caring services in a prompt and efficient manner for our community in order to enhance the quality of life and preserve the heritage that is Highland Park.

Reviewed March, 2026~~5~~

PREFACE

It is the policy of the Town of Highland Park (hereinafter referred to as "Town") that after allowing for the anticipated cash flow requirements of the Town and giving due consideration to the safety and risks of investments, all available funds shall be invested in conformance with these legal and administrative guidelines to obtain a market rate of return.

Effective cash management is recognized as essential to good fiscal management. An active cash management and investment policy will be pursued to take advantage of investment interest as a viable and material source of revenue for Town funds. The Town's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. The Town will invest public funds in a manner which will provide the maximum security and a market rate of return while meeting the daily cash flow demands of the Town.

The Town is required under Chapter 2256 of the Texas Government Code, also cited as the Public Funds Investment Act ("PFIA") to adopt a formal written Investment Policy for the investment of public funds. This policy serves to satisfy the statutory requirement of the PFIA to define, adopt and review a formal investment strategy and policy.

This policy is also written to satisfy the requirements of Chapter 2257 of the Texas Government Code, also cited as the Public Funds Collateral Act ("PFCA"), which requires a written policy to regulate collateralized securities held in the name of the Town.

INVESTMENT OFFICER DESIGNATION

The following Town of Highland Park employees whose titles are set forth below are hereby authorized as Investment Officers to negotiate and execute any and all contracts and other documents as necessary to establish the Town of Highland Park investment and financial institution accounts, with the express powers granted to enter into treasury management services agreements as necessary for account transactions, including but not limited to deposit, withdrawal, and transfer via wire and ACH:

Assistant Town Administrator

Director of Finance

Commented [JH1]: Confirm titles remain correct

Commented [JS1R2]: Yes these titles are correct.

TOWN OF HIGHLAND PARK
STATEMENT OF INVESTMENT POLICIES

TABLE OF CONTENTS

INVESTMENT POLICIES

1. **PURPOSE.** The purpose of this Statement of Investment Policies (hereinafter referred to as "Policies") is to set forth specific investment policy and strategy guidelines for the Town in order to achieve the goals of safety, liquidity, rate of return, and public trust for all investment activities. The Town Council of the Town shall review the investment strategies and policies at least annually and approve it along with any revisions by formal resolution.

2. **INVESTMENT STRATEGIES.** The Town maintains a comprehensive and proactive cash management program which is designed to monitor and control all Town funds to ensure maximum utilization and yield a market rate of return. The basic and underlying strategy of this program is that all of the Town's funds are earning interest, whether as hard dollars or as credit to offset fees. It is the responsibility and obligation of the Town to maintain a flexible approach and be prepared to modify the investment strategy as market conditions dictate. The investment strategy described is predicated on conditions as now exist and are subject to change. The investment strategy emphasizes low credit risk, diversification, and the management of maturities. The strategy also considers the expertise and time constraints of the Investment Officers. The allowable investment instruments as defined in Section 6 of these Policies reflect the avoidance of credit risk. Diversification refers to dividing funds among a variety of investments offering independent returns. This strategy uses local government investment pools and other cash equivalent options to achieve liquidity targets. The management of maturities refers to structuring the maturity dates of the direct investments so that, while funds are initially invested for a longer period of time, some investments mature as cash needs require.

2.1. **The primary investment strategy and objectives** of the Town as specified in these Policies (See Section 4.) are listed below, in their order of importance:

- Safety and preservation of principal;
- Maintenance of sufficient liquidity to meet operating needs;
- A market rate of return on the investment portfolio; and
- Public trust.

2.2. **The list of investments authorized** by these Policies intentionally excludes some investments allowed by state law. The restrictions limit possible credit risk and provide the maximum measure of safety. Within the investment objectives, the investment strategy is to utilize authorized investments for maximum advantage to the Town. To increase the interest earnings for funds identified as being available for investment over longer periods of time based upon a cash requirements projection, the Town will consider the following strategies:

2.2.1. **Strategy No. 1.** Maintaining liquidity through the use of local government investment pools, money market mutual funds, and other cash equivalent options, as authorized by these Policies. An investment pool is an entity created to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority match those objectives of the Town. Funds are usually available from investment pools on a next-day basis, meaning the pools have a high degree of liquidity. Because of the size and expertise of

their staff, investment pools are able to prudently invest in a variety of the investment types allowed by state law. The strategy of the Town calls for the use of investment pools as a source of liquidity. Funds that may be needed on a short-term basis but that are in excess of the amount maintained at the depository bank are available for deposit in investment pools.

2.2.2. **Strategy No. 2.** Building a ladder of investments, authorized by these Policies, with staggered maturities for all or part of the longer-term investable funds. The benefits of this ladder approach include the following:

- It is straight-forward and easily understood;
- All investments remain within the approved maturity horizon;
- It will assure the Town that it will capture a reasonable portion of the yield curve; and,
- It provides predictable cash flow with scheduled maturities and reinvestment opportunities.

2.2.3. **Strategy No. 3.** Utilizing the services of an independent, third-party investment advisor on a periodic basis that would enable the Town to achieve a competitive rate of return on the funds available for longer term investment.

2.2.4. **Strategy No. 4.** The Town may maintain portfolios which utilize specific investment strategy considerations designed to address the unique characteristics of the fund group(s) represented in the portfolios. The strategies will address the suitability of the investment to the financial requirements of the Town, preservation and safety of principal, liquidity, marketability of the investment if the need arises to liquidate the investment before maturity, diversification of the portfolio, and yield:

- Investment strategies for operating funds and pooled funds containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio which will experience minimal volatility during economic cycles.
- Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date(s).
- Investment strategies for debt service reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund.
- Investment strategies for special projects and capital projects funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity.

2.2.5. **Strategy No. 5 – Hold until Maturity**. The strategy of the Town is to maintain sufficient liquidity in its portfolio so that it does not need to sell or redeem an investment prior to maturity. Should it become necessary to sell or redeem an investment prior to maturity,

where the sale proceeds are less than the current book value, the prior written consent of the Town Administrator must be obtained. Investments may be sold or redeemed prior to maturity by the Assistant Town Administrator at or above their book value at any time, without the consent of the Town Administrator.

2.2.6. **Strategy No. 6 – Pooling of Deposits and Investments.** A majority of the Town's demand deposits will be concentrated with one central or primary depository. This procedure will enhance the Town's ability to pool cash for operational efficiency and investment purposes, and provide more manageable banking relationships. The Town's investment portfolio may also be pooled to augment investment strategy development and implementation. Investment pool earnings will be appropriately allocated to the various, participating Town funds.

2.2.7. **Strategy No. 7 – Primary Depository Bank Relationships.** These Policies shall further seek to maintain good primary depository bank relationships while minimizing the cost of banking services. The Town will seek to maintain a primary depository contract which will be managed to a level that minimizes the cost of the primary depository banking relationship to the Town, while allowing the Town to earn an appropriate return on idle demand deposits. In addition, depositories not holding primary demand deposits of the Town may be eligible for secondary demand accounts or other deposit options.

2.2.8. **Strategy No. 8 – Maximizing Investible Cash Balances.** Procedures shall be established and implemented in order to maximize investible cash by decreasing the time between the actual collection and the deposit of receipts, and by the controlling of disbursements.

2.2.9. **Strategy No. 9 – Competitive Environment.** It is the policy of the Town to develop a competitive environment for all investment transactions.

Where practical, and at the discretion of the Investment Officer, at least three bids or offers must be solicited for all security and CD transactions. In a situation where the exact security being offered is not offered by other dealers, offers on the closest comparable investment may be used to establish fair market price of the security. When too few broker/dealers or banks, if any, or in instances where timing is critical, Town Investment Officers may use another authorized investment of similar maturity for evaluation purposes. The quotes may be accepted orally, in writing, electronically, or any combination of these methods, but must be followed by official written confirmation. Town Investment Officers may approve exceptions, on a case-by-case basis, by considering the investment type, maturity date, amount and potential disruptiveness to the Town's investment strategy.

3. **SCOPE.** These Policies shall govern the investment of all financial assets considered to be part of the Town and includes the following funds or fund types: the General Fund, Enterprise Funds, Capital Projects Fund, Debt Service Funds, Internal Service Funds, Special Revenue Funds, and any other funds which have been contractually delegated to the Town for management purposes. The Town may add or delete funds as may be required by law, or for proper accounting procedures. These Policies do not include funds governed by approved trust agreements, or assets administered for the benefit of the Town by outside agencies under retirement or deferred compensation programs. Additionally, bond funds (including debt service and reserve funds) are

governed by bond ordinances and are subject to the provisions of the Internal Revenue Code and applicable federal regulations governing the investment of bond proceeds.

