JAMES BURGESS
Mayor
JEANNIE PRAZAK
Councilmember Place 1
LINDA HARRIS
Councilmember Place 2

JEANIE SCOTT
Mayor Pro Tem
GERONIMO HERNANDEZ
Councilmember Place 4
PHYLLIS LEWIS
Councilmember Place 5

VENUS SPECIAL CALLED COUNCIL MEETING
Venus Civic Center
210 S. Walnut Street
Venus, Texas 76084
Monday, March 29, 2021 7:00 PM
Special Called Agenda

Page

1. Call to Order, Roll Call, Invocation, Pledge of Allegiance

2. Announcements from Mayor:

Cell phones are to be turned off or placed on vibrate/silent only. No conversation or comment from the audience is permitted unless specifically called upon by the Mayor. Please remain respectfully quiet.

3. Citizen Public Comment Period:

Citizens may sign up before the meeting begins and will be allowed up to 5 minutes to address the Mayor and Council. The Mayor, Council members and staff members may not respond or converse with speakers during this time. The comments from the speaker must be in the form of a statement. By State law, no questions may be asked or answered for items not appearing on the agenda.

4. Public Hearing and Consideration Items

4.1. Public Hearing: To hear public testimony on the feasibility and advisability of revising the boundaries of Brahman Ranch Public Improvement District No.1 and increasing the amount authorized improvements to be financed therewith, as proposed by Miskimon Management I, L.L.C.

Open Public Hearing.

Close Public Hearing.

4.2. Discuss and consider adoption of Resolution No. 01-2021-03 of the City of Venus, Texas, revising the boundaries of Brahman Ranch Public Improvement District No. 1 and increasing the amount of authorized improvements to be financed therewith, pursuant to Chapter 372 Texas Local Government Code. 5 - 18

04 - Resolution Amending PID Creation v1.pdf

I make a motion to approve Resolution No. 01-2021-03.

4.3. Discuss and consider approving a First Amendment to Brahman Ranch Improvement District No. 1 Development Agreement, and authorizing Mayor to execute said First Amendment in the name of and on behalf of City of Venus. 19 - 22

First Amendment to Development Agreement - Miskimon Management I LLC v8.pdf

I make a motion to authorize the Mayor to execute the First Amendment to Brahman Ranch Improvement District No. 1 Development Agreement.

4.4. Discuss and consider acceptance of the winning site civil bid for the Brahman wastewater treatment plant. 23 - 24

Engineers Recommendation Brahman Site Civil.pdf

Bid Tab Brahman Site Civil.pdf

Staff Summary: A bid opening was held on February 25th, 2021 to award the site civil work for the future Brahman wastewater treatment plant. Two bidders submitted bids for consideration. The low bidder was SOAP Engineering. These funds will be taken from the $500,000 the developer contributed for the Brahman Ranch package plant. Staff recommends accepting the low bid from SOAP Engineering to complete the civil work prior to the arrival of the treatment plant.

I make a motion to authorize the Mayor to sign the acceptance bid in favor of SOAP Engineering.

4.5. Discuss and consider Ordinance No. 721-2021-03 amending the Zoning Ordinance and Official Zoning Map, to rezone an 25 - 29 approximate 24.47 acre tract of land, generally located at the Southwest corner of FM 1807 CR 213, from its current Agricultural zoning classification to Single Family Small Lot.

721-2021-03-DRAFT ORD_Bankston_v2.pdf

This item was tabled at the last City Council meeting on March 8, 2021.

I make a motion to approve Ordinance No. 721-2021-03.

4.6. Discuss and consider Resolution No. 02-2021-03 to award a contract for bank depository services to Pinnacle Bank. 30 - 129

1-Staff Report - Depository Applications.pdf 2-Resolution No. 02-2021-03 and Exhibit A.pdf 3-Wells Fargo.pdf

I make a motion to approve Resolution No. 02-2021-03.

4.7. Discuss and consider approval to amend FY 2020-2021 Capital Projects Fund - 2018 CO Bonds. 130 - 131

Agenda Item Report - FY 20-21 Budget Amendment CPF-2018 Bonds.pdf

I make a motion to approve a budget amendment to FY 2020-2021 Capital Projects Fund-2018 Bond Proceeds as presented.

4.8. Discuss and consider approval to amend FY 2020-2021 Water and Wastewater Budget for additional audit services and to issue credits to commercial customers for utility bill overpayments. 132 - 134

Agenda Item Report FY 20-21 W-WW Budget Revision-Water Billing Issues.pdf

I make a motion to approve amendment to FY 20-21 Water and Sewer Budget as presented.

4.9. Discuss and consider acceptance of bid for City Hall remodel from Kinetic Commercial Contracting for $148,957. 135

Kinetic CC - Venus City Hall Proposal R1.pdf

Staff Summary: Staff has solicited estimates for the City Hall remodel including but not limited to the exterior facade in stone and stucco, interior flooring, public area remodel, front office remodel, upstairs additional office space, and paint. Staff met with four separate contractors for the project. Two submitted bids, however one was incomplete. Kinetic Commercial Contracting submitted the most comprehensive and complete bid. Staff recommends approval of the Kinetic estimate.

I make a motion to authorize the Mayor to accept the bid from Kinetic Commercial Contracting.

5. Adjournment

The City Council reserves the right to meet in Executive Session closed to the public at any time in the course of this meeting to discuss matters listed on the agenda, pursuant to authorization by the Texas Open Meetings Act TEXAS GOVERNMENT CODE, Chapter 551.071 (Private consultation with attorney for the city), 551.072 (deliberations about real property), 551.073 (deliberations about gifts and donations), 551.074 (personnel matters), 551.076 (deliberations about security devices), 551.087 (economic development), 418.183 (homeland security).

This is to certify that a copy of this Notice of Meeting was posted on the bulletin of City Hall, 700 W. Hwy 67 Venus, Texas and at a place readily accessible to the general public at all times and to the City's website www.cityofvenus.org**, Friday March 26, 2021 by 5:00 P.M..**

____

Callie Green,

City Secretary

For more information or a copy of the Open Meetings Act, please contact the Attorney General of Texas at 1-800-252-8011; the City Secretary at 972-366-3348, ext. 211 or visit the City of Venus web site at www.cityofvenus.org. This building is wheelchair accessible. Any requests for Interpretive Services must be named 48 hours in advance of the scheduled meeting. To make arrangements please call 972-366-3348 .

RESOLUTION NO. 01-2021-03

RESOLUTION OF THE CITY OF VENUS, TEXAS, REVISING THE BOUNDARIES OF BRAHMAN RANCH PUBLIC IMPROVEMENT DISTRICT NO. 1 AND INCREASING THE AMOUNT OF AUTHORIZED IMPROVEMENTS TO BE FINANCED THEREWITH, PURSUANT TO CHAPTER 372 TEXAS LOCAL GOVERNMENT CODE

RECITALS

WHEREAS, the City Council of the City (the "City Council") of Venus, Texas (the "City") has received a petition (the "Petition") requesting a change to the boundaries of the Brahman Ranch Public Improvement District No. 1 (the "District") within the City, as well as maximum amount of the Authorized Improvements, under Chapter 372 of the Texas Local Government Code (the "Act"), from the record owners of taxable real property representing more than fifty percent (50%) of the appraised value of the taxable real property liable for assessment (as determined by the most recent certified appraisal roll for Ellis County) in the lands to be added to the District and the record owners of taxable real property that constitute more than 50% of all of the area of all taxable real property that is liable for assessment in the lands to be included in the District under the proposal; and

WHEREAS, the Petition, has been examined, verified, and found to meet the requirements of Section 372.005(b) of the Act and to be sufficient for consideration by the City Council; and

WHEREAS, the revised boundaries of the District are described in Exhibit A attached hereto, said Revised Boundaries being located wholly within the corporate limits of the City; and

WHEREAS, after providing all notices required by the Act, the City, on March 29, 2021, conducted a public hearing pursuant to Section 372.012 of the Act on the advisability of the revision of lands and the increase in the estimated amount of the Authorized Improvements (as such term is defined herein) and services for the revised land as described in the Petition; and

WHEREAS, the City Council adjourned and closed the public hearing.

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

SECTION 1. The findings set forth in the recitals of this Resolution are hereby found to be true and correct.

SECTION 2. The Petition submitted to the City was filed with the City Secretary and complies with Subchapter A of the Act.

SECTION 3. Pursuant to the requirements of the Act, the City Council, after considering the Petition and the evidence and testimony presented at the public hearing on March 29, 2021, hereby finds and declares:

(1) The revision of the District's boundaries and the undertaking and financing of the Authorized Improvements promote the interests of the City;

(2) The revision of the boundaries of the District and the undertaking and financing of the Authorized Improvements confer a special benefit on a definable part of the City identified herein as the Property;

(3) The revision of the District's boundaries and the undertaking and financing of the Authorized Improvements are advisable and feasible;

(4) The proposed Authorized Improvements that are authorized by the Act to be undertaken and financed from time to time in phases are described as follows: (a) (1) landscaping; (2) erection of fountains, distinctive lighting, and signs; (3) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way, including related landscaping, lighting, traffic control devices, screening walls and retaining walls; (4) construction or improvement of pedestrian malls; (5) acquisition and installation of pieces of art; (6) acquisition, construction, or improvement of off-street parking facilities; (7) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements; (8) the establishment or improvement of parks; (9) projects similar to those listed in (1)-(8); (10) acquisition, by purchase or otherwise, of real property or contract rights in connection with an authorized improvement except that costs related to the acquisition of land, within the Property, for the construction of improvements will be not be considered an Authorized Improvement; (11) special supplemental and maintenance services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, roadways, public safety, security, business recruitment, development, recreation, and cultural enhancement; and (b) the payment of expenses incurred in the establishment, administration, maintenance and operation of the District, including costs of issuance, funding debt service and capitalized interest reserves and credit enhancement fees of any bonds issued by or on behalf of the City or District (collectively, the "Authorized Improvements");

(5) The estimated cost of the proposed Authorized Improvements is $50,000,000.00;

(6) The revised boundaries of the District include all of the property that is set forth and described in Exhibit A attached hereto and made a part hereof for all purposes;

(7) The costs of the improvements shall be apportioned between the District and City such that all such costs are paid from the assessments levied on the property within the District and other sources available to the owners and developers of the property within the District. The City will not be obligated to provide any funds to finance

the Authorized Improvements, except for assessments levied on real property within the District and possible tax reinvestment zone revenue. No municipal property in the District shall be assessed. All of the costs of the Authorized Improvements will be paid from assessments and from other sources of funds, if any, available to the Petitioner; and

(8) The District shall continue to be managed without the creation of an advisory body.

SECTION 4. The boundaries of the Brahman Ranch Public Improvement District No. 1 are hereby amended under the Act in accordance with the findings as to the advisability of the Authorized Improvements and the increased estimated costs of the Authorized Improvements contained in this Resolution.

SECTION 5. The City's staff is directed to give notice of the authorization of the revised boundaries of the District and the increase in the estimated costs of the Authorized Improvements by publishing a copy of this Resolution once in a newspaper of general circulation within the City. Such authorization shall take effect and the revised boundaries shall become a part of Brahman Ranch Public Improvement District No. 1 and assume the rights and obligations accruing by inclusion thereto effective upon the publication of such notice. The Brahman Ranch Public Improvement District No. 1, including the revised boundaries, shall exist until dissolved or terminated as provided by law.

SECTION 6. This Resolution shall take effect immediately from and after its passage and it is accordingly so resolved.

[Signature page follows]

PASSED AND APPROVED ON MARCH 29, 2021.

APPROVED:

____
James L. Burgess, Mayor

ATTEST:

____
Callie Green, City Secretary

STATE OF TEXAS §
§
COUNTY OF ELLIS §

This instrument was acknowledged before me on the _____ day of March, 2021, by James L. Burgess, Mayor, and Callie Green, City Secretary, of the City of Venus, Texas, a Texas general-law municipality, on behalf of said Texas municipality.

____
Notary Public, State of Texas

EXHIBIT "A"

Being a tract of land situated in the L. Kelsey Survey, Abstract No. 594, the J. Bateman Survey, Abstract No. 103, the H. Slaughter Survey, Abstract No. 1016, the J. Jackson Survey, Abstract No. 560, the S. Price Survey, Abstract No. 860 and the J. McQuatters Survey, Abstract No. 781, Ellis County, Texas, and being all of those tracts of land described in Deeds to Richard K. Miskimon and Sheri Miskimon, a called 162.33 acre tract recorded in Volume 1509, Page 164, of the Official Public Records of Ellis County, Texas (OPRECT), a called 10.000 acre tract 1 and a 0.6498 acre tract 2, recorded in Volume 2334, Page 1793, a called 71.813 acre tract, recorded in Volume 1841, Page 2039, OPRECT, a called 170.0456 acre tract, recorded in Volume 1209, Page 293, OPRECT, and being all of a called 30.0 acre Lot 1, Southland Addition, recorded in Cabinet C, Slide 512, OPRECT, a portion of a called 10.00 acre tract 1, Armstrong Creek Addition, recorded in Cabinet C, Page 26, OPRECT and a portion of those tracts of land described in Deed to Richard K. Miskimon and Sheri Miskimon, a called 97.8915 acre tract, recorded in Volume 1890, Page 1798, OPRECT and a called 23.738 acre tract, recorded in Volume 1910, Page 20, OPRECT; and being more particularly described as follows:

BEGINNING at a 5/8" iron rod with cap stamped "TXRCS" set for the Northeast corner of a tract of land described in Deed to Jason D. Stottlemire and Jill S. Stottlemire, recorded in Volume 1890, Page 1778, OPRECT, in the East line of said Miskimon called 97.8915 acre tract, the East line of said Armstrong Addition and the West right-of-way (row) line of F.M. Highway No. 157 (a variable width row) from which a 1/2" iron rod found for the Southeast corner of said Armstrong Addition bears, S 28° 23' 58" E, a distance of 276.18 feet;

THENCE S 61° 32' 18" W, along the North line of said Stottlemire tract, a distance of 1046.66 feet to a 1/2" iron rod found for the Northwest corner of said Stottlemire tract;

THENCE S 28° 14' 31" E, along the West line of said Stottlemire tract, passing at a distance of 412.11 a 1/2" iron rod found for the Southwest corner of said Stottlemire tract and the common Northwest corner of a tract of land described in Deed to Timothy D. Stottlemire and Linda K. Stottlemire, recorded in Volume 2692, Page 1143, OPRECT, a total distance of 825.08 feet to a 5/8' iron rod with cap stamped "TXRCS" set for the Southwest corner of said Timothy Stottlemire tract, in the South line of said Miskimon called 97.8915 acre tract and the common North line of a tract of land described in Deed to Byrum Ranch, recorded in Volume 2766, Page 1608, OPRECT;

THENCE S 62° 04' 43" W, along the North line of said Byrum Ranch tract and the common South line of said Miskimon called 97.8915 acre tract, a distance of 2428.83 feet to 1/2" iron rod found for the Northwest corner of said Byrum Ranch tract at an angle point in the East line of a tract of land described in Deed to Byrum Ranch, recorded in Volume 2171, Page 479, and being at an angle point in the South line of said Miskimon called 97.8915 acre tract;

THENCE N 29° 42' 13" W, along the East line of said Byrum tract and a West line of said Miskimon called 97.8915 acre tract, a distance of 296.13 feet to a 1/2" iron rod found for the Northeast corner of said Byrum tract and an interior ell corner of said Miskimon called 97.8915 acre tract;

THENCE S 59° 56' 03" W, along the North line of said Byrum Ranch tract and the common South line of said Miskimon called 97.8915 acre tract, passing at a distance of 1269.69 feet a point for the Northeast corner of a tract of land described in Deed to Robyn R. Farrell and Phillip W. Farrell, recorded in Volume 2231, Page 1871, OPRECT, a total distance of 2175.26 feet to a 1/2" iron rod found for the Southwest corner of said Miskimon called 97.8915 acre tract, from which a 1/2" iron rod found for the called Southeast corner of a tract of land described in Deed to OBK Realty, LLC, recorded in Instrument No. 1807542, OPRECT, bears N 86° 14' 12" E, a distance of 27.70 feet;

THENCE N 33° 09' 57" W, along the West line of said Miskimon called 97.8915 acre tract, a distance of 635.80 feet to a 5/8" iron rod with cap stamped "TXRCS" set for the Northwest corner of said Miskimon called 97.8915 acre tract and the common Southwest corner of said Miskimon called 71.813 acre tract, from which a 1/2" iron rod found for the Southeast corner of said Miskimon called 71.813 acre tract bears N 63° 45' 19" E, a distance of 620.47 feet;

THENCE N 13° 44' 01" W, along the West line of said Miskimon called 71.813 acre tract a distance of 2447.39 feet to a 1/2" iron rod found for the Northwest corner of said Miskimon called 71.813 acre tract, from which a 1/2" iron rod found for an interior ell corner of said OBK Realty tract bears S 43° 34' 18" W, a distance of 7.89 feet;

THENCE N 59° 17' 11" E, along the North line of said Miskimon called 71.813 acre tract, passing at a distance of 351.63 feet a 1/2" iron rod found for an ell corner in the East line of said OBK Realty tract and a called Southwest corner of a tract of land described in Deed to Reuel C. Hendrick and Wanda O. Hendrick, bears S 30° 42' 49" E, a distance of 2.00 feet, passing at a distance of 790.68 feet a 1/2" iron rod bears S 30° 42' 49" E, a distance of 2.00 feet a total distance of 1592.77 feet to a 1/2" iron rod found for the Northeast corner of said Miskimon called 71.813 and the Northwest corner of said Miskimon called 170.0456 acre tract 1 from which a 1/2" iron rod found for an angle point in the East line of said Miskimon called 71.813 acre tract and the West line of said Miskimon called 170.0456 acre tract bears S 09° 06' 39" E, a distance of 1435.52 feet;

THENCE N 59° 12' 54" E, along the North line of said Miskimon called 170.0456 acre tract and the called South line of said Hendrick tract, a distance of 828.57 feet to a 5/8" iron rod with cap stamped "TXRCS" set for the Northeast corner of said Miskimon called 170.0456 acre tract and the common Southeast corner of said Hendrick tract, in the Eatst line of said Miskimon called 162.33 acre tract, in a called abdondoned County Road, from which a 1/2" iron rod bears N 59° 00' 41" E, a distance of 24.26 feet and a 1/2" iron rod found for the Southwest corner of said Miskimon called 162.33 acre tract and an interior ell corner of said Miskimon called 170.0456 acre tract, bears S 30° 42' 49" E, a distance of 804.10 feet;

THENCE N 30° 42' 04" W, along the West line of said Miskimon called 162.33 acre tract and the common East line of said Hendrick tract and a called abandoned County Road, a distance of 2041.79 feet to a 1/2" iron rod found for the Northwest corner of said Miskimon called 162.33 acre tract and the common Southwest corner of said Miskimon called 23.738 acre tract;

THENCE N 30° 31' 33" W, along the West line of said Miskimon called 23.738 acre tract and the common West line of said Hendrick tract and a called abandoned County Road, a distance of 1254.57 feet to a 2" pipe found for the Northwest corner of said Miskimon called 23.738 acre tract, in the South row line of FM Highway NO. 2258 (a variable width row), from which a 1/2" iron rod found bears S 05° 28' 07" W, a distance of 3.44 feet;

THENCE N 60° 35' 27" E, along the North line of said Miskimon called 23.738 acre tract and the common South row line of said FM Highway No. 2258, a distance of 625.35 feet to a 5/8" iron rodd with cap stamped "TXRCS" set for corner;

THENCE, over and across said Miskimon called 23.738 acre tract, as follows:
S 22° 49' 02" E, a distance of 455.76 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;
N 57° 28' 58" E, a distance of 267.31 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner in the East line of said Miskimon called 23.738 acre tract and the common West line of a tract of land described in Deed to Barnet Gathering, LP, recorded in Volume 2283, Page 315, OPRECT;

THENCE S 30° 31' 11" E, along the East line of said Miskimon called 23.738 acre tract and the common West line of said Barnett Gathering tract, a distance of 797.25 feet to a 1/2" iron rod found for the Southeast corner of said Miskimon called 23.738 acre tract and the common Southwest corner of said Barnet Gathering tract, in the North line of said Miskimon called 162.33 acre tract;

THENCE N 58° 54' 05" E, along the North line of said Miskimon called 162.33 acre tract, the South line of said Barnett Gathering tract, the South line of a tract of land described in Deed to Joe Lee, recorded in Volume 866, Page 629, OPRECT, and the South line of the remainder of a tract of land described in Deed to V.V. Lee, recorded in Volume 332, Page 541, OPRECT, a distance of 1840.83 feet to a 5/8" iron rod with cap stamped "TXRCS" set for the Northeast corner of said Miskimon called 162.33 acre tract and the common Southeast corner of said Lee tract in the West line of the remainder of a tract of land described in Deed to Joe Lee and Margaret Lee, recorded in Volume 471, Page 280, OPRECT, in a called abandoned County Road;

THENCE S 30° 14' 10" E, along the East line of said Miskimon called 162.33 acre tract and the common West line of said tract and the called abandoned County Road, passing at a distance of 1260.87 feet the Northeast corner of said Miskimon called 10.000 acre tract 1, passing at a distance of 1360.87 feet a 1/2" iron rod found for witness, total distance of 1517.26 feet to a 5/8" iron rod with cap stamped "TXRCS" set for the Northwest corner of said Miskimon called 0.6498 acre tract 2 and the called Southwest corner of said Joe Lee tract;

THENCE N 30° 16' 37" E, along the North line of said Miskimon called 0.6498 acre tract and the common South line of said Joe Lee tract, a distance of 127.66 feet to a 5/8" iron rod with cap stamped "TXRCS" set for the Northeast corner of said Miskimon called 0.6498 acre tract in the West row line of said FM Highway No. 157;

THENCE, along the West row line of said FM Highway No. 157 and the common East line of said Miskimon called of said Miskimon called 0.6498 acre tract 2, called 10.000 acre tract 1, called 162.33 acre tract, called 170.0456 acre tract, Southland Addition, called 97.8915 acre tract and Armstrong Addition, the following:

S 17° 34' 34" E, a distance of 124.94 feet to a 5/8" iron rod with cap stamped "TXRCS" set for the beginning of a tangent curve to the left, having a radius of 3864.72 feet, a chord bearing S 23° 52' 34" E, a chord length of 848.18 feet;
Along said curve to the left, passing at an arc distance of 571.58 a 1/2" iron rod found for the South corner of said Miskimon called 0.6498 acre tract, a total arc length of 849.90 feet to a 5/8" iron rod with cap stamped "TXCRS" set for corner; S 30° 14' 10" E, passing at a distance of 1326.42 feet a 3/8" iron rod found for the Northeast corner of said Southland Addition a Southeast corner of said Miskimon called 170.0456 acre tract, a total distance of 1478.42 feet to a 1/2" iron rod found for the beginning of a non-tangent curve to the right having a radius of 4902.48 feet, a chord bearing S27° 29' 30" E, a chord length of 481.92 feet;
Along said curve to the right an arc length of 482.11 feet to 1/2" iron rod found for corner;

S 12° 01' 43" E, a distance of 42.09 feet to 1/2" iron rod found for the Southeast corner of said Southland Addition, a Northeast corner of said Miskimon 170.0456 acre tract and the beginning of a non-tangent curve to the left, having a radius of 3864.72 feet, a chord bearing S 26° 06' 03" E, a chord length of 245.09 feet;
Along said curve to the left, an arc length of 245.13 feet to a 1/2" iron rod found for corner;
S 27° 57' 40" E, a distance of 3.92 feet to a 3/8" iron rod found for the Southeast corner of said Miskimon called 170.0456 acre tract and the common Northeast corner of said Miskimon called 97.8915 acre tract and the called Northeast corner of said Armstrong Estates;
S 28° 23' 58" E, a distance of 20.27 feet to the Point of Beginning and containing 534.110 acres of land, more or less.

