

1. 3:00 P.M. Meeting Agenda

Documents:

[09-20-16 AGENDA 9-14-16.PDF](#)

2. Meeting Packet

Documents:

[SECTION 1 ITEM 5.PDF](#)  
[SECTION 2 ITEMS 6 THRU 15.PDF](#)  
[SECTION 3 ITEMS 17A THRU 17H.PDF](#)  
[SECTION 4 ITEMS 18 THRU 23.PDF](#)

**CITY OF HORSESHOE BAY**  
**NOTICE OF PUBLIC MEETING**  
**AGENDA**

September 20, 2016

Notice is hereby given to all interested members of the public that the Horseshoe Bay City Council will hold a Public Meeting at 3:00 p.m., on Tuesday, September 20, 2016 at City Hall, #1 Community Drive, Horseshoe Bay, Llano County, Texas. The agenda for the Public Meeting is to discuss and/or act on the following:

1. Call the Meeting to Order and Establish a Quorum
2. Invocation
3. Pledges to the Flags
4. Public Comments: *(Anyone wishing to address the Council please sign in at the podium. When called upon by the Mayor speakers are asked to go to the podium and state your name and address and will be limited to 3 minutes. This is an opportunity for the public to address the City Council on any subject. In accordance with the Texas Open Meetings Act, the Council may not discuss issues raised or make a decision at this time. Issues raised may be referred to staff for research and possible future action.)*
5. Discuss, Consider and Take Action Regarding Approval of an Ordinance of the City Council of the City of Horseshoe Bay, Texas, Authorizing the Issuance and Sale of City of Horseshoe Bay, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016; Levying a Tax in Payment Thereof; Authorizing the Execution and Delivery of a Purchase Agreement and a Paying Agent/Registrar Agreement; Approving the Official Statement; Finding and Determining that the Meeting at Which this Ordinance is Passed is Open to the Public as Required by Law; and Enacting Other Provisions Relating Thereto
6. Discuss, Consider And Take Action Regarding General Fund Budget Amendment For Fire Department All-Terrain Vehicle, Fire Department Radios, Police Department Hand Held Radios And Development Services Scanner
7. Discuss, Consider and Take Action Regarding Utility Fund Budget Amendment for Improvements to the Recycle Center
8. Conduct a Public Hearing Regarding Proposed Budget
9. Discuss, Consider and Take Action Regarding Approval of an Ordinance to Adopt Budget for Fiscal Year October 1, 2016 through September 30, 2017
10. Discuss, Consider and Take Action to Ratify Property Tax Revenue Increase
11. Discuss, Consider and Take Action Regarding Approval of an Ordinance to Adopt Tax Rate for 2016 Tax Year
12. Discuss, Consider and Take Action Regarding Approval of an Ordinance to Adopt Amended Services and Rates Article A8.00 Utility Fees to be Effective October 1, 2016
13. Discuss, Consider and Take Action Regarding Approval of Five-Year Capital Plan
14. Discuss, Consider and Take Action Regarding Approval of Resolution Conducting the Annual Review of the City's Investment Policy and Strategy
15. Discuss, Consider and Take Action Regarding Approval of Personnel Policy Revisions: Article XIII, Appendix B: Salary Tables and Appendix C: Merit Tables

16. Items to be removed from the Consent Agenda:
17. Consent Agenda Items: *(All items under the Consent Agenda are considered to be routine by the Council and will be enacted by one motion and vote. There will be no separate discussion of items unless a request by a Councilmember is made prior to the time of the Council voting on the motion. In such event, the item will be removed, without debate, from the general order of business and considered in its normal sequence.)*
  - a. Approval of Minutes of the August 30, 2016 Workshop Meeting, the August 30, 2016 Regular Meeting, the August 31, 2016 Special Meeting, the September 6, 2016 Regular Meeting and the September 6, 2016 Special Meeting
  - b. Approval of Updated Summit Rock Public Improvement District Assessment Roll for 2016
  - c. Approval of Ordinance Updating the Escondido Public Improvement District of the City of Horseshoe Bay Service and Assessment Plan and Assessment Roll for 2016
  - d. Approval of FY 2017 Agreement with Hill Country Animal Shelter
  - e. Approval of Renewal of Agreement with Corix Utilities to Provide Sandy Harbor Wholesale Diversion, Treatment and Potable Water Service
  - f. Approval of Professional Services Agreement for Presiding Municipal Court Judge
  - g. Approval of Professional Services Agreement for Municipal Court Prosecutor
  - h. Approval of Appointment of Sheri Pollard as Interim City Secretary
18. Monthly Statistical Departmental Data Reports
  - a. City Manager; Administration; Community Services; Development Services; Fire Dept.; and Police Dept.
19. Discuss, Consider and Take Action Regarding Capital Area Council of Government General Assembly Representation for the City of Horseshoe Bay
20. Public Hearing, Discuss, Consider and Take Action Regarding a Zoning Ordinance Amendment to Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Division 3 Zones and Classifications, Section 14.02.401 Zones and Classifications Established to Update Both the Zones and Classifications Information; to Change Secs. 14.02.420-14.02.460 Reserved to Section 14.02.420 Zone 17 The Hills to Rezone All Annexed Properties in The Hills Sections I – III, Golfview Estates and Quail Ridge from A-1 Recreational and R-1 Single Family Residential in Zone 3 Horseshoe Bay West to RR Rural Residential; and to Renumber Secs. 14.02.420-14.02.460 Reserved to Secs. 14.02.421-14.02.460 Reserved
21. Public Hearing, Discuss, Consider and Take Action Regarding an Ordinance Amendment to Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Division 3 Zones and Classifications, Section 14.02.419 Zone 16 Lake Area to Provide Regulations for Boat Houses and Boat Slips on Vacant Properties
22. Public Hearing, Discuss, Consider and Take Action Regarding an Ordinance Amendment to Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Division 4 Planned Developments, Sections 14.02.461 through 14.02.467 to Provide Consistent and Streamlined Regulations
23. Public Hearing, Discuss, Consider and Take Action Regarding an Ordinance Amendment to Chapter 10 Subdivision Regulations, Article 10.03 Subdivision Ordinance, Division 9 Planned Development Zones, Sections 10.03.311 and 10.03.312 to Provide Consistent and Streamlined Regulations

## 24. Adjournment

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Teresa L. Moore, TRMC  
City Secretary

The Council may go into Executive Session, if necessary and appropriate, pursuant to the applicable section of the Texas Open Meetings Act, Texas Government Code, Chapter 551, Subchapter D, on any matter that may come before the Council that is listed on the Agenda and for which an Executive Session is authorized. No final action, decision, or vote will be taken by the Council on any subject or matter while in Executive Session. Any action, decision or vote will be taken by the Council only in open meeting.

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### Certificate of Posting

I, Teresa L. Moore, City Secretary for the City of Horseshoe Bay, Texas do certify that this Notice of Meeting was posted at City Hall, in a place readily accessible to the general public continuously 72 hours prior to the meeting.

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Teresa L. Moore, City Secretary

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# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

To: Mayor and City Council 

Thru: Stan R. Farmer, City Manager

From: Larry O. Anderson, Finance Director

RE: Discuss, Consider and Take Action Regarding Approval of an Ordinance of the City Council of the City of Horseshoe Bay, Texas, Authorizing the Issuance and Sale of City of Horseshoe Bay, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016; Levying a Tax in Payment Thereof; Authorizing the Execution and Delivery of a Purchase Agreement and a Paying Agent/Registrar Agreement; Approving the Official Statement; Finding and Determining that the Meeting at Which this Ordinance is Passed is Open to the Public as Required by Law; and Enacting Other Provisions Relating Thereto

The City's Bond Attorney, Glenn Opel, provided Staff with the Ordinance necessary for authorizing and approving the issuance and sale of Combination Tax and Revenue Certificates of Obligation, Series 2016. The Council previously approved an Intent to Issue Certificates of Obligation Series 2016.

The enclosed ordinance is complete except with respect to pricing information which will not be available until the day of sale on either September 19 or September 20 in the AM. When the information is received, it will be inserted into the ordinance.

The City's Financial Advisor Jennifer Douglas and the Bond Attorney will be in attendance September 20.

Staff requests the City Council to approve the Ordinance Authorizing the City of Horseshoe Bay, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016 and enacting other provisions relating thereto.

Enclosures: Draft Ordinance, Preliminary Official Statement

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ORDINANCE NO. \_\_\_\_\_

AUTHORIZING THE  
ISSUANCE OF

CITY OF HORSESHOE BAY, TEXAS  
COMBINATION TAX AND REVENUE  
CERTIFICATES OF OBLIGATION  
SERIES 2016

Adopted: \_\_\_\_\_, 2016

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**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF HORSESHOE BAY, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016; LEVYING A TAX IN PAYMENT THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AGREEMENT AND A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING THE OFFICIAL STATEMENT; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; AND ENACTING OTHER PROVISIONS RELATING THERETO;**

**WHEREAS**, under the provisions of Subchapter C, Chapter 271, Texas Local Government Code, as amended, the City of Horseshoe Bay, Texas (the "City"), is authorized to issue certificates of obligation for the purposes specified in this Ordinance and for the payment of all or a portion of the contractual obligations for professional services, including that of engineers, attorneys, and financial advisors in connection therewith, and to sell the same for cash as herein provided; and

**WHEREAS**, the City is authorized to provide that such obligations will be payable from and secured by the levy of a direct and continuing ad valorem tax against all taxable property within the City, in combination with all or a part of certain surplus revenues of the City's water and sewer system remaining after payment of any obligations of the City payable in whole or in part from a lien or pledge of such revenues that would be superior to the obligations to be authorized herein as authorized by Chapter 1502, Texas Government Code; and

**WHEREAS**, the City Council has found and determined that it is necessary and in the best interests of the City and its citizens that it issue such certificates of obligation authorized by this Ordinance; and

**WHEREAS**, pursuant to a resolution heretofore passed by this governing body, notice of intention to issue certificates of obligation of the City payable as provided in this Ordinance was published in a newspaper of general circulation in the City in accordance with the laws of the State of Texas; and

**WHEREAS**, no petition of any kind has been filed with the City Secretary, any member of the City Council or any other official of the City, protesting the issuance of such certificates of obligation; and

**WHEREAS**, this City Council is now authorized and empowered to proceed with the issuance of said certificates of obligation and to sell the same for cash; and

**WHEREAS**, the meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY, TEXAS:**

## ARTICLE I

### DEFINITIONS AND OTHER PRELIMINARY MATTERS

#### Section 1.01. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Ordinance, the following terms shall have the meanings specified below:

“Business Day” means any day which is not a Saturday, Sunday or legal holiday, or day on which banking institutions in the State of Texas or the city in which the Designated Payment/Transfer Office is located are generally authorized or obligated by law or executive order to close.

“Certificate” means any of the Certificates.

“Certificates” means the City’s obligations authorized to be issued by Section 3.01 of this Ordinance and designated as “City of Horseshoe Bay, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016.”

“City” means the City of Horseshoe Bay, Texas.

“Closing Date” means the date of the initial delivery of and payment for the Certificates.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Dated Date” means the date of the Certificates designated in Section 3.02(a).

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Austin, Texas, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Event of Default” means any event of default as defined in Section 10.01 of this Ordinance.

“Fiscal Year” means such fiscal year as shall from time to time be set by the City Council.

“Initial Certificate” means the Initial Certificate authorized by Section 3.04 of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.02 of this Ordinance.

“Interest Payment Date” means the date or dates on which interest on the Certificates is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15, commencing August 15, 2017.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means the gross revenues of the System less the expenses of operation and maintenance as said expenses are defined by Chapter 1502, Texas Government Code, as amended.

“Owner” means the person who is the registered owner of a Certificate or Certificates, as shown in the Register.

“Paying Agent/Registrar” means initially BOKF, NA, Austin, Texas, or any successor thereto as provided in this Ordinance.

“Prior Lien Bonds” means any and all bonds or other obligations of the City presently outstanding or that may be hereafter issued, payable from and secured by a first lien on and pledge of the Net Revenues or by a lien on and pledge of the Net Revenues subordinate to a first lien and pledge of such Net Revenues but superior to the lien and pledge of the Surplus Revenues made for the Certificates.

“Project” means the purposes for which the Certificates are issued as set forth in Section 3.01.

“Purchase Agreement” means the purchase agreement, between the City and the Underwriter, pertaining to the sale of the Certificates.

“Record Date” means the last Business Day of the month next preceding an Interest Payment Date.

“Register” means the bond register specified in Section 3.06(a) of this Ordinance.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Special Payment Date” means the Special Payment Date prescribed by Section 3.03(b) of this Ordinance.

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b) of this Ordinance.

“Surplus Revenues” means the Net Revenues of the System in an amount equal to \$1,000 remaining after payment of all debt service, reserve, and other requirements in connection with the City’s Prior Lien Bonds.

“System” as used in this Ordinance means the City’s water and waste water system, including all present and future additions, extensions, replacements, and improvements thereto.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of or interest on the Certificates as the same come due and payable or money set aside for the payment of Certificates duly called for redemption prior to maturity.

“Underwriter” means Robert W. Baird & Co. Incorporated.

#### Section 1.02. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

#### Section 1.03. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

#### Section 1.04. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Any action required to be taken on a date which is not a Business Day shall be taken on the next succeeding Business Day and have the same effect as if taken on the date so required.

(c) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Ordinance.

(d) Article and section references shall mean references to articles and sections of this Ordinance unless otherwise designated.

## ARTICLE II

### SECURITY FOR THE CERTIFICATES; INTEREST AND SINKING FUND

#### Section 2.01. Tax Levy.

(a) Pursuant to the authority granted by the Texas Constitution and laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year thereafter while any of the Certificates or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the City, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Certificates, being (i) the interest on the Certificates, and (ii) a sinking fund for their redemption at maturity or a sinking fund of two percent per annum (whichever amount is the greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the City most recently approved in accordance with law, and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Certificates when and as due and payable in accordance with their terms and this Ordinance.

(d) The amount of taxes to be provided annually for the payment of principal of and interest on the Certificates shall be determined in the manner provided in this Section 2.01.

(e) The City's annual budget shall reflect (i) the amount of debt service requirements to become due on the Certificates in the next succeeding Fiscal Year, (ii) the amount on deposit in the Interest and Sinking Fund, as of the date such budget is prepared (after giving effect to any payments required to be made during the remainder of the then current Fiscal Year), and (iii) the amount of Surplus Revenues estimated and budgeted to be available for the payment of such debt service requirements on the Certificates during the next succeeding Fiscal Year.

(f) The amount required to be provided in the succeeding Fiscal Year from ad valorem taxes shall be the amount, if any, the debt service requirements to be paid on the Certificates in the next succeeding Fiscal Year exceeds the sum of (i) the amount shown to be on deposit in the Interest and Sinking Fund (after giving effect to any payments required to be made during the remainder of the then current Fiscal Year) at the time the annual budget is prepared, and (ii) the Surplus Revenues shown to be budgeted and available for payment of said debt service requirements.

(g) Following the final approval of the annual budget of the City, the governing body of the City shall, by ordinance, set an ad valorem tax at a rate sufficient to produce taxes in the

amount determined in paragraph (b) above, to be utilized for purposes of paying the principal of and interest on the Certificates in the next succeeding Fiscal Year.

(h) The City hereby covenants and agrees that the Surplus Revenues are hereby irrevocably pledged equally and ratably to the payment of the principal of and interest on the Certificates, as the same become due.

Section 2.02. Interest and Sinking Fund.

(a) The City hereby establishes a special fund or account to be designated the "City of Horseshoe Bay, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016, Interest and Sinking Fund" (the "Interest and Sinking Fund"), said fund to be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City.

(b) Money on deposit in or required by this Ordinance to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Certificates when and as due and payable in accordance with their terms and this Ordinance.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS  
REGARDING THE CERTIFICATES

Section 3.01. Authorization.

The City's certificates of obligation to be designated "City of Horseshoe Bay, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016," are hereby authorized to be issued and delivered in accordance with the laws of the State of Texas, specifically Subchapter C, Chapter 271, Texas Local Government Code. The Certificates shall be issued in the aggregate principal amount of \$\_\_\_\_\_, for the purpose of paying contractual obligations to be incurred for the following purposes, to wit: (a) acquiring, constructing, improving and expanding the City's water and waste water system; (b) acquisition of two fire engines and related equipment; and (c) to pay for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

Section 3.02. Date, Denomination, Maturities and Interest.

(a) The Certificates shall be dated September 15, 2016. The Certificates shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered separately from one upward or such other designation acceptable to the City and the Paying Agent/Registrar, except the Initial Certificate, which shall be numbered T-1.

(b) The Certificates shall mature on August 15 in the years and in the principal amounts and shall bear interest at the per annum rates set forth in the following schedule:

Certificates

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2017	\$ _____	_____ %	2025	\$ _____	_____ %
2018			2026		
2019			2027		
2020			2028		
2021			2029		
2022			2030		
2023			2031		
2024					

(c) Interest shall accrue and be paid on each Certificate respectively until its maturity or prior redemption, from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually on each Interest Payment Date until maturity or prior redemption. Interest on the Certificates shall be calculated on the basis of a 360-day year composed of 12 months of thirty (30) days each.

Section 3.03. Medium, Method and Place of Payment.

(a) The principal of and interest on the Certificates shall be paid in lawful money of the United States of America.

(b) Interest on the Certificates shall be payable to the Owners as shown in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Certificate appearing in the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest on each Certificate shall be paid by check, dated as of the Interest Payment Date, and mailed on or before such Interest Payment Date, by first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as it appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the Owner; provided, however, that such Owner shall bear all risk and expense of such other customary banking arrangements.

(d) The principal of each Certificate shall be paid to the Owner thereof on the due date (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office.

(e) If the date for the payment of the principal of or interest on the Certificates is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(f) Unclaimed Payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Certificates to which such Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, any Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Certificates thereafter coming due and, to the extent any such money remains three years after the retirement of all outstanding Certificates, such money shall be paid to the City to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar nor any other person shall be liable or responsible to any holders of such Certificates for any further payment of such unclaimed moneys or on account of any such Certificates, subject to Title 6 of the Texas Property Code.

#### Section 3.04. Execution and Registration of Certificates.

(a) The Certificates shall be executed on behalf of the City by the Mayor and the City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Certificates shall have the same effect as if each of the Certificates had been signed manually and in person by each of said officers, and such facsimile seal on the Certificates shall have the same effect as if the official seal of the City had been manually impressed upon each of the Certificates.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Certificates ceases to be such officer before the authentication of such Certificates or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Certificates. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Certificate delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney

General of the State of Texas and that it is a valid and binding obligation of the City, and that it has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one Initial Certificate representing the entire principal amount of all Certificates, payable in stated installments to the Underwriter, or its designee, executed by the manual or facsimile signature of the Mayor and City Secretary of the City, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Underwriter or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver to DTC on behalf of the Underwriter one registered definitive Certificate for each year of maturity of the Certificates in the aggregate principal amount of all Certificates for such maturity bearing interest at the same per annum rate, registered in the name of Cede & Co., as nominee of DTC.

Section 3.05. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of making and receiving payment of the principal thereof and for the further purpose of making and receiving payment of the interest thereon, and for all other purposes (except interest will be paid to the person in whose name such obligation is registered on the Record Date or Special Record Date, as applicable), whether or not such Certificate is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Certificate shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange.

(a) So long as any Certificates remain outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Certificates in accordance with this Ordinance.

(b) The ownership of a Certificate may be transferred only upon the presentation and surrender of the Certificate at the Designated Payment/Transfer Office with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Certificate shall be effective until entered in the Register.

(c) The Certificates shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Certificate or Certificates of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Certificates presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Certificates exchanged for other Certificates in accordance with this Section.

(d) Each exchange Certificate delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such exchange Certificate is delivered.

(e) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different denomination of any of the Certificates. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of an Certificate.

(f) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Certificate called for redemption, in whole or in part, within forty-five (45) calendar days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Certificate.

#### Section 3.07. Cancellation.

All Certificates paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance with this Ordinance, shall be cancelled and proper records shall be made regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of cancelled Certificates in accordance with the record retention policies of the Paying Agent/Registrar.

#### Section 3.08. Temporary Certificates.

(a) Following the delivery and registration of the Initial Certificate and pending the preparation of definitive Certificates, the proper officers of the City may execute and, upon the City's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Certificates that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Certificates in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Certificates may determine, as evidenced by their signing of such temporary Certificates.

(b) Until exchanged for Certificates in definitive form, such Certificates in temporary form shall be entitled to the benefit and security of this Ordinance.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Certificates in definitive form; thereupon, upon the presentation and surrender of the Certificates in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Certificates in temporary form and shall authenticate and deliver in exchange therefor Certificates of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Certificates in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Certificates.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Certificate, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Certificate to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Certificate is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Certificate has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Certificate;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar to save it and the City harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Certificate, a bona fide purchaser of the original Certificate in lieu of which such replacement Certificate was issued presents for payment such original Certificate, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Certificate from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the City or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Certificate has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Certificate, may pay such Certificate if it has become due and payable or may pay such Certificate when it becomes due and payable.

(e) Each replacement Certificate delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such replacement Certificate is delivered.

Section 3.10. Book-Entry Only System.

The definitive Certificates shall be initially issued in the form of a separate typewritten fully registered Certificate for each of the maturities thereof bearing interest at the same per annum rate. Upon initial issuance, the ownership of such Certificates shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute owner of such Certificate for the purpose of payment of principal of and interest on the Certificates, for the purpose of all matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates only to or upon the order of the respective owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of and interest on the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry Only System.

In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC, and that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, or in the event DTC discontinues the services described herein, the City or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to

their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

Section 3.12. Payments to Cede & Co.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificates are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Certificates, and all notices with respect to such Certificates, shall be made and given, respectively, in the manner provided in DTC's then current operational procedures.

## ARTICLE IV

### REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 4.01. Limitation on Redemption.

The Certificates shall be subject to redemption before their scheduled maturity only as provided in this Article IV.

Section 4.02. Optional Redemption.

(a) The City reserves the option to redeem Certificates maturing on and after August 15, 20\_\_, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof before their respective scheduled maturity dates, on August 15, 20\_\_ or on any date thereafter, such redemption date or dates to be fixed by the City, at a price equal to the principal amount of the Certificates so called for redemption plus accrued interest to the date of redemption.

(b) If less than all of the Certificates are to be redeemed pursuant to an optional redemption, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(c) The City, at least forty-five (45) days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Certificates to be redeemed.

Section 4.03. [Mandatory Sinking Fund Redemption.

(a) The Certificates stated to mature on August 15, 20\_\_ (the "Term Certificates") are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption

date, out of moneys available for such purpose in the Interest and Sinking Fund, on August 15 in the years and in the respective principal amounts as set forth in the following schedule:

Term Certificate Maturing August 15, 20

Redemption Date (August 15)	Principal Amount
20__	\$ _____
20__	
20__*	

(\*) Stated maturity.

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Certificates equal to the aggregate principal amount of such Term Certificates to be redeemed, shall call such Term Certificates for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Term Certificates required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.]

Section 4.04. Partial Redemption.

(a) A portion of a single Certificate of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such an Certificate is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Certificate as though it were a single Certificate for purposes of selection for redemption.

(b) Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Certificate or Certificates in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered, such exchange being without charge, notwithstanding any provision of Section 3.06 to the contrary.

Section 4.05. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Certificates by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Certificate (or part thereof) to be redeemed, at

the address shown in the Register at the close of business on the Business Day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Certificates are to be surrendered for payment, and, if less than all the Certificates outstanding are to be redeemed, an identification of the Certificates or portions thereof to be redeemed.

(c) The City reserves the right to give notice of its election or direction to redeem Certificates under Section 4.02 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to a conditional notice of redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional notice of redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

(d) Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the Certificates called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

#### Section 4.06. Payment Upon Redemption.

(a) Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Certificates to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of, and accrued interest on the Certificates being redeemed.

(b) Upon presentation and surrender of any Certificate called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Certificate to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.05 of this Ordinance, and subject to the provisions of Section 4.05(c), the Certificates or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City fails to make provision for the payment of the principal thereof or accrued interest thereon, such Certificates or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Certificates are presented and surrendered for payment on such date.

(b) If the City shall fail to make provision for payment of all sums due on a redemption date, or rescinds the notice of redemption, then any Certificate or portion thereof called for redemption shall continue to bear interest at the rate stated on the Certificate until due provision is made for the payment of same by the City.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

The BOKF, NA, Austin, Texas, is hereby appointed as the initial Paying Agent/Registrar for the Certificates.

Section 5.02. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Certificates.

Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any Certificates are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance. The Mayor is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar in substantially the form presented at this meeting, the form, terms and provisions of which are hereby approved.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Certificates.

Section 5.04. Termination.

The City, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to

be terminated written notice of such termination, provided, that such termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Certificates.

Section 5.05. Notice of Change to Owners.

Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06. Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 5.07. Delivery of Records to Successor.

If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Certificates to the successor Paying Agent/Registrar.

## ARTICLE VI

### FORM OF THE CERTIFICATES

Section 6.01. Form Generally.

(a) The Certificates, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to accompany the Initial Certificate, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Certificates, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Certificates, as evidenced by their execution thereof.

(b) Any portion of the text of any Certificates may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Certificates.

(c) The definitive Certificates shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Certificates, as evidenced by their execution thereof.

(d) The Initial Certificate submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02. Form of the Certificates.

The form of the Certificates, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, to accompany the Initial Certificate, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Certificates, shall be substantially as follows:

(a) Form of Certificates.

REGISTERED  
No. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

United States of America  
State of Texas

CITY OF HORSESHOE BAY, TEXAS  
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION  
SERIES 2016

INTEREST RATE:    MATURITY DATE:    CLOSING DATE:    CUSIP NUMBER:  
\_\_\_\_\_ %    August 15, \_\_\_\_\_, 2016    \_\_\_\_\_

The City of Horseshoe Bay, Texas (the "City"), located in the Counties of Llano and Burnet, State of Texas, for value received, hereby promises to pay to

\_\_\_\_\_ or registered assigns, on the Maturity Date specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Certificate shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15, commencing August 15, 2017.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the designated office in Austin, Texas, of BOKF, NA, Austin, Texas as Paying Agent/Registrar (the "Designated Payment/Transfer Office"), or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Certificate is payable by check dated as of the interest payment date, and will be mailed on or before such interest payment date, by first class United States mail, postage prepaid, by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this Certificate, the registered owner shall be the person in whose name this Certificate is registered at the close of business on the "Record Date," which shall be the last Business Day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a

scheduled interest payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days (as hereinafter defined) prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of an Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Certificate is not a Business Day, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday, or day on which banking institutions in the State of Texas or the city in which the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are generally authorized or obligated by law or executive order to close (a "Business Day"), and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Certificate is one of a series of fully registered obligations specified in the title hereof issued in the aggregate principal amount of \$\_\_\_\_\_ (herein referred to as the "Certificates"), dated as of September 15, 2016, issued pursuant to a certain ordinance of the City (the "Ordinance") for the purpose of paying contractual obligations to be incurred for authorized public improvements (the "Project"), as described in the Ordinance, and to pay the contractual obligations for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

The City has reserved the option to redeem the Certificates maturing on or after August 15, 20\_\_ in whole or in part before their respective scheduled maturity dates, on August 15, 20\_\_ or on any date thereafter, at a price equal to the principal amount of the Certificates so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Certificates are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity and in such principal amounts, for redemption.

The Certificates stated to mature on August 15, 20\_\_ (the "Term Certificates") are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on August 15 in the years and in the respective principal amounts as set forth in the Ordinance.

At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Certificates equal to the aggregate principal amount of such Term Certificates to be redeemed and shall call such Term Certificates for redemption on such scheduled mandatory redemption date.

The principal amount of the Term Certificates required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to an optional redemption and not previously credited to a mandatory sinking fund redemption.

Notice of such redemption or redemptions shall be given by first class mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the registered owner of each of the Certificates to be redeemed in whole or in part. Notice having been so given, the Certificates or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; and, from and after such date, notwithstanding that any of the Certificates or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Certificates or portions thereof shall cease to accrue.

In the Ordinance, the City reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to a conditional notice of redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional notice of redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the certificates called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Certificate is transferable upon surrender of this Certificate for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Certificates of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Certificate called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Certificate.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Certificate is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Certificate is registered on the "Record Date" or "Special Record Date," as applicable) and for all other purposes, whether or not this Certificate be overdue, and neither the City, nor the Paying Agent/Registrar nor any other person shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Certificate and the series of which it is a part is duly authorized by law and that all acts, conditions and things required to be done precedent to and in the issuance of the Certificates have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that ad valorem taxes upon all taxable property in the City have been levied for and pledged to the payment of the debt service requirements of the Certificates, within the limit prescribed by law; that, in addition to said taxes, further provisions have been made for the payment of the debt service requirements of the Certificates by pledging to such purpose Surplus Revenues, as defined in the Ordinance, derived by the City from the operation of its water and wastewater system in an amount limited to \$1,000; that when so collected, such taxes and Surplus Revenues shall be appropriated to such purposes; and that the total indebtedness of the City, including the Certificates, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City has caused this Certificate to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Secretary of the City, and the official seal of the City has been duly impressed or placed in facsimile on this Certificate.

\_\_\_\_\_  
City Secretary  
City of Horseshoe Bay, Texas

\_\_\_\_\_  
Mayor  
City of Horseshoe Bay, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Certificates if such certificate on the Initial Certificate is fully executed.

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §  
OF PUBLIC ACCOUNTS § REGISTER NO. \_\_\_\_\_  
OF THE STATE OF TEXAS §

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Certificate has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of Horseshoe Bay, Texas, and that this Certificate has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

[SEAL]

(c) Form of Certificate of Paying Agent/Registrar.

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Certificate if the executed Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Certificate of this series of certificates of obligation was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Certificates referred to in the within-mentioned Ordinance.

BOKF, NA,  
as Paying Agent/Registrar

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto  
(print or typewrite name, address and Zip Code of transferee):

\_\_\_\_\_  
\_\_\_\_\_

(Social Security or other identifying number: \_\_\_\_\_) the within Certificate and all rights hereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Certificate on the books kept for registration hereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed By:

\_\_\_\_\_  
Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(e) The Initial Certificate shall be in the form set forth in paragraphs (a), (b) and (d) of this Section, except for the following alterations:

(i) immediately under the name of the Certificate, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and the words "CUSIP NUMBER" deleted; and

(ii) in the first paragraph of the Certificate, the words "on the Maturity Date specified above the sum of \_\_\_\_\_ DOLLARS," shall be deleted and the following will be inserted: "on August 15 in each of the years, in the principal installments and bearing interest at the per annum rates in accordance with the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
(Information to be inserted from schedule in Section 3.02 of this Ordinance)		

Section 6.03. CUSIP Registration.

The City may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Certificates. It is expressly provided, however, that the presence or

absence of CUSIP numbers on the Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Certificates.

Section 6.04. Legal Opinion.

The approving legal opinion of Bracewell LLP, Bond Counsel, may be printed on the reverse side of or attached to each Certificate over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 6.05. Statement of Insurance.

A statement relating to a municipal bond insurance policy, if any, to be issued for the Certificates may be printed on or attached to each Certificate.

ARTICLE VII

SALE AND DELIVERY OF CERTIFICATES; OFFICIAL STATEMENT;  
DEPOSIT OF PROCEEDS

Section 7.01. Sale of Certificates.

(a) The Certificates are hereby sold and awarded and shall be delivered to the Underwriter at the price and on the terms specified in the Purchase Agreement. The form, terms and provisions of the Purchase Agreement are hereby approved and the Mayor or Mayor Pro Tem is hereby authorized and directed to execute and deliver such Purchase Agreement. It is hereby found, determined and declared that the terms of this sale are the most advantageous reasonably available. The Certificates shall be initially registered in the name of the Underwriter or its designee.

(b) All officers of the City are authorized to execute such documents, certificates and receipts, and to make such elections with respect to the tax-exempt status of the Certificates, as they may deem appropriate in order to consummate the delivery of the Certificates. Further, in connection with the submission of the record of proceedings for the Certificates to the Attorney General of the State of Texas for examination and approval of such Certificates, the appropriate officer of the City is hereby authorized and directed to issue a check of the City payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount to be the lesser of (i) 1/10th of 1% of the principal amount of the Certificates or (ii) \$9,500.

Section 7.02. Deposit of Proceeds.

Proceeds from the sale of the Certificates shall, promptly upon receipt by the City, be applied as follows:

(a) Certificate proceeds in the amount of \$ \_\_\_\_\_ shall be used for the purposes set forth in Section 3.01.

(b) Certificate proceeds in the amount of \$ \_\_\_\_\_ shall be used to pay the costs of issuance provided that any amount remaining after the payment of paying costs of issuance shall be deposited for the purposes described in subsection (a) above.

(c) Any Certificate proceeds not used for the purposes described in subsections (a) and (b) above shall be deposited to the Interest and Sinking Fund.

#### Section 7.03. Control and Delivery of Certificates.

(a) The Mayor of the City is hereby authorized to have control of the Initial Certificate and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts of the State of Texas, delivery of the Certificates shall be made to the Underwriter under and subject to the general supervision and direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

(c) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Ordinance have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

#### Section 7.04. Official Statement.

The form and substance of the Preliminary Official Statement, and any addenda, supplement or amendment thereto, and the final Official Statement (the "Official Statement") presented to and considered at this meeting, are hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Mayor and City Secretary of the City are hereby authorized and directed to execute the same and deliver appropriate numbers of copies thereof to the Underwriter. The Official Statement as thus approved and delivered, with such appropriate variations as shall be approved by the Mayor of the City and the Underwriter, may be used by the Underwriter in the public offering and sale thereof. The use and distribution of the Preliminary Official Statement in the public offering of the Certificates by the Underwriter is hereby ratified, approved and confirmed. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Official Statement and the preliminary public offering of the Certificates by the Underwriter is hereby ratified, approved and confirmed.

## ARTICLE VIII

### INVESTMENTS

#### Section 8.01. Investments.

(a) Money in the Interest and Sinking Fund created by this Ordinance, at the option of the City, may be invested in such securities or obligations as permitted under applicable law as in effect on the date of the investment.

(b) Any securities or obligations in which money in the Interest and Sinking Fund is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund.

#### Section 8.02. Investment Income.

(a) Interest and income derived from investment of the Interest and Sinking Fund shall be credited to such Fund.

(b) Interest and income derived from the investment of funds deposited pursuant to Section 7.02 hereof shall be credited to the fund or account where deposited until completion of the Project; thereafter, to the extent such interest and income are present, such interest and income shall be deposited to the Interest and Sinking Fund.

## ARTICLE IX

### PARTICULAR REPRESENTATIONS AND COVENANTS

#### Section 9.01. Payment of the Certificates.

On or before each Interest Payment Date for the Certificates and while any of the Certificates are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of the Certificates as will accrue or mature on the applicable Interest Payment Date, maturity date or date of prior redemption. Such transfer of funds shall be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar not later than the close of business on the Business Day next preceding the date of payment for the Certificates.

#### Section 9.02. Other Representations and Covenants.

(a) The City will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in each Certificate; the City will promptly pay or cause to be paid the principal of and interest on each Certificate on the dates and at the places and manner prescribed in such Certificate; and the City will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The City is duly authorized under the laws of the State of Texas to issue the Certificates; all action on its part for the creation and issuance of the Certificates has been duly and effectively taken; and the Certificates in the hands of the Owners thereof are and will be valid and enforceable obligations of the City in accordance with their terms.

Section 9.03. Provisions Concerning Federal Income Tax Exclusion.

The City intends that the interest on the Certificates be excludable from gross income for purposes of federal income taxation pursuant to sections 103 and 141 through 150 of the Code. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Certificates to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of Section 103 and 141 through 150 of the Code. In particular, the City covenants and agrees to comply with each requirement of Sections 9.03 through 9.12, inclusive; provided, however, that the City will not be required to comply with any particular requirement of Sections 9.03 through 9.12, inclusive, if the City has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates or (ii) compliance with some other requirement will satisfy the applicable requirements of the Code, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in Sections 9.03 through 9.12, inclusive.

Section 9.04. No Private Use or Payment and No Private Loan Financing.

The City will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "private activity bonds" within the meaning of section 141 of the Code. The City covenants and agrees that it will make such use of the proceeds of the Certificates, including interest or other investment income derived from Certificate proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Certificates will not be "private activity bonds" within the meaning of section 141 of the Code.

Section 9.05. No Federal Guarantee.

The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Certificates to be "federally guaranteed" within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 9.06. No Hedge Bonds.

The City covenants and agrees not to take any action, or knowingly omit to take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Certificates to be "hedge bonds" within the meaning of section 149(g) of the Code.

Section 9.07. No-Arbitrage Covenant.

The City will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of section 148(a) of the Code. Moreover, the City covenants and agrees that it will make such use of the proceeds of the Certificates including interest or other investment income derived from Certificate proceeds, regulate investments of proceeds of the Certificates, and take such other and further action as may be required so that the Certificates will not be "arbitrage bonds" within the meaning of section 148(a) of the Code.

Section 9.08. Arbitrage Rebate.

If the City does not qualify for an exception to the requirements of Section 148(f) of the Code, the City will take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the "gross proceeds" of the Certificates (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the City will (i) maintain records regarding the investment of the gross proceeds of the Certificates as may be required to calculate the amount earned on the investment of the gross proceeds of the Certificates separately from records of amounts on deposit in the funds and accounts of the City allocable to other bond issues of the City or moneys that do not represent gross proceeds of any bonds of the City, (ii) calculate at such times as are required by the Regulations, the amount earned from the investment of the gross proceeds of the Certificates that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Certificates or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Certificates that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

Section 9.09. Information Reporting.

The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Certificates are issued, an information statement concerning the Certificates, all under and in accordance with section 149(e) of the Code.

Section 9.10. Record Retention.

The City will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Certificates until three years after the last Certificate is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of Treasury, if

applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the City to retrieve and reproduce such books and records in the event of an examination of the Certificates by the Internal Revenue Service.

Section 9.11. Registration.

The Certificates will be issued in registered form.

Section 9.12. Deliberate Actions.

The City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Certificates to fail to meet any requirements of the Code regarding the use of Certificate proceeds after the issue date of the Certificates unless an appropriate remedial action is permitted by section 1.141-12 of the Regulations, the City takes such remedial action and the City receives a Counsel's Opinion that such remedial action cures any failure to meet the requirements with respect to the use of the proceeds of the Certificates.

Section 9.13. Qualified Tax-Exempt Obligations.

The City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of section 265(b) of the Code. In connection therewith, the City represents (a) that the aggregate amount of tax-exempt obligations issued by the City during calendar year 2016, including the Bonds, that have been designated as "qualified tax-exempt obligations" under section 265(b)(3) of the Code does not exceed \$10,000,000, and (b) that the reasonably anticipated amount of its tax-exempt obligations that will be issued by the City during calendar year 2016, including the Bonds, will not exceed \$10,000,000. For purposes of this Section 9.13, the term "tax-exempt obligations" does not include (i) "private activity bonds" within the meaning of section 141 of the Code, other than "qualified 501(c)(3) bonds" within the meaning of section 145 of the Code or (ii) obligations issued to currently refund any obligation to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation. In addition, for purposes of this Section 9.13, the City includes all entities that are aggregated with the City under the Code.

Section 9.14. Continuing Obligation.

Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of Sections 9.03 through 9.12, inclusive, will survive the defeasance and discharge of the Certificates for as long as such matters are relevant to the exclusion from gross income of interest on the Certificates for federal income tax purposes.

## ARTICLE X

### DEFAULT AND REMEDIES

#### Section 10.01. Events of Default.

Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Certificates when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, which default materially and adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Owner to the City.

#### Section 10.02. Remedies for Default.

(a) Upon the happening of any Event of Default, then any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Certificates then outstanding.

#### Section 10.03. Remedies Not Exclusive.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

## ARTICLE XI

### DISCHARGE

#### Section 11.01. Discharge.

The Certificates may be refunded, discharged or defeased in any manner permitted by applicable law.