4. **INVESTMENT OBJECTIVES.** Funds of the Town shall be invested in accordance with all applicable Texas statutes, these Policies and any other approved, written administrative procedures. The four objectives of the Town's investment activities shall be as follows (in the order of priority):

4.1. **Safety of Principal.** Safety of principal invested is the foremost objective in the investment decisions of the Town. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized investments as defined in these Policies, by qualifying the financial institutions with whom the Town will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on the Town's investments.

4.2. **Liquidity.** The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the Town's cash flow requirements and by investing in securities with active secondary markets. Investments shall be structured in such a manner as will provide the liquidity necessary to pay obligations as they become due. An investment may be liquidated prior to its stated maturity to meet unanticipated cash requirements, or to otherwise favorably adjust the Town's portfolio, in accordance with Section 2.2.5 above.

4.3. **Market Rate-of-Return (Yield).** The Town's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio. The investment portfolio shall be managed in a manner which seeks to attain a market rate of return throughout budgetary and economic cycles. The Town will not attempt to consistently attain an unrealistic above market rate-of-return, as this objective will subject the overall portfolio to greater risk. Therefore, the Town's rate of return objective is secondary to those of safety and liquidity. Portfolio rate of return (yield) is defined as the weighted average yield to maturity, expressed as a percentage.

4.4. **Public Trust.** All participants in the Town's investment program shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction which might involve a conflict of interest or otherwise impair public confidence in the Town's ability to govern effectively. All employees of the Town having either a direct or indirect role in the process of investing idle funds shall act responsibly as custodians of the public trust.

5. **INVESTMENT RESPONSIBILITY.** As provided in these Policies, the daily operation and management of the Town's investments are the responsibility of the following persons.

5.1. **Delegation of Authority.** The Assistant Town Administrator and the Director of Finance are the Investment Officers, and are authorized to deposit, withdraw, invest, transfer, or manage in any other manner the funds of the Town. Overall management responsibility for the investment program is hereby delegated to the Assistant Town Administrator, who shall establish written procedures for the operation of the investment program consistent with these Policies.

Commented [JH2]: Confirm titles remain correct

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Such procedures shall include explicit delegation of authority to persons responsible for investment activities. No persons may engage in an investment transaction except as provided under the terms of these Policies and the procedures established by the Assistant Town Administrator. The Assistant Town Administrator shall establish a system of controls to regulate the activities of subordinate staff members. The system of controls shall be designed to provide reasonable assurance that assets of the Town are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that:

(1) the cost of a control should not exceed the benefits likely to be derived; and,
(2) the valuation of costs and benefits requires estimates and judgments by management.

The Assistant Town Administrator shall be designated as the primary Investment Officer for the Town and shall be responsible for investment decisions and activities under the direction of the Town Administrator. The Assistant Town Administrator may delegate any phase of the investment program to the Director of Finance. Both the Assistant Town Administrator and the Director of Finance are responsible for daily investment activities. However, ultimate responsibility for investment decisions will rest with the Assistant Town Administrator. Commitment of financial and staffing resources in order to achieve the investment objectives shall be the responsibility of the Town Council.

5.2. **Prudence.** The standard of care~~prudence~~ to be applied by the Investment Officer shall be the "prudent person" rule, which states, "investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." In determining whether the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:

5.2.1. The investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and

5.2.2. whether the investment decision was consistent with these Policies.

5.3. **Due Diligence.** An Investment Officer, acting in accordance with written policies and procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.

5.4. **Ethical Standards and Conflicts of Interest.** All Town employees having a direct or indirect role in the investment of Town funds shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Investment Officers shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. Any Investment Officer who has a personal business relationship with a depository bank or with a

business organization offering to engage in an investment transaction with the Town, as defined in Section 2256.005(i)(1-3) of the PFIA, shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the Town shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Town Council.

5.5. **Quality and Capability of Investment Management.** The Town shall provide periodic training in investments for the designated Investment Officers and other investment personnel through courses and seminars offered by professional organizations.

5.6. **Training.** All Investment Officers shall accrue at least ten (10) hours of training relating to the Officer's responsibility under the PFIA within twelve (12) months after assuming duties. Thereafter, eight (8) hours of training must be completed every two years aligned with the Town's fiscal year. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with PFIA. Such training shall be received from an independent source including courses or seminars from the Government Finance Officers Association, the Government Treasurers' Organization of Texas, the Government Finance Officers Association of Texas, the Association of Public Treasurers of the United States and Canada, the Texas Municipal League or any of its affiliates, the American Institute of Certified Public Accountants, the University of North Texas, or the North Central Texas Council of Governments.

6. **AUTHORIZED INVESTMENTS.** As stated previously, safety of principal is the primary objective in investing public funds and can be accomplished by limiting two types of risk: credit risk and interest rate risk. Credit risk is the risk associated with the failure of an issuer or backer. Interest rate risk is the risk that the value of an investment will decline due to an increase in the general level of interest rates. In order to provide for safety of principal as the Town's primary objective, only certain investments are authorized as acceptable investments for the Town. The following list of authorized investments for the Town intentionally excludes some investments authorized by law. These restrictions are placed in order to limit possible risk and provide the maximum measure of safety to Town funds.

6.1. **Authorized and Acceptable Investments.** The authorized list of investment instruments are as follows:

6.1.1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks, but excluding mortgage-backed securities.

6.1.2. Direct obligations of the State of Texas, its agencies and instrumentalities or obligations of agencies, counties, cities, and other political subdivisions of this State rated as to investment quality by a nationally recognized investment rating firm of not less than "A" or its equivalent.

6.1.3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, but excluding mortgage-related securities.

6.1.4. Financial Institution Deposits. A certificate of deposit, or other form of deposit, issued by a state or national bank with a main or branch office in this state, a savings bank (or savings and loan association) with a main or branch office in this state, or a federal credit union with a main or branch office in this state, and is:

- guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor;
- guaranteed or insured by the National Credit Union Share Insurance Fund (NCUSIF) or its successor;
- secured by obligations that are eligible as per the Public Funds Collateral Act and these Policies; or
- placed in accordance with the PFIA.

6.1.5. Eligible Local Government Investment Pools. Public funds investment pools which invest in instruments and follow practices allowed by the current law as defined in Section 2256.016 of the PFIA, provided that:

- the investment pool has been authorized by the Town Council;
- the pool shall have furnished the Town an offering circular containing the information required by Section 2256.016(b) of the PFIA;
- the pool shall furnish the Town investment transaction confirmations with respect to all investments made with it;
- the pool shall furnish to the Town monthly reports containing the information required under Section 2256.016(c)(2) of the PFIA;
- the pool is continuously rated no lower than “AAA” or “AAA-m” or an equivalent rating by at least one nationally recognized rating service;
- the pool marks its portfolio to market daily;
- the pool’s investment objectives shall be to maintain a stable net asset value of one dollar ($1.00); and
- the pool’s investment philosophy and strategy are consistent with these Policies.

6.1.6. Repurchase Agreements, Reverse Repurchase Agreements, Bankers’ Acceptances, and Commercial Paper. These investments are only authorized for the Town to the extent that they are contained in the portfolios of approved public funds investment pools in which the Town invests.

6.1.7. Regulated No-Load Money Market Mutual Funds. These investments are authorized under the following conditions:

- the money market mutual fund is registered with and regulated by the Securities and Exchange Commission;
- the fund provides the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940;
- the fund has a dollar-weighted average portfolio maturity in compliance with regulations;
- the investment objectives include the maintenance of a stable net asset value of one dollar ($1.0000) per share; and
- the fund is continuously rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service.

The Town may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.

6.2. **Investment Instruments NOT Authorized.** The following instruments are eligible for investment by local government according to state law, but they have been intentionally prohibited for the Town by these Policies: mortgage-related obligations, guaranteed investment contracts, options, financial futures contracts, and day trading of long-term securities. In addition to these restricted investments, state law specifically prohibits investment in the following securities:

6.2.1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.

6.2.2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.

6.2.3. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.

6.2.4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

7. **DIVERSIFICATION.** Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.

7.1. **Diversification by Maturities.** The longer the maturity of investments, the greater their potential price volatility. Therefore, it is the Town's policy to concentrate its investment

portfolio in shorter-term investments in order to limit principal risks caused by change in interest rates. The Town will attempt to match its investments with anticipated cash flow requirements. The Town will not directly invest in maturities more than three (3) years from the date of purchase. However, the above-described obligations, certificates, or agreements may be collateralized using longer dated instruments. The Town shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. Maturity scheduling shall be managed by the Investment Officers so that maturities of investments shall be timed to coincide with projected cash flow needs.

The entire Town portfolio including funds at the Town's primary depository bank, shall comprise one pooled fund group, and the maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio is two hundred seventy (270) days. Investment maturities for debt service interest and sinking funds and/or other types of reserve funds, whose use is currently not anticipated, may not exceed three (3) years.