SAVE & EXCEPT from the above described tract of land as follows:
BEING a tract of land situated in the S. PRICE SURVEY, ABSTRACT NO. 860 and the J. MCQUATTERS SURVEY, ABSTRACT NO. 781, Ellis County, Texas and being a portion of that tract of land described in deed to Richard K. Miskimon and Sheri Miskimon, recorded in Volume 1209, Page 293 of the Official Public Records of Ellis County, Texas (OPRECT), and being more particularly described, as follows:

COMMENCING at a 1/2" iron rod found for the Southeast corner of a called 30.0 acre lot 1, Southland Addition, an addition to Ellis County, Texas, recorded in Cabinet C, Slide 512, OPRECT and a common Northeast corner of said Miskimon tract, same being in the West ROW line of FM Highway NO. 157 (a variable width right-of-way);

THENCE S 74°42'43" W, along the South line of said Southland Addition and a common North line of said Miskimon tract, a distance of 2300.00 feet;

THENCE S 82°24'24" W, over and across said Miskimon tract, a distance of 34.24 feet to a 5/8" iron rod with cap stamped "TXRCS" set for the POINT OF BEGINNING;

THENCE continuing over and across said Miskimon tract, as follows:

S 06°42'05" E, a distance of 200.50 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

S 11°54'34" E, passing at a distance of 200.00 feet a 5/8" iron rod with cap stamped "TXRCS" set for witness, a total distance of 346.37 feet to a point for corner in a pond;

S 77°38'54" W, passing at a distance of 200.00 feet a 5/8" iron rod with cap stamped "TXRCS" set for witness, a total distance 263.20 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

N 10°41'14" W, a distance of 101.06 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

N 06°23'34" W, a distance of 343.83 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

N 04°05'38" E, a distance of 56.87 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

N 58°00'14" E, a distance of 233.25 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

S 32°48'31" E, a distance of 32.09 feet to the POINT OF BEGINNING, and containing 3.038 acres of land, more or less.

SAVE & EXCEPT from the above described tract of land as follows:
BEING a tract of land situated in the S. PRICE SURVEY, ABSTRACT NO. 860, Ellis County, Texas and being a portion of a called 30.0 acre Lot 1, Southland Addition, an addition to Ellis County, Texas, recorded in Cabinet C, Slide 512 of the Official Public Records of Ellis County, Texas (OPRECT), and being more particularly described, as follows:

COMMENCING at a 1/2" iron rod found for the Southeast corner of said Southland Addition and a common Northeast corner of that tract of land described in deed to Richard K. Miskimon and Sheri Miskimon, recorded in Volume 1209, Page 293, OPRECT, same being in the West row line of FM Highway No. 157 (a variable width right-of-way);

THENCE S 74°42'43" W, along the South line of said Southland addition and a common North line of said Miskimon tract, a distance of 2300.00 feet to a point for the Southwest corner of said Southland addition and an interior ell corner of said Miskimon tract;

THENCE N 15°17'17" W, along the West line of said Southland addition and a common East line of said Miskimon tract, a distance of 46.18 feet to a 5/8" iron rod with cap stamped "TXRCS" set for the point of beginning;

THENCE N 15°17'17" W, continuing along said common line, a distance of 188.96 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

THENCE over and across said Southland addition, as follows:

N 59°04'06" E, a distance of 249.61 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

S 29°45'37" E, a distance of 166.16 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

S 01°04'41" W, a distance of 17.05 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

S 59°15'45" W, a distance of 213.01 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

S 57°28'00" W, a distance of 75.15 feet to the point of beginning, and containing 1.129 acres of land, more or less.

SAVE & EXCEPT from the above described tract of land as follows:
BEING all that certain lot, tract, or parcel of land lying in the L. KELSEY SURVEY, ABSTRACT NO. 594, in Ellis County, Texas, and being a part of a called 23.738ac tract of land described in Volume 1910, Page 20, Official Public Records, Ellis County, Texas, (OPRECT), and being more particularly described as follows:

BEGINNING at a 1/2" steel rod set in the Southeast line of F.M. 2258, (a state road) for the North corner of this tract and same for the said 23.738 acre tract and being the West corner of a called 4.83 acre tract of land described in Volume 2283, Page 315, OPRECT;

THENCE S 30° 08' 09" E, 438.34 feet, (Deed- Record bearing basis) along the Northeast line of this tract and same for the said 23.738 acre tract and along the Southwest line of the called 4.83 acre tract to a 1/2" steel rod fond set for the East corner of this tract;

THENCE into the said 23.738 acre tract and along the Southeast and Southwest lines of this tract as follows:
S 57° 52' 00" W, 267.31 feet to a 1/2" steel rod set for the South corner of this tract; and N 22° 26' 00" W, 455.79 feet to a 1/2" steel rod set in the Northwest line of the 23.738 acre tract and in the Southeast line of F.M. 2258 for the West corner of this tract;

THENCE N 60° 59' 01" E, 206.10 feet (Plat-N 60° 59'00" E) along the Northwest line of this tract and same for the called 23.738 acre tract and along the Southeast line of F.M. 2258 to the POINT OF BEGINNING, and containing approximately 2.415 acres of land.

Note: The Company is prohibited from insuring the area or quantity of the land described herein. *Any statement in the above legal description of the area or quantity of land is not a representation that such area or quantity is correct, but is made only for information and/or identification purposes and does not override item 2 of Schedule B hereof.*

Being a tract of land situated in the J. BATEMAN SURVEY, Abstract No. 103, Ellis County, Texas, and being a portion of that tract of land described in Deed to Reuel C. Hendrick and wife, Wanda O. Hendrick, recorded in Volume 556 Page 213, of the Official Public records of Ellis County, Texas (OPRECT), and being more particularly described as follows:

BEGINNING at a 1/2" iron pipe found (IPF) for the Northeast corner of that tract of land described in Deed to Rodney McCown and Gale Ann McCown, recorded in Instrument No. 1834411, OPRECT, and in the North line of said Hendrick tract and the common South right-of-way (ROW) line of FM Highway No. 2258 (FM 2258) (a variable width row), from which a 1/2" iron rod found (IRF) for a point of curvature in the North line of said McCown tract and the common South row line of said FM 2258 bears N 67°12'28" E, a distance of 165.05 feet;

THENCE along the North lines of said Hendrick tract and the common South row lines of said FM 2258, as follows:

N 66°17'10" E, a distance of 33.03 feet to a 1/2" irf for an angle point in said common line;

N 59°51'10" E, a distance of 645.19 feet to a 5/8" iron rod with cap stamped "TXRCS" set for an angle point in said common line, and the Northwest corner of that tract of land described in Deed to Richard E. Swain and wife, Jennifer L Swain, recorded in Volume 2256, Page 645, OPRECT, from which a 1/2" IRF for an angle point in the North line of said Swain tract and the common South row line of said FM 2258 bears N 54°08'32" E, a distance of 150.75 feet;

THENCE S 21°33'20" E, along the West line of said Swain tract, a distance of 1150.51 feet to a 5/8" iron rod with cap stamped "TXRCS" set for the Southwest corner of said Swain tract;

N 58°37'33" E, along the South line of said Swain tract, a distance of 829.57 feet to a 5/8" iron rod with cap stamped "TXRCS" set for the Southeast corner of said Swain tract;

N 27°58'31" W, along the East line of said Swain tract, a distance of 474.82 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner;

THENCE N 58°47'11" E, over and across said Hendrick tract, a distance of 607.53 feet to a 5/8" iron rod with cap stamped "TXRCS" set for corner in the East line of said Hendrick tract and the common West line of that tract of land described in Deed to Richard K. Miskimon and Sheri R. Miskimon, recorded in Instrument No. 1808509, OPRECT, from which a 1/2" IRF for the Northeast corner of said Hendrick tract bears N 30°36'40" W, a distance of 616.91 feet;

THENCE along the common lines between said Hendrick tract and said Miskimon tract, as follows:

S 30°36'40" E, a distance of 604.79 feet to a 1/2" IRF for an angle point in said common line;

S 30°42'04" E, a distance of 2041.79 feet to a 5/8" iron rod with cap stamped "TXRCS" found for the Southeast corner of said Hendrick tract and a common interior ell corner of said Miskimon tract, from which a 1/2" iron rod found bears N 59°12'54" E, a distance of 24.00 feet;

S 59°12'16" W, passing a 1/2" IRF at a distance of 828.57 feet, in all a total distance of 2069.70 feet to a 1/2" ipf for the Southwest corner of said Hendrick tract and a common exterior ell corner of that tract of land described in Deed to OBK Realty, LLC, recorded in Instrument No. 1807542, OPRECT, from which a 1/2" IRF for an interior ell corner of said OBK Realty tract and a common exterior ell corner of said Miskimon tract bears S 59°16'33" W, a distance of 359.25 feet;

THENCE along the common lines between said Hendrick tract and said OBK Realty tract, as follows:

N 25°27'42" W, a distance of 1526.43 feet to a fence corner found for an interior ell corner of said Hendrick tract and a common exterior ell corner of said OBK Realty tract;

S 59°41'36" W, a distance of 1172.26 feet to a fence corner found for an exterior ell corner of said Hendrick tract and a common interior ell corner of said OBK Realty tract;

N 07°25'02" W, a distance of 1467.33 feet to a 5/8" iron rod with cap stamped "TXRCS" set for an exterior ell corner of said Hendrick tract and the common Southwest corner of said McCown tract;

THENCE along the common lines between said Hendrick tract and said McCown tract, as follows:

N 60°10'39" E, a distance of 378.86 feet to a 3/4" IRF for an interior ell corner of said Hendrick tract and the common Southeast corner of said McCown tract;

N 07°10'56" W, a distance of 476.08 feet to the Point of Beginning, and containing 148.367 acres of land, more or less.

SAVE AND EXCEPT the following tract of land:

Being a 10.532 acres (458,791 Square Feet) tract of land situated in the S.B. Price Survey, Abstract No. 860, City of Venus, Ellis County, Texas; being a portion of that called 200.046 acres {tract 1) and that called 97.8915 acres (tract 5), conveyed to Fall Creek Land & Cattle, LLC .. of record in Document No. 2018-1808509, Deed Records, Ellis County, Texas, (D.R.E.C.T.) and more particularly described by metes and bounds as follows,

BEGINNING at 112-inch iron rod with cap stamped "Rockin CT" found in the west right of way (R.O.W.) line of F.M. Highway 157 (R.O.W. varies) from which a 5/8-inch iron rod with cap stamped "TXRCS" found in the west R.O.W. line of said F.M. Highway 157 bears North 30°14'03" West, 254.86 feet and from said 5/8-inch iron rod with cap stamped "TXRCS" found a 1/2-inch iron rod with cap stamped "FORT WORTH SURVEYING" found in the east RO.W. line of said F.M. Highway 157 bears North 59°49'58" East, 104.77 feet, said POINT OF BEGINNING being the northeast corner of the herein described tract,

THENCE, South 30°14'03" West, 1223.56 feet to a 1/2 inch iron rod marking the beginning of a curve to the right;

482.11 feet along said curve to the right having a radius of 4,902.46 feet, a delta angle of 2°03'36" and a chord bearing South 27°29'23"' East, 481.92 feet to a 1/2 inch iron rod:

THENCE, South 30"14'03" East, 90.04 feet to a 1/2 inch iron rod marking the beginning of a curve to the left:

245.13 feet along said curve to the left having a radius of 3,864.72 feet, a delta angle of 0°12'30" and a chord bearing South 26"05'56" East, 245.09 feet to a 1/2 inch iron rod;

THENCE, South 27°57'33"' East, 3.92 feet to a 1/2 inch iron rod ;

THENCE, South 28°23'49" East, 20.27 feet to a 1/2 inch iron rod with a cap stamped "Rockin Ct" on the ROW line of F.M. Highway 157;

THENCE, South 61°32'25" West, 225.00 feet departing the ROW line of F.M. Highway 157 to a point;

THENCE, North 28°27'42" East, 180.05 feet to a point;

THENCE, North 61 °32'18" East, 65.45 feet to a point marking the beginning of a curve to the right;

6.94 feet along said curve to the right having a radius of 11.00 feet, a delta angle of 36°07'44" and a chord bearing North 79°36'10" East, 6.82 feet to a point marking the beginning of a curve to the left;

42.25 feet along said curve to the left having a radius of 67.00 feet, a delta angle of 36°07'44" and a chord bearing North 79°36'10" East, 41.55 feet to a point;

THENCE, North 61 °32'18" East, 117.52 feet to a point returning to the west ROW line of F.M. Highway 157 marking the beginning of a curve to the left:

90.15 feet along said curve to the left having a radius of 3,864.72 feet, a delta angle of 1"20'12" and a chord bearing North 25°09'30" West, 90.15 feet along the west ROW line of F.M. Highway 157 to a point; THENCE, South 61"32'18" West, 122.72 feet leaving the west ROW line of F.M. Highway 157 to a point marking the beginning of a curve to the left;

42.25 feet along said curve to the left having a radius of 67.00 feet, a delta angle of 36"07'44" and a chord bearing South 43"28'26" West, 41.55 feet to a point marking the beginning of a curve to the right;

6.94 feet along said curve to the right having a radius of 11.00 feet, a delta angle of 36"07'44" and a chord bearing South 43"28'26" West, 6.82 feet to a point;

THENCE, South 61"32'18" West, 73.04 feet to a point;

THENCE, North 28 °27'42" West, 1130.00 feet to a point;

THENCE, North 61 °32'18" West, 79.73 feet to a point marking the beginning of a curve to the right;

6.94 feet along said curve to the right having a radius of 11.00 feet, a delta angle of 36"07'44" and a chord bearing North 79"36'10" East, 6.82 feet to a point marking the beginning of a curve to the left;

42.25 feet along said curve to the left having a radius of 67.00 feet, a delta angle of 36"07'44" and a chord bearing North 79°36'10" East, 41.55 feet to a point;

THENCE, South 61°32'18" West, 119.67 feet to a point returning to the west ROW line of F.M. Highway 157;

THENCE, South 30 "14'03" East, 90.04 feet along the west ROW line of F.M. Highway 157 to a point;

THENCE, North 61°32'18" East, 116.88 feet exiting the west ROW line of F.M. Highway 157 to a point marking the beginning of a curve to the left;

42.25 feet along said curve to the left having a radius of 67.00 feet, a delta angle of 36"07'44" and a chord bearing South 43"28'26" West, 41.55 feet to a point marking the beginning of a curve to the right;

6.94 feet along said curve to the right having a radius of 11.00 feet, a delta angle of 36"07'44" and a chord bearing South 43"28'26" West, 6.82 feet to a point

THENCE, South 61"32'18" West, 79.73 feet to a point ;

THENCE, North 28°27'42" West, 580.53 feet to the Point of Beginning and Containing 10.532 acres (458,791 Square Feet) of land.

Note: The Company is prohibited from insuring the area or quantity of the land described herein. *Any statement in the above legal description of the area or quantity of land is not a representation that such area or quantity is correct, but is made only for information and/or identification purposes and does not override item 2 of Schedule B hereof.*

FIRST AMENDMENT TO BRAHMAN RANCH PUBLIC IMPROVEMENT DISTRICT NO. 1 DEVELOPMENT AGREEMENT

This First Amendment to Brahman Ranch Public Improvement District No. 1 Development Agreement (this "First Amendment") is entered into between the CITY OF VENUS, TEXAS, (the "City"), and MISKIMON MANAGEMENT I, L.L.C., a Texas limited liability company ("Developer"):

RECITALS

WHEREAS, this First Amendment amends that certain "Development Agreement" entered into between the City and the Developer effective as of November 22, 2019, relating to the development of approximately 665.363 acres of land situated in Ellis County, Texas to be known as Brahman Ranch, containing single family homes on individual lots with open space, park and trail amenities (the "Development"); and

WHEREAS, the Development Agreement is only modified as expressly set forth in this First Amendment and the Development Agreement otherwise remains in full force and effect; and

WHEREAS, the City desires to finance certain sanitary sewer improvements within the Development utilizing a vehicle different from what was contemplated in the original Development Agreement, and the Developer has agreed to such different financing vehicle; and

WHEREAS, the Developer has requested a change in the boundaries of the real property covered by the Development Agreement, and a reduction in the minimum lot size from 70 feet to 60 feet; and

WHEREAS, on October 12, 2021, the City Council of the City adopted Resolution No. 32-2020-10 entitled "A Resolution adopting a Public Improvement District Policy for the City of Venus, Texas," which among other provisions, imposes a PID fee of two thousand five hundred dollars ($2,500.00) per single family home (the "PID fee"), which is required to be paid to the City at bond closing.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the City and the Developer agree as follows:

1. THE DEVELOPMENT AGREEMENT REMAINS IN FULL FORCE AND EFFECT. The City and Developer acknowledge and agree that, except to the extent amended herein, all provisions and terms contained in the Development Agreement remain in full force and effect.

2. SPECIFIC PROVISIONS CONTAINED IN THE DEVELOPMENT AGREEMENT SHALL BE AMENDED AS FOLLOWS:

Amendment to Recitals. The City and Developer agree that the phrase "530 acres" appearing in the third recital to the Developer Agreement shall be deleted and replaced with the phrase "665.363 acres".

Amendment to Section 1.2. The City and Developer agree that the phrase "with ninety percent of the lots having a minimum frontage of 70' unless otherwise approved writing by the City" in the first sentence in Section 1.2 of the Development Agreement is hereby deleted and replaced with the phrase, "with all lots having a minimum frontage of 60', except that lots situated on corners, cul-de-sacs, and similarly situated lots, constituting up to five percent (5%) of all lots, may have a frontage of 55', unless otherwise approved in writing by the City".

Amendments to Section 3.1. The City and the Developer agree that the first two full paragraphs contained in Section 3.1 of the Development Agreement are hereby deleted and replaced with the following:

> Sewage Treatment Plant. The City has agreed to expend its funds or incur debt or lease obligations in an aggregate principal amount not to exceed $1,500,000 ("City Wastewater Contribution") in order to acquire and construct a sewage treatment plant on the Property. The City is ready to design, entitle and construct the plant (the "Sewer Treatment Plant").
>
> (a) Developer has previously deposited $500,000.00 (the "Initial Wastewater Contribution") with the City for construction of the Wastewater Treatment Plant and further, shall convey the property, as described in the Concept Plan herein (the "Wastewater Treatment Plant Property"), at no cost to the City, necessary for construction of the Sewer Treatment Plant. Developer shall pay any additional costs to design and construct the Sewer Treatment Plant that exceed a total of $2,000,000, including the $1,500,000 million in cash, debt obligations, or lease obligations to be contributed and/or incurred by the City and $500,000 contributed by Developer (such additional costs, along with the Initial Wastewater Contribution, the "Developer Wastewater Contribution"), subject to the reimbursement obligations in Section 3.1(b) below.

3. ACTIONS AUTHORIZED. The City represents and warrants that this First Amendment has been duly adopted by official action of the City Council in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act), and that the individual executing this First Amendment on behalf of the City has been duly authorized to do so. The Developer represents and warrants that this First Amendment has been approved by the appropriate action of the Developer, and that the individuals executing this First Amendment on behalf of the Developer have been duly authorized to do so.

4. CITY PID FEE. The Developer shall not be required to pay the City PID fee of $2,500 per lot with respect to the 386 lots to be developed within the Phase 1 and 2 Property (as defined in the City of Venus Brahman Ranch Public Improvement District No. 1 (Phase 1 and 2 Project) Preliminary Service and Assessment Plan approved by the City Council on March 8, 2021).

5. EFFECTIVE DATE. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

EXECUTED BY THE PARTIES TO BE EFFECTIVE ON MARCH 29, 2021:

CITY OF VENUS

By: ________________________________
Name: James L. Burgess
Title: Mayor
Date: ___________________

STATE OF TEXAS §
§
COUNTY OF JOHNSON §

This instrument was acknowledged before me on the ____ day of March, 2021 by James L. Burgess, Mayor of the City of Venus, Texas on behalf of said City.

____
Notary Public, State of Texas

(SEAL)

____
Name printed or typed

Commission Expires:____________________

DEVELOPER

MISKIMON MANAGEMENT I, L.L.C.,
a Texas limited liability company

By: ________________________________
Rick Miskimon, Managing Member

STATE OF OKLAHOMA §
§
COUNTY OF ATOKA §

Before me on this day personally appeared Rick Miskimon, Managing Member of Miskimon Management I, L.L.C., a Texas limited liability company, 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 ___ of __________, 2021.