## ARTICLE XII

### CONTINUING DISCLOSURE UNDERTAKING

#### Section 12.01. Annual Reports.

(a) The City shall provide annually to the MSRB within six (6) months after the end of each Fiscal Year, financial information and operating data with respect to the City of the general type included in the final Official Statement, being the information described in Exhibit A hereto. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A hereto, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for the applicable Fiscal Year to the MSRB. Thereafter, when and if audited financial statements become available, the City shall provide such audited financial statements as required to the MSRB.

(b) If the City changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

#### Section 12.02. Event Notices.

(a) The City shall provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner and not more than 10 business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults, if material;

- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (vii) modifications to rights of Owners, if material;
- (viii) bond calls, if material and tender offers;
- (ix) defeasance;
- (x) release, substitution, or sale of property securing repayment of the Certificates, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material.

For these purposes, any event described in the immediately preceding clause (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets of business of the City.

(b) The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 12.01 of this Ordinance by the time required by such Section.

Section 12.03. Limitations, Disclaimers and Amendments.

(a) The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Article XI that causes Certificates no longer to be Outstanding.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Certificates, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the City in observing or performing its obligations under this Article shall comprise a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(e) The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions of this Article, as so amended, would have permitted an Underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that

authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (B) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Certificates. The provisions of this Article may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent the Underwriter of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.02 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

### ARTICLE XIII

#### AMENDMENTS TO ORDINANCE

##### Section 13.01. Amendments to Ordinance.

The City may, without the consent of or notice to the Owners, from time to time and at any time amend this Ordinance in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of the Owners of a majority in aggregate principal amount of the Certificates then outstanding, amend, add to or rescind any of the provisions of this Ordinance; provided, that, without the consent of the Owners of all Certificates then outstanding, no such amendment, addition, or rescission shall:

- (a) affect the rights of the Owners of less than all of the Certificates then outstanding;
- (b) make any change in the maturities of the Certificates;
- (c) reduce the rate of interest borne by any of the Certificates;
- (d) reduce the amount of the principal payable on the Certificates;
- (e) modify the terms of payment of principal of or interest on the Certificates or impose any conditions with respect to such payment; or
- (f) change the minimum percentage of the principal amount of Certificates necessary for consent to such amendment.

Certificates owned or held by or for the account of or for the benefit of the City shall not be deemed to be outstanding for the purpose of amending this Ordinance.

ARTICLE XIV

EFFECTIVE IMMEDIATELY

Section 14.01. Effective Immediately.

This Ordinance shall become effective immediately upon its adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

APPROVED this 20<sup>th</sup> day of September, 2016.

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Mayor, City of Horseshoe Bay, Texas

ATTEST:

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City Secretary, City of Horseshoe Bay, Texas

## EXHIBIT A

### DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XII of this Ordinance.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City to be provided annually in accordance with such Article are as specified (and included in the Appendix or other headings of the Official Statement referred to) below:

1. The portions of the financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded Fiscal Year.
2. Statistical and financial data set forth in Tables numbered 1 through 6 and 8 through 11, each inclusive.

#### **Accounting Principles**

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements referred to in Paragraph 1 above.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## PRELIMINARY OFFICIAL STATEMENT

Dated September 13, 2016

Rating:  
S&P: "AA+"  
(See "OTHER INFORMATION  
– Rating" herein)

### NEW ISSUE – Book-Entry-Only

In the opinion of Bond Counsel, under existing law, interest on the Certificates is excludable from gross income for federal income tax purposes and the Certificates are not "private activity bonds." See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.

### THE CERTIFICATES ARE EXPECTED TO BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS



**\$4,020,000\***  
**CITY OF HORSESHOE BAY, TEXAS**  
*(Burnet and Llano Counties)*  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016**

Dated Date: September 15, 2016  
Interest Accrues from Date of Initial Delivery

Due: August 15, as shown on the inside cover page

**PAYMENT TERMS . . .** Interest on the \$4,020,000\* City of Horseshoe Bay, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016 (the "Certificates") will accrue from the date of initial delivery of the Certificates, will be payable on August 15 and February 15 of each year commencing August 15, 2017, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES – Book-Entry-Only System"). The initial Paying Agent/Registrar is BOKF, N.A., Austin, Texas (see "THE CERTIFICATES – Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE . . .** The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended. The Certificates constitute direct obligations of the City of Horseshoe Bay, Texas (the "City"), payable from the levy and collection of a continuing, direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and a limited pledge of not to exceed \$1,000 of the surplus revenues of the City's water and wastewater system as provided in the ordinance authorizing the issuance of the Certificates (the "Ordinance") (see "THE CERTIFICATES – Authority for Issuance" and "THE CERTIFICATES – Security and Source of Payment").

**PURPOSE . . .** Proceeds from the sale of the Certificates will be used for the purpose of (i) acquiring, constructing, improving and expanding the City's water and wastewater system; (ii) acquisition of two fire engines and related equipment; and (iii) to pay for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

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**CUSIP PREFIX: 440752**  
**MATURITY SCHEDULE**  
**See Inside Cover Page**

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**LEGALITY . . .** The Certificates are offered for delivery when, as and if issued and received by the Underwriter and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell LLP, Bond Counsel, Austin, Texas (see "APPENDIX C – Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriter of the Bonds by their counsel, McCall, Parkhurst & Horton L.L.P., Austin, Texas.

**DELIVERY . . .** It is expected that the Certificates will be available for initial delivery through DTC on October 13, 2016.

**BAIRD**

\*Preliminary, subject to change.

**MATURITY SCHEDULE\***

Maturity (August 15)	Amount	Interest Rate	Initial Yield	CUSIP Numbers <sup>(1)</sup>
2017	\$ 180,000			
2018	280,000			
2019	285,000			
2020	290,000			
2021	295,000			
2022	300,000			
2023	305,000			
2024	315,000			
2025	320,000			
2026	330,000			
2027	210,000			
2028	215,000			
2029	225,000			
2030	230,000			
2031	240,000			

(Interest Accrues from the Date of Initial Delivery)

<sup>3</sup>Preliminary, subject to change.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the owners of the Certificates. Neither the City, the Financial Advisor nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

**REDEMPTION . . .** The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2026, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Optional Redemption"). Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Underwriter elects to aggregate two or more maturities as Term Certificates.

*[The remainder of this page intentionally left blank.]*

*For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes an official statement of the City with respect to the Certificates that has been "deemed final" by the City as of its date except for the omission of the information permitted by Subsection (b)(1) of the Rule.*

*No dealer, broker, salesman or other person has been authorized by the City to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy Certificates in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.*

*The information set forth or included in this Official Statement has been provided by the City or obtained from other sources believed by the City to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinion or that they will be realized.*

*The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to their responsibility to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.*

*IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.*

*THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.*

*NEITHER THE CITY NOR ITS FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.*

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The cover page hereof, this page and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Preliminary Official Statement.

## PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

<b>THE CITY</b> .....	The City of Horseshoe Bay, Texas (the "City"), is a political subdivision located in Burnet and Llano Counties, operating as a home-rule city under the laws of the State of Texas (the "State") and was incorporated in 2005. The City is approximately 14 square miles in area (see "INTRODUCTION – Description of the City").
<b>THE CERTIFICATES</b> .....	The Certificates are issued as \$4,020,000* Combination Tax and Revenue Certificates of Obligation, Series 2016. The Certificates are issued as serial Certificates maturing on August 15 in the years 2017 through and including 2031, unless the Underwriter designates one or more maturities as Term Certificates (see "THE CERTIFICATES – Description of the Certificates").
<b>PAYMENT OF INTEREST</b> .....	Interest on the Certificates accrues from the date of initial delivery, and is payable on August 15, 2017, and each February 15 and August 15 thereafter until maturity or prior redemption (see "THE CERTIFICATES – Description of the Certificates" and "THE CERTIFICATES – Optional Redemption").
<b>AUTHORITY FOR ISSUANCE</b> .....	The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an ordinance (the "Ordinance") adopted by the City Council of the City (see "THE CERTIFICATES – Authority for Issuance").
<b>SECURITY</b> .....	The Certificates constitute direct obligations of the City, payable from the levy and collection of a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and a limited pledge of not to exceed \$1,000 of the surplus revenues of the City's water and wastewater system, after payment of all operation and maintenance expenses and all debt service, reserve and other requirements in connection with all of the City's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the revenues of the City's water and wastewater system as provided in the Ordinance (see "THE CERTIFICATES – Security and Source of Payment").
<b>REDEMPTION</b> .....	The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2026, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Optional Redemption"). Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Underwriter elects to aggregate two or more maturities as Term Certificates.
<b>TAX EXEMPTION</b> .....	In the opinion of Bond Counsel, under existing law the interest on the Certificates is excludable from gross income for federal income tax purposes and the Certificates are not private activity bonds. See "TAX MATTERS – Tax Exemption" for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.
<b>QUALIFIED TAX-EXEMPT OBLIGATIONS</b> .....	The City expects to designate the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions (see "TAX MATTERS – Purchase of Tax-Exempt Obligations by Financial Institutions").
<b>USE OF PROCEEDS</b> .....	Proceeds from the sale of the Certificates will be used for the purpose of (i) acquiring, constructing, improving and expanding the City's water and wastewater system; (ii) acquisition of two fire engines and related equipment; and (iii) to pay for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

\*Preliminary, subject to change.

**RATING** ..... The Certificates and the outstanding debt of the City are rated "AA+" by S&P Global Ratings ("S&P") without regard to credit enhancement. See "OTHER INFORMATION – Rating."

**BOOK-ENTRY-ONLY SYSTEM** ..... The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES – Book-Entry-Only System").

**PAYMENT RECORD** ..... The City has never defaulted in the payment of its tax-supported debt.

**SELECTED FINANCIAL INFORMATION**

Fiscal Year Ended 9/30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End Of Year <sup>(2)</sup>	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita	% of Total Tax Collections
2012	6,470	\$ 1,548,335,102	\$ 239,310	\$ 5,760,000	0.37%	\$ 890	99.49%
2013	6,600	1,560,345,423	236,416	5,505,000	0.35%	834	98.84%
2014	6,600	1,571,197,550	238,060	10,455,000	0.67%	1,584	99.90%
2015	6,711	1,636,186,819	243,807	10,075,000	0.62%	1,501	99.49%
2016	6,711	1,691,718,253	252,081	9,660,000	0.57%	1,439	99.12% <sup>(4)</sup>
2017	6,711	1,765,878,202	263,132	10,265,000 <sup>(3)</sup>	0.58%	1,530	N/A

(1) Source: The City. Total includes full-time and part-time residents.  
(2) Excludes self-supporting debt. See "Table 1 – Valuation, Exemptions and General Obligation Debt – Footnote 2."  
(3) Includes the Certificates. Preliminary, subject to change.  
(4) Partial collections as of July 31, 2016.

*[The remainder of this page intentionally left blank.]*

**CITY OFFICIALS, STAFF AND CONSULTANTS**

**ELECTED OFFICIALS**

<u>Council Member</u>	<u>Length of Service</u>	<u>Term Expires</u>
Steve Jordan Mayor	3 Years	November 2017
Craig Haydon Mayor Pro-Tem	4 Years	November 2016
David Pope Councilmember	4 Years	November 2016
Cynthia Clinesmith Councilmember	1 Year	November 2017
Jerry Gray Councilmember	2 Years	November 2016
Reagan Lambert Councilmember	1 Year	November 2017

**APPOINTED OFFICIALS**

<u>Name</u>	<u>Position</u>
Stan R. Farmer	City Manager
Larry Anderson	Finance Director
Teresa L. Moore, TMRC	City Secretary

**CONSULTANTS AND ADVISORS**

Auditors ..... Neffendorf, Knopp, Doss & Company, P.C.  
 Certified Public Accountants  
 Fredericksburg, Texas

Bond Counsel ..... Bracewell LLP  
 Austin, Texas

Financial Advisor ..... Specialized Public Finance Inc.  
 Austin, Texas

For additional information regarding the City, please contact:

Stan R. Farmer City Manager City of Horseshoe Bay P.O. Box 7765 Horseshoe Bay, Texas 78657-7765 830/598-9940	or	Jennifer Douglas Managing Director Specialized Public Finance Inc. 248 Addie Roy Road, Suite B-103 Austin, Texas 78746 512/275-7300
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## OFFICIAL STATEMENT

### RELATING TO

\$4,020,000\*

CITY OF HORSESHOE BAY, TEXAS

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016

### INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$4,020,000\* Combination Tax and Revenue Certificates of Obligation, Series 2016 (the "Certificates"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance (the "Ordinance") to be adopted on the date of sale of the Certificates which will authorize the issuance of the Certificates.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Specialized Public Finance Inc., Austin, Texas, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the Final Official Statement pertaining to the Certificates will be deposited with the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, Virginia 22314. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

**DESCRIPTION OF THE CITY . . .** The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter and was incorporated in 2005. The City operates under the Council/Manager form of government where the Mayor and five Councilmembers are elected for staggered two-year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, sanitation services, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The estimated 2016 population is 6,711, which includes full-time and part-time residents. The City covers approximately 14 square miles.

### THE CERTIFICATES

**DESCRIPTION OF THE CERTIFICATES . . .** The Certificates are dated September 15, 2016, bear interest from the date of initial delivery to the Underwriter and mature on August 15 in each of the years and in the amounts shown on the inside cover page hereof. Interest on the Certificates will accrue from the date of initial delivery, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on August 15 and February 15, commencing August 15, 2017 until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the book-entry-only system described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "Book-Entry-Only System" herein.

**AUTHORITY FOR ISSUANCE . . .** The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended.

**SECURITY AND SOURCE OF PAYMENT . . .** All taxable property within the City is subject to the levy and collection of a continuing, direct annual ad valorem tax levied by the City, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on the Certificates. The Certificates are also secured by a limited pledge of not to exceed \$1,000 of the surplus revenues of the City's water and wastewater system remaining after payment of all operation and maintenance expenses and all debt service, reserve and other requirements in connection with all of the City's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the revenues of the City's water and wastewater system.

**TAX RATE LIMITATION . . .** All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities to \$2.50 per \$100 taxable assessed valuation for all purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service calculated at the time of issuance based on 90% tax collections.

\*Preliminary, subject to change.

**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem the Certificates having stated maturities on and after August 15, 2026, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates or portions thereof, within such maturity to be redeemed. Subject to the right of the City to give notice of a redemption conditioned on future events, as described below, if a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

**NOTICE OF REDEMPTION . . .** Not less than thirty (30) days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owners of the Certificates to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

In the Ordinance, the City reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN AND SUBJECT, IN THE CASE OF AN OPTIONAL REDEMPTION, TO ANY RIGHTS OR CONDITIONS RESERVED BY THE CITY IN THE NOTICE OF REDEMPTION, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice.

Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "Book-Entry-Only System" herein.

**DEFEASANCE . . .** The Ordinance provides that the Certificates may be discharged, defeased or refunded in any manner permitted by law.

**BOOK-ENTRY-ONLY SYSTEM . . .** This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by DTC while the Certificates are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they

will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Certificates held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend

payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriter take any responsibility for the accuracy thereof.

**USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . .** In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Underwriter.

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar is BOKF, N.A., Austin, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

**TRANSFER, EXCHANGE AND REGISTRATION . . .** In the event the Book-Entry-Only System should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer.

Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Certificate.

**RECORD DATE FOR INTEREST PAYMENT . . .** The record date ("Record Date") for the interest payable on the Certificates means the close of business on the last business day of the month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of an Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

**CERTIFICATEHOLDERS' REMEDIES . . .** The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any Registered Owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may

be sought if there is no other available remedy at law to compel performance under the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the registered owners of the Certificates upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3rd 325 (Tex. 2006), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's governmental immunity from a suit for money damages, registered owners may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in considering municipal breach of contract cases, it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the common law and statutory guidance. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of bond counsel will note that all opinions with respect to the rights of the registered owners of the Certificates are subject to the applicable provisions of federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

**AMENDMENTS TO THE ORDINANCE . . .** In the Ordinance, the City has reserved the right, without the consent of or notice to the owners, from time to time and at any time amend the Ordinance in any manner not detrimental to the interests of the owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of the owners of a majority in aggregate principal amount of the Certificates then outstanding, amend, add to or rescind any of the provisions of the Ordinance; provided, that, without the consent of the owners of all Certificates then outstanding, no such amendment, addition, or rescission shall:

- (a) affect the rights of the owners of less than all of the Certificates then outstanding;
- (b) make any change in the maturities of the Certificates;
- (c) reduce the rate of interest borne by any of the Certificates;
- (d) reduce the amount of the principal payable on the Certificates;
- (e) modify the terms of payment of principal of or interest on the Certificates or impose any conditions with respect to such payment; or
- (f) change the minimum percentage of the principal amount of Certificates necessary for consent to such amendment.

Certificates owned or held by or for the account of or for the benefit of the City shall not be deemed to be outstanding for the purpose of amending the Ordinance.

**PURPOSE . . .** Proceeds from the sale of the Certificates will be used for the purpose of (i) acquiring, constructing, improving and expanding the City's water and wastewater system; (b) acquisition of two fire engines and related equipment; and (c) to pay for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Certificates will be applied approximately as follows:

SOURCES OF FUNDS:

Par Amount of Certificates

Reoffering Premium

Total Sources of Funds

\_\_\_\_\_  
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USES OF FUNDS:

Deposit to Project Construction Fund

Deposit to Debt Service Fund

Underwriter's Discount

Costs of Issuance

Total Uses of Funds

\_\_\_\_\_  
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TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the City is the responsibility of the Burnet Central Appraisal District and Llano Central Appraisal District (the "Appraisal Districts"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal Districts is required under the Texas Property Tax Code to appraise all property within the Appraisal Districts on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of (a) 10% of the appraised value of the property for the preceding tax year, (b) the appraised value of the property for the preceding tax year and (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal Districts is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the applicable Appraisal District.

The Appraisal Districts are required to review the value of property within the Appraisal Districts at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the respective Appraisal Review Board.

Reference is made to the Texas Property Tax Code, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Article VIII, Section 1-b, and State law, the governing body of a political subdivision, at its option, may grant: (1) an exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; (2) an exemption of up to 20% of the market value of residence homesteads. The minimum exemption under this provision is \$5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

Under Article VIII, Section 1-b(h) and State law, a city at its option may provide a prohibition on increasing the total ad valorem tax, except for increases attributable to certain improvements, on the residence homestead of a disabled person or person 65 years of age or older above the amount of tax imposed in the later of (1) the year such residence qualified for an exemption based on the disability or age of the owner or (2) the year the city chooses to establish the tax limitation. The above-referenced tax limitation is transferable to (1) a different residence homestead within the city and (2) to a surviving spouse living in such homestead who is disabled or is at least 55 years of age. On the receipt of a petition signed by five percent of the registered voters of the City, the City shall call an election to determine by majority vote whether to establish such a tax limitation. If improvements (other than maintenance or repairs) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax limitation may not be repealed or rescinded.

State law and Article VIII, Section 2, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000 depending upon the degree of disability or whether the exemption is applicable to a surviving spouse or children.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and Section 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freoport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal. In addition, effective for tax years 2008 and thereafter, Article VII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit," which are defined as personal property acquired or imported into the state and transported to another location inside or outside the state within 175 days of the date the property was acquired or imported into the state. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following tax year. A taxpayer may obtain only a Freeport exemption or a goods-in-transit exemption for items of personal property.

Article VIII, Section 1-I, provides for the exemption from ad valorem taxation of certain property used to control the pollution of air, water, or land. A person is entitled to an exemption from taxation of all or part of real and personal property that the person owns and that is used wholly or partly as a facility, device or method for the control of air, water or land pollution.

The City may create one or more tax increment financing zones within the City ("TIRZ"), under which the tax values on property in the zone are "frozen" at the value of the property at the time of creation of the zone. Other overlapping taxing units levying taxes in the TIRZ may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIRZ in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIRZ. Taxes levied by the City against the values of real property in the TIRZ in excess of the "frozen" value are not available for general City use but are restricted to paying or financing "project costs" within the TIRZ. The City also may enter into tax abatement agreements to encourage economic development. Under such tax abatement agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. A tax abatement agreement could last for a period of up to 10 years.

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code ("Chapter 380") to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grant of public fund for economic development purposes, however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City.

**EFFECTIVE TAX RATE AND ROLLBACK TAX RATE** . . . The City Council will be required to adopt the annual tax rate for the City before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the City. If the City Council does not adopt a tax rate by such required date the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the City for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". A tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or 103% of the effective tax rate until a public hearing is held on the proposed tax rate following a notice of such public hearing (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year. Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

**PROPERTY ASSESSMENT AND TAX PAYMENT . . .** Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

**PENALTIES AND INTEREST . . .** Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, up to 20% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

**CITY APPLICATION OF TAX CODE . . .** The City has not granted an exemption to the market value of the residence homestead of persons 65 years of age or older.

The City has granted an additional exemption of 20% of the market value of residence homesteads.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and the Burnet and Llano County Tax Assessor/Collectors collect taxes for the City.

The City does permit split payments, and discounts are allowed.

The City does not tax freeport property.

The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has not adopted a tax abatement policy.

The City does not participate in any tax increment financing zones.

**TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2016/17 Market Valuation Established by Llano and Burnet County Appraisal Districts (excluding totally exempt property)	\$ 1,892,159,709
Less Exemptions/Reductions at 100% Market Value:	<u>126,281,507</u>
2016/17 Taxable Assessed Valuation	\$ 1,765,878,202
City Funded Debt Payable from Ad Valorem Taxes (as of 8-1-2016)	\$ 21,770,000
The Certificates	<u>4,020,000</u> <sup>(1)</sup>
Total Debt Payable from Ad Valorem Taxes	25,790,000
Less: Self-Supporting Debt	<u>(15,100,000)</u> <sup>(2)</sup>
Net Debt Payable from Ad Valorem Taxes	\$ 10,690,000
Interest and Sinking Fund (as of 8-1-2016)	\$ 284,684
Ratio Tax Supported Debt to Taxable Assessed Valuation	0.61%

2016 Estimated Population - 6,711  
Per Capita Taxable Assessed Valuation - \$263,132  
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$1,593

(1) Preliminary, subject to change.

(2) 100% of General Obligation Refunding Bonds, Series 2007 (the "2007 Bonds") and a portion of the Combination Tax and Revenue Certificates of Obligation, Series 2011 (the "2011 Certificates") and the Combination Tax and Revenue Certificates of Obligation, Series 2014 (the "2014 Certificates") are supported with waterworks & sewer system revenues. The Certificates are partially supported by PID revenues. Except to the limited extent water and sewer system revenues are pledged to the 2011 Certificates and the 2014 Certificates, transfers of such revenues to pay debt service on the 2007 Bonds, 2011 Certificates and the 2014 Certificates are discretionary and, to the extent such discretionary transfers are not made, such debt service will be paid from ad valorem tax revenue.

**TABLE 2 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9/30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End Of Year <sup>(2)</sup>	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2012	6,470	\$ 1,548,335,102	\$ 239,310	\$ 5,760,000	0.37%	\$ 890
2013	6,600	1,560,345,423	236,416	5,505,000	0.35%	834
2014	6,600	1,571,197,550	238,060	10,455,000	0.67%	1,584
2015	6,711	1,636,186,819	243,807	10,075,000	0.62%	1,501
2016	6,711	1,691,718,253	252,081	9,660,000	0.57%	1,439
2017	6,711	1,765,878,202	263,132	10,265,000 <sup>(3)</sup>	0.58%	1,530

(1) Source: The City. Total includes full-time and part-time residents.

(2) Excludes self-supporting debt. See "Table 1 – Valuation, Exemptions and General Obligation Debt – Footnote 2."

(3) Includes the Certificates. Preliminary, subject to change.

**TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2012	\$ 0.2500	\$ 0.2220	\$ 0.0280	\$ 3,869,172	98.71%	99.49%
2013	0.2500	0.2220	0.0280	3,869,065	97.89%	98.84%
2014	0.2500	0.2230	0.0270	3,930,762	99.18%	99.90%
2015	0.2500	0.2220	0.0280	4,088,231	99.23%	99.49%
2016	0.2500	0.2220	0.0280	4,229,296	98.92% (1)	99.12% (1)

(1) Partial collections as of July 31, 2016.

**TABLE 4 – TEN LARGEST TAXPAYERS<sup>(1)</sup>**

Name of Taxpayer	2015 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Horseshoe Bay Resort	\$ 41,283,030	2.44%
Summit Rock Communities LLC	14,308,229	0.85%
Manzanita Properties LLC	6,152,130	0.36%
Beeman Investment Properties Inc.	5,954,300	0.35%
Pigs Can Fly LLC	5,361,443	0.32%
RJ & Stephanie Pipkin	5,247,233	0.31%
Gordon & Margaret Hartman	5,013,050	0.30%
Steve & Sue Caperton	4,848,112	0.29%
Hulsey Living Trust	4,829,210	0.29%
John & Jayne Kendall	4,691,120	0.28%
	<u>\$ 97,687,857</u>	<u>5.77%</u>

(1) Based on the aggregate 2015 Taxable Assessed Value of \$1,691,718,253.

**GENERAL OBLIGATION DEBT LIMITATION . . .** No general obligation debt limitation is imposed on the City under current State law or the City’s Home Rule Charter (see “THE CERTIFICATES – Tax Rate Limitation”).

**TABLE 5 – TAX ADEQUACY<sup>(1)</sup>**

2016 Principal and Interest Requirements	\$ 724,549
\$ 0.0419 Tax Rate at 98% Collection Produces	\$ 725,105
Average Annual Principal and Interest Requirements, 2016-2039	\$ 625,298
\$ 0.0362 Tax Rate at 98% Collection Produces	\$ 626,463
Maximum Annual Principal and Interest Requirements, 2026	\$ 867,514
\$ 0.0502 Tax Rate at 98% Collection Produces	\$ 868,741

(1) Preliminary, subject to change. Excludes the self-supporting debt.

**DEBT INFORMATION**

**TABLE 6—PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 9/30	Outstanding G.O. Debt <sup>(1)</sup>			The Certificates <sup>(2)</sup>			Total Debt Service Requirements	LESS: Self-Supporting Debt <sup>(3)</sup>	Total Tax-Supported Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total			
	2016	\$ 1,055,000	\$ 750,266	\$ 1,805,266	\$ -	\$ -			
2017	1,085,000	720,955	1,805,955	180,000	88,125	268,125	2,074,080	1,329,282	744,798
2018	1,110,000	689,588	1,799,588	280,000	101,450	381,450	2,181,038	1,332,464	848,574
2019	1,145,000	657,404	1,802,404	285,000	95,850	380,850	2,183,254	1,326,956	856,299
2020	1,175,000	623,839	1,798,839	290,000	90,150	380,150	2,178,989	1,330,524	848,465
2021	1,225,000	588,279	1,813,279	295,000	84,350	379,350	2,192,629	1,337,819	854,810
2022	1,265,000	550,363	1,815,363	300,000	78,450	378,450	2,193,813	1,333,625	860,189
2023	1,300,000	510,601	1,810,601	305,000	72,450	377,450	2,188,051	1,328,375	859,676
2024	1,350,000	468,033	1,818,033	315,000	66,350	381,350	2,199,383	1,336,488	862,895
2025	1,405,000	421,182	1,826,182	320,000	60,050	380,050	2,206,232	1,342,156	864,076
2026	1,450,000	370,998	1,820,998	330,000	50,450	380,450	2,201,448	1,333,935	867,514
2027	1,505,000	318,416	1,823,416	210,000	40,550	250,550	2,073,966	1,339,115	734,851
2028	1,015,000	262,765	1,277,765	215,000	34,250	249,250	1,527,015	792,293	734,723
2029	1,055,000	225,909	1,280,909	225,000	27,800	252,800	1,533,709	795,534	738,175
2030	1,095,000	186,960	1,281,960	230,000	18,800	248,800	1,530,760	795,346	735,414
2031	430,000	159,969	589,969	240,000	9,600	249,600	839,569	524,560	315,009
2032	450,000	145,219	595,219	-	-	-	595,219	278,088	317,131
2033	465,000	129,435	594,435	-	-	-	594,435	280,670	313,765
2034	485,000	113,048	598,048	-	-	-	598,048	277,994	320,054
2035	505,000	94,581	599,581	-	-	-	599,581	279,413	320,169
2036	530,000	73,881	603,881	-	-	-	603,881	284,713	319,169
2037	550,000	53,313	603,313	-	-	-	603,313	285,000	318,313
2038	575,000	32,922	607,922	-	-	-	607,922	285,394	322,528
2039	600,000	11,250	611,250	-	-	-	611,250	285,250	326,000
	<u>\$ 22,825,000</u>	<u>\$ 8,159,175</u>	<u>\$ 30,984,175</u>	<u>\$ 4,020,000</u>	<u>\$ 918,675</u>	<u>\$ 4,938,675</u>	<u>\$ 35,922,851</u>	<u>\$ 20,915,707</u>	<u>\$ 15,007,143</u>

(1) Includes self-supporting general obligation debt. See "Table 1 – Valuation, Exemptions and General Obligation Debt – Footnote 2."

(2) Preliminary, subject to change. Interest calculated at a true interest cost of 2.72% for purposes of illustration. Preliminary, subject to change.

(3) See "Table 1 – Valuation, Exemptions and General Obligation Debt – Footnote 2."

**TABLE 7 – ESTIMATED OVERLAPPING DEBT**

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Certificates since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Certificates, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	City's Overlapping Tax Supported Debt as of 7-31-16
Burnet County	\$ 14,845,000	2.89%	\$ 429,021
Llano County	420,000	27.98%	117,516
Llano ISD	41,010,000	29.98%	12,294,798
Marble Falls ISD	67,462,934	4.91%	3,312,430
City of Horseshoe Bay	10,690,000	100.00%	10,690,000 <sup>(1)</sup>
Total Direct and Overlapping Tax Supported Debt			\$ 26,843,765
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			1.59%
Per Capita Overlapping Tax Supported Debt			\$ 4,000

(1) Includes the Certificates and excludes self-supporting debt. Preliminary, subject to change. See "Table 1 – Valuation, Exemptions and General Obligation Debt – Footnote 2."

**AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS . . . None**

**ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . .** The City does not anticipate the issuance of additional general obligation debt within the next twelve months.

**TABLE 8 – INTEREST AND SINKING FUND BUDGET PROJECTION**

Estimated General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-2016		\$ 1,805,266
2015 Interest and Sinking Fund Tax Levy @ 98% collection	\$ 464,207	
Budgeted Transfer from General Fund	252,250	
Fiscal Year 2015 Interest and Sinking Fund Balance	132,092	
Self-Supported Debt Service	1,080,717	\$ 1,929,266
Estimated Balance, 9-30-2016		\$ 124,000

**OTHER OBLIGATIONS . . .** See "Notes to the Financial Statements, Note II.F., II.K. and II.N" in APPENDIX B.

**PENSION FUND . . .** The City provides pension benefits for all of its full-time employees through Nationwide Retirement Solutions, Inc. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. For more detailed information concerning the retirement plan, see "APPENDIX B – Excerpts from the City's Annual Financial Report" partially Note II.H.

**FINANCIAL INFORMATION**

**TABLE 9 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

	Fiscal Year Ending September 30,				
	2015	2014	2013	2012	2011
<b>Revenues:</b>					
Taxes <sup>(1)</sup>	\$ 4,918,986	\$ 4,851,048	\$ 4,624,575	\$ 4,514,026	\$ 4,939,974
Licenses and Permits	85,686	87,315	70,403	53,024	64,954
Intergovernmental Revenue and Grants	-	-	-	89,772	-
Charges for Services	1,033,371	1,121,365	703,802	219,000	208,319
Fines	87,675	49,959	41,167	47,072	36,215
Special Assessments	598,758	526,681	430,634	566,559	8,340
Investment Earnings	3,629	2,443	5,470	6,017	13,643
Rents and Royalties	9,000	8,250	9,000	9,636	9,636
Contributions & Donations from Private Sources	10,500	12,500	21,485	8,377	10,575
Other Revenue	63,105	62,050	207,243	355,006	317,842
<b>Total Revenues</b>	<b>\$ 6,810,690</b>	<b>\$ 6,721,611</b>	<b>\$ 6,113,779</b>	<b>\$ 5,868,489</b>	<b>\$ 5,609,498</b>
<b>Expenditures:</b>					
General Government	\$ 1,592,858	\$ 1,442,412	\$ 1,569,342	\$ 1,033,771	\$ 988,006
Police	1,712,123	1,698,867	1,608,817	1,525,965	1,424,018
Fire Protection	1,671,690	1,615,301	1,552,253	1,516,717	1,478,412
Highways and Streets	264,205	172,659	218,006	207,766	339,374
Public Services	487,099	449,804	-	-	-
Development Services	295,852	243,934	387,559	311,827	315,959
Capital Outlay	119,270	245,500	93,240	284,514	2,089,620
<b>Total Expenses</b>	<b>\$ 6,143,097</b>	<b>\$ 5,868,477</b>	<b>\$ 5,429,217</b>	<b>\$ 4,880,560</b>	<b>\$ 6,635,389</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ 667,593</b>	<b>\$ 853,134</b>	<b>\$ 684,562</b>	<b>\$ 987,929</b>	<b>\$ (1,025,891)</b>
Budgeted Transfers In	\$ 20,000	\$ -	\$ -	\$ -	\$ -
Sale of Real and Personal Property	-	-	-	-	-
Budgeted Transfers Out	(575,636)	(1,336,712)	(1,150,000)	(250,000)	(4,850,000)
	(555,636)	(1,336,712)	(1,150,000)	(250,000)	(4,850,000)
<b>Net Increase (Decrease)</b>	<b>\$ 111,957</b>	<b>\$ (483,578)</b>	<b>\$ (465,438)</b>	<b>\$ 737,929</b>	<b>\$ (5,875,891)</b>
Fund Balance at Beginning of Year	3,355,364	3,838,942	4,304,380	3,566,451	9,442,342
Adjustments to Fund Balance	-	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ 3,467,321</b>	<b>\$ 3,355,364</b>	<b>\$ 3,838,942</b>	<b>\$ 4,304,380</b>	<b>\$ 3,566,451</b>

Source: City's audited financial statements.

(1) Includes ad valorem tax, sales and use taxes, other taxes plus penalties paid and interest accrued on taxes.

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**TABLE 10 – MUNICIPAL SALES TAX HISTORY**

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the office of the Comptroller of Public Accounts of the State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	Total Collected <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2012	\$ 806,895	20.85%	\$ 0.0521	\$ 125
2013	937,157	24.22%	0.0601	142
2014	998,535	25.40%	0.0636	151
2015	977,438	23.91%	0.0597	146
2016	771,278 <sup>(2)</sup>	18.24%	0.0456	115

(1) The city enacted a sales tax beginning October 1, 2007 and increased the rate by 1/4% on April 1, 2010. An additional 1/4% is available for levy in the future.

(2) Collections through July 31, 2016.

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## INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change.

**LEGAL INVESTMENTS . . .** Under current State law, the City is authorized to invest in: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent, (6) bonds issued, assumed, or guaranteed by the State of Israel, (7) certificates of deposit meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State, (9) securities lending programs if (i) the securities loaned under the program are collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City and held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with the Securities and Exchange Commission that have a dollar-weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of no less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups.

All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) market ability of each investment, (5) diversification of the portfolio, and (6) yield. The City is required to designate one or more officers or employees as investment officers to be responsible for the investment of its funds. In the administration of the duties of an investment officer, the person so designated shall exercise the judgment and care, under prevailing circumstances that a prudent person would exercise in the management of the person's own affairs. Unless authorized by law, a person may not deposit, withdraw, or manage in any other manner the funds of the City.

Under State law, City investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” At least quarterly the investment officers of the City shall submit an investment report for the period. The report must: (1) describe the investment position of the City, (2) be prepared jointly and signed by each investment officer, (3) contain a summary statement prepared in compliance with generally accepted accounting principles of each pooled fund group that states: the beginning market value, any additions and changes to market value and the ending value for the period and fully accrued interest for the reporting period, (4) state the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) state the maturity date of each separately invested asset, (6) state the account or pooled fund group for which each individual investment was acquired, and (7) state the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. If the City invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers shall be reviewed at least annually by an independent auditor, and the result of the review shall be reported to the City Council. No person may invest City funds without express written authority from the City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer, and other investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (7) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the City’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and prohibit the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service, and (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

The City’s current investment policy is in compliance with the State law requirements described above.

**TABLE 11 – CURRENT INVESTMENTS**

As of July 31, 2016, the City’s investable funds were invested in the following categories:

<u>Investments</u>	<u>Market Value</u>	<u>% of Total</u>
TexPool Investment Pool	\$ 7,446,595	100.00%

As of such date, the market value of the investment portfolio was approximately 100.00% of its book value. No funds of the City are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

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## TAX MATTERS

**TAX EXEMPTION** . . . In the opinion of Bracewell LLP, Bond Counsel, under existing law (i) interest on the Certificates is excludable from gross income for federal income tax purposes and (ii) the Certificates are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and, as such, interest on the Certificates is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Certificates, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The City has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Certificates for federal income tax purposes and, in addition, will rely on representations by the City, the City's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the City, the City's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Ordinance or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Certificates could become includable in gross income from the date of delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, or REMIC), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax-exempt obligations, such as the Certificates, is included in a corporation's "adjusted current earnings," ownership of the Certificates could subject a corporation to alternative minimum tax consequences.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Certificates.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates regardless of the ultimate outcome of the audit.

**PURCHASE OF TAX-EXEMPT OBLIGATIONS BY FINANCIAL INSTITUTIONS** . . . Section 265(a) of the Code provides, in general, that a deduction for interest on indebtedness incurred to acquire or carry tax-exempt obligations is disallowed. Section 265(b) of the Code provides a specific complete disallowance of any deduction by a financial institution of its pro rata interest expense to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. Section 265(b) also provides an exception for financial institutions for tax-exempt obligations that are properly designated by an issuer as "qualified tax-exempt obligations."

The Certificates will be designated as "qualified tax-exempt obligations" based, in part, on the City's representation that the amount of the Certificates, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than "qualified 501(c)(3) bonds" or any obligations issued to currently refund any obligation to the extent that the amount of the refunding obligation did not exceed the outstanding amount of the refunded obligation) issued or reasonably anticipated to be issued by or on behalf of the City during 2016, is not expected to exceed \$10,000,000. Further, the City and entities aggregated with the City under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Certificates) during 2016.

Notwithstanding the designation of the Certificates as "qualified tax-exempt obligations" under this exception, financial institutions acquiring the Certificates will be subject to a 20% disallowance of allocable interest expense.

## ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

**Collateral Tax Consequences.** Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Certificates. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Certificates should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Certificates, received or accrued during the year.

**Tax Accounting Treatment of Original Issue Premium.** The issue price of all or a portion of the Certificates may exceed the stated redemption price payable at maturity of such Certificates. Such Certificates (the "Premium Certificates") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Certificate in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Certificate in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Certificate by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Certificate that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Certificate) is determined using the yield to maturity on the Premium Certificate based on the initial offering price of such Premium Certificate.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Certificate and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Certificates.

**Tax Accounting Treatment of Original Issue Discount Certificates.** The issue price of all or a portion of the Certificates may be less than the stated redemption price payable at maturity of such Certificates (the "Original Issue Discount Certificates"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate constitutes original issue discount with respect to such Original Issue Discount Certificate in the hands of any owner who has purchased such Original Issue Discount Certificate in the initial public offering of the Certificates. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Certificate continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Certificates under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "– Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Certificates for contemporaneous sale to the public and (ii) all of the Original Issue Discount Certificates have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Certificates will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Certificate accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the

accrual period) less (ii) the amounts payable as current interest during such accrual period on such Original Issue Discount Certificate.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

**Tax Legislative Changes.** Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Certificates from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed, pending or future legislation.

## CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via its Electronic Municipal Market Access system at [www.emma.msrb.org](http://www.emma.msrb.org).

**ANNUAL REPORTS . . .** The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables 1 through 6 and Tables 8 through 11 and in APPENDIX B. The City will update and provide this information within six months of the close of each fiscal year. The City will provide the updated information to the MSRB in an electronic format as prescribed by the MSRB.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

**MATERIAL EVENT NOTICES . . .** The City shall provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner and not more than 10 business days after the occurrence of the event: (1) principal and interest payment delinquencies; (2) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of Owners, if material; (8) bond calls, if material and tender offers; (9) defeasance; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

For these purposes, any event described in the immediately preceding clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets of business of the City.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with the foregoing provisions by the time required therein.

