

RESOLUTION NO. _____

A RESOLUTION TO ALLOW THE CITY OF HEARNE TO MAKE ALL UPGRADES NECESSARY TO ALLOW GATX TO BECOME A MUNICIPAL POWER CUSTOMER

WHEREAS, The City Council of the City of Hearne and GATX are both in agreement that the proposed power agreement between them will be beneficial to both parties.

WHEREAS, GATX has stated that they wish to become a municipal power customer of the City of Hearne on November 01, 2018.

WHEREAS, The City of Council has met and determined that any of the four methods of payments are acceptable and necessary to make improvements to infrastructure to support the addition of GATX as a municipal power customer.

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

Section 1. The City has determined that there are four methods to pay for all necessary upgrades to infrastructure

- **The Texas Capital Fund Grant** - The possible expansion of GATX opens up the doors for The City of Hearne and GATX to apply for a Texas Capital Fund Grant. This grant is at NO cost to the City, and we are able to apply for GATX impacted infrastructure upgrades of up to 1 million dollars. The substation qualifies as an acceptable project to include in the grant. This would allow the City to make this upgrade at no cost, and is the most favorable method of payment.
- **Substation Purchase** - Assuming GATX does not expand to Hearne. The expansion has nothing to do with GATX asking Hearne to provide power. In an earlier council meeting, I mentioned that Hearne is in need of a transmission operator. Details for this will be explained in an upcoming workshop, but one of the only reasonable methods involves selling our substation to the Lower Colorado River Association (LCRA). LCRA will share some of the costs for this upgrade in regards to the substation upgrade. This cost share will reduce the price and make the upgrade more affordable.
- **Type A and B** - This upgrade would be an acceptable project for the Type A and B Boards, as it promotes the City's ability to accommodate large industrial type customers that are the cornerstone of economic development. Costs could be split between both Boards and possibly matched by the City.

- **Enterprise Fund** - Hearne has the ability to pay for this upgrade. The City could either go out for a traditional loan or take a loan from reserve funds.

Section 2. The City of Hearne agrees to complete these upgrades before November 2018.

APPROVED this _____ day of _____ 2017.

PASSED AND APPROVED this _____ day of _____ 2017.

City of Hearne, Texas

By: _____
Mayor, Ruben Gomez

Attest:

Linda Pecina, City Secretary