____
Notary Public, State of Oklahoma

(SEAL)

March 9, 2021

Mr. Andy Wolfe
City Administrator
City of Venus
700 West Highway 67
Venus, Texas 76084

Re: Brahman Wastewater Plant – Site Civil Improvements

Dear Mr. Wolfe:

We have reviewed the bids for the above referenced project and I have enclosed a bid tabulation showing the breakdown of the bids. There were two bids received and accepted. The bids included the site civil component of the new wastewater plant consisting of grading, equipment pads, access road, yard piping, fencing, electrical and SCADA. The low bid was provided by SOAP Engineering in the amount of $223,390.60 for the base bid.

The base bid is within the anticipated construction cost of $230,000 for the site civil component and we have found no reason to disqualify the low bidder. It is our recommendation to award of the contract to SOAP Engineering for the total bid of $223,390.60.

Assuming Council concurs, we will begin preparing executable contract documents. Please feel free to contact me if you have any questions or concerns.

Sincerely,

Derek Turner, P.E.
JACOB | MARTIN

Enclosure

JACOB MARTIN
Weatherford, Texas

BASE BID SCHEDULE

For all Labor, Materials, Equipment, and Incidentals to Furnish and Install the Following:

				SOAP Engineering 1409 Brittmoore Road Houston, TX 77043			Dake Construction 2200 Smith Barry Road, Ste 150 Pantego, TX 76013	
Item #	Item Description	Quantity	Unit	Unit Price	Total		Unit Price	Total
1	Base Pad per Plans & Specifications	1	LS	$ 39,747.50	$ 39,747.50		$ 122,800.00	$ 122,800.00
2	Yard Piping	1	LS	$ 7,847.50	$ 7,847.50		$ 47,300.00	$ 47,300.00
3	Electrical	1	LS	$ 30,956.50	$ 30,956.50		$ 198,000.00	$ 198,000.00
4	Fence w/ Gates, Etc.	1	LS	$ 17,695.60	$ 17,695.60		$ 21,300.00	$ 21,300.00
5	Entrance Road	3,100	LF	$ 16.82	$ 52,143.50	*	$ 42.30	$ 131,130.00
6	SCADA System (3 sites)	1	LS	$ 75,000.00	$ 75,000.00		$ 79,600.00	$ 79,600.00
	TOTAL BASE BID (Items 1 - 6)				**$ 223,390.60**	*		**$ 600,130.00**

* = Extension error

ORDINANCE NO. 721-2021-03

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF VENUS, JOHNSON AND ELLIS COUNTIES, TEXAS REZONING A PARCEL OF LAND GENERALLY LOCATED AT THE SOUTHWEST CORNER OF FM 1807 AND CR 213, CONTAINING APPROXIMATELY 24.47 ACRES, FROM AGRICULTURAL TO SINGLE FAMILY SMALL LOT; PROVIDING FOR A PENALTY OF A FINE NOT TO EXCEED THE SUM OF TWO THOUSAND DOLLARS ($2,000) FOR EACH OFFENSE; PROVIDING FOR REPEALING, SAVINGS AND SEVERABILITY CLAUSES; PROVIDING FOR AN EFFECTIVE DATE OF THIS ORDINANCE; AND PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF.

WHEREAS, the City of Venus ("City") is a Type A General Law municipality located in Johnson and Ellis Counties, Texas, created in accordance with the provisions of the TEXAS LOCAL GOVERNMENT CODE, Title 2, Chapter 6, and operating pursuant to enabling legislation of the State of Texas; and

WHEREAS, the City Council of the City of Venus, Texas (the "City"), is authorized and empowered by law, in accordance with Chapter 211 of the Texas Local Government Code, to adopt zoning regulations governing the use of land within the City; and

WHEREAS, the owner of the tract of land described in Section 2 (the "Property"), requested a change in zoning of the Property from Agricultural to Single Family Small Lot; and

WHEREAS, all legal notices, requirements and conditions having been complied with, the case to rezone the Property came before the Planning and Zoning Commission; and

WHEREAS, after public notices were given in compliance with State law and public hearings were conducted, and after considering the information submitted at those public hearings and all other relevant information and materials, the Planning and Zoning Commission has recommended approval of the zoning change; and

WHEREAS, after complying with all legal notices, requirements, and conditions, a public hearing was held before City Council at which the City Council considered, among other things, the character of the land and its suitability for particular uses, with a view of encouraging the most appropriate use of land in the City, and does hereby find that the zoning approved hereby accomplishes such objectives; and

WHEREAS, the proposed change is consistent with the intent of the City's plans for future land use, and the City Council has determined that the change in zoning from its current Agricultural classification to Single Family Small Lot is necessary and appropriate for the orderly development of land and serves the interests of the public health, safety and welfare.

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

SECTION 1: **Findings Incorporated.** The findings set forth above are incorporated into the body of this Ordinance as if fully set forth herein.

SECTION 2: The property is generally located at the southwest corner of FM 1807 and CR 213, containing approximately 24.47 acres, situated in the City of Venus and more particularly described and depicted in **Exhibit A**, is hereby rezoned from Agricultural to Single Family Small Lot.

SECTION 3: The City Secretary is directed to update the City's official zoning map to reflect the change enacted by this Ordinance.

SECTION 4: **No Vested Interest/Repeal.** No developer or property owner shall acquire any vested interest in this Ordinance or in any other specific regulations contained herein.

SECTION 5: **Unlawful Use of Property.** It shall be unlawful for any person, firm, entity or corporation to make use of the Property in some manner other than as authorized by this Ordinance, and it shall be unlawful for any person, firm, entity or corporation to construct on said premises any building that is not in conformity with the permissible uses and restrictions under this Ordinance.

SECTION 6: **Penalty.** Any person, firm, corporation or entity violating this Ordinance or any provision of the Chapter 34 – Zoning of the Venus Code of Ordinances, as they exist or may be amended, shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be fined a sum not exceeding Two Thousand Dollars ($2,000.00). Each continuing day's violation under this Ordinance shall constitute a separate offense. The penal provisions imposed under this Ordinance shall not preclude the City from filing suit to enjoin the violation. The City retains all legal rights and remedies available to it pursuant to local, state and federal law.

SECTION 7: **Severability.** Should any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional or invalid.

SECTION 8: **Savings/Repealing Clause.** All provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict; but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

SECTION 9: **Effective Date.** This Ordinance shall become effective from and after its adoption and publication as required by law.

PASSED AND APPROVED by the City Council of the City of Venus, Texas, on this the 29th day of March, 2021.

APPROVED:

____
MAYOR JAMES L. BURGESS

ATTEST:

____
Callie Green
City Secretary

APPROVED AS TO FORM:

____
Timothy A. Dunn
City Attorney

EXHIBIT A

Being a tract of land in the Moses Lapham Survey, Abstract No. 499, Johnson County, Texas, and being all of a called 24.474 acre tract conveyed to Perry Alexander, et ux, as recorded in Volume 1560, Page 517, Official Public Records of Johnson County, Texas. Bearings are correlated to the North line of Volume 1560, Page 517, Official Public Records of Johnson County, Texas. (North 60 degrees 00 minutes 00 seconds East)

BEGINNING at a 1/2 inch steel pin found in the South line of FM Highway No. 1807 being the Northwest corner of said Alexander Tract;

THENCE North 60 degrees 00 minutes 00 seconds East, along the South line of FM Highway No. 1807, at 1353.79 feet passing a wood highway monument found, in all, 1465.60 feet to a 1/2 inch steel pin set for the beginning of a curve to the left;

THENCE continuing along the South line of FM Highway No. 1807, along said curve to the left having a radius of 994.93 feet and a chord bearing North 51 degrees 52 minutes 01 seconds East, 281.51 feet, a distance of 282.46 feet to a 1/2 inch steel pin set for a corner of a turn out to County Road No. 213;

THENCE North 60 degrees 00 minutes 00 seconds East, along said turn out, 53.55 feet to a 1/2 inch steel pin set for corner in the West line of County Road No. 213;

THENCE South 29 degrees 52 minutes 07 seconds East, (called South 29 degrees 49 minutes 00 seconds East), along the West line of County Road No. 213, 626.79 feet (called 628.60 feet) to a 1/2 inch steel pin found for a corner being the Southeast corner of said Alexander Tract;

THENCE South 59 degrees 56 minutes 54 seconds West, 1799.29 feet (called South 60 degrees 00 minutes 00 seconds West, 1801.50 feet) to a 1/2 inch steel pin set for a corner being the Southwest corner of said Alexander Tract;

THENCE North 29 degrees 43 minutes 06 seconds West (called North 29 degrees 40 minutes 00 seconds West), 588.60 feet to the PLACE OF BEGINNING and containing 24.401 acres of land.


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126.0134.00173
126.0134.00192
126.0134.00020
FM 1807
1807
CR 213
126.0499.00080
126.0499.00043
126.0499.00044
126.0499.00047
126.0499.00068
126.0499.00035
126.0499.00065
A- 499
126.4407.00010
126.4407.00020
126.4376.01030

City Council Agenda Item Report
March 29, 2021
Cheryl Estes, CPA, Finance Director
972-366-3348 ext 208
cestes@cityofvenus.org

DISCUSS AND CONSIDER APPROVAL OF RESOLUTION NO. 02-2021-03 TO AWARD A CONTRACT FOR BANK DEPOSITORY SERVICES TO PINNACLE BANK.

1. **BACKGROUND/HISTORY:**

The City currently banks with Citizens National Bank (CNB). As part of their agreement, CNB has pledged to secure the City's financial assets up to $6,664,000 over normal FDIC insurance. Due to recent events related to the rapid growth in Venus, the City informed CNB of the need for additional pledged security in the very near future.

On November 19, 2020, the City received a letter from CNB stating they will not be able to offer any additional coverage above the amount currently pledged to the City. For this reason, they have graciously agreed to release the City from its contract agreement so that we may find a financial institution that can service our growing needs.

On January 28, 2021, the City published legal notice that the City was accepting applications from eligible financial institutions for depository services. The notice stated that applications would be accepted through March 1, 2021, and a contract would be awarded at the March 8, 2021 Council meeting. However, due to the 2021 Winter Weather Event, institutions requested more time to submit. City Council tabled awarding the contract until March 29, 2021.

2. **FINDINGS / CURRENT ACTIVITY:**

The City received two bids – Wells Fargo and Pinnacle Bank. Chase Bank declined to bid.

Wells Fargo presented the attached proposal after a telephone interview and presentation of the services they can offer the City. Pinnacle Bank worded diligently to present the attached proposal in the format requested by the City.

Both banks offer services that will assure that the City's financial assets are safeguarded from both employee fraud and cybercrimes. The services offered include positive pay, remote check deposits, and dual controls over wire transfers and ACH withdrawals.

Interest rates are so low, no single bank has a competitive advantage for comparison purposes. However, the cost to provide services and whether these costs can be offset by earnings was considered.

Bank	Service Charges	Allowance	Allowance Rate	Interest Rate
Wells Fargo	$ 689.54	$ 689.54	0.25%	0.17%
Pinnacle Bank	$ -	$ -	N/A	0.35%

3. **RECOMMENDATIONS**

Management and staff recommend awarding a bank depository contract to Pinnacle Bank.

4. **ATTACHMENTS:**

Resolution No. 02-2021-03 and Exhibit "A" – Pinnacle Bank Depository Application
RFP – Wells Fargo

RESOLUTION NO. 02-2021-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VENUS, TEXAS, APPROVING AN AGREEMENT FOR DEPOSITORY AND BANKING SERVICES BETWEEN THE CITY OF VENUS, TEXAS AND PINNACLE BANK TO SERVE AS THE CITY'S PRIMARY BANKING SERVICES DEPOSITORY FOR THE DEPOSIT OF CERTAIN CITY FUNDS AND PROVISION OF BANKING FUNCTIONS FOR DESIGNATED FUNDS OF THE CITY OF VENUS, TEXAS FOR THE PERIOD APRIL 1, 2021 UNTIL MARCH 31, 2024, ATTACHED AS "EXHIBIT A"; AUTHORIZING THE MAYOR TO EXECUTE ALL NECESSARY DOCUMENTS; PROVIDING FOR A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Venus, Texas, solicited applications for a Bank Depository Agreement pursuant to Chapter I05 of the Texas Local Government Code; and

WHEREAS, Pinnacle Bank is being recommended to provide depository and banking services to the City of Venus, Texas, after a review and selection process and after taking into consideration the best interest of the City.

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

Section 1. That the City Council of the City of Venus, Texas, finds that the selection of Pinnacle Bank as the City's Depository Bank is in the best interest of the City.

Section 2. The Mayor is hereby authorized to execute the Bank Depository Agreement with Pinnacle Bank, which is attached as "Exhibit A," as well as all other necessary documents.

Section 3. All orders, ordinances, and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repeals to the extent of such conflict, and the provisions of the Resolution shall be and remain controlling as to the matters resolved herein.

Section 4. That this resolution shall take effect immediately from and after its passage, and it is duly resolved.

DULY PASSED AND APPROVED ON THIS 29th DAY OF MARCH, 2021.

APPROVED:

____
James L. Burgess, Mayor

ATTEST:

____
Callie Green, City Secretary

EXHIBIT "A"

The City of Venus, Texas

Depository Application
Depository Services Contract

JANUARY 2021

700 W Hwy 67
Venus, Texas 76084
972-366-3348

TABLE OF CONTENTS

I. INTRODUCTION

The City of Venus ("the City") is requesting applications from eligible and qualified financial institutions to serve as the Depository Bank of the City and provide the banking services as described below. The services provided are to be in accordance with the Depository Application and attachments, duly executed between the City and the selected financial institution.

The philosophy incorporated into this Depository Application/Depository Services Contract ("Depository Application") is to solicit bids for banking services currently utilized or open for consideration, based on projected activity and transaction volumes. The City intends to invest its funds to maximize interest income as authorized and permitted by state law. From this perspective, the rates the City can earn on its deposits and investments through the financial institution will be an important element in consideration of the net cost/benefit of the relationship to the City.

The new depository contract term will be for the period April 1, 2021, through March 31, 2024, with a provision for two one-year continuations under the same terms and conditions of the contract, subject to the mutual agreement of both parties. The depository contract term also provides for an extension not to exceed ninety (90) days for the transition to a new Depository Bank at the end of the term.

The Depository Bank is an important component of the treasury and cash management system of the City. From this perspective, the City is seeking a financial institution that is:

- capable of providing the services required by the City at the least possible cost
- willing to be attentive and responsive to the City's money matters; and,
- financially sound.

The Depository Application is intended to serve as the OFFICIAL BID FORM and as the Depository Service Contract. There are several blanks to fill in and questions to be answered. The evaluation of the bidder's application will be based on these responses.

Exceptions, conditions, or qualifications to the provisions of the City's specifications or requirements must be clearly identified as such with the reasons therefore, and alternative language proposed by the bidder, if any, clearly stated and inserted in the appropriate place in the bid submission.

Each one of these exceptions, conditions, or qualifications to the City's specifications should be included, as appropriate, in this Depository Application. Items and matters not explicitly excepted in this manner will be deemed to be in conformance with the City's specifications.

The Depository Application also requests certain information to be attached and specifically labeled. Bids must be complete, address all aspects of the Depository Application, and include all requested information to receive full consideration by the City in the selection process.

The City Finance Director is designated as the coordinator and contact person through the bidding process. The City desires to enter into a contract of mutual party benefit and will be happy to answer all questions pertaining to this Depository Application.

II. CRITERIA FOR EVALUATION

The City will carefully review the submitted applications. The recommendation to the City Council will be based on the application determined to be in the best interest of the City. The evaluation of the applications will be made based on the following criteria:

- Ability to perform and provide the required and requested services;
- Cost of banking services;
- Completeness and agreement to points outlined in the Depository Application;
- Funds availability;
- Interest rates paid on interest bearing accounts, time deposits, and investments;
- Earnings credit on average available account balances;
- Financial strength and stability; and
- Convenience of location.

III. ACCOUNT ACTIVITIES

A. Number of Accounts The City requires bank accounts as set forth in **Exhibit 1**. The City requires check-cashing services on certain accounts for City checks at no charge to the City.

The City reserves the right to open or close any number or type of accounts as it deems necessary through the term of the Depository Service Contract. Any services not listed, but later requested by the City, will be charged for at a mutually agreed upon fee. Fees bid are fixed for the entire contract period. No additional setup fees or software fees will be charged if the Depository Bank merges or is acquired by another bank.

B. Services and Volumes The services which should be made available to the City include, but are not limited to, the items listed in **Appendix 1**. The items that are identified in **Exhibits 1 and 2**, are included to provide additional bank information regarding transaction volumes and dollar amounts that should be helpful in responding to the Depository Application.

C. Bank Statements Bank statements are to be rendered within two (2) working days after the close of the calendar month. The statements are to include debits and credits made on the last day of the period and detailed items.

D. Method of Payment and Reporting The City will pay for all services provided by the institution as set forth in the Banking Services Fee Schedule (**Appendix 1**). The method to be used for the payment of these services will be the direct payment method.

E. Interest Rates The collected balances in each account should be accessible by personal computer inquiry and will be available for investment at the option of the City. Please provide an explanation of the institution's policy and methodology used in setting rates paid of interest-bearing accounts. Indicate if rates are based on a market rates such as T-bill, discount or yield rate, or the federal funds rate, etc., when rates are changed, and when and how the City will be notified. Please provide interest rate information as Attachment A.

F. Research Requests The City requests all research requests be responded to within three (3) business days of the request.

G. Bank Errors The Bank will reimburse bank errors resulting in lost interest to the City. The method of reimbursement will be agreed upon by the Bank and the City.

IV. PLEDGE/REQUIREMENTS

A. Securities Pledged The Bank agrees to pledge to the City securities equal to the largest total balances the City maintains at all times in the Bank. Pledged securities shall be valued at par or market value, whichever is lower. The securities pledged, the amounts of securities required to be pledged, and the time for pledging same must comply with the requirements contained in Section 105.031 of the Local Government Code, Vernon's Texas Codes Annotated. This contract will require 102%.

The Bank agrees that an independent third party TIB (name of third party) with whom the Bank has a current custodial agreement shall always hold securities.

The Pledge will be evidenced by a separate Depository Pledge Agreement in accordance with the requirements of State and Federal law. Please submit a copy of the Depository Pledge Agreement as Attachment B.

The Bank agrees to provide a monthly written report to the City on the pledged securities, to include the following: (a) Name of security (b) Par value (c) Type/description (d) Market value as of date of Report, and (e) Maturity date.

The Bank also agrees to furnish additional written reports within three (3) days of a written request by the City Administrator or his designee.

Any change in the trustee bank shall require the prior written approval of the City. Duplicate safekeeping receipts (no photocopies) shall be issued and filed with the City Secretary of the City. No fees shall be charged to the City concerning the safekeeping deposit of the securities.

Any substitution in the pledged securities or reduction in the total pledged shall require the prior written approval of the City Administrator or his designee.

V. INVESTMENT ACTIVITIES

A. Direct Investment Alternative The City desires a Bank Depositor relationship which provides full legal flexibility in investment activities. Since state law permits the City to invest in direct debt securities of the United States Government or its agencies, the City will have the right, at its sole discretion, and based on maturities and liquidity needs of the City, to select direct investment on government obligations.

B. Certificates of Deposit (CDs) CDs purchased for the City will be non-negotiable and will be registered in the name of the City. CDs must be fully insured by the FDIC or collateralized by fully guaranteed Federal obligations that are pledged to the City and that have a market value equal to or greater than the CD for the life of the CD. Proof of collateral must be supplied to the City before the CDs are paid for.

Bidders should state the rate of interest payable and the basis used to establish the rate, for each of the time periods as indicated on **Appendix 2,** Certificates of Deposit $100,000 or more. Also, indicate the investment minimums and maximums for maturity lengths and dollar amounts.

C. Interest Calculations Interest on all CDs will be computed on an actual day basis, and the interest paid to the City on the maturity date. Payments will be made by crediting the accounts from which investments were made. Interest calculations should include the first day in the investment period but should not include the day of maturity.

D. Extension of Investments The Depository Bank agrees to honor and continue any investment made during the term of the Depository Services Contract that will mature after the expiration date of the contract at the same rate established before the expiration of the contract.

VI. OVERDRAFT PROVISIONS

The City does not intend to have a net overdraft position occur during the course of the contract period. A net overdraft is to be defined as a negative balance in the City's accounts collectively, not by individual account. However, should a net overdraft condition occur, the following stipulations would apply:

(To be completed by the financial institution.)

- The maximum number of days the overdraft condition would be allowed is ___0___ banking days.
- The maximum amount of the overdraft to be allowed would be $__0_______.
- The interest rate would be __NA__% per annum computed on an actual day basis for the days and amount of the overdraft.

In the event a check or checks are presented for payment where there are insufficient funds for the purpose of paying checks, the Depository Bank agrees to promptly notify the City's Finance Director, by telephone or other means, of the overdraft condition and to provide the Finance Director a period not exceeding one business day to respond and rectify the condition.

VII. OTHER STIPULATIONS

A. Regulation Notices The successful bidder is to notify the City in writing within ten (10) days of any changes in Federal or State regulations or laws that would affect the Depository Services Contract.

B. Right to Cancel Contract In the event it would be ruled illegal under the provisions of Federal or State laws or regulations for the Depository Bank to comply with the requirements of the Depository Services Contract, the City expressly reserves the right and privilege to cancel the Depository Services Contract and to rebid.

C. Right to Audit Records The Depository Bank's records relating to the City's accounts will be open for review during normal business hours by designated City staff members or the City's appointed independent auditors.

D. Financial Reports The proposing institution will submit a copy of the latest annual financial statements, the past two most recent quarterly FDIC call reports, and the Uniform Bank Performance Report for the latest fiscal year end, all as Attachment C.

