EXHIBIT 3



601 E. HICKORY ST. DENTON, TEXAS 76205 • (940) 349-8562 • FAX (940) 349-8533 TECHNOLOGY SERVICES

MEMORANDUM

DATE: March 7, 2017

TO: Elton Brock, Purchasing Manager

CC: Bryan Langley, Assistant City Manager

FROM: Melissa Kraft, Chief Technology Officer

SUBJECT: Single-Sole Source Request – Open Systems International, Inc. (OSI)

Denton Municipal Electric (DME) utilizes the Supervisory Control and Data Acquisition (SCADA) system to monitor and control electric substations with distribution and transmission equipment. DME operates the generation short-term load forecast and market operations system to efficiently participate in the ERCOT regional market. DME uses the SCADA system to meet State and Federal regulatory requirements for electric system operation and reliability, as well as making business decisions for buying and selling electricity.

The SCADA system was originally purchased from Open Systems International, Inc. (OSI) in November of 2008 and the last upgrade was completed in 2013. This proposal includes hardware and additional software for the Primary and Backup operations for Energy Management Organization's Qualified Scheduling Entity (QSE) function, a Quality Assurance System (test environment) and a Program Development system. This includes a new SCADA system for the Denton Energy Center to control 12 engines. Additionally, this upgrade will provide added capabilities to Energy Management Organization's QSE function to support them in making Market decisions.

It is essential for the City of Denton to keep current subscription and maintenance with the software vendor in order to ensure availability of upgrades, software fixes, and access to knowledge and support resources. The Technology Services department could not identify any local vendors that could provide software maintenance or upgrade for this application.

OSI, Inc is the sole producer and provider of all monarch products and related services and owns all rights, title and interests in the monarch products. No other party is able or authorized by OSI to provide specific services in relation to their proprietary monarch software as this is only produced and maintained by OSI.

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