



402 LEE STREET
DECATUR, ALABAMA 35601
SEPTEMBER 28, 2026

Council Chambers

Special Called City Council Meeting

6:00 PM

I. WAIVER OF NOTICE SIGNED BY ALL COUNCIL MEMBERS IN ATTENDANCE

II. CALL MEETING TO ORDER

III. INVOCATION

IV. PLEDGE OF ALLEGIANCE

V. ROLL CALL OF ELECTED OFFICIALS

Council President Kyle Pike, District 2

Council Pro Tempore Carlton McMasters, District 3

Council Member Terrance Adkins, District 1

Council Member Pam Werstler, District 4

Council Member Barry Bullard, District 5

VI. AGENDA RELATED PUBLIC COMMENT:

VII. RESOLUTIONS:

- A. Resolution No. 26-319: Approve Paycom for Payroll
[ResNo 26-319_Paycom_Proposal.pdf](#)
[City of Decatur Proposal.pdf](#)
[City of Decatur Alabama .pdf](#)
[Paycom Data Security.pdf](#)

VIII. ORDINANCES: FIRST READING

- A. Ordinance No. 26-4668: Approve FY 2027 Council Budgets
[Ord 26-4668_FY2027_Budget.pdf](#)
[FY27 - Budget All Funds Council .pdf](#)
- B. Ordinance No. 26-4669: Approve amendment of Landfill disposal rates for out of county tires

[Ord 26-4669_Landfill_Tire_Disposal_Fees_Amended.pdf](#)

- C. Ordinance No. 26-4670: Approve Point Mallard Golf Course Grill Lease with Seasoned Hospitality, LLC

[Ord 26-4670_Point_Mallard_Grill_Lease_Approval.pdf](#)

[Commercial_Lease_Clean_Typed_FINAL_Under24MB.pdf](#)

IX. PUBLIC COMMENT:

X. ADJOURNMENT:

The next Regular Council Meeting will be held October 5, 2026 at 6:00pm.

The next Regular Work Session will be held October 12, 2026 at 5:00pm.

PLEASE BE ADVISED: ANYONE PLANNING TO MAKE A PRESENTATION TO THE COUNCIL AT A WORK SESSION OR RELATED TO AN ITEM BEING ADDRESSED AT A COUNCIL MEETING THAT WILL REQUIRE AUDIO/VISUAL EQUIPMENT (I.E. POWERPOINT, SCREEN, PROJECTOR, ETC) ARE REQUIRED TO NOTIFY THE CITY CLERK DEPARTMENT ***TWO BUSINESS DAYS*** BEFORE THE PRESENTATION AT 256-341-4536.

CITY COUNCIL AGENDA ITEM REPORT

DATE: September 28, 2026

SUBMITTED BY: Lillie Farmer, Human Resources Department

ITEM TYPE: Proposal

AGENDA SECTION: RESOLUTIONS:

SUBJECT: Resolution No. 26-319: Approve Paycom for Payroll

FINANCIAL IMPACT: 2027 Original Budget \$200K

SUGGESTED ACTION: Approval to authorize the Mayor to sign Agreement and Proposal

ATTACHMENTS:

[ResNo 26-319_Paycom_Proposal.pdf](#)
[City of Decatur Proposal.pdf](#)
[City of Decatur Alabama .pdf](#)
[Paycom Data Security.pdf](#)

RESOLUTION NO. 26-319

BE IT RESOLVED by the City Council of the City of Decatur, Alabama that the attached Payroll Human Capital Management Services Agreement and Proposal from Paycom, which has been recommended by the Personnel Board is approved, and the Mayor is authorized to execute on behalf of the City the necessary paperwork to implement this program effective October 1, 2026. Funding for Paycom will come from the original 2027 General Fund original budget.

Approved this 28th day of September, 2026

Investment Summary



Finalized on
August 20, 2026 | Quote Valid for 30 Days
Proposal ID | 775425.788325.1918730
Country | United States of America
State | Alabama
Currency | USD

Proposal Prepared for

THE CITY OF DECATUR
402 LEE ST NE
DECATUR, AL 35601
256-341-4891

Proposal Prepared by

Paycom Payroll, LLC
7501 W. Memorial Road Oklahoma City, Oklahoma
73142
1-800-580-4505

Per Payroll Transaction

8.63 (Base) + 0.95 (Per Check)

Per Employee Per Month

29.59

Total Initial Investment

49,066.38

Comprehensive Service Breakdown: Refer to the Pages That Follow

CLIENT AUTHORIZATION

Client Signature

Title

Printed Name

Date

All Pricing is subject to change with written or electronic notice. Client acknowledges and agrees that delivery fees and check stuffing fees do not always involve delivery of a physical check, paystub, and/or report to Client. Additional processing fees and charges may apply. All applicable taxes, including but not limited to sales or service taxes, are not included in the above proposal (unless specified otherwise). Client is responsible for applicable taxes in addition to the fees outlined in the proposal. Applicable taxes may vary by jurisdiction.

Paycom's Services, fees, and charges are subject to the Payroll and Human Capital Management Services Agreement, which is hereby incorporated by reference, and includes the current version of the General Terms and Conditions and applicable Schedules located at paycom.com/agreements

Initial Term End Date: 11/15/2029
Renewal Term: 3 Year(s)

Investment Summary



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Currency | USD

PAYROLL PROCESSING COSTS	BASE	PER CHECK	PER USE
PAYROLL TRANSACTION	8.63	0.95	
DIRECT DEPOSIT (PER ADDITIONAL DISTRIBUTION)			0.31
GARNISHMENTS (PER ORDER)			10.00
DELIVERY (PER DELIVERY)			20.00

PAYROLL DETAILS	# OF PAYROLLS	# OF EMPLOYEES	PER PAYROLL
BI-WEEKLY	26	508	491.23

MONTHLY COSTS	QUANTITY	PER USE	PEPM	UNIQUE EMPLOYEES PAID	PER MONTH
HUMAN CAPITAL MANAGEMENT SOLUTIONS			29.59	508	15,031.72
MULTI-JURISDICTION (PER ADDITIONAL JURISDICTION)		6.00			
401(K) FILE	1				92.74
TOTAL					15,124.46

SOLUTION DETAILS		
SINGLE APPLICATION HCM SYSTEM	DEDICATED PAYCOM SPECIALIST	POSITION SEAT MANAGEMENT
ORGANIZATIONAL CHART	MANAGER ON-THE-GO®	EMPLOYEE SELF-SERVICE®
ASKHERE	IWANT	APPLICANT TRACKING
SELF-ONBOARDING	NEW HIRE REPORTING	DOCUMENTS AND CHECKLISTS
E-VERIFY®	SCHEDULING	TIME AND ATTENDANCE
TIME PUNCH IMPORT	TIME-OFF REQUESTS	TIME-OFF ACCRUAL TRACKING
GONE®	GEOFENCING	BENEFITS ADMINISTRATION
BENEFITS-TO-CARRIER	ENHANCED AFFORDABLE CARE ACT	COBRA
GOVERNMENT & COMPLIANCE	EXPENSE MANAGEMENT	PERFORMANCE AND COMPENSATION
PERSONNEL ACTION FORMS	PERFORMANCE DISCUSSION FORMS	PAYROLL PROCESSING
BETI®	APPROVE MY CHECK	PAYROLL AUTOMATION
PAYROLL DASHBOARD	PAYROLL GROSS TO NET	PAYCOM PAY®
CHECK STUFFING	DIRECT DEPOSITS	CHECK VOUCHERS
FEDERAL ELECTRONIC TAX DEPOSITING (941, 940)	DEPOSIT AND FILE STATE TAX DEPOSITS	DEPOSIT AND FILE SUTA (STATE UNEMPLOYMENT)
QUARTERLY FEDERAL/STATE DEPOSIT STATEMENTS	QUARTERLY 941S SIGNED AND FILED	TAX REGISTRATION SERVICE
VAULT	ADVANCED REPORT CENTER	PUSH REPORTING®
GL CONCIERGE	WORKERS COMP TRACKING	401(K) STANDARD REPORT
DIRECT DATA EXCHANGE®	MY ANALYTICS/EXECUTIVE DASHBOARD	EMPLOYMENT PREDICTOR
MYCOM		

Investment Summary



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Currency | USD

PER USE COSTS		
ENHANCED BACKGROUND CHECKS®		PER USE FEE
DRUG TESTING		PER USE FEE
CARRIER FEEDS	PER PLAN TYPE TO BE BILLED ON COMPLETION	650.00
COBRA LETTER	PER LETTER	3.95
ANNUAL COSTS		
EMPLOYEE/EMPLOYER W-2S	PER FORM	6.95
W-3 TRANSMITTAL		75.00
ACA FORM 1094 (B OR C)		75.00
ACA FORM 1095 (B OR C)	PER FORM	6.95
ONE-TIME COSTS		QTY
CLIENT CONVERSION		48,566.38
401(K) FILE	1	500.00
TOTAL		49,066.38

Modernizing Workforce Management

A Partnership Outline for the City of Decatur

Paycom | Single System. Complete Confidence.



Today's Agenda

01 The Challenge

What's at stake for the City of Decatur

02 Compliance & Risk

Protecting the city from penalties and audit exposure

03 Automation & Efficiency

Eliminating manual work — freeing your team

04 Financial ROI

Measurable return on every taxpayer dollar

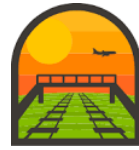
05 Why Paycom

One platform. No integrations. No gaps.

06 Next Steps

Clear path to go-live

PARTNERSHIP THAT UNDERSTANDS YOUR ORGANIZATION



Hapeville
georgia



City of
Dunwoody
Georgia



Wentzville Missouri®
The Crossroads of the Nation



CITY OF
BATAVIA

CITY OF
CHEYENNE
— WYOMING —



City of Bellaire



The Challenge: The Cost of the Status Quo

Without a unified workforce management system, cities like Decatur face compounding operational and financial risk.



Compliance Exposure

Fragmented systems create data mismatches that trigger payroll errors, FLSA violations, and audit vulnerabilities - each carrying real financial penalties.



Wasted Staff Hours

HR, payroll, and finance teams spend thousands of hours each year on redundant data entry, manual reconciliations, and error corrections.



Hidden Financial Drain

Multiple vendors, patch integrations, and ongoing error remediation create costs that are rarely tracked - but always present.



Accountability Gaps

Without real-time, audit-ready reporting, verifying payroll accuracy and demonstrating responsible use of public funds becomes difficult.

01 | Compliance & Risk Mitigation



Single System of Record

Eliminates data discrepancies across payroll, HR, and benefits - one truth, always.



Automated Tax Compliance

Real-time tax calculations, filings, and updates - no manual patches required.



Audit-Ready Reporting

Point-in-time reporting with full historical traceability for any review.



FLSA & Overtime Automation

Policy-driven overtime calculations enforce labor law compliance automatically.



OSHA & Incident Tracking

Centralized documentation and reporting to support workplace safety standards.

Impact for the City

↓ 90%

Reduction in payroll discrepancies with automated error checks

Always

Audit ready - point-in-time data available on demand

Zero

FLSA violations when overtime is policy-enforced automatically

1 Source of Truth

02 | Automation & Operational Efficiency

BEFORE PAYCOM

Payroll processed manually - errors caught after the fact

HR manually processes hires, status changes, terminations

Timecards collected separately; labor allocation manually tracked

Benefits enrollment requires HR coordination every open season



WITH PAYCOM

BETI™ - employees verify their own pay before processing

Automated workflows trigger every step, no chasing paperwork

Real-time time & labor with automated scheduling and approvals

Automated enrollment, deductions, and life event management

50–80%
Payroll Time Savings

3,000+
Hours Reclaimed Annually

0
Redundant Data Entry Points

Self-Service
For Employees & Managers

03 | Financial ROI —Public Fund Stewardship

\$200K+

Estimated Annual
Labor Cost Recovery

3–6 Mo

Typical Payback
Period for Public Sector

3–5×

Return on Investment
Within Year One

Direct Cost Savings

- ✓ Elimination of payroll error reprocessing costs
- ✓ Removal of redundant third-party systems & licensing
- ✓ Avoidance of compliance penalties and audit remediation
- ✓ Accurate Time & Attendance and Unwarranted OT mitigation

Indirect Time Savings

- ✓ HR team: 2000–3000 hrs/yr reclaimed from manual entry
- ✓ Payroll team: 300–500 hrs/yr saved on reconciliation
- ✓ Finance: Faster close with real-time cost data
- ✓ Department managers: Self-service removes HR bottlenecks

Estimates based on comparable public sector implementations. Actual figures vary by workforce size and current process efficiency.

04 | Why Paycom - Platform Differentiators



True Single Database Architecture

Every HR function - payroll, time, benefits, talent, compliance - lives in one database. No middleware. No third-party integrations. No data syncing delays or discrepancies.



Real-Time, Point-in-Time Accuracy

Data updates instantly across all modules. Run payroll reports, compliance audits, or budget projections as of any date - with full historical traceability.



Employee Utilization Model (BETI™)

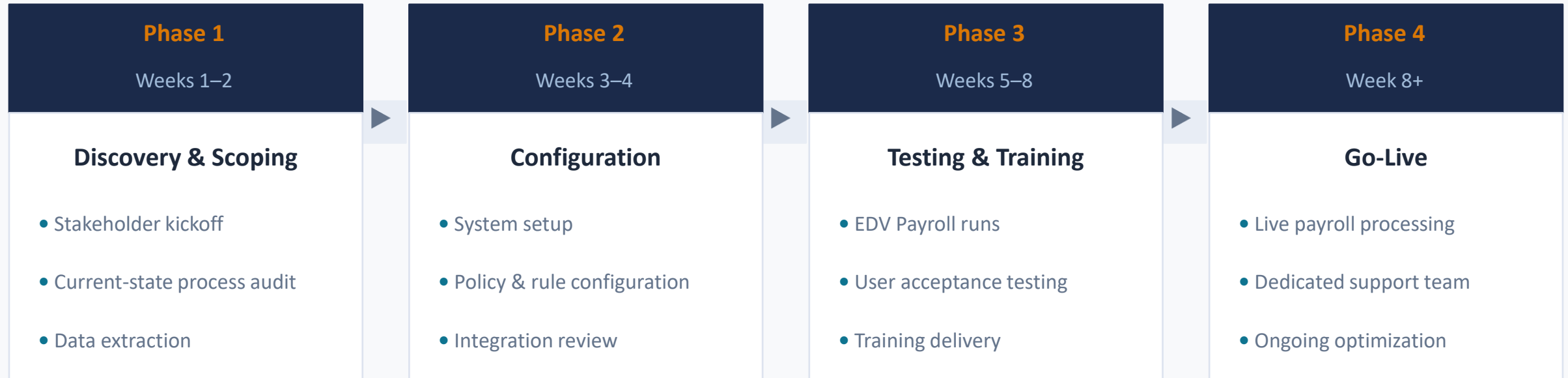
Employees verify and approve their own pay before processing - dramatically reducing post-payroll corrections and putting accuracy at the source.



Purpose-Built for Compliance Environments

Proven in regulated and public sector organizations. Automated FLSA enforcement, tax filing, and audit-ready reporting are built in - not bolted on.

05 | Implementation Roadmap & Next Steps



Immediate Next Steps for the Council

01 Authorize Contract

Formal approval enables the implementation team to mobilize within 3 business days

02 Designate Project Lead

Identify the internal point of contact from HR/Finance to partner with the Paycom implementation team

03 Schedule Kickoff

First stakeholder session scheduled within 1 weeks of contract execution - implementation begins immediately

The City of Decatur x Paycom.

Paycom delivers a single, modern platform that gives your team the accuracy, automation, and accountability the public sector demands - and that your employees, managers, and council members can trust.

**Compliance
Protected**

**Operations
Automated**

**ROI
Delivered**

**Taxpayers
Served Well**



Paycom IT Security

PRESENTED BY: Marcus Johnson

Why is Paycom More Secure?

» Home Grown

- No mergers or acquisitions of software companies
 - Takes years to fully integrate software platforms
 - Layoffs are typically part of mergers leaving gaps in knowledge and support
 - Add significant complexity to support both companies which leads to significant risk exposure
- Single solution developed and maintained by Paycom Employees
 - Accountable and vested interest in success

» Paycom Data Centers

- We have 1 of the 6 Tier IV data centers in the United States
 - We are the only HCM company to have this!
- Only our employees work on it. No Contractors!
- Only Paycom operates out of our data centers
- Multiple data centers and copies



Annual Audits and Certifications

- » Paycom is ISO 27001 certified and uses this program as the basis for its **Information Security Program**.
- » Paycom is ISO 27701 certified this program attests to our **data privacy and protection standards**.
- » Paycom is ISO 22301 certified this program attests to our **Business Continuity and Disaster Recovery** program
 - We conduct **monthly DR testing** to ensure we prepared for a disaster.
- » Paycom is SOC 1 and SOC 2 certified and audited against these compliance standards on an annual basis. These certifications outline and test **security controls** for our data center and data protection.



Infrastructure, Monitoring & Training

- » We have a team of internal pen testers who attack our application on a weekly basis and look for vulnerabilities with the latest tools and technology. This same team is in the development life cycle and reviews new code for vulnerabilities.
- » We have a vulnerability management program that run scans daily looking for vulnerabilities in our environment.
- » We utilize third parties to conduct pen tests and table top exercises annually.
- » We have **staffed a 24 x 7 x 365 security operation center** that monitors security events, internal & external threat indicators, and anomalous activity.
- » We utilize the latest technology on our endpoints, servers and perimeter to protect the application and our employees.
- » We require quarterly security awareness training and run monthly phishing campaigns to ensure our employees can recognize and report suspicious activity.



CITY COUNCIL AGENDA ITEM REPORT

DATE: September 28, 2026

SUBMITTED BY: Dawn Runager, Finance

ITEM TYPE: Ordinances

AGENDA SECTION: ORDINANCES: FIRST READING

SUBJECT: Ordinance No. 26-4668: Approve FY 2027 Council Budgets

FINANCIAL IMPACT: Various

SUGGESTED ACTION: Approve budgets for fiscal year 2027

ATTACHMENTS:

[Ord 26-4668_ FY2027_Budget.pdf](#)
[FY27 - Budget All Funds Council .pdf](#)

ORDINANCE NO. 26-4668

**BUDGET ORDINANCE
CITY OF DECATUR, ALABAMA
FISCAL YEAR BEGINNING OCTOBER 1, 2026**

BE IT ORDAINED by the City Council of the City of Decatur, Alabama, The Budget of the City of Decatur, Alabama, for the fiscal year 2026-2027 is hereby adopted, as follows:

Section 1.

- A. The budgets for the various funds of the City are attached hereto as Exhibit "A" and made a part hereof by reference.
- B. Agency appropriations are on page 20 of Exhibit "A".
- C. In accordance with generally accepted accounting principles (GAAP), encumbrances outstanding as of September 30th shall lapse, and require re-appropriation in the next fiscal year.
- D. That, unless otherwise required by state law or by resolution or ordinance duly adopted by the City Council, the Chief Financial Officer is hereby authorized to authorize and make payment of an expenditure provided that the expenditure is from an appropriation within a budget duly adopted by the City Council as provided for herein or as subsequently amended in accordance with proper accounting, policies and internal controls.
Furthermore, the Chief Financial Officer is hereby directed to present a report of expenditures paid to the City Council for approval at its regularly scheduled meetings.

Section 2. That there is hereby appropriated for operating expenses for Fiscal Year 2027 to the City of Decatur Board of Education one-fourth (1/4) of the net proceeds of sales and use taxes collected from within the corporate limits by the City of Decatur under the provisions of Article III, Chapter 14, of the Code of Decatur Alabama, as amended commencing with the receipts for the month of October 2026 plus one-fourth (1/4) of the net proceeds of the City's share of the Simplified Sellers Use Tax (SSUT) commencing with receipts for the month of October 2026; subject to the agreed to deductions between the City and the Decatur Board of Education. Said projected amount is reflected in the School Fund appropriation shown as part of Exhibit A and is to be disbursed in twelve (12) monthly increments in amounts as requested by the Board of Education, provided funds are available.

Section 3. Prior to the preparation and submission of the 2027 Budget, the City Staff during the previous year reviewed, studied, evaluated and projected the costs of providing essential services, principally police and fire protection to persons engaged in businesses, trades and professions located outside the corporate limits of the City but within its police jurisdiction (the said area outside the corporate limits of the City but within the police jurisdiction being herein called the "Police Jurisdiction" and to the Police Jurisdiction generally). On the basis of the

findings and declarations by the City Staff, the Council hereby declares that reasonable effort has been made during the past year by representatives of the City involved in the preparation of the F Y 2027 Budget to make an appropriate allocation or estimate of the costs of providing during the 2027 fiscal year fire and police protection and other essential services to the Police Jurisdiction; and accordingly is advised that the amount of income anticipated to be received by the City during the fiscal year 2027 from license taxes imposed by the City on Police Jurisdiction Businesses is reasonably related to and not in excess of the anticipated costs of providing during the 2027 fiscal year, fire and police protection and other essential services to the Police Jurisdiction.