E. Term of the Depository Services Contract The term of the Depository Service Contract will be for the period April 1, 2021 through March 31, 2024, with a provision for two one-year extensions under the same contract terms and conditions, with the mutual agreement of both parties. Further, the agreement will have a ninety (90) day extension period for transition to the new depository bank at the end of the term.

VIII. BIDDING REQUIREMENTS

A. Date, Time, Location Applications clearly marked "Bank Depository" must be delivered by 10:00 a.m. on Monday, March 1, 2021 to the following person:

Cheryl Estes CPA, Finance Director
City of Venus
700 W. Hwy 67
P. O. Box 380
Venus, TX 76084
cestes@cityofvenus.org

NO DEPOSITORY APPLICATION WILL BE ACCEPTED AFTER 10:00 A.M.

B. Responding to this Application The proposing institution shall use this Depository Application as the Official Bid Form to submit prices, rates, and to answer questions. No substitutions will be considered.

C. Additional Information The City reserves the right to request additional information or to meet with representatives from proposing organizations to discuss points in the application before and after submission, any and all of which may be used in forming a recommendation.

D. Right to Reject Applications The City reserves the right to reject any and all applications, and to accept the application it considers to be in the best interest based upon the ability to perform the requested services, agreement to points outlined in the Depository Application, interest rates paid on time deposits, cost of banking services, and financial stability.

E. Qualification Bidder must be an institution qualified under current state law to serve as the City's Depository Bank.

F. Questions Regarding Depository Application Any questions concerning this Depository Application should be directed to:

Cheryl Estes CPA, Finance Director
700 W. Hwy 67
P. O. Box 380
Venus, TX 76084

Phone 972-366-3348 ext 208
Fax 972-366-3824
Email: cestes@cityofvenus.org

G. Transfer of Funds Transfer of funds will commence at such time the successful bidder has provided the City with all required forms and supplies necessary to insure uninterrupted day-to-day operations. Bidder will, upon termination of the contract, cooperate with the new Depository Bank for transfer of funds.

IX. OTHER MISCELLANEOUS

A. Periodic Review The City requires a review meeting at least once every six (6) months to evaluate the working relationship between the City and the Depository Bank. The objectives include addressing any problems and to seek solutions, as well as keeping abreast of changes, new services, or new requirements.

B. Depository Application and Resulting Contract The final appointment of the Depository Bank will be made by the City by a contract award of the City Council. The successful bidder may be required to execute a new Depository Application/Depository Services Contract which incorporates all the requirements of this Depository Application, accompanying related schedules, and materials as called for in this Depository Application, and any exceptions, conditions, or qualifications to the specifications included herein as deemed appropriate by the City. In the alternative, this fully executed Depository Application and accompanying related schedules, attachments, and materials constitute the Depository Services Contract upon acceptance and execution by the City.

C. Bid Advertisement This Depository Application has been duly advertised and is being offered for consideration to financial institutions as permitted by State law.

D. Designating Officials The bidder is to provide a list of contact personnel within the financial institution for communication and assistance with the City:

DESCRIPTION	NAME	TITLE
Relationship Officer	CHRISTIE HICKS	Vice President/christie.hicks@pinnbank.com
General Information	PINNACLE CALL CENTER	469-672-8100
Investments & Safekeeping	CHRISTIE HICKS	christie.hicks@pinnbank.com
Accounting/ Bookkeeping	PINNACLE CALL CENTER	469-672-8100
Balance Reporting	PINNACEL CALL CENTER	469-672-8100
ACH Processing	CHRISTIE HICKS	christie.hicks@pinnbank.com
Other Contact Personnel:	ALICIA MCCORMICK	alicia.mccormick@pinnbank.com
	CATHY MEDINA	catherina.medina@pinnbank.com

SEE ATTACHED FORM FOR ADDITIONAL CONTACTS

X. DEPOSITORY APPLICATION OFFERED AND SUBMITTED BY

This Depository Application is being offered by the following person duly authorized to act on behalf of the City of Venus.

City of Venus

James L Burgess

James Burgess, Mayor

TO BE COMPLETED UPON SUBMITTAL OF APPLICATION

This Depository Application is being submitted to the City of Venus, Texas by the following person duly authorized to act on behalf of this financial institution. All terms contained herein, including the accompanying Exhibits, Schedules, Attachments, and any other materials, are agreed to by said financial institution.

PINNACLE BANK

Name of Financial Institution

220 E US HWY 287, STE 100

MIDLOTHIAN TX 76065

Address of Financial Institution

469-672-8100

Telephone Number

CHRISTIE HICKS - VICE PRESIDENT/BRANCH MANAGER

Officer Name and Title (Printed)

Christie Hicks

Officer Signature

3/23/21

Date

EXHIBIT 1

CITY OF VENUS, TEXAS
BANK TRANSACTIONS BY ACCOUNT

(Transactions during December 2020)

Account	# Checks	# Deposits	Amount of Checks	Amount of Deposits	Amount of Transfers	Ending Balance
Consolidated Cash	135	72	$ 937,056	$ 479,931	$ 522,000	$ 390,282
Consolidated MMKT	1	0	$ 125	$ -	$ (1,022,000)	$ 4,603,405
MERP Account	4	0	$ 574	$ -	$ -	$ 5,206
HH/LGI Constr Escrow	1	1	$ 5,210	$ 1,090,676	$ -	$ 1,085,637
Bluestem Hills PID	0	1	$ -	$ 2,310	$ -	$ 15,810
Water Debt I&S	0	0	$ -	$ -	$ -	$ 304,325

* $500,000 was transferred to TexPool in December due to insufficient pledged securities at Citizens National Bank. Total TexPool balances at December 31, 2020 was $4,860,717.

EXHIBIT 2

CITY OF VENUS, TEXAS
CONSOLIDATED BANK BALANCES BY MONTH

July 31, 2020 through December 31, 2020

Month	Ending Balance Cash			MMKT
July	$	56,412	$	5,362,407
August	$	126,662	$	5,090,987
September	$	153,489	$	5,235,036
October	$	84,105	$	5,187,990
November	$	317,015	$	5,622,577
December	$	390,282	$	4,603,405
Monthly Average	$	187,994	$	5,183,734

APPENDIX 1

BANK SERVICES FEE SCHEDULE

BANK NAME: PINNACLE BANK

SEE ATTACHED FORM

	Charge Per Item	Annual Service Charge
Account Maintenance	FREE	FREE
Number of Deposits	FREE	FREE
Stop Payments	FREE	FREE
Returned Items (NSF)	FREE	FREE
Research Items	FREE	FREE
Locking Bank Bags	1 for each account	NA
Endorsement Stamps	1 for each account	NA
Direct Deposit (ACH Processing)	FREE	FREE
Daily Balance Reporting	FREE	FREE
Zero Balanced Accounts	FREE	FREE
Reconciliation	FREE	FREE
Commercial Deposits	FREE	FREE
Check Processing	FREE	FREE
Positive Pay	FREE	FREE
Check Printing (per 500)	Responsibility of City - 3rd party check vendor	
Printed Deposit Slips (per 200)	1 Free order for each account OR 1000 accumulative	
Computer Access to Accounts	FREE	FREE
Online Banking	FREE	FREE
Microfilming or Imaging of Checks	NA	NA
Night Deposit Services	FREE	FREE
Temporary Overdrafts	NA	NA
Other - Specify		
Total Annual Service Charges		$0.00

APPENDIX 2

CITY OF VENUS
CERTIFICATES OF DEPOSIT
$100,000 OR MORE

Term	Rate	Minimum $	Maximum $
SEE ATTACHED RATE SHEET*			

Are rates guaranteed for the length of this contract? Yes ________ No __X__

If no, is the institution's policy and methodology used in setting rates for CDs the same as for interest-bearing accounts? Yes __X__ No ________

If no, please explain:

ATTACHMENTS

[INSERT]

A. Interest Rate Information

B. Depository Pledge Agreement

C. Financial Reports

(A)

Pinnacle Bank
MEMBER FDIC

THE WAY BANKING SHOULD BE

Effective 09/11/2020

Texas 2 Step CD Special**

	Minimum	Interest Rate	APY*
36 months	$1,000	0.50%	0.50%

Certificates of Deposit**

	Minimum	Interest Rate	APY*
3 months	$1,000.00	0.20%	0.20%
6 months	$1,000.00	0.25%	0.25%
12 months	$1,000.00	0.25%	0.25%
18 months	$1,000.00	0.35%	0.35%
24 months	$1,000.00	0.35%	0.35%
36 months	$1,000.00	0.40%	0.40%
48 months	$1,000.00	0.40%	0.40%
60 months	$1,000.00	0.40%	0.40%

Interest Checking ***

Balance	Interest Rate	APY*	Balance	Interest Rate	APY*
$0.00-999.99	n/a	n/a	$50,000.00 - $249,999.99	0.15%	0.15%
$1,000.00 - $9,999.99	0.15%	0.15%	$250,000.00 - $999,999.99	0.15%	0.15%
$10,000.00 - $49,999.99	0.15%	0.15%	$1,000,000.00 and above	0.15%	0.15%

Relationship Checking ***

Balance	Interest Rate	APY*	Balance	Interest Rate	APY*
$0.00-999.99	n/a	n/a	$50,000.00 - $249,999.99	0.20%	0.20%
$1,000.00 - $9,999.99	0.15%	0.15%	$250,000.00 - $999,999.99	0.22%	0.22%
$10,000.00 - $49,999.99	0.18%	0.18%	$1,000,000.00 and above	0.28%	0.28%

PinnCheck Market, and PinnCheck Business Market ***

Balance	Interest Rate	APY*
$24,999.00 and below	0.15%	0.15%
$25,000.00-49,999.99	0.15%	0.15%
50,000.00-99,999.99	0.15%	0.15%
$100,000.00-999,999.99	0.25%	0.25%
Million and Over	0.35%	0.35%

Pinn Savings***

Interest Rate	APY*
0.15%	0.15%

PinnStar Business Interest***

Interest Rate	APY*
0.15%	0.15%

* APY is Annual Percentage Yield assumes interest will remain on deposit until maturity. A withdrawal will reduce earnings.
** Penalty may be imposed for early withdrawal.
***Rates may change after the account is opened.

All rates subject to change without notice.
Fees could reduce earnings.
Pinnacle Bank Reserves the Right to Limit Deposits.

SECURITY PLEDGE/RELEASE REQUEST

Request must be submitted by the BANK, not the PLEDGEE/ENTITY

TO: SAFEKEEPING DEPARTMENT
EMAIL: myportal@mybankersbank.com

TIB CUSTOMER INFORMATION:

YOUR NAME/TITLE:	
PHONE NUMBER:	
BANK NAME/CITY:	
ACCOUNT#:	

		Pledge Code
PLEDGEE/ENTITY:		

(Requests are processed effective the date received unless specified in the special instructions)

CHECK ONE

PLEDGE	RELEASE	TIB RECEIPT#	CUSIP	*ORIG PAR VALUE
☐	☐			
☐	☐			
☐	☐			
☐	☐			
☐	☐			
☐	☐			
☐	☐			
☐	☐			
☐	☐			
☐	☐			

** IF SECURITY IS A MBS POOL/CMO, THE ORIGINAL FACE OF PLEDGE AMOUNT IS REQUIRED.*

SPECIAL INSTRUCTIONS:

____

YOUR CUSTOMER/PLEDGEES' SIGNATURE/TITLE (RELEASES ONLY)

____

YOUR SIGNATURE

Thank You for Your Business
Toll Free: 866-308-4842
Fax: 972-969-1605
Email: Myportal@mybankersbank.com

(C)

Pinnacle Bancorp, Inc

Independent Auditor's Report and Consolidated Financial Statements and Supplementary Information
September 30, 2020 and 2019

Pinnacle Bancorp, Inc.
September 30, 2020 and 2019

Contents

1120 S. 101st Street, Suite 410 | Omaha, NE 68124-1088
402.392.1040 | Fax 402.392.1772 | bkd.com

Independent Auditor's Report

Audit Committee and Board of Directors
Pinnacle Bancorp, Inc.
Omaha, Nebraska

Report on the Financial Statements and Internal Control

We have audited the accompanying consolidated financial statements of Pinnacle Bancorp, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements. We also have audited Pinnacle Bancorp, Inc.'s, internal control over financial reporting as of September 30, 2020, based on criteria established in the *Internal Control – Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management also is responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Report of Management.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the entity's internal control over financial reporting based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement and whether effective internal control over financial reporting was maintained in all material respects.

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BKD
CPAs & Advisors

1120 S. 101st Street, Suite 410 | Omaha, NE 68124-1088
402.392.1040 | Fax 402.392.1772 | bkd.com

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Empowering Business Globally

An audit of consolidated financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit of consolidated financial statements also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

An audit of internal control over financial reporting involves performing procedures to obtain evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risk that a material weakness exists. An audit of internal control over financial reporting also involves obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA), our audit of Pinnacle Bancorp Inc.'s internal control over financial reporting included controls over the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and with the instructions to the Consolidated Financial Statements for Bank Holding Companies (Form FR Y-9-C).

An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pinnacle Bancorp, Inc. and its subsidiaries as of September 30, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, Pinnacle Bancorp, Inc., maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020, based on criteria established in the *Internal Control – Integrated Framework* (2013), issued by the COSO.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BKD, LLP

Omaha, Nebraska
December 1, 2020

Pinnacle Bancorp, Inc.
Consolidated Balance Sheets
September 30, 2020 and 2019
(amounts in thousands except share data)

Assets

	2020	2019
Cash and cash equivalents	$ 1,168,487	$ 774,625
Interest-bearing time deposits in banks	9,140	11,366
Securities	3,080,949	2,586,133
Loans, net of allowance for loan losses of $130,368 and $115,395 at September 30, 2020 and 2019	9,493,722	8,159,726
Premises and equipment, net	227,350	212,080
Interest receivable	71,406	64,865
Nonmarketable equity securities, at cost	8,754	7,058
Goodwill	119,822	119,822
Intangible assets	11,271	15,213
Other assets	50,387	59,758
Total assets	$ 14,241,288	$ 12,010,646

See Notes to Consolidated Financial Statements

Liabilities and Stockholders' Equity

	2020	2019
Liabilities		
Deposits		
Demand	$ 1,500,663	$ 1,164,117
Demand-interest bearing	535,073	548,413
Savings	8,349,414	6,445,973
Time	1,858,951	2,121,639
Total deposits	12,244,101	10,280,142
Federal funds purchased and securities sold under agreements to repurchase	266,745	217,550
FHLB advances and other borrowed funds	102,918	111,869
Subordinated debentures	126,620	140,720
Deferred tax liability	844	705
Interest payable and other liabilities	88,110	69,193
Total liabilities	12,829,338	10,820,179
Stockholders' Equity		
Common stock, voting, $.0001 par value, authorized 2020 and 2019 - 2,550,000 shares; issued and outstanding 2020 and 2019 - 2,112,190 shares	-	-
Common stock, nonvoting, $.0001 par value, authorized 2020 and 2019 - 2,450,000 shares; issued and outstanding 2020 and 2019 - 2,029,359 shares	-	-
Additional paid-in capital	608	608
Retained earnings	1,343,947	1,171,210
Accumulated other comprehensive income	65,024	16,220
Total Pinnacle Bancorp, Inc. stockholders' equity	1,409,579	1,188,038
Noncontrolling interests	2,371	2,429
Total stockholders' equity	1,411,950	1,190,467
Total liabilities and stockholders' equity	$ 14,241,288	$ 12,010,646

Pinnacle Bancorp, Inc.
Consolidated Statements of Income
Years Ended September 30, 2020 and 2019
(amounts in thousands)

	2020	2019
Interest and Dividend Income		
Loans	$ 433,957	$ 409,425
Securities	57,456	50,488
Dividends	380	360
Federal funds sold and deposits with other financial institutions	6,621	8,669
Total interest income	498,414	468,942
Interest Expense		
Deposits	61,976	74,849
Federal funds purchased and securities sold under agreements to repurchase	1,303	2,964
Federal Home Loan Bank advances and other borrowed funds	3,376	3,097
Subordinated Debentures	3,153	851
Total interest expense	69,808	81,761
Net Interest Income	428,606	387,181
Provision for Loan Losses	15,656	5,017
Net Interest Income After Provision for Loan Losses	412,950	382,164
Noninterest Income		
Customer service fees	18,822	21,543
Net realized gains (losses) on available-for-sale securities	2	(7)
Unrealized gain (loss) on equity securities	1,112	(678)
Other	75,553	69,488
Total noninterest income	95,489	90,346
Noninterest Expense		
Salaries and employee benefits	176,538	159,027
Occupancy and equipment	32,616	30,130
Amortization of intangible assets	3,940	4,845
Other	74,367	73,955
Total noninterest expense	287,461	267,957
Income Before Income Taxes	220,978	204,553
Provision for Income Taxes	47,847	44,259
Net Income	173,131	160,294
Net Income Attributable to Noncontrolling Interests	394	809
Net Income Attributable to Pinnacle Bancorp, Inc.	$ 172,737	$ 159,485

See Notes to Consolidated Financial Statements

Pinnacle Bancorp, Inc.
Consolidated Statements of Comprehensive Income
Years Ended September 30, 2020 and 2019
(amounts in thousands)

	2020	2019
Net Income	$ 173,131	$ 160,294
Other Comprehensive Income		
Unrealized appreciation on available-for-sale securities	63,089	83,371
Reclassification adjustment for realized (gains) losses included in net income	(2)	7
Net tax effect	(14,283)	(19,592)
Net of tax amount	48,804	63,786
Comprehensive Income	221,935	224,080
Less: Comprehensive Income Attributable to Noncontrolling Interests	394	809
Comprehensive Income Attributable to Pinnacle Bancorp, Inc.	$ 221,541	$ 223,271

See Notes to Consolidated Financial Statements

Pinnacle Bancorp, Inc.
Consolidated Statements of Stockholders' Equity
Years Ended September 30, 2020 and 2019
(amounts in thousands except share data)

	Common Stock - Voting Shares	Common Stock - Voting Par Value	Common Stock - Nonvoting Shares	Common Stock - Nonvoting Par Value	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests	Total
Balance, September 30, 2018	2,112,190	$ -	2,029,359	$ -	$ 608	$ -	$ 1,158,432	$ (35,225)	$ 2,312	$ 1,126,127
Net income	-	-	-	-	-	-	159,485	-	809	160,294
Cumulative effect of accounting change	-	-	-	-	-	-	12,341	(12,341)	-	-
Other comprehensive income	-	-	-	-	-	-	-	63,786	-	63,786
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	(692)	(692)
Dividends paid, $38 per share	-	-	-	-	-	-	(155,720)	-	-	(155,720)
Purchase of treasury stock	(49,938)	-	(47,980)	-	-	(33,338)	-	-	-	(33,338)
Sale of treasury stock	49,938	-	47,980	-	-	33,338	(3,328)	-	-	30,010
Balance, September 30, 2019	2,112,190	-	2,029,359	-	608	-	1,171,210	16,220	2,429	1,190,467
Net income	-	-	-	-	-	-	172,737	-	394	173,131
Other comprehensive income	-	-	-	-	-	-	-	48,804	-	48,804
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	(452)	(452)
Balance, September 30, 2020	2,112,190	$ -	2,029,359	$ -	$ 608	$ -	$ 1,343,947	$ 65,024	$ 2,371	$ 1,411,950

See Notes to Consolidated Financial Statements

Pinnacle Bancorp, Inc.
Consolidated Statements of Cash Flows
Years Ended September 30, 2020 and 2019
(amounts in thousands)

	2020	2019
Operating Activities		
Net income before attribution of noncontrolling interests	$ 173,131	$ 160,294
Net income attributable to noncontrolling interests	394	809
Net income attributable to Pinnacle Bancorp, Inc.	172,737	159,485
Items not requiring (providing) cash		
Depreciation and amortization	21,442	20,248
Provision for loan losses	15,656	5,017
Amortization and accretion	11,681	8,788
Net realized (gains) losses on available-for-sale securities	(2)	7
Unrealized (gain) loss on equity securities	(1,112)	678
Deferred tax benefit	(14,423)	(680)
Net loss on sale of premises and equipment	(3,069)	(117)
Changes in (net of acquisitions)		
Interest receivable	(6,541)	(5,719)
Other assets	9,371	4,714
Interest payable and other liabilities	18,917	1,661
Noncontrolling interests in subsidiaries	394	809
Net cash provided by operating activities	225,051	194,891
Investing Activities		
Purchases of securities	(1,226,658)	(667,521)
Proceeds from sales, maturities and paydowns of securities	784,641	312,058
Net decrease in interest-bearing deposits with banks	2,226	4,710
Net (increase) decrease in nonmarketable equity securities	(1,696)	491
Net originations of loans	(1,349,652)	(475,278)
Purchases of premises and equipment	(38,212)	(30,809)
Proceeds from sale of premises and equipment	8,511	1,195
Net cash paid to sellers for acquisitions	-	(9,762)
Net cash used in investing activities	(1,820,840)	(864,916)

See Notes to Consolidated Financial Statements

Pinnacle Bancorp, Inc.

Consolidated Statements of Cash Flows - Continued
Years Ended September 30, 2020 and 2019
(amounts in thousands)

	2020	2019
Financing Activities		
Net increase in deposit accounts	$ 1,963,959	$ 1,003,747
Proceeds from FHLB advances and other borrowed funds	12,795	130,475
Payments on FHLB advances and other borrowed funds	(21,746)	(85,230)
Issuance of subordinated debentures	-	140,720
Payments on subordinated debentures	(14,100)	-
Net change in federal funds purchased and securities sold under agreements to repurchase	49,195	2,194
Purchase of Common Stock	-	(33,337)
Sale of Common Stock	-	30,010
Dividends paid	-	(155,720)
Other	(452)	(423)
Net cash provided by financing activities	1,989,651	1,032,436
Increase in Cash and Cash Equivalents	393,862	362,411
Cash and Cash Equivalents, Beginning of Year	774,625	412,214
Cash and Cash Equivalents, End of Year	$ 1,168,487	$ 774,625
Supplemental Cash Flows Information		
Interest paid	$ 69,092	$ 80,518
Income taxes paid	$ 55,352	$ 55,790

In 2019, the Company paid net cash of $9,762,000 to acquire substantially all of the assets and assume all of the liabilities of Pinnacle Data Services as described in Note 3. In conjunction with this acquisition, assets acquired and liabilities assumed were as follows (in thousands):

Assets acquired	$ 10,436
Noncontrolling interest acquired	270
Less: cash paid	(10,554)
Liabilities assumed	$ 152

See Notes to Consolidated Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Pinnacle Bancorp, Inc. ("the Company") is a multi-bank financial holding company whose principal activity is ownership and management of its majority-owned subsidiaries.