7.2. **Diversification by Investment Instrument.** Diversification by investment instrument shall not exceed the following guidelines for each type of instrument (at the time of purchase):

	Percentage of Portfolio (Maximum)
U.S. Treasury Obligations	80%
U.S. Government Agency Securities and Instrumentalities Obligations	80%
Authorized Local Government Investment Pool (per Pool)	75%
Fully Insured or Collateralized Financial Institution Deposits	100%
SEC-Regulated No-Load Money Market Mutual Fund (per Fund)	25%
Municipal Bonds (limited to 5% per issuer)	25%

8. **AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS.** Financial institutions (federally insured banks) with or through whom the Town invests shall be state or national banks with a main or branch office in this state. No public deposit shall be made except in a qualified public depository as established by state laws. Broker/dealers authorized to provide investment services to the Town shall include only those authorized by the Town Council. All banking services will be governed by a depository contract acceptable to the Town. In addition, the Assistant Town Administrator shall maintain a list of security brokers/dealers and investment pools that are authorized by the Town Council.

8.1. **Authorized Broker/Dealers and Financial Institutions Financial Conditions**. As appropriate, the Assistant Town Administrator may review the financial condition and registration of an authorized broker/dealer or financial institution. The review may include, but is not limited to, review of rating agency reports, review of call reports, and analyses of management, profitability, capitalization, and asset quality. Financial institutions and brokers/dealers desiring

to conduct business with the Town shall be required to provide any financial data requested by an Investment Officer.

8.2. **Monitoring Investments**. The Assistant Town Administrator is responsible for monitoring the investments made by a financial institution and/or broker/dealer to determine that they are in compliance with the provisions of these Policies. As stated in Section 2256.017 of the PFIA, the Town is not required to liquidate investments that were authorized investments at the time of purchase.

The Town shall take all prudent measures that are consistent with these Policies to liquidate any investment, through the most efficient market available, that does not have or is down-graded to less than the minimum rating stated herein. The Town shall consider the time remaining until maturity, the quality of the investment, and the quality and amounts of any collateral which may be securing the investment in determining whether to hold the investment until maturity or to redeem the investment.

9. **INVESTMENT POLICIES CERTIFICATION.** All business organizations, as defined by the PFIA (e.g. local government investment pools or discretionary investment management firms), offering to engage in an investment transaction with the Town must supply a certification of having read the Town's Investment Policies signed by a qualified representative of the organization acknowledging that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the Town and the organization except to the extent that this authorization is dependent on an analysis of the makeup of the Town's entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions of the Town that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

The Town shall not enter into an investment transaction with a business organization prior to receiving the signed certification.

10. **DELIVERY VERSUS PAYMENT.** It is the policy of the Town that all security transactions entered into with the Town shall be conducted on a "**DELIVERY VERSUS PAYMENT"** (DVP) basis. By doing this, Town funds are not released until the Town has received the investment purchased. The notification may be oral, but shall be confirmed in writing.

11. **SAFEKEEPING AND COLLATERALIZATION**

11.1. **Safekeeping.** All securities owned by the Town shall be held by its safekeeping agent. Original safekeeping receipts shall be obtained and held by the Town. The Town shall contract with a bank or banks for the safekeeping of securities owned by the Town as part of its investment portfolio.

11.2. **Collateralization.** Consistent with the requirements of the PFCA, it is the policy of the Town to require full collateralization of all non-insured Town funds on deposit with a

depository bank, and a written depository pledge agreement acceptable to the Town. The market value of the investments securing the deposit of funds shall be at least equal to 102% of the amount of the deposits of funds, plus accrued interest, reduced to the extent that the deposits are insured by the FDIC or NCUSIF. Securities pledged as collateral shall be held by an independent third party governed by a mutually agreeable custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. The custodial agreement must clearly state that the custodial bank is instructed to release collateral securities to the Town in the event the Town has determined that the depository bank has failed to pay on any deposit, or has determined that the funds of the Town are in jeopardy for whatever reason, including involuntary closure or change of ownership. A clearly marked evidence of pledge, e.g., pledge receipt, must be supplied to the Town and retained by the Town. Any collateral with a maturity over five (5) years must be approved by an Investment Officer before the transaction is completed. Release of collateral or substitution of securities must be approved in writing by an Investment Officer.

The Town may also accept letters of credit issued by the Federal Home Loan Bank as collateral as long as the value of the letter of credit is equal to 100% of the principal and accrued interest of the uninsured portion of the deposit. The letter of credit should not expire until at least two business days beyond the expected maturity of the deposit or must have a renewal letter of credit in place before the currently held letter of credit expires.

11.2.1. In addition to FDIC or NCUSIF coverage, the Town may accept the following as collateral for bank deposits:

- Letters of credit issued by the Federal Home Loan Bank;
- U.S. Government securities;
- U.S. Agency and Instrumentality securities;
- State of Texas bonds; or
- Bonds issued by other Texas governmental entities (Town, County, school district, or special districts) with a remaining maturity of twenty (20) years or less. Bonds must be (and must remain) investment quality: that is, with a rating of at least "A" or its equivalent.

11.2.2. Financial institutions with whom the Town maintains collateralized deposits, shall require the custodial bank to provide monthly, and as requested by the Town, a listing of the collateral pledged to the Town, marked to current market prices (if available). The listing shall include total pledged securities itemized by name, type, description, par value, current market value, maturity date, and Moody's or Standard & Poor's rating, if applicable. The Town and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

11.2.3. **Collateralized Deposits**. Consistent with the requirements of State law, the Town requires all bank deposits to be federally insured or collateralized with eligible instruments. Financial institutions serving as Town depositories will be required to sign a

"Depository Agreement" with the Town. The collateralized deposit portion of the Agreement shall define the Town's rights to the collateral in the event of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;
- the Agreement must be executed by the Depository and the Town contemporaneously with the acquisition of the asset;
- the Agreement must be approved by the Board of Directors or the Loan Committee of the Depository and a copy of the meeting minutes must be delivered to the Town; and
- the Agreement must be part of the Depository's "official record" continuously since its execution.

12. **INTERNAL CONTROL.** The Assistant Town Administrator shall establish a system of written internal controls, which shall be reviewed annually by independent auditors, as a function of the annual audit. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. This review will provide assurance of compliance with policies and procedures as specified by these Policies.

13. **REPORTING.** The Investment Officers shall submit a signed quarterly investment report that summarizes current market conditions, economic developments, and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics, and shall explain the total investment return for the period.

13.1. **Annual Report.** The Investment Officers shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the Town Administrator and Town Council. The reports prepared by the Investment Officers shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Town Council by that auditor.

13.2. **Methods.** The quarterly investment report shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the reporting period. This management summary will be prepared in a manner which will allow the Town to ascertain whether investment activities during the reporting period have conformed to these Policies. The report will be prepared jointly and bear the signature of each Investment Officer of the Town and will be provided to the Town Council. The report will include the following:

13.2.1. A listing of individual investments held at the end of the reporting period. This list will include the name of the fund or pooled group fund for which each individual investment was acquired;

13.2.2. Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of securities for the period. Market value

shall be obtained from financial institutions or portfolio reporting services independent from the broker/dealer from which the security was purchased;

13.2.3. Additions and changes to the market value during the period;

13.2.4. Fully accrued interest for the reporting period;

13.2.5. Average weighted yield to maturity of the portfolio as compared to applicable benchmarks;

13.2.6. Listing of investments by maturity date;

13.2.7. Statement of compliance of the Town's investment portfolio with State Law and the investment strategy and policy approved by the Town Council; and

13.2.8. Market yield benchmark comparison of the Texas Local Government Investment Pool (TexPool) yield at report date.

14. **STATEMENT OF INVESTMENT POLICIES ADOPTION AND AMENDMENT.** The Town's Statement of Investment Policies shall be adopted and amended by resolution of the Town Council only. The Town's written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the Town. The Town Council shall adopt a resolution stating that it has reviewed the Statement of Investment Policies and that the resolution of the Town Council shall record any changes made.

Attachment A
GLOSSARY

Accretion: Accretion is the accumulation of gains an investor expects to receive after purchasing a bond at a discount and holding until maturity.

Accrued Interest: Term designating the interest due on a bond or other fixed income security that must be paid by the buyer of a security to its seller.

Agency Obligation: A security, almost always debt, issued by a corporation sponsored by the U.S. Government. Examples: bonds of the Tennessee Valley Authority.

Appreciation: Appreciation, in general terms, is an increase in the value of an asset over time.

Average Life. The average life is the length of time the principal of a debt issue is expected to be outstanding.

Basel III: It is an international regulatory accord that introduced a set of reforms designed to improve the regulation, supervision and risk management within the banking sector.

Basis Points (BPS): Basis points (BPS) refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

Benchmark: A benchmark is a standard against which the performance of a security, mutual fund or investment manager can be measured.

Bid: The price offered by a buyer of securities – when you are selling securities, you ask for a bid.