**AVAILABILITY OF INFORMATION FROM MSRB . . .** The City has agreed to provide the foregoing information only to the MSRB. All documents provided by the City to the MSRB described above under "Annual Reports" and "Material Event Notices" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB. The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

Should Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") be amended to obligate the City to make filing with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended.

**LIMITATIONS AND AMENDMENTS . . .** The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The continuing disclosure agreement may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions, as amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretation of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized Bond Counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

**COMPLIANCE WITH PRIOR UNDERTAKINGS . . .** In FY 2015, the City timely filed its updated annual financial information tables utilizing unaudited financial information. The FY 2015 audit was completed and provided to the City in June 2016 and, upon receipt, was filed by the City, together with amended annual financial information tables reflecting audited financial information.

## OTHER INFORMATION

**RATING . . .** The Certificates and the outstanding debt of the City has been rated "AA+" by S&P Global Ratings ("S&P") without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any of such rating may have an adverse effect on the market price of the Certificates.

**LITIGATION . . .** It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

**REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE . . .** The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

**LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . .** Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political

subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

**LEGAL MATTERS . . .** The City will furnish a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Certificates are valid and binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property within the City and a limited pledge of the surplus revenues of the City's water and wastewater system. Issuance of the Certificates is also subject to the legal opinion of Bracewell LLP ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Certificates, to the effect that the Certificates are valid and binding obligations of the City payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described under the caption "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Certificates. In connection with the issuance of the Certificates, Bond Counsel has been engaged by, and only represents, the City. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are based upon a percentage of Certificates actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Certificates. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., Austin, Texas. In connection with the issuance of the Certificates, Bond Counsel has been engaged by, and only represents, the City.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "THE CERTIFICATES" (except under the subcaptions "Book-Entry-Only System," "Certificateholders' Remedies" and "Sources and Uses of Proceeds"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except the information under the subcaption "Compliance with Prior Undertakings"), and the subcaptions "Registration and Qualification of Certificates for Sale," "Legal Investment and Eligibility to Secure Public Funds in Texas," and "Legal Matters" under "OTHER INFORMATION" in the Official Statement and such firm is of the opinion that the information relating to the Certificates and the Ordinance contained under such captions fairly and accurately describe the provisions thereof and are correct as to matters of law.

**FINANCIAL ADVISOR . . .** Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

**FORWARD-LOOKING STATEMENTS . . .** The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

**UNDERWRITING . . .** The Underwriter has agreed, subject to certain conditions, to purchase the Certificates from the City, at a price equal to the initial offering prices to the public, as shown on the inside cover page of this Official Statement, less an underwriting discount of \$ \_\_\_\_\_. The Underwriter will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriter.

**MISCELLANEOUS . . .** The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Reference is made to original documents in all respects. The Ordinance authorizing the issuance of the Certificates will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Underwriter.

**CERTIFICATION AS TO OFFICIAL STATEMENT . . .** The City, acting by and through its City Council in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the City and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the City, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the City has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the City has no obligation to disclose any changes in the affairs of the City and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the City delivers the Certificates to the Underwriter at closing, unless extended by the Underwriter. All information with respect to the resale of the Certificates subsequent to the "end of the underwriting period" is the responsibility of the Underwriter.

This Official Statement has been approved by the City Council of the City for distribution in accordance with the provisions of the Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

\_\_\_\_\_  
Mayor  
City of Horseshoe Bay, Texas

ATTEST:

\_\_\_\_\_  
City Secretary  
City of Horseshoe Bay, Texas

**APPENDIX A**

**GENERAL INFORMATION REGARDING THE CITY**

## THE CITY

The City of Horseshoe Bay, Texas is a 14 square mile area located in Llano and Burnet Counties, near the City of Marble Falls, approximately 55 miles northwest of the City of Austin. Principal access to the City is by State Highway 71 and U.S. Highway 281. The Strategic Partnership Agreement between the City and Lake LBJ MUD was signed in January 1, 2006, but the actual date the City merged with Lake LBJ MUD was March 1, 2006. The City is primarily a resort and second homes development. The City's current population for 2016 is estimated at 6,711 which includes full time and part time residents.

## LABOR MARKET PROFILE

	Burnet County	
	July 2016	July 2015
Total Civilian Labor Force	21,564	21,494
Total Employment	20,700	20,649
Total Unemployment	864	845
Percent Unemployed	4.0%	3.9%

	Llano County	
	July 2016	July 2015
Total Civilian Labor Force	8,552	8,360
Total Employment	8,163	7,988
Total Unemployment	389	372
Percent Unemployed	4.5%	4.4%

	State of Texas	
	July 2016	July 2015
Total Civilian Labor Force	13,386,738	13,120,456
Total Employment	12,706,976	12,487,238
Total Unemployment	679,762	633,218
Percent Unemployed	5.1%	4.8%

Source: Texas Workforce Commission.

**APPENDIX B**

**EXCERPTS FROM THE  
CITY OF HORSESHOE BAY, TEXAS  
ANNUAL FINANCIAL REPORT**

**For the Year Ended September 30, 2015**

The information contained in this APPENDIX consists of excerpts from the City of Horseshoe Bay, Texas Annual Financial Report for the Year Ended September 30, 2015, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information

**NEFFENDORF & KNOPP, P.C.**  
**Certified Public Accountants**

P.O. BOX 874 • 736 S. WASHINGTON ST.  
FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

Email: nkhd@austin.rr.com

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Honorable Mayor and Council Members  
City of Horseshoe Bay, Texas  
Horseshoe Bay, TX 78657

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Horseshoe Bay, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

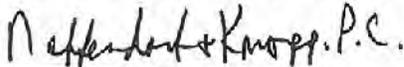
**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Horseshoe Bay, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



NEFFENDORF & KNOPP, P.C.  
Fredericksburg, Texas

June 22, 2016

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–8 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

  
NEFFENDORF & KNOPP, P.C.  
Fredericksburg, Texas

June 22, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Horseshoe Bay, we offer readers of the City's financial statements this narrative overview and analysis of the financial statements of the City for the year ended September 30, 2015. Please read it in conjunction with the independent auditors' report on page 1, and the City's Basic Financial Statements which begin on page 9.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$33,517,941 (net position). Of this amount, \$8,913,143 (unrestricted net position) may be used to meet the City's ongoing obligations to citizen's and creditors.
- The City's net position decreased by \$532,681 as a result of this period's operations.
- At September 30, 2015, the City's governmental funds reported combined ending fund balances of \$3,599,413.
- At September 30, 2015, the City's Utility Fund reported unrestricted net position of \$5,331,855.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 and 10). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (beginning on page 12) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements (starting on page 21) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedule (general fund) is presented as required supplementary information on page 33.

## **Reporting the City as a Whole**

### ***The Statement of Net Position and the Statement of Activities***

The analysis of the City's overall financial condition and operations begins on page 9. Its primary purpose is to show whether the City is better off or worse off as a result of the period's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the period. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider other factors as well, such as changes in the City's customers or its property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activity:

- **Governmental activity** - All of the City's basic services are reported here, including the public safety, public works, municipal court and administration. Property taxes, other taxes and user charges finance most of these activities.
- **Business-type activity** - The City's utility system is reported as a business-type activity since the fees charged to customers cover the cost of services provided.

## **Reporting the City's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has two kinds of funds:

- **Governmental funds** - All of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Note II to the financial statements.
- **Proprietary funds** - Services for which the City charges customers a fee are generally reported in proprietary funds. The City's enterprise fund (Utility) is a business-type activity and provides both long and short-term financial information.

**Table II**  
**City of Horseshoe Bay**

**CHANGES IN NET POSITION**  
in thousands

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Charges for Services	\$ 1,808	\$ 1,698	\$ 5,998	\$ 5,740	\$ 7,807	\$ 7,438
Stand-by Charges					-	-
Property Tax	4,071	3,953			4,071	3,953
Other Taxes	1,285	1,322			1,285	1,322
Penalty & Interest	23	29			23	29
Investment Earnings	4	3	4	2	8	5
Miscellaneous	77	112	29	13	106	125
<b>Total Revenue</b>	<b>\$ 7,268</b>	<b>\$ 7,117</b>	<b>\$ 6,032</b>	<b>\$ 5,755</b>	<b>\$ 13,300</b>	<b>\$ 12,872</b>
<b>Expenses:</b>						
General Government	\$ 1,704	\$ 1,567	\$	\$	\$ 1,704	\$ 1,567
Police	1,845	1,823			1,845	1,823
Fire	1,792	1,761			1,792	1,761
Streets	1,147	837			1,147	837
Development Services	318	261			318	261
Mowing and Clearing	521	483			521	483
Utilities			4,701	4,420	4,701	4,420
Debt Service	331	248	472	363	803	611
Capital Outlay	105	101			105	101
Depreciation			1,439	1,483	1,439	1,483
<b>Total Expenses</b>	<b>\$ 7,763</b>	<b>\$ 7,081</b>	<b>\$ 6,612</b>	<b>\$ 6,266</b>	<b>\$ 14,375</b>	<b>\$ 13,347</b>
<b>Increase in Net Position</b>						
Before Transfers & Capital Grants	\$ (485)	\$ 36	\$ (580)	\$ (511)	\$ (1,075)	\$ (475)
Capital Contributions	500		42	202	542	202
Transfers	5,167		(5,167)		-	-
Change in Net Position	5,172	36	(5,705)	(309)	(533)	(273)
Net Position, Beginning	14,140	14,104	19,911	20,220	34,051	34,324
<b>Net Position, Ending</b>	<b>\$ 19,312</b>	<b>\$ 14,140</b>	<b>\$ 14,206</b>	<b>\$ 19,911</b>	<b>\$ 33,518</b>	<b>\$ 34,051</b>

## THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$3,599,413. Included in this year's total change in fund balance is an increase of \$111,957 in the City's General Fund.

The City adopted the General Fund Budget. Actual revenues were more than budgeted amounts by \$265,940, and actual expenditures were less than budgeted amounts by \$229,486.

## CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2015, the City had the following amounts invested in capital assets, net of depreciation:

	<b>CAPITAL ASSETS</b>					
	<b>In thousands</b>					
	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 127	\$ 127	\$ 420	\$ 420	\$ 547	\$ 547
Infrastructure	23,321	16,508	42,844	42,477	66,165	68,984
Machinery and Equipment	2,500	2,408	2,848	2,680	5,349	5,088
Buildings and Improvements	3,895	3,895	874	874	4,768	4,769
Construction In Progress	2,158	3,236	527	61	2,685	3,297
Total Capital Assets	<u>\$ 32,002</u>	<u>\$ 26,174</u>	<u>\$ 47,512</u>	<u>\$ 46,511</u>	<u>\$ 79,514</u>	<u>\$ 72,685</u>
Less: Accumulated Depreciation	<u>(5,992)</u>	<u>(4,738)</u>	<u>(25,333)</u>	<u>(23,894)</u>	<u>(31,325)</u>	<u>(28,632)</u>
Capital Assets, Net	<u>\$ 26,009</u>	<u>\$ 21,436</u>	<u>\$ 22,179</u>	<u>\$ 22,617</u>	<u>\$ 48,188</u>	<u>\$ 44,053</u>

This period's major additions included:

	Governmental Activities	Business Type Activities
Infrastructure	\$ 192,605	\$ 386,624
Machinery and Equipment	119,271	168,473
Construction In Progress	5,542,210	465,528
TOTALS	<u>\$ 5,854,086</u>	<u>\$ 1,000,625</u>

More detailed information about the City's capital assets is presented in Note D and E to the financial statements.

## DEBT

For governmental activities, the City had \$10,118,236 in combination tax and revenue bonds outstanding.

For business-type activities, the City had \$12,788,092 in general obligation refunding bonds and combination tax and revenue bonds outstanding.

More detailed information about the City's long-term liabilities is presented in Note F to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2016 budget and tax rates. The major factors are the assessed property values and population growth. These indicators were taken into account when adopting the General Fund budget for 2016. Total revenues in the General Fund budget are \$6,789,250 and expenditures are estimated to be \$6,738,750. The General Fund fund balance should increase by \$50,500.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office, at P.O. Box 7765, City of Horseshoe Bay, Horseshoe Bay, Texas 78657.

## BASIC FINANCIAL STATEMENTS

CITY OF HORSESHOE BAY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

EXHIBIT A-1

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 324,850	\$ 500,420	\$ 825,270
Investments - Current	4,657,265	2,331,819	6,989,084
Receivables (net of allowance for uncollectibles)	422,034	812,499	1,234,533
Internal Balances	(1,110,286)	1,110,286	-
Inventories	-	93,982	93,982
Capitalized Debt Issuance Costs	-	152,348	152,348
Restricted Assets:			
Restricted Asset-Capital Improvements	-	516,893	516,893
Capital Assets:			
Land	127,356	419,563	546,919
Infrastructure	23,321,233	41,048,235	64,369,468
Buildings	3,894,538	873,955	4,768,493
Improvements other than Buildings	-	1,795,404	1,795,404
Machinery and Equipment	2,500,377	2,848,269	5,348,646
Accumulated Depreciation	(5,992,365)	(25,332,832)	(31,325,197)
Construction in Progress	2,158,058	526,576	2,684,634
Total Assets	<u>30,303,060</u>	<u>27,697,417</u>	<u>58,000,477</u>
<b>LIABILITIES</b>			
Accounts Payable	365,687	209,482	575,169
Accrued Interest Payable	39,123	69,503	108,626
Unearned Revenues	42,794	58,224	101,018
Other Current Liabilities	143,394	366,075	509,469
Noncurrent Liabilities			
Due Within One Year	415,000	640,000	1,055,000
Due in More Than One Year	9,974,161	12,148,092	22,122,253
Total Liabilities	<u>10,980,159</u>	<u>13,491,376</u>	<u>24,471,535</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	11,000	-	11,000
Total Deferred Inflows of Resources	<u>11,000</u>	<u>-</u>	<u>11,000</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	15,598,520	8,874,186	24,472,706
Restricted for Debt Service	132,092	-	132,092
Unrestricted Net Position	3,581,289	5,331,855	8,913,144
Total Net Position	<u>\$ 19,311,901</u>	<u>\$ 14,206,041</u>	<u>\$ 33,517,942</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HORSESHOE BAY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
General Government	\$ 1,703,259	\$ 426,764	\$ -
Police	1,844,811	121,625	-
Fire Protection	1,792,278	257,436	-
Highways and Streets	1,146,781	598,738	-
Development Services	318,557	93,445	-
Mowing & Clearing	521,054	310,374	-
Bond Interest	331,499	-	-
Capital Outlay	104,724	-	500,000
Total Governmental Activities:	<u>7,762,963</u>	<u>1,808,382</u>	<u>500,000</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Water Utility	6,611,869	5,999,377	41,419
Total Business-Type Activities:	<u>6,611,869</u>	<u>5,999,377</u>	<u>41,419</u>
<b>TOTAL PRIMARY GOVERNMENT:</b>	<u>\$ 14,374,832</u>	<u>\$ 7,807,759</u>	<u>\$ 541,419</u>

**General Revenues:**

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Other Taxes

Penalty and Interest

Grants and Contributions Not Restricted

Miscellaneous Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position--Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,276,495)	\$ -	\$ (1,276,495)
(1,723,186)	-	(1,723,186)
(1,534,842)	-	(1,534,842)
(548,043)	-	(548,043)
(225,112)	-	(225,112)
(210,680)	-	(210,680)
(331,499)	-	(331,499)
395,276	-	395,276
<u>(5,454,581)</u>	<u>-</u>	<u>(5,454,581)</u>
-	(571,073)	(571,073)
-	(571,073)	(571,073)
<u>(5,454,581)</u>	<u>(571,073)</u>	<u>(6,025,654)</u>
3,615,350	-	3,615,350
455,308	-	455,308
977,437	-	977,437
307,814	-	307,814
23,170	-	23,170
10,500	-	10,500
66,769	28,850	95,619
3,949	3,826	7,775
5,166,670	(5,166,670)	-
<u>10,626,967</u>	<u>(5,133,994)</u>	<u>5,492,973</u>
5,172,386	(5,705,067)	(532,681)
14,139,514	19,911,108	34,050,622
<u>\$ 19,311,900</u>	<u>\$ 14,206,041</u>	<u>\$ 33,517,941</u>

CITY OF HORSESHOE BAY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

EXHIBIT C-1

	General Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 287,859	\$ 28,103	\$ 8,888	\$ 324,850
Investments - Current	4,525,173	-	132,092	4,657,265
Taxes Receivable	97,681	-	12,320	110,001
Allowance for Uncollectible Taxes (credit)	(4,884)	-	(616)	(5,500)
Receivables (Net)	279,459	-	-	279,459
Due from Other Funds	-	216,926	-	216,926
<b>Total Assets</b>	<b>\$ 5,185,288</b>	<b>\$ 245,029</b>	<b>\$ 152,684</b>	<b>\$ 5,583,001</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 39,648	\$ 242,257	\$ -	\$ 281,905
Wages and Salaries Payable	81,010	2,772	-	83,782
Due to Other Funds	1,327,212	-	-	1,327,212
Unearned Revenues	33,906	-	8,888	42,794
Other Current Liabilities	143,394	-	-	143,394
<b>Total Liabilities</b>	<b>1,625,170</b>	<b>245,029</b>	<b>8,888</b>	<b>1,879,087</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	92,797	-	11,704	104,501
<b>Total Deferred Inflows of Resources</b>	<b>92,797</b>	<b>-</b>	<b>11,704</b>	<b>104,501</b>
<b>FUND BALANCES</b>				
Retirement of Long-Term Debt	-	-	132,092	132,092
Unassigned Fund Balance	3,467,321	-	-	3,467,321
<b>Total Fund Balances</b>	<b>3,467,321</b>	<b>-</b>	<b>132,092</b>	<b>3,599,413</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 5,185,288</b>	<b>\$ 245,029</b>	<b>\$ 152,684</b>	<b>\$ 5,583,001</b>

The notes to the financial statements are an integral part of this statement.

CITY OF HORSESHOE BAY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2015

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	3,599,413
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$26,174,162 and the accumulated depreciation was \$4,737,689. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		10,684,919
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase net position.		6,234,088
The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,276,027)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		69,507
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>19,311,900</b>

The notes to the financial statements are an integral part of this statement.

CITY OF HORSESHOE BAY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT C-3

	General Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 3,612,853	\$ -	\$ 455,308	\$ 4,068,161
General Sales and Use Taxes	977,437	-	-	977,437
Other Taxes	307,814	-	-	307,814
Penalty and Interest on Taxes	20,882	-	2,289	23,171
Licenses and Permits	85,686	-	-	85,686
Intergovernmental Revenue and Grants	-	500,000	-	500,000
Charges for Services	1,033,371	-	-	1,033,371
Fines	87,675	-	-	87,675
Special Assessments	598,738	-	-	598,738
Investment Earnings	3,629	272	48	3,949
Rents and Royalties	9,000	-	-	9,000
Contributions & Donations from Private Sources	10,500	-	-	10,500
Other Revenue	63,105	-	-	63,105
Total Revenues	<u>6,810,690</u>	<u>500,272</u>	<u>457,645</u>	<u>7,768,607</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	1,592,858	-	-	1,592,858
Public Safety:				
Police	1,712,123	-	-	1,712,123
Fire Protection	1,671,690	-	-	1,671,690
Public Works:				
Highways and Streets	264,205	200,059	-	464,264
Development Services	295,852	-	-	295,852
Mowing & Clearing	487,099	-	-	487,099
Debt Service:				
Bond Principal	-	-	380,000	380,000
Bond Interest	-	-	339,988	339,988
Capital Outlay:				
Capital Outlay	119,270	5,646,935	-	5,766,205
Total Expenditures	<u>6,143,097</u>	<u>5,846,994</u>	<u>719,988</u>	<u>12,710,079</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>667,593</u>	<u>(5,346,722)</u>	<u>(262,343)</u>	<u>(4,941,472)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	20,000	5,346,722	375,584	5,742,306
Transfers Out (Use)	(575,636)	-	-	(575,636)
Total Other Financing Sources (Uses)	<u>(555,636)</u>	<u>5,346,722</u>	<u>375,584</u>	<u>5,166,670</u>
Net Change in Fund Balances	111,957	-	113,241	225,198
Fund Balance - October 1 (Beginning)	3,355,364	-	18,851	3,374,215
Fund Balance - September 30 (Ending)	<u>\$ 3,467,321</u>	<u>\$ -</u>	<u>\$ 132,092</u>	<u>\$ 3,599,413</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HORSESHOE BAY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	225,198
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to increase the change in net position.		6,234,088
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(1,276,027)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(10,873)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>5,172,386</u></b>

The notes to the financial statements are an integral part of this statement.

CITY OF HORSESHOE BAY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2015

EXHIBIT D-1

	Business Type Activities
	Water Utility Fund
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 500,420
Investments - Current	2,331,819
<b>Restricted Assets - Current:</b>	
Restricted Asset-Capital Improvements	516,893
Accounts Receivable-Net of Uncollectible Allowance	812,499
Due from Other Funds	1,110,286
Inventories	93,982
Total Current Assets	5,365,899
<b>Noncurrent Assets:</b>	
Capitalized Debt Issuance Costs	152,348
<b>Capital Assets:</b>	
Land Purchase and Improvements	419,563
Infrastructure	41,048,235
Buildings	873,955
Improvements other than Buildings	1,795,404
Machinery and Equipment	2,848,269
Accumulated Depreciation - Capital Assets	(25,332,832)
Construction in Progress	526,576
Total Noncurrent Assets	22,331,518
Total Assets	27,697,417
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts Payable	114,953
Wages and Salaries Payable	59,567
Compensated Absences Payable	34,962
Accrued Interest Payable	69,503
Unearned Revenue	58,224
Bonds Payable - Current	640,000
Other Current Liabilities	366,075
Total Current Liabilities	1,343,284
<b>NonCurrent Liabilities:</b>	
Bonds Payable - Noncurrent	12,110,000
Unamortized Premiums (Discounts) on Bonds	38,092
Total Noncurrent Liabilities	12,148,092
Total Liabilities	13,491,376
<b>NET POSITION</b>	
Net Investment in Capital Assets	8,874,186
Unrestricted Net Position	5,331,855
Total Net Position	\$ 14,206,041

The notes to the financial statements are an integral part of this statement.

CITY OF HORSESHOE BAY, TEXAS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT D-2

	Business Type Activities
	Water Utility Fund
<b>OPERATING REVENUES:</b>	
Charges for Water Services	\$ 3,080,812
Charges for Sewerage Service	2,119,734
Charges for Sanitation Service	798,027
Standby Charges	804
Other Revenue	28,850
Total Operating Revenues	6,028,227
<b>OPERATING EXPENSES:</b>	
Proprietary Fund Function - Utility Fund	
Personnel Services - Salaries and Wages	1,265,193
Personnel Services - Employee Benefits	553,787
Purchased Professional & Technical Services	655,477
Purchased Property Services	1,922,605
Other Operating Expenses	276,678
Supplies	13,043
Total Proprietary Fund Function - Utility Fund	4,686,783
Depreciation	1,438,722
Total Operating Expenses	6,125,505
Operating Income (Loss)	(97,278)
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Bond Issuance Cost	(14,243)
Investment Earnings	3,826
Interest Expense - Non-Operating	(472,121)
Total Non-operating Revenue (Expenses)	(482,538)
Income (Loss) Before Contributions & Transfers	(579,816)
Capital Contributions	41,419
Transfers Out	(5,166,670)
Change in Net Position	(5,705,067)
Total Net Position - October 1 (Beginning)	19,911,108
Total Net Position - September 30 (Ending)	\$ 14,206,041

The notes to the financial statements are an integral part of this statement.

CITY OF HORSESHOE BAY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT D-3 (Cont'd)

	Business Type Activities
	Water Utility Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 5,927,836
Cash Received from Others	28,850
Cash Payments to Employees for Services	(1,821,091)
Cash Payments for Suppliers	(23,817)
Cash Payments for Other Operating Expenses	(3,468,404)
Net Cash Provided by Operating Activities	643,374
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer Out	(5,166,670)
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>	
Acquisition of Capital Assets	(1,000,625)
Capital Contributed by Others	41,419
Restricted Assets	2,404,486
Bond Principal Payments	(595,000)
Interest Paid	(473,730)
Net Cash Provided by Capital and Related Financing Activities	376,550
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	3,826
Net Increase(Decrease) in Cash and Cash Equivalents	(4,142,920)
Cash and Cash Equivalents at Beginning of the Year:	6,975,159
Cash and Cash Equivalents at the End of the Year:	\$ 2,832,239

The notes to the financial statements are an integral part of this statement.

CITY OF HORSESHOE BAY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business Type Activities
	Water Utility Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:</u>	
Operating Income (Loss):	\$ (97,278)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	1,438,722
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(100,623)
Decrease (increase) in Inventories	(10,774)
Decrease (increase) in Due From Other Funds	(710,487)
Increase (decrease) in Accounts Payable	96,843
Increase (decrease) in Accrued Liabilities	2,526
Increase (decrease) in Compensated Absences	(4,637)
Increase (decrease) in Other Current Liabilities	39,219
Increase (decrease) in Unearned Revenue	(10,137)
Net Cash Provided by Operating Activities	<u>\$ 643,374</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HORSESHOE BAY, TEXAS  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2015

EXHIBIT E-1

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	Agency Funds
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,133
Investments - Current	1,313,848
Total Assets	<u>\$ 1,317,981</u>
<b>LIABILITIES</b>	
Contracts Payable	\$ 1,317,981
Total Liabilities	<u>\$ 1,317,981</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HORSESHOE BAY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Horseshoe Bay, Texas, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The *Government Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Creation of the City

At a special election held on September 10, 2005, voters approved incorporation of the City of Horseshoe Bay as a Type A, General-Law-Municipality. At a special election held on November 8, 2005, voters elected a mayor and five Council Members. In January, 2006, the City approved a strategic partnership agreement with the Lake LBJ Municipal Utility District. Pursuant to the terms of the agreement, on March 6, 2006, the City annexed the Lake LBJ Municipal Utility District. All assets, liabilities and equity of the District were transferred to the City and the District was subsequently dissolved. The City became a Home Rule City when a majority of the voters approved the Home Rule Charter at a special election held on May 9, 2009.

B. Reporting Entity

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report.

C. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Horseshoe Bay nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, municipal court fines, charges for services and other miscellaneous revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and proprietary. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the "susceptible to accrual" concept; that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

E. Fund Accounting

The City reports the following major funds:

1. **The General Fund** – The general fund is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
  2. **Capital Projects Fund** – The Capital Projects Fund accounts for all financial resources to acquire and construct street improvements throughout the City.
- Proprietary Fund:
1. **Enterprise Fund** - The Water Utility Fund is operated as an Enterprise Fund.

Additionally, the City reports the following fund type(s):

1. **Special Revenue Funds** – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.
- Fiduciary Funds:
1. **Agency Funds** - The City accounts for resources held for others in a custodial capacity in agency funds. The City's Agency Funds are Summit Rock Public Improvement District No. 1 and Escondido Public Improvement District No. 1.

F. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position

1. In the government-wide financial statements in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

2. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20-40
Streets	20
Buildings	30
Improvements	30
Equipment	7
Vehicles	5

3. Beginning with fiscal year end September 30, 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:
- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
  - Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
  - Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
  - Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
  - Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

4. Implementation of GASB Accounting Standard:

The City has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position* as well as the early implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under GASB 63 and 65, amounts previously reported as deferred charges as a part of total assets and deferred amounts from refunded debt have been reported in a separate section as deferred outflows of resources and amounts previously reported as deferred revenue as a part of total liabilities have been reported in a separate section as deferred inflows of resources.

5. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

6. The original budget is adopted by the City Council prior to the beginning of the fiscal year through passage of an ordinance. The budget includes proposed expenditures and the means of financing them.

Budgeted amounts for expenditures from the various funds may not exceed the beginning balances of those funds plus the anticipated revenues for the fiscal year. The final amended budget has been presented in this report. Unencumbered appropriations lapse at the end of each year.

7. The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

### A. DEPOSITS AND INVESTMENTS

#### Legal and Contractual Provisions Governing Deposits and Investments

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2015, the carrying amount of the City's deposits was \$824,490 and the bank balance was \$1,152,770. The City's cash deposits at September 30, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in compliance with the requirements of the Act and with local policies.

The carrying value of investments at September 30, 2015 was \$7,505,977 (Texpool Investment Pool). Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool.

## Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy does address the following risks:

**Custodial Credit Risk - Deposits:** This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2015 were covered by depository insurance or by pledged collateral held by the City's agent bank in the City's name.

**Custodial Credit Risk - Investments:** This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

**Other Credit Risk:** There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, Texpool Investment Pool invests only in investments authorized under the Public Funds Investment Act. TexPool's portfolio has low market (credit) risk due to restrictions on weighted average maturity and maximum maturity of any one investment. The investment manager is required to maintain a stable \$1.00 net asset value and must take immediate action if the net asset value of the portfolio falls below \$.995 or rises above \$1.005.

### B. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the City fiscal year.

The City contracted with the Llano Central Appraisal District and the Burnet Central Appraisal District for the appraisal and with Llano County Tax Assessor and Burnet County Appraisal District for the collection of taxes. For the 2014 tax roll, the assessed valuation was \$1,631,759,665 and the tax rate was \$.25 per \$100 valuation (general fund - .222; debt service fund - .028).

### C. Restricted Assets

Restricted assets represent cash that has been set aside for future payment of capital improvements. A summary of restricted assets at September 30, 2015 appears below:

Utility Fund	\$	516,893
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D. Property, Plant and Equipment

A summary of changes in property, plant and equipment accounts in the Water Utilities Fund follows:

	Balance 10/01/14	Additions	Deletions	Balance 09/30/15
Land	\$ 419,563	\$	\$	\$ 419,563
Infrastructure	42,477,015	366,624		42,843,639
Machinery and Equipment	2,679,796	168,473		2,848,269
Buildings & Improvements	873,955			873,955
Construction Work In Progress	61,048	465,528		526,576
Totals	\$ 46,511,377	\$ 1,000,626	\$ -	\$ 47,512,002
Accumulated Depreciation	(23,894,110)	(1,438,722)		(25,332,832)
Fixed Assets, Net	\$ 22,617,267	\$ (438,097)	\$ -	\$ 22,179,170

E. Capital Asset Activity

Capital asset activity for the City for the year ended September 30, 2015, was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 127,356	\$	\$	\$ 127,356
Streets	16,508,427	6,812,806		23,321,233
Machinery & Equipment	2,407,792	119,271	26,686	2,500,377
Buildings & Improvements	3,894,538			3,894,538
Construction Work in Progress	3,236,049	5,542,210	6,620,201	2,158,058
Totals at Historic Cost	\$ 26,174,162	\$ 12,474,287	\$ 6,646,887	\$ 32,001,562
Less Accumulated Depreciation	(4,737,689)	(1,276,027)	21,351	(5,992,365)
Governmental Activities				
Capital Assets, Net	\$ 21,436,473	\$ 11,198,260	\$ 6,668,238	\$ 26,009,197

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 111,034
Police	119,348
Fire Protection	116,530
Development Services	20,623
Streets	874,537
Lot Mowing and Clearing	33,955
	\$ 1,276,027

F. Changes in Long-Term Liabilities

A summary of changes in long-term debt of the Governmental Funds follows:

	Interest Rate	Original Issue	Interest Paid	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:								
Combination Tax & Revenue Bonds - Series 2011	1.5%	\$ 6,000,000	\$ 159,802	\$ 5,245,000	\$ -	\$ 265,000	\$ 4,980,000	\$ 270,000
Combination Tax & Revenue Bonds - Series 2014	2.0 - 4.0%	5,210,000	180,085	5,210,000	-	115,000	5,095,000	145,000
Premium Tax & Revenue Bonds - Series 2014	N/A	45,672	N/A	45,063	-	1,827	43,236	N/A
Compensated Absences	N/A	N/A	N/A	251,491	-	-	251,491	N/A
Governmental Activity Long-Term Debt		\$ 11,255,672	\$ 339,887	\$ 10,751,554	\$ -	\$ 381,827	\$ 10,369,727	\$ 415,000

A summary of changes in long-term debt of the Utility Fund follows:

	Interest Rate	Original Issue	Interest Paid	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
General Obligation Refunding Bonds - Series 2007								
4.0%	\$ 7,500,000	\$ 219,372	\$ 5,430,000	\$ -	\$ 325,000	\$ 5,105,000	\$ 340,000	
Combination Tax & Revenue Bonds - Series 2011	1.5%	3,800,000	101,390	3,325,000	-	165,000	3,160,000	170,000
Combination Tax & Revenue Bonds - Series 2014	2.0 - 4.0%	4,590,000	150,595	4,590,000	-	105,000	4,485,000	130,000
Premium Tax & Revenue Bonds - Series 2014	N/A	40,237	N/A	39,701	-	1,500	38,092	N/A
Business-Type Activity Long-Term Debt		\$ 15,930,237	\$ 470,357	\$ 13,384,701	\$ -	\$ 596,508	\$ 12,788,092	\$ 640,000

During 2007, the City issued \$7,500,000 General Obligation Refunding Bonds, Series 2007 for the purpose of providing funds to refund the outstanding Revenue Notes, Series 2004. These revenue notes were called and were redeemed on December 27, 2007 by depositing \$7,527,563 into an escrow account. The Series 2004 notes have been defeased and removed as a liability of the City. The Series 2007 bonds mature on August 1, each of the years 2008 through 2027, bearing interest at 4.04%. The refunding bonds resulted in gross debt service savings of \$130,366 and the net present value savings of \$102,804.

During 2011, the City issued \$9,800,000 Combination Tax and Revenue Certificates of Obligation, Series 2011 to acquire and construct street improvements and related drainage improvements throughout the City and to reimburse for improvements made to the City's water and wastewater system. The Certificates of Obligation were rated AA by Standard and Poor's. The repayment of the certificates is secured through the levy of a direct and continuing ad valorem tax against all taxable property within the City. Surplus Revenues are irrevocably pledged equally and ratable to the payment of the principal of and interest on the certificates, as the same become due to the extent the taxes shall ever be insufficient or unavailable.

During 2014, the City issued \$9,800,000 Combination Tax and Revenue Certificates of Obligation, Series 2014 to acquire and construct street improvements and expand utility infrastructure. The Certificates of Obligation were rated AA+ by Standard and Poor's. The repayment of the certificates is secured through the levy of a direct and continuing ad valorem tax against all taxable property within the City. The Certificates are also secured by a limited pledge of not to exceed \$1,000 of the surplus revenues of the City's water and wastewater system remaining after payment of all operation and maintenance expenses and all debt service, reserve and other requirements in connection with all the City's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the revenues of the City's water and wastewater system.

The annual requirements to amortize the debt are as follows:

<u>September 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 415,000	\$ 309,548	\$ 840,000	440,718	\$ 1,805,268
2017	425,000	300,461	860,000	420,495	1,805,958
2018	430,000	290,524	680,000	399,066	1,799,589
2019	445,000	280,349	700,000	377,056	1,802,406
2020	450,000	269,716	725,000	354,124	1,798,839
2021-2025	2,505,000	1,158,594	4,040,000	1,381,887	9,083,461
2026-2030	2,965,000	716,826	3,155,000	648,122	7,485,048
2031-2035	1,245,000	341,127	1,090,000	301,125	2,977,252
2036-2040	1,195,000	91,008	1,060,000	80,356	2,425,364
	<u>\$ 10,075,000</u>	<u>\$ 3,756,252</u>	<u>\$ 12,750,000</u>	<u>\$ 4,402,928</u>	<u>\$ 30,984,180</u>

G. Risk Management

The City of Horseshoe Bay is exposed to various risks of loss relating to general liability, accidental loss of real and personal property, damage to assets, errors and omissions, acts of God and personnel risks which relate to workers compensation.

The City contracts with the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) to provide insurance coverage for identified risks. TMLIRP is a multi-government group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are sent annually to TMLIRP. Liability by the City is generally limited to the contributed amounts. Contributions for the year ended September 30, 2015 were \$167,243.

H. Retirement Plan

Beginning with the first day of employment, the City will accrue, on behalf of the employee, an amount currently equal to 5% of the employee's regular base salary, not including overtime, until the employee's first anniversary date. The City will then distribute the total accrual for the first year of employment into the effective pension plan on behalf of the employee.

The City will continue to contribute an amount currently equal to 5% of the employee's regular base salary, not including overtime, into the effective pension plan until the employee's five-year anniversary date. After five (5) years of continuous employment, the City's contribution to the currently effective pension plan will be increased by 2.5% of the regular salary, a current total of 7.5%.

All City contributions paid into the pension plan on behalf of the employee are vested 100% to the individual employee after the employee's first anniversary date. However, if an employee terminates employment with the City at any time prior to their first anniversary date, they are not entitled to any of the City's accrued pension amount.

The City will match each employee's contribution to the currently effective pension plan in an amount not to exceed 5% of the employee's regular base salary, not including overtime, starting as soon as the employee begins to contribute to the plan. If the employee contributes during the first year of employment, matching funds will be accrued and paid to the current pension plan after completion of the first year of employment.

The plan is administered by Nationwide Retirements Solutions, Inc. A copy of the annual report is available for review at the City Office.

A summary of transactions is shown below:

Beginning balance	\$ 3,268,558
Contributions	416,329
Investment earnings	22,063
Withdrawals	(260,850)
Fees	(584)
	<hr/>
Ending balance	\$ <u>3,445,516</u>

I. Employee Insurance Benefits

All regular and full time employees of the City are eligible to choose a medical plan from three plan options provided through Blue Cross Blue Shield. The City provides a base plan; employees can choose the base plan or a high-deductible plan with a Health Saving Account (HSA) or a lower deductible plan that allows the employee to pay for the increase in premium. The City pays the base plan's premium amount for employees regardless of the plan selected and 50% of the base plan premium amount for eligible dependents. The City provides group dental insurance through Blue Cross Blue Shield and pays the premium for eligible employees and 50% of the premium for eligible dependents.

J. Cash Flows Statement - Supplemental Disclosure

Since the City is tax exempt, no income tax was paid in 2015 and 2014. The City paid interest in the amount of \$473,730 in 2015 and \$339,910 in 2014.

K. Summit Rock Public Improvement District No. 1

On March 20, 2007 Summit Rock Public Improvement District No. 1 was created by approved Resolution No. RES 07-03-20A. In February 2012, the City approved an ordinance changing the name from Skywater Over Horseshoe Bay Public Improvement District No. 1 to Summit Rock Public Improvement District No. 1. The City will levy, as special assessments, maximum assessments of \$20,750,000 on all of the assessable property within the District to pay the improvement costs as set forth.

As the improvement assessments are levied by the City and collected by the Llano County Tax Assessor-Collector and such improvement assessments are delivered to the City, the City shall require that such improvement assessments be irrevocably placed into an interest bearing segregated bank account with a financial institution selected in accordance with applicable state statutes as required. The improvement assessments shall be held in trust and shall not be withdrawn except upon written authorization and certification from the City that such funds are necessary; to reimburse the owner for its authorized owner expenditures (as defined in the Development Agreement) for improvement costs or, to pay administration costs of the District.

The City shall make aggregate disbursements solely to pay for improvement costs up to \$20,750,000. Reimbursements to the owner for authorized owner expenditures shall be made by the City on March 6 and August 1 of each year. All such disbursements of improvement assessments shall be made to the owner or the owner's assignee. No reimbursements shall be made unless the owner has submitted its request for reimbursement to the City ten days prior to such date. No reimbursements have been made from the PID.

Pursuant to the November 29, 2011 Water and Wastewater Agreement, the owner assigned and transferred all rights to the City to reimbursement from the PID until a \$5.4 million note payable to the City and all obligations related thereto are fully satisfied.

L. Escondido Public Improvement District No. 1

On October 16, 2007, the City Council passed and approved resolutions (RES-07-10-16B and RES 07-11-13B) approving and authorizing the creation of the Escondido Public Improvement District (PID) to finance the PID costs for the benefit of certain property in the PID, all of which is located within the corporate limits of the City.