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries: Pinnacle Bank, Lincoln, Nebraska; Pinnacle Bank – Wyoming, Cody, Wyoming; Bank of Colorado, Fort Collins, Colorado; Pinnacle Bank, Fort Worth, Texas; PFS Insurance Group, LLC, a company which provides various insurance services to its customers and Skybank, LLC, a company which provides flight services.

The Company is engaged in banking and insurance services primarily in the Midwestern United States, primarily in the states of Nebraska, Colorado, Texas, Wyoming, Missouri, New Mexico, Kansas and Arizona. The Banks are subject to competition from other financial institutions. The Banks are subject to the regulation of certain federal and state agencies and undergo periodic examinations by those regulatory authorities.

Principles of Consolidation

All significant intercompany accounts and transactions have been eliminated in consolidation.

Variable Interest Entities

A legal entity is referred to as a variable interest entity ("VIE") if any of the following conditions exist: (1) the total equity investment at risk is insufficient to permit the legal entity to finance its activities without additional subordinated financial support from other parties, or (2) the entity has equity investors that cannot make significant decisions about the entity's operations or that do not absorb their proportionate share of the expected losses or receive the expected returns of the entity.

In addition, a VIE must be consolidated by the Company if it is deemed to be the primary beneficiary of the VIE, which is the party involved with the VIE that will absorb a majority of the expected losses, receive a majority of the expected residual returns, or both. The Company has significant variable interests in VIEs that are not consolidated because the Company is not the primary beneficiary.

All facts and circumstances are taken into consideration when determining whether the Company has variable interests that would deem it the primary beneficiary and, therefore, require consolidation of the related VIE or otherwise rise to the level where disclosure would provide useful information to the users of the Company's financial statements. In some cases, it is qualitatively clear based on the extent of the Company's involvement or the seniority of its investments that the Company is not the primary beneficiary of the VIE. In other cases, a more detailed and quantitative analysis is required to make such a determination.

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Variable Interest Entities - Continued

The Company generally considers the following types of involvement to be significant:

- Assisting in the structuring of a transaction and retaining any amount of debt financing (for example, loans, notes, bonds or other debt instruments) or an equity investment (for example, common shares, partnership interests or warrants)
- Writing credit protection (for example, guarantees, letters of credit, credit default swaps or total return swaps where the Company receives the total return or risk on the assets held by the VIE)

The Company regularly monitors unconsolidated VIEs to determine if any reconsideration events have occurred that would cause the VIEs to be consolidated.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the fair value of financial instruments.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all which have original maturities of 90 days or less.

Interest-bearing Deposits in Banks

Interest-bearing deposits in banks mature within one year and are carried at cost.

Securities

Available-for-sale debt securities are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income, net of taxes. Disproportionate income tax effects for available-for-sale securities are released using the "aggregate portfolio" approach. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Securities - Continued

method. Marketable equity securities are carried at fair value with changes in fair value reported in net income.

For debt securities with fair value below amortized cost when the Company does not intend to sell a debt security, and it is more likely than not the Company will not have to sell the security before recovery of its cost basis, it recognizes the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income.

On October 1, 2018, the Company adopted the new accounting standard for Financial Instruments, which requires equity investments to be measured at fair value with charges in fair value recognized in net income. The adoption of the guidance resulted in a $12,341,000 increase to beginning retained earnings and a $12,341,000 decrease to beginning accumulated other comprehensive income. Due to the change in the fair value of equity securities, $1,112,000 in unrealized gains and $678,000 in unrealized losses were recognized in net income during 2020 and 2019, respectively.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market using the "best efforts" method are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. Mortgage loans originated and intended for sale in the secondary market using the "mandatory delivery" method are valued using the fair value option and recorded at fair value as of the balance sheet date. The fair value of mortgage loans originated includes the servicing value of the loans as well as any accrued interest. Gains and losses on loan sales are recorded in noninterest income.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balances adjusted for unearned income, charge-offs, the allowance for loan losses, any unamortized deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Credit card loans and other personal loans are typically charged-off no later than 180 days past due. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Loans - Continued

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Discounts and premiums on purchased loans are amortized to income over the expected lives of the loans using methods that approximate the interest method.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance for loan losses when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance for loan losses.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance for loan losses consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance for loan losses is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from the Company's internal risk rating process. Other adjustments may be made to the allowance for loan losses for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Allowance for Loan Losses - Continued

consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures, unless such loans are the subject of a restructuring agreement due to financial difficulties of the borrower.

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation and amortization computed on the straight-line method over the estimated useful lives of the assets or the expected terms of the leases, if shorter. Expected terms include lease option periods to the extent that the exercise of such options is reasonably assured.

Nonmarketable Equity Securities

The Company, as a member of several of the Federal Home Loan Banks ("FHLB"), is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions of the FHLB, the stock has no quoted market value and is carried at cost. Management reviews for impairment based on the ultimate recoverability of the cost basis in the FHLB stock.

Foreclosed Assets Held for Sale

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure (included in other assets), establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net income or expense from foreclosed assets.

Goodwill

Goodwill is tested annually for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements.

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Intangible Assets

Intangible assets with finite lives are comprised of core value of deposits and other intangible assets which are being amortized using the straight-line method primarily over periods of 1 to 15 years. Such assets are periodically evaluated as to the recoverability of their carrying values.

Derivatives

Derivatives are recognized as assets and liabilities on the consolidated balance sheet and measured at fair value. Fair value is based on dealer quotes, pricing models, discounted cash flow methodologies or similar techniques for which the determination of fair value may require significant management judgment or estimation.

Derivative Loan Commitments

Mortgage loan commitments that relate to the origination of a mortgage that will be held for sale upon funding are considered derivative instruments under the derivatives and hedging accounting guidance. Loan commitments that are derivatives are recognized at fair value on the consolidated balance sheet in other assets and other liabilities with changes in their fair values recorded in noninterest income.

Forward Loan Sale Commitments

The Company carefully evaluates all loan sales agreements to determine whether they meet the definition of a derivative under the derivatives and hedging accounting guidance, as facts and circumstances may differ significantly. If agreements qualify, to protect against the price risk inherent in derivative loan commitments, the Company uses both "mandatory delivery" forward loan sale commitments to mitigate the risk of potential decreases in the values of loans that would result from the exercise of the derivative loan commitments. Mandatory delivery contracts are accounted for as derivative instruments. Accordingly, forward loan sale commitments are recognized at fair value on the consolidated balance sheet in other assets and liabilities with changes in their fair values recorded in other noninterest income.

The Company estimates the fair value of its forward loan sales commitments using a methodology similar to that used for derivative loan commitments.

Self Insurance

The Company has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Company has purchased insurance that limits its exposure for individual claims for the employee health benefit programs.

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Income Taxes

Income taxes are accounted for in accordance with ASC 740, Income Taxes. The guidance accounts for income tax expense with two components: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of enacted tax law to the taxable income or excess deductions over income. The Company determines deferred income taxes using the liability or balance sheet method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

The Company files consolidated income tax returns with its subsidiaries.

Trust Assets

Assets (other than cash deposits) held in fiduciary or agency capacity for customers are not included in the accompanying consolidated balance sheets, since such items are not assets of the Company or its subsidiaries.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains on securities available for sale and unrealized losses related to factors other than credit on debt and equity securities, which are recognized as separate components of equity.

Nebraska Department of Banking and Finance Requirements

The audits of the Company are designed to meet the minimum requirements of 45 NAC 25-001 of the Nebraska Department of Banking and Finance for Pinnacle Bank, Lincoln, Nebraska.

Note 2: Restriction on Cash and Due From Banks

The Company is required to maintain average balances on hand or with the Federal Reserve Bank. At September 30, 2019, these reserve balances amounted to $10,478,000. At September 30, 2020, there was no reserve balance requirement.

Note 3: Acquisitions

During January 2019, the Company paid cash to acquire substantially all of the assets and assumed substantially all of the liabilities of Pinnacle Data Services.

The intangible assets have a useful life of fifteen years and are being amortized using the straight-line method. Amounts paid for intangible assets are expected to be deductible for tax purposes.

As a result of the acquisition, management believes the Company will have an opportunity to increase its customer base and reduce costs through economies of scale. The acquisition has been accounted for as a purchase by recording the assets and liabilities of the acquired company at their estimated fair values at the acquisition date. The consolidated operations of the Company include the operations of the company from the acquisition date. The following table summarizes the values of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Cash and cash equivalents	$	792
Premises and equipment		5,353
Other intangibles		1,284
Other assets		3,007
Total assets acquired		10,436
Other liabilities		152
Total liabilities assumed		152
Noncontrolling interests		(270)
Cash paid for net assets acquired	$	10,554

Note 4: Securities

The amortized cost and fair value, with gross unrealized gains and losses at September 30, 2020 and 2019 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
2020				
Securities available for sale				
Debt securities				
U.S. Treasury and federal agency	$ 70,927	$ 2,312	$ -	$ 73,239
U.S. Government-sponsored enterprises ("GSEs")	731,316	11,084	(755)	741,645
State and political subdivisions	418,957	6,805	(84)	425,678
Mortgage-backed (GSE residential)	1,731,859	76,695	(318)	1,808,236
Total debt securities	2,953,059	96,896	(1,157)	3,048,798
Marketable equity securities	18,646	13,559	(54)	32,151
	$ 2,971,705	$ 110,455	$ (1,211)	$ 3,080,949
2019				
Securities available for sale				
Debt securities				
U.S. Treasury and federal agency	$ 260,468	$ 883	$ (41)	$ 261,309
U.S. Government-sponsored enterprises ("GSEs")	583,455	5,745	(108)	589,093
State and political subdivisions	250,639	966	(142)	251,463
Mortgage-backed (GSE residential)	1,435,311	26,667	(1,605)	1,460,373
Total debt securities	2,529,873	34,261	(1,896)	2,562,238
Marketable equity securities	11,494	12,418	(17)	23,895
	$ 2,541,367	$ 46,679	$ (1,913)	$ 2,586,133

The carrying value of securities pledged as collateral to secure public deposits, securities sold under agreements to repurchase, and for other purposes, was $1,490,120,000 and $1,247,139,000 at September 30, 2020 and 2019, respectively.

Note 4: Securities - Continued

The amortized cost and fair value of available for sale securities by contractual maturity at September 30, 2020 are shown below. Actual maturities may differ from expected or contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(in thousands)	
Within one year	$ 121,439	$ 122,382
One to five years	518,257	532,374
Five to ten years	406,368	409,083
After ten years	175,136	176,723
	1,221,200	1,240,562
Mortgage-backed securities	1,731,859	1,808,236
Totals	$ 2,953,059	$ 3,048,798

For the years ended September 30, 2020 and 2019, proceeds from sales of securities available for sale totaled $9,881,000 and $5,542,000, respectively. Gross realized gains totaled $7,000 during 2020. Gross realized losses totaled $5,000 and $7,000 during 2020 and 2019, respectively.

Certain investments in debt securities are reported in the financial statements at an amount less than their historical cost. Total fair value of these investments at September 30, 2020 and 2019, was $342,253,000 and $559,919,000, respectively, which is approximately 11.1% and 21.7%, respectively, of the Company's available-for-sale investment portfolio. These declines resulted from recent increases in market interest rates, failure of certain investments to maintain consistent credit quality ratings, changes in the market's perception of current risks or failure to meet projected earnings targets.

Based on evaluation of available evidence, including recent changes in market interest rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary or are not material.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

Note 4: Securities - Continued

The following table shows gross unrealized losses and approximate fair value, aggregated by investment class and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2020 and 2019:

Description of Available-for-sale Securities	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
		(in thousands)				
2020						
U.S. Government-sponsored enterprises (GSEs)	$ 145,407	$ (512)	$ 39,359	$ (243)	$ 184,766	$ (755)
State and political subdivisions	18,932	(82)	547	(2)	19,479	(84)
Mortgage-backed securities (GSE residential)	129,928	(263)	8,080	(55)	138,008	(318)
Total temporarily impaired securities	$ 294,267	$ (857)	$ 47,986	$ (300)	$ 342,253	$ (1,157)
2019						
U.S. Treasury and federal agency	$ 134,737	$ (31)	$ 25,062	$ (10)	$ 159,799	$ (41)
U.S. Government-sponsored enterprises (GSEs)	6,795	-	64,180	(108)	70,975	(108)
State and political subdivisions	-	-	54,664	(142)	54,664	(142)
Mortgage-backed securities (GSE residential)	37,681	(68)	236,800	(1,537)	274,481	(1,605)
Total temporarily impaired securities	$ 179,213	$ (99)	$ 380,706	$ (1,797)	$ 559,919	$ (1,896)

Based on an analysis of its investment securities with unrealized losses as of September 30, 2020 and 2019, the Company determined that none of such securities had other-than-temporary impairment and the unrealized losses were primarily the result of interest rate changes, market spreads subsequent to acquisition and other market conditions. The fair value of the investment securities is expected to recover as payments are received and the securities approach maturity. At September 30, 2020, management determined that it did not intend to sell investment securities with unrealized losses, and there was no expected requirement to sell any of its investment securities with unrealized losses before recovery of their amortized cost.

Note 4: Securities - Continued

The following table shows the components of accumulated other comprehensive income from net unrealized gain on securities available for sale for the years ended September 30, 2020 and 2019:

	2020	2019
	(in thousands)	
Balance, beginning of year	$ 16,220	$ (35,225)
Net unrealized holding gain arising during the period	63,089	83,371
Reclassification adjustment for net (gain) loss realized in net income	(2)	7
Income tax expense	(14,283)	(19,592)
Cumulative effect of accounting change	-	(12,341)
Balance, end of year	$ 65,024	$ 16,220

Note 5: Loans and Allowance for Loan Losses

Classes of loans at September 30, 2020 and 2019, include:

	2020	2019
	(in thousands)	
Commercial	$ 1,434,487	$ 643,487
Agricultural	1,758,278	1,771,523
Construction and land development	1,036,208	835,309
Commercial real estate	3,103,337	2,916,074
Residential real estate	2,019,588	1,902,515
Consumer and other	307,464	217,718
Gross loans	9,659,362	8,286,626
Less		
Net deferred loan fees	(35,272)	(11,505)
Allowance for loan losses	(130,368)	(115,395)
Net loans	$ 9,493,722	$ 8,159,726

At September 30, 2020 and 2019, loans collateralized by real estate totaling approximately $4,524,324,000 and $4,273,338,000, respectively, were specifically pledged as collateral for FHLB borrowings. Loans sold with recourse provisions totaled approximately $404,070,000 and $118,027,000 at September 30, 2020 and 2019, respectively.

Included in residential real estate loans are loans held for sale of $93,497,000 and $56,772,000 at September 30, 2020 and 2019, respectively.

Note 5: Loans and Allowance for Loan Losses - Continued

Residential real estate loans sold for the period ending September 30, 2020 and 2019 is $1,301,425,000 and $675,153,000, respectively

The following table presents the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method at September 30, 2020 (in thousands):

2020	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Allowance for loan losses							
Balance, beginning of year	$ 10,545	$ 24,440	$ 11,294	$ 39,959	$ 26,029	$ 3,128	$ 115,395
Provision charged to expense	9,856	660	2,280	1,793	(571)	1,638	15,656
Losses charged off	(497)	(9)	(109)	(92)	(101)	(1,019)	(1,827)
Recoveries	279	9	29	24	255	548	1,144
Balance, end of year	$ 20,183	$ 25,100	$ 13,494	$ 41,684	$ 25,612	$ 4,295	$ 130,368
Ending balance: individually evaluated for impairment	$ 2,910	$ 395	$ 108	$ 1,514	$ 683	$ 155	$ 5,765
Ending balance: collectively evaluated for impairment	$ 17,273	$ 24,705	$ 13,386	$ 40,170	$ 24,929	$ 4,140	$ 124,603
Ending balance: loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans							
Ending balance	$ 1,434,487	$ 1,758,278	$ 1,036,208	$ 3,103,337	$ 2,019,588	$ 307,464	$ 9,659,362
Ending balance: individually evaluated for impairment	$ 6,081	$ 18,249	$ 732	$ 13,129	$ 7,063	$ 267	$ 45,521
Ending balance: collectively evaluated for impairment	$ 1,428,402	$ 1,739,820	$ 1,035,476	$ 3,089,540	$ 2,012,402	$ 307,197	$ 9,612,837
Ending balance: loans acquired with deteriorated credit quality	$ 4	$ 209	$ -	$ 668	$ 123	$ -	$ 1,004

Note 5: Loans and Allowance for Loan Losses - Continued

The following table presents the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method at September 30, 2019 (in thousands):

2019	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Allowance for loan losses							
Balance, beginning of year	$ 10,331	$ 23,898	$ 10,736	$ 39,207	$ 25,162	$ 3,046	$ 112,380
Provision charged to expense	1,206	514	529	446	1,336	986	5,017
Losses charged off	(1,205)	-	-	-	(688)	(1,289)	(3,182)
Recoveries	213	28	29	306	219	385	1,180
Balance, end of year	$ 10,545	$ 24,440	$ 11,294	$ 39,959	$ 26,029	$ 3,128	$ 115,395
Ending balance: individually evaluated for impairment	$ 1,787	$ 670	$ 140	$ 412	$ 936	$ 21	$ 3,966
Ending balance: collectively evaluated for impairment	$ 8,758	$ 23,770	$ 11,154	$ 39,547	$ 25,093	$ 3,107	$ 111,429
Ending balance: loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans							
Ending balance	$ 643,487	$ 1,771,523	$ 835,309	$ 2,916,074	$ 1,902,515	$ 217,718	$ 8,286,626
Ending balance: individually evaluated for impairment	$ 4,807	$ 21,257	$ 703	$ 4,440	$ 6,857	$ 61	$ 38,125
Ending balance: collectively evaluated for impairment	$ 638,200	$ 1,749,825	$ 834,496	$ 2,910,712	$ 1,894,231	$ 217,655	$ 8,245,119
Ending balance: loans acquired with deteriorated credit quality	$ 480	$ 441	$ 110	$ 922	$ 1,427	$ 2	$ 3,382

Note 5: Loans and Allowance for Loan Losses - Continued

Internal Risk Categories

Loan grades are numbered 1 through 7. Grades 1 through 3 are considered satisfactory grades. The grades of 4 and 5 represent loans with negative trends but do not warrant classified status. The grades of 6, or Substandard, and 7, or Doubtful, refer to assets that are classified. The use and application of these grades by the Company will be uniform and shall conform to the Company's policy.

1 – Prime Quality: Loans that far exceed minimum bank underwriting standards in the following areas: 1) financial strength, in both liquidity and solvency; 2) repayment capacity and secondary source of repayment; and 3) collateral (both margin and marketability must be strong). These loans should be well documented with no critical documentation exceptions. Management and applicable guarantors should be well known to the Company, and character should be considered excellent.

Loans that are fully secured by a properly perfected security interest in CD's issued by the originating bank could also be assigned a risk rating of 1.

2 – Good Quality: Loans that exceed minimum bank underwriting standards in the following areas: 1) financial strength, both liquidity and solvency; 2) repayment capacity and secondary source of repayment; and 3) collateral (both margin and marketability must be strong). These loans possess no identifiable risk of collection, and they conform to bank policy. Documentation exceptions are minimal, are in the process of being corrected, and of a type that would not introduce loan loss risk. Management and character should be considered strong.

3 – Acceptable Quality: Loans that meet or exceed minimum underwriting standards. Exceptions to policy are generally warranted by factors such as strong guarantor support, previous experience with the borrower, or substantial deposits in the originating bank. Identified weaknesses with the credit are not sufficient to warrant a watch or problem loan status.

4 – Watch Credit: Loans that exhibit downward financial condition trends, management issues, or emerging problems beyond the borrowers' control. These conditions would require special attention by the loan officer. Concerns are not significant enough to warrant problem loan status. Loans in this category represent an early warning system for potential problem loan downgrades if the weaknesses are not corrected.

5 – Special Mention: A Special Mention credit has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the credit or the bank's collateral position at some future date. Special mention credits are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification.

Note 5: Loans and Allowance for Loan Losses - Continued

Internal Risk Categories - Continued

6 – **Substandard:** A Substandard credit is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Extensions of credit so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the bank will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard credits, does not have to exist in individual extensions of credit classified substandard.

7 – **Doubtful:** An extension of credit classified as Doubtful has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors that may work to the advantage of or strengthen the credit, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors may include a proposed merger or acquisition, liquidation proceedings, court ruling, capital injection, perfecting liens on additional collateral, or refinancing plans.

Risk characteristics applicable to each segment of the loan portfolio are described as follows.

Commercial: The commercial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

Agriculture: The agriculture portfolio includes loans to agricultural customers for use in financing agricultural related working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's agricultural operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from operations.

Construction and Land Development: Construction and land development loans are usually based upon estimates of costs and estimated value of the completed project and include independent appraisal reviews and a financial analysis of the developers and property owners. Sources of repayment of these loans may include permanent loans, sales of developed property or an interim loan commitment from the Company until permanent financing is obtained. These loans are considered to be higher risk than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions and the availability of long-term financing. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

Note 5: Loans and Allowance for Loan Losses - Continued

Internal Risk Categories - Continued

Commercial Real Estate: Commercial real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

Residential Real Estate: Residential real estate are generally secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Company's market areas that might impact either property values or a borrower's personal income. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Consumer and Other: The consumer and other loan portfolio consists of various term and line of credit loans such as automobile loans and loans for other personal purposes. Repayment for these types of loans will come from a borrower's income sources that are typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Company's market area) and the creditworthiness of a borrower.