Bond: A bond is a fixed income instrument that represents a loan made by an investor to a borrower (typically corporate or governmental).

Broker: A broker brings buyers and sellers together for a commission.

Bullet Bond: A bullet bond is a debt instrument whose entire principal value is paid all at once on the maturity date, as opposed to amortizing the bond over its lifetime.

Callable Bond: A callable bond is a bond that the issuer may redeem before it reaches the stated maturity date. In essence, a callable bond allows the issuing company to pay off their debt early.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate.

Collateral: Evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a financial institution to secure deposits of public monies.

Confirmation: Commonly called a "confirm." The confirmation is a notice to a customer that payment is due on a purchase, or that net proceeds are available on a sale of securities. Federal securities law requires that a confirmation be sent promptly following each purchase and sale.

Conflict of Interest: Term used to describe a financial situation where a person prejudicially places personal affairs before those of constituents that the person is supposed to serve or represent.

Coupon: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

Current Maturity: Used to designate the remaining lifetime of an already outstanding bond.

Custodial Account: A custodial account can mean any account maintained by a fiduciarily responsible party on behalf of a beneficiary. A fiduciary is bound ethically and legally to act on the best behalf of another's interests.

Custodian: A custodian is a financial institution that holds assets pledged against a loan or collateralized deposit. A custodian holds securities and other assets in electronic or physical form.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Delivery Versus Payment: Delivery of securities first, with an exchange of money for the securities after delivery.

Discount: The difference between the cost price of a security and its maturity value when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities: Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value. Example: U.S. Treasury Bills.

Discount Yield: Measurement of return that computes interest on face value of security rather than on the dollar amount invested. Used in figuring yield on U.S. Treasury Bills.

Diversification: Dividing investment funds among a variety of investments, maturities and providers offering independent returns.

Duration: Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

Earnings Credit Rate (ECR): The earnings credit rate (ECR) is a calculation of credit that a financial institution allocates on customer deposits. Earnings Credits only offset service charges. The earnings credit rate is often correlated with the U.S. Treasury bill (T-bill) rate.

Face Value: The dollar amount that appears on the face of the bond or security. It is the dollar amount the issuer promises to pay to the holder at maturity. Also called par value.

Fair Value: In investing, it refers to an asset's sale price agreed upon by a willing buyer and seller, assuming both parties are knowledgeable and enter the transaction freely.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per depositor.

Federal Funds Rate: The rate of interest at which Fed Funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Farm Credit Bank (FFCB): Fiscal agent for the Farm Credit System, a public government sponsored enterprise (GSE) created in 1916 to lend to agricultural and rural America. Funds for loans are obtained through the issuance of Farm Credit Debt Securities.

Federal Home Loan Bank (FHLB): Government sponsored wholesale banks (currently 11 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLB is to liquefy the housing and other assets of its members who must purchase stock in their District Bank.

Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac): Government sponsored enterprise (GSE) created in 1970 to expand the secondary market for mortgages in the US. Along with other GSEs, Freddie Mac buys mortgages on the secondary market, pools them, and sells them as a mortgage-backed security to investors on the open market. This secondary mortgage market increases the supply of money available for mortgage lending and increases the money available for new home purchases.

Federal National Mortgage Association (FNMA or Fannie Mae): FNMA is a government sponsored enterprise (GSE). It is the largest single provider of residential mortgage funds in the United States. The corporation purchases and pools into securities a variety of adjustable and fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC): Consists of the seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money supply.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington D.C., 12 regional banks and thousands of financial institutions that are members of the system.

Financial Assets: Cash and other assets that, in the normal course of operations, will become cash.

Financial Industry Regulatory Authority (FINRA): It is an independent, non-governmental organization that writes and enforces the rules governing registered brokers and broker-dealer firms in the United States.

Government National Mortgage Association (GNMA or Ginnie Mae): A federal agency that purchases and pools as securities FHA or VA mortgages.

Government-sponsored Enterprise: A government-sponsored enterprise is a quasi-governmental entity established to enhance the flow of credit to specific sectors of the American economy.

Interest: Interest is the charge for the privilege of borrowing money, typically expressed as annual percentage rate (APR).

Interest Rate: The interest rate is the amount a lender charges for the use of assets expressed as a percentage of the principal. The interest rate is typically noted on an annual basis known as the annual percentage rate (APR).

Irrevocable Letter of Credit (ILOC): An irrevocable letter of credit is an official correspondence from a financial institution that guarantees payment for goods or services being purchased by the individual or entity, referred to as the applicant, that requests the letter of credit from an issuing institution.

Liquidity: A liquid assets is one that can be converted easily and rapidly into cash without a substantial loss of value.

Local Government Investment Pool (LGIP): An entity created under the Public Funds Investment Act to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are (1) preservation and safety of principal, (2) liquidity, and (3) yield.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement: A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transactions.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, etc.) with a one-year maturity or less, and often 30-days or less, are issued and traded.

National Credit Union Share Insurance Fund: A federal fund backed by the full faith and credit of the U.S. government that provides deposit insurance for accounts up to $250,000.

Offer: The price quoted by a seller of securities.

Overnight Repo: A repurchase agreement with expiration set for the following business day.

Par Value: The dollar amount that appears on the face of the debt instrument. It is the dollar amount the issuer promises to pay to the holder at maturity. Also, called face value.

Portfolio: Collection of investments held by an investor.

Primary Dealer: A designation given by the Federal Reserve System to financial institutions or broker/dealers who meet specific criteria, including capital requirements and participation in Treasury auctions.

Principal Cost: The cost to purchase the face amount (par value) of a debt security.

Quote: A quote is the last price at which a security or commodity traded, meaning the most recent price to which a buyer and seller agreed and at which some amount of the asset was transacted. The bid or ask quotes are the most current prices and quantities at which the shares can be bought or sold.

Rate of Return: The yield obtainable on a security based on its purchase price.

Repurchase Agreement (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.

Safekeeping: A service to customers rendered by financial institutions whereby securities and valuables of all types and descriptions are held by the institution.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Secured Overnight Financing Rate (SOFR): SOFR is the average rate at which institutions can borrow US dollars overnight while posting US Treasury bonds as collateral.

Securities and Exchange Commission: Agency created by Congress to protect investors in security related transactions by administering securities legislation.

Sell: To transfer ownership for a monetary consideration. The term is used in conjunction with the disposition of stocks, bonds, or other financial assets.

Structured Notes: Notes issued by Government Sponsored Enterprises (FFCB, FHLB, FHLMC, FNMA, etc.) and Corporations that have imbedded options (e.g.: call features, step-up coupons,

floating rate coupons, derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

Treasury Bills: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Bonds: Long-term coupon bearing U.S. Treasury Securities issued as direct obligations of the U. S. Treasury and having initial maturities of more than 10 years.

Treasury Notes: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Treasury and having initial maturities from two to ten years.

Treasury STRIPS: Treasury STRIPS are fixed-income securities that are sold at a significant discount to face value, but don't offer interest payments. STRIPS, which is an acronym for Separate Trading of Registered Interest and Principal of Securities, are zero-coupon bonds that come about when the bond's coupons are separated from the par value of the bond or note.

Weighted Average Maturity (WAM): Weighted average maturity is the weighted average amount of time until the securities in a portfolio mature.

Yield Spread: A yield spread is the difference between yields on differing debt instruments of varying maturities, credit ratings and risk, calculated by deducting the yield of one instrument from another.

Yield to Call (YTC): Yield to call is a financial term that refers to the return an investment holder receives if the security is called/redeemed prior to its maturity date.

Yield to Maturity (YTM): Yield to maturity is the annualized total return anticipated on a security if the instrument is held until it matures.

Attachment B
Authorized Broker/Dealers

FHN Financial
Multi-Bank Securities
Samco Capital Markets
Wells Fargo Securities

TOWN OF HIGHLAND PARK, TEXAS

STATEMENT

OF

INVESTMENT POLICIES

MISSION STATEMENT

The mission of the Town of Highland Park is to provide personal, caring services in a prompt and efficient manner for our community in order to enhance the quality of life and preserve the heritage that is Highland Park.

Reviewed March, 2026

PREFACE

It is the policy of the Town of Highland Park (hereinafter referred to as "Town") that after allowing for the anticipated cash flow requirements of the Town and giving due consideration to the safety and risks of investments, all available funds shall be invested in conformance with these legal and administrative guidelines to obtain a market rate of return.

Effective cash management is recognized as essential to good fiscal management. An active cash management and investment policy will be pursued to take advantage of investment interest as a viable and material source of revenue for Town funds. The Town's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. The Town will invest public funds in a manner which will provide the maximum security and a market rate of return while meeting the daily cash flow demands of the Town.

The Town is required under Chapter 2256 of the Texas Government Code, also cited as the Public Funds Investment Act ("PFIA") to adopt a formal written Investment Policy for the investment of public funds. This policy serves to satisfy the statutory requirement of the PFIA to define, adopt and review a formal investment strategy and policy.