The Service and Assessment Plan has been prepared pursuant to the required section codes of chapter 372 of the Texas Local Government Code. MuniCap, Inc., of Columbia, Maryland has been appointed and designated as the initial Administrator of the Service and Assessment Plan and the assessments levied.

On September 30, 2008 Special Assessment Revenue Bonds, Series 2008 in the amount of \$5,475,000 were issued, in accordance with the above resolutions. The bonds will be payable solely from, and secured solely by, the pledged revenues. Pledged revenues means those revenues pledged as security for the payment of the bonds pursuant to the Indenture, consisting primarily of, with respect to each parcel of land against which an assessment has been levied, the portion of each annual payment of such assessment allocated to principal and interest, as shown on the assessment roll. The bonds will not be general obligations of the City and will not constitute a debt within the meaning of the constitution of the state or a pledge of faith and credit of the City.

The City will certify the assessment roll upon receipt from the Administrator of the assessment roll. After certifying the assessment roll, the City will forward it to Llano County Tax Collector/Assessor for preparation and distribution of bills. Collections by Llano County Tax Collector/Assessor will be remitted to the City and, the City will remit collections to the Administrator.

M. Other Taxes

Other taxes consisted of the following:

<u>Description</u>	<u>Amount</u>
Franchise Tax	\$ 232,243
Mixed Beverage Tax	75,571
	<u>\$ 307,814</u>

N. Letters of Credit

Summit Rock Communities, LLC has established an irrevocable standby letter of credit with the IBC Bank for the benefit of the City of Horseshoe Bay, Texas. The letter of credit was issued on December 12, 2011 in the amount of \$2,000,000, to secure the funding of a new water tank, with an expiration date of December 15, 2015. Subsequent to the audit period, the letter of credit was returned to Summit Rock Communities, LLC.

O. Contracts

Firm Water Contract – The City entered into a firm water contract with the Lower Colorado River Authority in September, 2010. The contract is for a term of forty (40) years ending in 2050.

Solid Waste Collection and Disposal Contract – The City entered into a solid waste collection and disposal contract with Progressive Waste Solutions of TX, Inc. in November, 2012. The contract is for a term of forty-seven (47) months ending September 30, 2016.

P. Excess of Expenditures Over Appropriations

Actual expenditures exceeded appropriations in the General Fund line items Fire Protection, Streets and Capital Outlay but not in total.

Q. Subsequent Events

The City has evaluated subsequent events through June 22, 2016, the date which the financial statements were available to be issued. The City is not aware of any subsequent events that materially impact the financial statements.

CITY OF HORSESHOE BAY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT G-1

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 3,573,500	\$ 3,573,500	\$ 3,612,853	\$ 39,353
General Sales and Use Taxes	835,000	835,000	977,437	142,437
Other Taxes	257,000	257,000	307,814	50,814
Penalty and Interest on Taxes	25,000	25,000	20,882	(4,118)
Licenses and Permits	89,250	89,250	85,686	(3,564)
Charges for Services	1,175,750	1,175,750	1,033,371	(142,379)
Fines	38,500	38,500	87,675	49,175
Special Assessments	510,500	510,500	598,738	88,238
Investment Earnings	5,000	5,000	3,629	(1,371)
Rents and Royalties	9,000	9,000	9,000	-
Contributions & Donations from Private Sources	10,000	10,000	10,500	500
Other Revenue	16,250	16,250	63,105	46,855
Total Revenues	6,544,750	6,544,750	6,810,690	265,940
<b>EXPENDITURES:</b>				
Current:				
General Government	1,717,000	1,717,000	1,592,858	124,142
Public Safety:				
Police	1,756,500	1,762,333	1,712,123	50,210
Fire Protection	1,669,500	1,669,500	1,671,690	(2,190)
Public Works:				
Highways and Streets	230,000	230,000	264,205	(34,205)
Development Services	316,250	316,250	295,852	20,398
Mowing & Clearing	615,000	615,000	487,099	127,901
Capital Outlay:				
Capital Outlay	62,500	62,500	119,270	(56,770)
Total Expenditures	6,366,750	6,372,583	6,143,097	229,486
Excess (Deficiency) of Revenues Over (Under) Expenditures	178,000	172,167	667,593	495,426
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	20,000	20,000
Transfers Out (Use)	-	-	(575,636)	(575,636)
Total Other Financing Sources (Uses)	-	-	(555,636)	(555,636)
Net Change	178,000	172,167	111,957	(60,210)
Fund Balance - October 1 (Beginning)	3,355,364	3,355,364	3,355,364	-
Fund Balance - September 30 (Ending)	\$ 3,533,364	\$ 3,527,531	\$ 3,467,321	\$ (60,210)

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

Texas  
New York  
Washington, DC  
Connecticut  
Seattle  
Dubai  
London

Bracewell LLP  
111 Congress Avenue  
Suite 2300  
Austin, Texas 78701-4061  
512.472.7800 Office  
800.404.3970 Fax

[Closing Date]

§ \_\_\_\_\_  
CITY OF HORSESHOE BAY, TEXAS  
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION,  
SERIES 2016

WE HAVE represented The City of Horseshoe Bay, Texas (the “Issuer”), as its bond counsel in connection with an issue of certificates of obligation (the “Certificates”) described as follows:

CITY OF HORSESHOE BAY, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016, dated September 15, 2016.

The Certificates mature, bear interest, are subject to redemption and may be transferred and exchanged as set out in the Certificates and in the Ordinance adopted by the City Council of the Issuer authorizing their issuance (the “Ordinance”).

WE HAVE represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. Our role in connection with the Issuer’s Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer, customary certificates of officers, agents and representatives of the Issuer and other public officials and other certified showings relating to the authorization and issuance of the Certificates. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the “Service”) as we have deemed relevant. We have also examined executed Certificate No. T-1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

- (A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective and that therefore the Certificates constitute valid and legally binding obligations of the Issuer; and
- (B) A continuing ad valorem tax upon all taxable property within the City of Horseshoe Bay, Texas, necessary to pay the interest on and principal of the Certificates, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law. In addition, the Certificates are further secured by a limited pledge of the surplus revenues of the Issuer's water and wastewater system as provided in the Ordinance.

THE RIGHTS OF THE OWNERS of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION that, under existing law:

- (1) Interest on the Certificates is excludable from gross income of the owners thereof for federal income tax purposes; and
- (2) The Certificates are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Certificates is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Certificates will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT or REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the Issuer, the Issuer's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the Issuer, the Issuer's Financial Advisor and the Underwriters, respectively, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Certificates for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the Issuer fails to comply with the foregoing provisions of the Ordinance, interest on the Certificates could become includable in gross income from the date of the original delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Certificates.

Owners of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the U.S. may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Certificates).

The opinions set forth above are based on existing law which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted in the Ordinance not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

To: Mayor and City Council *AS*

Thru: Stan R. Farmer, City Manager

From: Larry O. Anderson, Finance Director

RE: Discuss, Consider And Take Action Regarding General Fund Budget Amendment for Fire Department All-Terrain Vehicle, Fire Department Radios, Police Department Hand Held Radios and Development Services Scanner

As in past fiscal years staff is requesting that Council consider spending surplus fiscal year end funds for capital items needed and identified through needs assessments and the capital improvement budget. Therefore, staff is requesting the Council discuss, consider and take action on an ordinance approving a FY 2016 General Fund budget amendment for purchase of: all-terrain vehicle and radios for the Fire Department; handheld radios for the Police Department; and a scanner for the Development Services Department with FY 2016 funds.

The all-terrain vehicle will be equipped with a rescue bed to facilitate rescue operations in rugged terrain for the new hiking trails under construction. The Fire Department has experienced communication issues with the radios currently being used and new radios will help alleviate these issues. Cost of the all-terrain vehicle with rescue bed is \$17,750. The cost of eight new radios is \$36,250 less the trade-in value of the old radios in the amount of \$3,250 for a net cost of \$33,000.

The Police Department has also had issues with its current radios and requests approval for the purchase of twelve mobile radios. The cost of the radios is \$40,950, but the Police Department has been approved for a grant in the amount of \$23,150. The grant, along with the trade-in value for the old radios in the amount of \$4,800, leaves a net cost to the City of \$13,000.

The Development Services Department is in need of replacing a very old scanner with a new large format scanner to assist in scanning of maps, blue prints and large documents at a cost of \$8,500.

Staff requests the City Council approve the FY 2016 General Fund Budget Amendment in the net amount of \$72,250 for the purposes stated above.

Enclosures: Ordinance and General Fund Budget Amendment Schedule

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. ORD \_\_\_\_\_**

**GENERAL FUND BUDGET AMENDMENT**

**AN ORDINANCE OF THE CITY OF HORSESHOE BAY APPROVING AND ADOPTING AN AMENDMENT TO THE GENERAL FUND BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2015 AND ENDING ON SEPTEMBER 30, 2016**

**WHEREAS**, on September 15, 2015, the City Council of the City of Horseshoe Bay (Council) adopted Ordinance ORD 15-09-15B approving a budget for the current fiscal year beginning October 1, 2015, and ending September 30, 2016; and

**WHEREAS**, the City Council finds and determines it is prudent to amend the Budget due to unforeseen conditions that have occurred in the City; and

**WHEREAS**, circumstances have arisen during the fiscal year which have, or will require the expenditure of additional funds in some of the line items in the budget, and for which there is more than adequate funding in other line items of the budget; and

**WHEREAS**, the City Council now finds it in the best interest of the City of Horseshoe Bay and its residents to amend the adopted budget for the General Fund, as set forth in Exhibit "A", based on the review and analysis provided by the Finance Director

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY, TEXAS:**

**I.**

That the City Council of the City of Horseshoe Bay hereby approves the General Fund budget amendment for the current fiscal year beginning October 1, 2015, and ending September 30, 2016, attached hereto as Exhibit A.

**II.**

This Ordinance shall take effect and be in force from and after its approval and publication, as may be required by law.

**III.**

Should any part of this Ordinance be declared invalid, for any reason, such invalidity shall not affect the remainder of this Ordinance.

**IV.**

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**ADOPTED AND APPROVED** on this 20<sup>th</sup> day of September, 2016 by a vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

---

**Stephen T. Jordan, Mayor**

**ATTEST:**

---

**Teresa L. Moore, City Secretary**

EXHIBIT A

**City of Horseshoe Bay**

FY2016 GENERAL FUND

BUDGET AMENDMENT

September 20, 2016

Fund	Account Code	Dept. Code	Account Title	Current Budget	Budget Amendment	Revised Budget
REVENUE						
2	40180	8000	Other Income - Grant	0	23,150	23,150
TOTAL REVENUE				0	23,150	23,150
EXPEDITURES						
2	50958	5000	Capital - Fire Department	0	50,750	50,750
2	50958	8000	Capital - Police Department	0	36,150	36,150
2	50958	9500	Capital - Development Services	0	8,500	8,500
TOTAL EXPENDITURES				0	95,400	95,400
ENDING BALANCE				0	(72,250)	(72,250)



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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To: Mayor and City Council 

From: Jeff Koska, Director of Community Services

RE: Discuss, Consider and Take Action Regarding Utility Fund Budget Amendment for Improvements to the Recycle Center

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As discussed at the September 6, 2016 Council Meeting, to improve the safety, traffic flow and convenience for our Recycling Center, staff is requesting Council to approve a Budget amendment to utilize remaining Routine Capital Funds to complete construction of an unloading ramp, paving and traffic lane marking at the Center.

Staff have received estimates to complete the project of \$65,000. Enclosed is the proposed Budget Amendment to transfer funds to cover the costs for Recycling Center Improvement Project.

Staff is requesting Council to authorize the Recycling Center Improvement Project to be funded not to exceed \$65,000 by a budget amendment for a line item transfer from Wastewater Line Extension CIP project within the FY2016 Utilities CIP Budget.

Enclosure: Ordinance  
Budget Amendment

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. ORD**

**UTILITY FUND BUDGET AMENDMENT**

**AN ORDINANCE OF THE CITY OF HORSESHOE BAY APPROVING AND ADOPTING AN AMENDMENT TO THE UTILITY FUND BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2015 AND ENDING ON SEPTEMBER 30, 2016**

**WHEREAS**, on September 15, 2015, the City Council of the City of Horseshoe Bay (Council) adopted Ordinance ORD 15-09-15B approving a budget for the current fiscal year beginning October 1, 2015, and ending September 30, 2016; and

**WHEREAS**, the City Council finds and determines it is prudent to amend the Budget due to unforeseen conditions that have occurred in the City; and

**WHEREAS**, circumstances have arisen during the fiscal year which have, or will require the expenditure of additional funds in some of the line items in the budget, and for which there is more than adequate funding in other line items of the budget; and

**WHEREAS**, the City Council now finds it in the best interest of the City of Horseshoe Bay and its residents to amend the adopted budget for the Utility Fund, as set forth in Exhibit "A", based on the review and analysis provided by the Finance Director.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY, TEXAS:**

**I.**

That the City Council of the City of Horseshoe Bay hereby approves the Utility Fund budget amendment for the current fiscal year beginning October 1, 2015, and ending September 30, 2016, attached hereto as Exhibit A.

**II.**

This Ordinance shall take effect and be in force from and after its approval and publication, as may be required by law.

**III.**

Should any part of this Ordinance be declared invalid, for any reason, such invalidity shall not affect the remainder of this Ordinance.

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**ADOPTED AND APPROVED** on this 20<sup>th</sup> day of September, 2016 by a vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

---

**Stephen T. Jordan, Mayor**

**ATTEST:**

---

**Teresa L. Moore, City Secretary**

EXHIBIT A

**City of Horseshoe Bay**

FY2016 UTILITY FUND  
BUDGET AMENDMENT

September 20, 2016

Fund	Account Code	Dept. Code	Account Title	Current Budget	Budget Amendment	Revised Budget
EXPEDITURES						
1	14136	076	Wastewater Mainline Extensions	150,000	(65,000)	85,000
1	(To Be Assigned)		Recycling Center Improvement Project	-	65,000	65,000
TOTAL EXPEDITURES				150,000	-	150,000



## CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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To: Mayor and City Council   
Thru: Stan R. Farmer, City Manager  
From: Larry O. Anderson, Finance Director  
RE: Conduct a Public Hearing Regarding Proposed Budget

---

State Law requires the governing body hold a public hearing before adopting the annual budget. The purpose of the hearing is to allow the public to express their opinions regarding the proposed budget prior to its adoption.

All required notices regarding the hearing were published and the proposed budget has been made available for inspection at City Hall and on the City's website.

If anyone wishes to comment on the proposed budget, they may do so at this time.

Upon completion of the hearing, the next item on the agenda is for the Council to consider adoption of the proposed budget for the Fiscal Year October 1, 2016 through September 30, 2017.

Enclosures: None



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

To: Mayor and City Council *[Signature]*  
 Thru: Stan R. Farmer, City Manager  
 From: Larry O. Anderson, Finance Director  
 RE: Discuss, Consider and Take Action Regarding Approval of an Ordinance to Adopt Budget for Fiscal Year October 1, 2016 through September 30, 2017

The Proposed Budget was filed with the City Secretary on August 12, 2016 and reviewed by the City Council at the August 30, 2016 Budget Workshop.

Changes for Final Budget

**General Fund**

41,250	Proposed Budget Revenue over Expenditures
250	Increase in Administrative Fee revenue
(500)	Increase in expenditures for Auditing
(4,250)	Increase in expenditures for Municipal Court
<u>(3,000)</u>	Increase in expenditure for Animal Shelter
33,750	Final Budget Revenue over Expenditures

**Utility Fund**

(3,709,000)	Proposed Budget Revenue over Expenditures
246,000	Increase in Water Production Revenue
146,000	Increase in Wastewater Revenue
10,000	Increase in Solid Waste Revenue
<u>(250)</u>	Increase in Administrative Fee Expenditure
(3,307,250)	Final Budget Revenue over Expenditures

The staffing levels in Section II of the Ordinance were revised to reflect the current personnel positions.

All required notices have been published, and the required Budget Hearing will be conducted prior to adopting the budget.

Staff is very appreciative of the Council's support for this budget that generously provides the necessary resources to carry out the goals, objectives, and initiatives of the City. Staff is also very grateful for the Council's approval of the merit increases and excellent benefit package for the employees.

Staff recommends approval of the Ordinance to Adopt the Budget for FY 10-01-16 through 09-30-17.

Enclosures: Ordinance to Adopt the Budget for Fiscal Year 10-01-16 through 09-30-17  
Final Budget

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. \_\_\_\_\_**

**ORDINANCE ADOPTING 2017 BUDGET**

**AN ORDINANCE ADOPTING A BUDGET FOR THE FISCAL YEAR BEGINNING 10-1-2016 AND ENDING 9-30-2017 IN ACCORDANCE WITH LAWS OF THE STATE OF TEXAS, APPROPRIATING THE VARIOUS AMOUNTS THEREOF, AND REPEALING ALL ORDINANCES IN CONFLICT THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE**

- WHEREAS**, pursuant to Chapter 102.001 (b) of the Texas Local Government Code, the City Manager of a municipality may serve as Budget Officer for the governing body of the municipality and shall prepare each year a municipal budget to cover the proposed expenditures of the municipal government for the succeeding year; and
- WHEREAS**, the City Manager of the City of Horseshoe Bay serves as the Budget Officer for the City and has submitted to the City Council a Proposed Budget of the revenues of said City and the expenses of conducting the affairs thereof; and
- WHEREAS**, said Proposed Budget and all supporting schedules was filed with the City Secretary on August 12, 2016; and
- WHEREAS**, required Notices of Public Hearings were published in the Horseshoe Bay Beacon and in the Highlander Newspaper and also posted on the City's website in accordance with Section 102.0065 of the Local Government Code; and
- WHEREAS**, the City Manager has submitted to the City Council a Final Budget consistent with the changes to the revenues and expenditures of the Proposed Budget that the City Council recommended at the Public Meeting held on August 30, 2016; and
- WHEREAS**, the Mayor conducted the Public Hearing on the Proposed Budget on September 20, 2016; and
- WHEREAS**, the Final Budget for FY 2017 reflects slightly more property tax revenue compared to the Final Budget for FY 2016; and
- WHEREAS**, the total City property tax rate for FY 2017 and FY 2016 is \$0.25 per \$100 valuation. The following are data related to the tax rate for FY 2017: Adopted rate - \$0.25; Effective tax rate - \$0.23734; Rollback tax rate - \$0.26970; Maintenance and operations tax rate - \$0.2086; Effective maintenance and operations tax rate - \$0.22634; and debt rate - \$0.0414.

**WHEREAS,** the total amount of City Certificates of Obligation secured by property taxes in aggregate will be \$10,690,000 at September 30, 2016.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY, TEXAS:**

That the Final Budget for the fiscal year beginning October 1, 2016 and ending September 30, 2017 is hereby approved and adopted, thereby providing in summary for the following:

**I.**

**All Funds Revenues**

\$6,879,500	General Fund ad valorem maintenance and operations tax levy and other revenues
\$6,795,000	Utility Fund estimated water, wastewater, and solid waste service fees and other revenues
\$ 20,000	Trail Park Fund transfer in
\$ 746,000	Debt Service Fund ad valorem interest and sinking tax levy and interest
<u>\$4,020,000</u>	Certificates of Obligation
<b>\$18,460,500</b>	<b>Total All Funds Revenues</b>

**All Funds Expenditures**

\$7,845,750	General Fund estimated total maintenance and operations
\$10,102,250	Utility Fund estimated operations, debt service, capital, and major projects expenditures
\$ 20,000	Trail Park Fund capital program
\$ 745,250	Debt Service fund payment of principal and interest
<u>\$711,000</u>	Capital Projects Fund estimated street improvements expenditures
<b>\$19,424,250</b>	<b>Total All Funds Expenditures</b>

A copy of the FY2017 Final Budget Summary for the above funds is attached hereto and made a part hereof for all purposes.

**II.**

The Final Budget includes funding for the following approved City Staff:

The total City Staff will be 81 full-time employees at the beginning of the FY 2017 broken down as follows: 28 Community Services; 20 Police Dept.; 17 Fire Dept.; 5 Development Service/Code Enforcement; 4 Finance Dept.; 1 Animal Control; 1 Public Works Director; and 5 City Manager's Office (City Manager, City Secretary, HR Administrator, IT Administrator, GIS Administrator).

**III.**

This Ordinance shall take effect and be in force from and after its approval and publication, as may be required by law.

**IV.**

Should any part of this Ordinance be declared invalid, for any reason, such invalidity shall not affect the remainder of this Ordinance.

**V.**

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**ADOPTED AND APPROVED** on this 20th day of September, 2016 by a 5-0 record vote of the City Council of the City of Horseshoe Bay, Texas. The following Council Members voted to approve the FY 2017 Final Budget: Craig Haydon, Mayor Pro Tem, Cynthia Clinesmith, David Pope, Reagan Lambert and Jerry Gray. Pursuant to the City Charter the Mayor is only eligible to vote in case of a tie.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, TRMC**  
**City Secretary**

# CITY OF HORSESHOE BAY

## FY 2017 FINAL BUDGET SUMMARY

### GENERAL FUND

<u>REVENUE</u>	FY 2016 PROJECTED ACTUALS	FY 2017 FINAL BUDGET
TOTAL REVENUE	6,709,650	6,879,500
Proceeds From Certificates of Obligation for purchase of fire engines		1,000,000
<u>EXPENDITURES</u>		
Administration	1,794,500	1,762,000
Fire	1,807,250	1,860,000
Police	1,748,250	1,828,500
Animal Control	138,500	155,500
Development Services	309,750	401,750
Streets Maintenance	227,750	220,000
Mowing & Clearing	488,000	512,000
Capital Program	130,400	1,106,000
TOTAL EXPENDITURES	6,644,400	7,845,750
REVENUES OVER EXPENDITURES	65,250	33,750

### UTILITY FUND

<u>REVENUE</u>	FY 2016 PROJECTED ACTUALS	FY 2017 FINAL BUDGET
TOTAL REVENUE	6,321,000	6,795,000
<u>EXPENDITURES</u>		
Administration	1,982,500	2,216,500
Water Production	849,500	813,500
Water Distribution	646,250	643,250
Wastewater Treatment	318,000	367,500
Wastewater Collection	865,000	880,000
Solid Waste	634,500	691,500
Debt Service - Principal	640,000	840,000
Capital Program	565,000	670,000
Major Projects	1,390,000	2,980,000
TOTAL EXPENDITURES	7,890,750	10,102,250
REVENUES OVER EXPENDITURES	(1,569,750)	(3,307,250)

**STREET IMPROVEMENTS CAPITAL PROJECT FUND**

<b><u>REVENUE</u></b>	<b>FY 2016 PROJECTED ACTUALS</b>	<b>FY 2017 FINAL BUDGET</b>
Beginning Fund Balance	-	-
Interest on Investments	500	-
	<hr/>	<hr/>
<b>TOTAL REVENUE</b>	<b>500</b>	<b>-</b>
 <b><u>EXPENDITURES</u></b>		
Project Management	109,500	111,000
Capital Program	2,405,000	600,000
	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>2,514,500</b>	<b>711,000</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>(2,514,000)</b>	<b>(711,000)</b>

**HORSESHOE CREEK TRAIL PARK CAPITAL PROJECT FUND**

<b><u>REVENUE</u></b>	<b>FY 2016 PROJECTED ACTUALS</b>	<b>FY 2017 FINAL BUDGET</b>
Beginning Fund Balance	-	-
TP&W Trail Grant	110,250	-
Transfer In From General Fund	27,750	20,000
	<hr/>	<hr/>
<b>TOTAL REVENUE</b>	<b>138,000</b>	<b>20,000</b>
 <b><u>EXPENDITURES</u></b>		
Capital Program	138,000	20,000
	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>138,000</b>	<b>20,000</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>

**DEBT SERVICE FUND**

<b><u>REVENUE</u></b>	<b>FY 2016 PROJECTED ACTUALS</b>	<b>FY 2017 FINAL BUDGET</b>
<b>TOTAL REVENUE</b>	724,750	746,000
<b><u>EXPENDITURES</u></b>		
Debt Service Interest - Series 2011	154,750	148,500
Debt Service Principal - Series 2011	270,000	275,000
Debt Service Interest - Series 2014	155,000	152,250
Debt Service Principal - Series 2014	145,000	150,000
Debt Service Interest - Series 2016	-	19,500
<b>TOTAL EXPENDITURES</b>	724,750	745,250
<b>REVENUES OVER EXPENDITURES</b>	-	750

CITY OF HORSESHOE BAY

GENERAL FUND  
FINAL BUDGET SUMMARY  
FISCAL YEAR 2016 - 2017

BEGINNING UNRESTRICTED FUND BALANCE	4,013,000
REVENUES:	
Ad Valorem Taxes	3,720,250
Ad Valorem Taxes - Penalty & Interest/Other	22,500
Sales Tax	800,000
PEC Franchise Tax	180,000
Mixed Beverage Tax	46,750
Administration	660,500
Fire	318,000
Emergency Service District	9,000
Police	5,250
Development Services	109,000
Street Maintenance	581,750
Mowing & Clearing	400,000
Municipal Court	14,500
Interest From Investments	12,000
TOTAL REVENUES	<u>6,879,500</u>
Proceeds From Issuance of CO's	1,000,000
TOTAL FUNDS AVAILABLE	<u>11,892,500</u>
EXPENDITURES:	
Operating Expenditures:	
Administration	1,762,000
Fire	1,860,000
Police	1,828,500
Animal Control	155,500
Development Services	401,750
Street Maintenance	220,000
Mowing & Clearing	512,000
Capital Expenditures	1,106,000
TOTAL EXPENDITURES	<u>7,845,750</u>
ENDING UNRESTRICTED FUND BALANCE	<u>4,046,750</u>

CITY OF HORSESHOE BAY

GENERAL FUND FINAL CAPITAL EXPENDITURES  
FISCAL YEAR 2016 - 2017

5000	FIRE	
	Two Fire Engines	1,000,000
8000	POLICE	
	Replacement of one non-pursuit vehicle	26,000
	Replace six computers and software	7,300
	Purchase six body and twelve in-car cameras and accessories	15,700
	Purchase six digital Taser weapons	8,100
	Purchase eight Motorola mobile radios	23,900
	GENERAL EQUIPMENT REPLACEMENT	<u>25,000</u>
	<b>TOTAL FY2017 CAPITAL EXPENDITURES</b>	<u><u>1,106,000</u></u>

# CITY OF HORSESHOE BAY

## GENERAL FUND FINAL BUDGET

From 10/1/2016 To 9/30/2017

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
<b>OPERATING REVENUE</b>			
1000	ADMINISTRATION		
40170	Administrative Fees	490,750	602,250
40180	Other Income	10,000	15,000
40185	Other Income-Permits	250	250
40193	Municipal Court Revenue	14,000	14,500
40194	Traffic Fines	50,000	42,500
Total 1000 ADMINISTRATION		565,000	674,500
5000	FIRE		
40180	Other Income	3,000	113,000
40186	Other Income-Pub/Sfty Donation	6,000	5,000
40506	Fire Fighting Services	200,000	200,000
Total 5000 FIRE		209,000	318,000
6000	EMERGENCY SERVICE DISTRICT		
40191	Llano Co. ESD #1 - Rent	9,000	9,000
Total 6000 EMERGENCY SERVICE DISTRICT		9,000	9,000
7000	TAX		
40160	Property Tax Collected (M & O)	3,707,500	3,720,250
40162	Penalty & Interest (M & O)	22,000	22,500
40163	Mixed Beverage Tax	46,000	46,750
40165	Sales Tax	789,000	800,000
40166	PEC Franchise Tax	162,000	180,000
40180	Other Income	1,500	500
Total 7000 TAX		4,728,000	4,770,000
8000	POLICE		
40180	Other Income	25,150	250
40186	Other Income-Pub/Sfty Donation	5,000	5,000
Total 8000 POLICE		30,150	5,250

# CITY OF HORSESHOE BAY

## GENERAL FUND

### FINAL BUDGET

From 10/1/2016 To 9/30/2017

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
9500	DEVELOPMENT SERVICES		
40180	Other Income	3,000	4,000
40183	Building Permit Fees	100,000	100,000
40184	Plat Fees	3,000	4,000
40192	Zoning Fees	750	1,000
Total 9500 DEVELOPMENT SERVICES		106,750	109,000
9600	STREET MAINTENANCE		
40165	Sales Tax	131,750	138,750
40207	Pecan Creek Association	3,750	3,750
40208	Applehead POA	5,750	5,750
40209	Applehead Island POA	1,000	1,000
40210	HSB POA	500,000	400,000
40211	Cable Franchise Fees	32,000	32,500
Total 9600 STREET MAINTENANCE		674,250	581,750
9800	MOWING & CLEARING		
40215	Mowing	375,000	400,000
40216	Clearing	500	0
Total 9800 MOWING & CLEARING		375,500	400,000
9999	INTEREST INCOME		
40220	Interest on Investments	12,000	12,000
Total 9999 INTEREST INCOME		12,000	12,000
<b>TOTAL OPERATING REVENUE</b>		<b>6,709,650</b>	<b>6,879,500</b>

# CITY OF HORSESHOE BAY

## GENERAL FUND FINAL BUDGET

From 10/1/2016 To 9/30/2017

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
<b>OPERATING EXPENDITURES</b>			
1000	ADMINISTRATION		
50410	Salaries & Wages	487,750	681,250
50411	Overtime	37,500	28,250
50415	Employers FICA Expense	39,000	38,000
50420	Group Insurance Premiums	69,000	69,250
50430	Pension Plan I	30,750	29,000
50432	Pension Plan II	21,750	24,000
50435	Employers Unemployment Expense	5,000	5,000
50500	Accounting & Auditing Expense	16,500	17,000
50505	Professional Services	14,000	13,250
50506	Election Contracts	3,750	4,000
50509	Appraisal/Tax - Burnet	8,500	8,500
50510	Appraisal/Tax - Llano	88,000	90,750
50545	Maintenance Contracts	28,000	30,000
50564	Codification	5,000	5,000
50565	City Council Expense	7,500	5,000
50567	Technology Initiative	0	1,000
50568	Advisory Committees	39,000	10,000
50570	Dispatch Expense	75,000	93,250
50575	Dues, Fees, & Subscriptions	8,000	10,000
50585	Electricity	35,000	35,000
50593	Travel, Training, Schools	26,000	15,000
50595	Fuel & Lubricants	250	250
50596	Employee Awards Program	750	1,000
50610	Property & Liability Ins.	82,000	93,000
50611	Workers' Comp Insurance	84,000	81,000
50620	Legal Expense	75,000	65,000
50621	Contingency	0	75,000
50625	Fireworks	10,000	10,000
50630	M & R - Building	73,500	25,000
50650	M & R - Grounds	10,000	10,000
50685	M & R - Vehicles	2,000	2,000
50753	Merchant Fee - CC	5,000	5,000
50765	Other Expense	5,000	5,000
50775	Postage	10,000	10,000
50780	Printing & Office Supplies	25,000	25,000
50810	Communications	40,000	43,000
50826	Municipal Court	30,000	36,750
50827	Contributions	10,000	10,000
50866	Tree Removal	1,000	5,000
50868	Martin Park	6,000	5,000
50832	Transfer Out To Debt Service Fund	252,250	0
50869	Transfer Out To Horseshoe Creek Trail Fund	27,750	20,000
50870	Fox House Park	0	5,000
50871	Milfoil Treatment	0	17,500
	<b>ADMINISTRATION</b>	<b>1,794,500</b>	<b>1,762,000</b>

# CITY OF HORSESHOE BAY

## GENERAL FUND FINAL BUDGET

From 10/1/2016 To 9/30/2017

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
5000	<b>FIRE</b>		
50410	Salaries & Wages	1,098,500	1,075,000
50411	Overtime	64,250	70,000
50412	Salaries - P/T Firefighters	89,000	90,000
50415	Employers FICA Expense	90,000	90,000
50420	Group Insurance Premiums	197,000	198,250
50430	Pension Plan I	75,000	75,000
50432	Pension Plan II	51,000	50,250
50505	Professional Services	6,000	8,000
50545	Maintenance Contracts	5,000	7,250
50548	Contract Services	3,250	5,250
50575	Dues, Fees, & Subscriptions	7,000	7,000
50592	Equipment & Supplies	12,000	33,500
50593	Travel, Training, Schools	26,000	35,000
50594	Fire Protection Gear	10,000	17,500
50595	Fuel & Lubricants	10,000	15,000
50640	M & R - Equipment	16,000	17,500
50685	M & R - Vehicles	25,000	30,000
50765	Other Expense	10,000	11,500
50775	Postage	250	250
50780	Printing & Office Supplies	2,000	2,250
50800	Safety Equipment & Supplies	0	4,000
50829	Public Safety Donations	5,000	5,000
50830	Uniforms	5,000	12,500
<b>Total 5000 FIRE</b>		<b>1,807,250</b>	<b>1,860,000</b>
8000	<b>POLICE</b>		
50410	Salaries & Wages	1,190,750	1,253,500
50411	Overtime	18,000	18,000
50415	Employers FICA Expense	92,500	96,000
50420	Group Insurance Premiums	181,500	181,750
50430	Pension Plan I	76,000	74,500
50432	Pension Plan II	52,750	57,250
50548	Contract Services	9,000	10,000
50575	Dues, Fees, & Subscriptions	8,000	8,000
50592	Equipment & Supplies	6,000	6,000
50593	Travel, Training, Schools	10,500	6,000
50595	Fuel & Lubricants	45,000	57,500
50615	Investigation Contingency	4,000	4,000
50616	Jail Expense	250	250
50640	M & R - Equipment	2,500	2,500
50685	M & R - Vehicles	20,000	21,500
50686	M & R - Weapons	4,000	4,000
50760	Medical	500	1,000
50765	Other Expense	4,000	4,000
50775	Postage	250	250
50780	Printing & Office Supplies	4,750	4,000
50800	Safety Equipment & Supplies	2,500	2,500
50829	Public Safety Donations	5,000	5,000
50830	Uniforms	10,500	11,000
<b>Total 8000 POLICE</b>		<b>1,748,250</b>	<b>1,828,500</b>

# CITY OF HORSESHOE BAY

## GENERAL FUND FINAL BUDGET

From 10/1/2016 To 9/30/2017

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
9000	ANIMAL CONTROL		
50410	Salaries & Wages	40,000	42,250
50411	Overtime	2,000	2,000
50415	Employers FICA Expense	3,500	2,750
50420	Group Insurance Premiums	7,500	7,500
50430	Pension Plan I	2,750	2,750
50432	Pension Plan II	1,750	1,750
50502	Animal Shelter	3,500	10,000
50592	Equipment & Supplies	500	500
50593	Travel, Training, Schools	500	500
50595	Fuel & Lubricants	5,000	5,500
50685	M & R - Vehicles	2,500	3,500
50765	Other Expense	500	1,000
50830	Uniforms	500	500
50862	Deer Management	68,000	75,000
		<hr/>	<hr/>
Total 9000	ANIMAL CONTROL	138,500	155,500
9500	DEVELOPMENT SERVICES		
50410	Salaries & Wages	154,750	210,000
50411	Overtime	750	1,000
50415	Employers FICA Expense	12,000	16,250
50420	Group Insurance Premiums	41,250	52,000
50430	Pension Plan I	10,750	14,500
50432	Pension Plan II	6,750	9,250
50505	Professional Services	65,000	75,000
50545	Maintenance Contracts	2,000	5,000
50575	Dues, Fees, & Subscriptions	2,000	2,500
50592	Equipment & Supplies	1,000	5,000
50593	Travel, Training, Schools	9,000	3,500
50595	Fuel & Lubricants	250	500
50685	M & R - Vehicles	250	500
50765	Other Expense	1,000	2,000
50777	Advertisements/Notices	1,000	1,250
50780	Printing & Office Supplies	1,500	2,500
50830	Uniforms	500	1,000
		<hr/>	<hr/>
Total 9500	DEVELOPMENT SERVICES	309,750	401,750

# CITY OF HORSESHOE BAY

## GENERAL FUND FINAL BUDGET From 10/1/2016 To 9/30/2017

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
9600	STREETS MAINTENANCE		
50590	Engineering Fees	5,000	5,000
50854	Street Patching Contract	45,000	45,000
50855	Street Patching Materials	25,000	25,000
50856	Drainage	18,000	15,000
50857	Traffic Signs Contract	22,750	15,000
50858	Traffic Signs Materials	7,000	5,000
50859	Litter Control Contract	15,000	20,000
50865	ROW Maintenance	90,000	90,000
Total 9600 STREETS MAINTENANCE		227,750	220,000
9800	MOWING & CLEARING		
50863	Lot Mowing	488,000	512,000
50864	Lot Clearing	0	0
Total 9800 MOWING & CLEARING		488,000	512,000
<b>TOTAL OPERATING EXPENDITURES</b>		<b>6,514,000</b>	<b>6,739,750</b>
GENERAL EQUIPMENT REPLACEMENT		35,000	
5000	FIRE		
	Purchase of All-Terrain Rescue Vehicle	17,750	
	Purchase of Radios (36,250-3,250 trade-ins)	33,000	
9500	DEVELOPMENT SERVICES		
	Purchase of Scanner	8,500	
8000	POLICE		
	Purchase of twelve mobile radios (40,950-4,800 trade-ins)	36,150	
<b>TOTAL FY 2016 CAPITAL</b>		<b>130,400</b>	
5000	FIRE		
	Purchase of two Fire Engines		1,000,000
8000	POLICE		
	Replacement of one non-pursuit vehicle		26,000
	Replace six computers and software		7,300
	Purchase six body and twelve in-car cameras and accessories		15,700
	Purchase six digital Taser weapons		8,100
	Purchase eight Motorola mobile radios		23,900
GENERAL EQUIPMENT REPLACEMENT			25,000
<b>TOTAL FY 2017 CAPITAL</b>			<b>1,106,000</b>
<b>TOTAL EXPENDITURES</b>		<b>6,644,400</b>	<b>7,845,750</b>
Proceeds From Issuance of CO's For Purchase Of Fire Engines			1,000,000
<b>REVENUE OVER EXPENDITURES</b>		<b>65,250</b>	<b>33,750</b>

CITY OF HORSESHOE BAY

UTILITY FUND  
FINAL BUDGET SUMMARY  
FISCAL YEAR 2016 - 2017

BEGINNING NET ASSETS	13,721,541
REVENUES:	
Operating Revenues:	
Water Production & Distribution	3,515,500
Wastewater Treatment & Collection	2,449,000
Solid Waste - Collection	825,000
Standby Fees	1,500
Interest From Investments	4,000
TOTAL REVENUES	<u>6,795,000</u>
TOTAL NET ASSETS	<u>20,516,541</u>
EXPENSES:	
Operating Expenses:	
Administration	2,216,500
Water Production & Distribution	1,456,750
Wastewater Treatment & Collection	1,247,500
Solid Waste	691,500
Total Operating Expenses	<u>5,612,250</u>
Depreciation	1,500,000
TOTAL EXPENSES	<u>7,112,250</u>
ENDING NET ASSETS	<u>13,404,291</u>
TOTAL OPERATING REVENUES	6,795,000
TOTAL OPERATING EXPENSES	<u>5,612,250</u>
EXCESS REVENUES OVER EXPENSES	<u>1,182,750</u>
ADDITIONAL EXPENDITURES	
Capital	670,000
Major Projects	2,980,000
Debt Service - Principal	840,000
TOTAL ADDITIONAL EXPENDITURES	<u>4,490,000</u>
NET CASH FLOW	<u>(3,307,250)</u>

**CITY OF HORSESHOE BAY**

**UTILITY FUND FINAL CAPITAL EXPENDITURES  
FISCAL YEAR 2016 - 2017**

**FY 2017 CAPITAL EXPENDITURES**

Hot Water Pressure Washer	7,000
SCBA Tankless Breather	8,000
South Lift Station Rehab	130,000
Dozer/Track Loader	75,000
Replace Unit 75 Service Truck	35,000
Electrical System Improvements	50,000
Effluent High Pressure Filter	65,000
Water Meter AMI System	<u>300,000</u>
 SUBTOTAL CAPITAL EXPENDITURES	 670,000

**FY 2017 MAJOR PROJECTS EXPENDITURES**

750,000 Gallon High Storage Water Tank Rehab	380,000
West Water Plant Expansion	<u>2,600,000</u>
 SUBTOTAL MAJOR PROJECTS EXPENDITURES	 2,980,000