ADOPTED this _____day of September, 2026

APPROVED this _____day of September, 2026

Kent Lawrence, Mayor

ATTEST:

Stephanie Simon, City Clerk



2027 / ADOPTED ANNUAL BUDGET REPORT

FOR THE YEAR BEGINNING OCTOBER 1ST, 2026

MAYOR: KENT LAWRENCE

**CITY
COUNCIL:**

KYLE PIKE
TERRANCE ADKINS
BARRY BULLARD

CARLTON MCMASTERS
PAM WERSTLER

City of Decatur, Alabama

For the Fiscal Year Beginning October 1st, 2026

City Administration and Departments

Stephanie Simon, City Clerk

Kyle Demeester, Finance

Lillie Farmer, Human Resources

Wanda Tyler, Landfill

Takisha Gholston, Municipal Court

Torry Mack, Police

Chad Bowman, Planning

Dane Shaw, Economic Development

Nathan Springer, Fire

Ashley Warren, Information Systems

Herman Marks, Legal

Hunter Allen, Parks and Recreation

Daniel Boutwell, Street & Sanitation Services

Johnny Jones, Youth Services

Prepared by the City of Decatur Finance Department

Kyle Demeester, Director of Finance/Purchasing/Revenue

Dawn Runager, Deputy Director of Finance/Finance Manager

Rebecca Colburn, Senior Financial Accountant

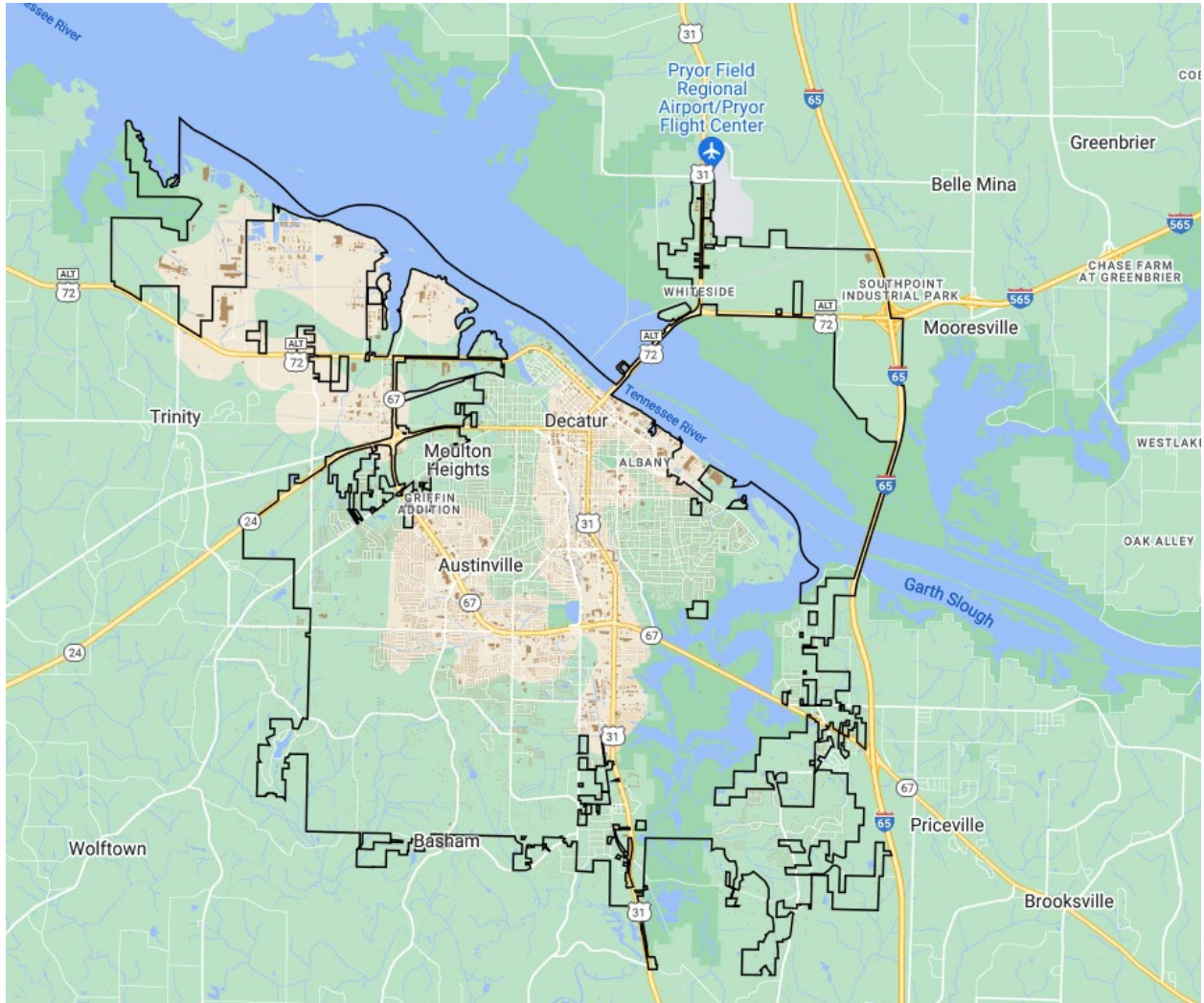
Tinola Teague, Senior Financial Accountant

Debbie South, Senior Financial Accountant

Jeff Shelton, Senior Financial Accountant

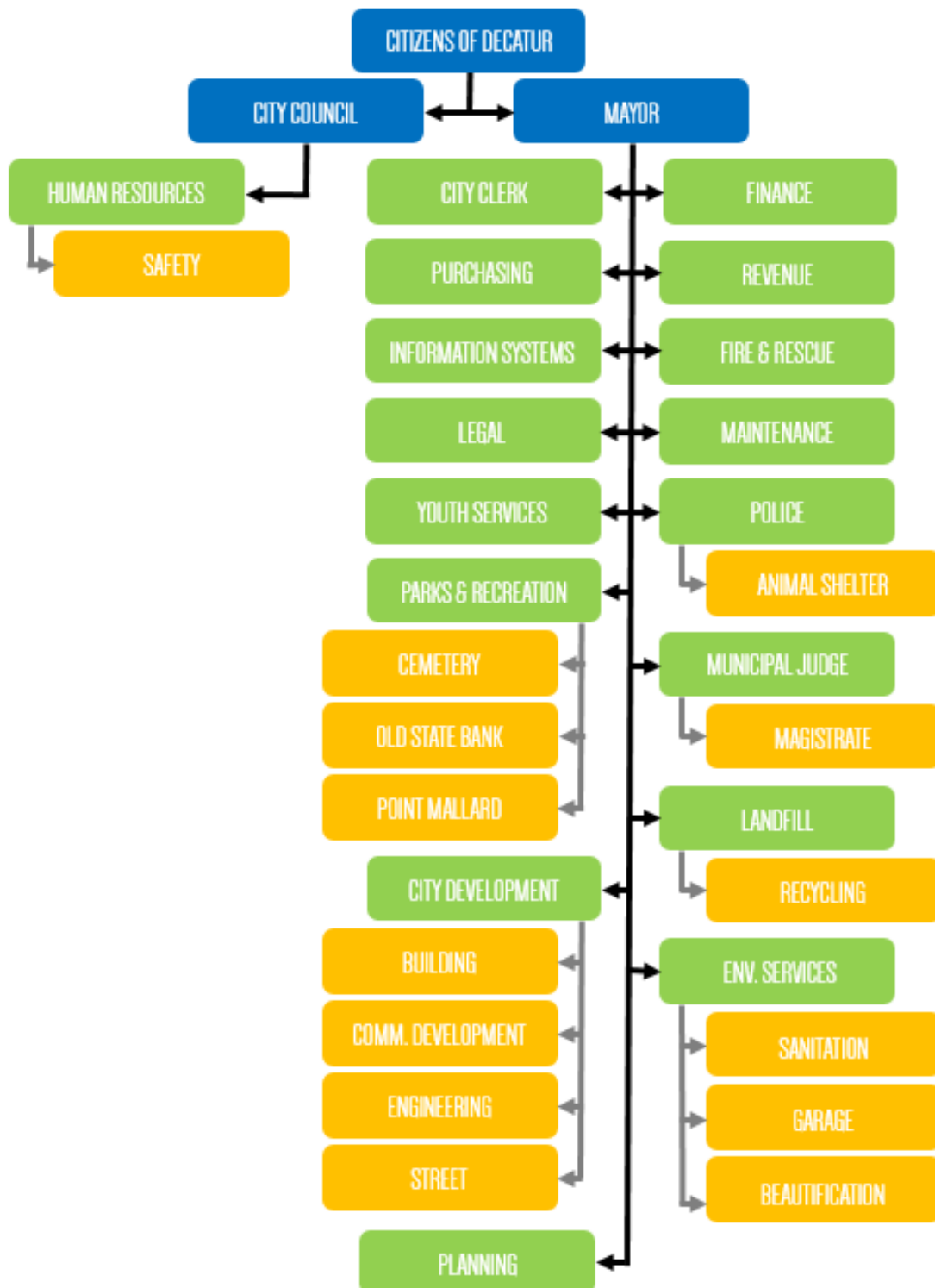
City of Decatur, Alabama

City Limits



City of Decatur, Alabama

Organizational Chart



REVENUES

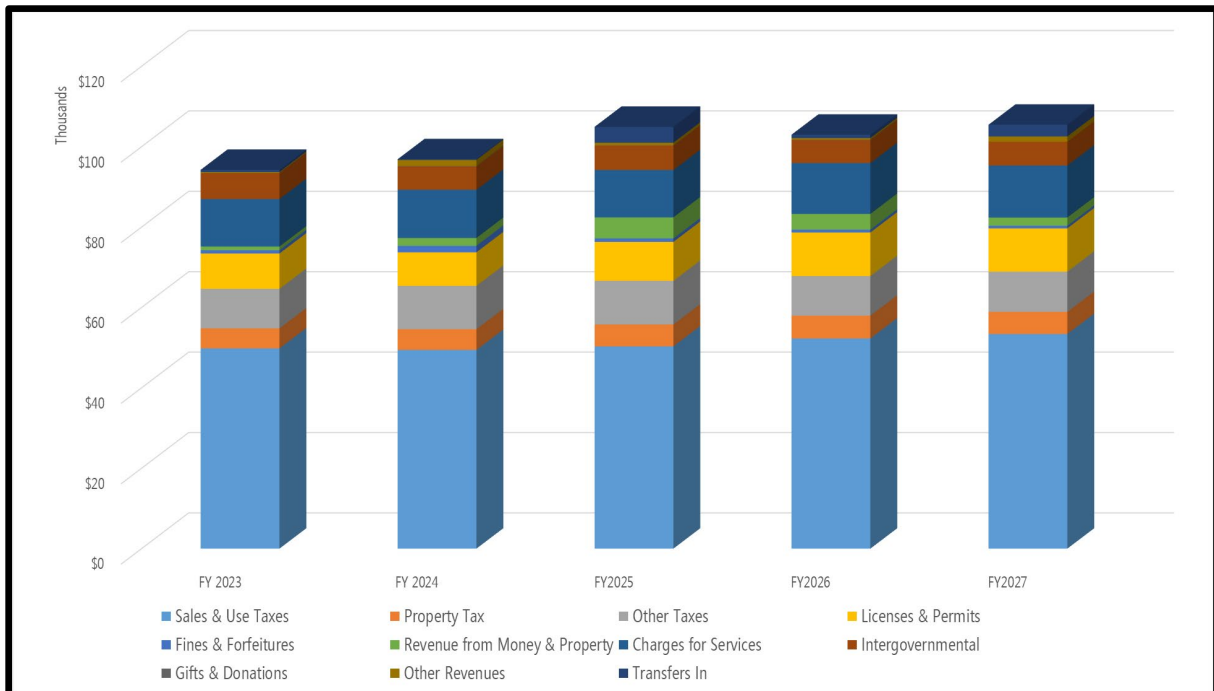
FY27 ADOPTED ANNUAL BUDGET



City of Decatur, Alabama

Trends in Top Revenues

City of Decatur					
General Fund Revenues					
	Actuals			Projected	Proposed
	FY 2023	FY 2024	FY2025	FY2026	FY2027
Sales & Use Taxes	\$ 49,824	\$ 49,444	\$ 50,335	\$ 52,302	\$ 53,413
Property Tax	\$ 4,988	\$ 5,157	\$ 5,447	\$ 5,669	\$ 5,500
Other Taxes	\$ 9,826	\$ 10,781	\$ 10,854	\$ 9,852	\$ 9,993
Licenses & Permits	\$ 8,793	\$ 8,353	\$ 9,683	\$ 10,842	\$ 10,780
Fines & Forfeitures	\$ 823	\$ 1,619	\$ 867	\$ 706	\$ 658
Revenue from Money & Property	\$ 909	\$ 1,943	\$ 5,229	\$ 3,905	\$ 2,034
Charges for Services	\$ 11,827	\$ 12,001	\$ 11,805	\$ 12,668	\$ 12,960
Intergovernmental	\$ 6,429	\$ 5,829	\$ 6,058	\$ 5,716	\$ 5,899
Gifts & Donations	\$ 60	\$ 87	\$ 57	\$ 78	\$ -
Other Revenues	\$ 240	\$ 1,492	\$ 661	\$ 416	\$ 1,325
Transfers In	\$ 535	\$ 180	\$ 3,953	\$ 850	\$ 2,910
Totals In Thousands	\$ 94,255	\$ 96,887	\$ 104,950	\$ 103,002	\$ 105,471



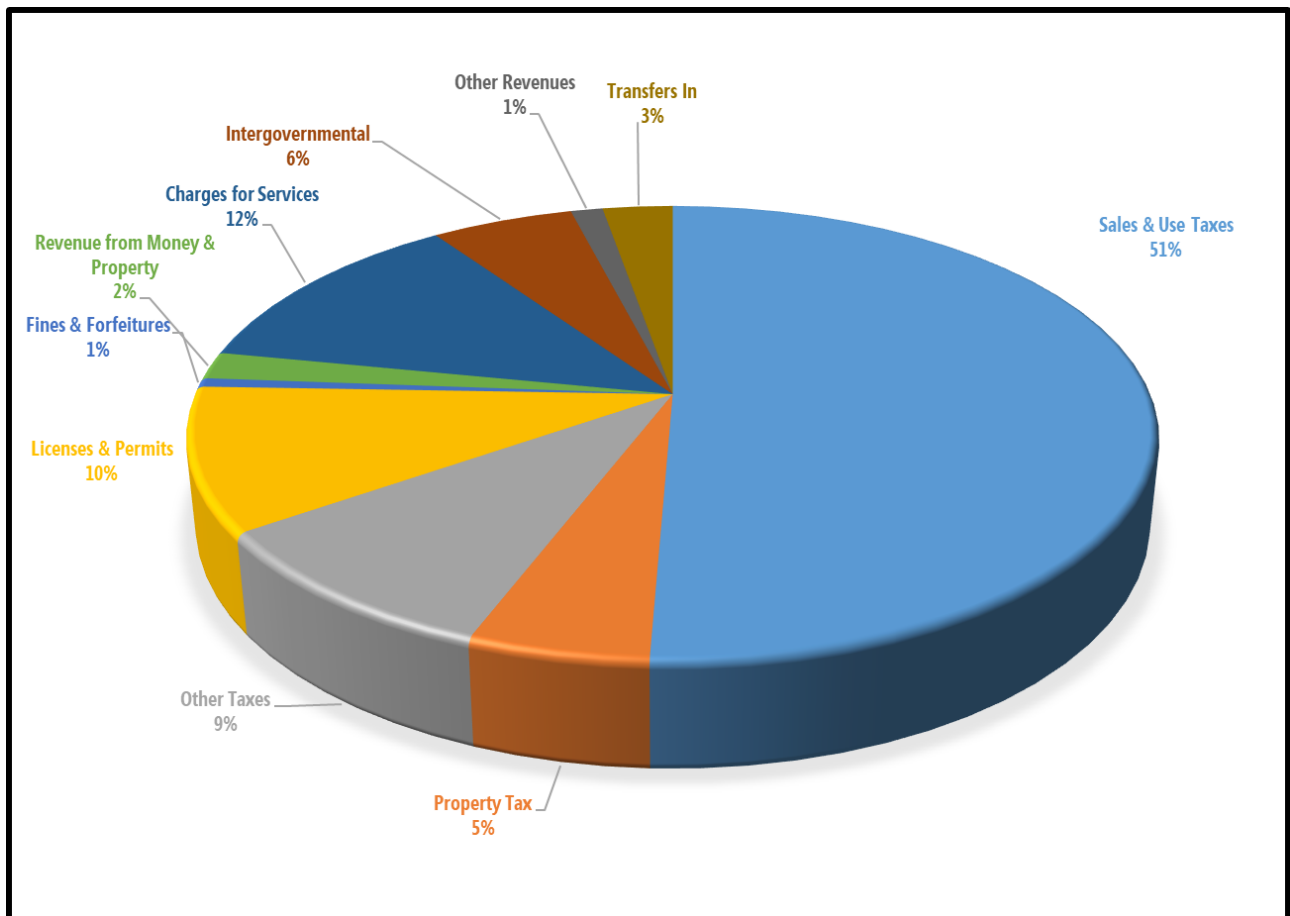
City of Decatur, Alabama

Trends in Top Revenues

City of Decatur's Finance Department is tasked with providing for the adequate funding of city operations. The city's revenue streams are unique, requiring analysis of historical actuals and current economic trends. The original revenues budget is the projection of revenues formulated using this data. A midyear review is done based upon changes in the data. General fund revenues are the city's retained portion of taxes. The portion belonging to Decatur City Schools are not included in this fund (discussed later).

The city's top revenue sources in the proposed FY2027 budget are the following:

- Sales and Use Taxes
- Simplified Seller's Use Tax (SSUT)
- Business Licenses
- Garbage Collection Fees
- Property Tax
- Payments in Lieu of Tax (PILOT)



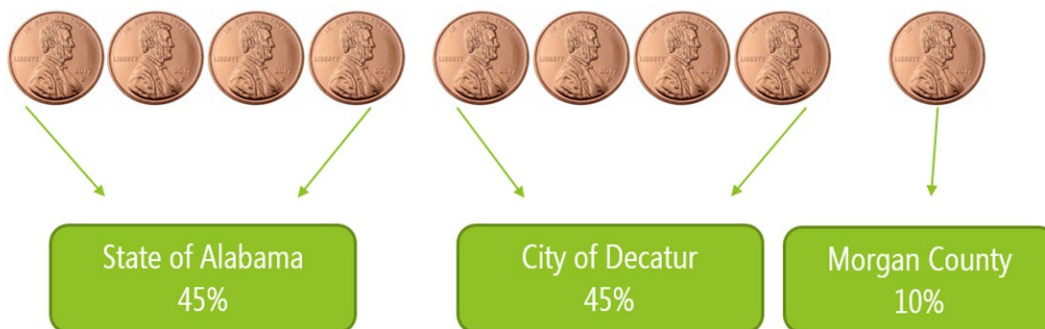
*Pie graph revenues categorized by function code per Annual Comprehensive Financial Report

Sales and Use Tax

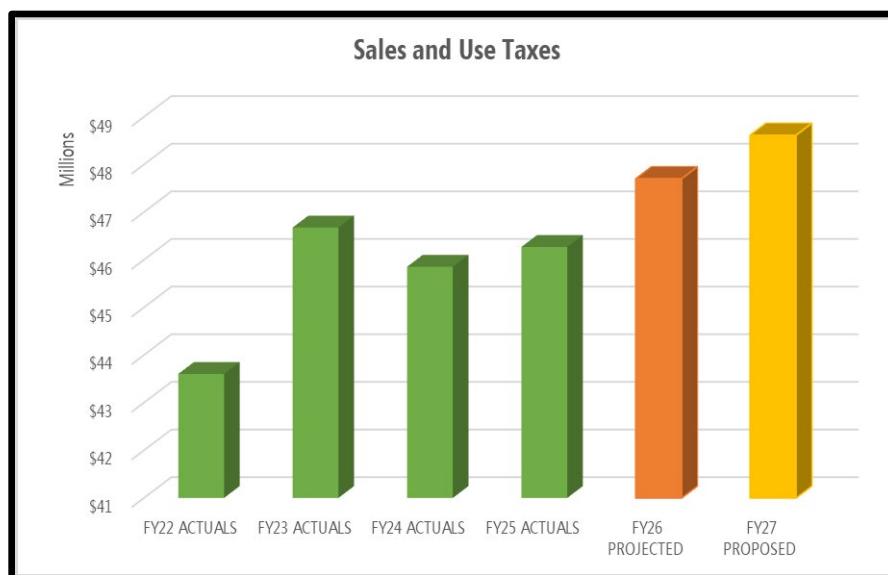
The city's top revenue source is consistently Sales & Use Tax representing half of the city's revenue budget in General Fund, projected to be 50.77% of FY2026's revenues.