This policy is also written to satisfy the requirements of Chapter 2257 of the Texas Government Code, also cited as the Public Funds Collateral Act ("PFCA"), which requires a written policy to regulate collateralized securities held in the name of the Town.

INVESTMENT OFFICER DESIGNATION

The following Town of Highland Park employees whose titles are set forth below are hereby authorized as Investment Officers to negotiate and execute any and all contracts and other documents as necessary to establish the Town of Highland Park investment and financial institution accounts, with the express powers granted to enter into treasury management services agreements as necessary for account transactions, including but not limited to deposit, withdrawal, and transfer via wire and ACH:

Assistant Town Administrator

Director of Finance

TOWN OF HIGHLAND PARK
STATEMENT OF INVESTMENT POLICIES

TABLE OF CONTENTS

INVESTMENT POLICIES

1. **PURPOSE.** The purpose of this Statement of Investment Policies (hereinafter referred to as "Policies") is to set forth specific investment policy and strategy guidelines for the Town in order to achieve the goals of safety, liquidity, rate of return, and public trust for all investment activities. The Town Council of the Town shall review the investment strategies and policies at least annually and approve it along with any revisions by formal resolution.

2. **INVESTMENT STRATEGIES.** The Town maintains a comprehensive and proactive cash management program which is designed to monitor and control all Town funds to ensure maximum utilization and yield a market rate of return. The basic and underlying strategy of this program is that all of the Town's funds are earning interest, whether as hard dollars or as credit to offset fees. It is the responsibility and obligation of the Town to maintain a flexible approach and be prepared to modify the investment strategy as market conditions dictate. The investment strategy described is predicated on conditions as now exist and are subject to change. The investment strategy emphasizes low credit risk, diversification, and the management of maturities. The strategy also considers the expertise and time constraints of the Investment Officers. The allowable investment instruments as defined in Section 6 of these Policies reflect the avoidance of credit risk. Diversification refers to dividing funds among a variety of investments offering independent returns. This strategy uses local government investment pools and other cash equivalent options to achieve liquidity targets. The management of maturities refers to structuring the maturity dates of the direct investments so that, while funds are initially invested for a longer period of time, some investments mature as cash needs require.

2.1. **The primary investment strategy and objectives** of the Town as specified in these Policies (See Section 4.) are listed below, in their order of importance:

- Safety and preservation of principal;
- Maintenance of sufficient liquidity to meet operating needs;
- A market rate of return on the investment portfolio; and
- Public trust.

2.2. **The list of investments authorized** by these Policies intentionally excludes some investments allowed by state law. The restrictions limit possible credit risk and provide the maximum measure of safety. Within the investment objectives, the investment strategy is to utilize authorized investments for maximum advantage to the Town. To increase the interest earnings for funds identified as being available for investment over longer periods of time based upon a cash requirements projection, the Town will consider the following strategies:

2.2.1. **Strategy No. 1.** Maintaining liquidity through the use of local government investment pools, money market mutual funds, and other cash equivalent options, as authorized by these Policies. An investment pool is an entity created to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority match those objectives of the Town. Funds are usually available from investment pools on a next-day basis, meaning the pools have a high degree of liquidity. Because of the size and expertise of

their staff, investment pools are able to prudently invest in a variety of the investment types allowed by state law. The strategy of the Town calls for the use of investment pools as a source of liquidity. Funds that may be needed on a short-term basis but that are in excess of the amount maintained at the depository bank are available for deposit in investment pools.

2.2.2. **Strategy No. 2.** Building a ladder of investments, authorized by these Policies, with staggered maturities for all or part of the longer-term investable funds. The benefits of this ladder approach include the following:

- It is straight-forward and easily understood;
- All investments remain within the approved maturity horizon;
- It will assure the Town that it will capture a reasonable portion of the yield curve; and,
- It provides predictable cash flow with scheduled maturities and reinvestment opportunities.

2.2.3. **Strategy No. 3.** Utilizing the services of an independent, third-party investment advisor on a periodic basis that would enable the Town to achieve a competitive rate of return on the funds available for longer term investment.

2.2.4. **Strategy No. 4.** The Town may maintain portfolios which utilize specific investment strategy considerations designed to address the unique characteristics of the fund group(s) represented in the portfolios. The strategies will address the suitability of the investment to the financial requirements of the Town, preservation and safety of principal, liquidity, marketability of the investment if the need arises to liquidate the investment before maturity, diversification of the portfolio, and yield:

- Investment strategies for operating funds and pooled funds containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio which will experience minimal volatility during economic cycles.
- Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date(s).
- Investment strategies for debt service reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund.
- Investment strategies for special projects and capital projects funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity.

2.2.5. **Strategy No. 5 – Hold until Maturity**. The strategy of the Town is to maintain sufficient liquidity in its portfolio so that it does not need to sell or redeem an investment prior to maturity. Should it become necessary to sell or redeem an investment prior to maturity,

where the sale proceeds are less than the current book value, the prior written consent of the Town Administrator must be obtained. Investments may be sold or redeemed prior to maturity by the Assistant Town Administrator at or above their book value at any time, without the consent of the Town Administrator.

2.2.6. **Strategy No. 6 – Pooling of Deposits and Investments.** A majority of the Town's demand deposits will be concentrated with one central or primary depository. This procedure will enhance the Town's ability to pool cash for operational efficiency and investment purposes, and provide more manageable banking relationships. The Town's investment portfolio may also be pooled to augment investment strategy development and implementation. Investment pool earnings will be appropriately allocated to the various, participating Town funds.

2.2.7. **Strategy No. 7 – Primary Depository Bank Relationships.** These Policies shall further seek to maintain good primary depository bank relationships while minimizing the cost of banking services. The Town will seek to maintain a primary depository contract which will be managed to a level that minimizes the cost of the primary depository banking relationship to the Town, while allowing the Town to earn an appropriate return on idle demand deposits. In addition, depositories not holding primary demand deposits of the Town may be eligible for secondary demand accounts or other deposit options.

2.2.8. **Strategy No. 8 – Maximizing Investible Cash Balances.** Procedures shall be established and implemented in order to maximize investible cash by decreasing the time between the actual collection and the deposit of receipts, and by the controlling of disbursements.

2.2.9. **Strategy No. 9 – Competitive Environment.** It is the policy of the Town to develop a competitive environment for all investment transactions.

Where practical, and at the discretion of the Investment Officer, at least three bids or offers must be solicited for all security and CD transactions. In a situation where the exact security being offered is not offered by other dealers, offers on the closest comparable investment may be used to establish fair market price of the security. When too few broker/dealers or banks, if any, or in instances where timing is critical, Town Investment Officers may use another authorized investment of similar maturity for evaluation purposes. The quotes may be accepted orally, in writing, electronically, or any combination of these methods, but must be followed by official written confirmation. Town Investment Officers may approve exceptions, on a case-by-case basis, by considering the investment type, maturity date, amount and potential disruptiveness to the Town's investment strategy.

3. **SCOPE.** These Policies shall govern the investment of all financial assets considered to be part of the Town and includes the following funds or fund types: the General Fund, Enterprise Funds, Capital Projects Fund, Debt Service Funds, Internal Service Funds, Special Revenue Funds, and any other funds which have been contractually delegated to the Town for management purposes. The Town may add or delete funds as may be required by law, or for proper accounting procedures. These Policies do not include funds governed by approved trust agreements, or assets administered for the benefit of the Town by outside agencies under retirement or deferred compensation programs. Additionally, bond funds (including debt service and reserve funds) are

governed by bond ordinances and are subject to the provisions of the Internal Revenue Code and applicable federal regulations governing the investment of bond proceeds.

4. **INVESTMENT OBJECTIVES.** Funds of the Town shall be invested in accordance with all applicable Texas statutes, these Policies and any other approved, written administrative procedures. The four objectives of the Town's investment activities shall be as follows (in the order of priority):

4.1. **Safety of Principal.** Safety of principal invested is the foremost objective in the investment decisions of the Town. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized investments as defined in these Policies, by qualifying the financial institutions with whom the Town will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on the Town's investments.

4.2. **Liquidity.** The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the Town's cash flow requirements and by investing in securities with active secondary markets. Investments shall be structured in such a manner as will provide the liquidity necessary to pay obligations as they become due. An investment may be liquidated prior to its stated maturity to meet unanticipated cash requirements, or to otherwise favorably adjust the Town's portfolio, in accordance with Section 2.2.5 above.

4.3. **Market Rate-of-Return (Yield).** The Town's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio. The investment portfolio shall be managed in a manner which seeks to attain a market rate of return throughout budgetary and economic cycles. The Town will not attempt to consistently attain an unrealistic above market rate-of-return, as this objective will subject the overall portfolio to greater risk. Therefore, the Town's rate of return objective is secondary to those of safety and liquidity. Portfolio rate of return (yield) is defined as the weighted average yield to maturity, expressed as a percentage.