<b>TOTAL FY 2017 CAPITAL EXPENDITURES</b>	<u><b>3,650,000</b></u>
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**CITY OF HORSESHOE BAY**

**UTILITY FUND  
FINAL BUDGET  
From 10/1/2016 To 9/30/2017**

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
<b>OPERATING REVENUE</b>			
1001	WATER - PRODUCTION		
40110	Water District Service Fees	2,917,000	3,180,000
40111	Water Non-District Service Fee	205,000	221,000
40112	Water Tap Connection Fees	73,250	75,000
40115	Reconnection Fees	8,000	8,000
40116	Temporary Meter Fees	750	1,000
40117	Water & Sewer P & I Service	13,000	13,000
40175	Insurance Proceeds	250	0
40178	Other Income - Leases	11,250	11,500
40180	Other Income	4,750	5,000
40185	Other Income-Permits	1,000	1,000
Total 1001	WATER - PRODUCTION	3,234,250	3,515,500
2001	WASTEWATER - TREATMENT		
40117	Water & Sewer P & I Service	14,750	15,000
40120	Sewer Customer Service Fees	1,900,000	2,066,000
40122	Sewer Tap Connection Fees	58,000	60,000
40124	Sewer Service - Cottonwood Shores	125,000	125,000
40125	Sewer Service - LCMUD#1	50,250	51,000
40127	Grinder Sales	123,000	130,000
40180	Other Income	2,000	2,000
Total 2001	WASTEWATER - TREATMENT	2,273,000	2,449,000
3001	SOLID WASTE - RECYCLING		
40126	Brush Disposal	15,250	26,000
40130	Garbage Fees - Commercial	135,000	136,250
40135	Garbage Fees - Residential	655,000	662,500
40180	Other Income	250	250
Total 3001	SOLID WASTE - RECYCLING	805,500	825,000
4000	STANDBY		
40140	Standby Customer Service Fees	1,500	1,000
40142	Penalty & Interest - Standby	1,750	500
Total 4000	STANDBY	3,250	1,500
9999	INTEREST INCOME		
40220	Interest on Investments	5,000	4,000
Total 9999	INTEREST INCOME	5,000	4,000
<b>TOTAL OPERATING REVENUE</b>		<b>6,321,000</b>	<b>6,795,000</b>

**CITY OF HORSESHOE BAY**

**UTILITY FUND  
FINAL BUDGET  
From 10/1/2016 To 9/30/2017**

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
<b>OPERATING EXPENSE</b>			
1000	ADMINISTRATION		
50410	Salaries & Wages	247,750	273,000
50411	Overtime	3,500	3,000
50415	Employers FICA Expense	19,250	21,000
50420	Group Insurance Premiums	51,500	52,750
50430	Pension Plan I	15,000	17,250
50432	Pension Plan II	11,250	12,250
50505	Professional Services	40,250	67,250
50512	Utility Billing	29,000	29,000
50516	Debt Service - Interest Series 2007	206,500	192,750
50517	Bond Issuance Cost - Series 2007	3,500	3,500
50518	Debt Service Interest-Series 2011	98,250	94,250
50519	Bond Issuance Cost - Series 2011	9,000	9,000
50520	Debt Service Interest-Series 2014	136,750	134,000
	Debt Service Interest-Series 2016	0	68,750
50545	Maintenance Contracts	44,000	45,000
50575	Dues, Fees, & Subscriptions	19,000	19,000
50581	Electricity/Recycle Center	1,250	1,250
50582	Electricity/WW Treatment Plant	152,250	155,000
50583	Electricity/West WTP	57,000	58,000
50585	Electricity/Field Maintenance Facilities	7,000	7,000
50586	Electricity / CWTP	138,000	140,000
50590	Engineering Fees	45,000	45,000
50593	Travel, Training, Schools	22,500	22,500
50596	Employee Awards Program	1,000	1,000
50630	M & R - Building	6,000	15,000
50650	M & R - Grounds	22,000	22,000
50753	Merchant Fee - CC	40,000	40,000
50765	Other Expense	4,000	4,000
50775	Postage	500	500
50780	Printing & Office Supplies	15,000	15,000
50810	Communications	43,500	44,000
50825	Uncollectable Accounts	1,000	1,000
50830	Uniforms	1,250	1,250
50840	Administrative Fees	490,750	602,250
Total 1000	ADMINISTRATION	1,982,500	2,216,500

**CITY OF HORSESHOE BAY**

**UTILITY FUND  
FINAL BUDGET  
From 10/1/2016 To 9/30/2017**

<u>Account Code</u>	<u>Account Title</u>	<u>FY 2016 Projected Actuals</u>	<u>FY 2017 Final Budget</u>
1001	WATER - PRODUCTION		
50400	Salaries Water	190,750	161,000
50411	Overtime	22,500	23,000
50415	Employers FICA Expense	16,250	12,500
50420	Group Insurance Premiums	47,250	47,250
50430	Pension Plan I	12,000	10,500
50432	Pension Plan II	9,500	8,250
50535	Bulk Water Purchases	350,000	350,000
50540	Chemicals / Water	75,250	75,000
50548	Contract Services	3,000	3,000
50555	Lab Expense	15,750	16,000
50592	Equipment & Supplies	4,000	4,000
50595	Fuel & Lubricants	7,000	7,000
50640	M & R - Equipment	5,000	5,000
50675	M & R - Plant	76,500	75,000
50685	M & R - Vehicles	3,250	3,500
50765	Other Expense	1,500	1,500
50785	Rent / Lease	2,000	2,000
50800	Safety Equipment & Supplies	4,500	5,500
50830	Uniforms	3,500	3,500
Total 1001	WATER - PRODUCTION	849,500	813,500
1002	WATER - DISTRIBUTION		
50400	Salaries Water	299,750	297,000
50411	Overtime	21,000	22,000
50415	Employers FICA Expense	25,250	22,750
50420	Group Insurance Premiums	69,500	69,500
50430	Pension Plan I	17,500	16,750
50432	Pension Plan II	12,500	13,000
50548	Contract Services	8,000	5,000
50550	Contract Serv-Leak Detect/GPS	14,500	15,000
50592	Equipment & Supplies	19,500	20,000
50595	Fuel & Lubricants	15,000	15,000
50640	M & R - Equipment	8,500	8,500
50685	M & R - Vehicles	7,250	8,000
50725	M & R Materials - Line	43,000	45,000
50726	Street Repair - Paving	30,250	30,000
50730	M & R Materials - WT Tap	16,000	16,000
50755	Meter Expense - New Svc	26,500	27,000
50765	Other Expense	2,250	2,500
50785	Rent / Lease	1,000	1,000
50800	Safety Equipment & Supplies	4,500	4,750
50830	Uniforms	4,500	4,500
Total 1002	WATER - DISTRIBUTION	646,250	643,250

**CITY OF HORSESHOE BAY**

**UTILITY FUND  
FINAL BUDGET  
From 10/1/2016 To 9/30/2017**

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
2001	<b>WASTEWATER - TREATMENT</b>		
50406	Salaries Sewer	127,250	167,500
50411	Overtime	12,500	13,000
50415	Employers FICA Expense	10,750	13,000
50420	Group Insurance Premiums	47,250	47,250
50430	Pension Plan I	8,000	10,750
50432	Pension Plan II	6,250	8,500
50543	Chemicals / WW Treatment	12,750	15,000
50548	Contract Services	3,500	3,500
50555	Lab Expense	12,500	12,500
50592	Equipment & Supplies	3,250	3,500
50595	Fuel & Lubricants	7,500	7,500
50640	M & R - Equipment	5,250	5,500
50675	M & R - Plant	35,500	35,000
50685	M & R - Vehicles	3,000	3,000
50742	Bio Solids - Compost	12,750	12,000
50765	Other Expense	1,000	1,000
50785	Rent / Lease	2,000	2,000
50800	Safety Equipment & Supplies	3,500	3,500
50830	Uniforms	3,500	3,500
<b>Total 2001</b>	<b>WASTEWATER - TREATMENT</b>	<b>318,000</b>	<b>367,500</b>
2002	<b>WASTEWATER - COLLECTION</b>		
50406	Salaries Sewer	299,750	309,250
50411	Overtime	37,000	35,000
50415	Employers FICA Expense	25,250	23,750
50420	Group Insurance Premiums	69,500	71,750
50430	Pension Plan I	17,500	17,500
50432	Pension Plan II	12,500	13,500
50542	Chemicals/Collection System	14,000	15,000
50548	Contract Services	8,000	8,000
50550	Contract Serv-Leak Detect/GPS	15,000	15,000
50592	Equipment & Supplies	20,000	19,000
50595	Fuel & Lubricants	14,000	15,000
50640	M & R - Equipment	9,000	9,000
50645	M & R - Grinder Pump	130,000	130,000
50646	M & R - Grinders Sold	71,250	75,000
50670	M & R - Lift Station	25,000	25,000
50685	M & R - Vehicles	8,000	8,000
50715	M & R Materials - GP Tap	9,500	10,000
50725	M & R Materials - Line	36,500	37,000
50726	Street Repair - Paving	30,250	30,000
50765	Other Expense	2,500	2,750
50785	Rent / Lease	1,500	1,500
50800	Safety Equipment & Supplies	4,500	4,500
50830	Uniforms	4,500	4,500
<b>Total 2002</b>	<b>WASTEWATER - COLLECTION</b>	<b>865,000</b>	<b>880,000</b>

**CITY OF HORSESHOE BAY**

**UTILITY FUND  
FINAL BUDGET  
From 10/1/2016 To 9/30/2017**

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
3001	SOLID WASTE - RECYCLING		
50409	Salaries - Monitor	49,000	50,500
50411	Overtime	1,000	1,000
50415	Employers FICA Expense	4,000	4,000
50420	Group Insurance Premiums	8,000	8,000
50430	Pension Plan I	2,750	2,750
50432	Pension Plan II	750	750
50599	Compactor Service	11,250	12,000
50600	Garbage Service - Commercial	112,250	113,500
50605	Garbage Service - Residential	403,500	457,000
50606	Recycling Service	13,000	13,000
50676	M & R Brush Site	24,000	24,000
50785	Rent / Lease	5,000	5,000
<b>Total 3001</b>	<b>SOLID WASTE - RECYCLING</b>	<b>634,500</b>	<b>691,500</b>
<b>TOTAL OPERATING EXPENSE</b>		<b>5,295,750</b>	<b>5,612,250</b>
<b>REVENUE OVER EXPENSE</b>		<b>1,025,250</b>	<b>1,182,750</b>
<b>ADDITIONAL EXPENDITURES</b>			
<b>FY 2016 CAPITAL EXPENDITURES</b>		<b>565,000</b>	
<b>FY 2016 CAPITAL EXPENDITURES - MAJOR PROJECTS</b>		<b>1,390,000</b>	
<b>FY 2017 CAPITAL EXPENDITURES</b>			
	Hot Water Pressure Washer		7,000
	SCBA Tankless Breather		8,000
	South Lift Station Rehab		130,000
	Dozer/Track Loader		75,000
	Replace Unit 75 Service Truck		35,000
	Electrical System Improvements		50,000
	Effluent High Pressure Filter		65,000
	Water Meter AMI System		300,000
	<b>SUBTOTAL CAPITAL EXPENDITURES</b>		<b>670,000</b>

**CITY OF HORSESHOE BAY**

**UTILITY FUND  
FINAL BUDGET  
From 10/1/2016 To 9/30/2017**

<u>Account Code</u>	<u>Account Title</u>	<u>FY 2016 Projected Actuals</u>	<u>FY 2017 Final Budget</u>
<b>FY 2017 MAJOR PROJECTS EXPENDITURES</b>			
	750,000 Gallon High Storage Water Tank Rehab		380,000
	West Water Plant Expansion		<u>2,600,000</u>
	<b>SUBTOTAL MAJOR CAPITAL EXPENDITURES</b>		<b>2,980,000</b>
	<b>TOTAL FY 2017 CAPITAL EXPENDITURES</b>		<b>3,650,000</b>
	<b>DEBT SERVICE - PRINCIPAL SERIES 2007</b>	340,000	355,000
	<b>DEBT SERVICE - PRINCIPAL SERIES 2011</b>	170,000	175,000
	<b>DEBT SERVICE - PRINCIPAL SERIES 2014</b>	130,000	130,000
	<b>DEBT SERVICE - PRINCIPAL SERIES 2016</b>	-	180,000
	<b>TOTAL ADDITIONAL EXPENDITURES</b>	<u>2,595,000</u>	<u>4,490,000</u>
	<b>NET CASH FLOW</b>	<u>(1,569,750)</u>	<u>(3,307,250)</u>

**Note: The City will either use currently undedicated funds and /or issue certificates of obligation to fund Capital Expenditures**

CITY OF HORSESHOE BAY

STREET IMPROVEMENTS CAPITAL PROJECT FUND  
FINAL BUDGET SUMMARY  
FISCAL YEAR 2016 - 2017

BEGINNING FUND BALANCE	<u>-</u>
REVENUES:	
Interest From Investments	<u>-</u>
TOTAL REVENUES	<u>-</u>
TOTAL FUNDS AVAILABLE	<u>-</u>
EXPENDITURES:	
Project Management	111,000
Capital Expenditures	<u>600,000</u>
TOTAL EXPENDITURES	<u>711,000</u>
ENDING FUND BALANCE	<u>(711,000)</u>

Note: The City will use currently undedicated funds to continue funding the street improvements project.

**CITY OF HORSESHOE BAY**

**STREET IMPROVEMENTS CAPITAL PROJECT FUND  
FINAL BUDGET**

From 10/1/2015 To 9/30/2016

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
<b>BEGINNING FUND BALANCE</b>		-	-
<b>OPERATING REVENUE</b>			
9999	INTEREST INCOME		
40220	Interest on Investments	500	-
Total 9999	INTEREST INCOME	500	-
<b>TOTAL OPERATING REVENUE</b>		500	-
<b>OPERATING EXPENDITURES</b>			
9700	STREET IMPROVEMENTS		
50410	Salaries and Wages	85,250	86,750
50415	Employers FICA Expense	7,000	6,750
50420	Group Insurance Premiums	8,250	8,500
50430	Pension Plan I	4,000	4,000
50432	Pension Plan II	4,000	4,000
50765	Other Expense	500	500
50810	Communications	500	500
Total 9700	STREET IMPROVEMENTS EXPENDITURES	109,500	111,000
<b>TOTAL OPERATING EXPENDITURES</b>		109,500	111,000
<b>FY 2016 CAPITAL EXPENDITURES</b>		2,405,000	
<b>FY 2017 CAPITAL EXPENDITURES</b>			
50961	Street Improvements - CONST.		-
50962	Street Improvements - ENG/SURVEY		-
50965	Seal Coating		600,000
<b>TOTAL FY 2017 CAPITAL EXPENDITURES</b>			600,000
<b>TOTAL EXPENDITURES</b>		2,514,500	711,000
<b>REVENUE OVER EXPENDITURES</b>		(2,514,000)	(711,000)

**CITY OF HORSESHOE BAY**

**STREET IMPROVEMENTS CAPITAL PROJECT FUND  
FINAL CAPITAL EXPENDITURES  
FISCAL YEAR 2016 - 2017**

**STREET IMPROVEMENTS**

50965 Seal Coating

600,000

600,000

**TOTAL FY2017 CAPITAL EXPENDITURES**

600,000

CITY OF HORSESHOE BAY

HORSESHOE CREEK TRAIL PARK CAPITAL PROJECT FUND  
FINAL BUDGET SUMMARY  
FISCAL YEAR 2016 - 2017

BEGINNING FUND BALANCE	-
REVENUES:	
TP&W Trail Grant	-
Transfer In from General Fund	20,000
TOTAL REVENUES	<u>20,000</u>
TOTAL FUNDS AVAILABLE	<u>20,000</u>
EXPENDITURES:	
Capital Expenditures	20,000
TOTAL EXPENDITURES	<u>20,000</u>
ENDING FUND BALANCE	<u><u>-</u></u>

**CITY OF HORSESHOE BAY**

**HORSESHOE CREEK TRAIL PARK CAPITAL PROJECT FUND**

**FINAL BUDGET**

From 10/1/2016 To 9/30/2017

	FY 2016 Projected <u>Actuals</u>	FY 2017 Final <u>Budget</u>
<b>BEGINNING FUND BALANCE</b>	-	-
<b>OPERATING REVENUE</b>		
TP&W Trail Grant	110,250	-
Transfer In From General Fund	<u>27,750</u>	<u>20,000</u>
<b>TOTAL OPERATING REVENUE</b>	<u><u>138,000</u></u>	<u><u>20,000</u></u>
<b>OPERATING EXPENDITURES</b>	-	-
<b>TOTAL OPERATING EXPENDITURES</b>	<u>-</u>	<u>-</u>
<b>FY 2017 CAPITAL EXPENDITURES</b>		
Horseshoe Creek Trail Park - CONST.	133,000	20,000
Horseshoe Creek Trail Park - DESIGN	<u>5,000</u>	-
<b>TOTAL FY 2017 CAPITAL EXPENDITURES</b>	138,000	20,000
<b>TOTAL EXPENDITURES</b>	<u><u>138,000</u></u>	<u><u>20,000</u></u>
<b>REVENUE OVER EXPENDITURES</b>	<u><u>-</u></u>	<u><u>-</u></u>

**CITY OF HORSESHOE BAY**

**HORSESHOE CREEK TRAIL PARK CAPITAL PROJECT FUND  
FINAL CAPITAL EXPENDITURES  
FISCAL YEAR 2016 - 2017**

Horseshoe Creek Park Trail - CONST.	20,000
Horseshoe Creek Park Trail - DESIGN	-
	<u>20,000</u>
<b>TOTAL FY2017 CAPITAL EXPENDITURES</b>	<u>20,000</u>

**CITY OF HORSESHOE BAY**

**DEBT SERVICE FUND  
FINAL BUDGET SUMMARY  
FISCAL YEAR 2016 - 2017**

BEGINNING FUND BALANCE	-
REVENUES:	
Ad Valorem Taxes	745,750
Interest From Investments	250
Transfer In From General Fund	-
	<u>746,000</u>
TOTAL FUNDS AVAILABLE	<u>746,000</u>
EXPENDITURES:	
Debt Service Interest - Series 2011	148,500
Debt Service Principal - Series 2011	275,000
Debt Service Interest - Series 2014	152,250
Debt Service Principal - Series 2014	150,000
Debt Service Interest - Series 2016	19,500
TOTAL EXPENDITURES	<u>745,250</u>
ENDING UNRESTRICTED FUND BALANCE	<u><u>750</u></u>

**CITY OF HORSESHOE BAY**

**DEBT SERVICE FUND**

**FINAL BUDGET**

From 10/1/2016 To 9/30/2017

Account Code	Account Title	FY 2016 Projected Actuals	FY 2017 Final Budget
<b>OPERATING REVENUE</b>			
	Beginning Fund Balance	-	-
40150	Property Tax Collected (I&S)	472,250	745,750
	<b>TOTAL TAX REVENUE</b>	472,250	745,750
<b>INTEREST INCOME</b>			
9999	INTEREST INCOME		
40220	Interest on Investments	250	250
Total 9999	INTEREST INCOME	250	250
40195	Transfer In From General Fund	252,250	-
	<b>TOTAL OPERATING REVENUE</b>	724,750	746,000
<b>OPERATING EXPENDITURES</b>			
50518	Debt Service Interest - Series 2011	154,750	148,500
50520	Debt Service Principal - Series 2011	270,000	275,000
50521	Debt Service Interest - Series 2014	155,000	152,250
50522	Debt Service Principal - Series 2014	145,000	150,000
	Debt Service Interest - Series 2016	-	19,500
Total 7000	TOTAL DEBT SERVICE EXPENDITURES	724,750	745,250
	<b>TOTAL OPERATING EXPENDITURES</b>	724,750	745,250
	<b>REVENUE OVER EXPENDITURES</b>	-	750



## CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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To: Mayor and City Council   
Thru: Stan R. Farmer, City Manager  
From: Larry O. Anderson, Finance Director  
RE: Discuss, Consider and Take Action to Ratify Property Tax Revenue Increase

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Local Government Code Sec. 102.007(c) requires a separate vote by the governing body if a budget is adopted that raises more revenue from property taxes than in the previous year.

Staff recommends City Council approval of a motion to ratify the property tax revenue increase reflected in the adopted FY2017 budget.

Enclosures: None



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

To: Mayor and City Council *ASJ*  
Thru: Stan R. Farmer, City Manager  
From: Larry O. Anderson, Finance Director  
RE: Discuss, Consider and Take Action Regarding Approval of an Ordinance to Adopt Tax Rate for 2016 Tax Year

The Ordinance to Adopt the Tax Rate for the 2016 tax year reflects a tax rate of \$.25/\$100 of assessed valuation with a Maintenance and Operations Tax Rate of \$.2086 and an Interest and Sinking Tax Rate of \$.0414.

All required notices have been published and the required public hearings have been held.

Staff recommends approval of the Ordinance to Adopt Tax Rate for 2016.

Enclosures: Ordinance to Adopt Tax Rate for 2016

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. \_\_\_\_\_**

**ORDINANCE ADOPTING 2016 TAX RATE**

**AN ORDINANCE LEVYING AD VALOREM TAXES FOR THE USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF HORSESHOE BAY, TEXAS, AND PROVIDING FOR THE INTEREST AND SINKING FUND FOR THE FISCAL YEAR 2016 - 2017; DIRECTING THE COLLECTION THEREOF; AND, PROVIDING FOR THE TIME OF PAYING THE AD VALOREM TAXES LEVIED AND PROVIDING THAT TAXES BECOME DELINQUENT IF NOT PAID**

**WHEREAS**, pursuant to section 302.001(c) of the Texas Tax Code, a home-rule municipality, such as the City of Horseshoe Bay, Texas ("City"), may levy special or general property taxes for lawful purposes; and

**WHEREAS**, the City Council of the City of Horseshoe Bay scheduled a meeting to adopt the tax rate on September 20, 2016, and

**WHEREAS**, all required notices have been published and posted on the City's website; and

**WHEREAS**, the City Council of the City of Horseshoe Bay ("City Council") finds that the tax hereinafter levied for current expenses of the City and for permanent improvements and/or other specific purposes of the City as named herein must be levied to provide the revenue requirement of the budget for the ensuing year; and

**WHEREAS**, state law, including but not limited to Chapters 31, 32 and 33 of the Texas Tax Code, provides the due date, delinquency date, penalty, interest and collections provisions for such taxes;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY, TEXAS:**

**I.**

That there is hereby levied and there shall be collected for the current expenses of the City, its permanent improvements, and/or other specific purposes of the City as named herein, a tax upon all property, real, personal and mixed, within the corporate limits of said City, and subject to taxation at the rate of \$0.2500 on each One Hundred Dollars (\$100.00) of assessed valuation. Assessed valuation is hereby set at One Hundred Percent (100%) of fair market value of all real property. Said tax being so levied is apportioned to the specific purposes here set forth:

- (1) For the Maintenance and Operation of general government, \$0.2086 on each One Hundred Dollars (\$100) valuation of property, and
- (2) For the Interest and Sinking Fund, \$0.0414 on each One Hundred Dollars (\$100) valuation of property.

**This tax rate will raise more tax revenue than last year's tax rate.**

## II.

That all monies collected under this Ordinance be and the same are hereby appropriated and set apart for the specific purposes indicated herein and in each item of the Annual Budget for the Fiscal Year 2016-2017, and that the Assessor and Collector of Taxes, and the Investment Officer shall keep these accounts so as to readily and distinctly show the amount collected, the amounts expended, and the amount on hand at any time belonging to such accounts. It is hereby made the duty of the Tax Assessor and Collector and the Investment Officer and every person collecting money for the City of Horseshoe Bay to deliver to the Investment Officer at the time of depositing any monies, a statement showing to what fund such deposit should be made and from what source received. All receipts for the City not specifically apportioned by this Ordinance are hereby made payable to the General Fund of the City.

## III.

That the ad valorem taxes herein levied shall, unless otherwise excepted by state law, including but not limited to Chapter 31 of the Texas Tax Code, become due on the 1st day of October, 2016 or upon receipt of the tax bill, whichever is earlier, and may be paid up to and including the following January 31st, without penalty, but if not so paid, such taxes shall become delinquent and incur penalties and interest as provided by state law including, but not limited to, Chapter 33 of the Texas Tax Code.

## IV.

That the taxes herein levied shall, except as otherwise provided by state law, including but not limited to Chapter 32 of the Texas Tax Code, be a first and prior lien against the property upon which they are assessed and the said first lien shall be superior and prior to all other liens, charges, and encumbrances, and this lien shall be attached to personal property to the same extent and with the same priorities as to real estate.

## V.

This Ordinance shall take effect and be in force from and after its approval and publication, as may be required by law.

**VI.**

Should any part of this Ordinance be declared invalid, for any reason, such invalidity shall not affect the remainder of this Ordinance.

**VII.**

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**ADOPTED AND APPROVED** on this 20th day of September, 2016 by a 5-0 record vote of the City Council of the City of Horseshoe Bay, Texas. The following Council Members voted to adopt the 2016 Tax Rate: Craig Haydon, Mayor Pro Tem, Reagan Lambert, David Pope, Cynthia Clinesmith and Jerry Gray. Pursuant to the City Charter the Mayor is only eligible to vote in case of a tie.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, TRMC**  
**City Secretary**



## CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

To: Mayor and City Council   
Thru: Stan Farmer, City Manager  
From: Jeffrey A. Koska, Utilities Director  
RE: Ordinance Adopting Amending Article A8.00 Utility Fees, Exhibit "A", Effective October 1, 2016

In correlation with the development of the Utility Fund Fiscal Year 2016-2017 Budget, Staff has revised the rates to complement the projected revenue requirements as was discussed at the September 6, 2016 Special Council Meeting.

FY2017 projected revenues need to increase to cover the operational, capital and bond expenses related to Utilities functions. To cover proposed expenses, revenue needs to be increased an additional \$392,000. Staff believes an average rate increase of 9% will be sufficient to meet projected expenses.

Residential garbage rates will increase by 8% over FY 2016 fees based on increases in expenses related to our new garbage and recycling services provider that was the low bidder for services. Residential rates will increase from \$19.73 to \$21.30. All commercial container sizes will not increase over FY2016 fees.

Additionally, increases in fees related to grinder systems, service taps and brush site usage will be charged to cover increased expenses related to manufacture/services price increases and increased facilities maintenance costs.

Staff recommends Council adopt the ordinance to amend Article A8.00 Utility Fees, attached hereto as "Exhibit A", to be Effective October 1, 2016.

Enclosure: Ordinance

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. ORD**

**AMENDMENT OF ARTICLE A8.00 UTILITY FEES OF THE CITY CODE**

**AN ORDINANCE OF THE CITY OF HORSESHOE BAY AMENDING ARTICLE A8.00 UTILITY FEES OF THE CITY ESTABLISHING CHARGES AND FEES FOR: WATER SERVICE, SEWER SERVICE, WATER METERS AND SEWER CONNECTIONS, CITY TAP CHARGES, PAYMENT FOR SERVICE, DEPOSITS, PENALTIES FOR DELINQUENT BILLS, GARBAGE COLLECTION FEES AND CHARGES, AND OTHER ITEMS ASSOCIATED WITH THE RATE SCHEDULE OF THE CITY OF HORSESHOE BAY; AND MAKING OTHER PROVISIONS RELATED AND INCIDENTAL THERETO PROVIDING FOR REPEALER, SEVERABILITY AND AN EFFECTIVE DATE.**

**WHEREAS,** the Mayor and City Council of the City of Horseshoe Bay, Texas recognize the importance and necessity of establishing a Schedule of Rates and Charges that equitably applies to those Customers and Entities that receive Services from the City;

**WHEREAS,** as authorized under law, and in the best interest of the citizens of Horseshoe Bay, Texas, the Mayor and City Council deems it expedient and necessary to adopt an amended *Article A8.00 Utility Fees* as included under "Exhibit A" of this Ordinance;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY:**

**I. FINDINGS OF FACT**

All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council, and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

**II. SCHEDULE OF SERVICES AND RATES**

The *Article A8.00 Utility Fees* attached hereto as "Exhibit A" is hereby adopted as effective and binding in and for the City of Horseshoe Bay and is incorporated herein for all purposes.

**III. REPEAL OF CONFLICTING ORDINANCES**

All Ordinances, or other Rate Schedules or Policies of the City, or portions of those Ordinances and/or Policies, that are in conflict with the Provisions of this Ordinance and the amendments to

the "Article A8.00 Utility Fees" (Exhibit A) attached hereto, shall be repealed unto the conflict only and shall otherwise remain in full force and effect.

#### **IV. SEVERABILITY**

Should any paragraph or part or section of this Ordinance or the "Article A8.00 Utility Fees" (Exhibit A) be adjudged or held to be illegal or invalid, such severability shall not affect the validity of the remainder of the Ordinance and the "Article A8.00 Utility Fees".

#### **V. EFFECTIVE DATE**

This Ordinance and the "Article A8.00 Utility Fees" (Exhibit A) shall be of full force and effect immediately upon the adoption by the City Council of the City of Horseshoe Bay.

**ADOPTED AND APPROVED** on this 20<sup>th</sup> day of September, 2016, by the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, TRMC**  
**City Secretary**

## ARTICLE A8.00 UTILITY FEES

### Sec. A8.01 Water service rates

(a) Monthly rates for each active meter or unit (residential, commercial, and/or irrigation).

- (1) The monthly rate includes the base monthly charge - BMC (minimum monthly charge) and the volumetric charge (charge per 1,000 gallons). The BMCs are based on meter sizes, as listed in the following, with a higher charge for larger meters with a higher potential water supply capacity:

3/4" water meter	\$26.98 base monthly charge
1" water meter	\$30.79 base monthly charge
1-1/2" water meter	\$33.95 base monthly charge
2" water meter	\$44.96 base monthly charge
3" water meter	\$128.08 base monthly charge
4" water meter	\$160.78 base monthly charge
6" water meter	\$230.87 base monthly charge

The \$26.98 base monthly charge shall also apply to each residential unit within apartment complexes, condominiums, or other similar group of buildings utilized for residential living quarters, regardless of the actual meter size or existence of a master meter.

(2) Inside the city—Single-family residence.

(A) Base monthly charge (depending upon meter size), plus the volumetric charge.

(B) Volumetric charge.

\$0.00 per 1,000 gallons	Up to 5,000 gallons used (included in BMC)
\$3.89 per 1,000 gallons	From 5,001 up to 10,000 gallons used
\$4.74 per 1,000 gallons	From 10,001 up to 25,000 gallons used
\$5.61 per 1,000 gallons	From 25,001 up to 50,000 gallons used
\$6.76 per 1,000 gallons	From 50,001 up to 100,000 gallons used
\$7.36 per 1,000 gallons	From 100,001 gallons and over used

(C) Multifamily rates. For an apartment complex, condominium, or other similar group of buildings utilized for residential living quarters and billed by master meter, the volumetric charge will be based on the number of residential units and the corresponding amount of water allowed per tier. For example, a complex with six units will receive 30,000 gallons with the BMC, and an additional 30,000 gallons at \$3.89 per 1,000 gallons, an additional 90,000 gallons at \$4.74 per 1,000 gallons, an additional 150,000 gallons at \$5.61 per 1,000 gallons, an additional 300,000 gallons at \$6.76 per thousand gallons and 300,001 gallons' usage and above at \$7.36 per 1,000 gallons.

(4) Outside the city. Rates for all other Hills tracts, Quail Ridge and all other tracts outside the city (wholesale customer rates defined by contract):

(A) Base monthly charge (depending upon the meter size), plus outside service fee of \$24.00 and plus the volumetric charge.

(B) Volumetric charge.

\$0.00 per 1,000 gallons	Up to 5,000 gallons used (included in BMC)
\$7.79 per 1,000 gallons	From 5,001 up to 10,000 gallons used
\$9.21 per 1,000 gallons	From 10,001 up to 25,000 gallons used
\$10.63 per 1,000 gallons	From 25,001 up to 50,000 gallons used
\$12.32 per 1,000 gallons	From 50,001 up to 100,000 gallons used
\$13.46 per 1,000 gallons	From 100,001 gallons and over used

(b) Irrigation rates. Inside irrigation rates, apply to meters utilized for irrigation purposes inside the city:

(1) Base monthly charge (depending upon the meter size), plus the volumetric charge.

(2) Volumetric charge.

\$4.74 per 1,000 gallons	From 0–5,000 gallons used
\$5.34 per 1,000 gallons	From 5,001–10,000 gallons used
\$6.21 per 1,000 gallons	From 10,001–25,000 gallons used
\$7.09 per 1,000 gallons	From 25,001–50,000 gallons used
\$8.83 per 1,000 gallons	From 50,001–100,000 gallons used
\$9.16 per 1,000 gallons	From 100,001 gallons and over used

(c) Commercial. A single meter (less than 2" in size) serving a commercial facility or a master meter (less than 2" in size) serving a commercial complex shall be within the "commercial classification" and be charged as follows:

(1) Base monthly charge (depending upon the meter size), plus the volumetric charge.

(2) Volumetric charge.

\$5.50 per 1,000 gallons	From 0–5,000 gallons used
\$6.38 per 1,000 gallons	From 5,001–10,000 gallons used
\$7.52 per 1,000 gallons	From 10,001–25,000 gallons used
\$8.94 per 1,000 gallons	From 25,001–50,000 gallons used
\$10.63 per 1,000 gallons	From 50,001–100,000 gallons used
\$11.77 per 1,000 gallons	From 100,001 gallons and above used

(d) Large commercial. A single meter (2" and larger) serving a commercial facility or a master meter (2" or larger) serving a commercial complex shall be within the "large commercial classification" and be charged as follows:

(1) Base monthly charge, depending on the meter size and including the 5,000 gallons per residential unit (if applicable), plus the volumetric charge.

(2) Volumetric charge.

\$4.96 per 1,000 gallons	From 5,001–10,000 gallons used
\$5.81 per 1,000 gallons	From 10,001–25,000 gallons used
\$6.65 per 1,000 gallons	From 25,001–50,000 gallons used
\$7.79 per 1,000 gallons	From 50,001–100,000 gallons used
\$8.39 per 1,000 gallons	From 100,001 gallons and above used

All five (5) buildings of the Resort Hotel Complex shall be billed in the same manner as the multifamily units, for the water billing, as outlined in subsections (a)(1) and (a)(2).

(e) Inactive meter and non-metered charges. A special "as needed" charge for tank lots of water for road contractors, builders, etc., will be \$7.79 per 1,000 gallons of usage, as metered by the city.

(f) Reconnection charges.

- (1) All meters or units: \$50.00 for standard working hours.
- (2) All meters or units: \$100.00 for nonstandard working hours.
- (3) A reconnect charge shall be paid in full prior to reactivation of city services.
- (4) A charge of one-half of the applicable reconnect charge may be made for the temporary cut-off and/or cut-on of water service by the city due to extenuating circumstances such as adverse weather or circumstances beyond the reasonable control of the customer or the city.

(g) Flow test charges.

- (1) First test: No charge.
- (2) Additional requested test within two years of the first test if the additional test shows the meter to be accurate: Not to exceed \$30.00.

(h) Water tap charges.

- (1) Residential units will be charged the following for each specific meter connection size (size of the meter will be determined by the city, based on the plumbing code and irrigation water demands (fixture units, landscape area, etc.)).

3/4" connection	\$1,450.00
1" connection	\$1,550.00
1-1/2" connection	\$1,850.00
2" connection	\$2,150.00

- (2) Temporary service water meters.

(A) Setup fee: \$75.00.

(B) Deposit: \$250.00.

## **Sec. A8.02 Sewer service rates and conditions**

(a) Monthly rates for residential customers.

- (1) All residential service inside city and multifamily: \$46.05 per month per unit.
- (2) The residential rate will prevail for builders prior to initial occupancy.

(b) Monthly rates for commercial customers. Meters smaller than 2" in size:

- (1) All commercial service inside city. \$46.05 per month per water meter, which includes 5,000 gallons of water usage, and the applicable volumetric charge.
  - (2) Meter usage over 5,000 gallons: \$6.81 per 1,000 gallons.
  - (3) Each commercial (tenant) having dedicated wastewater facilities connected to a common grinder pump system will be charged a factor (multiplier) to determine the total monthly sewer charges. For example, for inside the city customers six units (tenants) will be charged six fees, i.e., six (6) units x \$46.05 per month, and will be entitled to 30,000 gallons of usage, before being charged an additional rate of \$6.81 per 1,000 gallons.
  - (4) Each commercial facility where there are not individual tenants - non-dedicated wastewater facilities will be charged based on seven fixtures as one unit set. Seven fixtures are defined as a set. Any number of fixtures, more than three, remaining after the total number of fixtures has been divided by seven, will be considered another set. For example, seventeen fixtures would be considered two sets, but eighteen fixtures would be considered three sets. Each set will be charged a basic monthly charge (BMC) of \$46.05.
  - (5) Each commercial account having more than one set of fixtures served by a single water meter will be charged a factor (multiplier) based on the number of sets to determine the total monthly sewer charges. For example, six sets equals 6 x \$46.05 per month, and will be entitled to 30,000 gallons of wastewater, before being charged an additional rate of \$6.81 per 1,000 gallons.
  - (6) Irrigation meters are available and encouraged for commercial applications to reduce sewer expenses to actual sewer usage.
- (c) Monthly rates for large commercial customers—Meters 2" and larger.
- (1) All large commercial inside city. \$46.05 per month per meter, which includes 5,000 gallons of water usage, and the applicable volumetric charge.
  - (2) Meter usage over 5,000 gallons: \$6.27 per 1,000 gallons. (Ordinance 12-11-27A adopted 11/27/12)
- (d) RV'S. Each tank dumped and rinsed:
- |                      |           |
|----------------------|-----------|
| City sewer customers | No Charge |
| All others           | \$20.00   |
- (e) Sewer tap charges.
- (1) Residential units will be charged a \$1,300.00 tap fee for each standard 1-1/2" sewer grinder connection required where the collection line is immediately adjacent to the property to be served.
  - (2) Commercial units will be charged the greater of a minimum of \$1,300.00 tap fee for each standard 1-1/2" sewer grinder connection or total costs computed on the basis of actual costs of labor, materials, and equipment usage, plus overhead.
- (f) Sewer grinders. There are several types of sewer grinder pump systems serviced by the city. Depending on the capacity and pressure requirements as determined by the city, they are as follows:

(1) Single-family residence.

- (A) Single grinder pump systems required by each single-family residence and each living unit of a duplex family residence servicing four full baths or less, low pressure unit:  
Price: \$2,400.00.
- (B) Single grinder pump systems required by each single-family residence and each living unit of a duplex family residence servicing more than two full baths, high pressure unit:  
Price: \$3,300.00.
- (C) Custom designed sewer grinder systems may be required at the discretion of the City based on requirements not adaptable to subsections (A) and (B) above. Installations larger than those listed above will be charged additional costs for specialized materials and equipment required for customized system.

(2) Duplex grinder system required by multifamily complexes and commercial units as follows:

- (A) Multifamily complexes require one (1) duplex system for each group of eight (8) living units or part thereof.
- (B) Commercial units or complexes require a minimum of one (1) duplex system and a duplex system for each group of forty (40) internal sewer drain connections or part thereof, prices:

Low pressure	\$4,450.00
High pressure	\$5,800.00

- (C) Custom designed sewer grinder systems and/or grease traps and pretreatment systems may be required at the discretion of the city based on requirements not adaptable to subsections (A) and (B) above. Installations larger than those listed above will be charged additional costs for specialized materials and equipment required for customized system.

**Sec. A8.03 Water and sewer service deposits**

- (a) Residential units: \$200.00.
- (b) Commercial connections: \$200.00.
- (c) Temporary meter: \$250.00.

**Sec. A8.04 Garbage collection rates**

- (a) State and city sales tax is applicable to garbage collection services. This tax will be added to the charges shown following.
- (b) Residential service. All living units with one pickup per week: \$21.30 per month.
- (c) Commercial service.
  - (1) Dumpster size.