As authorized by ordinance, the city levies a sales tax, generally applied to retail purchases of goods, at the rate of 4%. The city also levies a use tax on goods delivered within the city not subject to the sales tax at the same rate.

In the city limits, 9% of sales tax is collected on most retail purchases. It is disbursed among governmental agencies as follows:

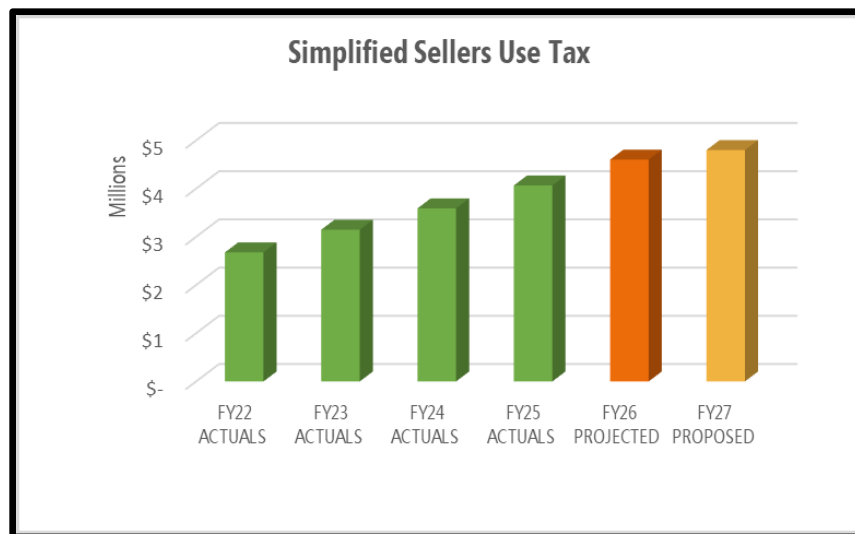


This revenue source supports various activities of the city including services for citizens like public safety, parks and recreation, garbage collection, street maintenance and more. Therefore, the support of our local businesses and industries is critical to the availability of local government services. For budget purposes, the Sales and Use tax revenue is projected by estimating the current revenue through fiscal year end, using trend analysis and forecasts of growth in the local economy. The graph below shows the historical Sales and Use tax revenue trends, as well as a comparison of projected revenue for FY2026 and the proposed budget for FY2027.



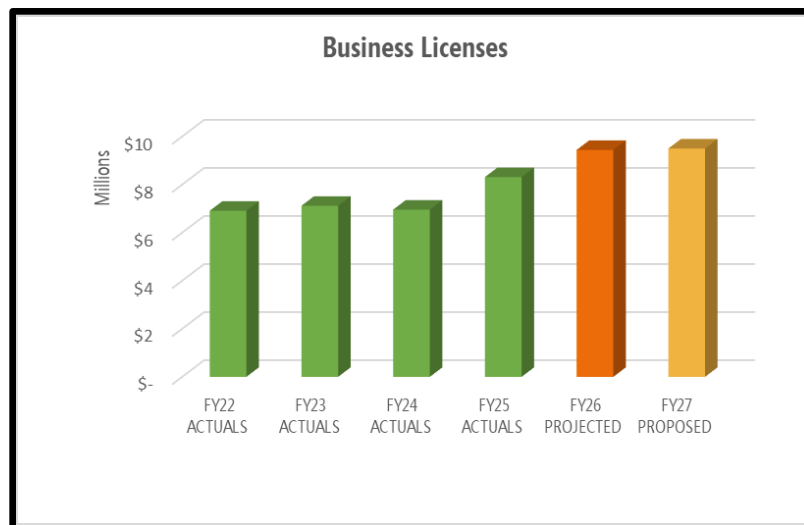
Simplified Sellers Use Tax (SSUT)

One of the fastest growing revenues over the last decade, Simplified Sellers Use Tax or SSUT, is projected to be 4.47% of total General Fund revenues. SSUT is a special program designed to make it easier for out-of-state and online sellers to collect and remit sales taxes on purchases shipped into Alabama. The current rate (8%) is administered and remitted to the city by the Alabama Department of Revenue. Since its first full year of receiving disbursements (FY2017), this revenue source has grown by over \$4.5 million.



Business Licenses

The second largest revenue source for the city is license fees, which comprises roughly 8.06% of total General Fund revenues. The city levies a license fee on business conducted in the Decatur city limits (Police Jurisdiction as well) based on a gross receipts business classification schedule. Schedules and associated rates are set both by Alabama State Code and City Ordinance.



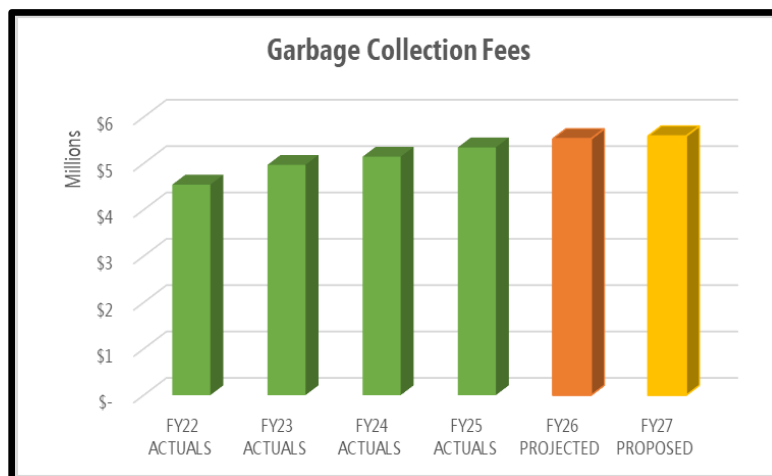
Property Taxes

Property taxes are taxes levied under various provisions of the constitution and statutes of the State of Alabama. These taxes are “ad valorem” meaning according to the value of the item being taxed. Many ad valorem taxes may be used only for purposes for which they are levied. Of the total 45.3 mills collected on property in Decatur city limits, 18.6 mills are allocated for general fund purposes and 3.6 mills restricted for Decatur City Board of Education. The city’s portion of property tax collections make up 5.21% of total General Fund revenues, proposed in the FY2027 budget.



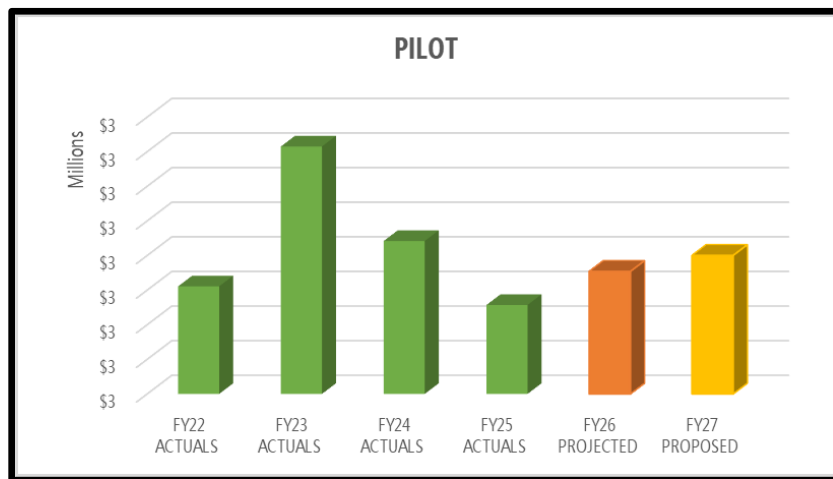
Garbage Collection Fees

The city charges for garbage collection, administered by Decatur Utilities, bound by a local city ordinance. The ordinance adjusts this fee annually according to the CPI (consumer price index). This revenue source makes up 5.30% of the proposed budget revenues in General Fund and is projected to be 5.37% of the General Fund revenues for FY2026.



Payment in Lieu of Taxes (PILOT)

The fifth largest general fund revenue source comes from Tennessee Valley Authority (TVA) by way of payments in lieu of taxes. TVA pays 5% of their profits to the 7 states that make up the TVA area in lieu of the assessment of local property taxes. The distribution formula from the State of Alabama split this percentage of profit for Alabama to the 16 counties serviced by TVA. The counties distribute the funds to cities and towns that would have received property taxes from TVA. Decatur's portion of payments in lieu of taxes make up 2.87% of total General Fund revenues projected for FY2026.



EXPENDITURES

FY27 ADOPTED ANNUAL BUDGET



City of Decatur, Alabama

Expenditures

While the revenue budgets for the new fiscal year are based on historical, current and projected economic trends, the expenditure budgets are based on known cost habits and proposed changes in the next budget year. Continuing the use of a zero-based budget, costs of known public services will equal revenues. Expenditure planning is critical to achieving this balanced approach.

Each year's budget requires careful deliberation to plan spending levels of the city. The following are topics of discussion amongst city leadership when deliberating cost protection and how movement can influence spending levels:

- Personnel – a critical city resource, direct correlation to public services provided
- Personnel Benefits – a function of employee wellness and health cost trends
- Debt Service – fixed costs based on transcripts (legal) agreements
- Agency Appropriations – the effects of funding changes in key public services
- Fleet Maintenance – driven by age and city function, growth in personnel and services, combined with the depreciation of individual assets and increased costs
- Technology – annual support and upgrades to existing systems, including advancement in cybersecurity and process efficiencies to improve citizen services with growth and demand
- Infrastructure Maintenance – aging city infrastructure with increased costs of maintenance materials and labor driven by availability and other external economic factors
- Utilities – market-based rates, dependent on weather and public use of facilities

Another factor to consider is the addition and construction of new facilities and infrastructure. Most construction is the result of increased demand, such as road extensions or parks and recreation facilities. While much of the actual construction costs are supported by borrowing, the city must consider the personnel, operation and debt service costs that increase the annual city's budgeted expenditures.

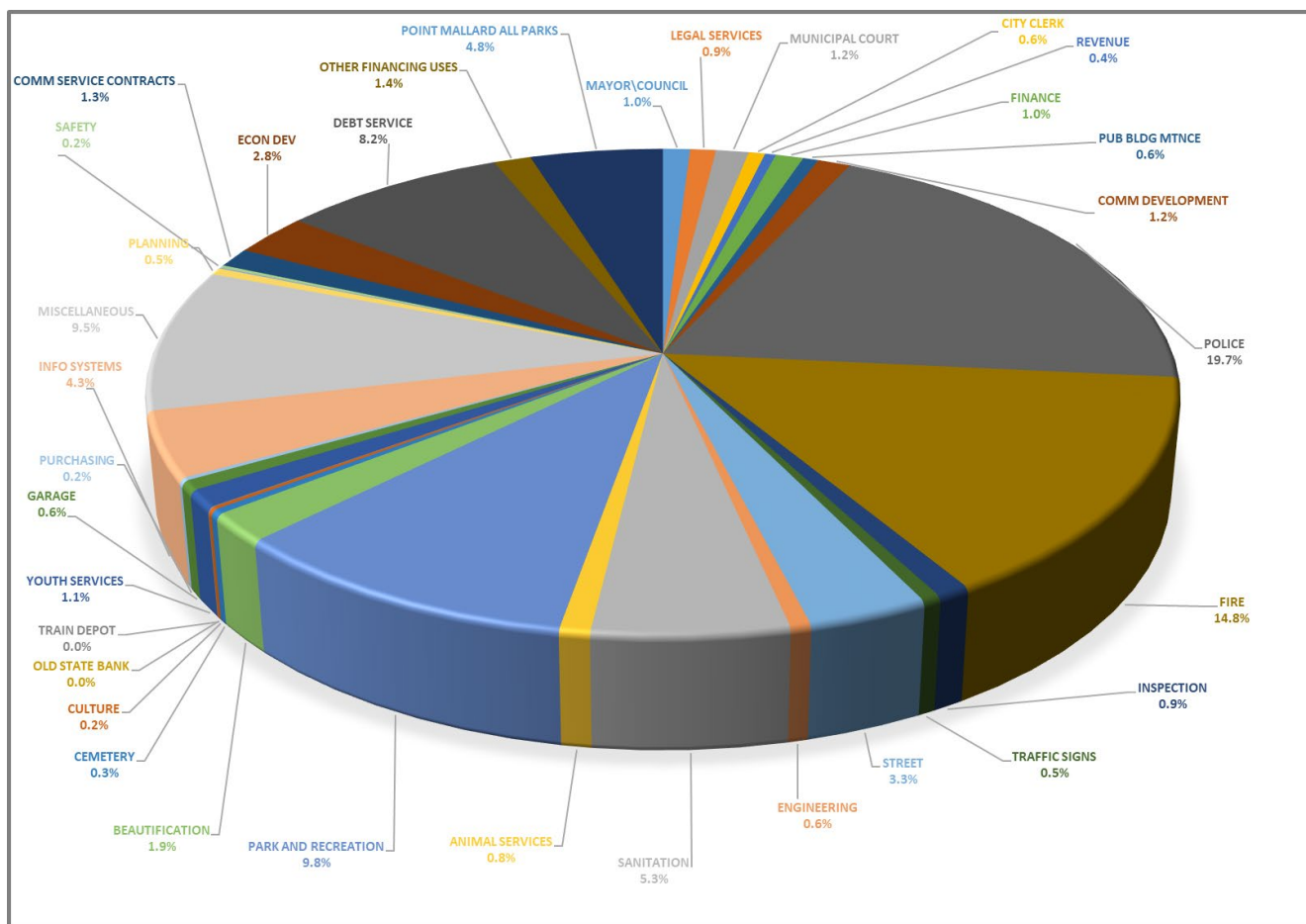
Considering the above factors, the expenditures presented in this section are divided in the following sections for comparability; departmental spending with trend information on personnel, agency and intergovernmental appropriations, debt service and transfers are presented.

Departmental Operations

For reporting purposes, the city has 43 General Fund departments, 1 blended component unit department (Human Resources\Personnel Board Fund) and 4 Enterprise Fund departments (Landfill & Recycling departments). Certain departments like Police, Municipal Court and Capital Improvements are partially accounted for outside the General Fund and discussed later pertaining to special revenue fund budgets requiring passage by the council.

Community Development, Planning, Decatur Youth Services, Street and Infrastructure, Fire, Police and Parks and Recreation may also be partially funded by grant funding. With the exception of certain grant matches proposed in the General Fund budget, grant awards are approved individually by council upon acceptance of awards and are not part of this budget proposal.

Shown below are the Fiscal Year 2027 proposed General Fund departmental budgets compared to one another. The departments with the largest share are also the departments that contain the largest number of employees, who, as mentioned above, have the largest effect on service levels in our community.



DEPARTMENTS	ACTUAL FY2025	BUDGET FY2026	PROPOSED BUDGET FY2027	INCREASE (DECREASE) FY2027 OVER FY2026	
	\$	\$	\$	AMOUNT \$	PERCENT %
MAYOR AND COUNCIL	703,664	969,590	1,041,382	71,792	7.40%
LEGAL SERVICES	870,496	1,279,400	991,297	(288,103)	-22.52%
MUNICIPAL COURT	969,151	1,279,583	1,264,608	(14,975)	-1.17%
CITY CLERK	588,581	620,237	628,604	8,367	1.35%
REVENUE	375,915	450,328	420,847	(29,481)	-6.55%
FINANCE	960,376	1,040,826	1,071,278	30,452	2.93%
PUBLIC BUILDING	1,183,912	514,167	593,587	79,420	15.45%
COMMUNITY DEVELOPMENT	1,190,967	1,236,787	1,261,772	24,985	2.02%
GARAGE	526,982	589,593	660,533	70,940	12.03%
PURCHASING	184,006	193,747	193,719	(28)	-0.01%
INFORMATION SYSTEMS	4,416,500	5,244,564	4,584,511	(660,053)	-12.59%
MISCELLANEOUS	8,384,603	8,542,600	10,022,420	1,479,820	17.32%
SAFETY	155,528	184,897	187,072	2,175	1.18%
SUBTOTAL - GENERAL GOVERNMENT	20,510,681	22,146,319	22,921,630	775,311	3.50%
FIRE	14,000,829	16,218,174	15,579,524	(638,650)	-3.94%
INSPECTION	859,032	1,004,082	958,622	(45,460)	-4.53%
POLICE	17,052,742	20,068,422	20,730,902	662,480	3.30%
TRAFFIC SIGNS & MARKINGS	441,775	517,202	525,698	8,496	1.64%
SUBTOTAL - PUBLIC SAFETY	32,354,378	37,807,880	37,794,746	(13,134)	-0.03%
STREET	3,372,995	3,043,038	3,482,539	439,501	14.44%
ENGINEERING	695,961	690,609	590,179	(100,430)	-14.54%
SANITATION	6,323,644	5,399,397	5,628,651	229,254	4.25%
SUBTOTAL - PUBLIC WORKS	10,392,600	9,133,044	9,701,369	568,325	6.22%
ANIMAL SHELTER	827,141	922,793	882,247	(40,546)	-4.39%
PARK AND RECREATION	7,882,118	8,877,725	10,353,268	1,475,543	16.62%
BEAUTIFICATION	1,667,175	1,783,160	2,007,120	223,960	12.56%
CEMETERY	254,499	343,120	319,521	(23,599)	-6.88%
YOUTH SERVICES	1,178,626	1,122,266	1,178,546	56,280	5.01%
CULTURE	450,239	195,854	159,854	(36,000)	-18.38%
TRAIN DEPOT	12,081	49,597	48,097	(1,500)	-3.02%
OLD STATE BANK	3,230	2,200	2,200	-	0.00%
POINT MALLARD AQUATIC	2,764,915	3,259,958	3,126,284	(133,674)	-4.10%
POINT MALLARD GOLF	1,351,348	882,720	1,197,666	314,946	35.68%
POINT MALLARD CAMPGROUND	413,274	500,903	444,641	(56,262)	-11.23%
POINT MALLARD EVENT & GEN PARK	316,133	222,800	340,999	118,199	53.05%
SUBTOTAL - PUBLIC SERVICES	17,120,780	18,163,096	20,060,443	1,897,346	10.45%
COMM SERVICE CONTRACTS	1,314,653	1,324,027	1,357,588	33,561	2.53%
ECONOMIC DEVELOPMENT	2,513,392	2,282,140	2,942,590	660,450	28.94%
SUBTOTAL - COMM. SERVICE CONTRACTS	3,828,044	3,606,167	4,300,178	694,011	19.25%
PLANNING	234,555	491,448	488,920	(2,528)	-0.51%
BUSINESS DEVELOPMENT	73,403	82,000	79,500	(2,500)	-3.05%
SUBTOTAL - COMMUNITY DEVELOPMENT	307,958	573,448	568,420	(5,028)	-0.88%
DEBT SERVICE	6,552,946	8,006,732	8,697,105	690,373	8.62%
OTHER FINANCING USES	8,336,986	1,760,223	1,427,574	(332,649)	-18.90%
SUBTOTAL - DEBT AND FINANCING USES	14,889,932	9,766,955	10,124,679	357,724	3.66%
GRAND TOTAL - GENERAL FUND	99,404,373	101,196,910	105,471,464	4,274,555	4.22%