4.4. **Public Trust.** All participants in the Town's investment program shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction which might involve a conflict of interest or otherwise impair public confidence in the Town's ability to govern effectively. All employees of the Town having either a direct or indirect role in the process of investing idle funds shall act responsibly as custodians of the public trust.

5. **INVESTMENT RESPONSIBILITY.** As provided in these Policies, the daily operation and management of the Town's investments are the responsibility of the following persons.

5.1. **Delegation of Authority.** The Assistant Town Administrator and the Director of Finance are the Investment Officers, and are authorized to deposit, withdraw, invest, transfer, or manage in any other manner the funds of the Town. Overall management responsibility for the investment program is hereby delegated to the Assistant Town Administrator, who shall establish written procedures for the operation of the investment program consistent with these Policies.

Such procedures shall include explicit delegation of authority to persons responsible for investment activities. No persons may engage in an investment transaction except as provided under the terms of these Policies and the procedures established by the Assistant Town Administrator. The Assistant Town Administrator shall establish a system of controls to regulate the activities of subordinate staff members. The system of controls shall be designed to provide reasonable assurance that assets of the Town are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that:

(1) the cost of a control should not exceed the benefits likely to be derived; and,
(2) the valuation of costs and benefits requires estimates and judgments by management.

The Assistant Town Administrator shall be designated as the primary Investment Officer for the Town and shall be responsible for investment decisions and activities under the direction of the Town Administrator. The Assistant Town Administrator may delegate any phase of the investment program to the Director of Finance. Both the Assistant Town Administrator and the Director of Finance are responsible for daily investment activities. However, ultimate responsibility for investment decisions will rest with the Assistant Town Administrator. Commitment of financial and staffing resources in order to achieve the investment objectives shall be the responsibility of the Town Council.

5.2. **Prudence.** The standard of care to be applied by the Investment Officer shall be the "prudent person" rule, which states, "investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." In determining whether the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:

5.2.1. The investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and

5.2.2. whether the investment decision was consistent with these Policies.

5.3. **Due Diligence.** An Investment Officer, acting in accordance with written policies and procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.

5.4. **Ethical Standards and Conflicts of Interest.** All Town employees having a direct or indirect role in the investment of Town funds shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Investment Officers shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. Any Investment Officer who has a personal business relationship with a depository bank or with a

business organization offering to engage in an investment transaction with the Town, as defined in Section 2256.005(i)(1-3) of the PFIA, shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the Town shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Town Council.

5.5. **Quality and Capability of Investment Management.** The Town shall provide periodic training in investments for the designated Investment Officers and other investment personnel through courses and seminars offered by professional organizations.

5.6. **Training.** All Investment Officers shall accrue at least ten (10) hours of training relating to the Officer's responsibility under the PFIA within twelve (12) months after assuming duties. Thereafter, eight (8) hours of training must be completed every two years aligned with the Town's fiscal year. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with PFIA. Such training shall be received from an independent source including courses or seminars from the Government Finance Officers Association, the Government Treasurers' Organization of Texas, the Government Finance Officers Association of Texas, the Association of Public Treasurers of the United States and Canada, the Texas Municipal League or any of its affiliates, the American Institute of Certified Public Accountants, the University of North Texas, or the North Central Texas Council of Governments.

6. **AUTHORIZED INVESTMENTS.** As stated previously, safety of principal is the primary objective in investing public funds and can be accomplished by limiting two types of risk: credit risk and interest rate risk. Credit risk is the risk associated with the failure of an issuer or backer. Interest rate risk is the risk that the value of an investment will decline due to an increase in the general level of interest rates. In order to provide for safety of principal as the Town's primary objective, only certain investments are authorized as acceptable investments for the Town. The following list of authorized investments for the Town intentionally excludes some investments authorized by law. These restrictions are placed in order to limit possible risk and provide the maximum measure of safety to Town funds.

6.1. **Authorized and Acceptable Investments.** The authorized list of investment instruments are as follows:

6.1.1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks, but excluding mortgage-backed securities.

6.1.2. Direct obligations of the State of Texas, its agencies and instrumentalities or obligations of agencies, counties, cities, and other political subdivisions of this State rated as to investment quality by a nationally recognized investment rating firm of not less than "A" or its equivalent.

6.1.3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, but excluding mortgage-related securities.

6.1.4. Financial Institution Deposits. A certificate of deposit, or other form of deposit, issued by a state or national bank with a main or branch office in this state, a savings bank (or savings and loan association) with a main or branch office in this state, or a federal credit union with a main or branch office in this state, and is:

- guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor;
- guaranteed or insured by the National Credit Union Share Insurance Fund (NCUSIF) or its successor;
- secured by obligations that are eligible as per the Public Funds Collateral Act and these Policies; or
- placed in accordance with the PFIA.

6.1.5. Eligible Local Government Investment Pools. Public funds investment pools which invest in instruments and follow practices allowed by the current law as defined in Section 2256.016 of the PFIA, provided that:

- the investment pool has been authorized by the Town Council;
- the pool shall have furnished the Town an offering circular containing the information required by Section 2256.016(b) of the PFIA;
- the pool shall furnish the Town investment transaction confirmations with respect to all investments made with it;
- the pool shall furnish to the Town monthly reports containing the information required under Section 2256.016(c)(2) of the PFIA;
- the pool is continuously rated no lower than "AAA" or "AAA-m" or an equivalent rating by at least one nationally recognized rating service;
- the pool marks its portfolio to market daily;
- the pool's investment objectives shall be to maintain a stable net asset value of one dollar ($1.00); and
- the pool's investment philosophy and strategy are consistent with these Policies.

6.1.6. Repurchase Agreements, Reverse Repurchase Agreements, Bankers' Acceptances, and Commercial Paper. These investments are only authorized for the Town to the extent that they are contained in the portfolios of approved public funds investment pools in which the Town invests.

6.1.7. Regulated No-Load Money Market Mutual Funds. These investments are authorized under the following conditions:

- the money market mutual fund is registered with and regulated by the Securities and Exchange Commission;
- the fund provides the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940;
- the fund has a dollar-weighted average portfolio maturity in compliance with regulations;
- the investment objectives include the maintenance of a stable net asset value of one dollar ($1.0000) per share; and
- the fund is continuously rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service.

The Town may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.

6.2. **Investment Instruments NOT Authorized.** The following instruments are eligible for investment by local government according to state law, but they have been intentionally prohibited for the Town by these Policies: mortgage-related obligations, guaranteed investment contracts, options, financial futures contracts, and day trading of long-term securities. In addition to these restricted investments, state law specifically prohibits investment in the following securities:

6.2.1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.

6.2.2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.

6.2.3. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.

6.2.4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

7. **DIVERSIFICATION.** Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.

7.1. **Diversification by Maturities.** The longer the maturity of investments, the greater their potential price volatility. Therefore, it is the Town's policy to concentrate its investment

portfolio in shorter-term investments in order to limit principal risks caused by change in interest rates. The Town will attempt to match its investments with anticipated cash flow requirements. The Town will not directly invest in maturities more than three (3) years from the date of purchase. However, the above-described obligations, certificates, or agreements may be collateralized using longer dated instruments. The Town shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. Maturity scheduling shall be managed by the Investment Officers so that maturities of investments shall be timed to coincide with projected cash flow needs.

The entire Town portfolio including funds at the Town's primary depository bank, shall comprise one pooled fund group, and the maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio is two hundred seventy (270) days. Investment maturities for debt service interest and sinking funds and/or other types of reserve funds, whose use is currently not anticipated, may not exceed three (3) years.

7.2. **Diversification by Investment Instrument.** Diversification by investment instrument shall not exceed the following guidelines for each type of instrument (at the time of purchase):

	Percentage of Portfolio (Maximum)
U.S. Treasury Obligations	80%
U.S. Government Agency Securities and Instrumentalities Obligations	80%
Authorized Local Government Investment Pool (per Pool)	75%
Fully Insured or Collateralized Financial Institution Deposits	100%
SEC-Regulated No-Load Money Market Mutual Fund (per Fund)	25%
Municipal Bonds (limited to 5% per issuer)	25%

8. **AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS.** Financial institutions (federally insured banks) with or through whom the Town invests shall be state or national banks with a main or branch office in this state. No public deposit shall be made except in a qualified public depository as established by state laws. Broker/dealers authorized to provide investment services to the Town shall include only those authorized by the Town Council. All banking services will be governed by a depository contract acceptable to the Town. In addition, the Assistant Town Administrator shall maintain a list of security brokers/dealers and investment pools that are authorized by the Town Council.