	1 Time per wk	2 Time per wk	3 Time per wk	4 Time per wk
1st 2 cubic yards	\$158.00	\$241.00	\$325.00	\$408.00
Each additional	\$133.00	\$200.00	\$265.00	\$333.00
1st 3 cubic yards	\$179.00	\$274.00	\$369.00	\$465.00
Each additional	\$149.00	\$226.00	\$302.00	\$378.00
1st 4 cubic yards	\$198.00	\$305.00	\$412.00	\$519.00
Each additional	\$164.00	\$250.00	\$336.00	\$421.00
1st 6 cubic yards	\$205.00	\$367.00	\$498.00	\$629.00
Each additional	\$171.00	\$300.00	\$405.00	\$510.00
1st 8 cubic yards	\$211.00	\$379.00	\$515.00	\$648.00
Each additional	\$177.00	\$312.00	\$420.00	\$530.00
6 yard compactor	\$519.00	\$783.00	\$1,034.00	\$1,284.00

(2) Minimum monthly charge per unit. Polycart service (90 gallons):

At 1 x per week	\$30.38
Each additional	\$29.87
At 2 x per week	\$57.75
Each additional	\$53.56

**Sec. A8.05 Grounds maintenance waste service (Commercial Customers)**

Residents are allowed up to 100 cubic yards for a 12-month period without any costs and only is transported by resident themselves. If residents exceed 100 cubic yards' allotment the fees below are applied to additional volumes disposed at the site.

- (a) Annual permit fee: \$75.00.
- (b) 0-200 Cubic Yards - \$1.50 Per Cubic Yard
- (c) 201 to 400 Cubic Yards - \$2.50 Per Cubic Yard
- (d) Over 400 Cubic Yards - \$3.50 Per Cubic Yard

**Sec. A8.06 Insufficient funds fees**

- (a) A \$35.00 charge will be assessed to all accounts which are paid with a check charged back against the city's deposit account due to insufficient funds.
- (b) A \$35.00 charge will be assessed to all accounts on the automatic debit feature which have payments charged back against the city's deposit account due to insufficient funds.

**Sec. A8.07 On-site septic facility permit fees**

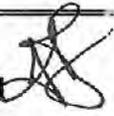
- (a) Standard permit: \$210.00.
- (b) Nonstandard permit: \$410.00.
- (c) Reinspection: One-half of the required permit fee.



## CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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**To:** Mayor and City Council   
**From:** Stan R. Farmer, City Manager  
**RE:** Discuss, Consider and Take Action Regarding Approval of Five-Year Capital Plan

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At the June 28 and August 30 Budget Workshop, the Council reviewed a Draft FY2017-2021 Five-Year Capital Plan which included Capital Projects for the General Fund, Utility Fund, and Capital Projects Funds—Street Projects and Horseshoe Trail Park.

Staff requests that the City Council approve the FY2017-2021 Five-Year Capital Plan as presented as a planning document only that does not bind future Councils to the projects or time-line listed.

**Enclosures:** FY2017–FY2021 Five-Year Capital Plan

**CITY OF HORSESHOE BAY**

**FY 2017 FIVE-YEAR CAPITAL PLAN**

**General Fund Five Year Capital Improvement Plan**

	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Routine Equipment Replacement</b>	25,000	25,000	25,000	25,000	25,000
<b>Vehicles (Police)</b>	26,000	28,000	90,000	90,000	35,000
<b>Equipment (Police)</b>	55,000	82,000	21,500	21,000	16,000
<b>Equipment Training (Fire)</b>	-	25,000	25,000	25,000	25,000
<b>Fire Engines (2)</b>	1,000,000	-	-	-	-
<b>Pickle Ball/Sport Courts</b>	-	40,000	-	-	-
<b>Total Annual CIP Requirements</b>	<b>1,106,000</b>	<b>200,000</b>	<b>161,500</b>	<b>161,000</b>	<b>101,000</b>

**Utility Fund Five Year Capital Improvement Plan**

	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Routine Equipment/Projects</b>	<b>670,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>
<b>Major Projects</b>					
Summit Rock Effluent Pump and Piping		130,000			
750,000 Gallon High Storage Water Tank Rehab	380,000				
1,500,000 Gallon High Storage Water Tank Rehab				550,000	
West Water Plant Expansion *	2,600,000				
Summit Rock Lift Station *		520,000			
Wastewater Treatment Plant Expansion Eng.*		400,000			
Wastewater Treatment Plant Expansion*			2,500,000	1,000,000	
Central Water Plant Membrane Replacement (2MG)		600,000	250,000		
Applehead Water Line Replacement					
Developer Contribution** (\$7.4 M)	(2,600,000)	(920,000)	(530,000)		
<b>Subtotal - Major Projects</b>	<b>380,000</b>	<b>730,000</b>	<b>2,220,000</b>	<b>1,550,000</b>	
<b>Total Annual CIP Requirements</b>	<b>1,050,000</b>	<b>1,480,000</b>	<b>2,970,000</b>	<b>2,300,000</b>	<b>750,000</b>

\*Projects that have a Developer Contribution

\*\*The first \$2M is funded. However, the remainder will be reimbursed from the PID. The City will likely need to set up a receivable and begin accruing interest if the PID is unable to reimburse at the time of construction.

**Capital Projects Fund Five-Year Capital Improvement Plan**

	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Street Projects (Fund 7)</b>	-	-	-	-	-
Seal Coating	600,000	765,000	250,000	220,000	-
Golden Nugget Safety Improvement	-	230,000	-	-	-
<b>Horseshoe Trail Park (Fund 9)</b>	20,000	15,000	15,000	-	-
<b>Total Annual CIP Requirements</b>	<b>620,000</b>	<b>1,010,000</b>	<b>265,000</b>	<b>220,000</b>	<b>-</b>

**FY 2017 Capital Plan approved on September 20, 2016 by unanimous vote of the Council of the City of Horseshoe Bay during a regularly scheduled meeting and made a part of the minutes thereof.**

\_\_\_\_\_  
**Stephen T. Jordan, Mayor**



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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**To:** Mayor and City Council   
**Thru:** Stan R. Farmer, City Manager  
**From:** Larry O. Anderson, Finance Director  
**RE:** Discuss, Consider and Take Action Regarding Approval of Resolution Conducting the Annual Review of the City's Investment Policy and Strategy

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Section 2256.005 of the Texas Government Code requires that each governing body of an investing entity adopt an Investment Policy and Investment Strategy and review the same annually. The City's Investment Policy was last reviewed and amended on September 15, 2015.

On June 10, 2014 the City Council approved a Broker/Dealer list per the City Investment Policy.

An amendment was adopted September 15, 2015 to include the new training requirements as revised in Texas Government Code Sec. 2256.008 as amended.

City Manager Stan Farmer and Finance Director Larry Anderson serve as Investment Officers and have reviewed the Investment Policy and Strategy and the City's financial condition and recommend that the City Council Conduct the Annual Review of the City's Investment Policy and Adopt the Resolution to approve the Investment Policy and Strategy with the Investment Policy attached as Exhibit A, with no changes.

**Enclosures:** Resolution Conducting the Annual Review of the Investment Policy and Strategy with Exhibit A, Investment Policy and Strategy

**CITY OF HORSESHOE BAY**

**RESOLUTION NO. RES \_\_\_\_\_**

**REVIEW OF INVESTMENT POLICY AND STRATEGY**

**A RESOLUTION OF THE CITY OF HORSESHOE BAY, TEXAS,  
CONDUCTING THE ANNUAL REVIEW OF THE CITY'S INVESTMENT  
POLICY AND STRATEGY AS REQUIRED BY SECTION 2256.005(e), TEXAS  
GOVERNMENT CODE**

**WHEREAS**, Section 2256.005 (a) of the Texas Government Code requires each governing body of an investing entity to adopt a written Investment Policy and Strategy; and

**WHEREAS**, Section 2256.005 (e) of the Texas Government Code requires that the Investment Policy and Strategy be reviewed by the governing body not less than annually and shall adopt a written instrument stating that it has reviewed the Investment Policy and Strategy and that the written instrument so adopted shall record any changes made to either the Investment Policy or Investment Strategies; and

**WHEREAS**, the City Council initially adopted an Investment Policy by unanimous vote at a regularly scheduled City Council Meeting on March 21, 2006; and

**WHEREAS**, the City Council has reviewed and approved the Investment Policy annually thereafter; and

**WHEREAS**, the City Council last reviewed and amended the Investment Policy by unanimous vote at a regularly scheduled City Council Meeting on September 15, 2015.

**NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY:**

The City Council reviewed the Investment Policy and Strategy of the City of Horseshoe Bay at the regularly scheduled City Council Meeting on September 20, 2016; and

The City Council hereby adopts the Investment Policy and Strategy attached hereto as Exhibit A.

**ADOPTED AND APPROVED** on this 20<sup>th</sup> day of September, 2016 by a vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

**Stephen T. Jordan, Mayor**

**ATTEST:**

**Teresa L. Moore, TRMC  
City Secretary**

## EXHIBIT A

### CITY OF HORSESHOE BAY

#### INVESTMENT POLICY AND STRATEGY

**POLICY:**

It is the policy of the City to invest public funds in a manner which will provide a reasonable investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds: Texas Government Code Chapter 2256 (the "Act").

**SCOPE:**

This investment policy applies to all financial assets of the City. These funds will be accounted for in the City's Comprehensive Annual Financial Report and include:

1. General Fund
2. Utility Fund
3. Grant Fund
4. Agency Fund
5. Special Revenue Fund
6. Capital Projects Fund
7. Debt Service Fund

and any other funds created unless specifically designated by the Council.

**PRUDENCE:**

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The standard states:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

**OBJECTIVE:**

The primary objectives, in priority order, of the City's investment activities shall be:

**Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

**Liquidity:** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

**Diversification:** Diversification is required in order to reduce and manage potential risk including those on individual securities or market sectors.

**Yield:** The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. The portfolio reporting will compare the yield on the portfolio to its benchmark

which will be the six-month Treasury Bill for the comparable period. This benchmark was chosen for its comparability to the weighted average maturity limitation on the overall portfolio.

An annual review of the financial condition including the portfolio will be conducted by the Investment Policy Committee, comprised of the Mayor, the City Manager, and the Finance Director.

### **STRATEGY**

The City may maintain one commingled portfolio for investment purposes which incorporates the specific investment strategy considerations and the unique characteristics of the fund groups represented in the portfolio.

- A. **Operating Funds.** The investment strategy for the operating (enterprise and special revenue) and special purpose funds has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity provided. This may be accomplished by purchasing high quality, short- to medium-term maturity securities (0-2 years) which will complement each other in a laddered maturity structure permitting some extension for yield enhancement. The dollar weighted average maturity of the portfolio will be calculated using the stated final maturity date of each security.
- B. **Capital Projects.** The investment strategy for capital project funds will have as its primary objective assurance that anticipated cash flows are matched and provide adequate investment liquidity. At least 10% total liquidity is planned to provide flexibility and for unanticipated project outlays. The stated final maturity dates of securities held may not exceed two years or the estimated project completion date.
- C. **Debt Service Funds.** The investment strategy for debt service funds shall have as its primary objective the assurance of available funds adequate to fund the debt service obligations on a timely basis. The fund is funded as monies are received which should maintain a maximum weighted average maturity of six months. Successive debt service dates will be fully funded before any investment extension. Since payment of debt is one of the highest priorities of the City, safety of principal should be of the highest priority when selecting an investment.
- D. **Debt Service Reserve Funds.** The investment strategy for debt service reserve funds shall have as its primary objective the ability to generate a revenue stream to the debt service funds from high quality securities with a low degree of volatility. Securities should be high credit quality and, except as may be required by the bond ordinance specific to an individual issue, of short to intermediate-term maturities.

The City intends to match investments with projected cash flow and liquidity needs of the City. In no case will the average weighted maturity of the total portfolio exceed six (6) months. The maximum final stated maturity of any investment shall not exceed two years. The six-month Treasury Bill for the comparable reporting time period will be used as the benchmark for the overall portfolio reflecting the City's primary market and the cash flow objectives of the portfolio.

The City shall pursue a conservative portfolio management strategy. Securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade, but the strategy will be primarily buy-and-hold. The Investment Officers will continuously monitor the contents of the portfolio, the available markets, and the relative value of competing instruments to adjust the portfolio in response to market conditions.

### **DELEGATION OF AUTHORITY:**

The City Council will designate Investment Officers by Resolution. Management responsibility for the investment program is hereby delegated to the City Manager, who shall establish written procedures for the operation of the investment program consistent with this Investment Policy. The City Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Investment Officers shall be familiar with this Policy and may not engage in an investment transaction except as provided under the terms of this Policy and the procedures established. Investment Officers will review the Investment Policy annually to suggest any changes necessary to the Council, will monitor all counterparties, and will prepare quarterly reports for the City Council.

The City will provide investment training required by the Act (Sec. 2256.008) for the City's Investment Officers. The Investment Officers shall attend at least one, ten (10) hour training session within twelve months after taking office or assuming duties. Training includes education in investment controls, security risks, strategy risks, market risks, and compliance with the Act. Investment Officers must complete eight (8) hours of investment training in each succeeding two-year period.

#### **Conflicts of Interest**

Officers involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. An Investment Officer who has any personal or business relationship with any entity seeking to sell an investment to the City will file a statement disclosing that personal or business interest. The Investment Officer shall file a statement disclosing that relationship, as required by Texas Local Government Code Chapters 171 and 176, as applicable. These statements must be filed with the City Secretary, disclosed to the City Council, and approved by the City Council before any business is transacted with said entity or individual. Investment Officers shall not undertake personal investment transactions with the same individual with which business is conducted on behalf of the City.

#### **City Council Responsibilities**

The City Council retains ultimate fiduciary responsibility for the investment program. The Council will annually adopt the Investment Policy and Strategy, designate Investment Officers, approve authorized broker/dealers, provide for training, and quarterly receive and review investment reports.

#### **INTERNAL CONTROLS:**

The Investment Officers are responsible for establishing and maintaining an internal control structure that will be reviewed annually with the City's auditor. The internal control structure will be designed to ensure that City assets are protected from loss, theft, or misuse and to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by the Investment Officers.

Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to the person responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established supporting it.

#### **AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS:**

The Investment Officers will provide a list of no less than three brokers / dealers for City Council approval at least annually. Brokers / dealers must be authorized before transactions are made. All brokers / dealers who desire to become qualified for investment transactions will be required to supply the following information which will be maintained by the Investment Officers:

- i. Annual audited financial statements;
- ii. Proof of Financial Industry Regulatory Authority (FINRA) certification;
- iii. FINRA CRD registration number;
- iv. Proof of Texas state registration;
- v. Policy Certification; and
- vi. A completed City questionnaire.

These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

The Investment Officers will at least annually review the service, financial condition, and registration of brokers / dealers for recommendations to the Council.

An expanded list of counterparties, including local government pools and financial institutions authorized to provide investment transactions, will be maintained by the Investment Officers. This list need not be approved by the City Council because of frequency in bank changes resulting from competitive bids. All pools require specific action by the Council for participation.

The City is under no obligation to transact business with any financial institution or firm.

## **DEPOSITORIES**

### **City Banking Services Depository**

At least every five years, a City banking services depository shall be selected through a competitive request for proposal (RFP) process in accordance with the Texas Government Code 105.017. In selecting this depository, the services, cost of services, credit worthiness, earnings potential, and collateralization by the institution shall be considered. The City may utilize a depository outside the City limits for this purpose. This primary banking services depository will safe-keep securities owned by the City and will not be authorized as a broker for the City in order to perfect delivery versus payment settlement.

### **Additional Depositories**

Time and demand deposits may be purchased from any bank in Texas. Banks seeking to establish eligibility for the City's competitive certificate of depository or demand deposit programs shall submit for review annual financial statements, evidence of federal insurance, and other information as required by the Investment Officers. Deposits exceeding FDIC insurance coverage will require a written depository agreement and collateralization in accordance with this Policy.

## **AUTHORIZED INVESTMENTS:**

City funds may be invested only in the following instruments, as further defined by the Act. If changes are made to the authorized investments in the Act, they will not be authorized for City use until this Policy is amended and adopted by the City Council.

All investments will be made on a competitive basis. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. The City portfolio will have a maximum weighted average maturity of six (6) months. At all times, liquid funds will represent no less than 10% of the portfolio to meet unanticipated liabilities.

1. Obligation of the United States, its agencies and instrumentalities, excluding mortgage backed securities and with a final stated maturity not to exceed two years.
2. Fully insured or collateralized certificates of deposit of any bank doing business in Texas with a stated maturity date not to exceed eighteen (18) months. Certificates of deposit may be purchased through the CDARS program with a bank in Texas. Collateralized CD must have a depository/collateral agreement in place.
3. AAA-rated, constant dollar local government investment pools which strive to maintain a stable \$1.00 net asset value.
4. Fully collateralized repurchase agreements purchased through a primary government securities dealer, as defined by the Federal Reserve, with a stated maturity not to exceed six (6) months. A "flex" repurchase agreement may be used for bond proceeds beyond six (6) months but must not exceed the expenditure plan of the funds.
5. AAA-rated SEC registered money market mutual funds which strive to maintain a \$1 net asset value.
6. Interest bearing accounts in any bank in Texas fully insured by FDIC or collateralized in accordance with this Policy.

Any investment that requires a minimum rating by this Policy will not qualify as authorized during the period the

investment does not have that minimum rating. Investment Officers shall inform the Council and take all prudent measures to liquidate the downgraded investment in a reasonable time period if ratings have dropped.

Any investment purchased when the investment type was authorized by Policy need not be liquidated if the Policy is modified to un-authorize the investment. The Investment Officers will review the investment and act in a reasonable manner for the overall good of the portfolio(s).

#### **Diversification**

The City's investments shall be diversified to eliminate risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector and maturities selected shall provide for stability of income and reasonable liquidity. Laddered maturities shall be used based on the anticipated cash flow of funds.

#### **COLLATERALIZATION:**

Collateralization will be required on three types of investments: demand deposits, certificates of deposit and repurchase agreements.

#### **Time and Demand Bank Deposits – Pledged Collateral**

All time and demand deposits shall be collateralized above FDIC coverage in accordance with this Policy. Collateral should be in place before funds are moved into the depository. The total of FDIC insurance and the market value of collateral must be at least 102% of the total principal and accrued interest on deposit daily. The depository is responsible for monitoring and maintaining margins daily.

All pledged securities must be safekept at an independent institution outside the holding company of the pledging bank. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary collateral before deposits are made and receipts provided within one business day. The City's depository will be responsible for monitoring and maintaining collateral levels daily. The independent custodian will provide the City with receipts and a monthly report on the collateral pledged. City representatives will have the right to inspect the records for pledged collateral at any time. Collateral may be substituted; however, any substitution of collateral must be approved in writing by the City.

The City shall have a depository / collateral contract with each bank and that agreement will comply with the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989 (FIRREA) to ensure that the City's security interest in collateral pledged to secure deposits is enforceable against the receiver of a failed financial institution.

#### **Collateral Owned under Repurchase Agreements**

Collateral is owned under a repurchase agreement. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the transaction. The collateral shall be held by an independent third party financial institution approved by the City. The counter-party is liable for monitoring and maintaining the collateral and margin daily. A Bond Market Association Master Repurchase Agreement shall be executed for the transaction.

#### **Authorized Collateral**

City funds must be secured only by:

- Obligations of the United States Government, its agencies and instrumentalities including mortgage backed securities and CMOs passing the bank test; and
- Obligations issued by any state, its agencies, or political subdivisions rated A or above by one nationally recognized rating agency.

If a depository offers collateral pooling as collateral for deposits, the Investment Officers will analyze the costs and risks of such program to the City. Before entering into a pooled collateral program, the Investment Officers must receive approval from the City Council.

**SAFEKEEPING AND CUSTODY:**

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian approved by the City Manager and an agreement of the terms executed in writing. The third party safekeeping agent shall be required to issue safekeeping receipts to the City clearly indicating the ownership by or pledge to the City.

**DIVERSIFICATION:**

The City will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

**MAXIMUM MATURITIES:**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than ( 2 ) years from the date of purchase.

**PERFORMANCE STANDARDS:**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The City's investment strategy is active. Given this strategy, the basis used by the City Manager to determine whether market yields are being achieved shall be the six-month U.S. Treasury Bill and the average Fed Funds rate. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment policies.

**REPORTING:**

The City Manager will include in the monthly statements furnished to the Council a report which shows all investment activity during the current monthly period and an inventory of investments on hand at the end of the period. No less than quarterly, the Investment Officers shall jointly prepare, sign, and submit to the City Council a written quarterly investment report in accordance with the Act (2256.023). Market prices for reports will be obtained from independent sources for the reports.

The City Manager is also charged with the responsibility of including a market report on investment activity and returns in the City's Financial Statements. Such report will include performance and interest earnings.

**INVESTMENT POLICY ADOPTION:**

The City's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually by the Investment Policy Committee and any modifications made thereto shall be approved by the City Council and included in the adopting resolution.

**ADOPTED AND APPROVED** on this the 20<sup>th</sup> day of September, 2016 by a unanimous vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

\_\_\_\_\_  
**Stephen T. Jordan, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Teresa L. Moore, City Secretary**



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

To: Mayor and City Council *ASD*  
 Thru: Stan R. Farmer, City Manager  
 From: Vicki Briggs, Human Resources  
 RE: Personnel Policy Revisions: Article XIII, Appendix B: Salary Table and Incentive Pay and Article XIII, Appendix C: Merit Table

Staff requests that the City Council consider approval of the following Personnel Policy revisions:

**Article XIII, Appendices – Appendix B: Salary Table & Incentive Pay:**

Article V – The Compensation Plan, Section 3 of the Personnel Policy, requires the City Manager to make recommendations for changes to the Salary Tables to the Mayor in August each year, and then the Mayor makes the recommendations to the Council at the September Council Meeting. The Proposed Salary Table and Incentive Pay have been revised to reflect the Salary Ranges recommended in the recent Public Sector Personnel Consultants Salary Survey, which was reviewed by the Council at the June 28, 2016, Workshop. Staff also recommends the addition of three positions: GIS Administrator (63), IT Administrator (63) and Assistant Planner (45), as well as changing Human Resources Administrator (50) position to Human Resources Director (65) and Project Manager (70) to Public Works Director (80).

The Mayor recommends City Council approval of the attached Salary Table and Incentive Pay (Appendix B) with recommended changes redlined, and the omitted positions have been removed.

**Article XIII, Appendices – Appendix C: Merit Table:**

Section 3 of the Compensation Plan also requires that the City Manager make recommendations for changes to the Merit Table to the Mayor by November each year, and then the Mayor makes the recommendations to the Council. However, Staff recommends approving the Merit Table at this time along with the recommended changes to the Salary Table and Incentive Pay. The Merit Table is a guideline in administering the merit increases for City personnel based on their performance evaluation. At the June 28, 2016 Budget Workshop, the City Council recommended an annual allocation of \$125,000 to be distributed among all of the staff for the merit increases. Utilizing the actual evaluation score of each person from their previous year's performance evaluation, staff prepares an estimated merit increase analysis based on a Proposed Merit Table that will result in an amount as close as possible to the total annual allotment of dollars recommended by the Council. The following is the outcome of the analysis prepared for the FY2017 Budget, based on the recommended Positions and Salary Ranges in the attached Appendix B, and utilizing the current Merit Table, the attached Appendix C, resulting in an annual merit total of \$125,532:

**FULL TIME COMPA-RATIO COMPARISON @ PROPOSED SALARY RANGES  
BEFORE EVALUATIONS AND ESTIMATED MERIT INCREASES (OCT 1, 2016)**

<b>COMPA-RATIO</b>	<b>NO. OF EMPLOYEES</b>	<b>% OF EMPLOYEES</b>
Less than 80	7	9%
80 - 89.9	16	21%
90 - 99.9	29	37%
100 - 109.9	23	29%
110 - 120	3	4%
	<hr/> 78	<hr/> 100%

**FULL TIME COMPA-RATIO COMPARISON @ PROPOSED SALARY RANGES  
AFTER EVALUATIONS AND ESTIMATED MERIT INCREASES (JAN 1, 2017)**

<b>COMPA-RATIO</b>	<b>NO. OF EMPLOYEES</b>	<b>% OF EMPLOYEES</b>
Less than 80	7	9%
80 - 89.9	8	10%
90 - 99.9	27	35%
100 - 109.9	31	40%
110 - 120	5	6%
	<hr/> 78	<hr/> 100%

TOTAL ANNUAL MERIT COMPENSATION:	\$125,532
TOTAL PERCENTAGE OF INCREASE:	2.9%

**The Mayor recommends City Council approval of the attached Merit Table (Appendix C).**

**The Mayor also requests the authority (consistent with prior years) to make minor adjustments to the Merit Table based on final achievement levels after performance reviews are conducted in December.**

**Enclosure:   Appendix B: Salary Table  
                  Appendix B: Incentive Pay  
                  Appendix C: Merit Table**

APPENDIX B - SALARY TABLE -- REVISED 09-20-2016  
EFFECTIVE 10/01/2016

Job Titles by Job Family	Salary Range	ANNUALLY			Hours Per Year	HOURLY		
		Minimum	Midpoint	Maximum		Minimum	Midpoint	Maximum
<b><u>CITY MANAGEMENT GROUP</u></b>								
City Manager	95	109,122	135,403	163,684	2080	52.46	65.58	78.69
City Secretary	65	52,023	65,029	78,035	2080	25.01	31.26	37.52
GIS Administrator	62	48,309	60,388	72,463	2080	23.23	29.03	34.84
Human Resources Director	65	52,023	65,029	78,035	2080	25.01	31.26	37.52
IT Administrator	62	48,309	60,388	72,463	2080	23.23	29.03	34.84
Public Works Director	80	75,345	94,182	113,018	2080	36.22	45.28	54.34
<b><u>ADMINISTRATION</u></b>								
Finance Director	85	85,246	106,558	127,869	2080	40.98	51.23	61.48
Accounting Supervisor	55	40,641	50,801	60,961	2080	19.54	24.42	29.31
Accounting Clerk	42	29,481	36,852	44,222	2080	14.17	17.72	21.26
Project Administrator	42	29,481	36,852	44,222	2080	14.17	17.72	21.26
<b><u>DEVELOPMENT SERVICES</u></b>								
Development Services Director	80	75,345	94,182	113,018	2080	36.22	45.28	54.34
Assistant Planner	45	31,748	39,685	47,622	2080	15.26	19.08	22.90
Dev Svc Tech/Muni Court Clerk	45	31,748	39,685	47,622	2080	15.26	19.08	22.90
Development Services Technician	40	28,061	35,076	42,091	2080	13.49	16.86	20.24
<b><u>POLICE</u></b>								
Police Chief	85	85,246	106,558	127,869	2080	40.98	51.23	61.48
Assistant Police Chief	75	66,584	83,243	99,891	2080	32.02	40.02	48.02
Police Detective	65	52,023	65,029	78,035	2223	23.40	29.25	35.10
Police Officer/Shift Commander	65	52,023	65,029	78,035	2223	23.40	29.25	35.10
Police Specialist	58	43,765	54,707	65,648	2223	19.69	24.61	29.53
Code Enforcement Officer	58	43,765	54,707	65,648	2223	19.69	24.61	29.53
Police Officer	58	43,765	54,707	65,648	2223	19.69	24.61	29.53
Police Dispatcher	44	30,974	38,717	46,461	2080	14.89	18.61	22.34
Part-Time Public Safety Clerk	39	27,376	34,221	41,065	2080	13.16	16.45	19.74
<b><u>ANIMAL CONTROL</u></b>								
Animal Control Officer	40	28,061	35,076	42,091	2080	13.49	16.86	20.24
<b><u>FIRE</u></b>								
Fire Chief	85	85,246	106,558	127,869	2080	40.98	51.23	61.48
Assistant Fire Chief	75	66,584	83,243	99,891	2080	32.02	40.02	48.02
Firefighter/EMT-B/ Shift Commander	65	52,023	65,029	78,035	2756	18.88	23.60	28.31
Firefighter/EMT-B/ Driver	60	45,981	57,476	68,972	2756	16.68	20.85	25.03
Firefighter / EMT-B	55	40,641	50,801	60,961	2756	14.75	18.48	22.12
Part-Time Firefighter	50	35,920	44,900	53,880	2756	13.03	16.29	19.55
<b><u>COMMUNITY SERVICES</u></b>								
<b><u>Administration</u></b>								
Utilities Director	85	85,246	106,558	127,869	2080	40.98	51.23	61.48
Customer Svc Admin & GIS Manager	55	40,641	50,801	60,961	2080	19.54	24.42	29.31
Utilities Office Manager	50	35,920	44,900	53,880	2080	17.27	21.59	25.90
Customer Service Clerk II	40	28,061	35,076	42,091	2080	13.49	16.86	20.24
Customer Service Clerk I	36	25,422	31,777	38,133	2080	12.22	15.28	18.33
<b><u>Utilities</u></b>								
Field Operations Supervisor	86	53,324	66,655	79,986	2080	25.64	32.05	38.45
Plant Operations Supervisor	86	53,324	66,655	79,986	2080	25.64	32.05	38.45
Foreman	62	48,309	60,388	72,463	2080	23.23	29.03	34.84
Senior Electrician Technician	58	43,765	54,707	65,648	2080	21.04	26.30	31.56
Water Conservation Inspector	55	40,641	50,801	60,961	2080	19.54	24.42	29.31
Field / Plant Operator III	58	43,765	54,707	65,648	2080	21.04	26.30	31.56
Field / Plant Operator II	55	40,641	50,801	60,961	2080	19.54	24.42	29.31
Purchasing Technician	48	34,189	42,737	51,284	2080	16.44	20.55	24.66
Asset Software/Hardware Technician	48	34,189	42,737	51,284	2080	16.44	20.55	24.66
Water Quality Technician	48	34,189	42,737	51,284	2080	16.44	20.55	24.66
Field / Plant Operator I	50	35,920	44,900	53,880	2080	17.27	21.59	25.90
Recycle Monitor	40	28,061	35,076	42,091	2080	13.49	16.86	20.24

**APPENDIX B - INCENTIVE PAY -- REVISED 09-20-2016**  
**EFFECTIVE 10/01/2016**

Department/Job Title/Certifications/Courses	Increase Amount Per Hour
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**CITY MANAGEMENT GROUP**

<b>City Secretary</b>	
Accredited Courses for TRMC Cert	0.40

**ADMINISTRATION**

<b>Finance Director</b>	
<b>Accounting Supervisor</b>	
Accredited Accounting Course*	0.40

<b>Accounting Clerk</b>	
Accredited Accounting Course*	0.40

**DEVELOPMENT SERVICES**

<b>Development Services Director</b>	
<b>Dev Svc Tech/Muni Court Clerk</b>	
Accredited Related Course*	0.40

<b>Assistant Planner</b>	
Accredited Related Course*	0.40

<b>Development Services Technician</b>	
Accredited Related Course*	0.40

**POLICE**

<b>Police Chief</b>	
<b>Assistant Police Chief</b>	
Advanced Certification	0.40
Master Certification	0.40
Arson Certification	0.40

<b>Police Detective</b>	
Intermediate Certification	0.40
Advanced Certification	0.40
Master Certification	0.40
Arson Investigator*	0.40

<b>Police Officer/Shift Commander</b>	
Intermediate Certification	0.40
Advanced Certification	0.40
Master Certification	0.40
Arson Investigator*	0.40

<b>Police Specialist</b>	
Intermediate Certification	0.40
Advanced Certification	0.40
Master Certification	0.40
Arson Investigator*	0.40

<b>Code Enforcement Officer</b>	
Accredited Related Courses*	0.40

<b>Police Officer</b>	
Intermediate Certification	0.40
Advanced Certification	0.40
Master Certification	0.40
Arson Investigator*	0.40

<b>Police Dispatcher</b>	
Accredited Related Course*	0.40

**ANIMAL CONTROL**

<b>Animal Control Officer</b>	
Certified Animal Control Officer	0.40

**FIRE**

<b>Fire Chief</b>	
<b>Assistant Fire Chief</b>	
Advanced Certification	0.40

**APPENDIX B - INCENTIVE PAY -- REVISED 09-20-2016  
EFFECTIVE 10/01/2016**

Department/Job Title/Certifications/Courses	Increase Amount Per Hour
Master Certification	0.40
Arson Investigator	0.40
Fire Inspector	0.40
Paramedic	0.40

<b>Firefighter/EMT-B/ Shift Commander</b>	
Intermediate Certification	0.40
Advanced Certification	0.40
Master Certification	0.40
Arson Investigator*	0.40
Fire Inspector	0.40
Paramedic	0.40

<b>Firefighter/EMT-B/ Driver</b>	
Intermediate Certification	0.40
Advanced Certification	0.40
Master Certification	0.40
Arson Investigator*	0.40
Fire Inspector	0.40
Paramedic	0.40

<b>Firefighter / EMT-B</b>	
Intermediate Certification	0.40
Advanced Certification	0.40
Master Certification	0.40
Arson Investigator*	0.40
Fire Inspector	0.40
Paramedic	0.40

**COMMUNITY SERVICES**

**Administration**

**Utilities Director**

<b>Customer Svc Admin &amp; GIS Manager</b>	
Accredited Related Course*	0.40

<b>Utilities Office Manager</b>	
Accredited Related Course*	0.40
Water "D" Cert.	0.40
Customer Service "D" Cert.	0.40

<b>Customer Service Clerk II</b>	
TX A&M Agrilife Cust Svc Cert.	0.20
Customer Svc Online Training Series	0.30

<b>Customer Service Clerk I</b>	
TX A&M Agrilife Cust Svc Cert.	0.20
Customer Svc Online Training Series	0.30

**Utilities**

<b>Field Operations Supervisor</b>	
"A" Water/Wastewater	0.70
"A" Water Distribution	0.70

<b>Plant Operations Supervisor</b>	
"A" Water/Wastewater	0.70
"A" Water Distribution	0.70

**APPENDIX B - INCENTIVE PAY -- REVISED 09-20-2016  
EFFECTIVE 10/01/2016**

<b>Department/Job Title/Certifications/Courses</b>	<b>Increase Amount Per Hour</b>
<b>Foreman</b>	
First "B" Cert. W/WW	0.50
Second "B" Cert. W/WW	0.50
First "A" Cert. W/WW	0.70
Second "A" Cert. W/WW	0.70
<b>Senior Electrician Technician</b>	
First "C" Cert. W/WW	0.30
Second "C" Cert. W/WW	0.30
Master Electrician License	0.40
<b>Water Conservation Inspector</b>	
Accredited Related Course*	0.30
<b>Field / Plant Operator III</b>	
Second "B" Cert. W/WW	0.50
First "A" Cert. W/WW	0.70
Second "A" Cert. W/WW	0.70
<b>Field / Plant Operator II</b>	
Second "C" Cert. W/WW	0.30
First "B" Cert. W/WW	0.50
Second "B" Cert. W/WW	0.50
First "A" Cert. W/WW	0.70
Second "A" Cert. W/WW	0.70
<b>Utilities Technicians</b>	
<b>Purchasing Tech</b>	
CPA TX Procurement Cert.	0.50
<b>Asset Software/Hardware Tech</b>	
Completion of three City Works Asset Management Training Courses*	0.50
<b>Water Quality Tech</b>	
Class "C" Certified Lab Analysis	0.50
<b>Field / Plant Operator I</b>	
Water "D" Cert.	0.20
Wastewater "D" Cert.	0.20

**Recycle Monitor**

\*Pre-approval by the Department Head is required prior to course enrollment.

*Appendix B, as amended and approved on September 20, 2016 by unanimous vote of the Council of the City Horseshoe Bay of during a regularly scheduled meeting and made a part of the minutes thereof.*

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Stephen T. Jordan, Mayor

**Appendix C Merit Table – Revised 09/20/2016**

**CITY OF HORSESHOE BAY  
COMPENSATION PLAN  
MERIT INCREASE GUIDE  
FY2017**

ACHIEVEMENT LEVEL								
COMPA-RATIO			<u>VI</u>	<u>V</u>	<u>IV</u>	<u>III</u>	<u>II</u>	<u>I</u>
-	79.9		0%	0%	0%	0%	0%	6%
80.0	89.9		0%	0%	0%	0%	3%	5%
90.0	99.9		0%	0%	0%	0%	3%	4%
100.0	109.9		0%	0%	0%	0%	1%	3%
110.0	120.0		0%	0%	0%	0%	0%	2%

	ACHIEVEMENT LEVEL	RATING
<b>I</b>	<b><u>EXCEPTIONAL</u></b> Performance rarely matched - far exceeds all job requirements.	67.5 - 75
<b>II</b>	<b><u>ABOVE AVERAGE</u></b> Performance clearly exceeds job requirements	52.5 - 67
<b>III</b>	<b><u>MEETS EXPECTATIONS</u></b> Performance substantially meets job requirements	37.5 - 52
<b>IV</b>	<b><u>SATISFACTORY</u></b> Performance meets job requirements	22.5 - 37
<b>V</b>	<b><u>IMPROVEMENT NEEDED</u></b> Performance below minimum job requirements	7.5 - 22
<b>VI</b>	<b><u>UNSATISFACTORY</u></b> Performance unacceptable - not retainable	0 - 7

Appendix C - Merit Increase Guide amended and approved on September 20, 2016, by unanimous vote of the Council of the City of Horseshoe Bay during a regularly scheduled meeting and made a part of the minutes thereof.

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Stephen T. Jordan, Mayor



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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**To:** Mayor and City Council   
**Thru:** Stan R. Farmer, City Manager  
**From:** Teresa L. Moore, City Secretary  
**RE:** Minutes of the August 30, 2016 Budget Meeting, August 30, 2016 Regular Meeting, August 31, 2016 Special Meeting, September 6, 2016 Budget Meeting and the September 6, 2016 Joint Special Meeting with the Planning and Zoning Commission

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**Enclosures:** Minutes

**CITY OF HORSESHOE BAY**  
**CITY COUNCIL WORKSHOP MEETING**  
**MINUTES**

August 30, 2016

The City Council of the City of Horseshoe Bay held a Public Workshop Meeting at City Hall, August 30, 2016 beginning at 9:00 a.m. in accordance with duly posted notice of said meeting with the following members present:

Stephen T. Jordan, Mayor  
Craig Haydon, Mayor Pro Tem  
Cynthia Clinesmith, Council Member  
Jerry Gray, Council Member  
David Pope, Council Member  
Reagan Lambert, Council Member

The posted agenda for this meeting is made a part of these minutes by attachment and the minutes are herewith recorded in the order the agenda items were considered with the agenda subject and item number shown preceding the applicable paragraph.