DEPARTMENTS	ACTUAL FY2025	ORIG BUDGET FY2026	PROPOSED BUDGET FY2027	INCREASE (DECREASE) FY2027 OVER FY2026	
	\$	\$	\$	AMOUNT \$	PERCENT %
PERSONNEL	310,428	359,877	515,731	155,854	43.31%
OPERATING	393,236	609,713	525,651	(84,062)	-13.79%
MAYOR AND COUNCIL	703,664	969,590	1,041,382	71,792	7.40%
PERSONNEL	743,451	812,195	817,667	5,472	0.67%
OPERATING	44,827	167,205	173,630	6,425	3.84%
CAPITAL	82,218	300,000	-	(300,000)	-100.00%
LEGAL SERVICES	870,496	1,279,400	991,297	(288,103)	-22.52%
PERSONNEL	954,802	1,263,373	1,231,478	(31,895)	-2.52%
OPERATING	14,349	16,210	33,130	16,920	104.38%
MUNICIPAL COURT	969,151	1,279,583	1,264,608	(14,975)	-1.17%
PERSONNEL	490,923	513,548	534,204	20,656	4.02%
OPERATING	97,657	106,689	94,400	(12,289)	-11.52%
CITY CLERK	588,581	620,237	628,604	8,367	1.35%
PERSONNEL	343,893	377,173	393,092	15,919	4.22%
OPERATING	32,022	73,155	27,755	(45,400)	-62.06%
REVENUE	375,915	450,328	420,847	(29,481)	-6.55%
PERSONNEL	946,931	1,023,211	1,064,573	41,362	4.04%
OPERATING	13,445	17,615	6,705	(10,910)	-61.94%
FINANCE	960,376	1,040,826	1,071,278	30,452	2.93%
PERSONNEL	252,841	288,162	290,432	2,270	0.79%
OPERATING	183,897	226,005	303,155	77,150	34.14%
CAPITAL	747,174	-	-	-	-
PUBLIC BUILDING	1,183,912	514,167	593,587	79,420	15.45%
PERSONNEL	1,031,582	1,100,060	1,143,396	43,336	3.94%
OPERATING	159,285	136,727	118,376	(18,351)	-13.42%
CAPITAL	100	-	-	-	0.00%
COMMUNITY DEVELOPMENT	1,190,967	1,236,787	1,261,772	24,985	2.02%
PERSONNEL	402,552	458,953	471,606	12,653	2.76%
OPERATING	124,430	130,640	188,927	58,287	44.62%
CAPITAL	-	-	-	-	0.00%
GARAGE	526,982	589,593	660,533	70,940	12.03%
PERSONNEL	170,766	180,447	184,069	3,622	2.01%
OPERATING	13,239	13,300	9,650	(3,650)	-27.44%
PURCHASING	184,006	193,747	193,719	(28)	-0.01%
PERSONNEL	1,344,427	1,416,030	1,326,976	(89,054)	-6.29%
OPERATING	2,674,436	3,761,534	3,257,535	(503,999)	-13.40%
CAPITAL	397,637	67,000	-	(67,000)	0.00%
INFORMATION SYSTEMS	4,416,500	5,244,564	4,584,511	(660,053)	-12.59%

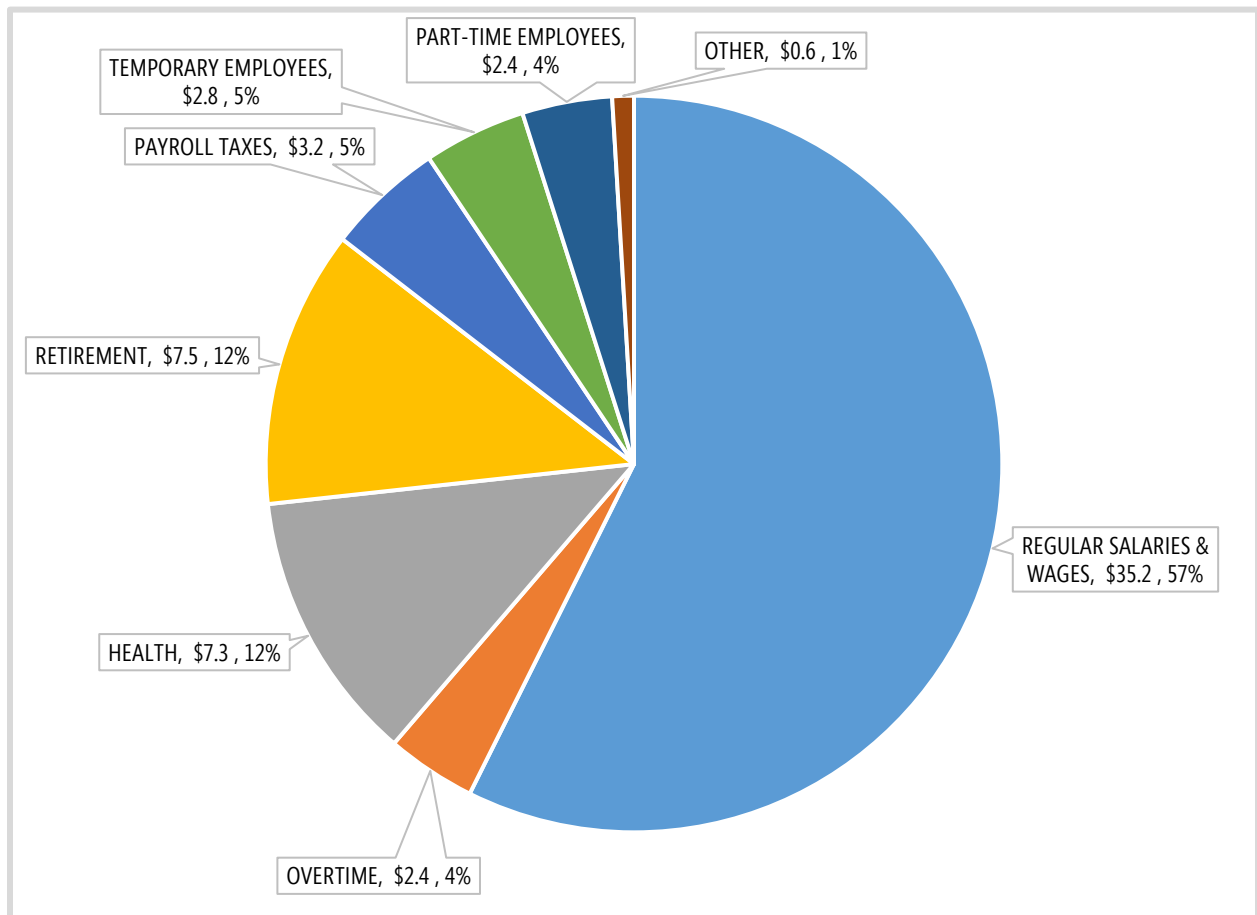
DEPARTMENTS	ACTUAL FY2025 \$	ORIG BUDGET FY2026 \$	PROPOSED BUDGET FY2027 \$	INCREASE (DECREASE) FY2027 OVER FY2026	
				AMOUNT \$	PERCENT %
OPERATING	8,384,603	8,042,600	10,022,420	1,979,820	24.62%
CAPITAL	-	500,000	-	(500,000)	-100.00%
MISCELLANEOUS	8,384,603	8,542,600	10,022,420	1,479,820	17.32%
PERSONNEL	112,805	117,158	121,706	4,548	3.88%
OPERATING	42,723	67,739	65,366	(2,373)	-3.50%
SAFETY	155,528	184,897	187,072	2,175	1.18%
PERSONNEL	12,612,215	14,463,382	13,989,633	(473,749)	-3.28%
OPERATING	1,091,601	1,754,792	1,589,891	(164,901)	-9.40%
CAPITAL	297,014	-	-	-	0.00%
FIRE	14,000,829	16,218,174	15,579,524	(638,650)	-3.94%
PERSONNEL	827,098	953,262	908,602	(44,660)	-4.68%
OPERATING	31,933	50,820	50,020	(800)	-1.57%
INSPECTION	859,032	1,004,082	958,622	(45,460)	-4.53%
PERSONNEL	13,600,942	16,192,027	16,538,231	346,204	2.14%
OPERATING	2,847,288	3,276,395	3,576,308	299,913	9.15%
CAPITAL	604,512	600,000	616,363	16,363	2.73%
POLICE	17,052,742	20,068,422	20,730,902	662,480	3.30%
PERSONNEL	322,283	370,695	370,191	(504)	-0.14%
OPERATING	107,142	146,507	155,507	9,000	6.14%
CAPITAL	12,350	-	-	-	0.00%
TRAFFIC SIGNS & MARKINGS	441,775	517,202	525,698	8,496	1.64%
PERSONNEL	1,893,324	2,152,260	2,189,645	37,385	1.74%
OPERATING	1,223,763	744,778	1,146,894	402,116	53.99%
CAPITAL	255,908	146,000	146,000	-	0.00%
STREET	3,372,995	3,043,038	3,482,539	439,501	14.44%
PERSONNEL	508,853	562,209	510,611	(51,598)	-9.18%
OPERATING	113,033	128,400	79,568	(48,832)	-38.03%
CAPITAL	74,075	-	-	-	0.00%
ENGINEERING	695,961	690,609	590,179	(100,430)	-14.54%
PERSONNEL	2,245,013	2,555,877	2,746,354	190,477	7.45%
OPERATING	2,026,134	2,007,611	2,335,233	327,622	16.32%
CAPITAL	2,052,497	835,909	547,064	(288,845)	-34.55%
SANITATION	6,323,644	5,399,397	5,628,651	229,254	4.25%
PERSONNEL	630,978	729,116	695,635	(33,481)	-4.59%
OPERATING	152,959	193,677	186,612	(7,065)	-3.65%
CAPITAL	43,203	-	-	-	0.00%
ANIMAL SHELTER	827,141	922,793	882,247	-40,546	-4.39%

DEPARTMENTS	ACTUAL FY2025 \$	ORIG BUDGET FY2026 \$	PROPOSED BUDGET FY2027 \$	INCREASE (DECREASE) FY2027 OVER FY2026	
				AMOUNT \$	PERCENT %
PERSONNEL	5,747,183	6,398,401	7,037,199	638,798	9.98%
OPERATING	2,032,923	2,479,324	3,257,569	778,245	31.39%
CAPITAL	102,012	-	58,500	58,500	0.00%
PARK AND RECREATION	7,882,118	8,877,725	10,353,268	1,475,543	16.62%
PERSONNEL	265,200	356,746	356,514	(232)	-0.07%
OPERATING	1,401,976	1,426,414	1,650,606	224,192	15.72%
CAPITAL	0	-	-	-	0.00%
BEAUTIFICATION	1,667,175	1,783,160	2,007,120	223,960	12.56%
PERSONNEL	141,278	149,485	154,121	4,636	3.10%
OPERATING	113,221	193,635	165,400	(28,235)	-14.58%
CEMETERY	254,499	343,120	319,521	-23,599	-6.88%
PERSONNEL	963,988	1,009,735	1,052,846	43,111	4.27%
OPERATING	151,987	112,531	125,700	13,169	11.70%
CAPITAL	62,650	-	-	-	0.00%
YOUTH SERVICES	1,178,626	1,122,266	1,178,546	56,280.31	5.01%
OPERATING	225,458	195,854	159,854	(36,000)	0.00%
CAPITAL	224,781	-	-	-	0.00%
CULTURE	450,239	195,854	159,854	-36,000	-18.38%
OPERATING	12,081	49,597	48,097	(1,500)	-3.02%
TRAIN DEPOT	12,081	49,597	48,097	(1,500)	-3.02%
PERSONNEL	-	-	-	-	0.00%
OPERATING	3,230	2,200	2,200	-	0.00%
OLD STATE BANK	3,230	2,200	2,200	-	0.00%
PERSONNEL	1,593,668	1,889,908	2,075,149	185,241	9.80%
OPERATING	915,116	1,370,050	1,051,135	(318,915)	-23.28%
CAPITAL	256,132	-	-	-	0.00%
POINT MALLARD AQUATIC	2,764,915	3,259,958	3,126,284	(133,674)	-4.10%
PERSONNEL	766,124	472,000	684,446	212,446	45.01%
OPERATING	420,058	410,720	513,220	102,500	24.96%
CAPITAL	165,166	-	-	-	0.00%
POINT MALLARD GOLF	1,351,348	882,720	1,197,666	314,946	35.68%
PERSONNEL	246,574	315,553	272,691	(42,862)	-13.58%
OPERATING	166,700	185,350	171,950	(13,400)	-7.23%
CAPITAL	-	-	-	-	0.00%
POINT MALLARD CAMPGROUND	413,274	500,903	444,641	-56,262	-11.23%
PERSONNEL	105,885	-	124,299	124,299	0.00%
OPERATING	210,248	222,800	216,700	(6,100)	-2.74%
CAPITAL	-	-	-	-	0.00%
POINT MALLARD EVENT & GEN PARK	316,133	222,800	340,999	118,199	53.05%
PERSONNEL	206,119	421,466	448,132	26,666	6.33%
OPERATING	28,436	69,982	40,788	(29,194)	-41.72%
PLANNING	234,555	491,448	488,920	(2,528)	-0.51%

Salaries and Benefits Costs

Citywide, City of Decatur will budget about \$61.33 million in FY2027 on employee salaries and benefits. Of this amount, approximately 70% (\$42.7M) is budgeted for employee compensation and 30% (\$18.56M) will be spent on other benefits. The cost of an average full-time employee (compensation and benefits) budgeted for FY2027 is \$101,910. This includes an average benefit cost of \$32,621 or 32% (fringe benefit rate). A breakdown of FY2027 personnel costs for all city funds budgeted is illustrated as follows:

CITY OF DECATUR ANNUAL PAYROLL COSTS (\$ in Millions)



Economic and Community Appropriations

Decatur partners with numerous agencies to further culture, community, education, recreation, public safety and local economic efforts of a growing region. The city contracts with each entity in an understanding of the specific services the entity will provide. These entities, partnerships and contracts take many forms to deliver the greatest impact to their targeted population. Below is a listing of all appropriations to outside city and non-profit agencies for the proposed FY2027 budget.

AGENCY NAME	FY25 Actuals	FY26 Revised Budget	FY27 Original Budget Proposal
Decatur Public Library	\$ 397,680	\$ 412,680	\$ 412,680
Morgan Co EMCD-911	\$ 477,487	\$ 501,362	\$ 516,403
Decatur/Morgan Emergency Mgmt Agency	\$ 31,500	\$ 31,500	\$ 31,500
Mental Health Center	\$ 27,000	\$ 27,000	\$ 27,000
Morgan Co Health Dept	\$ 108,000	\$ 108,000	\$ 108,000
Com Act Partnership-Meals on Wheels	\$ 12,805	\$ 12,805	\$ 12,805
Com Act Partnership-Foster Grandparents	\$ 6,480	\$ 6,480	\$ -
Princess Theatre	\$ 72,000	\$ 72,000	\$ 72,000
Dec Morgan Seniors Council	\$ 45,900	\$ 45,900	\$ 45,900
Morgan Co Rescue Squad	\$ 13,500	\$ 13,500	\$ 13,500
Delano Park Conservancy	\$ 25,000	\$ 25,000	\$ 25,000
Volunteer Center	\$ 4,500	\$ -	\$ -
Carnegie Visual Arts Ctr	\$ 15,300	\$ 15,300	\$ 15,300
Community Free Clinic	\$ 67,500	\$ 67,500	\$ 67,500
Young Professionals of Decatur	\$ 10,000	\$ 10,000	\$ 10,000
Clearview Cancer Institute (CCI Economic Development)	\$ 150,000	\$ 182,788	\$ -
Decatur-Morgan Co Chamber - The Partnership, 5-Year Plan	\$ 45,000	\$ 45,000	\$ 45,000
Morgan Co Economic Develop Assoc	\$ 54,900	\$ 54,900	\$ 54,900
NARCOG-Transport Planning	\$ 270,000	\$ 341,268	\$ 270,000
Decatur-Morgan Convention & Visitors-Tourism	\$ 1,250,802	\$ 1,189,550	\$ 950,000
Pryor Field	\$ 27,000	\$ 27,000	\$ 27,000
Decatur-Morgan Co Chamber - Business Development	\$ 45,000	\$ 45,000	\$ 45,000
Downtown Decatur Merchants & Business Assoc (DDMBA) -3rd Friday	\$ 5,000	\$ -	\$ -
Rock the South Economic Dev	\$ -	\$ 700,000	\$ 900,000
Downtown Redevelop Authority	\$ 75,690	\$ 75,690	\$ 75,690
Entrepreneurial Center	\$ 90,000	\$ 75,000	\$ 75,000
Best and Brightest	\$ 500,000	\$ 500,000	\$ 500,000
Total General Fund	\$ 3,828,044	\$ 4,585,223	\$ 4,300,178

AGENCY NAME	FY25 Actuals	FY26 Revised Budget	FY27 Original Budget Proposal
Decatur Public Library	\$ 99,420	\$ 99,420	\$ 149,420
Morgan Co Child Advocacy Ctr	\$ 25,000	\$ 25,000	\$ 25,000
Decatur Youth Symphony	\$ 20,000	\$ 20,000	\$ 20,000
Boys & Girls Club	\$ 100,000	\$ 100,000	\$ 100,000
Total School Fund	\$ 244,420	\$ 244,420	\$ 294,420

AGENCY NAME	FY25 Actuals	FY26 Revised Budget	FY27 Original Budget Proposal
Decatur Morgan Co Hospitality- 2026 Spirit of America Sponsorship	\$ -	\$ 7,000	\$ -
Decatur Morgan Co Hospitality -2026 North Alabama Airfest Sponsorship	\$ -	\$ 10,000	\$ -
Rock the South Economic Development	\$ -	\$ 500,000	\$ 200,000
Total Room Occupancy Fund	\$ -	\$ 517,000	\$ 200,000

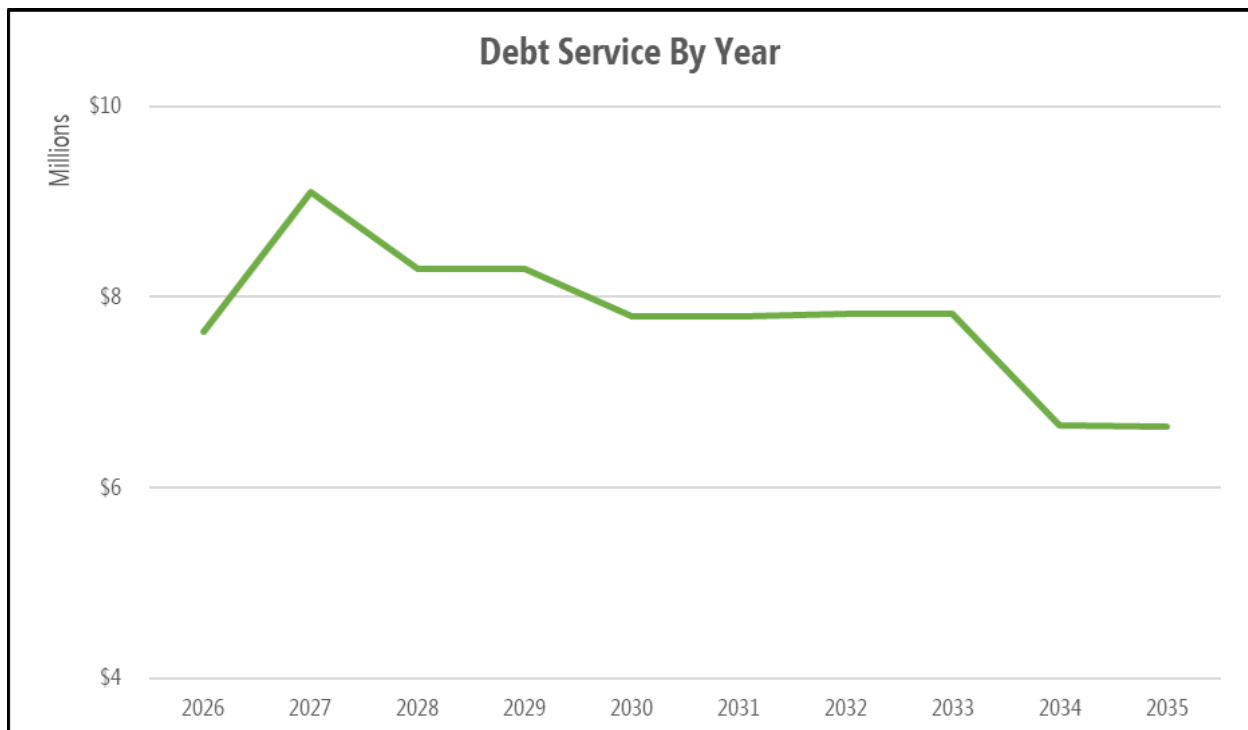
AGENCY NAME	FY25 Actuals	FY26 Revised Budget	FY27 Original Budget Proposal
Bridge Life Inc	\$ -	\$ 124,200	\$ 124,200
Partnership for a Drug Free Community	\$ 174,600	\$ 195,600	\$ 216,600
Victorious Reentry Program	\$ -	\$ 121,750	\$ 122,350
Total Opioid Settlement Fund	\$ 174,600	\$ 441,550	\$ 463,150
Grand Totals	\$ 4,247,064	\$ 5,788,193	\$ 5,257,748

Debt Service and Debt Outstanding

The city issues debt to finance the construction of long-term capital projects. Most debt issued by the city of Decatur is categorized as "general obligation" debt, or debt that is backed by the full faith and credit of the city. A summary of all the outstanding debt and future year over year debt service of the city is as follows:

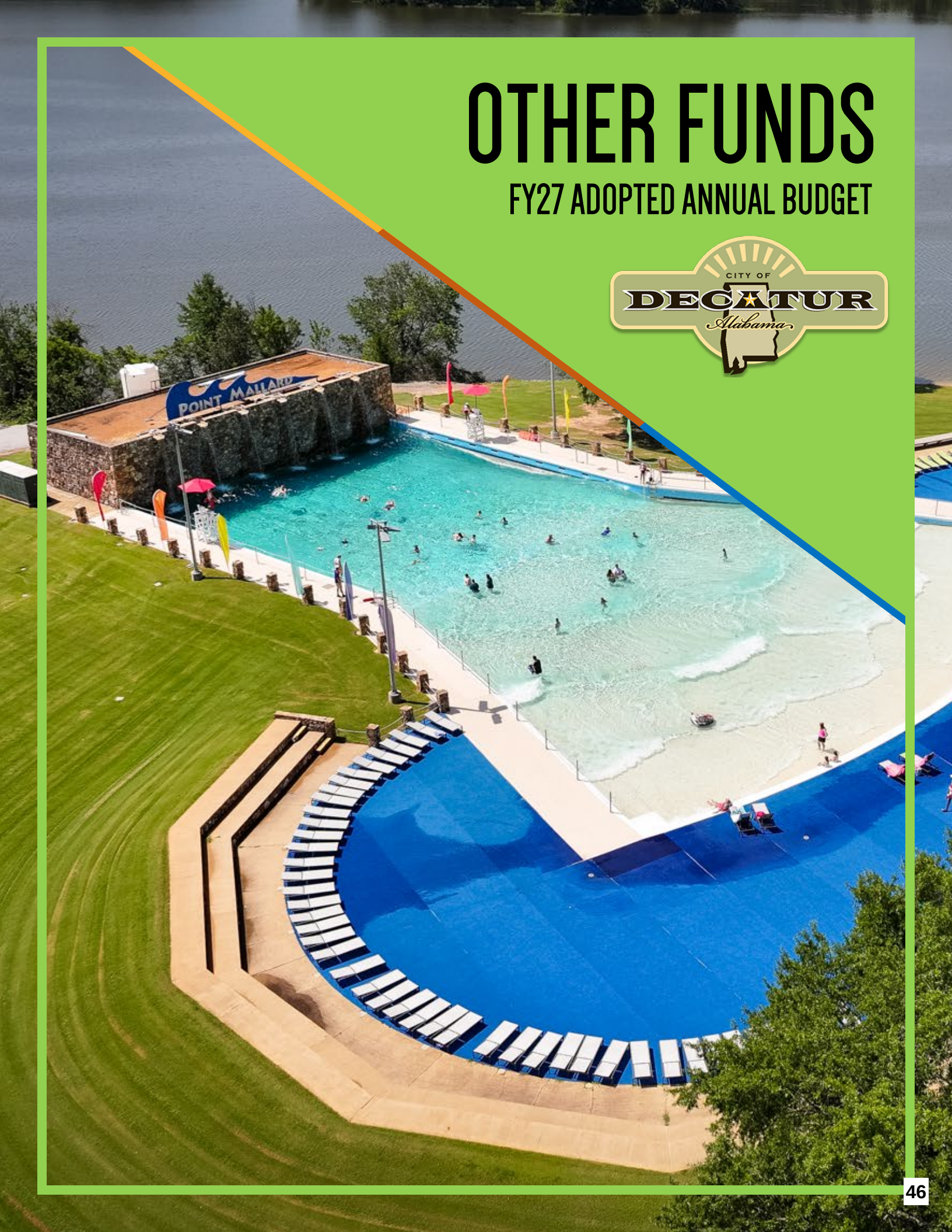
Issuance Series	Original Issue Amount	Outstanding as of October 1st, 2026
2016-A	21,630,000	7,130,000
2016-B	5,140,000	3,095,000
2021-A	17,660,000	9,005,000
2021-B	16,150,000	16,150,000
2021-C	2,035,000	2,035,000
2023	32,745,000	32,745,000
2025-A	30,110,000	30,110,000
2025-B	5,085,000	5,085,000
Total	95,360,000	70,160,000

The following is a table of debt service payments across funds for the warrants.



OTHER FUNDS

FY27 ADOPTED ANNUAL BUDGET



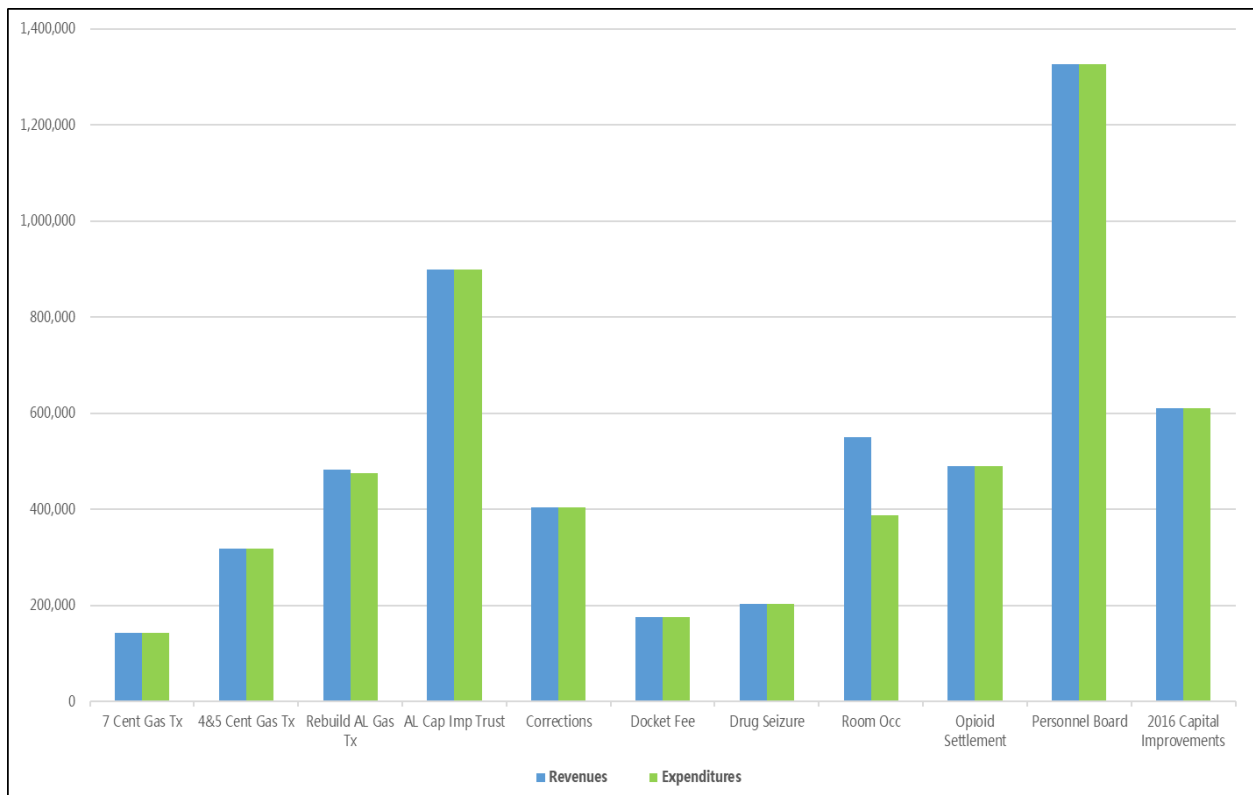
City of Decatur, Alabama

Other Governmental Funds

Fiscal Year 2027 Proposed Budgets

Other Governmental Funds	7 Cent Gas Tax	4&5 Cent Gas Tax	Rebuild AL Gas Tax	AL Cap Imp Trust	Corrections
Revenues	144,000	318,700	482,000	900,000	403,799
Expenditures	144,000	318,700	475,000	900,000	403,799
Revenues over (under) Expenditures	-	-	7,000	-	-

Other Governmental Funds	Docket Fee	Drug Seizure	Room Occ	Opioid Settlement	Personnel Board	Cap Improv
Revenues	175,700	203,000	550,000	489,350	1,326,618	610,000
Expenditures	175,700	203,000	387,636	489,350	1,326,618	610,000
Revenues over (under) Expenditures	-	-	162,364	-	-	-



Title and Description of Other Governmental Fund	ACTUAL FY2025 \$	BUDGET FY2026 \$	PROPOSED BUDGET FY2027 \$
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7 Cent Gas Tax Fund

Accounts for Decatur's share of the State of Alabama seven cent gas tax revenues and expenditures; restricted for use of highway maintenance and improvement of public streets.

Revenue	145,228	142,000	144,000
Expense	43,135	142,000	144,000
Excess (deficit) of Revenue over Expenditures	102,093	-	-

4 & 5 Cent Gas Tax Fund

Accounts for Decatur's share of the State of Alabama four and five cent gas tax revenues and expenditures; restricted for the resurfacing, restoration, and rehabilitation of roads, bridges, and streets.

Revenue	324,156	317,700	318,700
Expense	267,095	300,000	318,700
Excess (deficit) of Revenue over Expenditures	57,060	17,700	-

2019 Rebuild AL Gas Tax Fund

Accounts for Decatur's share of the Rebuild Alabama gas tax; this additional gas tax funding is designated for the repairs and resurfacing of public streets and bridges.

Revenue	477,027	431,000	482,000
Expense	386,994	425,000	475,000
Excess (deficit) of Revenue over Expenditures	90,033	6,000	7,000

Alabama Capital Improvement Trust Fund

Accounts for Decatur's share of the interest earned from the State of Alabama Trust Fund; designated for capital improvements, payment of bond principal /interest, and restoration of capital improvements such as building and streets.

Revenue	535,256	1,275,949	900,000
Expense	680,550	1,206,267	900,000
Excess (deficit) of Revenue over Expenditures	(145,295)	69,682	-

Corrections Fund

Accounts for a portion of all traffic and misdemeanor offenses designated to be used for construction, operation or maintenance of municipal jail, juvenile center, court complex or other correctional facilities.

Revenue	276,654	270,000	403,799
Expense	219,428	261,801	403,799
Excess (deficit) of Revenue over Expenditures	57,226	8,199	-

Title and Description of Other Governmental Fund	ACTUAL FY2025 \$	BUDGET FY2026 \$	PROPOSED BUDGET FY2027 \$
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Docket Fees Fund

Accounts for all special court fees collected designated for use by municipal court for training, equipment and enhancements for the court system.

Revenue	95,092	144,300	175,700
Expense	238,115	144,300	175,700
Excess (deficit) of Revenue over Expenditures	(143,023)	-	-

Drug Seizure Fund

Accounts for funds generated from the sale of transferred property from illegal drug operations designated for use in police activities related to drug operations.

Revenue	44,432	132,365	203,000
Expense	174,927	132,365	203,000
Excess (deficit) of Revenue over Expenditures	(130,495)	-	-

Room Occupancy Fund

Accounts for the \$3 per rented room (\$1.50 in Police Jurisdiction) tax levy; restricted for the promotion of City tourism.

Revenue	530,811	550,000	550,000
Expense	147,368	187,428	387,636
Excess (deficit) of Revenue over Expenditures	383,443	362,572	162,364

Opioid Settlement Fund

Accounts for Decatur's share of the State of Alabama settlements with manufacturers, distributors and retailers stemming from opioid related agreements restricted for opioid abatement and remediation along with administrative costs.

Revenue	696,525	438,619	489,350
Expense	175,839	202,700	489,350
Excess (deficit) of Revenue over Expenditures	520,686	235,919	-

Personnel Board Fund

Accounts for activity of the specially appointed personnel board which fills the role of human resources and payroll preparation.

Revenue (Transfer In from GF)	1,008,604	1,195,337	1,326,618
Expense	1,008,604	1,195,337	1,326,618
Excess (deficit) of Revenue over Expenditures	-	-	-

Title and Description of Other Governmental Fund	ACTUAL FY2025 \$	BUDGET FY2026 \$	PROPOSED BUDGET FY2027 \$
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Capital Improvements Fund

Accounts for the revenues and expenditures related to the Joe Wheeler PILOT revenue and construction of roads.

Revenue	599,792	580,000	610,000
Expense	288,725	257,000	610,000
Excess (deficit) of Revenue over Expenditures	311,067	323,000	-

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City of Decatur Board of Education

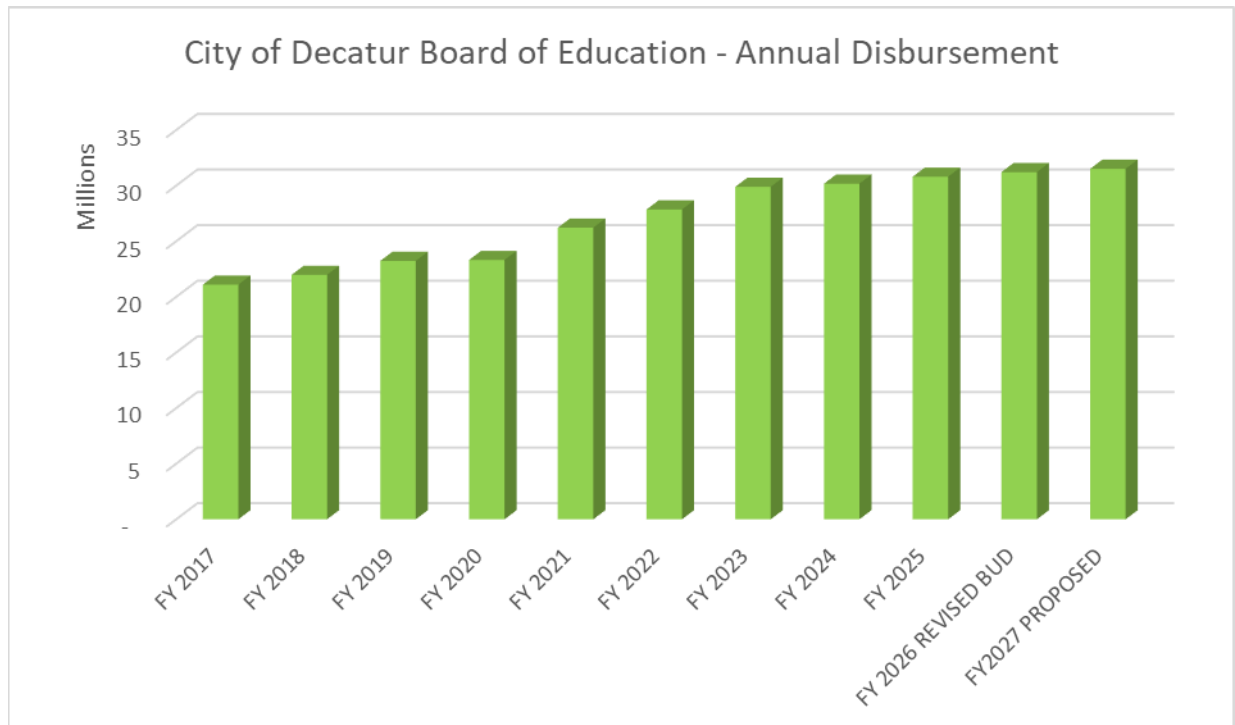
The Board of Education is responsible for elementary and secondary education within the government's jurisdiction. The citizens of the City of Decatur elect members of the Board of Education and this board serves as the approving body for all school related budgets. The Board of Education is fiscally dependent upon the City of Decatur government due to the tax levies received. These tax levies include sales and use, property, tobacco and payments in lieu of tax. The Board of Education is presented as a governmental fund type, specifically as a discretely presented component unit. Only the portion of school revenue that is passed through the city is presented in this budget for council consideration and does not represent the total revenues and expenditures of the City of Decatur Board of Education.

Title and Description of Other Governmental Fund	ACTUAL FY2025 \$	BUDGET FY2026 \$	PROPOSED BUDGET FY2027 \$
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Board of Education Fund - Decatur City Schools

Accounts for the appropriation of sales and use tax, property tax, tobacco tax and payments in lieu of tax allocated to pass through to the Decatur City Schools.

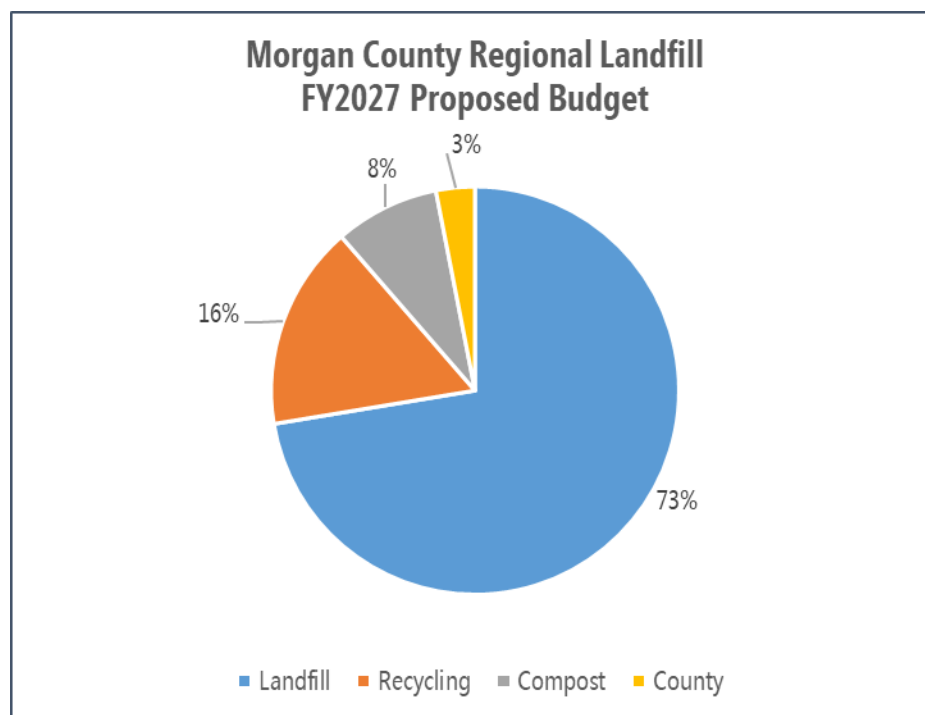
Revenue	31,064,442	31,175,704	31,848,747
Expense	31,064,442	31,175,704	31,848,747
Excess (deficit) of Revenue over Expenditures	-	-	-



Enterprise Fund – Landfill & Recycling

Revenues

The city administers, maintains and operates the Morgan County Regional Landfill and Recycling facility, classified as the city's only proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the Decatur's audited financial statements. The City of Decatur and Morgan County form a 50/50 owner partnership and the City of Decatur acts as administrator of the facility's operations and stewards of the facility's resources. Morgan County Regional Landfill and Recycling departments include landfill, recycling, compost & county administered operations. The landfill department is the largest comprising 73% of proposed budget for FY2027. The facility's revenues are shared to offset the 4 department's operational costs.



The facility's top revenue sources in the proposed FY2027 budget are the following:

- Private and Industrial Accounts
- City of Decatur
- Investment Interest
- Sales of Electricity
- Sales of Recycling Center

Using historical data from prior years, private and industrial dumping on average accounts for approximately 71% of Decatur Morgan Landfill's revenue budget. The City of Decatur dumping makes up on average 11% of the landfill's revenue budget. This includes regular trash dumping and debris. The recently approved rate increase for certain dumping was factored into the projection for this revenue source.

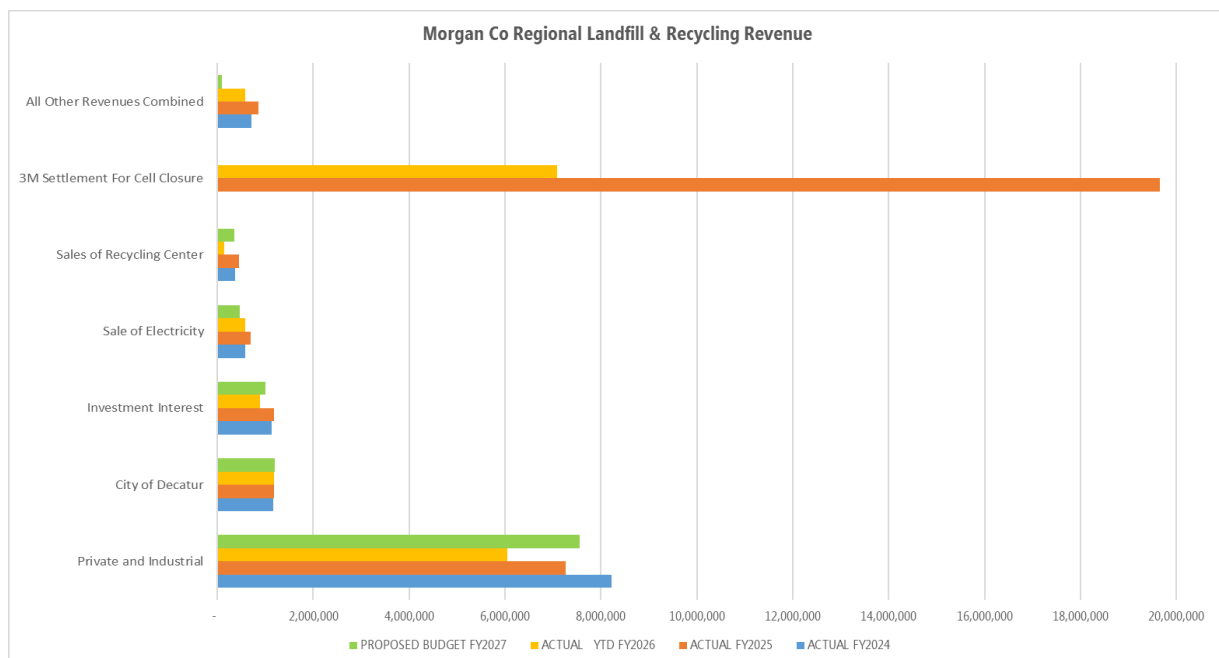
Investment interest is the 3rd largest source of revenue for the landfill. Because of the landfill's fiscal cash balance, the amount of interest earned is substantial.