Note 5: Loans and Allowance for Loan Losses - Continued

The Company evaluates the loan risk grading system definitions and allowance for loan loss methodology on an ongoing basis. No significant changes were made to either during the past year. The following tables present the credit risk profile of the Company's loan portfolio based on internal rating category and payment activity at September 30, 2020 and 2019 (in thousands):

2020	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Unclassified (1-5)	$ 1,426,274	$ 1,676,646	$ 1,035,229	$ 3,084,447	$ 2,005,898	$ 306,979	$ 9,535,473
Substandard (6)	8,182	81,632	979	18,786	13,227	474	123,280
Doubtful (7)	31	-	-	104	463	11	609
Total	$ 1,434,487	$ 1,758,278	$ 1,036,208	$ 3,103,337	$ 2,019,588	$ 307,464	$ 9,659,362

2019	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Unclassified (1-5)	$ 637,598	$ 1,676,392	$ 834,235	$ 2,902,153	$ 1,891,451	$ 217,435	$ 8,159,264
Substandard (6)	5,769	95,131	1,074	13,921	10,601	265	126,761
Doubtful (7)	120	-	-	-	463	18	601
Total	$ 643,487	$ 1,771,523	$ 835,309	$ 2,916,074	$ 1,902,515	$ 217,718	$ 8,286,626

Note 5: Loans and Allowance for Loan Losses - Continued

The following tables present the Company's loan portfolio aging analysis as of September 30, 2020 and 2019 (in thousands):

2020	30-90 Days Past Due & Accruing	Greater Than 90 Days & Accruing	Non-Accruing	Total Past Due	Current	Total Loans
Commercial	$ 2,127	$ 262	$ 5,443	$ 7,832	$ 1,426,655	$ 1,434,487
Agricultural	8,190	1,026	10,557	19,773	1,738,505	1,758,278
Construction and land development	6,490	329	234	7,053	1,029,155	1,036,208
Commercial real estate	17,017	-	12,094	29,111	3,074,226	3,103,337
Residential real estate	8,212	1,600	4,137	13,949	2,005,639	2,019,588
Consumer and other	1,801	59	192	2,052	305,412	307,464
Total	$ 43,837	$ 3,276	$ 32,657	$ 79,770	$ 9,579,592	$ 9,659,362

2019	30-90 Days Past Due & Accruing	Greater Than 90 Days & Accruing	Non-Accruing	Total Past Due	Current	Total Loans
Commercial	$ 11,293	$ 1,253	$ 3,560	$ 16,106	$ 627,381	$ 643,487
Agricultural	5,836	6,546	11,579	23,961	1,747,562	1,771,523
Construction and land development	6,891	-	729	7,620	827,689	835,309
Commercial real estate	6,526	3,638	2,423	12,587	2,903,487	2,916,074
Residential real estate	9,095	516	3,352	12,963	1,889,552	1,902,515
Consumer and other	2,017	191	85	2,293	215,425	217,718
Total	$ 41,658	$ 12,144	$ 21,728	$ 75,530	$ 8,211,096	$ 8,286,626

Note 5: Loans and Allowance for Loan Losses - Continued

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans but also include loans modified in troubled debt restructurings.

The following table presents impaired loans for the year ended September 30, 2020 (in thousands):

2020	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Commercial	$ 330	$ 330	$ -	$ 367	$ 20
Agricultural	14,449	15,440	-	15,884	424
Construction and land development	64	68	-	37	-
Commercial real estate	2,883	2,889	-	2,881	50
Residential real estate	2,388	2,427	-	2,087	40
Consumer and other	53	53	-	43	3
Loans with a specific valuation allowance					
Commercial	5,751	6,162	2,910	5,199	153
Agricultural	3,800	3,975	395	4,204	85
Construction and land development	668	915	108	796	20
Commercial real estate	10,246	10,400	1,514	6,019	31
Residential real estate	4,675	6,336	683	5,698	127
Consumer and other	214	214	155	121	1
Total					
Commercial	6,081	6,492	2,910	5,566	173
Agricultural	18,249	19,415	395	20,088	509
Construction and land development	732	983	108	833	20
Commercial real estate	13,129	13,289	1,514	8,900	81
Residential real estate	7,063	8,763	683	7,785	167
Consumer and other	267	267	155	164	4
Total	$ 45,521	$ 49,209	$ 5,765	$ 43,336	$ 954

Note 5: Loans and Allowance for Loan Losses - Continued

The following table presents impaired loans for the year ended September 30, 2019 (in thousands):

2019	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Commercial	$ 404	$ 404	$ -	$ 1,690	$ 23
Agricultural	16,732	17,319	-	28,297	476
Construction and land development	10	10	-	17	1
Commercial real estate	2,823	2,878	-	612	85
Residential real estate	1,686	1,786	-	2,079	44
Consumer and other	34	34	-	27	-
Loans with a specific valuation allowance					
Commercial	4,403	4,647	1,787	3,225	223
Agricultural	4,525	4,608	670	7,243	124
Construction and land development	693	924	140	1,554	11
Commercial real estate	1,617	1,792	412	8,013	88
Residential real estate	5,171	6,721	936	8,005	141
Consumer and other	27	27	21	71	3
Total					
Commercial	4,807	5,051	1,787	4,915	246
Agricultural	21,257	21,927	670	35,540	600
Construction and land development	703	934	140	1,571	12
Commercial real estate	4,440	4,670	412	8,625	173
Residential real estate	6,857	8,507	936	10,084	185
Consumer and other	61	61	21	98	3
Total	$ 38,125	$ 41,150	$ 3,966	$ 60,833	$ 1,219

Note 5: Loans and Allowance for Loan Losses - Continued

The following table presents the Company's nonaccrual loans at September 30, 2020 and 2019. This table excludes purchased impaired loans and performing troubled debt restructurings.

	2020	2019
	(in thousands)	
Commercial	$ 5,439	$ 3,066
Agricultural	10,348	11,345
Construction and land development	234	729
Commercial real estate	12,094	2,423
Residential real estate	4,014	3,260
Consumer and other	192	85
Total	$ 32,321	$ 20,908

At September 30, 2020 and 2019, the Company had a number of loans that were modified in troubled debt restructurings and impaired. The modification of terms of such loans included one or a combination of the following: an extension of maturity, a reduction of the stated interest rate or a permanent reduction of the recorded investment in the loan.

The following presents information regarding troubled debt restructurings by segment for the years ending September 30, 2020 and 2019.

Newly classified troubled debt restructurings at September 30, 2020 and 2019 are as follows:

2020	Number of Loans	Pre-modification Recorded Balance	Post-modification Recorded Balance
		(in thousands)	
Commercial	-	$ -	$ -
Agriculture	-	-	-
Construction and land development	1	37	37
Commercial real estate	1	225	225
Residential real estate	3	571	571
Consumer and other	1	162	162
Total	6	$ 995	$ 995

Note 5: Loans and Allowance for Loan Losses - Continued

2019	Number of Loans	Pre-modification Recorded Balance	Post-modification Recorded Balance
		(in thousands)	
Commercial	2	$ 76	$ 76
Agriculture	2	238	238
Construction and land development	-	-	-
Commercial real estate	1	1,439	1,439
Residential real estate	1	151	151
Consumer and other	1	15	15
Total	7	$ 1,919	$ 1,919

The troubled debt restructurings described above increased the allowance for loan losses $264,000 during the year ended September 30, 2020. The troubled debt restructurings described above did not increase the allowance for loan losses during the year ended September 30, 2019. There were no charge-offs as a result of the above restructurings during the years ended September 30, 2020 and 2019. At September 30, 2020 and 2019, the Company had $1,924,000 and $3,478,00, respectively, of loans that were modified in troubled debt restructurings and impaired.

There were no troubled debt restructurings at September 30, 2020 and 2019 that represent defaults on loans that were first modified during the current fiscal year that became 90 days or more delinquent or were charged-off during the current fiscal year.

The Company originated U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loans during the current fiscal year. These loans are primarily classified as commercial operating loans. The outstanding principal balance of PPP loans at September 30, 2020 was $934,273,000. The Company received total fees of approximately $35,495,000 from the SBA. The Company is deferring the remaining fees over the life of the loans which is generally 24 to 60 months from origination date. The Company recognized approximately $13,375,000 of these fees within loan interest income for the year ended September 30, 2020.

Note 6: Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment at September 30, 2020 and 2019 is as follows:

	2020	2019
	(in thousands)	
Land	$ 49,832	$ 46,014
Buildings	233,864	222,042
Furniture and fixtures	63,335	60,545
Leasehold improvements	8,393	6,485
	355,424	335,086
Less: accumulated depreciation and amortization	(128,074)	(123,006)
Net premises and equipment	$ 227,350	$ 212,080

Note 7: Goodwill

The changes in the carrying amount of goodwill for the years ended September 30, 2020 and 2019 were:

	2020	2019
	(in thousands)	
Balance, beginning of year	$ 119,822	$ 119,822
Goodwill acquired during the year	-	-
Balance, end of year	$ 119,822	$ 119,822

Note 8: Intangible Assets

The carrying basis and accumulated amortization of recognized intangible assets at September 30, 2020 and 2019 were:

	2020		2019	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(in thousands)			
Core deposits	$ 30,150	$ (22,757)	$ 34,650	$ (23,821)
Other intangibles	7,039	(3,161)	7,615	(3,231)
	$ 37,189	$ (25,918)	$ 42,265	$ (27,052)

Note 8: Intangible Assets - Continued

Amortization expense for the years ended September 30, 2020 and 2019, was approximately $3,940,000 and $4,845,000, respectively. Estimated amortization expense for each of the following five years is (in thousands):

2021	$	3,394
2022		3,206
2023		1,437
2024		786
2025		285

Note 9: Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase, which are classified as secured borrowings, generally mature one day from the transaction date. Securities underlying the agreements had an amortized cost of approximately $295,180,000 and $287,558,000 and fair value of approximately $305,459,000 and $290,700,000 at September 30, 2020 and 2019, respectively. Securities sold under agreements to repurchase are reported at the amount of cash received in connection with the transaction. The Company over-collateralizes the repurchase agreements to protect the purchaser from changes in market value. Additionally, the Company utilizes held-in-custody procedures to ensure the securities sold under repurchase agreements are unencumbered.

The following table represents the Company's securities sold under repurchase agreements, by collateral type and remaining contractual maturity.

	2020		2019	
	Overnight and Continuous		Overnight and Continuous	
	(in thousands)			
U.S. Treasury and federal agency	$	20,701	$	28,463
U.S. Government-sponsored enterprises ("GSEs")		103,875		95,142
Mortgage-backed (GSE residential)		142,169		93,945
	$	266,745	$	217,550

Note 10: Time Deposits

Time deposits that meet or exceed the Federal Deposit Insurance Corporation limit of $250,000 were $565,285,000 and $623,402,000 at September 30, 2020 and 2019, respectively.

At September 30, 2020, the scheduled annual maturities of time deposits (in thousands) are as follows:

2021	$ 1,358,805
2022	300,550
2023	102,176
2024	72,948
2025	23,771
Thereafter	701
	$ 1,858,951

Note 11: Borrowed Funds

Borrowed funds at September 30, 2020 and 2019 consists of the following:

	2020	2019
	(in thousands)	
Long-term FHLB advances	$ 102,918	$ 105,997
Subordinated debentures	126,620	140,720
Line of credit with a bank	-	5,000
Other	-	872
	$ 229,538	$ 252,589

The FHLB advances are subject to an agreement whereby the subsidiary banks are required to maintain a minimum "required collateral maintenance level" as defined by the agreement and substantially all assets of the Banks are pledged as collateral. Borrowings are subject to collateral requirements established by the FHLB as outlined in an "Agreement for Advances, Pledge and Security Agreement." FHLB advances are due in varying amounts through February 2050. Interest is due monthly at fixed rates ranging from 1.28% to 6.23%. All FHLB advances are subject to prepayment penalties or are not prepayable.

At September 30, 2020 and 2019, the Company has lines of credit with the FHLB to meet short-term borrowing needs. The lines of credit have a variable interest rate (.33% at 2020 and 2.20% at 2019), payable monthly and maturing through July 2021. At September 30, 2020, the Company

Note 11: Borrowed Funds - Continued

had combined remaining borrowing availability for FHLB advances and the lines of credit of $2,756,838,000. The FHLB has sole discretion to deny additional advances.

Aggregate annual maturities of the borrowed funds at September 30, 2020 are (in thousands):

2021	$ 18,052
2022	19,821
2023	17,760
2024	31,247
2025	19,129
Thereafter	123,529
	$ 229,538

At September 30, 2019, the Company had a line of credit to a related party, in the amount of $10,000,000, without collateral, and with interest due either monthly or at maturity with a fixed rate of 4.18%. The line matured in June 2020 and was not renewed.

The Company has a revolving line of credit with a bank, with maximum available credit of $5,000,000 maturing December 31, 2021. Interest is payable quarterly. At September 30, 2020, the interest rate was 2.00% over the one month London Interbank Offered Rates ("LIBOR") rate (2.15% and 4.09% at 2020 and 2019, respectively). The line is collateralized by 100% of the common stock of the Company's subsidiary banks. The line requires the Company and subsidiary banks to maintain certain capital and classified asset ratios.

At September 30, 2020 and 2019, the Company had $126,620,000 and $140,720,000 outstanding, respectively, in subordinated debentures to related parties due in varying amounts through December 2028. Interest is due annually at fixed rates ranging from 2.38% to 2.76%. The subordinated debentures are unsecured and subordinated to the claims of depositors and general creditors of the Company. The subordinated debentures may be included in Tier 2 capital (with certain limitations applicable) under current regulatory guidelines and interpretations.

Interest incurred on the debt to related parties totaled $3,221,000 and $991,000 during 2020 and 2019, respectively.

Note 12: Income Taxes

The Company and one of its subsidiaries files income tax returns in the U.S. Federal jurisdiction and various states' jurisdictions for the years ended September 30, 2020 and September 30, 2019, respectively.

The provision for income taxes includes these components:

	2020	2019
	(in thousands)	
Federal taxes currently payable	$ 56,079	$ 39,433
State taxes currently payable	6,191	5,506
	62,270	44,939
Deferred income taxes	(14,423)	(680)
Income tax provision	$ 47,847	$ 44,259

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is shown below:

	2020	2019
	(in thousands)	
Computed at the statutory rate (21%)	$ 46,323	$ 42,786
Increase (decrease) resulting from		
State income taxes	4,890	4,350
Income tax credits	(1,754)	(1,838)
Tax-exempt interest	(1,480)	(1,367)
Other	(132)	328
Actual tax expense	$ 47,847	$ 44,259

Note 12: Income Taxes - Continued

The tax effects of temporary difference related to deferred taxes shown on the balance sheets were:

	2020	2019
	(in thousands)	
Deferred tax assets		
Allowance for loan losses	$ 29,075	$ 25,784
Deferred Loan Fees	5,098	-
Deferred Compensation	6,504	5,216
Accrued Expenses	4,682	2,615
Other	1,568	550
	46,927	34,165
Deferred tax liabilities		
Premises and equipment	$ (14,166)	$ (11,521)
Securities available for sale	(25,600)	(10,760)
Intangibles	(6,376)	(5,925)
Prepaid expenses	(1,177)	(1,353)
Other	(452)	(5,311)
	(47,771)	(34,870)
Net deferred tax liability	$ (844)	$ (705)

Note 13: Employee Benefit Plans

The Company has a 401(k) profit sharing plan covering substantially all employees with one year of service. Contributions to the plan are determined by the Board of Directors with certain limitations. Plan expense was approximately $5,748,000 and $5,163,000 for the years ended September 30, 2020 and 2019, respectively.

The Company and its subsidiaries have unfunded deferred compensation agreements with selected key employees which provide for benefits upon termination of employment. Additions to amounts accrued are based on defined formulas. Deferred compensation accrued at September 30, 2020 and 2019, was $28,287,000 and $23,788,000, respectively. Expense recorded was approximately $6,266,000 and $5,748,000 for the years ended September 30, 2020 and 2019, respectively.

Note 14: Related Party Transactions

At September 30, 2020 and 2019, executive officers, directors, principal shareholders, and, their related interests in which they have significant beneficial ownership were indebted to the Company in the aggregate amount of approximately $48,478,000 and $31,357,000, respectively.

In management's opinion, such loans and other extensions of credit were made in the ordinary course of business and were made on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectability or present other unfavorable features.

During 2019, the Company paid computer processing fees to a related entity of approximately $4,008,000. The Company acquired substantially all of the assets and assumed all of the liabilities of the related entity in January 2019 as described in Note 3.

The Company has issued subordinated debentures and a line of credit to related parties as described in Note 11.

Note 15: Regulatory Matters

The Company (on a consolidated basis) and the subsidiary banks are subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the subsidiary banks must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under U.S. GAAP, regulatory reporting requirements, and regulatory capital standards.

Note 15: Regulatory Matters - Continued

The Company's and subsidiary banks' capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulatory capital standards to ensure capital adequacy require the Company and the subsidiary banks to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined) to risk-weighted assets (as defined), common equity Tier 1 capital (as defined) to total risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, at September 30, 2020, that the Company and the subsidiary banks meet all capital adequacy requirements to which they are subject.

As of September 30, 2020 and 2019, the most recent notification from the regulators categorized the Company's subsidiary banks as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based capital, and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since the notification that management believes have changed these categories.

The Company is required to maintain a capital conservation buffer consisting of additional Common Equity Tier 1 Capital above the required minimum levels in order to avoid limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses based on percentages of eligible retained income that could be utilized for such actions. The capital conservation buffer requirement began to be phased in starting in January 2016 at 0.625% of risk-weighted assets and will increase each year until fully implemented to an amount equal to 2.5% of risk-weighted assets in January 2019. At September 30, 2020 and 2019, the Company has a capital conservation buffer of 6.22% and 5.29%, respectively, and eligible retained income of $172,737,000 and $3,764,000 respectively. There are no limitations on distributions and discretionary bonus payments under the capital conservation buffer framework as of September 30, 2020 and 2019.

Note 15: Regulatory Matters – Continued

The Company's and Banks' actual capital amounts and ratios as of September 30, 2020 and 2019 are also presented in the table.

	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
September 30, 2020						
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 1,434,140	14.3 %	$ 800,862	8.0 %	N/A	N/A
Lincoln	660,233	13.7	386,341	8.0	$ 482,926	10.0 %
Fort Collins	490,237	14.8	265,028	8.0	331,284	10.0
Cody	116,595	14.0	66,754	8.0	83,443	10.0
Fort Worth	165,725	16.0	82,904	8.0	103,630	10.0
Common Equity Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 1,223,123	12.2 %	$ 450,485	4.5 %	N/A	N/A
Lincoln	599,834	12.4	217,317	4.5	$ 313,902	6.5 %
Fort Collins	448,814	13.5	149,078	4.5	215,335	6.5
Cody	106,150	12.7	37,549	4.5	54,238	6.5
Fort Worth	152,769	14.7	46,633	4.5	67,359	6.5
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 1,223,123	12.2 %	$ 600,646	6.0 %	N/A	N/A
Lincoln	599,834	12.4	289,756	6.0	$ 386,341	8.0 %
Fort Collins	448,814	13.5	198,771	6.0	265,028	8.0
Cody	106,150	12.7	50,066	6.0	66,754	8.0
Fort Worth	152,769	14.7	62,178	6.0	82,904	8.0
Tier 1 Capital (to Average Assets)						
Consolidated	$ 1,223,123	8.7 %	$ 563,200	4.0 %	N/A	N/A
Lincoln	599,834	9.8	244,456	4.0	$ 305,570	5.0 %
Fort Collins	448,814	8.7	207,135	4.0	258,919	5.0
Cody	106,150	9.6	44,307	4.0	55,384	5.0
Fort Worth	152,769	9.4	64,832	4.0	81,040	5.0

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 15: Regulatory Matters - Continued

	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
September 30, 2019						
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 1,251,165	13.6 %	$ 734,978	8.0 %	N/A	N/A
Lincoln	581,450	12.7	365,639	8.0	$ 457,049	10.0 %
Fort Collins	424,953	14.9	228,677	8.0	285,847	10.0
Torrington	100,885	13.2	60,939	8.0	76,174	10.0
Fort Worth	144,257	14.7	78,621	8.0	98,276	10.0
Common Equity Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 1,036,785	11.3 %	$ 413,425	4.5 %	N/A	N/A
Lincoln	526,549	11.5	205,672	4.5	$ 297,082	6.5 %
Fort Collins	389,185	13.6	128,631	4.5	185,800	6.5
Torrington	91,357	12.0	34,278	4.5	49,513	6.5
Fort Worth	132,560	13.5	44,224	4.5	63,879	6.5
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 1,036,785	11.3 %	$ 551,234	6.0 %	N/A	N/A
Lincoln	526,549	11.5	274,229	6.0	$ 365,639	8.0 %
Fort Collins	389,185	13.6	171,508	6.0	228,677	8.0
Torrington	91,357	12.0	45,705	6.0	60,939	8.0
Fort Worth	132,560	13.5	58,966	6.0	78,621	8.0
Tier 1 Capital (to Average Assets)						
Consolidated	$ 1,036,785	8.9 %	$ 467,186	4.0 %	N/A	N/A
Lincoln	526,549	10.4	201,982	4.0	$ 252,478	5.0 %
Fort Collins	389,185	9.2	170,114	4.0	212,642	5.0
Torrington	91,357	9.7	37,664	4.0	47,080	5.0
Fort Worth	132,560	9.6	55,315	4.0	69,143	5.0

One of the principal sources of cash of the parent company is dividends from the bank subsidiaries. The total dividends that can be declared by the subsidiary banks without receiving prior approval from regulatory authorities are limited to a bank's defined net income of that year combined with its retained defined net income from the previous two years.

Note 16: Derivative Financial Instruments

The Company uses derivative financial instruments to manage its interest rate risk on "mandatory delivery" loans. These instruments do not qualify for hedge accounting, but are an economic hedge due to changes in interest rates and carry varying degrees of credit, interest rate and market or liquidity risks. Derivative instruments are recognized as either assets or liabilities in the accompanying financial statements and are measured at fair value.