1. Call the Meeting to Order and Establish a Quorum: Mayor Jordan called the meeting to order at 9:00 a.m. with a quorum present. Mayor Jordan gave the invocation.
2. Discuss, Consider and Take Action Regarding Health Insurance Renewal: Lee Cameron with Frost Insurance gave a presentation regarding the cost of renewal of insurance with Blue Cross/Blue Shield which was a 4% increase versus the cost to move the City's health insurance to United Healthcare which came in with a 3.4% decrease from the current cost. He also advised the Council that moving the group dental from BCBS to Principal would result in an 11.1% savings from the renewal cost. Mr. Cameron stated the Group Life/AD&D, Voluntary Life, Group LTD and Voluntary STD with Dearborn National is under a two-year rate guarantee so there would be no increase there. The annual cost of Employee benefits were shown as a 7.0% decrease if moved to the recommended carriers. Council Member Clinesmith expressed concern regarding frequent insurance provider changes and the effect on staff. Council Member Gray reported he had heard from a medical professional that UHC had a questionable reputation. Both Mayor Pro Tem Haydon and Council Member Pope said they have UHC and neither had experienced any problems. Mr. Cameron recommended that the Council move the City's insurance to the new carriers. Council Member Pope made the motion to move the insurance as recommended by Mr. Cameron, seconded by Mayor Pro Tem Haydon. Motion passed unanimously (5-0).
3. Budget Workshop: City Manager Farmer reviewed the FY 2017 Budget Summary from the meeting packet and staff answered Council questions. Council Member Clinesmith said she would like to see a "road map" of where necessary to increase services in the future in order to better plan. Council discussed the City's goal to keep around six months or \$2.6 million in the Operating Reserve Fund and that the FY Budget 2017 Budget was based on keeping the

current tax rate. Council Member Pope stated he had been more involved in the budget process probably more than others on the Council and it is a good process. It starts with each department looking at their needs and he thought the budget was conservative and probably tighter than in previous years. Mr. Pope added that what they had seen in the last year was that when there was an unexpected expenditure the City had found a place in the budget to cover that. He thought that room was still in there and he thought the \$0.25 rate would get the City where it needed to be for this year. Council Member Gray spoke regarding the Capital Improvement Projects and there are several million dollars of projected capital improvements. He asked Finance Director Anderson about his comfort level regarding the City's ability to handle those requirements long term. Mr. Anderson replied that the bond issue that will take place in September was included in the budget and that it was primarily to give the City \$1 million to fund the two new fire engines and about \$2.9 million to go forward with the West Water Plant expansion. Mr. Anderson reported the City plans include using the reimbursement from the Summit Rock PID to cover expansions that are applicable to that development. He said the West Water Plant expansion was due to the Summit Rock development so the proceeds from the Summit Rock PID could be used to make the debt service payments on the \$2.9 million for the Utility Fund so there will be no impact from a financial prospect nearly as much as what it would if the bonds were issued without this income. Mr. Anderson said they were trying to be very creative from a financial prospective to try to minimize use of City tax funds or rate funds to pay debt and things like that. He added he did have one concern regarding this first year's payment on the \$1 million for the fire engines would be very minimal; however, the second year there would be a debt service payment due early in the year, in February which would be principal and interest amounting to approximately \$160,000 to \$180,000 which would have to be paid. Mr. Anderson explained he was aware of the Council's desire to keep the rate at \$0.25, but if the rate were increased to \$0.26 the money could be accumulated to help pay the debt service payment early in the year which would make things much easier. He added that depending when taxes are collected and when the revenue comes in, staff might have to ask Council to use some of the \$2.6 million in the City's Operating Reserve early in the year to make the debt service payment early in the year and replenish it later in the year; however, it would be up to Council as staff does not spend that reserve without their approval. Mr. Anderson stated he just wanted Council to be aware of this possibility depending on how the tax revenue comes in. Council Member Gray said the City continues to stack on top of that with the capital improvement projects downstream and he did not want to happen would be for Council to show up for the budget meeting next year and find out they would need to discuss a \$0.30 tax rate instead of a \$0.26 rate. Mr. Anderson said the City might issue additional debt in 2018 depending on how quickly Summit Rock builds out and then there is the possibility the needed tax rate would exceed the roll back rate. Council Member Clinesmith stated she did not want to just keep pushing it down the road simply because they do not want to be the ones to increase taxes. She wanted to make sure when you look down the road for several years the Council was being fiscally responsible and building that out so the City does not have to go out for a bond. Mayor Jordan reported when Community Services Department Director Koska give his presentation that there are some of the capital improvement projects that could be delayed. Council Member Lambert stated the Council just listened to an insurance advisor and he recommended the City switch to United Healthcare and the Council voted five to zero to do that. He said he was not sure why this would be any different when

the City's Finance Director made a recommendation to increase the tax rate and why that would be any different. Council Member Lambert added the cost of things increase all the time. The City has been at \$0.25 tax rate since 2010 and everything the City purchases goes up so the cost of doing business as a city was going up. He said he would prefer to do what Mr. Anderson was suggesting and do a one cent increase and be confident with the understanding there has been no tax increase in 5-6 years and everybody understands the cost of doing business goes up every year and not every five year. Mr. Anderson said it was the Council's decision and he was just providing them with the information. Council Member Pope said he thought this was a good budget balanced with the \$0.25 rate. Mayor Pro Tem Haydon spoke against increasing the tax rate and the public perception in his opinion was important.

Community Services Director Jeff Koska reported the process for the rates begins with the budget. After that is determined he takes the Rate Model and goes through a process of developing the rates to cover the balanced budget with all funds involved and that is what he has done for this year. He confirmed that in 2006 the Council decided to make the Utility Fund self-supporting and independent of the General Fund. Mr. Koska said over a period of five years there was a reduction in the tax rate and an increase in the utility rates to raise it up where it would cover all the expenses and capital expenses. He said over the last eight years he had used a rate model to input costs and develop revenues then look at the last couple of years of actual numbers to determine accurately how it would affect the rate and also take into consideration Rate Stabilization Funds to subsidize that amount if required. Mr. Koska said he uses an average water demand year to ensure rates and expenses are conservative. However; this year due to the rains the rates decrease the revenue from utility rates and revenues would be below the budget projections, this in turn would affect the outcome of the Utility budget at the end of the year. Mr. Koska reported they would be behind in revenue and would need to increase the rate by 14.6% across the board to make the budget balance. He said there are some projects that were planned in the FY2107 CIP Budget that could be postponed to prevent the rates from increasing by this large of an amount. Mr. Koska said the rehabilitation of the 750,000 gallon High Storage tank could be safely pushed a year, but might cost a little more in the end. He said he could also push the purchase of a piece of equipment used to push brush at the Recycling Center and just rent one for the present. Mr. Koska reported, if you look at the fact that the last eight years water sales have declined overall due to drought restrictions and changing customers' behavior; financially over time it starts to have a negative revenue affect and the City is beginning to see that. Mr. Koska reported the revenue requirements for capital projects in the near future include replacement of the wastewater treatment plant; which is on the horizon in 2018 and can't be pushed back due to TCEQ requirements. He said the City has to look down the road to covering the bond costs for major projects and this would be accomplished by increasing rates. He would prefer to avoid a very large increase later on as opposed to small incremental increase over time. Mr. Koska said funds pulled from the Summit Rock PID Fund would not be recurring so they would only be a short term fix; however, long term there would be bond issuances that would require funding to cover the infrastructure the City needs. Mr. Koska provided a rate comparison list of area utility suppliers showing that the City had one of the lowest cost for utilities indicating the City has competitive rates. Due to the rising costs of maintaining the system rates would increase accordingly. He said over the past five years what had driven the cost up had not been the operational costs but debt issuances the Utility Fund had

to carry. Mr. Koska reported when they originally developed the rate model they were predicting about \$250,000/year on debt but now it was close to \$800,000/year. Council Member Clinesmith asked about the Rate Stabilization Fund balance and Mr. Koska replied he thought it had drawn down to \$6,000; however, \$300,000 revenue balance expected at the end of this fiscal year and this would roll over into that fund. In addition Staff is now working with the Summit Rock developer to get developer reimbursements for expenses expended for the West Water Plant project which could amount to over to \$700,000. Mr. Anderson commented about the reimbursement from the developer and having to issue bonds. He explained the City was allocated a certain dollar amount from the developer as reimbursement for infrastructure costs for Summit Rock related utilities. This reimbursement is collected from PID fees and PID fees are only collected on lots that have been sold. Because of that the City only collects about \$250,000 per year in PID fees so, while the City might be allocated \$5.4 million in developer reimbursements the City could only recoup this over a period of time as lots were sold and payments were made into the PID fund. Mr. Anderson said that was the reason for issuing bonds now and using the current money received from the PID fund to make the debt service payments, but the next iteration of the expansion of the City's utility infrastructure, Wastewater Plant Expansion, would not have the PID money for the debt service payments and the City would have to issue additional bonds which was why Mr. Koska was taking about having to increase his rates to cover those debt service payments. Council Member Gray said with the vast majority of the capital expenses being in the utility area they really don't impact the tax rate but do impact the utility rates. Mr. Anderson replied that in the beginning the Utility Fund was tax subsidized which allowed it to accumulate the funds in the Rate Stabilization Fund. He said that was why it was ok to pull down that fund to pay for the Streets Project. Then when the decision was made to make the Utility Fund self-sufficient that was when they were able to lower the tax rate. Mr. Anderson said since the Rate Stabilization Fund had been drawn down so low that if the tax rate was increased the additional income could be put back into the Rate Stabilization Fund if the Council chooses to do so. Council Member Clinesmith said she was all about being fiscally responsible and having accountability; however, she did not want the staff to feel like they had to build a budget for a \$0.25 tax rate even though it might not be what they needed. She wanted the staff to tell the Council what they need and what it would cost and then it was the Councils' job to inform the community that this was what it would cost to provide what the City needed. Mayor Jordan explained the Council's original intent for the Rate Stabilization Fund as well as their intent to use ad valorem taxes for the Street Improvement Project and the estimate of a five to six cent tax increase to cover the cost. He said the Council made the business decision to use the funds available from the Rate Stabilization Funds. Mr. Anderson stated by using those funds it saved the City hundreds of thousands of dollars in interest cost over those years. He said those funds were now depleted and they needed to decide what to do. Council Member Gray asked for an explanation where the funds would come from to replenish the Rate Stabilization Fund. Mr. Anderson reported that initially a lot of those funds came from taxes and in 2006 the tax rate was \$0.50/\$100 and the City didn't need that kind of funding to operate the City so they were subsidizing the Utility Fund. The excess funds from both the tax income and utility fund income were moved to the Rate Stabilization Fund and that accumulated over a number of years reaching almost \$6 million at one point prior to his time with the City. Mr. Anderson stated the Street Improvement Project was approved by Council and they anticipated issuing debt to pay for

the streets and it would probably take a five to six cent increase to pay for that; however, they decided to spend the money on hand and from the Rate Stabilization Fund. Mr. Anderson said they are anticipating an excess amount of \$370,000 if the Utility Fund comes in on budget that can be put into the Rate Stabilization Fund at the end of this fiscal year and in addition any reimbursable expenses can be reimbursed from the Summit Rock PID for about \$700,000 to \$800,000 which could also go back into the Fund and get it back to about \$1 million. Mayor Jordan said he thought they would all feel more comfortable if there were about \$1 million in the Fund as a cushion. Council Member Pope stated he thought of the Rate Stabilization Fund as being the same as retained earnings in a corporation which is the results of prior operating results. Mr. Anderson said the use of the funds for the streets were actually set up as a loan and could be repaid if the Council chose to do so. Mr. Anderson confirmed much of the money in the Fund was accumulated from the Utility Fund. Community Services Director Jeff Koska told Council he would bring the ordinance to Council next month to approve the increased utility rates.

The meeting adjourned for a recess at 10:40 a.m.

The meeting resumed at 10:50 a.m.

City Manager Farmer reviewed the changes from the initial draft budget and the current proposed budget. After some discussion, Mayor Jordan reported that the proposed budget had been filed with the City Secretary as required in August.

4. Discuss, Consider and Take Action Regarding Approval for Improvements to Yard Waste Collection Process at the Reclamation/Recycle Center and Proposed Rates: Community Services Director Koska gave a presentation regarding the need for changes to be made regarding the brush collection system due to the increased amount of volume. He said he believed due to the low charge to dump that contractors were bringing brush from jobs other than those done in the City even though they are required to provide proof of a job in the City to dump. Mr. Koska proposed relocating the open top containers to an area more easily accessed and safer to the residents and the recycle containers to where the open top containers are currently and to add traffic flow striping. He said these changes would cost approximately \$65,000 and he would like to do a budget amendment to transfer those funds from unused capital funds and proceed now in order to complete the project prior to the fiscal year-end. Council Member Gray asked about curb side recycling and should this be postponed until that decision could be made. City Manager Farmer said in the past the Council did not choose to implement curb side recycling due to the number of part-timers. Mayor Pro Tem Haydon made the motion to approve a budget amendment for up to \$65,000, from unfunded capital projects to a line item for this upgrade, seconded by Council Member Pope. The motion passed unanimously (5-0). Secondly, Mr. Koska proposed changing the process for the brush due to the large volume and the inability to burn due to increased restrictions by TCEQ and the impact smoke on new residents moving closer to the burning area. This caused the City to resort to grinding the brush which is substantially increased costs. He said his goal was how to cut down the volume by increasing the cost to dump as well as reducing the hours. By only allowing contract dumping to come three days per week and by employing the weekend attendant to be there during hours it is open to watch every load that comes off to better control the volume and any trash being dumped at the brush site.

Mr. Koska said he thought these two changes should get brush volumes to a manageable level and reduce the cost to grind on an annual basis. His proposal was to allow residents that bring brush in their own personal truck access seven days per week at no charge up to 100 cubic yards per year which is equal to about 25 truckloads. Mr. Koska said he proposed increasing contractors' annual fee for the permit from \$50 to \$75 and change the volume charges to a tiered plan as shown in the packet. He felt that by changing the charges to be based on volume it would be a deterrent to contractors that bring brush to the Recycle Center from outside the City limits. Council Member Clinesmith made the motion to approve the proposed cost increase for dumping yard wasted as presented, seconded by Council Member Pope. Motion passed unanimously (5-0). Mayor Jordan suggested an article be placed in the newspaper regarding this.

The budget meeting continued with a review of the tax rates in area cities including information on sales tax and property tax rates. City Manager Farmer said this was basically an FYI item. Council Member Gray asked if some of the cities with higher ad valorem taxes might be subsidizing the utilities. Mr. Farmer said they did not research that.

Next, the Council reviewed the Five-Year Capital Plan explained by Mr. Farmer. He stated he broke out vehicles and equipment for the Police Department and equipment and training for the Fire Department. Mr. Farmer said the Five-Year Capital Plan would be on the agenda for the September 22, 2016 meeting.

Regarding, a Pickle Ball court, Mr. Farmer reported if the City went with one tennis court with two Pickle Ball courts on it, no basketball goals and no lights the cost would be \$30-35,000. He said if the City did two tennis courts with four Pickle Ball courts, four basketball goals and lighting it would go up to \$103,000. The City set up an account at American Bank of Texas so contributions for this project could be tax deductible donations. Mayor Jordan said he would like to see the City provide matching funds. Council Member Pope reported he would make a personal contribution; however, he would not be in favor of matching funds. Council Member Lambert said he would be in favor of matching funds from the City. Mayor Pro Tem Haydon questioned staff regarding the issue of available parking if this facility is built. Council Member Gray said the Council will be reviewing the recommendations of the Long Range Planning Advisory Committee and he thought it should be incorporated into the Long Range Plan in order to assure the Council would be doing the right thing and he was not in favor of any action on this item until after the Long Range Plan was adopted. He said the Advisory Committee's report asked if the City should be looking for the area around American Bank for a park the City with running and walking tracks and maybe locate the Pickle Ball courts at that location.

City Manager Farmer said Council Member Clinesmith asked that this item be included for discussion. The information showed 78 full-time employees currently. Council Member Clinesmith thanked Mr. Farmer for the information and Mayor Jordan said he would like to see this each year.

City Manager Farmer reported this was the second scheduled budget workshop and at the regular Council meeting this afternoon there would be a public hearing regarding the

proposed tax rate and an announcement regarding the date of the meeting to adopt the tax rate.

5. Adjournment: Mayor Pro Tem Haydon made a motion to adjourn the meeting at 11:38 a.m. The motion was seconded by Council Member Pope. The motion passed unanimously (5-0).

APPROVED this 20<sup>th</sup> day of September, 2016.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, TRMC**  
**City Secretary**

**CITY OF HORSESHOE BAY**  
**CITY COUNCIL MEETING**  
**MINUTES**

The City Council of the City of Horseshoe Bay held a Public Meeting at City Hall August 30, 2016, beginning at 3:00 p.m. in accordance with duly posted notice of said meeting with the following members present:

Stephen T. Jordan, Mayor  
Craig Haydon, Mayor Pro Tem  
Cynthia Clinesmith, Council Member  
Jerry Gray, Council Member  
Reagan Lambert, Council Member  
David Pope, Council Member

The posted agenda for this meeting is made a part of these minutes by attachment and the minutes are herewith recorded in the order the agenda items were considered, with the agenda item number and subject shown preceding the applicable paragraph.

1. Call the Meeting to Order and Establish a Quorum: Mayor Jordan called the meeting to order at 3:00 p.m. stating a quorum was present. The Mayor said copies of the agenda were available on the podium and asked that anyone who would like to make comments please sign the sheet on the podium and go to one of the podium microphones when it was their turn to speak.
2. Invocation: Johnny White, Senior Pastor of the Church at Horseshoe Bay gave the invocation.
3. Pledges to the Flags: Mayor Jordan led the pledges of allegiance to the United States flag and the Texas flag.
4. Public Comments: There were no public comments.
5. Conduct First Public Hearing Regarding Proposed 2016 Ad Valorem Tax Rate: City Finance Director Larry Anderson explained State Law requires that when the proposed ad valorem tax rate exceeds the effective tax rate that the governing body holds two public hearing before adopting the tax rate. The City's proposed 2016 tax rate of \$0.26 per \$100 of taxable valuation exceeds the effective tax rate of \$0.23734. The proposed rate is \$0.01 higher than last year's adopted tax rate. Mr. Anderson further explained this was the City's proposed rate and not necessarily what the Council would adopt, it was simply the highest rate they could adopt and the Council could adopt a lower rate. Mayor Jordan convened the public hearing at 3.07 p.m. and asked if there was anyone that would like to speak. Mike Riley stated there were approximately 80 homes currently that had received building permits and that would drive a lot of revenue, so why would the City potentially have a tax increase while having 80 more homes to tax. Mr. Anderson explained that only property on the tax roll as

of January 1, 2016 would eligible to be taxed for 2016. The public hearing was adjourned at 3:09 p.m.

6. Discuss, Schedule and Announce Meeting on September 6, 2016 at 9:00 a.m. to Conduct Second Public Hearing Regarding Proposed Ad Valorem Tax Rate: Mr. Anderson explained this was somewhat repetitive; however the City was required to follow State statute. This item was to schedule and announce the second public hearing as explained in the previous agenda item and would be held September 6, 2016.
7. Discuss, Schedule and Announce Meeting on September 20, 2016 to Conduct Public Hearing Regarding FY 2016-2017 Budget and to Adopt 2016 Ad Valorem Tax Rate: Mr. Anderson explained this item was also required by State statute and was to announce the public hearing on the budget itself and also that the ad valorem tax rate would be adopted on September 20, 2016.
8. Items to be removed from the Consent Agenda: There were no items removed from the Consent Agenda.
9. Consent Agenda Items:
  - a. Approve Minutes of the July 19, 2016 Regular Meeting
  - b. Approve Ordinance to Amend ORD 16-07-19A Ordering November 8, 2016 General Election
  - c. Approve Contracts for Election Services and Joint Election Agreements with Llano County and Burnet County for the November 8, 2016 General Election
  - d. Approve Engagement Letter with Neffendorf, Knopp, Doss and Company, P.C. to Conduct the FY2016 Audit
  - e. Approve Letter of Agreement with Llano County Regarding Annual Contract Fee for Tax Assessment and Collection Services
  - f. Approve Resolution to Amend Nationwide Governmental Plan 401(a) and 457(b) Plan Agreements to Include Plan Loan Procedures That Will Allow Participants to Borrow From Either Their 401(a) or 457(b) Retirement Plan

Mayor Pro Tem Haydon made the motion to approve the Consent Agenda as presented, seconded by Council Member Pope. Motion passed unanimously (5-0).

10. Monthly Statistical Departmental Data Reports:
  - a. City Manager; Administration; Community Services; Development Services; Fire Dept.; and Police Dept.

City Manager Stan Farmer reported that City Attorney Rex Baker and he had met with the Haythem Dawlett, developer of Tuscan Village in Lakeway. They toured the current, similar project in Lakeway and answered questions for Mr. Dawlett's financial team. Mr. Farmer added the closing scheduled for August 31 would be pushed to early September instead due to an issue on the appraisal of the property. Mr. Farmer stated mowing would begin later this week in South; however, the areas mowed earlier in the summer had tall grass again due to the rains in June, July and August. Mr. Farmer reported four department heads had attended the same leadership conference he had attended in Charlottesville, VA.,

University of Virginia Business School. Fire Chief Joe Morris, Jeff Koska Director of Community Services, Eric Winter Director of Development Services and Vicki Briggs. Chief Morris reported they spent eight days of invigorative learning and team building.

11. Discuss, Consider and Take Action to Appoint Members of the City Council to Serve on the Search Committee to Recommend a City Secretary to Hire to City Council: Mayor Jordan reported that City Secretary Teresa Moore had tendered her resignation and would be retiring at the end of September. He added this was a big role and a responsible role for the City to fill. Mayor Jordan said Teresa had started with the Lake LBJ Municipal Utility District in 2004 which was prior to the City incorporating in 2005. The MUD merged with the City March 1, 2006. City Manager Farmer reported the City Council was ultimately responsible for hiring and appointing the City Secretary. This agenda item was to appoint a search committee consisting of Mayor Jordan, Mayor Pro Tem Haydon, Council Member Clinesmith, City Manager Farmer and HR Administrator Briggs. The motion was made by Council Member Pope to appoint the search committee as presented, seconded by Council Member Gray. Motion passed unanimously (5-0).
12. The City Council, meeting as the Board of Adjustment, will Conduct a Public Hearing, Discuss, Consider and Take Action Regarding:
  - a. Request for a 6.7 foot Variance in the 20 Foot Front Yard Setback Requirement Based on the Shallow Nature of Lot 334 of Pecan Creek, also known as being in the 100 Block of Lampasas Court, to Allow Construction of a Single Family Residence.

Mayor Jordan stated the Council was meeting as the Board of Adjustment. Director of Development Services Winter reported this item was to conduct a public hearing for a variance as shown on the agenda. The owner was requesting this variance due to the narrowness or shallowness of the lot and the lot was classified as R-1 Single Family residential and was vacant. The variance had been approved by the Pecan Creek Architectural Control Committee. There was one written comment from Joan Harkins who was not in favor of granting the variance. Mr. Winter stated Ms. Harkins was welcome to apply for variances on her properties which would be considered individually.

Mayor Jordan convened a public hearing at 3:25 p.m. and asked if there were any comments. There were none and the public hearing was adjourned. Council Member Gray made the motion to approve the variance as requested, seconded by Mayor Pro Tem Haydon. The motion passed unanimously (5-0).

13. Discuss, Consider and Take Action Regarding Contract with Municipal Court Judge:
  - a. Richard Owen
  - b. Kevin Madison

Mayor Jordan reported under the Texas Government Code, Section 29, a municipal judge in a home rule city was selected under the city's charter provisions. The City of Horseshoe Bay's charter states that a judge shall be appointed by the City Council to a term of 2 years and may be appointed to additional and consecutive terms. The current term would end on September 30, 2016. There was no requirement that the City post notice for the position, but since there had been some interest in the position, the Council thought it appropriate for those that had expressed interest in the position to make a presentation to the Council today. He

added they would ask the two candidates to make their presentations. Mayor Jordan added the Council could convene in Executive Session to discuss the appointment if they chose to do so. Each of the two candidates spoke regarding their experience as well as how the City would benefit if they were selected. City Prosecutor Eddie Arrendondo, Police Chief Rocky Wardlow, Code Enforcement Officer Richard Baum, Development Services Director Eric Winter, and Court Clerk Bobbi Havins all gave presentations in support of re-appointing Judge Madison. After the presentations the Council discussed the item. Council Member Pope made the motion to re-appoint Kevin Madison as the Horseshoe Bay Municipal Court Judge for a term of two years beginning October 1, 2016, seconded by Mayor Pro Tem Haydon. Motion passed unanimously (5-0).

14. Adjournment: Mayor Pro Tem Haydon made the motion to adjourn the meeting at 4:42 p.m., seconded by Council Member Pope. Motion passed unanimously (5-0).

APPROVED this 20<sup>th</sup> day of September, 2016.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, TRMC**  
**City Secretary**

**CITY OF HORSESHOE BAY**  
**CITY COUNCIL MEETING**  
**MINUTES**

The City Council of the City of Horseshoe Bay held a Special Meeting at City Hall August 31, 2016, beginning at 1:30 p.m. in accordance with duly posted notice of said meeting with the following members present:

Stephen T. Jordan, Mayor  
Craig Haydon, Mayor Pro Tem  
Cynthia Clinesmith, Council Member  
Jerry Gray, Council Member  
Reagan Lambert, Council Member  
David Pope, Council Member

The posted agenda for this meeting is made a part of these minutes by attachment and the minutes are herewith recorded in the order the agenda items were considered, with the agenda item number and subject shown preceding the applicable paragraph.

1. Call the Meeting to Order and Establish a Quorum: Mayor Jordan called the meeting to order and established a quorum.

At 1:34 p.m. Mayor Jordan announced that the Council would go into Executive Session pursuant to Sections 551.071, Government Code regarding agenda item 2.

2. Discuss the Long Range Planning Advisory Committee Comprehensive Plan Report:

Regular Meeting Resumed: At 2:08 p.m., the Executive Session having ended, Mayor Jordan resumed the regular meeting and announced that no action or votes had been taken in the Executive Session.

2. Discuss the Long Range Planning Advisory Committee Comprehensive Plan Report: The Council discussed the report the Advisory Committee had prepared and how it would be utilized as a tool by the Council in creating the final Plan. Mayor Jordan appointed Council Members Clinesmith and Gray to work with him and staff on refining the Long Range Comprehensive Plan and report back to Council.

3. Adjournment: Mayor Pro Tem Haydon made the motion to adjourn at 2:15 p.m., seconded by Council Member Pope. Motion passed unanimously (5-0).

APPROVED this 20<sup>th</sup> day of September, 2016.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, City Secretary**

City of Horseshoe Bay  
August 31, 2016

City Council Meeting  
Page 1 of 1

**CITY OF HORSESHOE BAY**  
**CITY COUNCIL MEETING**  
**MINUTES**

The City Council of the City of Horseshoe Bay held a Regular Meeting at City Hall September 6, 2016, beginning at 9:00 a.m. in accordance with duly posted notice of said meeting with the following members present:

Stephen T. Jordan, Mayor  
Craig Haydon, Mayor Pro Tem  
Cynthia Clinesmith, Council Member  
Jerry Gray, Council Member  
Reagan Lambert, Council Member

The posted agenda for this meeting is made a part of these minutes by attachment and the minutes are herewith recorded in the order the agenda items were considered, with the agenda item number and subject shown preceding the applicable paragraph.

1. Call the Meeting to Order and Establish a Quorum: Mayor Jordan called the meeting to order and established a quorum. Council Member Pope was absent.
2. Conduct Second Public Hearing Regarding Proposed Property Tax Rate: Mayor Jordan stated when the proposed tax rate exceeds the effective tax rate; state law requires the City to hold two public hearings to allow the public to voice their opinions. He said this was the second of two tax rate hearing with the first being held August 30, 2016 at 3:00 p.m. in the City Council Chambers. Mayor Jordan reported the proposed property tax rate for the tax year 2016 was a maximum of 26 cents per \$100 valuation. He explained when the Council adopts the tax rate it could not exceed the proposed rate of 26 cents, but could adopt a lower rate. Next, Mayor Jordan reported the City Council would meet again on September 20, 2016 at 3:00 p.m. in the City Council Chambers to conduct a public hearing on the Proposed FY 2017 Budget and after the budget hearing the Council would adopt the FY 2017 Budget then adopt the 2016 Tax Rate. Mayor Jordan convened a public hearing at 9:05 and asked if there were any comments. There were none and he adjourned the public hearing at 9:06 p.m.
3. Discuss Proposed Utility Rates: Community Services Director Jeff Koska reported to the Council that after further study since the last budget meeting, they found there was a \$248,000 bond payment that could be paid from the Summit Rock PID. This allowed them to drop the utility rate increase from 14.6% to 9%. Council Member Clinesmith asked staff to explain the \$248,000 bond payment. Finance Director Larry Anderson explained that the Debt Service payments are budgeted in the Utility Fund for their portion of the bonds. He said what was not shown in the Utility Fund was the PID funds collected from Summit Rock and the intent all along was to use those funds to make the Debt Service Payments. Mr. Anderson said by recognizing the fact that those payments will not have to be made from the Utility Fund but could come from the Summit Rock PID proceeds they were able to reduce the Utility Fund expenses by that amount.
4. Discuss Rate Stabilization Fund: Finance Director Larry Anderson gave a detailed account of how the funds in the Rate Stabilization Fund were spent. He explained that \$8,532,031 went for street improvements, \$1,327,795 transferred from the Utility Fund to pay budgeted

administration fees to the General Fund,\$2,540,297 paid transfers out of debt service to pay budgeted principal and interest. \$275,828 was transferred to the Utility Fund for accounts payable and payroll expenses for a total of \$12,675,951. He explained due to the inability to keep large sums of money in the operating account at the bank that the money was transferred to TexPool account which is able to insure larger sums of money similar to a savings account. It was determined that increasing the tax rate by one cent would generate approximately \$178,000 while increasing the utility rates by 9% would generate approximately \$400,000. The consensus of the Council was to accept changing the budget to reflect the lower 9% rate increase.

2. Adjournment: Mayor Pro Tem Haydon made the motion to adjourn at 9:45 a.m., seconded by Council Member Gray. Motion passed unanimously (4-0).

APPROVED this 20<sup>th</sup> day of September, 2016.

**CITY OF HORSESHOE BAY, TEXAS**

---

**Stephen T. Jordan, Mayor**

**ATTEST:**

---

**Teresa L. Moore, City Secretary**

**CITY OF HORSESHOE BAY**  
**CITY COUNCIL MEETING**  
**MINUTES**

The City Council and the Planning and Zoning Commission of the City of Horseshoe Bay held Joint Special Meeting at City Hall September 6, 2016, beginning at 1:30 p.m. in accordance with duly posted notice of said meeting with the following members of the City Council were present:

Stephen T. Jordan, Mayor  
Craig Haydon, Mayor Pro Tem  
Cynthia Clinesmith, Council Member  
Jerry Gray, Council Member

The posted agenda for this meeting is made a part of these minutes by attachment and the minutes are herewith recorded in the order the agenda items were considered, with the agenda item number and subject shown preceding the applicable paragraph.

1. Call the Meeting to Order and Establish a Quorum: Mayor Jordan called the meeting to order at 1:30 p.m. and established a quorum. Council Members Pope and Lambert was absent. P & Z Members Norm Long, Chairman, Lynette Morrison, Pat Bouchard and Wayne Anderson were present. Long Range Planning Advisory Committee Members Jim Long, Chairman, Ted Hess, John Bird, Larry Stahl, Bud Nichols, Steve Varga and Chris Holcomb, Urban Planning consultant. Committee Member Mike Thuss was absent
  
2. Discuss the Long Range Planning Advisory Committee Comprehensive Plan Report: Mayor Jordan stated that in April of 2015 the City Council created the Long Range Planning Advisory Committee to provide information and suggestions to the City in areas related to the Council's planning for the future. He said the Council had received the Advisory Committee's report and they were very impressed. Mayor Jordan said the report along with other materials such as the on-line survey and the Parks Master Plan would be tools used by the Council in updating the current Comprehensive Plan as required by the State's statutes. He said any recommendations by the Planning and Zoning Commission, another advisory committee, would be considered as well. Mayor Jordan explained the Council felt a joint meeting with the P & Z Commission would allow both to explore various aspects of the Advisory Committee's report. He said these discussions would lay the foundation for the final comprehensive plan to be written and approved by the Council. Mayor Jordan said he had appointed a sub-committee consisting of Cynthia Clinesmith, Jerry Gray working with him and City staff to develop a working draft for the P & Z Commission to consider October 4, 2016 and a final draft for the Council to consider October 18, 2016. The Council also publicly recognized the work of the Long Range Planning Advisory Committee over the past 16 months.  
Development Services Director Eric Winter read the Local Government Code of the State of Texas Chapter 213 Municipal Comprehensive Plans and the City's Charter regarding how each addressed the requirements to create or amend a comprehensive plan.  
The City Council, Planning and Zoning Commission and the Long Range Planning Advisory Committee reviewed the Comprehensive Plan Report and discussed thoroughly.

Although a quorum of the City Council and the Planning and Zoning Commission of the City of Horseshoe Bay attended this meeting and participated in discussion during the presentation, no vote or action by the City Council or the Planning and Zoning Commission occurred.

3. Adjournment: Mayor Pro Tem Haydon made the motion to adjourn at 3:13 p.m., seconded by Council Member Gray. Motion passed unanimously (3-0).

APPROVED this 20<sup>th</sup> day of September, 2016.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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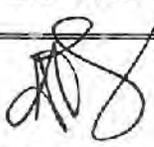
**Teresa L. Moore, City Secretary**



## CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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To: Mayor and City Council   
Thru: Stan R. Farmer, City Manager  
From: Larry O. Anderson, Finance Director  
RE: Approval of Updated Summit Rock Public Improvement District Assessment Roll for 2016

---

The Service and Assessment Plan (SAP) for the Summit Rock Public Improvement District was approved by Ordinance No. ORD 12-08-28B on August 28, 2012. Section 5.2 of the SAP requires that it be reviewed and updated annually in accordance with Section 372.013 of the Local Government Code.

Since there has been no changes to the SAP the only item that needs to be updated at this time is the Assessment Roll which will be attached to the SAP as Schedule I. Staff has updated the Assessment Roll, which includes all current Lot Owners as of December 31, 2015, utilizing information provided by the Llano Central Appraisal District. The only action required is for the City Council to review and approve the updated Roll and that it be filed along with the SAP.

The Roll will be sent to the Appraisal District and the Tax Assessor Collector for their use in updating their Rolls for assessments as of January 1, 2016.

Staff recommends Council approve the updated Assessment Roll for 2016, which includes the current Lot Owners as of December 31, 2015, in compliance with Section 5.2 of the Service and Assessment Plan.

Enclosures: Schedule I – Assessment Roll as of December 31, 2015

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

<u>Property Description</u> <u>Lot No.</u> <u>Summit Rock</u> <u>Plat 1.1</u>	<u>Lot Owner</u> <u>as of</u> <u>12/31/14</u>	<u>Total Improvement</u> <u>Assessment</u>	<u>Annual</u> <u>Installment</u>
1	Frank and Jeanette Matzinger, Jr.	\$30,000	\$2,000
2	Snake River Investments LLC	\$30,000	\$2,000
3	Skywater Partnership	\$30,000	\$2,000
4	John Robert & Julie Willis Molland	\$30,000	\$2,800
5	Cowden and Sherry Ward	\$30,000	\$2,000
6	Harvey and Sharon Zinn	\$30,000	\$2,000
7	Billy and Cindy Davis	\$30,000	\$2,000
8	Robert L & Kelly Ann Hays, Jr	\$30,000	\$2,800
9	National Bank of Arizona	\$30,000	\$2,800
10	National Bank of Arizona	\$30,000	\$2,800
11	Charles D. and Dixie Patterson	\$30,000	\$2,800
12	Susan Spohn	\$30,000	\$2,000
13	Richard Means	\$30,000	\$2,000
14	Skywater Partnership	\$30,000	\$2,000
15	Clement and Laura Thompson	\$30,000	\$2,000
16	Jimmy Jacobs Custom Homes	\$30,000	\$2,000
17	Candice Jones	\$30,000	\$2,000
18A	Grand Bank of Texas	\$30,000	\$2,800
18B	Grand Bank of Texas	\$42,000	\$2,800
19	Willis Environmental Engineering, Inc.	\$22,000	\$2,000
20A		*	*

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

20B	*	*
21A	*	*
21B	*	*
22A	*	*
22B	*	*
23A	*	*
23B	*	*
24A	*	*
24B	*	*
25A	*	*
25B	*	*
26A	*	*
26B	*	*
27A	*	*
27B	*	*
28A	*	*
28B	*	*
29A	*	*
29B	*	*
30	*	*
31	*	*
32	*	*
33	*	*
34	*	*

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

35		*	*
36		*	*
37		*	*
38	Legacy DSC LLC	\$30,000	\$2,800
39	Legacy DSC LLC	\$30,000	\$2,800
40		*	*
41		*	*
42		*	*
43		*	*
44	Fred and Denise Smith	\$30,000	\$2,000
45	Edward and Pamela Wenzel	\$28,000	\$2,000
46		*	*
47		*	*
48		*	*
49		*	*
50	Lee Rogers	\$30,000	\$2,000
51	Legacy DSC LLC	\$30,000	\$2,800
52	Terry and Deanie Thrash	\$30,000	\$2,000
53	Candice Jones	\$30,000	\$2,000
54	Gary and Betty Harmsen	\$30,000	\$2,000
55		*	*
56	Patterson Living Trust	\$30,000	\$2,000
57	Larry and Kathleen Stahl	\$28,000	\$2,000
58	Clement and Laura Thompson	\$30,000	\$2,000

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

59	Fred and Denise Smith	\$30,000	\$2,000
60	Legacy DSC LLC	\$30,000	\$2,800
61		*	*
62		*	*
63		*	*
64		*	*
65		*	*
66		*	*
67		*	*
68		*	*
69		*	*

\* For lots sold by Owner on or before December 31, 2012, the total amount of the assessment for a lot shall be calculated at \$2,000 per year beginning in the year following the initial sale of said lot by the Developer and continuing until December 31, 2022.

For lots sold by Owner on or after January 1, 2013, the total amount of the assessment for a lot shall be calculated at \$2,800 per year beginning in the year following the initial sale of said lot by the Developer and continuing for a period of fifteen (15) years.

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

<u>Property Description</u> <u>Lot No.</u> <u>Summit Rock</u> <u>Plat 2.1</u>	<u>Lot Owner</u> <u>as of</u> <u>12/31/13</u>	<u>Total</u> <u>Improvement</u> <u>Assessment</u>	<u>Annual</u> <u>Installation</u>
1	Robert and Shirl Thornton	\$30,000	\$2,000
2	Harris and Karen Smithson	\$30,000	\$2,000
3	Wilkie Colyer	\$30,000	\$2,000
4	Horseshoe Bay Resort LTD	\$30,000	\$2,000
5	James and Katherine Costello	\$30,000	\$2,000
6	Mark and Ranika Klipsch Trust	\$30,000	\$2,000
7	Eric Kamisher	\$30,000	\$2,000
8	Solis Partners, LLC	\$30,000	\$2,000
9	Solis Partners, LLC	\$30,000	\$2,000
10	Solis Partners, LLC	\$30,000	\$2,000
11	John Somerville	\$30,000	\$2,000
12	Robert and Karen Sandlin	\$30,000	\$2,000
13	Snake River Investment, LLC	\$30,000	\$2,800
14	MCR Development LLC	\$30,000	\$2,000
15	MCR Development LLC	\$30,000	\$2,000
16	Hulsey Living Trust	\$30,000	\$2,000
17	Hulsey Living Trust	\$30,000	\$2,000
18	Sewell Revocable Trust	\$30,000	\$2,000
19	MCR Development LLC	\$30,000	\$2,000
20	Richard Means	\$30,000	\$2,000
21	Gerald and Brenda Gray	\$30,000	\$2,000

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

22	Skywater Partnership	\$30,000	\$2,000
23	MCR Development LLC	\$30,000	\$2,000
24	John and Ann Lewis	\$30,000	\$2,000
25	John Bailey	\$30,000	\$2,000
26	Upland Real Estate, LLC	\$30,000	\$2,000
27	Larry and Patricia Snider	\$30,000	\$2,000
28		*	*
29		*	*
30		*	*
31	Allen and Kathleen Hueske	\$30,000	\$2,000
32	Ronald and Judith Surbuts	\$30,000	\$2,000
33	Jimmy Jacobs Custom Homes	\$30,000	\$2,000
34	Donna Scott	\$30,000	\$2,000
35	Daniel and Debra Jackson	\$30,000	\$2,000
36	Robert Hatch Jr. Revocable Trust	\$30,000	\$2,000
37	Walter and Barbara Jones	\$30,000	\$2,000
38	Upland Real Estate, LLC	\$30,000	\$2,000
39	Stephen and Amy Fuqua	\$30,000	\$2,000
40	William Latta	\$30,000	\$2,000

\* For lots sold by Owner on or before December 31, 2012, the total amount of the assessment for a lot shall be calculated at \$2,000 per year beginning in the year following the initial sale of said lot by the Developer and continuing until December 31, 2022.

For lots sold by Owner on or after January 1, 2013, the total amount of the assessment for a lot shall be calculated at \$2,800 per year beginning in the year following the initial sale of said lot by the Developer and continuing for a period of fifteen (15) years.