The 4th largest revenue budgeted for the landfill is sale of electricity. The landfill's methane is used to produce electricity by a third party and sold to Joe Wheeler. Although it is a revenue, this revenue is dependent on non-drought conditions to be robust.

Sales of the recycling center is budgeted to be the 5th largest revenue source of the landfill. With an increased global awareness to repurpose materials and investment in technologies funded by grant proceeds, the landfill has seen consistent revenues over the past several years with the exception of FY2020 due to the pandemic.

The largest FY26 revenue for the facility will once again be 3M Settlement funds. To date, the Landfill has received \$26.73 million. However, this revenue is 100% offset by the expenditures recorded for the closure of cells 2-11 per the settlement agreement (see increased Landfill operating expense YTD). The project is slated to be complete in FY2026.

Description	ACTUAL FY2024	ACTUAL FY2025	ACTUAL YTD FY2026	PROPOSED BUDGET FY2027
Private and Industrial	8,217,336	7,257,095	6,048,768	7,551,941
City of Decatur	1,165,130	1,177,071	1,185,108	1,200,000
Investment Interest	1,130,751	1,186,127	891,562	1,000,000
Sale of Electricity	573,182	699,499	578,284	475,000
Sales of Recycling Center	372,021	455,751	144,433	350,000
3M Settlement For Cell Closure	-	19,650,019	7,085,794	-
All Other Revenues Combined	705,832	863,149	581,238	95,750
TOTAL	12,164,251	31,288,710	16,515,188	10,672,691



Expenditures

The FY2027 budget proposal is comprised of 2 component, Morgan County's estimates of the budget needed for the county administered department and the city's projection for all other departments based upon historical data and information from the landfill director.

Description	ACTUAL FY2024	ACTUAL FY2025	REVISED BUDGET FY2026	ACTUAL YTD FY2026	PROPOSED BUDGET FY2027
Landfill Personnel	1,008,783	958,007	1,065,626	995,884	1,116,540
Landfill Operating	2,475,253	22,444,451	10,861,742	9,996,941	3,735,997
Landfill Depreciation	1,496,917	1,464,912	950,000	10,881	1,400,000
TOTAL	4,980,953	24,867,370	12,877,368	11,003,706	6,252,537
Recycling Personnel	556,268	673,438	779,146	590,109	781,538
Recycling Operating	310,111	365,594	564,684	328,388	394,956
Recycling Depreciation	165,095	228,325	225,000		225,000
TOTAL	1,031,474	1,267,357	1,568,830	918,497	1,401,494
Compost Personnel	212,972	174,209	239,380	176,339	252,698
Compost Operating	173,077	243,309	348,855	283,723	264,100
Compost Depreciation	177,348	208,546	77,926	-	200,000
TOTAL	563,397	626,064	666,161	460,062	716,798
County Personnel	162,278	179,065	205,899	147,651	221,634
County Operating	27,253	21,832	33,217	25,864	33,217
County Depreciation	17,602	14,981	12,000	-	12,000
TOTAL	207,133	215,878	251,116	173,515	266,851

For this enterprise fund, capital expenditures are not a required part of the adopted budget as they are not recorded as expenditures; only the depreciation expense of the assets where applicable. However, capital expenditures are presented to council to keep the council, county and citizenry advised of landfill and recycling improvements in real and personal property. Assets can vary from open/closure of cells for dumping to equipment and vehicles. Current proposed FY2027 of \$1,708,000 capital requests are as follows:

- Administrative office renovations \$30k
- Cell B construction/demolition site additional funding \$250K
- Generator for sump pump \$90K
- Bull fencing \$80K
- Vehicle for scale operator \$35k
- Closure/post-closure \$352k
- Conveyor for new baler \$200K
- Scissor lift \$25k
- Trailers \$50k
- Rubber Tire Loaders \$520k
- F250 Truck \$60k
- Fuel Rig for C&D site \$16k

CITY COUNCIL AGENDA ITEM REPORT

DATE: September 28, 2026

SUBMITTED BY: Herman Marks, Legal

ITEM TYPE: Ordinances

AGENDA SECTION: ORDINANCES: FIRST READING

SUBJECT: Ordinance No. 26-4669: Approve amendment of Landfill disposal rates for out of county tires

FINANCIAL IMPACT: increased landfill revenue

SUGGESTED ACTION:

ATTACHMENTS:

[Ord 26-4669_Landfill_Tire_Disposal_Fees_Amended.pdf](#)

ORDINANCE NO. 26-4669

BE IT ORDAINED by the City Council of the City of Decatur, Alabama as follows:

Section 1. That Subsection (4) of Section 19-38.1 of the CODE OF DECATUR, ALABAMA is hereby amended to read as follows:

“(4) For disposal of passenger tires, per tire \$100.00. For disposal of all other tires, i.e.; (tractor trailer, heavy equipment, farm, industrial), per ton \$1500.00.”

Section 2. This Ordinance shall take effect immediately upon its publication as required by law.

ADOPTED this _____ day of _____, 2026.

APPROVED this _____ day of _____ 2026.

Mayor

ATTEST:

City Clerk

CITY COUNCIL AGENDA ITEM REPORT

DATE: September 28, 2026

SUBMITTED BY: Herman Marks, Legal

ITEM TYPE: Agreements

AGENDA SECTION: ORDINANCES: FIRST READING

SUBJECT: Ordinance No. 26-4670: Approve Point Mallard Golf Course Grill
Lease with Seasoned Hospitality, LLC

FINANCIAL IMPACT: Revenue positive

SUGGESTED ACTION:

ATTACHMENTS:

[Ord 26-4670_Point_Mallard_Grill_Lease_Approval.pdf](#)

[Commercial_Lease_Clean_Typed_FINAL_Under24MB.pdf](#)

ORDINANCE NO. 26-4670

The City Council finds and determines that the following described premises in the City of Decatur, Alabama; to-wit:

Those premises as described on the attached Exhibit A for Lease of those areas within or serving the Point Mallard clubhouse at Point Mallard Golf Course (incorporated herein by reference)

is hereby determined to be real property surplus to the present needs of the City and not needed presently for municipal purposes; said premises can be better used in conjunction with Point Mallard Golf Course operations to supplement the food and beverage service needs at the Golf Course;

The City Council further finds and determines that it serves a public purpose and enhances economic development to lease this property;

THEREFORE, BE IT ORDAINED by the City Council of the City of Decatur, Alabama that the Mayor is authorized on behalf of the City to execute the attached Commercial Lease Agreement and other necessary documents for the lease of the premises as described on the attached lease incorporating Exhibit A.

Adopted this _____ day of _____ 2026.

Approved this _____ day of _____ 2026.

Attest:

Approved:

City Clerk

Mayor

COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement (this "Lease") is entered into as of [EFFECTIVE DATE] by and between City of Decatur, Alabama, an Alabama municipal corporation, acting by and through its duly authorized Mayor ("Lessor"), and Seasoned Hospitality, LLC, an Alabama limited liability company, d/b/a The Roost, ("Lessee").

ARTICLE 1 - BASIC LEASE TERMS

I. Lessor. City of Decatur, Alabama, with a notice address of Post Office Box 488, Decatur, Alabama 35602, Attention: ____ Kent Lawrence, Mayor

II. Lessee. Seasoned Hospitality, LLC, an Alabama limited liability company, with a notice address of 315 Wilson Street, NE, Decatur, Alabama 35601, Attention: Ryan Helsley, Managing Member.

III. Premises. The leased premises consist of the existing golf course restaurant, grill, kitchen, dining, storage, service, beverage cart staging, loading, and related food and beverage operational areas located at Point Mallard Golf Course, 2600 Point Mallard Circle SE, Decatur, Alabama 35601, as more particularly described or depicted on Exhibit A attached hereto, together with all access, utility, parking, delivery, refuse, storage, common-area, clubhouse, and golf-course use rights reasonably necessary or desirable for Lessee's operations under this Lease (collectively, the "Premises").

IV. Permitted Use. Lessee may use the Premises and the approved areas of Point Mallard Golf Course for restaurant, grill, café, food service, beverage service, beverage cart service, catering, concessions, tournament service, event service, take-out service, delivery facilitation, sale and distribution of food and beverage items, retail sale of related food and beverage merchandise, and all incidental, ancillary, or complementary uses reasonably related to those operations, subject only to applicable law and the express terms of this Lease.

V. Initial Term. Three years, beginning on October 1, 2026 and expiring at 11:59 p.m. on the day immediately preceding the third (3rd) anniversary of the Commencement Date, unless earlier terminated or extended as provided in this Lease.

VI. Renewal Options. Lessee shall have two successive options to renew this Lease for three years each, exercisable by Lessee as provided in Article 3.

VII. Rent Abatement Period. The first six (6) full calendar months of the Term shall be rent free.

VIII. Percentage Rent. Beginning with the seventh (7th) full calendar month of the Term, monthly rent shall equal three percent of Gross Sales for the applicable measuring month, calculated and paid as provided in Article 4.

IX. Utilities. Lessor shall pay all Utilities serving or benefiting the Premises and Lessee's permitted operations, as provided in Article 5.

X. Lessor Repair Obligations. Lessor shall complete, at Lessor's sole cost, the Initial Lessor Repairs described in Article 7 and Exhibit C, including repair of the balcony, rotten wood on the handrail, and the soft spot in the floor decking.

XI. Security Deposit. No security deposit shall be required unless a specific amount is inserted here: _____ . If this blank is not completed, the security deposit is deemed waived. Waived 

XII. Municipal Approval. If required by applicable municipal procedure, this Lease is subject to approval by the Decatur City Council or other authorized municipal body. Lessor shall use commercially reasonable and diligent efforts to obtain any required approval promptly and at Lessor's cost.

ARTICLE 2 - LEASE GRANT; OPERATIONAL RIGHTS; QUIET ENJOYMENT

I. Lease of Premises. Lessor leases to Lessee, and Lessee leases from Lessor, the Premises, together with all rights reasonably necessary or useful for Lessee's full enjoyment and operation of the Premises, including rights of ingress and egress, customer access, employee access, vendor access, delivery access, loading and unloading, storage, beverage cart staging and restocking, trash and grease disposal in designated areas, parking, signage access subject to Article 16, and use of common and support areas serving the Premises.

II. Broad Operational Rights. Lessee shall have the right to operate, manage, market, and control the food and beverage operations conducted from the Premises and on the golf course, including the beverage cart serving Point Mallard Golf Course and the purchase, preparation, pricing, sale, and distribution of food and beverage items sold from the Premises, the beverage cart, and approved golf course locations.

III. Exclusive Food and Beverage Rights. During the Term, Lessor shall not grant any third party the right to operate competing restaurant, grill, catering, concession, beverage cart, or food and beverage sales operations at the Premises or on Point Mallard Golf Course without Lessee's prior written consent, except for temporary City-sponsored or charitable activities approved in advance after good-faith coordination with Lessee and conducted in a manner that does not materially impair Lessee's operations or revenue opportunity.

IV. Condition of Premises. Lessee's acceptance of the Premises is subject to Lessor's express repair, maintenance, utility, access, and building-system obligations under this Lease. Lessee does not accept responsibility for latent defects, code deficiencies, structural conditions, building systems, utility infrastructure, pre-existing conditions, environmental conditions, or any condition that Lessor is required to repair or maintain under this Lease.

V. Quiet Enjoyment. So long as Lessee is not in material default beyond applicable notice and cure periods, Lessee shall peaceably and quietly have, hold, occupy, use, and enjoy the Premises and the rights granted under this Lease without interference by Lessor or any person claiming by, through, or under Lessor. Lessor shall not take any action, or permit any action within its reasonable control, that materially interferes with Lessee's operations, access, visibility, utilities, customer access, beverage cart service, deliveries, or use of the Premises.

VI. No Estate Beyond Leasehold. Lessee receives a leasehold interest and related contractual operating rights only. Lessee does not acquire ownership of the real property, clubhouse, or Lessor-owned furniture, fixtures, and equipment except as expressly provided in this Lease.

ARTICLE 3 - TERM; RENEWAL OPTIONS; LESSEE TERMINATION RIGHT

I. Commencement. The Term shall commence on the Commencement Date, provided that this Lease has been fully executed and any required municipal approval has been obtained. If any Initial Lessor Repair or required utility, structural, electrical, plumbing, HVAC, access, safety, or code condition materially affects Lessee's ability to open or operate, Lessee may defer opening, and the Commencement Date or rent commencement date, as applicable, shall be equitably extended until Lessor completes the condition or Lessee elects in writing to begin operations.

II. Initial Term. The Initial Term shall be three (3) years.

III. Renewal Options Controlled by Lessee.

A. Grant of Options. Lessee shall have two (2) successive options to renew this Lease for additional terms of three (3) years each. Each renewal shall be on the same terms and conditions as this Lease, except for changes expressly agreed in a written amendment signed by Lessee and approved by Lessor if municipal approval is legally required.

B. Exercise. Lessee may exercise each renewal option by giving Lessor written notice at least sixty (60) days before expiration of the then-current Term. Lessor shall not withhold, condition, or delay recognition of a timely exercised renewal option.

C. No Forfeiture for Technical Defect. If Lessee substantially complies with the renewal notice requirement but the notice contains a technical defect, Lessor shall provide written notice of the defect and Lessee shall have ten (10) business days to cure it.

D. Default Limitation. Lessee may exercise a renewal option unless Lessee is then in material monetary default beyond all applicable notice and cure periods. Nonmaterial defaults, disputed amounts, or defaults caused by Lessor's failure to perform shall not impair Lessee's renewal rights.

E. Municipal Approval. Lessor shall cooperate in obtaining any municipal approval required for a renewal term. Failure of Lessor to timely process or obtain an approval within Lessor's control shall not be deemed a failure by Lessee to exercise the renewal option.

IV. Lessee Termination Right After First Twelve Months.

A. Termination Right. After expiration of the first twelve (12) full calendar months of the Term, if the business conducted at or from the Premises is not viable in Lessee's opinion, Lessee may terminate this Lease without penalty by giving Lessor at least thirty (30) days' prior written notice.

B. Lessee's Determination Controls. Lessee's good-faith business judgment shall control whether the business is viable. Lessee shall not be required to prove losses, disclose confidential financial information beyond ordinary Gross Sales reporting, or obtain Lessor's agreement that the business is not viable.

C. No Penalty. Termination under this Section shall be without termination fee, rent acceleration, reimbursement of abated rent, repayment of utilities, lost-profit claim, or other penalty.

D. Accrued Obligations Only. Lessee shall remain responsible only for Rent based on Gross Sales actually generated before the termination effective date and other obligations that accrued before surrender, subject to the limitations and defenses stated in this Lease.

V. Additional Lessee Termination Rights. In addition to all other rights under this Lease, Lessee may terminate this Lease upon written notice if any of the following materially impairs Lessee's operations and is not cured within the applicable cure period: failure of Lessor to complete Initial Lessor Repairs; prolonged utility interruption within Lessor's responsibility; failure of essential structural, electrical, plumbing, HVAC, or life-safety systems; loss of lawful access; casualty; condemnation; failure to obtain required municipal approval; or any Lessor default that substantially interferes with Lessee's permitted operations.

ARTICLE 4 - RENT; GROSS SALES; REPORTS; RECORDS

I. Rent Abatement. Rent shall be fully abated for the first six (6) full calendar months of the Term. During the Rent Abatement Period, Lessee shall owe no base rent, percentage rent, utility reimbursement, common-area charge, operating expense, maintenance fee, administrative fee, or other rental charge, except for amounts expressly stated in this Lease as payable by Lessee notwithstanding rent abatement.

II. No Base Rent. This Lease does not require fixed monthly base rent. Rent after the Rent Abatement Period shall be limited to Percentage Rent calculated under this Article unless the parties expressly agree otherwise in a signed written amendment.

III. Percentage Rent Beginning Month Seven.

A. Rate. Beginning with the seventh (7th) full calendar month of the Term, Lessee shall pay monthly rent equal to three percent (3.00%) of Gross Sales for the applicable measuring month.

B. Month Seven Calculation. The first Percentage Rent payment, due for month seven, shall be calculated based on Gross Sales for month six.

C. Ongoing Calculation. Each subsequent Percentage Rent payment shall be calculated based on Gross Sales for the immediately preceding calendar month.

D. Due Date. Percentage Rent shall be due no later than the tenth (10th) day of each calendar month. If the tenth (10th) day is not a business day, payment shall be due on the next business day.

E. Payment Condition. No Percentage Rent shall be due for any month in which Gross Sales are zero or negative after permitted exclusions, adjustments, refunds, and credits.

IV. Calculation of Gross Sales.

A. General Definition. "Gross Sales" means the gross amounts actually received by Lessee from the sale of food, beverages, catering, concessions, and related goods and services by Lessee from the Premises, the beverage cart, or approved golf course food and beverage operations, less all exclusions, deductions, refunds, allowances, and adjustments permitted under this Lease.

B. Receipt-Based Calculation. Gross Sales shall be calculated on a cash-received basis. Amounts charged but not collected, uncollected accounts, chargebacks, declined payments, bad debt, and disputed charges shall not be included unless and until actually received by Lessee.

C. Included Sales. Subject to the exclusions below, Gross Sales include amounts actually received by Lessee for restaurant sales, beverage sales, beverage cart sales, catering, event food and beverage service, take-out sales, delivery sales fulfilled by Lessee, and food and beverage concession sales conducted by Lessee under this Lease.

D. Excluded Items. Gross Sales shall exclude all of the following:

1. sales, use, excise, alcohol, lodging, occupational, gross-receipts, or similar taxes or governmental charges collected from customers or imposed on transactions;

2. refunds, returns, voids, credits, discounts, coupons, promotional allowances, loyalty rewards, complimentary items, employee meals, charitable donations, manager adjustments, and customer-service adjustments;

3. tips, gratuities, service charges, delivery charges, banquet charges, or administrative charges paid or intended to be paid to employees, contractors, delivery providers, or service personnel, or retained to cover payroll, service, delivery, or administrative costs;

4. credit card fees, debit card fees, bank fees, payment processor fees, chargebacks, platform fees, third-party ordering fees, delivery service commissions, merchant fees, and similar transaction costs;

5. gift card, certificate, voucher, or prepaid account sales until redeemed for food or beverage items sold by Lessee, and then only to the extent of the redemption value actually received by Lessee and not otherwise excluded;

6. proceeds from sale of Lessee's trade fixtures, equipment, furniture, smallwares, inventory not sold in the ordinary course, supplies, or other personal property;

7. insurance proceeds, casualty proceeds, condemnation proceeds, grants, loans, capital contributions, rebates, vendor credits, sponsorships, reimbursements, refunds, and similar non-sales receipts;

8. amounts received for catering, events, or services performed primarily away from Point Mallard Golf Course, except to the extent the sale is directly fulfilled from the Premises and attributable to this Lease;

9. employee purchases at discount, complimentary promotional items, samples, tasting items, charitable event items, and food or beverages provided to Lessor personnel or golf course personnel without charge or at discount;

10. intercompany transfers, owner contributions, financing proceeds, refunds from vendors, and accounting entries that do not represent retail sales revenue actually received from customers;

11. amounts retained by or payable to third-party vendors, entertainers, contractors, delivery services, or event providers; and

12. any revenue not directly attributable to Lessee's food and beverage operations at the Premises, the beverage cart, or approved golf course locations.

E. No Imputed Sales. Gross Sales shall not include imputed rent, fair market value of complimentary items, barter value, theoretical revenue, lost sales, business interruption proceeds, projected sales, or revenue that Lessee could have earned but did not actually receive.

F. Ordinary Accounting Controls. Lessee's good-faith books and records maintained in the ordinary course shall control Gross Sales calculations absent clear error.

G. Monthly Sales Statement. Each Percentage Rent payment shall be accompanied by a written or electronic statement showing Gross Sales for the measuring month, permitted exclusions in reasonable summary form, and the resulting Percentage Rent. The statement may be certified by an authorized representative of Lessee but need not be audited.

VII. Books and Records. Lessee shall keep books and records reasonably sufficient to verify Gross Sales, including point-of-sale summaries, sales tax reports, credit card settlement summaries, bank deposit records, event invoices, refund summaries, and similar ordinary-course records. Lessee shall not be required to create special reports not used in its ordinary business, except for the monthly sales statement required by this Article.