8.1. **Authorized Broker/Dealers and Financial Institutions Financial Conditions**. As appropriate, the Assistant Town Administrator may review the financial condition and registration of an authorized broker/dealer or financial institution. The review may include, but is not limited to, review of rating agency reports, review of call reports, and analyses of management, profitability, capitalization, and asset quality. Financial institutions and brokers/dealers desiring

to conduct business with the Town shall be required to provide any financial data requested by an Investment Officer.

8.2. **Monitoring Investments**. The Assistant Town Administrator is responsible for monitoring the investments made by a financial institution and/or broker/dealer to determine that they are in compliance with the provisions of these Policies. As stated in Section 2256.017 of the PFIA, the Town is not required to liquidate investments that were authorized investments at the time of purchase.

The Town shall take all prudent measures that are consistent with these Policies to liquidate any investment, through the most efficient market available, that does not have or is down-graded to less than the minimum rating stated herein. The Town shall consider the time remaining until maturity, the quality of the investment, and the quality and amounts of any collateral which may be securing the investment in determining whether to hold the investment until maturity or to redeem the investment.

9. **INVESTMENT POLICIES CERTIFICATION.** All business organizations, as defined by the PFIA (e.g. local government investment pools or discretionary investment management firms), offering to engage in an investment transaction with the Town must supply a certification of having read the Town's Investment Policies signed by a qualified representative of the organization acknowledging that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the Town and the organization except to the extent that this authorization is dependent on an analysis of the makeup of the Town's entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions of the Town that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

The Town shall not enter into an investment transaction with a business organization prior to receiving the signed certification.

10. **DELIVERY VERSUS PAYMENT.** It is the policy of the Town that all security transactions entered into with the Town shall be conducted on a "**DELIVERY VERSUS PAYMENT"** (DVP) basis. By doing this, Town funds are not released until the Town has received the investment purchased. The notification may be oral, but shall be confirmed in writing.

11. **SAFEKEEPING AND COLLATERALIZATION**

11.1. **Safekeeping.** All securities owned by the Town shall be held by its safekeeping agent. Original safekeeping receipts shall be obtained and held by the Town. The Town shall contract with a bank or banks for the safekeeping of securities owned by the Town as part of its investment portfolio.

11.2. **Collateralization.** Consistent with the requirements of the PFCA, it is the policy of the Town to require full collateralization of all non-insured Town funds on deposit with a

depository bank, and a written depository pledge agreement acceptable to the Town. The market value of the investments securing the deposit of funds shall be at least equal to 102% of the amount of the deposits of funds, plus accrued interest, reduced to the extent that the deposits are insured by the FDIC or NCUSIF. Securities pledged as collateral shall be held by an independent third party governed by a mutually agreeable custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. The custodial agreement must clearly state that the custodial bank is instructed to release collateral securities to the Town in the event the Town has determined that the depository bank has failed to pay on any deposit, or has determined that the funds of the Town are in jeopardy for whatever reason, including involuntary closure or change of ownership. A clearly marked evidence of pledge, e.g., pledge receipt, must be supplied to the Town and retained by the Town. Any collateral with a maturity over five (5) years must be approved by an Investment Officer before the transaction is completed. Release of collateral or substitution of securities must be approved in writing by an Investment Officer.

The Town may also accept letters of credit issued by the Federal Home Loan Bank as collateral as long as the value of the letter of credit is equal to 100% of the principal and accrued interest of the uninsured portion of the deposit. The letter of credit should not expire until at least two business days beyond the expected maturity of the deposit or must have a renewal letter of credit in place before the currently held letter of credit expires.

11.2.1. In addition to FDIC or NCUSIF coverage, the Town may accept the following as collateral for bank deposits:

- Letters of credit issued by the Federal Home Loan Bank;
- U.S. Government securities;
- U.S. Agency and Instrumentality securities;
- State of Texas bonds; or
- Bonds issued by other Texas governmental entities (Town, County, school district, or special districts) with a remaining maturity of twenty (20) years or less. Bonds must be (and must remain) investment quality: that is, with a rating of at least "A" or its equivalent.

11.2.2. Financial institutions with whom the Town maintains collateralized deposits, shall require the custodial bank to provide monthly, and as requested by the Town, a listing of the collateral pledged to the Town, marked to current market prices (if available). The listing shall include total pledged securities itemized by name, type, description, par value, current market value, maturity date, and Moody's or Standard & Poor's rating, if applicable. The Town and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

11.2.3. **Collateralized Deposits**. Consistent with the requirements of State law, the Town requires all bank deposits to be federally insured or collateralized with eligible instruments. Financial institutions serving as Town depositories will be required to sign a

"Depository Agreement" with the Town. The collateralized deposit portion of the Agreement shall define the Town's rights to the collateral in the event of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;
- the Agreement must be executed by the Depository and the Town contemporaneously with the acquisition of the asset;
- the Agreement must be approved by the Board of Directors or the Loan Committee of the Depository and a copy of the meeting minutes must be delivered to the Town; and
- the Agreement must be part of the Depository's "official record" continuously since its execution.

12. **INTERNAL CONTROL.** The Assistant Town Administrator shall establish a system of written internal controls, which shall be reviewed annually by independent auditors, as a function of the annual audit. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. This review will provide assurance of compliance with policies and procedures as specified by these Policies.

13. **REPORTING.** The Investment Officers shall submit a signed quarterly investment report that summarizes current market conditions, economic developments, and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics, and shall explain the total investment return for the period.

13.1. **Annual Report.** The Investment Officers shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the Town Administrator and Town Council. The reports prepared by the Investment Officers shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Town Council by that auditor.

13.2. **Methods.** The quarterly investment report shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the reporting period. This management summary will be prepared in a manner which will allow the Town to ascertain whether investment activities during the reporting period have conformed to these Policies. The report will be prepared jointly and bear the signature of each Investment Officer of the Town and will be provided to the Town Council. The report will include the following:

13.2.1. A listing of individual investments held at the end of the reporting period. This list will include the name of the fund or pooled group fund for which each individual investment was acquired;

13.2.2. Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of securities for the period. Market value

shall be obtained from financial institutions or portfolio reporting services independent from the broker/dealer from which the security was purchased;

13.2.3. Additions and changes to the market value during the period;

13.2.4. Fully accrued interest for the reporting period;

13.2.5. Average weighted yield to maturity of the portfolio as compared to applicable benchmarks;

13.2.6. Listing of investments by maturity date;

13.2.7. Statement of compliance of the Town's investment portfolio with State Law and the investment strategy and policy approved by the Town Council; and

13.2.8. Market yield benchmark comparison of the Texas Local Government Investment Pool (TexPool) yield at report date.

14. **STATEMENT OF INVESTMENT POLICIES ADOPTION AND AMENDMENT.** The Town's Statement of Investment Policies shall be adopted and amended by resolution of the Town Council only. The Town's written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the Town. The Town Council shall adopt a resolution stating that it has reviewed the Statement of Investment Policies and that the resolution of the Town Council shall record any changes made.

Attachment A
GLOSSARY

Accretion: Accretion is the accumulation of gains an investor expects to receive after purchasing a bond at a discount and holding until maturity.

Accrued Interest: Term designating the interest due on a bond or other fixed income security that must be paid by the buyer of a security to its seller.

Agency Obligation: A security, almost always debt, issued by a corporation sponsored by the U.S. Government. Examples: bonds of the Tennessee Valley Authority.

Appreciation: Appreciation, in general terms, is an increase in the value of an asset over time.

Average Life. The average life is the length of time the principal of a debt issue is expected to be outstanding.

Basel III: It is an international regulatory accord that introduced a set of reforms designed to improve the regulation, supervision and risk management within the banking sector.

Basis Points (BPS): Basis points (BPS) refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

Benchmark: A benchmark is a standard against which the performance of a security, mutual fund or investment manager can be measured.

Bid: The price offered by a buyer of securities – when you are selling securities, you ask for a bid.

Bond: A bond is a fixed income instrument that represents a loan made by an investor to a borrower (typically corporate or governmental).

Broker: A broker brings buyers and sellers together for a commission.

Bullet Bond: A bullet bond is a debt instrument whose entire principal value is paid all at once on the maturity date, as opposed to amortizing the bond over its lifetime.

Callable Bond: A callable bond is a bond that the issuer may redeem before it reaches the stated maturity date. In essence, a callable bond allows the issuing company to pay off their debt early.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate.

Collateral: Evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a financial institution to secure deposits of public monies.

Confirmation: Commonly called a "confirm." The confirmation is a notice to a customer that payment is due on a purchase, or that net proceeds are available on a sale of securities. Federal securities law requires that a confirmation be sent promptly following each purchase and sale.

Conflict of Interest: Term used to describe a financial situation where a person prejudicially places personal affairs before those of constituents that the person is supposed to serve or represent.

Coupon: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

Current Maturity: Used to designate the remaining lifetime of an already outstanding bond.

Custodial Account: A custodial account can mean any account maintained by a fiduciarily responsible party on behalf of a beneficiary. A fiduciary is bound ethically and legally to act on the best behalf of another's interests.