The change in fair value of the forward sale commitments and the underlying fixed-rate mortgage loans are recorded as gains or losses in noninterest income.

The following table reflects the notional amount and market value of mortgage banking derivatives included in the statements of financial condition as of September 30, 2019:

	Notional Amount	Fair Value
	(in thousands)	
Included in assets:		
Interest rate lock commitments	$ 47,535	$ 184
Included in liabilities		
Forward sales contracts	44,250	818

There were no forward sales contracts as of September 30, 2020. The Company recognized net losses from commitments to originate loans of $818,000 for the year ended September 30, 2020 and net gains from commitments to originate loans of $818,000 for the year ended September 30, 2019.

Note 17: Financial Instruments With Off-Balance-Sheet or Concentration-of-Credit Risk

Credit Related Financial Instruments

The Company is party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

Note 17: Financial Instruments With Off-Balance-Sheet or Concentration-of-Credit Risk - Continued

At September 30, 2020 and 2019, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
	2020	2019
	(in thousands)	
Commitments to extend credit	$ 2,396,231	$ 2,186,985
Standby letters of credit	60,386	48,923

Commitments to extend credit are agreements to lend to customers as long as there is no violation of any condition established in the contracts. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Commitments may expire without being drawn upon. Therefore, total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Company, is based on management's credit assessment of the customer.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of customers to third parties. The credit risk involved when issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments if deemed necessary.

Collateral Requirements

To reduce credit risk related to credit-related financial instruments, the Company might deem it necessary to obtain collateral. The amount and nature of the collateral obtained is based on the Company's credit evaluation of the customer. Collateral held varies but may include cash, securities, accounts receivable, inventory, property and equipment, various agricultural products and real estate.

Other

The Company grants primarily agribusiness, commercial, installment and residential loans to customers in the trade areas surrounding the Company's physical locations. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on the agribusiness economic sector.

Note 18: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
2020				
U.S. Treasury and federal agency	$ 73,239	$ -	$ 73,239	$ -
U.S. Government-sponsored enterprises (GSEs)	741,645	-	741,645	-
State and political subdivisions	425,678	-	425,678	-
Mortgage-backed (GSE residential)	1,808,236	-	1,808,236	-
Marketable equity securities	32,151	32,151	-	-
2019				
U.S. Treasury and federal agency	$ 261,309	$ -	$ 261,309	$ -
U.S. Government-sponsored enterprises (GSEs)	589,093	-	589,093	-
State and political subdivisions	251,463	-	251,463	-
Mortgage-backed (GSE residential)	1,460,373	-	1,460,373	-
Marketable equity securities	23,895	23,895	-	-
Loans held for sale, at fair value	20,900	-	20,900	-
Derivatives	1,002	-	1,002	-

Note 18: Disclosures About Fair Value of Assets and Liabilities – Continued

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy.

Securities Available for Sale

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include marketable equity securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include U.S. government agencies, state and political subdivisions, corporates and mortgage-backed securities. In certain cases where Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Loans Held for Sale

The fair value of the "mandatory delivery" loans held for sale considers the difference between current levels of interest rates and the contract rates.

Commitments to Originate Loans and Forward Sale Commitments

The fair value of commitments to originate loans and forward sale commitments are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates.

Note 18: Disclosures About Fair Value of Assets and Liabilities – Continued

Nonrecurring Measurements

The following table presents the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
2020				
Impaired loans	$ 1,363	$ -	$ -	$ 1,363
2019				
Impaired loans	$ 3,184	$ -	$ -	$ 3,184
Foreclosed assets held for sale, net	352	-	-	352

Following is a description of the valuation methodology used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Impaired Loans

The estimated fair value of collateral-dependent impaired loans is based on the appraised fair value of the collateral, less estimated cost to sell, which are considered unobservable inputs. The unobservable inputs range from 8-12% with the weighted average rate of 10%. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy.

The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary by the risk management department. Appraisals are reviewed for accuracy and consistency by the risk management department. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by the risk management department by comparison to historical results.

Note 18: Disclosures About Fair Value of Assets and Liabilities – Continued

Foreclosed Assets Held for Sale

The fair value is estimated using valuations performed by independent appraisers and applying a discount factor to the value and, therefore, foreclosed assets are classified within Level 3 of the valuation hierarchy.

Note 19: General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have material adverse effects on the financial position, results of operations and cash flows of the Company.

Note 20: Subsequent Events

Subsequent events have been evaluated through December 1, 2020, which is the date the financial statements were available to be issued.

Supplementary Information

Pinnacle Bancorp, Inc.
Consolidating Balance Sheet Schedule
September 30, 2020
(amounts in thousands)

	Pinnacle Bank, Lincoln, Nebraska	Bank of Colorado, Fort Collins, Colorado	Pinnacle Bank, Cody, Wyoming	Pinnacle Bank, Fort Worth, Texas	PFS Insurance Group, LLC	Skybank, LLC	Pinnacle Bancorp, Inc.	Eliminations	Consolidated
Assets									
Cash and due from banks	$ 738,876	$ 388,129	$ 14,088	$ 27,394	$ -	$ -	$ -	$ -	$ 1,168,487
Federal funds sold	-	-	87,424	113,477	-	-	-	(200,901)	-
Intercompany cash	-	-	-	-	3,781	115	15,964	(19,860)	-
Interest-bearing time deposits in banks	987	2,470	3,215	2,468	-	-	-	-	9,140
Securities	894,422	1,501,350	265,586	387,464	-	-	32,127	-	3,080,949
Loans, net	4,392,455	3,281,441	751,279	1,068,543	4	-	-	-	9,493,722
Premises and equipment, net	81,675	82,289	16,324	33,587	1,926	7,583	3,966	-	227,350
Interest receivable	34,033	22,504	9,100	5,769	-	-	-	-	71,406
Nonmarketable equity securities, at cost	3,018	3,356	1,355	1,025	-	-	-	-	8,754
Investment in subsidiaries	-	-	-	-	-	-	1,504,539	(1,504,539)	-
Goodwill	22,523	36,484	525	60,290	-	-	-	-	119,822
Intangible assets	1,903	2,081	-	3,417	3,870	-	-	-	11,271
Deferred tax assets	6,913	-	1,135	-	-	-	-	(8,048)	-
Other assets	38,164	6,904	2,440	2,291	96	19	473	-	50,387
Total assets	$ 6,214,969	$ 5,327,008	$ 1,152,471	$ 1,705,725	$ 9,677	$ 7,717	$ 1,557,069	$ (1,733,348)	$ 14,241,288
Liabilities and Stockholders' Equity									
Liabilities									
Deposits	$ 5,205,851	$ 4,553,551	$ 1,029,152	$ 1,475,407	$ -	$ -	$ -	$ (19,860)	$ 12,244,101
Federal funds purchased and securities sold under agreements to repurchase	302,084	165,280	282	-	-	-	-	(200,901)	266,745
FHLB advances and other borrowed funds	33,175	65,032	4,711	-	-	-	-	-	102,918
Subordinated debentures	-	-	-	-	-	-	126,620	-	126,620
Deferred tax liabilities	-	5,596	-	1,128	-	-	2,168	(8,048)	844
Interest payable and other liabilities	37,266	21,398	5,284	4,821	639	-	18,702	-	88,110
Total liabilities	5,578,376	4,810,857	1,039,429	1,481,356	639	-	147,490	(228,809)	12,829,338
Stockholders' Equity									
Common stock	30,000	5,000	5,000	300	-	-	-	(40,300)	-
Additional paid-in capital	67,450	82,229	18,438	156,931	9,038	7,717	608	(341,803)	608
Retained earnings	524,434	394,983	83,128	57,238	-	-	1,343,947	(1,059,783)	1,343,947
Accumulated other comprehensive income	14,709	33,939	6,476	9,900	-	-	65,024	(65,024)	65,024
Noncontrolling interest	-	-	-	-	-	-	-	2,371	2,371
Total stockholders' equity	636,593	516,151	113,042	224,369	9,038	7,717	1,409,579	(1,504,539)	1,411,950
Total liabilities and stockholders' equity	$ 6,214,969	$ 5,327,008	$ 1,152,471	$ 1,705,725	$ 9,677	$ 7,717	$ 1,557,069	$ (1,733,348)	$ 14,241,288

Pinnacle Bancorp, Inc.
Consolidating Schedule of Income
Year Ended September 30, 2020
(amounts in thousands)

	Pinnacle Bank, Lincoln, Nebraska	Bank of Colorado, Fort Collins, Colorado	Pinnacle Bank, Cody, Wyoming	Pinnacle Bank, Fort Worth, Texas	PFS Insurance Group, LLC	Skybank, LLC	Pinnacle Bancorp, Inc.	Eliminations	Consolidated
Interest and Dividend Income									
Loans	$ 199,402	$ 139,555	$ 39,369	$ 55,631	$ -	$ -	$ -	$ -	$ 433,957
Securities	13,573	31,397	4,618	7,868	-	-	-	-	57,456
Dividends	114	180	44	42	-	-	-	-	380
Federal funds sold and deposits with other financial institutions	3,692	2,655	600	779	77	-	85	(1,267)	6,621
Total interest income	216,781	173,787	44,631	64,320	77	-	85	(1,267)	498,414
Interest Expense									
Deposits	29,721	18,030	6,667	7,714	-	-	-	(156)	61,976
Federal funds purchased and securities sold under agreements to repurchase	1,560	853	1	-	-	-	-	(1,111)	1,303
FHLB advances and other borrowed funds	1,010	1,972	189	-	33	-	172	-	3,376
Subordinated Debentures	-	-	-	-	-	-	3,153	-	3,153
Total interest expense	32,291	20,855	6,857	7,714	33	-	3,325	(1,267)	69,808
Net Interest Income (Expense)	184,490	152,932	37,774	56,606	44	-	(3,240)	-	428,606
Provision for Loan Losses	8,090	3,802	1,725	2,039	-	-	-	-	15,656
Net Interest Income (Expense) After Provision for Loan Losses	176,400	149,130	36,049	54,567	44	-	(3,240)	-	412,950
Noninterest Income									
Customer service fees	7,926	6,316	1,518	3,062	-	-	-	-	18,822
Net realized gains on available-for-sale securities	-	2	-	-	-	-	-	-	2
Unrealized gains on equity securities	-	-	-	-	-	-	1,112	-	1,112
Earnings of subsidiaries	-	-	-	-	-	-	172,295	(172,295)	-
Other	34,788	25,704	5,726	2,813	8,953	1,076	15,104	(18,611)	75,553
Total noninterest income	42,714	32,022	7,244	5,875	8,953	1,076	188,511	(190,906)	95,489
Noninterest Expense									
Salaries and employee benefits	69,763	61,442	12,807	18,623	5,001	35	8,867	-	176,538
Occupancy and equipment	12,509	11,819	2,129	4,942	251	454	538	(26)	32,616
Amortization of intangible assets	875	1,040	-	1,590	435	-	-	-	3,940
Other	38,081	30,676	7,889	12,364	932	528	2,482	(18,585)	74,367
Total noninterest expense	121,228	104,977	22,825	37,519	6,619	1,017	11,887	(18,611)	287,461
Income Before Taxes	97,886	76,175	20,468	22,923	2,378	59	173,384	(172,295)	220,978
Provision for Taxes	20,351	17,754	4,284	4,811	-	-	647	-	47,847
Net Income	77,535	58,421	16,184	18,112	2,378	59	172,737	(172,295)	173,131
Net Income Attributable to Noncontrolling Interests	-	-	-	-	-	-	-	394	394
Net Income Attributable to Pinnacle Bancorp, Inc.	$ 77,535	$ 58,421	$ 16,184	$ 18,112	$ 2,378	$ 59	$ 172,737	$ (172,689)	$ 172,737

AT PINNACLE BANK, WE PROVIDE CHECKING AND SAVINGS ACCOUNTS FOR EVERY BUSINE

TALK WITH A REPRESENTATIVE TO FIND THE RIGHT FINANCIAL PRODUCTS AND SERVICES TO FIT YOUR NEE

BUSINESS PRODUCT	FEATURES	VALUE-ADDED PRODUCTS	INTEREST BEARING	SERVICE CHARGES
PINNCHECK SMALL BUSINESS Does your company have less than 150 transactions per month? If so, the PinnCheck Small Business Checking Account is perfect for you.	• No required minimum balance	• Visa® Business Debit Cards • Cash Management Services available • Business loans and lines of credit • Long-term real estate financing • Visa® Business Credit Cards	Non-interest bearing	• $100 minimum opening deposit • First 150 transactions each month are free, all aditional are $0.25 each; a transaction i defined as any deposit or withdrawal from the account
PINNCHECK BASIC BUSINESS If your business makes minimal transactions each statement cycle, then this is the account you will want to open.		• Visa® Business Debit Cards • Cash Management Services available • Business loans and lines of credit • Long-term real estate financing • Visa® Business Credit Cards	Non-interest bearing	• $200 minimum opening deposit • $15 service charge per statement cycle if the balance falls below $1,000 minimum balance
PINNCHECK COMMERCIAL ANALYSIS Does your business make more than 30 debits in one statement cycle? If so, the PinnCheck Commercial Account is perfect for your business. It allows you to offset your fees with an earnings credit.	• Earnings credit to offset fees is calculated on the collected available balance less reserves • No required minimum balance	• Visa® Business Debit Cards • Cash Management Services available • Business loans and lines of credit • Long-term real estate financing • Visa® Business Credit Cards	Non-interest bearing	• $100 minimum opening deposit • $10.00 service charge per statement cycle • $0.15 per check, withdrawal, debit or ACH debit • $0.15 per deposit, credit or ACH credit • $0.05 Pinnacle items • $0.07 Non-Pinnacle items
PINNCHECK COMMERCIAL + INTEREST Receive interest monthly on the balance in your accountwith this interest-bearing business account.	• No required minimum balance • Competitive interest rate	• Visa® Business Debit Cards • Business loans and lines of credit • Long-term real estate fianancing • Cash Management Services available • Visa® Business Credit Cards	Tiered variable interest rates	• $100 minimum opening deposit • $12.00 service charge per statement cycle • $0.15 per debit or credit • $0.10 per deposited item • Negative balance fees: 2.00% over national prime charged daily on negative balance
PINNCHECK BUSINESS MARKET This account is ideal for your business if you make minimal transactions and want your business to earn higher interest on deposits.	• Competitive interest rate	• Business loans and lines of credit • Long-term real estate financing • Cash Management Services available • Visa® Business Credit Cards	Tiered variable interest rates	• $1,000 minimum opening deposit • $10.00 service charge per statement cycle if balance falls below $1,000 minimum balance • Per item debit fee is $3.00 for more than six debits per calendar month
NON-PERSONAL SAVINGS This account is for businesses starting to save, but want easy cash access.	• Competitive interest rate	• Business loans and lines of credit • Long-term real estate financing • Visa® Business Credit Cards	Variable interest rates	• $100 minimum opening deposit • $5.00 service charge per calendar month if balance falls below $100 minimum balance any day of the calendar month • Per item debit fee is $3.00 for more than six debits per calendar month

For current rates, refer to the weekly rate sheet or call your Pinnacle Banker today.

Treasury Management Pro Forma

City of Venus, TX

Pricing as of March 2021

ANALYSIS SUMMARY

Average Positive Collected Balance	$ 6,079,324.00
Reserve Requirement @ 0.00%	$ 0.00
Investable Balance Available for Services	$ 6,079,324.00
Monthly Analyzed Charges	$ 689.54
Earnings Allowance @ 0.25%	$ 689.54
Net Monthly Analyzed Charges	$ 0.00
*Monthly Fee Based Charges	$ 0.00
Total Monthly Analyzed Charges	$ 0.00
Interest @ 0.17%	$ 406.47
*Charges not offset by balances	
Investable balance required to offset $1.00 of analyzed charges	$ 4,800.00
Balance required to offset current month analyzed charges.	$ 3,309,792.00

Note: Balance required can vary monthly based on the month's volume, services, earnings credit rate and pricing

SERVICE DETAILS

WF Code	AFP Code	Service Description	Unit Price	Volume	Service Charges
		BALANCE & COMPENSATION INFORMATION			
IAMIB	000230	RECOUPMENT MONTHLY IB	0.08000	6,100	488.00
		BALANCE & COMPENSATION INFORMATION Subtotal			**488.00**
		GENERAL ACCOUNT SERVICES			
22051	010000	ACCT MAINTENANCE	15.00000	3	45.00
CK021	010100	DEBITS POSTED	0.10000	11	1.10
15007	010101	DESKTOP DEPOSIT-DEPOSIT CREDITED	0.20000	20	4.00
		GENERAL ACCOUNT SERVICES Subtotal			**50.10**
		DEPOSITORY SERVICES			
08052	100006	BRANCH DEPOSIT	3.50000	0	0.00

WF Code	AFP Code	Service Description	Unit Price	Volume	Service Charges
002	100225	DEPOSITED CHECK	0.09000	0	0.00
706	100224	DESKTOP DEPOSIT-DEPOSITED ITEM	0.07000	265	18.55
		DEPOSITORY SERVICES Subtotal			**18.55**
		PAPER DISBURSEMENT SERVICES			
DS191	150122	PAYEE VALIDATION STANDARD-ITEM	0.00000	127	0.00
12682	150120	POSITIVE PAY ONLY - ITEM	0.05000	127	6.35
12681	150030	POSITIVE PAY ONLY MONTHLY BASE	15.00000	2	30.00
MD091	150240	PYMT AUTH MAX CHECK MTHLY BASE	10.00000	1	10.00
12670	150410	STOP PAYMENT - ONLINE	12.00000	1	12.00
22202	150100	DDA CHECKS PAID	0.12000	127	15.24
		PAPER DISBURSEMENT SERVICES Subtotal			**73.59**
		GENERAL ACH SERVICES			
CK018	250201	ELECTRONIC CREDITS POSTED	0.10000	43	4.30
34333	251050	ACH CEO FRAUD FILTER REVIEW MO BASE	5.00000	3	15.00
		GENERAL ACH SERVICES Subtotal			**19.30**
		WIRE & OTHER FUNDS TRANSFER SERVICE			
ES030	350300	WIRE IN TO USA ACCT-USA DOMESTIC	15.00000	0	0.00
ES139	350100	WIRE OUT DOMESTIC CEO/API	13.00000	0	0.00
		WIRE & OTHER FUNDS TRANSFER SERVICE Subtotal			**0.00**
		INFORMATION SERVICES			
46100	40005Z	CEO BASIC BANKING - MONTHLY BASE	20.00000	1	20.00
46102	40005Z	CEO BASIC BANKING ADDL ACCT-MO BASE	5.00000	0	0.00
15017	400003	DESKTOP DEPOSIT MONTHLY BASE	20.00000	1	20.00
		INFORMATION SERVICES Subtotal			**40.00**

WF Code	AFP Code	Service Description	Unit Price	Volume	Service Charges
		SETUP CHARGES			
06094	251001	ACH FRAUD FILTER - SET UP	0.00000	1	0.00
		GENERAL ACH SERVICES Subtotal			**0.00**
18325	359999	WIRE ACCOUNT ADD CEO/API	0.00000	0	0.00
		WIRE & OTHER FUNDS TRANSFER SERVICE Subtotal			**0.00**
		Total Analyzed Charges			**0.00**
		***Total Fee Based Charges**			**0.00**
		Total Service Charges			**0.00**

WELLS FARGO

Disclosures

We created this proposal for you based on our understanding of your requirements and the services in which you expressed interest. This proposal confirms the deposit and treasury management services and the pricing we plan to provide you based on certain assumptions including projected volumes and other relevant information you provided.

This document is confidential. Please do not share it without first obtaining our written permission. The services and pricing contained in this proposal are valid for 90 days. The pricing is subject to change if the actual volume or scope of services differs from the assumptions upon which we based the pricing.

Please let us know if you believe this proposal does not accurately represent the prices or services we discussed with you. If you have questions about the services in this proposal, please contact your Treasury Management Sales Consultant or visit: www.wellsfargo.com/accountanalysis for additional information about the services.

Regarding your services

Invoice Manager

Billing Items

• Implementation fee billed 50% at kick-off and 50% at the earliest of go-live or 4 months after business requirements sign-off

• Billing for monthly maintenance begins at the earliest of go-live or 4 months after business requirements sign-off

• Implementation fee does not include fees associated with product customization. These fees, if any, will be determined when business requirements are established and will be billed after customer sign-off and work completion.

• Post office box subject to U.S. Post Office rate increases minimum volume.

• In addition to monthly maintenance and per invoice fees, when invoice volume is less than 80% of projected volume, a minimum volume adjustment of $1.00 per invoice is charged for the difference between actual volume and 80% of projected volume, and is waived for the first 4 months of service after go-live.

Wire Book Transfer

A CEO Wire book transfer is between two accounts initiated via CEO Wires Book Transfer workflow. A Payment Manager Book transfer is charged when the debit and credit accounts are setup in a single CEO Company id and entitled to Book Transfer.

Services with No Volumes
Services listed with zero volume are not included in the estimated monthly analysis fee but are included in the event the service is used in the future.

This message may contain confidential and/or privileged information. If you are not the addressee or authorized to receive this for the addressee, you must not use, copy, disclose, or take any action based on this message or any information herein. If you have received this message in error, please advise the sender immediately by reply email and delete this message.Thank you for your cooperation.

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Treasury
Management

WELLS FARGO

City of Venus, TX

Keith Callahan, Treasury Management Consultant

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Simplicity is key

Don't miss out — simplicity can make your organization more efficient and effective

Brands are leaving

$98 billion

on the table when they don't simplify

Source: The Global Simplicity Index, 2019.

Fraud facts

Types of fraud with the highest estimated costs in the U.S.

Imposter/email fraud	$1.7 billion [1]
Ransomware	$7.5 billion [2]
Check fraud	$15.1 billion [3]

Sources:

1. 2019 Internet Crime Report. FBI Internet Complaint Center. pdf.ic3.gov/2019_IC3Report.pdf , accessed March 18, 2020.

2. "The State of Ransomware in the US: Report and Statistics 2019." Emsisoft . blog.emsisoft.com/ en/34822/the -state-of-ransomware-in-the-us-report-and-statistics-2019/ , accessed March 18, 2020.