VIII. Audit Rights.

A. Limited Audit. Lessor may audit Gross Sales records not more than once per calendar year upon at least fifteen (15) business days' prior written notice, during ordinary business hours, at Lessee's office or another mutually reasonable location, and in a manner that does not interfere with Lessee's operations.

B. Confidentiality. Lessor shall keep Lessee's financial, sales, vendor, pricing, payroll, customer, and operational information confidential, except to the extent disclosure is required by applicable law. Lessor shall provide Lessee reasonable advance notice of any legally required disclosure to the extent permitted by law.

C. Audit Period. No audit may cover a period more than twenty-four (24) months before the audit notice date unless fraud is finally determined by a court of competent jurisdiction.

D. Audit Costs. Lessor shall bear its audit costs unless a final audit, after Lessee has had an opportunity to review and respond, establishes an underpayment greater than five percent for the audited period. In that event, Lessee shall pay the reasonable third-party audit cost and the underpaid Percentage Rent.

E. Overpayment Credit. If an audit shows overpayment, Lessee may credit the overpayment against future Rent or, if the Term has ended, Lessor shall refund the overpayment within thirty (30) days.

IX. Late Payments. No late charge or interest shall accrue unless Lessor gives Lessee written notice of nonpayment and Lessee fails to pay undisputed amounts within ten (10) days after receipt of notice. Any interest shall not exceed the lesser of six percent (6.00%) or the maximum rate permitted by law. Lessor's acceptance of late payment shall not waive future timely payment obligations.

X. Disputed Amounts. Lessee may withhold or pay under protest any amount disputed in good faith. A good-faith payment dispute shall not constitute a default if Lessee timely pays all undisputed amounts and provides a reasonable explanation of the dispute.

ARTICLE 5 - UTILITIES

I. Lessor-Paid Utilities. Lessor shall provide and pay, at Lessor's sole cost and without reimbursement from Lessee, all utilities and utility services serving or benefiting the Premises and Lessee's permitted operations, including electricity, gas, water, sewer, garbage or refuse service provided through Lessor's existing municipal or contracted arrangements, HVAC energy consumption, ordinary internet or communications infrastructure if currently provided by Lessor, and any other utility service necessary or customarily used for restaurant, grill, catering, beverage cart, and related operations.

II. No Utility Pass-Through. Lessee shall not be responsible for utility deposits, connection fees, meter charges, demand charges, impact fees, utility taxes, utility surcharges, utility infrastructure costs, or utility operating expenses unless Lessee requests a new specialty service not currently serving the Premises and the parties agree in writing that Lessee will pay for that specific service.

III. Service Continuity. Lessor shall use diligent efforts to maintain continuous utility service sufficient for lawful and commercially reasonable restaurant and beverage operations. Lessor shall promptly respond to interruptions, deficiencies, leaks, outages, capacity issues, and unsafe utility conditions.

IV. Interruption Remedies. If utility service necessary for Lessee's operations is interrupted or materially deficient for more than twenty-four (24) consecutive hours for reasons within Lessor's responsibility or control, Lessee's obligations to operate shall be excused during the interruption. If the interruption materially impairs operations for more than five (5) business days, Lessee may terminate this Lease upon written notice unless service is restored before termination.

V. No Excessive Use Charge. Lessor shall not charge Lessee for utility usage associated with ordinary restaurant, grill, catering, beverage cart, cleaning, refrigeration, cooking, HVAC, and food storage operations. Lessee shall use utilities in a commercially reasonable manner.

ARTICLE 6 - USE; OPERATIONS; FOOD AND BEVERAGE RIGHTS

I. Independent Operation. Lessee shall have exclusive control over day-to-day food and beverage operations, staffing, menu, pricing, vendors, suppliers, inventory, marketing, service style, recipes, promotions, and business methods, subject to applicable law and the express terms of this Lease.

II. Menu and Pricing. Lessee may determine and modify its menu, product offerings, recipes, suppliers, pricing, specials, discounts, promotions, and service methods without Lessor approval, provided the operations remain within the Permitted Use.

III. Hours of Operation. Lessee shall determine operating hours in good faith based on business conditions, staffing, customer demand, seasonality, weather, golf course activity, events, and profitability. Lessee shall use commercially reasonable efforts to coordinate hours for tournaments and special events when Lessor provides reasonable advance notice. Lessee shall not be in default for reduced hours caused by weather, low demand, staffing shortages, repairs, utility interruptions, casualty, force majeure, governmental requirements, or business judgment.

IV. Beverage Cart Operations. Lessee shall have the exclusive right to operate the beverage cart serving Point Mallard Golf Course. Lessor shall provide Lessee reasonable access to cart paths, staging areas, storage, restocking areas, and other golf course areas needed for beverage cart operations, subject to reasonable safety coordination with golf course management.

VI. Special Events and Tournaments. Lessor shall provide Lessee reasonable advance notice of tournaments, outings, leagues, City-sponsored events, and other events for which food and beverage service is requested. Lessee shall have the first right to provide food and beverage service for such events at pricing, menu, staffing, and service levels reasonably determined by Lessee.

VII. Alcoholic Beverages. Lessee may sell, serve, store, and distribute alcoholic beverages if Lessee obtains and maintains required licenses, permits, and insurance. Lessor shall not unreasonably withhold, condition, or delay approval for lawful alcoholic beverage operations compatible with golf course food and beverage service.

VIII. Licenses and Permits. Lessee shall obtain licenses and permits legally required for Lessee's business operations. Lessor shall cooperate, at no cost to Lessee except ordinary application fees payable by Lessee for Lessee-specific permits, by providing signatures, property information, authorizations, access, inspections, and documents reasonably required for Lessee's applications. Lessor shall be responsible for permits, approvals, code compliance, and governmental requirements relating to Lessor's ownership, structure, building systems, utilities, common areas, and municipal facility obligations.

IX. Public Service. Lessee shall provide service in a nondiscriminatory manner consistent with applicable law. Lessee may refuse service to persons who are disruptive, intoxicated, threatening, unsafe, nonpaying, or otherwise lawfully subject to refusal of service.

X. No Operating Covenant. This Lease does not impose a continuous-operation covenant. Lessee's failure to operate on particular days or during particular hours shall not be a default unless Lessee abandons the Premises with no intent to resume operations and fails to cure after notice under Article 14.

ARTICLE 7 - INITIAL LESSOR REPAIRS; MAINTENANCE; BUILDING SYSTEMS

I. Initial Lessor Repairs. Lessor shall, at Lessor's sole cost and expense, repair the balcony, rotten wood on the handrail, and the soft spot in the floor decking serving, adjoining, or affecting the Premises. These repairs are material obligations of Lessor.

III. Standard of Work. Lessor shall perform the Initial Lessor Repairs in a good and workmanlike manner, using properly licensed contractors where required, in compliance with applicable code and safety requirements, and in a manner that does not unreasonably interfere with Lessee's operations.

IV. Timing. Lessor shall complete the Initial Lessor Repairs on or before September 30, 2026. If completion by that date does not occur, Lessee may, in addition to all other rights, defer opening, suspend operations in affected areas, receive equitable extension of rent abatement and deadlines, or terminate this Lease upon written notice if the delay materially impairs Lessee's opening or operations.

V. Lessor Structural and Building-System Obligations. Lessor shall maintain, repair, replace, and keep in good, safe, code-compliant, and usable condition, at Lessor's sole cost, all structural elements and building systems serving or affecting the Premises, including foundations, roof, roof membrane, exterior walls, load-bearing walls, floor structure, floor decking (except for ordinary cleaning), balcony, railings, stairs, doors, windows, storefronts, utility lines, electrical systems, panels and wiring, plumbing systems, water lines, sewer lines, grease-trap infrastructure to the extent part of the building system, gas lines, HVAC systems, ventilation, exhaust, life-safety systems, fire suppression systems to the extent part of the building or Lessor-owned equipment, drainage, common areas, parking areas, sidewalks, access routes, and code-required building improvements.

V. Lessee's Limited Maintenance Obligations. Lessee shall maintain furniture, fixtures, and equipment used by Lessee in a clean and orderly condition and shall perform ordinary cleaning and routine care of such furniture, fixtures, and equipment. Lessee shall not be responsible for structural elements, building systems, capital repairs, replacements, code upgrades, utility infrastructure, roof, exterior, HVAC replacement, electrical replacement, plumbing replacement, or

repairs caused by ordinary wear and tear, casualty, age, latent defects, pre-existing conditions, Lessor's acts or omissions, or public use of the facility.

VI. Furniture, Fixtures, and Equipment. Lessee shall keep up with and maintain furniture, fixtures, and equipment located in or used in connection with the Premises, including Lessor-owned items listed on Exhibit B, but Lessee's obligation is limited to ordinary cleaning, ordinary care, and routine maintenance within Lessee's reasonable control. Lessor shall repair or replace Lessor-owned furniture, fixtures, and equipment that fail due to age, ordinary wear and tear, latent defects, pre-existing condition, casualty, or causes not resulting from Lessee's negligence or willful misconduct.

VII. Notice of Conditions. Lessee shall promptly notify Lessor of any condition requiring Lessor repair or replacement after Lessee becomes aware of it. Lessee's failure to notify shall not shift repair responsibility to Lessee unless Lessor is materially prejudiced by the delay and the condition was known to Lessee.

VIII. Self-Help. If Lessor fails to perform a required repair or maintenance obligation within the applicable cure period, or immediately in an emergency, Lessee may perform reasonable work necessary to protect persons, property, inventory, equipment, or business operations. Lessor shall reimburse Lessee within thirty (30) days after invoice. If Lessor does not timely reimburse Lessee, Lessee may offset the amount against Percentage Rent and any other amounts payable under this Lease.

IX. No Liens by Lessee. Lessee shall not knowingly permit liens to be filed against Lessor's real property arising from Lessee's contracted work. Lessee may contest any lien in good faith. Lessor shall be responsible for liens arising from Lessor's work or obligations.

ARTICLE 8 - LESSOR FFE; LESSEE PROPERTY; IMPROVEMENTS

I. Inventory. On or before the Commencement Date, the parties shall complete Exhibit B identifying Lessor-owned furniture, fixtures, and equipment ("FFE") made available for Lessee's use.

II. Ownership of Lessor FFE. Lessor FFE shall remain Lessor's property. Lessor shall deliver Lessor FFE in good working order, ordinary wear and tear excepted, except as otherwise noted on Exhibit B.

III. Ownership of Lessee Property. Lessee's equipment, smallwares, inventory, supplies, trade fixtures, décor, signs, branding, point-of-sale systems, removable improvements, recipes, menus, intellectual property, and personal property purchased or installed by Lessee shall remain Lessee's property.

IV. Improvements by Lessee. Lessee may make nonstructural improvements, décor changes, equipment installations, menu boards, trade fixture installations, and operational

modifications that do not materially damage the Premises or materially affect building systems. Lessor's approval shall be required only for structural alterations, exterior alterations, or alterations materially affecting building systems, and Lessor shall not unreasonably withhold, condition, or delay approval.

V. Removal. Lessee may remove Lessee-owned property and trade fixtures at any time during the Term and shall repair material damage caused by removal, ordinary wear and tear excepted.

VI. No Mandatory Removal of Improvements. Lessee shall not be required to remove improvements unless Lessor required removal as a condition of its written approval at the time the improvement was approved.

ARTICLE 9 - TAXES; LICENSES; EMPLOYEES

I. Sales and Similar Taxes. Lessee shall collect, report, and remit sales, use, beverage, alcohol, and similar transaction taxes required by law for Lessee's sales.

II. No Real Property Taxes or Assessments. Lessee shall not be responsible for real property taxes, assessments, municipal charges, public charges, or similar obligations relating to ownership of the Premises or Point Mallard Golf Course.

III. Personal Property Taxes. Lessee shall pay taxes, if any, imposed specifically on Lessee's personal property, trade fixtures, inventory, and business operations.

IV. Employees. Lessee shall be solely responsible for its employees, payroll, employee benefits, workers' compensation, employment taxes, and employment-law compliance.

V. Independent Contractor. Lessee is an independent contractor and independent business operator. Nothing in this Lease creates a partnership, joint venture, agency, employment relationship, franchise, or fiduciary relationship between Lessor and Lessee.

ARTICLE 10 - INSURANCE

I. Lessee Insurance. Before opening and during the Term, Lessee shall maintain commercially reasonable insurance for its operations, including:

A. commercial general liability insurance with limits of not less than [CGL LIMITS];

B. workers' compensation insurance as required by Alabama law;

C. employer's liability insurance with limits of not less than [EMPLOYER LIABILITY LIMITS];

D. automobile liability insurance with limits of not less than [AUTO LIABILITY LIMITS], if Lessee uses owned business vehicles in connection with operations;

E. liquor liability insurance with limits of not less than [LIQUOR LIABILITY LIMITS], if alcoholic beverage sales are approved and such coverage is commercially available on reasonable terms; and

F. property insurance for Lessee's personal property, inventory, trade fixtures, and equipment in amounts Lessee determines appropriate.

II. Reasonable Requirements. Lessor shall not impose insurance limits, endorsements, deductibles, insurer ratings, or coverage types that are commercially unreasonable for a comparable golf course restaurant operator in Alabama.

III. Additional Insured. Lessee shall name Lessor, its officials, employees, representatives, and agents, as additional insureds on commercial general liability policies where commercially available, but only with respect to liability arising from Lessee's operations.

IV. Certificates. Lessee shall provide certificates of insurance upon reasonable request. Failure to deliver a certificate shall not be a default unless coverage is not in effect and Lessee fails to cure after notice.

V. No Waiver of Lessor Insurance. Lessor shall maintain property, casualty, liability, and other insurance for the building, structural elements, common areas, Lessor FFE, and municipal operations as Lessor determines appropriate. Lessee shall not be liable for losses covered or required to be covered by Lessor's insurance except to the extent caused by Lessee's willful misconduct.

VI. Waiver of Subrogation. Each party waives claims against the other for insured property losses to the extent covered by insurance proceeds actually received, and each party shall request waiver-of-subrogation endorsements where commercially available.

ARTICLE 11 - INDEMNITY; LIABILITY; LIMITATION OF DAMAGES

I. Lessee Indemnity. To the extent permitted by law, Lessee shall indemnify and hold harmless Lessor from third-party claims for bodily injury, death, or tangible property damage to the extent directly caused by Lessee's negligence or willful misconduct in operating its business at the Premises, subject to the exclusions and limitations in this Article.

II. Exclusions from Lessee Indemnity. Lessee shall have no indemnity obligation for claims, losses, damages, or expenses arising out of or relating to:

A. Lessor's negligence, willful misconduct, breach of this Lease, or violation of law;

B. structural elements, building systems, utilities, common areas, parking areas, access areas, or Lessor-maintained property;

C. pre-existing conditions, latent defects, code deficiencies, environmental conditions, or public facility conditions;

D. acts or omissions of Lessor, golf course personnel, City employees, invitees not under Lessee's control, contractors retained by Lessor, or other third parties not controlled by Lessee;

E. casualty, condemnation, force majeure, utility interruption, or failure of Lessor-maintained systems; or

F. consequential, special, punitive, speculative, or lost-profit damages.

III. Lessor Responsibility. Lessor shall be responsible for its own acts and omissions, breach of this Lease, Lessor-maintained property, structural and building-system conditions, utilities, common areas, municipal operations, and conditions outside Lessee's reasonable control, subject to any limitations applicable to Lessor under law.

IV. Defense Procedures. Lessee shall have no duty to defend a claim until it is determined that the claim is within Lessee's indemnity obligation, unless Lessee elects to defend subject to a reservation of rights. Lessee may control the defense of claims within its indemnity obligation using counsel reasonably acceptable to Lessee.

V. Limitation of Liability. Neither party shall be liable to the other for consequential, special, punitive, speculative, remote, or lost-profit damages, except to the extent included in a third-party claim actually covered by a party's indemnity obligation.

VI. No Personal Liability. No elected official, officer, employee, member, manager, agent, representative, or owner of either party shall have personal liability under this Lease solely by reason of signing, approving, administering, or performing this Lease.

VII. Survival. This Article survives expiration or earlier termination of this Lease as to matters arising before surrender.

ARTICLE 12 - COMPLIANCE; PUBLIC FACILITY REQUIREMENTS

I. Compliance by Lessee. Lessee shall comply with laws applicable to Lessee's business operations, food handling, alcohol service if approved, employment, taxes, and permits.

II. Compliance by Lessor. Lessor shall comply with laws applicable to ownership, structure, building systems, utilities, common areas, public access areas, fire and life-safety systems, and municipal facility obligations.

III. Rules. Lessee shall comply with reasonable, written golf course rules provided to Lessee in advance, but only to the extent such rules are nondiscriminatory, consistent with this Lease, and do not materially impair Lessee's rights, revenue opportunity, access, operations, or quiet enjoyment.

IV. Priority of Lease. If any rule, policy, or operational directive conflicts with this Lease, this Lease controls.

V. Hazardous Materials. Lessee shall not bring hazardous materials onto the Premises except ordinary cleaning supplies, kitchen chemicals, propane, fuels, and similar materials customarily used in restaurant, catering, and beverage cart operations, in reasonable quantities and in compliance with law.

ARTICLE 13 - ASSIGNMENT; SUBLETTING; MANAGEMENT AGREEMENTS

I. Lessee-Favorable Transfer Rights. Lessee may, without Lessor's consent, assign this Lease or sublease, license, concession, or contract for all or part of the Premises or operations to:

- A. an affiliate of Lessee;
- B. an entity under common control with Lessee;
- C. an entity resulting from merger, conversion, reorganization, or sale of substantially all of Lessee's business assets;
- D. a management company, concession operator, caterer, event operator, or service provider engaged by Lessee in the ordinary course; or
- E. a purchaser of Lessee's restaurant or hospitality business, provided the transferee's use remains generally consistent with the Permitted Use and applicable law.

II. Other Transfers. For transfers not described above, Lessor's consent shall be required but shall not be unreasonably withheld, conditioned, or delayed. Lessor shall respond within Fifteen (15) business days after receiving Lessee's written request and reasonable supporting information. Failure to respond within that period shall be deemed approval.

III. No Release Unless Material Transfer. Lessee shall not be released from liability after an assignment unless Lessor agrees in writing; however, after a permitted assignment of substantially all of Lessee's interest to a financially responsible transferee, Lessee shall be released from obligations first arising after the effective date of assignment unless Lessor reasonably objects based on specific credit or operational concerns.

IV. No Profit Sharing. Lessor shall have no right to assignment consideration, sublease profit, sale proceeds, goodwill value, business value, or other amounts received by Lessee from any permitted transfer.

V. Collateral Assignment. Lessee may collaterally assign this Lease and Lessee's business assets to a lender or financing source upon written notice to Lessor. Lessor shall reasonably cooperate with Lessee's lender, including by providing customary acknowledgments, provided Lessor is not required to incur unreimbursed out-of-pocket cost.

ARTICLE 14 - DEFAULTS; CURE; REMEDIES

I. Lessee Monetary Default. Lessee shall not be in monetary default unless Lessee fails to pay undisputed Rent when due and fails to cure within ten (10) business days after written notice from Lessor specifying the amount due and basis for the charge.

II. Lessee Nonmonetary Default. Lessee shall not be in nonmonetary default unless Lessee fails to perform a material obligation under this Lease and fails to cure within thirty (30) days after written notice from Lessor specifying the default in reasonable detail. If the default cannot reasonably be cured within thirty (30) days, Lessee shall not be in default if Lessee begins cure within that period and diligently pursues cure.

III. Immediate Cure Not Required. No default shall exist to the extent performance is prevented or delayed by Lessor's breach, casualty, condemnation, force majeure, utility interruption, governmental delay, supply interruption, labor issue, or other event beyond Lessee's reasonable control, provided Lessee uses commercially reasonable efforts to resume performance when the impediment ends.

IV. Lessor Default. Lessor shall be in default if Lessor fails to perform a material obligation under this Lease and fails to cure within fifteen (15) days after written notice from Lessee, or, if cure cannot reasonably be completed within fifteen (15) days, fails to commence cure within that period and diligently pursue completion. If the default affects health, safety, utilities, access, code compliance, food safety, or Lessee's ability to operate, Lessor shall commence cure immediately and diligently continue until completed.

V. Lessee Remedies for Lessor Default. Upon Lessor default, Lessee may exercise any right or remedy available under this Lease or applicable law, including:

- A. terminating this Lease without penalty;
- B. suspending operations until the default is cured;
- C. performing self-help under Article 7;

D. offsetting reimbursable costs, damages, overpayments, or other amounts owed by Lessor against Percentage Rent;

E. seeking damages, specific performance, declaratory relief, injunctive relief, or other available relief; and

F. exercising any express termination or abatement right provided in this Lease.

VI. Lessor Remedies for Lessee Default. Upon Lessee default after all applicable notice and cure periods, Lessor may recover unpaid undisputed Rent and may pursue remedies available under this Lease or applicable law. Lessor shall not accelerate future Percentage Rent, recover unearned rent, recapture rent abated during the Rent Abatement Period, terminate Lessee's renewal options for a cured default, lock out Lessee, interrupt utilities, seize Lessee property, or exercise self-help except to the extent expressly permitted by applicable law.