Custodian: A custodian is a financial institution that holds assets pledged against a loan or collateralized deposit. A custodian holds securities and other assets in electronic or physical form.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Delivery Versus Payment: Delivery of securities first, with an exchange of money for the securities after delivery.

Discount: The difference between the cost price of a security and its maturity value when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities: Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value. Example: U.S. Treasury Bills.

Discount Yield: Measurement of return that computes interest on face value of security rather than on the dollar amount invested. Used in figuring yield on U.S. Treasury Bills.

Diversification: Dividing investment funds among a variety of investments, maturities and providers offering independent returns.

Duration: Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

Earnings Credit Rate (ECR): The earnings credit rate (ECR) is a calculation of credit that a financial institution allocates on customer deposits. Earnings Credits only offset service charges. The earnings credit rate is often correlated with the U.S. Treasury bill (T-bill) rate.

Face Value: The dollar amount that appears on the face of the bond or security. It is the dollar amount the issuer promises to pay to the holder at maturity. Also called par value.

Fair Value: In investing, it refers to an asset's sale price agreed upon by a willing buyer and seller, assuming both parties are knowledgeable and enter the transaction freely.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per depositor.

Federal Funds Rate: The rate of interest at which Fed Funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Farm Credit Bank (FFCB): Fiscal agent for the Farm Credit System, a public government sponsored enterprise (GSE) created in 1916 to lend to agricultural and rural America. Funds for loans are obtained through the issuance of Farm Credit Debt Securities.

Federal Home Loan Bank (FHLB): Government sponsored wholesale banks (currently 11 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLB is to liquefy the housing and other assets of its members who must purchase stock in their District Bank.

Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac): Government sponsored enterprise (GSE) created in 1970 to expand the secondary market for mortgages in the US. Along with other GSEs, Freddie Mac buys mortgages on the secondary market, pools them, and sells them as a mortgage-backed security to investors on the open market. This secondary mortgage market increases the supply of money available for mortgage lending and increases the money available for new home purchases.

Federal National Mortgage Association (FNMA or Fannie Mae): FNMA is a government sponsored enterprise (GSE). It is the largest single provider of residential mortgage funds in the United States. The corporation purchases and pools into securities a variety of adjustable and fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC): Consists of the seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money supply.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington D.C., 12 regional banks and thousands of financial institutions that are members of the system.

Financial Assets: Cash and other assets that, in the normal course of operations, will become cash.

Financial Industry Regulatory Authority (FINRA): It is an independent, non-governmental organization that writes and enforces the rules governing registered brokers and broker-dealer firms in the United States.

Government National Mortgage Association (GNMA or Ginnie Mae): A federal agency that purchases and pools as securities FHA or VA mortgages.

Government-sponsored Enterprise: A government-sponsored enterprise is a quasi-governmental entity established to enhance the flow of credit to specific sectors of the American economy.

Interest: Interest is the charge for the privilege of borrowing money, typically expressed as annual percentage rate (APR).

Interest Rate: The interest rate is the amount a lender charges for the use of assets expressed as a percentage of the principal. The interest rate is typically noted on an annual basis known as the annual percentage rate (APR).

Irrevocable Letter of Credit (ILOC): An irrevocable letter of credit is an official correspondence from a financial institution that guarantees payment for goods or services being purchased by the individual or entity, referred to as the applicant, that requests the letter of credit from an issuing institution.

Liquidity: A liquid assets is one that can be converted easily and rapidly into cash without a substantial loss of value.

Local Government Investment Pool (LGIP): An entity created under the Public Funds Investment Act to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are (1) preservation and safety of principal, (2) liquidity, and (3) yield.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement: A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transactions.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, etc.) with a one-year maturity or less, and often 30-days or less, are issued and traded.

National Credit Union Share Insurance Fund: A federal fund backed by the full faith and credit of the U.S. government that provides deposit insurance for accounts up to $250,000.

Offer: The price quoted by a seller of securities.

Overnight Repo: A repurchase agreement with expiration set for the following business day.

Par Value: The dollar amount that appears on the face of the debt instrument. It is the dollar amount the issuer promises to pay to the holder at maturity. Also, called face value.

Portfolio: Collection of investments held by an investor.

Primary Dealer: A designation given by the Federal Reserve System to financial institutions or broker/dealers who meet specific criteria, including capital requirements and participation in Treasury auctions.

Principal Cost: The cost to purchase the face amount (par value) of a debt security.

Quote: A quote is the last price at which a security or commodity traded, meaning the most recent price to which a buyer and seller agreed and at which some amount of the asset was transacted. The bid or ask quotes are the most current prices and quantities at which the shares can be bought or sold.

Rate of Return: The yield obtainable on a security based on its purchase price.

Repurchase Agreement (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.

Safekeeping: A service to customers rendered by financial institutions whereby securities and valuables of all types and descriptions are held by the institution.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Secured Overnight Financing Rate (SOFR): SOFR is the average rate at which institutions can borrow US dollars overnight while posting US Treasury bonds as collateral.

Securities and Exchange Commission: Agency created by Congress to protect investors in security related transactions by administering securities legislation.

Sell: To transfer ownership for a monetary consideration. The term is used in conjunction with the disposition of stocks, bonds, or other financial assets.

Structured Notes: Notes issued by Government Sponsored Enterprises (FFCB, FHLB, FHLMC, FNMA, etc.) and Corporations that have imbedded options (e.g.: call features, step-up coupons,

floating rate coupons, derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

Treasury Bills: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Bonds: Long-term coupon bearing U.S. Treasury Securities issued as direct obligations of the U. S. Treasury and having initial maturities of more than 10 years.

Treasury Notes: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Treasury and having initial maturities from two to ten years.

Treasury STRIPS: Treasury STRIPS are fixed-income securities that are sold at a significant discount to face value, but don't offer interest payments. STRIPS, which is an acronym for Separate Trading of Registered Interest and Principal of Securities, are zero-coupon bonds that come about when the bond's coupons are separated from the par value of the bond or note.

Weighted Average Maturity (WAM): Weighted average maturity is the weighted average amount of time until the securities in a portfolio mature.

Yield Spread: A yield spread is the difference between yields on differing debt instruments of varying maturities, credit ratings and risk, calculated by deducting the yield of one instrument from another.

Yield to Call (YTC): Yield to call is a financial term that refers to the return an investment holder receives if the security is called/redeemed prior to its maturity date.

Yield to Maturity (YTM): Yield to maturity is the annualized total return anticipated on a security if the instrument is held until it matures.

Attachment B
Authorized Broker/Dealers

FHN Financial
Multi-Bank Securities
Samco Capital Markets
Wells Fargo Securities

March 19, 2025

John Samford
Director of Finance
Town of Highland Park
4700 Drexel Dr.
Highland Park, TX 75205-3107

Dear John:

On behalf of the Investment Policy Review Committee, I am pleased to inform you that the Government Treasurers' Organization of Texas (GTOT) has awarded the **Certificate of Distinction** to the Town of Highland Park for its Investment Policy. Members of the Review Committee congratulate the Town of Highland Park for its commitment to maintaining a comprehensive written investment policy that meets the criteria set forth in the GTOT Investment Policy Review Checklist.

We have no recommendations for your policy currently.

Congratulations once again on an excellent policy and thank you for participating in our certification program. Your certificate is good for a two-year period ending **March 31, 2027.**

Sincerely,

Patrick Shinkle
GTOT Investment Policy Review Committee

Town of Highland Park
Town Council
Tuesday, March 3, 2026

Item Coversheet

Review, discuss, and take action on canceling the Town Council meeting on August 4, 2026, and scheduling a Town Council meeting on August 11, 2026.

PRESENTED BY: Joanna Mekeal, Town Secretary

BACKGROUND:

The August 4, 2026, Town Council meeting is proposed to be canceled and rescheduled for August 11, 2026. This meeting will include all budget-related items as well as any other Town business and will function in the same manner as a regular Town Council meeting.

This adjustment is necessary due to timing considerations. Town staff expects to receive certified property values from Dallas Central Appraisal District on July 25, 2026. Following receipt, the Dallas County Tax Assessor typically requires three to five business days to prepare the official tax rate calculations. As a result, we will be unable to meet the state agenda posting deadline for the August 4, 2026, meeting.

The August 18, 2026, Town Council meeting will remain on the schedule at this time. This meeting will provide a final opportunity for review of the proposed budget prior to its anticipated adoption at the September 1, 2026, Town Council meeting. However, if the Town Council determines that no further discussion is needed, the August 18, 2026, meeting may be canceled later in the process.

RECOMMENDATION

Town staff recommends canceling the August 4, 2026, Town Council Meeting and scheduling a Town Council Meeting on August 11, 2026.

FINANCIAL IMPACT

This item has no financial impact.

ATTACHMENTS

None