3. "ABA Report: Banks Prevented More Than $22B in Fraud Attempts in 2018". January 15, 2020. ABA Banking Journal. bankingjournal.aba.com/2020/01/aba-report-banks-prevented-more-than-22b-in-fraud-attempts-in-2018/ , accessed March 18, 2020.

ACH Fraud Filter
Protecting your accounts from fraud

- Preauthorize designated transactions
- Establish settings to stop and return all, just credit, or just debit transactions against your account

Protect

- Make pay or return decisions
- Update fraud filter criteria online

Review

- View unauthorized transactions
- Optionally receive notice when an unauthorized ACH transaction is detected by fax, email, or text*

Monitor

* Our Alerts service has an additional fee

Desktop Deposit® service exclusive features

Internet-based delivery

- Available through our online banking portal (CEO®)
- Quick set-up; no IT resources needed, no software to install
- Integrated with other treasury services you may use already

Instant product upgrades

- Access upgrades instantaneously online
- Manage the deposit process centrally, de-centrally, or use a combination of the two

Proprietary service

- Developed and created in-house; no third-party vendors
- Upgrades and enhancements done internally

Enhanced security and risk management

- The bank reviews deposits for proper authorizations and image quality; we help resolve exceptions in a timely manner

DesktopDeposit® service

Deposit from almost anywhere, at any time, from your desktop or with your smartphone using CEO® Mobile Deposit

Multiple locations → Single bank convenience

How it works

Receive checks → Capture checks → Review and submit deposit → View deposit detail and returned-item images

Implementation: Our focus and approach

Seamless transfer of knowledge

Measurable milestones and proactive communications

Committed to **timely** and **effective** implementation that **keeps day-to-day operations running smoothly** and helps you **quickly optimize your treasury functions**

Single point of coordination

Field-tested process to define, build, and launch

Track record of successful implementation

Your training options

We offer training options at every stage of our relationship

We want you to feel comfortable and confident using our services from day one

Getting started

- Orientation to help establish your services on our online banking portal
- Learning plans tailored to meet your needs and timeline

Ongoing

- Online, weekly instructor-led classes
- Recorded classes available on demand

Positive Pay and Positive Pay only services

Designed to identify check fraud earlier

Next day positive pay

- Compares your presented checks to your check issue file the day after posting
- Reviews and corrects all encoding errors prior to customer reporting

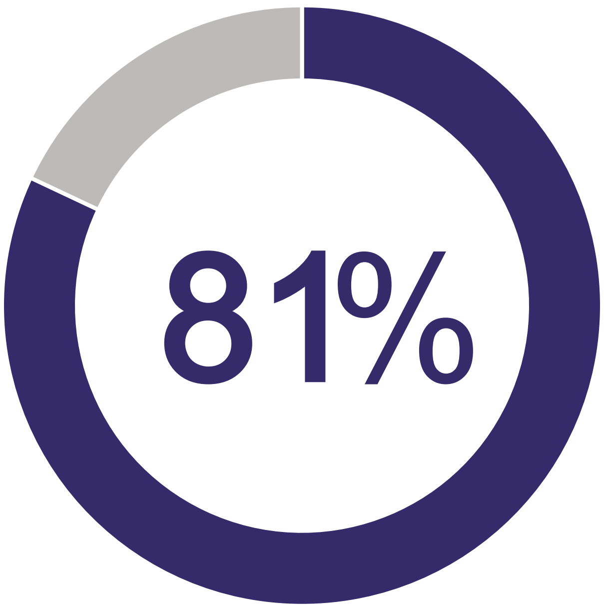
*Note: Positive Pay Only does not include our Account Reconciliation services.

Wells Fargo identifies stop payments prior to posting and corrects MICR encoding errors the day after posting

Positive pay services identify exception checks after posting - only true exceptions are reported to you

View images and make pay/return decisions on your unresolved exceptions through our online banking portal

Dual control keeps you in control



Are you included in the 81% of organizations that experienced **actual** or **attempted** fraud?*

Don't **lose** control | **Dual** control

1 User initiates an electronic fund or user administration change

2 Second user (up to 4 for wires) must approve before completed

* 2020 AFP® Payments Fraud & Control Survey

Controlled Disbursement with Positive Pay or Positive Pay Only

Process flow

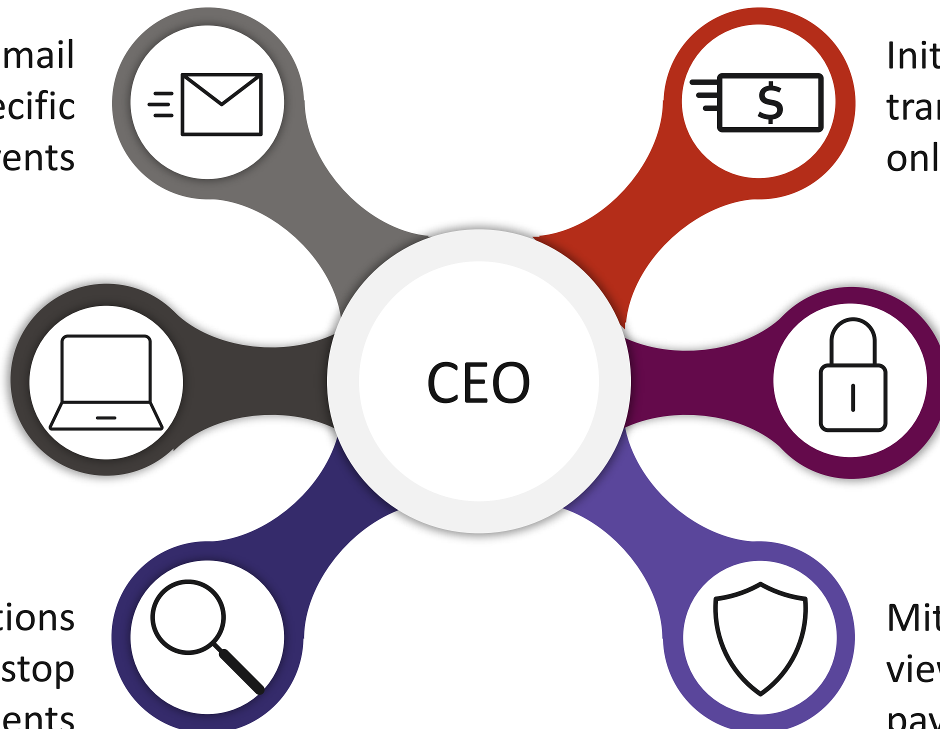
1	Upload check issue file before distributing checks
2	Checks distributed to payees
3	Payees cash/deposit checks
4	Checks presented to Wells Fargo
5	Wells Fargo identifies stop payments
6	Fund controlled disbursement account
7	Checks post to your account
8	Wells Fargo corrects encoding errors and identifies positive pay exceptions the morning after posting
9	Review/decision exceptions through online banking portal

CEO® portal: single sign-on access — 24 hours a day, 7 days a week

Receive email notifications of specific events

Initiate ACH and wire transfer payments online

Monitor account activity and paid check images daily



Control user access and maintain security

Research transactions and place stop payments

Mitigate fraud and view ACH and positive pay exceptions

Online wire transfer payments

Efficiency

- Create wire templates for recurring wire transfers
- Initiate and approve multiple wires from a single screen
- Use our File Upload Service to upload a batch of wires from an Excel spreadsheet

Control

- Manage batch wires through our online banking portal
- Set up dual control to require one or more approvers
- Set dollar limits on transactions, at the user level, to help reduce the risk of fraud

Security

- Subscribe to our Alerts service to receive real-time notifications and approvals
- Use our CEO Mobile® service to perform select wire functions through the mobile browser of your device

Customer service awards and accolades

2019 industry awards

We offer **award-winning* customer service** with experienced professionals providing **customer insight and innovation**

*2019 Stevie Award for Customer Service Department of the Year (Bronze), National Services Group

Giving back to our communities

Strengthen the financial capabilities

of underbanked consumers and our own team members

Expand access to high-quality, affordable solutions

to help underserved consumers enter the financial mainstream, increase savings, improve credit, and build assets

Our commitment

Empower small businesses

with access to the capital and financial services needed to start, operate, and grow

Stabilize local economies and low-to-moderate income neighborhoods

through affordable housing, philanthropy, community development investments, and other critical community services

Source: www.wellsfargo.com/about/corporate-responsibility/economic-empowerment/, 2019

Treasury
Management

WELLS FARGO

Thank you

City Council Agenda Item Report

March 29, 2021

Cheryl Estes, CPA, Finance Director
972-366-3348 ext 208
cestes@cityofvenus.org

DISCUSS AND CONSIDER APPROVAL OF FY 20-21 BUDGET REVISION TO CAPITAL PROJECTS FUND – 2018 CO BOND PROCEEDS

1. **BACKGROUND/HISTORY:**
   On November 22, 2019, City Council approved a development agreement committing $1,500,000 of the 2018 bond proceeds to be used to design, construct, and install a wastewater treatment package plant (WTPP) in the Brahman Ranch residential/commercial development. The developer also contributed $500,000 to this project which was deposited into the 2018 Bonds Fund.

2. **FINDINGS / CURRENT ACTIVITY:**
   The City Council recently adopted the first amendment to the development agreement between the City and Brahman Ranch PID. The amendment released the commitment on the 2018 CO Bond funds of $1.500,000 to construct the WTPP. For accountability purposes, the developer's contribution of $500,000 will be moved to the Brahman Ranch PID Fund and will be used to pay engineering and monthly rental fees on a WTPP. The City now needs to spend the bond funds on eligible projects and must spend these funds quickly to remain tax exempt.

   With direction from City Council on February 8, 2021, management identified several capital projects that are much needed and are eligible to be funded with the bond proceeds. A budget amendment is necessary to reallocate the $1,500,000 to fund these projects.

3. **RECOMMENDATIONS**
   Management recommends reallocating $1,500,000 to fund eligible capital projects as attached.

4. **ATTACHMENTS:**
   FY 20-21 Budget Revision – Capital Projects Fund 2018 Bond Proceeds

CAPITAL PROJECTS FUND - 2018 BOND PROCEEDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FY 20-21 BUDGET AMENDMENTS

REVENUES:	**ORIGINAL BUDGET**	3/29/2021	**FINAL BUDGET**
Bond Proceeds	$ 1,500,000	$ -	$ 1,500,000
Developer Contribution*	500,000	(500,000)	-
Interest Income	-	-	-
TOTAL REVENUES	2,000,000	(500,000)	1,500,000
EXPENDITURES:			
WW Treatment Package Plant	2,000,000	(2,000,000)	-
Main Lift Station Generator & ATS		350,000	350,000
12" Water Line (FM 157)		300,000	300,000
City Hall Sewer Line		235,000	235,000
Pump Station & Ground Storage Tank		250,000	250,000
City Hall Renovations:			
Parking Lot		100,000	100,000
Exterior - Stucco/Stone		71,700	71,700
Interior	-	77,300	77,300
Generator		116,000	116,000
TOTAL EXPENDITURES	-	(500,000)	1,500,000
REVENUE OVER (UNDER) EXPENDITURES	2,000,000	-	-
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	-	-	-
ENDING FUND BALANCE	$ 2,000,000	$ -	$ -

Developer contribution reclassified to Fund 56-Brahman Ranch PID to be used to pay engineering and rental costs of WTPP.

City Council Agenda Item Report

March 29, 2021

Cheryl Estes, CPA, Finance Director

972-366-3348 ext 208

cestes@cityofvenus.org

DISCUSS AND CONSIDER APPROVAL TO AMEND THE FY 20-21 WATER/WASTEWATER BUDGET FOR ADDITIONAL AUDIT SERVICES AND TO ISSUE CREDITS TO COMMERCIAL CUSTOMERS FOR UTILITY BILL OVERPAYMENTS

1. **BACKGROUND/HISTORY:**

Several months ago, I informed the City Administrator that I was concerned because certain financial reports indicated that the City was selling more water than we were purchasing. Upon investigation, it was determined that the issue was with our billing software. After working with the software company and our utility meter company, we narrowed the issue down to customers with compound meters which are most of the City's commercial customers. After a lot of detailed testing, it was confirmed that all residential customers' bills are calculating correctly; however, more testing needed to be done on all customers with compound meters. After many hours of research and manual recalculations, it became evident that the issues were with meters over 1" in size, not just compound meters. The billing software is being corrected as errors are identified, staff has been properly trained, and additional procedures were put in place to verify the accuracy of future utility bills. I informed the City Administrator and the Mayor that I believed that the City owed significant refunds to some of our commercial customers. However, before notifying anyone, I wanted the auditors to verify my calculations.

Upon starting the financial audit for FY 19-20, I informed the City's auditors of my findings, and informed them that the City appeared to owe approximately $350,000 in overcharges to the prison. I gave them my workpapers and asked them to verify my calculations. My calculations were verified, and I was instructed to continue recalculating the customer's bills back until I could determine when the issue started. Upon completion, $541,577.93 was recorded in the City's books as the amount due to the prison for overbilling of water and sewer due to incorrect meter reads (too many dials used to calculate consumption).

Tests were also performed on the school district's accounts. With assistance from Public Works, an inventory of all ISD's meters was performed showing the type, size, and purpose of every meter. Upon conclusion of testing, it was determined that meter reads for meters over 1″ in size were being entered incorrectly during the billing process, and sewer was being charged for irrigation meters. The errors were immediately fixed in the billing software. After calculating back three years, the City owes $125,976.12 to the Primary School for overbilling, and $23,758.16 to the Middle School for sewer charges on an irrigation meter.

During conversations with Public Works employees, I was informed that there is a "loop" in the water system affecting a commercial customer. Water used by the businesses on the southeast side of FM 157 (Subway, Donut Shop, old City Hall) runs through the Exxon carwash's meter before crossing the road. This means the City is billing Tiger Mart Carwash for their usage plus all the businesses across FM 157. The City is also billing the individual businesses again. This doubles consumption for reporting purposes, and the City is overcharging Tiger Mart.

2. **FINDINGS / CURRENT ACTIVITY:**

Due to these findings, the auditors and I believe that additional testing is necessary on all non-residential accounts to determine if any other billing errors exist. Detailed analysis is necessary to determine how much is owed to Tiger Mart, and a solution needs to be found until the water "loop" can be fixed. Because my focus for the past month has been trying to identify and correct billing issues, I am now so far behind in all other aspects of my responsibilities that I have asked the auditors to take over and perform the necessary testing. Because this type of work is not within the scope of the audit, additional charges will be billed to the City.

Until the additional testing is done, the audit cannot be completed. Although the audit will be late, I can assure Council that it will be accurate.

There are multiple reasons why these errors occurred:

- Utility billing software was implemented incorrectly;
- Billing staff not using the correct number of dials for meters larger than 1-inch;
- Billing staff not understanding consumption multipliers and billing scales;
- Billing staff not understanding the need to know what size meter was installed and what the meter is being used for; and
- Public Works staff not knowing the importance of communicating this information to billing staff.

I have no doubt that the lack of proper training caused these issues, and none of this was done intentionally or fraudulently.

3. **RECOMMENDATIONS**

Management and staff recommend City Council to adjust the FY 20-21 budget for (1) anticipated decreases in revenue, (2) increase in contracted services for accounting services to be performed by auditors, and (3) decrease in beginning fund balance to reflect credits to commercial customers for utility bill overpayments.

4. **ATTACHMENTS:**

FY 20-21 Water and Wastewater Budget - As Amended

WATER & SEWER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FY 20-21 BUDGET AMENDMENTS

	ORIGINAL BUDGET	3/29/2021	3/29/2021	FINAL BUDGET	
OPERATING REVENUES:					
Water Revenue	$ 1,105,000		$ (123,183)	$ 981,817	
Sewer Revenue	1,393,500		(115,800)	1,277,700	
Water & Sewer Taps	200,000			200,000	
Water Meters	15,000			15,000	
Sewer Connect Fees	80,000			80,000	
Garbage Fees	314,628			314,628	
Reconnect Fees	3,000			3,000	
Late Charges	15,000			15,000	
Other	1,625			1,625	
TOTAL OPERATING REVENUES	3,127,753	-	(238,983)	2,888,770	
OPERATING EXPENSES:					
Personnel	376,553			376,553	
Travel & Training	2,650			2,650	
Materials & Supplies	52,862			52,862	
Utilities	35,890			35,890	
Repairs & Maintenance	125,000			125,000	
Sanitation Contract Fees	354,000			354,000	
Water Purchases	580,000			580,000	
Sewer Contract Fees	634,000			634,000	
Other Contracted Services	113,500		10,000	123,500	
Departmental	85,206			85,206	
TOTAL OPERATING EXPENSES	2,359,661	-	10,000	2,369,661	
OPERATING INCOME (LOSS)	768,092		(248,983)	519,109	
NON-OPERATING EXPENSES:					
Interest Earnings	5,000			5,000	
Debt Principal Payments	(318,333)			(318,333)	
Debt Interest Payments	(122,974)			(122,974)	
NET OPERATING INCOME (LOSS)	331,785	-	(248,983)	82,802	
Capital Contributions	-			-	
Capital Expenditures	(331,785)	300,000		(31,785)	
NET CHANGE IN FUND BALANCE	-	300,000	(248,983)	51,017	
BEGINNING FUND BALANCE	1,854,607	-	(691,312)	1,163,295	*
ENDING FUND BALANCE	1,854,607	300,000	(940,295)	1,214,312	
LESS: 120-DAY RESERVE	(920,866)		(3,288)	(924,154)	
ENDING FUND BALANCE-UNASSIGNED	$ 933,741	$ 300,000	$ (943,583)	$ 290,158	

*Beginning fund balance is unaudited and may change after completion of FY 19-20 audit.

Kinetic
COMMERCIAL CONTRACTING

Estimate

Name/Address
Venus City Hall 700 U.S. 67 Venus, TX 76084

Date	Estimate #
3/4/2021	3042101
3/12/2021	R1

Description	Cost
General Conditions: Cleaning, Dumpster, Supervision, etc…	$6,340.00
Drawings and Asbestos Survey: Provide Architectural Permit Drawings. Includes Up to $750 Towards Asbestos Survey. Excludes Permit Fees and Engineered MEP Drawings.	$2,250.00
Drywall and Ceilings: To Build (1) Wall Approximately 6'x9' in Police Room, Case (2) Openings in Police Room, Case Opening at the Bottom of the Stairs in Reception Area, Build-Out (2) Offices Upstairs, Infill (1) Transaction Window, Widen (1) Transaction Window to 8', Lower (1) Transaction Window to ADA Height, Build-Out (2) Changing Rooms in Gym, Relocate Restroom Wall in Mens Room, Build 13'x8' Back Wall in Kids Room and Box Column. Install Wainscotting (Beadboard) on Interior Walls of Kids Room. Install 2x4 Grid Ceiling in Offices Upstairs. New Walls Include Insulation for Sound. Provide (2) New Doors and Frames and Reuse (4) Existing Doors and Frames. Walls are Figured with 3-5/8" Metal Studs and 5/8" FireCode Drywall.	$9,785.00
Patch/Prime/Paint: Tape/Bed/Paint New Walls and Paint Only in the Reception and Waiting Room. Smooth Texture Only.	$5,485.00
Flooring: Provide and Install Broadloom Carpet for Upstairs Offices and (2) Sets of Stairs. Material and Labor to Lightly Sand Polished Concrete, Skim Coat Floor, and Install Approximately 4820 Square Feet of LVT. Provide and Install Rubber Flooring Puzzle for Kids Room in Gym. Install New Vinyl Base in Areas Receiving New Flooring. Price Excludes Floor Floating and Grinding if Necessary.	$23,665.00
Millwork: Provide and Install 20' Laminate Countertop with (4) Laminate Supports and (4) Drawer Units For Reception Desk	$2,200.00
Transaction Window: Provide New 40"x8' Bullet Resistant Window (Polycarbonate) with Talking Ports. Reuse Existing Aluminum Stiles to Hold Glass in Place. Includes a New 8 LF and 3 LF Solid Surface Transaction Top.	$9,390.00
Electrical: Add (1) Quad Floor Receptacle in Center of Conference Room, Provide and Install (2) LED Flat Panel Fixtures with Switch in Each New Office Upstairs, (1) General Purpose Receptacle for Each New Office, (1) New LED Flat Panel Fixture Between the Two Fixtures in The Front Waiting Area, (1) New Wall Mount Fixture with Switch for Each Dressing Room in Gym.	$3,100.00
HVAC: Allowance for Upstairs Ductwork	$1,500.00
Stucco: Includes Base Coat and Adhesive, Plastic Washers and Metal Screws, Portland Cement, Reinforced Fiber Mesh, 2" Thick Insulation Foam Boards, and a Light Color Finish Texture Coat	$37,800.00
Stone: Includes Masonry Sand, Masonry Cement, Cement Board, Staples and Screws, Weep Screeds, Scratch Coats, Adex5 Adhesive Mix, Stone Cap Sill, Thin Manufactured Stone, Masonry Cleaner, and Mortar Grout Joint.	$33,900.00
Exclusions: After Hours and Weekend Work, Drawings (Architectural and Engineered), Third Party Inspection Fees, Fire Alarm, Warranty of Existing HVAC Systems, TDLR Inspection and Fees, Restroom Tile Work	
Subtotal	$135,415.00
Overhead & Profit	$13,541.50
Sales Tax 8.25%	$12,288.91
Total Base Bid	$161,245.41

Alternates	Description	Cost Includes OH/P and Sales Tax
1		
2		

General Exclusions: Overtime and weekend work, asbestos survey and/or removal, TAS compliance not noted on plans, TDLR plan review and inspection, phone and data cabling, removal of old phone and data cabling, certified air balance, and fire alarm

Acceptance of Proposal

Price quoted is good for 30 days

Payment Terms: 25% Down to Start, Progress Draws to Completion

Signature:______________________________ Date:________________

Thank you for the opportunity to bid this project.

000000Jordan Kuhn | Phone: (682) 802-4644 | Email: jkuhn@kineticbuilt.com | Website: www.kineticbuilt.com P.O. Box 1704, Mansfield, TX 76063