VII. Mitigation. Each party shall use commercially reasonable efforts to mitigate damages.

VIII. No Waiver. A party's failure to enforce a provision of this Lease shall not waive that provision or any later breach. Acceptance of Rent with knowledge of a default shall not waive the default unless the accepting party states in writing that the default is waived.

ARTICLE 15 - CASUALTY; CONDEMNATION; FORCE MAJEURE

I. Casualty. If the Premises, Lessor's FFE, utilities, building systems, access areas, clubhouse areas serving the Premises, or other facilities necessary for Lessee's operations are damaged by fire or other casualty, Lessor shall promptly restore the portions for which Lessor is responsible under this Lease, subject to lawful municipal approvals and available insurance proceeds.

II. Lessee Election. Lessee may terminate this Lease upon written notice if:

A. the casualty materially impairs Lessee's operations and restoration is not completed within sixty (60) days after the casualty;

B. Lessor determines not to restore;

C. lawful access, utilities, kitchen operation, dining operation, beverage cart operation, or health-department approval cannot reasonably be maintained during restoration; or

D. the casualty occurs during the last twelve (12) months of the then-current Term and Lessee does not elect to renew.

III. Rent During Casualty. Percentage Rent shall be based only on Gross Sales actually received during the casualty period. No imputed sales, minimum rent, lost-sales rent, or deemed revenue shall apply.

IV. Lessee Property. Lessee may remove, protect, repair, or replace Lessee-owned property after casualty. Lessor shall reasonably cooperate to allow access for salvage, cleanup, and restoration of Lessee's property.

V. Condemnation. If all or any material part of the Premises, access rights, utility rights, parking, beverage cart operational areas, or golf course food and beverage rights is taken or materially impaired by condemnation, conveyance in lieu of condemnation, governmental restriction, or similar public action, Lessee may terminate this Lease upon written notice.

VI. Condemnation Awards. Lessor shall be entitled to awards for the real property owned by Lessor. Lessee may pursue separate awards for Lessee's personal property, trade fixtures, relocation costs, moving expenses, business interruption, loss of goodwill, and other losses to the extent permitted by law and not duplicative of Lessor's award.

VII. Force Majeure. Neither party shall be liable for delay in performing nonmonetary obligations caused by events beyond its reasonable control, including severe weather, fire, casualty, labor disruption, supply interruption, epidemic, governmental order, utility interruption, emergency, or similar event. Force majeure shall not require Lessee to pay Rent except Percentage Rent based on Gross Sales actually received.

ARTICLE 16 - SIGNAGE; MARKETING; INTELLECTUAL PROPERTY

I. Signage Rights. Lessee may install interior signage, menu boards, branding, displays, directional signage within the Premises, and temporary promotional signs consistent with ordinary restaurant operations without Lessor approval. Exterior signage, permanent clubhouse signage, and golf course directional signage shall require Lessor's prior written approval, not to be unreasonably withheld, conditioned, or delayed.

II. Cooperation. Lessor shall reasonably cooperate with Lessee in obtaining sign permits and approvals and in allowing signage reasonably necessary for customers to identify and access Lessee's operations.

III. Marketing. Lessee may market the restaurant, grill, beverage cart, catering, tournaments, event services, and food and beverage operations using the name of the facility to identify location and services. Lessee may conduct promotions, specials, loyalty programs, social media marketing, printed advertising, tournament menus, and event marketing in Lessee's discretion, subject to applicable law.

IV. Names and Marks. Lessee shall not acquire ownership of Lessor's municipal names, seals, or logos. Lessor shall not acquire ownership of Lessee's trade names, marks, menus, recipes, business concepts, designs, promotional materials, customer lists, goodwill, or intellectual property, including but not limited to Lessee's d/b/a name for the business "The Roost".

V. Restaurant Trade Name. Lessee may operate under the trade name "The Roost" or another trade name selected by Lessee, subject to lawful availability.

ARTICLE 17 - ACCESS; SECURITY; DELIVERIES; OPERATIONAL SUPPORT

I. Access. Lessor shall provide Lessee, its employees, vendors, contractors, delivery providers, customers, and invitees reasonable access to the Premises and related operational areas during all hours reasonably required for opening, closing, preparation, cleaning, deliveries, events, beverage cart operations, inventory, maintenance, and administration.

II. Keys and Security. Lessor shall provide Lessee keys, access cards, alarm codes, gate access, and other access devices reasonably necessary for operations. Lessee shall safeguard access devices and may provide them to employees and contractors with a business need.

III. Deliveries and Loading. Lessee may receive food, beverage, inventory, supply, equipment, and service deliveries at reasonable times and locations coordinated with Lessor. Lessor shall not unreasonably restrict deliveries necessary for Lessee's operations.

IV. Parking and Customer Access. Lessee's customers, employees, vendors, and invitees may use parking and common areas serving Point Mallard Golf Course on a nonexclusive basis without separate charge, subject to reasonable written rules that do not materially impair Lessee's operations.

V. Waste, Grease, and Refuse. Lessor shall provide or make available reasonable areas and facilities for trash, cardboard, grease, recyclables, and refuse disposal. Lessee shall place waste only in designated areas and shall use commercially reasonable sanitation practices.

VI. Pest Control. Lessee shall maintain ordinary food-storage and cleaning practices designed to prevent pests. Lessor shall be responsible for pest control relating to structural conditions, common areas, building systems, exterior areas, and infestation not caused by Lessee's failure to follow reasonable sanitation practices.

ARTICLE 18 - NOTICES

I. Method. All notices required or permitted under this Lease shall be in writing and delivered by personal delivery, nationally recognized overnight courier, certified mail return receipt requested, or email with confirmation of receipt if an email address is provided below.

II. Addresses.

A. If to Lessor:

City of Decatur, Alabama
402 Lee Street, NE
Decatur, Alabama 35601

Attention: Kent Lawrence
Email: klawrence@decatur-al.gov
Phone: 256-341-4502

B. If to Lessee:

Seasoned Hospitality, LLC
315 Wilson Street, NE
Decatur, Alabama 35601
Attention: Ryan Helsley, Managing Member
Email: rhdecatur@gmail.com
Phone: 256-898-4382

Together with a Copy to Lessee's Attorney:

Phil D. Mitchell
Harris, Caddell & Shanks, PC
Post Office Box 2688
Decatur, Alabama 35602
Email: pmitchell@harriscaddell.com
Phone: 256-340-8037

III. Effectiveness. Notice shall be effective upon receipt, refusal of delivery, or confirmed email receipt. A party may change its notice information by written notice to the other party.

ARTICLE 19 - SURRENDER; HOLDING OVER

I. Surrender. Upon expiration or earlier termination, Lessee shall surrender the Premises broom clean and in substantially the condition required by this Lease, ordinary wear and tear, casualty, condemnation, Lessor maintenance obligations, building-system conditions, and permitted alterations excepted.

II. Lessee Property. Lessee may remove Lessee-owned personal property, inventory, supplies, smallwares, trade fixtures, equipment, signage, décor, point-of-sale systems, records, and removable improvements. Lessee shall repair material damage caused by removal, ordinary wear and tear excepted.

III. No Restoration Obligation. Lessee shall not be required to restore the Premises to their prior condition or remove approved improvements unless Lessor expressly required removal in writing when approving the improvement.

IV. Lessor FFE. Lessee shall leave Lessor FFE in the Premises in substantially the condition required by this Lease, ordinary wear and tear, casualty, age, latent defects, and Lessor repair obligations excepted.

V. Holding Over. If Lessee remains in possession after expiration or termination with Lessor's consent, the tenancy shall be month-to-month on the terms of this Lease to the extent applicable. If Lessee remains without consent, Lessee shall pay holdover rent equal to the Percentage Rent that would otherwise apply based on Gross Sales actually received during the holdover period, and no penalty or fixed holdover rent shall apply unless required by applicable law.

ARTICLE 20 - REPRESENTATIONS; AUTHORITY

I. Lessor Representations. Lessor represents that, upon execution and any required municipal approval:

A. Lessor has authority to enter into this Lease;

B. Lessor has the right to grant the leasehold, access, operating, and food and beverage rights described in this Lease;

C. Lessor has not granted conflicting rights that would materially impair Lessee's rights under this Lease;

D. Lessor will not knowingly interfere with Lessee's quiet enjoyment; and

E. Lessor will perform its obligations in good faith.

II. Lessee Representations. Lessee represents that it is duly organized, validly existing, and authorized to enter into this Lease, and that the person signing for Lessee has authority to bind Lessee.

III. No Warranty of Profitability. Lessee makes no representation that the business will be profitable, viable, or operated at any particular sales volume.

ARTICLE 21 - SUBORDINATION; ESTOPPEL; FINANCING COOPERATION

I. No Subordination Without Non-Disturbance. Lessee shall not be required to subordinate this Lease to any mortgage, deed of trust, ground lease, financing, or other encumbrance unless the holder provides Lessee a commercially reasonable non-disturbance agreement protecting Lessee's

possession and rights so long as Lessee is not in material default beyond applicable notice and cure periods.

II. Attornment. Lessee shall attorn to a successor owner that recognizes this Lease and assumes Lessor's obligations arising from and after the date of succession.

III. Estoppel Certificates. Within fifteen (15) business days after written request, Lessee shall provide a commercially reasonable estoppel certificate confirming the status of this Lease, to Lessee's actual knowledge. Lessee shall not be required to waive claims, certify matters outside its knowledge, or amend this Lease through an estoppel certificate.

IV. Memorandum of Lease. At Lessor's request, Lessor shall execute a memorandum of lease in recordable form confirming the existence of this Lease, the Premises, the Term, renewal options, and other customary nonconfidential terms. Recording costs shall be paid by the party requesting recording.

ARTICLE 22 - MISCELLANEOUS

I. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Alabama.

II. Venue. Subject to any mandatory jurisdictional rules applicable to Lessor as a municipal corporation, venue for any action arising out of this Lease shall lie in the state courts located in Morgan County, Alabama.

III. Entire Agreement. This Lease, including its exhibits and written amendments, constitutes the entire agreement between Lessor and Lessee concerning the Premises and supersedes prior proposals, negotiations, term sheets, and understandings concerning the subject matter.

IV. Amendments. This Lease may be amended only by a written instrument signed by both parties and approved by the Decatur City Council or other municipal authority if legally required.

V. Severability. If any provision is held invalid, illegal, or unenforceable, the remaining provisions shall remain in effect to the maximum extent permitted by law.

VI. Counterparts; Electronic Signatures. This Lease may be executed in counterparts, each of which is deemed an original. Electronic signatures shall be effective as originals to the fullest extent permitted by law.

VII. No Third-Party Beneficiaries. This Lease is for the benefit of Lessor and Lessee and their permitted successors and assigns. No other person has rights under this Lease.

VIII. Time of Essence. Time is of the essence for payment deadlines, renewal notices, termination notices, cure periods, and surrender obligations, subject to the notice, cure, grace-period, force majeure, and equitable-extension provisions of this Lease.

IX. Interpretation. This Lease shall be interpreted fairly and not strictly against either party as drafter. Headings are for convenience only. The words "including" and "include" mean "including without limitation."

X. No Waiver of Governmental Authority. Nothing in this Lease limits Lessor's governmental, police, regulatory, permitting, licensing, or legislative authority. Lessor's exercise of governmental authority shall not eliminate Lessee's contractual rights or remedies against Lessor in its capacity as Lessor to the extent permitted by law.

XI. Appropriations and Public Requirements. To the extent any Lessor expenditure or performance obligation requires lawful appropriation, budgeting, council approval, procurement compliance, or other public action, Lessor shall use diligent and good-faith efforts to satisfy those requirements in a timely manner.

XII. Further Assurances. Each party shall execute and deliver documents and take actions reasonably necessary to carry out this Lease.

XIII. Conflicts. If an exhibit conflicts with the body of this Lease, the body controls unless the exhibit expressly states that it modifies a specific section of this Lease and is signed or initialed by both parties.

XIV. Lessee-Favorable Construction of Operational Rights. The rights granted to Lessee for food and beverage operations, access, utilities, beverage cart service, catering, events, signage, and use of support areas shall be construed broadly to permit commercially reasonable operation of Lessee's business.

ARTICLE 23 - EXHIBITS

I. Exhibit A - Premises Description. Exhibit A shall describe or depict the Premises and related access, storage, staging, delivery, beverage cart, parking, common-area, and support areas.

II. Exhibit B - Lessor Furniture, Fixtures, and Equipment Inventory. Exhibit B shall list Lessor-owned furniture, fixtures, and equipment made available for Lessee's use.

III. Exhibit C - Initial Lessor Repairs. Exhibit C shall describe Lessor's balcony, handrail, floor decking, safety, code, and related repair obligations.

IV. Exhibit D - Operating Coordination Plan. Exhibit D may identify initial operating coordination procedures, beverage cart protocols, tournament contacts, delivery locations, and event coordination procedures.

V. Exhibit E - Insurance Requirements. Exhibit E may state final commercially reasonable insurance limits and certificate delivery requirements consistent with Article 10.

ARTICLE 24 - EXECUTION

I. Binding Effect. This Lease binds and benefits the parties and their permitted successors and assigns.

II. Authority of Signatories. Each person signing this Lease represents that such person is authorized to sign on behalf of the party identified.

III. Effective Date. The Effective Date shall be the date on which the last party signs this Lease, unless a different Effective Date is inserted on the first page.

[SIGNATURE PAGES FOLLOW]

LESSOR:

City of Decatur, Alabama,
an Alabama municipal corporation

By: _____
Name: [AUTHORIZED SIGNATORY NAME]
Title: [AUTHORIZED SIGNATORY TITLE]

Date: _____

Attest:

By: _____
Name: [CLERK/ATTESTING OFFICIAL NAME]
Title: [TITLE]

Date: _____

Approved as to form:

By: _____
Name: [CITY ATTORNEY NAME]
Title: [TITLE]

Date: _____

LESSEE:

SEASONED HOSPITALITY, LLC,
an Alabama limited liability company

By: _____
Name: Ryan Helsley, Its Managing Member

Date: _____

EXHIBIT A - PREMISES DESCRIPTION

The "Premises" consist of the restaurant, grill, kitchen, dining, service, storage, and related food and beverage operational areas located within or serving the clubhouse at Point Mallard Golf Course, 2600 Point Mallard Circle SE, Decatur, Alabama 35601, together with all rights reasonably necessary or useful for Lessee's operations under the Lease, including:

- I. the restaurant, grill, and customer service areas;
- II. kitchen, cooking, refrigeration, preparation, dishwashing, and food storage areas;
- III. dining, seating, counter, point-of-sale, and customer areas;
- IV. storage areas assigned or reasonably necessary for Lessee's food, beverage, equipment, supply, and beverage cart operations;
- V. beverage cart staging, loading, parking, charging or fueling, restocking, and storage areas designated by Lessor or reasonably necessary for golf course service;
- VI. access routes for customers, employees, vendors, deliveries, refuse disposal, grease disposal, maintenance, and emergency access;
- VII. nonexclusive parking and common-area rights serving the Premises and Point Mallard Golf Course; and
- VIII. any other areas shown on an attached floor plan, site plan, diagram, or written description approved by the parties.

[ATTACH FLOOR PLAN, SITE PLAN, OR WRITTEN PREMISES DESCRIPTION]

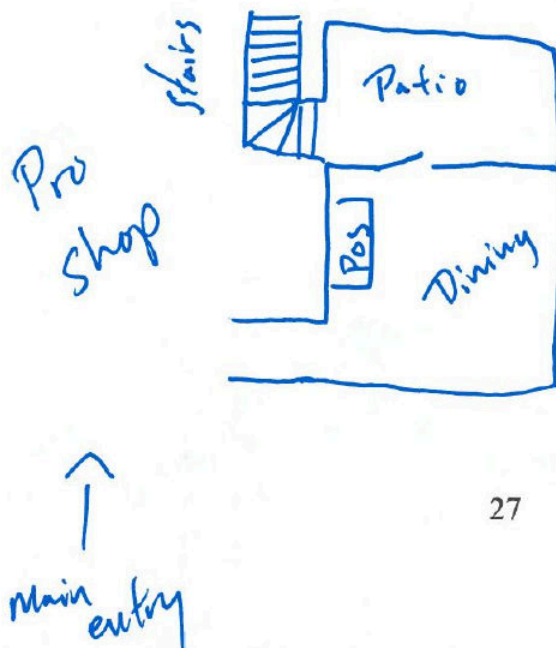


EXHIBIT B - LESSOR FURNITURE, FIXTURES, AND EQUIPMENT INVENTORY

The following Lessor-owned furniture, fixtures, and equipment are made available to Lessee for use during the Term, subject to the Lease:

LESSOR-OWNED INVENTORY:

See complete itemized inventory list below.

Lessor shall deliver Lessor FFE in good working order except as specifically noted above. Lessee's maintenance obligations are limited to ordinary cleaning, ordinary care, and routine maintenance within Lessee's reasonable control. Lessor shall repair or replace Lessor FFE that fails due to age, ordinary wear and tear, latent defects, pre-existing condition, casualty, or causes not resulting from Lessee's negligence or willful misconduct.

LESSOR INITIALS: _____

LESSEE INITIALS: _____

Keg cooler

Hot dog roller grill

Ice machine

All Pepsi coolers

Cold prep unit

Chest freezer

Standup freezer

Griddle

Fryer

Oven

Warmer

Prep tables

TVs x 3

Outdoor tables x 9 - chairs

Dining room tables x 8 - chairs

Lounge chairs + accent table

Basement refrigeration

EXHIBIT C - INITIAL LESSOR REPAIRS

Lessor shall perform the following Initial Lessor Repairs at Lessor's sole cost and expense:

- I. repair the balcony serving, adjoining, or affecting the Premises;
- II. repair or replace rotten wood on the handrail;
- III. repair the soft spot in the floor decking;
- IV. complete all related safety, code, structural, finishing, cleanup, and access work reasonably necessary to place the repaired areas in safe, code-compliant, and usable condition; and
- V. coordinate the repair work with Lessee so as not to unreasonably interfere with Lessee's opening, operations, customers, vendors, employees, or inventory.

Target completion date: September 30, 2026.

Interim operational restrictions, if any: N/A

Contractor access requirements: Out in PM

If the Initial Lessor Repairs materially affect safe access, lawful occupancy, health-department approval, customer use, employee safety, or Lessee's ability to operate, Lessee may defer opening, suspend operations in affected areas, receive equitable extension of rent abatement and applicable deadlines, exercise self-help to the extent permitted by the Lease, or terminate the Lease as provided in the Lease.

EXHIBIT D - OPERATING COORDINATION PLAN

Initial operating coordination procedures:

I.	Regular operating coordination contact for Lessor:	Hunter Allen - Director, Parks & Recreation
II.	Regular operating coordination contact for Lessee:	Ryan Helsley - Operating Manager
III.	Beverage cart staging/restocking location:	Cart Barn
IV.	Delivery location and procedures:	Club House
V.	Trash, grease, and refuse location:	Dumpster / trap in floor
VI.	Tournament and event notice procedure:	2 weeks out - P&R
VII.	Special event and catering coordination procedure:	1 week out - P&R

Lessee shall retain control over menu, pricing, staffing, hours, vendors, service methods, and business decisions, subject to applicable law and the Lease. Lessor shall provide reasonable advance notice of tournaments, outings, leagues, City-sponsored events, and other events for which food and beverage service is requested.

EXHIBIT E - INSURANCE REQUIREMENTS

Lessee shall maintain the following insurance coverage during the Term, subject to Article 10 of the Lease:

- | | | |
|--------------|---|--|
| I. | Commercial General Liability: | \$1,000,000 |
| II. | Workers' Compensation: | Statutory limits required by Alabama law |
| III. | Employer's Liability: | \$500,000 |
| IV. | Automobile Liability, if applicable: | \$500,000 |
| V. | Liquor Liability: | \$1,000,000 |
| VI. | Property coverage for Lessee's personal property, inventory, trade fixtures, and equipment: amounts determined by Lessee | |
| VII. | Additional insured requirement: Lessor, its officials, employees, representatives, and agents, shall be named as additional insureds on commercial general liability coverage where commercially available, but only with respect to liability arising from Lessee's operations | |
| VIII. | Certificate delivery address: | 2600 Point Mallard Dr SE |

Lessor shall not impose insurance requirements that are commercially unreasonable for a comparable golf course restaurant operator in Alabama.