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

<u>Property Description</u>	<u>Lot Owner as of</u>	<u>Total Improvement Assessment</u>	<u>Annual Installment</u>
<u>Lot No.</u> <u>Summit Rock</u> <u>Plat 3.1</u>	<u>12/31/13</u>		
1		*	*
2		*	*
3		*	*
4		*	*
5	Charles T. and Anna S. Brown	\$30,000	\$2,000
6	Gregory Hooks & MJ Brown	\$30,000	\$2,000
7	Craig and Judith Fecel	\$30,000	\$2,000
8		*	*
9		*	*
10		*	*
11	Gary A. and Betty J. Harmsen	\$30,000	\$2,000
12	Gail B. Nickel Revocable Trust	\$30,000	\$2,000
13	Jack and Jeanna Wolf	\$30,000	\$2,000
14		*	*
15	Robert R. and Linda Cain	\$24,000	\$2,000
16	John Somerville	\$28,000	\$2,000
17	Mark & Stephanie Stephens	\$24,000	\$2,000
18	Tracy & Lisa Price	\$28,000	\$2,800
19	Roger D. Weaver and Cathy A. Reed	\$20,000	\$2,000
20	William and Karen McDonald	\$28,000	\$2,000

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

21	William and Lynne Chapline	\$28,000	\$2,000
22	Hulsey Living Trust	\$30,000	\$2,000
23	Sewell Revocable Trust	\$30,000	\$2,000
24	Allen W. and Kathleen J. Hueske	\$30,000	\$2,000
25	Anderson 2006 Family Partnership, Ltd.	\$30,000	\$2,000
26	Daniel and Sherrie England Revocable Trust	\$28,000	\$2,000
27	<b>JAE Real Estate</b>	\$30,000	<b>\$2,800</b>
28	Eugene and Elizabeth Weimer	\$28,000	\$2,000
29	Summit Rock Communities LLC	\$20,000	\$2,000
30	Summit Rock Communities LLC	\$20,000	\$2,000
31	Gary and Janelle Pearce	\$30,000	\$2,000
32	John and Jill Kougl	\$30,000	\$2,000
33	Calvin and Patricia Harmsen	\$30,000	\$2,000
34	Robert and Vicky Land	\$30,000	\$2,000
35	Robert and Vicky Land	\$20,000	\$2,000
36		*	*
37		*	*
38		*	*
39		*	*
40	Brian K. and Keri V. Bourque	\$20,000	\$2,000
41		*	*
42		*	*
43		*	*

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

44	James H and Kara Y Dudley IV	\$16,000	\$2,800
45		*	*
46		*	*
47		*	*
48		*	*
49		*	*
50		*	*
51	Joseph Lee Hipp	\$28,000	\$2,000
52		*	*
53		*	*
54		*	*
55		*	*
56		*	*
57		*	*
58		*	*
59	Kenneth L Bookout	\$30,000	\$2,000
60	Wyt Enterprises, Ltd.	\$30,000	\$2,000
61		*	*
62		*	*
63	Ommibank NA	\$30,000	\$2,000
64		*	*
65		*	*
66		*	*

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

67	*	*
68	*	*
69	*	*
70	*	*
71	*	*
72	*	*
73	*	*
74	*	*
75	*	*
76	*	*
77	*	*
78	*	*
79	*	*
80	*	*
81	*	*
82	*	*
83	*	*
84	*	*
85	*	*
86	*	*
87	*	*
88	*	*
89	*	*

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

90	*	*
91	*	*
92	*	*

\* For lots sold by Owner on or before December 31, 2012, the total amount of the assessment for a lot shall be calculated at \$2,000 per year beginning in the year following the initial sale of said lot by the Developer and continuing until December 31, 2022.

For lots sold by Owner on or after January 1, 2013, the total amount of the assessment for a lot shall be calculated at \$2,800 per year beginning in the year following the initial sale of said lot by the Developer and continuing for a period of fifteen (15) years.

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

<u>Property Description</u> <u>Lot No.</u> <u>Summit Rock</u> <u>Plat 4.1</u>	<u>Lot Owner</u> <u>as of</u> <u>12/31/13</u>	<u>Total Improvement</u> <u>Assessment</u>	<u>Annual Installment</u>
1		*	*
2		*	*
3		*	*
4		*	*
5		*	*
6		*	*
7		*	*
8		*	*
9		*	*
10		*	*
11		*	*
12		*	*
13		*	*
14		*	*
15		*	*
16		*	*
17		*	*
18		*	*
19		*	*
20		*	*
21		*	*

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

22	*	*
23	*	*
24	*	*
25	*	*
26	*	*
27	*	*
28	*	*
29	*	*
30	*	*
31	*	*
32	*	*
33	*	*
34	*	*
35	*	*
36	*	*
37	*	*
38	*	*
39	*	*
40	*	*
41	*	*
42	*	*
43	*	*
44	*	*
45	*	*

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

46	*	*
47	*	*
48	*	*
49	*	*
50	*	*
51	*	*
52	*	*

\* For lots sold by Owner on or before December 31, 2012, the total amount of the assessment for a lot shall be calculated at \$2,000 per year beginning in the year following the initial sale of said lot by the Developer and continuing until December 31, 2022.

For lots sold by Owner on or after January 1, 2013, the total amount of the assessment for a lot shall be calculated at \$2,800 per year beginning in the year following the initial sale of said lot by the Developer and continuing for a period of fifteen (15) years.

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

<u>Property Description</u> <u>Lot No. of</u> <u>Reserve at</u> <u>Summit Rock</u> <u>Plat 1.1</u>	<u>Lot Owner</u> <u>as of</u> <u>12/31/13</u>	<u>Total</u> <u>Improvement</u> <u>Assessment</u>	<u>Annual</u> <u>Installment</u>
1		*	*
2		*	*
3	Grand Bank of Texas	\$42,000	\$2,800
4	529-11 Lighthouse Drive LLC	\$22,000	\$2,000
5	Collin and Karen Exsted	\$22,000	\$2,000
6	James and Trudi Leddy	\$22,000	\$2,000
7	Grand Bank of Texas	\$42,000	\$2,800
8		*	*
9		*	*
10		*	*
11	Willam Douglas Boyd	*	\$2,800
12A	James and Michelle Jorgenson	\$22,000	\$2,000
13			
14	Charles and Lois Strasburg	\$20,000	\$2,000
15		*	*
16		*	*
17		*	*
18		*	*
19		*	*
20		*	*

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

21	*	*
22	*	*
23	*	*
24	*	*
25	*	*
26	*	*
27	*	*
28	*	*
29	*	*
30	*	*
31	*	*
32	*	*
33	*	*
34	*	*
35	*	*
36	*	*
37	*	*
38	*	*
39	*	*
40	*	*
41	*	*
42	*	*
43	*	*
44	*	*

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

45	*	*
46	*	*
47	*	*
48	*	*
49	*	*
50	*	*

\* For lots sold by Owner on or before December 31, 2012, the total amount of the assessment for a lot shall be calculated at \$2,000 per year beginning in the year following the initial sale of said lot by the Developer and continuing until December 31, 2022.

For lots sold by Owner on or after January 1, 2013, the total amount of the assessment for a lot shall be calculated at \$2,800 per year beginning in the year following the initial sale of said lot by the Developer and continuing for a period of fifteen (15) years.

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

	<u>Property Description</u> <u>Lot No. of</u> <u>Summit Rock</u> <u>Plat 12.1</u>	<u>Lot Owner</u> <u>as of</u> <u>12/31/13</u>	<u>Total Improvement</u> <u>Assessment</u>	<u>Annual</u> <u>Installment</u>
**	154		*	*
**	155		*	*
	157		*	*
	158	Texas Timeless Investments LLC	42,000	2800
	159	Fred Battah	42,000	2800
	160		*	*
**	161		*	*
**	162		*	*
**	163	<u>Legacy DCS LLC</u>	*	*
	174	Tapp Investment	20,000	2000
	175	Larry McVay	20,000	2000

\* For lots sold by Owner on or before December 31, 2012, the total amount of the assessment for a lot shall be calculated at \$2,000 per year beginning in the year following the initial sale of said lot by the Developer and continuing until December 31, 2022.

For lots sold by Owner on or after January 1, 2013, the total amount of the assessment for a lot shall be calculated at \$2,800 per year beginning in the year following the initial sale of said lot by the Developer and continuing for a period of fifteen (15) years.

\*\* If multiple units are constructed on a R-4 Cabin Lot, each unit will be responsible for an Improvement Assessment.

SCHEDULE I

SUPPLEMENTAL ASSESSMENT ROLL  
AS OF SEPTEMBER 15, 2016

<u>Property Description</u> <u>Lot No. of</u> <u>Summit Rock</u> <u>Plat 14.1</u>	<u>Lot Owner</u> <u>as of</u> <u>12/31/13</u>	<u>Total Improvement</u> <u>Assessment</u>	<u>Annual</u> <u>Installment</u>
176	Legacy DCS LLC	42,000	2800
177			
178	Mark and Suzanne Knudson	42,000	2800
179			
180			
181			
182			
183	<u>Legacy DCS LLC</u>	42,000	2800
184			
185			
186			
187			
			<u>256400</u>

\* For lots sold by Owner on or before December 31, 2012, the total amount of the assessment for a lot shall be calculated at \$2,000 per year beginning in the year following the initial sale of said lot by the Developer and continuing until December 31, 2022.

For lots sold by Owner on or after January 1, 2013, the total amount of the assessment for a lot shall be calculated at \$2,800 per year beginning in the year following the initial sale of said lot by the Developer and continuing for a period of fifteen (15) years.

2016 Supplemental Assessment Roll approved on September 20, 2016, by unanimous vote of the Council of the City of Horseshoe Bay during a regularly scheduled meeting.

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Stephen T. Jordan, Mayor



## CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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To: Mayor and City Council 

Thru: Stan R. Farmer, City Manager

From: Larry O. Anderson, Finance Director

RE: Approval of Ordinance Updating the Escondido Public Improvement District of the City of Horseshoe Bay Service and Assessment Plan and Assessment Roll for 2016

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Section 372.013 of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code (the "PID Act") and the Service and Assessment Plan require that the Service and Assessment Plan and Assessment Roll be annually reviewed and updated.

The update, which is attached to the Ordinance as Exhibit A, was provided by MuniCap, the Administrator for the PID. This Ordinance is the same format of the Ordinance that was approved in September last year.

Staff recommends City Council approval of the Ordinance Updating the Service and Assessment Plan and Assessment Roll of the Escondido PID.

Enclosures: Ordinance Updating the Escondido Public Improvement District of the City of Horseshoe Bay Service and Assessment Plan and Assessment Roll

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. ORD**

**ESCONDIDO PUBLIC IMPROVEMENT DISTRICT SUPPLEMENTAL SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL**

**A SUPPLEMENTAL ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY UPDATING THE ESCONDIDO PUBLIC IMPROVEMENT DISTRICT OF THE CITY OF HORSESHOE BAY SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL**

**WHEREAS**, by Resolution Nos. RES-07-10-16B and RES-07-11-13B adopted on October 16, 2007 and November 13, 2007, respectively, after notice and a public hearing in the manner required by law, the City Council of the City of Horseshoe Bay, Texas (the “City”) approved a resolution authorizing the creation of the Escondido Public Improvement District of the City of Horseshoe Bay (the “District”);

**WHEREAS**, on March 26, 2008, after notice and a public hearing conducted in the manner required by law, the City Council adopted Ordinance No. 08-03-26A (the “Assessment Ordinance”) approving a Service and Assessment Plan and Assessment Roll and the levy of assessments on property in the District;

**WHEREAS**, on September 16, 2008, the City Council issued bonds secured directly and indirectly, respectively, by the assessments levied pursuant to the Assessment Ordinance;

**WHEREAS**, Section 372.013 of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code (the “PID Act”) and the Service and Assessment Plan require that the Service and Assessment Plan and Assessment Roll be annually reviewed and updated;

**WHEREAS**, the Annual Service Plan Update and updated Assessment Roll attached as Exhibit A hereto conform the original Assessment Roll to the principal and interest payment schedule required for the bonds, and update the Assessment Roll to reflect prepayments, property divisions and changes to the budget allocation for District public improvements that occur during the year, if any; and

**WHEREAS**, the City Council now desires to proceed with the adoption of this Ordinance which supplements the Assessment Ordinance and approves and adopts the Annual Service Plan Update and the updated Assessment Roll attached thereto, in conformity with the requirements of the PID Act.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY, TEXAS:**

## **I. FINDINGS**

The findings and determinations set forth in the preambles are hereby incorporated by reference for all purposes.

## **II. ANNUAL SERVICE PLAN UPDATE AND ASSESSMENT ROLL**

The Annual Service Plan Update and updated Assessment Roll attached hereto as Exhibit A are hereby accepted and approved.

## **III. EFFECTIVE DATE**

This Ordinance shall take effect upon passage and execution hereof.

**ADOPTED AND APPROVED** on this 20<sup>th</sup> day of September, 2016 by a vote of the City Council of the City of Horseshoe Bay.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, TRMC**  
**City Secretary**

**ESCONDIDO PUBLIC IMPROVEMENT DISTRICT**

**CITY OF HORSESHOE BAY, TEXAS**

**ANNUAL SERVICE PLAN UPDATE**

September 19, 2016

**ESCONDIDO PUBLIC IMPROVEMENT DISTRICT  
HORSESHOE BAY, TEXAS**

**ANNUAL SERVICE PLAN UPDATE**

**A. Introduction**

The Escondido Public Improvement District (the "PID") was created pursuant to the PID Act and a resolution of the City Council on October 16, 2007 to finance certain public improvement projects for the benefit of the property in the PID. The Escondido Public Improvement District Special Assessment Revenue Bonds, Series 2008 in the aggregate principal amount of \$5,475,000 were issued to finance, refinance, provide or otherwise assist in the acquisition, construction and maintenance of the public improvements provided for the benefit of the property in the PID.

A service and assessment plan (the "Service and Assessment Plan") was prepared at the direction of the City identifying the public improvements (the "Authorized Improvements") to be provided by the PID, the costs of the Authorized Improvements, the indebtedness to be incurred for the Authorized Improvements, and the manner of assessing the property in the PID for the costs of the Authorized Improvements. The Service and Assessment Plan is to be reviewed and updated annually. This document is the update of the Service and Assessment Plan for 2016.

The City had an assessment roll (the "Assessment Roll") prepared identifying the assessments on each parcel, based on the method of assessment identified in the Service and Assessment Plan. This Annual Service Plan also explains the update of the Assessment Roll.

**B. Update of the Service Plan**

***Annual Budget for the Public Improvements***

The total estimated cost of the Authorized Improvements is equal to \$5,495,383, which remains the same as the estimated budget. There have been no budget line item amount revisions for the Authorized Improvements reported by the Developer.

As shown by Table A in the following page, the PID has incurred indebtedness in the total amount of \$5,475,000 in the form of the Series 2008 Bonds, which are to be repaid from Assessments, and the Developer is to fund the balance of the costs of the authorized Improvements as shown below.

**Table A**  
**Sources and Uses of Funds**  
**Public Improvements**

<u>Sources of Funds:</u>	<u>Authorized Improvements</u> <u>Series 2008 Bonds</u>
Bond proceeds	\$5,475,000
Developer funds	\$986,010
<b>Total sources of funds</b>	<b>\$6,461,010</b>
<u>Uses of Funds:</u>	
Estimated PID Costs	\$5,495,383
Costs of issuance including underwriter's discount	\$346,072
Reserve fund	\$483,040
Prepayments of lots (two lots)	\$35,000
Prepayment reserve	\$101,516
<b>Total uses of funds</b>	<b>\$6,461,010</b>

A service plan must cover a period of five years. All of the Authorized Improvements are expected to be provided within a period of five years. The anticipated budget for the Authorized Improvements over a period of five years and the indebtedness expected to be incurred for these costs is shown by Table B.

**Table B**  
**Authorized Improvements**  
**PID Sources and Uses of Funds**  
**2008 - 2016**

<u>Sources of Funds:</u>	<u>Authorized Improvements</u>		<u>Total</u>
	<u>Year 2008-2016</u>	<u>Year 2017</u>	
Bond proceeds	\$5,475,000	\$0	\$5,475,000
Developer funds	\$986,010	\$0	\$986,010
PID - sources of funds	<b>\$6,461,010</b>	<b>\$0</b>	<b>\$6,461,010</b>
<u>Uses of Funds:</u>			
Estimated PID Costs	\$5,495,383	\$0	\$5,495,383
Costs of issuance including underwriter's discount	\$346,071	\$0	\$346,071
Reserve fund	\$483,040	\$0	\$483,040
Prepayments of lots (two lots)	\$35,000	\$0	\$35,000
Prepayment reserve	\$101,516	\$0	\$101,516
PID - uses of funds	<b>\$6,461,010</b>	<b>\$0</b>	<b>\$6,461,010</b>

## *Debt Service and Collection Costs*

### The Annual Installments

The Assessment imposed on any parcel may be paid in full at any time. If not paid in full, the Assessment shall be payable in thirty annual installments of principal and interest beginning with the tax year following the issuance of the Bonds.

Pursuant to the Service and Assessment Plan, each Assessment shall bear interest at the rate on the Bonds commencing with the issuance of the Bonds plus one-half of one percent. The interest rate on the Bonds is 7.25 percent per annum. Accordingly, the interest rate of 7.75 percent is used to calculate the interest on the Assessments. These payments, the "Annual Installments" of the Assessments, shall be billed by the City in 2016 and will be delinquent on February 1, 2017.

Pursuant to the Service and Assessment Plan, the Annual Service Plan Update shall show the remaining balance of the Assessments, the Annual Installment and the Annual Collection Costs to be collected from each Parcel. Annual Collection Costs shall be allocated to each Parcel pro rata based upon the amount the Annual Installment on a Parcel bears to the amount of Annual Installments in the PID as a whole that are payable at the time of such allocation. Each Annual Installment shall be reduced by any credits applied under an applicable Bond Ordinance, such as capitalized interest and interest earnings on any account balances and by any other funds available to the PID.

### Annual Budget for the Repayment of Indebtedness

Debt service is to be paid on the Bonds from the collection of the Annual Installments. The interest rate to be paid on the Bonds is 7.75%. In addition, "Collection Costs" are to be collected with the Annual Installments to pay expenses related to the collection of the Annual Installments.

The budget for the PID to be paid from the collection of Annual Installments for 2016 is shown by Table C.

**Table C**  
**Budget for the Annual Installments**  
**To be collected for 2016**

	<u>Series 2008 Bonds</u>
Interest payment on April 1, 2017 <sup>1</sup>	\$177,436
Interest payment on October 1, 2017 <sup>1</sup>	\$177,436
Principal payment on October 1, 2017	\$145,000
Subtotal debt service on bonds	\$499,873
Annual collection costs	\$49,452
Subtotal Expenses	\$549,325
Available reserve fund income	\$0
Available collection costs account <sup>2</sup>	\$0
Subtotal funds available	\$0
Annual installment to be collected	\$549,325

1 - The interest amounts are calculated using 7.75% interest rate, which includes 7.25% interest rate on the Series 2008 Bonds plus 0.5% additional assessment collection as explained above.

2 - The balance in the Collection Cost Account may be used for the payment of all collection costs through January 31, 2017.

As shown in Table C above, the Annual Installment to be collected for 2016 is equal to \$549,325. The outstanding principal portion of the Series 2008 Bonds will be \$4,579,000 after the scheduled principal payment of \$135,000 on October 1, 2016. Accordingly, the interest portion of the Annual Installment to be collected for the year is equal \$354,873 (i.e., \$4,579,000 × 7.75% = \$354,873). The principal amount due on October 1, 2017 is \$145,000. The total debt service payments on the Series 2008 Bonds (including the additional one-half of one percent collection) and the Annual Collection Costs for 2016 are, therefore, shown as \$449,873 and \$49,452, respectively.

According to the Service and Assessment Plan, 354 residential units, commercial and golf course tracts were estimated to be built within the PID, representing a total of 356.46 Equivalent Units. There were two prepayments representing two Equivalent Units through August 31, 2016, resulting in 354.46 Equivalent Units available to pay the Annual Installments in 2016. Accordingly, the principal and interest portion of Annual Installment to be collected from each Equivalent Unit is equal to \$1,410.24 (i.e., \$499,873 ÷ 354.46 = \$1,410.24) and the Annual Collection Costs to be collected from each Equivalent Unit is equal to \$139.51 (i.e., \$49,452 ÷ 354.46 = \$139.51). The total Annual Installment to be collected from each Equivalent Unit is equal to \$1,549.75 (i.e. \$1,410.24 + \$139.51 = \$1,549.75).

The Annual Installment for each Lot Type is calculated by multiplying the Annual Installment for each Equivalent Unit (i.e., \$1,549.75) by the equivalent unit factor for each Lot Type. The Equivalent Units for Lot Type 1 (Lake Lot) is 1.98 per dwelling unit. The Annual Installment to be collected from each Lot Type 1 (Lake Lot) is, therefore, equal to \$3,068.51 (i.e., \$1,549.75 × 1.98 = \$3,068.51). The Annual Installment to be

collected from each of the remaining Lot Types is calculated in the same manner and is shown in Table D below.

**Table D**  
**Annual Installments per Lot Types**  
**To be collected for 2016**

Lot Type	Total Estimated Units/Acreage	EU per Unit	Total EU	Annual Debt Service (P & I) Per EU	Annual Collection Costs Per EU	Annual Installment Per EU	Annual Installment Per Unit	Total Annual Installment
Lot Type 1 (Lake Lot)	34	1.98	67.32	\$1,410.24	\$139.51	\$1,549.75	\$3,068.51	\$104,329.28
Lot Type 2 (Golf Lot)	136	1.00	136	\$1,410.24	\$139.51	\$1,549.75	\$1,549.75	\$210,766.22
Lot Type 3 (Non-Golf Lot)	29	0.93	26.97	\$1,410.24	\$139.51	\$1,549.75	\$1,441.27	\$41,796.80
Lot Type 4 (Creek Lot)	10	0.81	8.1	\$1,410.24	\$139.51	\$1,549.75	\$1,255.30	\$12,552.99
Lot Type 5 (Casita)	70	0.76	53.2	\$1,410.24	\$139.51	\$1,549.75	\$1,177.81	\$82,446.79
Lot Type 6 (Villa Lot)	63	0.58	36.54	\$1,410.24	\$139.51	\$1,549.75	\$898.86	\$56,627.92
Lot Type 9 (Los Puertas Lot)	20	0.5	10	\$1,410.24	\$139.51	\$1,549.75	\$774.88	\$15,497.52
<b>Subtotal - Residential</b>	<b>362</b>		<b>338.13</b>					<b>\$524,017.51</b>
Lot Type 7 (Commercial Lot)	7 acres	0.84	5.88	\$1,410.24	\$139.51	\$1,549.75	\$1,301.79	\$9,112.54
Lot Type 8 (Golf Course)	209 acres	0.05	10.45	\$1,410.24	\$139.51	\$1,549.75	\$77.49	\$16,194.90
<b>Subtotal - Commercial &amp; Golf Course</b>	<b>217 acres</b>		<b>16.33</b>					<b>\$25,307.44</b>
<b>Total</b>			<b>354.46</b>					<b>\$549,324.96</b>

**C. Update of the Assessment Plan**

The Service and Assessment Plan provided for the “Assessed Property” to be classified into one of eight categories for purpose of allocating the Assessments, as follows:

- (i) Lot Type 1 (Lake Lot),
- (ii) Lot Type 2 (Golf Lot),
- (iii) Lot Type 3 (Non-Golf Lot),
- (iv) Lot Type 4 (Creek Lot),
- (v) Lot Type 5 (Casita),
- (vi) Lot Type 6 (Villa Lot),

(vii) Lot Type 7 (Commercial Lot),

(viii) Lot Type 8 (Golf Course)

As described in the Service and Assessment Plan,

- Lot Type 1 consists of single family dwelling units referred to as Lake Lots and being generally lots with a minimum size of ½ (one-half) acres and frontage on navigable water.
- Lot Type 2 consists of single family dwelling units referred to as Golf Lots and being generally lots for single family dwelling unit with a minimum size of ½ (one-half) acres and frontage on the golf course.
- Lot Type 3 consists of single family dwelling units referred to as non-Golf Lots and being generally lots for single family dwelling unit with a minimum size of ½ (one-half) acres with no golf course frontage.
- Lot Type 4 consists of single family dwelling units referred to as Creek Lots and being generally lots for single family dwelling unit with a minimum size of ½ (one-half) acres and frontage on non-navigable water/creek.
- Lot Type 5 consists of single family dwelling units referred to as Casita Lots and being generally lots for single family dwelling unit with a maximum size of 1/4 (one-quarter) acres and have no building setback lines established by the City.
- Lot Type 6 consists of single family dwelling units referred to as Villa Lots and being generally lots for single family dwelling unit with an average size of 1/4 (one-quarter) acres and have building setback lines as established and required by the City.
- Lot Type 7 and Lot Type 8 represent lots intended for commercial development and golf course tract, respectively.

The Service and Assessment Plan identified Equivalent Units for each lot in each Lot Type as follows:

Lot Type 1 (Lake Lot)	1.98 per dwelling unit
Lot Type 2 (Golf Lot)	1.00 per dwelling unit
Lot Type 3 (Non-Golf Lot)	0.93 per dwelling unit
Lot Type 4 (Creek Lot)	0.81 per dwelling unit
Lot Type 5 (Casita Lot)	0.76 per dwelling unit
Lot Type 6 (Villa Lot)	0.58 per dwelling unit
Lot Type 7 (Commercial Lot)	0.84 per acre
Lot Type 8 (Golf Course)	0.05 per acre

The equivalent unit values are the ratio of the Assessments as allocated to each lot in each property class. These equivalent unit factors were based on the average estimated value and the relative size of the average unit in each class. According to the developer, a new Lot Class has been created by subdividing some of Lot Type 2 (Golf Lots) into two new lots. These newly created lots, referred to as Los Puertas Lots, have the same features as Lot Type 2 (Golf Lots) except for the size of each of these newly created lots is smaller. According to the developer, 20 Los Puertas Lots were created from 10 standard Golf

Lots, each newly created lot having approximately one-half of the size of the standard Golf Lot and are expected to have an average value of approximately one-half of the value of each standard Golf Lots. As a result, a new Lot Type 9 (Los Puertas Lot) is created and included in this service plan update. The Equivalent Unit of each of the newly created Lot Puertas Lot is also calculated to equal one-half of the Equivalent Units assigned to the standard Golf Lots (i.e. 0.5 per Lot). The full description of the newly created lot type is shown below.

**“Lot Type 9”** means lots identified as such on the Assessment Roll, which are referred to as Los Puertas Lots and being generally lots for single family dwelling unit with a minimum size of 1/4 (one-quarter) acres and frontage on the golf course.

**D. Update of the Assessment Roll**

The Assessment Roll is to be updated each year to reflect:

The identification of each Assessed Parcel in the PID (including, if available, the tax parcel identification number for such Parcel), (ii) the Assessments, including any adjustments as provided for in the Service and Assessment Plan or in the Act; (iii) the Annual Installment for the relevant year (if such Assessment is payable) for each Parcel; (iv) prepayments of the Assessments as provided for in this Service and Assessment Plan and (B) any other changes helpful to the administration of the PID and permitted by law.

The Assessment Roll and a summary of the Assessment Roll are shown in Appendix A. Each parcel in the PID is identified, along with the Assessment on each Parcel and the Annual Installment to be collected from each parcel in the PID. Assessments are to be reallocated for the subdivision of any parcels.

According to the Service and Assessment Plan, upon the subdivision of any Parcel, the Administrator shall reallocate the Assessment for the Parcel prior to the subdivision among the new subdivided Parcels according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel.
- B = the Assessment for the Parcel prior to subdivision.
- C = the Equivalent Units allocated to each newly subdivided Parcel
- D = the sum of the Equivalent Units for all of the new subdivided Parcels

The calculation of the Equivalent Units as to a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios. Lot type shall be determined by the description that is most similar to the lots being classified.

The list of current parcels within the PID, the anticipated land use, the estimated number of units by lot type to be developed on the current residential parcels, the corresponding total assessments and current annual installment are shown in the assessment roll summary attached hereto as Appendix A.

There were no additional prepayments of Assessments through August 31, 2016 except the two prepayments at the time of bond issuance.

The complete Assessment Roll is also available at the City of Horseshoe Bay, #1 Community Dr, Horseshoe Bay, Texas, 78657.

**Appendix A**  
**Assessment Roll Summary**

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Casita	13	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	26	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	29	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	58	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	15	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	22	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	23	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	25	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	32	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	37	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	39	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	42	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	47	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	53	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	55	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	9	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	27	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	16	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	24	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	34	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	38	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	45	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	56	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	31	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	46	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	19	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Casita	44	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	49	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	43	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	57	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	20	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	30	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	41	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	1	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	2	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	5	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	7	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	10	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	35	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	48	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	4	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	18	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	28	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	6	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	33	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	11	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	12	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	17	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	51	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	3	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	40	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	54	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Casita	52	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	21	1.13	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	59	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	60	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	61	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
P1	Casita	62	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	63	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	64	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	65	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	66	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	67	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	68	3.3	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	70	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	71	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	72	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	73	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	74	1.14	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Casita	8	1.12	\$9,817.86	\$1,071.78	\$106.03	\$1,177.81
	Creek Lot	86	1.1	\$10,463.78	\$1,142.29	\$113.01	\$1,255.30
	Creek Lot	92	1.1	\$10,463.78	\$1,142.29	\$113.01	\$1,255.30
	Creek Lot	85	1.1	\$10,463.78	\$1,142.29	\$113.01	\$1,255.30
	Creek Lot	88	1.1	\$10,463.78	\$1,142.29	\$113.01	\$1,255.30
	Creek Lot	179	2.1	\$10,463.78	\$1,142.29	\$113.01	\$1,255.30
	Creek Lot	178	2.1	\$10,463.78	\$1,142.29	\$113.01	\$1,255.30
	Creek Lot	87	1.1	\$10,463.78	\$1,142.29	\$113.01	\$1,255.30
	Creek Lot	89	1.1	\$10,463.78	\$1,142.29	\$113.01	\$1,255.30

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Creek Lot	90	1.1	\$10,463.78	\$1,142.29	\$113.01	\$1,255.30
	Creek Lot	91	1.1	\$10,463.78	\$1,142.29	\$113.01	\$1,255.30
	Golf Lot	34	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	77	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	84	1.2	\$0.00	\$0.00	\$0.00	\$0.00
	Golf Lot	173	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	159	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	160	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	161	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	43	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	219	2.1	\$0.00	\$0.00	\$0.00	\$0.00
	Golf Lot	45	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	220	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	167	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	216	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	204	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	196	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	263	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	271	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	272	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	274	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	72	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	64	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	30	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	40	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	28	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Golf Lot	29	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	6	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	81	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	65	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	17	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	24	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	31	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	37	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	62	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	69	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	75	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	76	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	7	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	41	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	42	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	74	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	83	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	3	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	22	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	36	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	60	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	18	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	39	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	32	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	67	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	35	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Golf Lot	61	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	1	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	2	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	23	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	10	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	33	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	79	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	63	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	15	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	21	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	70	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	9	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	26	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	44	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	4	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	13	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	8	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	66	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	80	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	38	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	157	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	170	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	68	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	209	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	166	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	47	1.2	\$0.00	\$0.00	\$0.00	\$0.00

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Golf Lot	186	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	187	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	78	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	180	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	5	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	71	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	73	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	214	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	181	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	20	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	213	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	82	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	25	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	215	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	172	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	27	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	203	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	171	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	19	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	188	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	191	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	192	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	174	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	224	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	158	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	162	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Golf Lot	175	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	182	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	200	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	221	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	199	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	223	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	46	1.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	222	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	217	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	198	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	183	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	282	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	14	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	16	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	48	1.2	\$0.00	\$0.00	\$0.00	\$0.00
	Golf Lot	49	1.2	\$0.00	\$0.00	\$0.00	\$0.00
	Golf Lot	50	1.2	\$0.00	\$0.00	\$0.00	\$0.00
	Golf Lot	51	1.2	\$0.00	\$0.00	\$0.00	\$0.00
	Golf Lot	53	1.2	\$0.00	\$0.00	\$0.00	\$0.00
	Golf Lot	54	1.2	\$0.00	\$0.00	\$0.00	\$0.00
	Golf Lot	55	1.2	\$0.00	\$0.00	\$0.00	\$0.00
	Golf Lot	56	1.2	\$0.00	\$0.00	\$0.00	\$0.00
	Golf Lot	57	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	59	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	156	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	197	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Golf Lot	267	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	279	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	283	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	280	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	273	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	275	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	276	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	278	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	193	2.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	277	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	58	1.2	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	176	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	264	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	265	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	266	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	268	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	269	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	270	3.1	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Golf Lot	52	1.2	\$0.00	\$0.00	\$0.00	\$0.00
	Golf Lot	177	1.3	\$12,918.24	\$1,410.24	\$139.51	\$1,549.75
	Lake Lot	207	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	253	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	254	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	231	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	232	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	242	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Lake Lot	239	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	241	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	208	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	230	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	244	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	245	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	246	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	261	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	262	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	233	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	234	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	235	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	236	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	238	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	240	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	243	2.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	247	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	248	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	249	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	250	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	251	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	252	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	255	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	256	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	257	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	258	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Lake Lot	259	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Lake Lot	260	3.1	\$25,578.12	\$2,792.27	\$276.24	\$3,068.51
	Non-Golf Lot	165	1.3	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	163	1.3	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	218	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	185	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	205	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	227	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	212	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	164	1.3	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	229	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	190	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	210	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	201	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	168	1.3	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	184	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	206	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	226	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	225	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	228	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	211	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	202	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	189	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	237	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	285	3.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	194	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Non-Golf Lot	195	2.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	11	1.2	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	12	1.2	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	281	3.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Non-Golf Lot	284	3.1	\$12,013.96	\$1,311.52	\$129.75	\$1,441.27
	Villa Lot	94	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	110	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	115	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	137	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	118	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	121	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	106	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	103	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	107	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	93	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	96	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	99	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	108	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	95	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	97	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	113	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	114	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	116	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	119	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	120	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	136	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Villa Lot	117	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	155	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	98	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	104	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	109	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	105	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	102	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	101	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	148	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	141	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	100	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	149	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	131	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	111	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	129	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	143	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	144	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	127	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	128	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	150	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	125	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	139	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	151	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	112	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	140	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	133	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Villa Lot	146	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	152	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	123	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	130	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	132	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	142	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	126	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	124	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	135	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	134	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	147	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	153	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	122	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	154	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	145	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Villa Lot	138	1.4	\$7,492.58	\$817.94	\$80.92	\$898.86
	Los Puertas Lot	47-B	0.27	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	47-C	0.24	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	48-B	0.24	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	48-C	0.25	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	49-B	0.26	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	49-C	0.27	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	50-B	0.26	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	50-C	0.25	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	51-B	0.24	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	51-C	0.24	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	52-B	0.28	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	52-C	0.29	\$6,459.12	\$705.12	\$69.76	\$774.88

**Escondido Public Improvement District  
Assessment Roll Summary**

Tax Parcel #	Lot Type	Lot #	Plat	Total Assessment	Annual Installment 2016-2017		
					Annual Assessment	Annual Collection Costs	Total Annual Installment
	Los Puertas Lot	53-B	0.28	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	53-C	0.28	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	54_B	0.26	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	54-C	0.23	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	55-B	0.23	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	55-C	0.25	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	56-B	0.26	\$6,459.12	\$705.12	\$69.76	\$774.88
	Los Puertas Lot	56-C	0.27	\$6,459.12	\$705.12	\$69.76	\$774.88
Tract B	Commercial Lot	3.50	Acres	\$37,979.63	\$4,146.10	\$410.17	\$4,556.27
Tract C	Commercial Lot	3.50	Acres	\$37,979.63	\$4,146.10	\$410.17	\$4,556.27
R55748	Golf Course Tract	31.25	Acres	\$20,184.75	\$2,203.49	\$217.99	\$2,421.49
R55749	Golf Course Tract	39.65	Acres	\$25,610.41	\$2,795.79	\$276.59	\$3,072.38
R55750	Golf Course Tract	138.10	Acres	\$89,200.46	\$9,737.68	\$963.35	\$10,701.03
Total				\$4,579,000.00	\$499,872.50	\$49,452.46	\$549,324.96



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

To: Mayor and City Council   
 Thru: Stan R. Farmer, City Manager  
 From: Teresa L. Moore, City Secretary  
 RE: Approval of FY 2017 Agreement with Christ-Yoder Animal Shelter/Adoption Center

The City has had an agreement with the Christ-Yoder Animal Shelter/Adoption Center owned by Hill Country Humane Society/SPCA in Buchanan Dam to *"receive every animal (cats and dogs) from the City delivered to their shelter"* since 2006.

In 2015 it was reported to the Council at the August 25, 2015 Budget Meeting that this facility was scheduled to close September 30, 2015 due to lack of funding and the age of the current Board and main supporters. Because of the importance of this facility to area entities, Burnet County, Llano County and the cities/communities of Bertram, Burnet, Granite Shoals, Horseshoe Bay and Sunrise Beach, came together in a joint effort to keep it operating.

A new board of directors was put in place with Dr. Dan McBride-DVM serving as president. The board believed with assistance from the participating entities, the facility could be upgraded and continue to serve its purpose. The charges were re-evaluated last year and again this year for each entity in order to meet the annual expenses of the facility. All entities are charged according to the percentage of their own drop-offs in relation to total animals delivered the prior year. The more you use the more you pay.

FY 2016	FY 2017
\$6,831 Annually or \$1,707.75 Quarterly	\$10,000 Annually or \$2,500 Quarterly

Staff recommends approval of the Christ-Yoder Animal Shelter Contract for the 2016/2017 fiscal year due to the specific nature of the service provided and the City does not have another viable option.

Enclosure: Christ-Yoder Animal Shelter/Adoption Center Agreement



Hill Country Humane Society  
9150 RR 1431 W  
Buchanan Dam, TX 78609  
512-793-5463

As the new fiscal year approaches we again look forward to offering you, your residents and the dogs and cats of your area, the progressive services of the Hill Country Humane Society (HCHS) Animal Shelter/Adoption Center.

The HCHS Animal Shelter/Adoption Center is the official quarantine facility of Burnet County and Llano County. Thus the facility, staff and operating procedures undergo unannounced yearly inspections by the Texas Department of Health Zoonosis Department. Each year the facility has passed with the highest scores and is considered exemplary in the state of Texas.

The Shelter and Staff provide 24 hour services, either on site or on call to take in animals that have bitten someone and need quarantine, animals requiring legal or court declared impound or cruelty charges or dogs declared dangerous.

The Shelter contract provides the citizens a place to bring stray animals without charging them a fee. Because stray animals are held a minimum of 5 days it gives citizens a chance to contact the Shelter and reclaim their pets that may have been lost.

Before releasing pets to their owners, Shelter staff confirms that animal has a current Rabies vaccine verified by Veterinarian or an appointment is made for that animal to receive a current Rabies vaccine. Owners are educated on County/State laws, given advice on keeping their animal secure/confined to their property and encouraged to have their pet microchipped before leaving. Owner information is recorded and available to Law Enforcement and for the Shelter to contact the individual if the animal ends up in the Shelter again.

Shelter staff is available to testify in court regarding impounded animals and animal cruelty charges. All animals coming into the Shelter are given an intake number and documented. Final dispositions are recorded and all data input into the computer for records and statistics.

Staff is certified by the Texas Department of Health in euthanasia and available to euthanize animals seriously injured and suffering or animals that need Rabies testing.

Shelter provides a vital service for the public, Law Enforcement, homeless, neglected, lost, stray and abused animals.

In keeping current with public views on animal care and welfare, the Shelter works diligently with animal rescue groups and/or to find good responsible homes for adoptable animals and to provide care, training, attention and minor medical care to animals while in the Shelter.

The focus of the HCHS Animal Shelter/Adoption Center is domestic dogs and cats. The facility is not equipped to handle other domestic or wild animals. In the past year the staff has received increasing

increasing numbers of wild animals from Law Enforcement/ACO for decapitation and head submission to Texas Department of Health. While it is true the Shelter provides quarantine facilities, head decapitation, packaging and shipping to the Texas Department of Health does not fall among that service.

**So please note the following has been added to the contract:**

**Section 2 K Wild (non-domestic) and/or cats/dogs (domestic animals) brought in for decapitation and/or submission to Texas Department of Health will be charged per animal at a rate of \$75 per animal. Shelter staff will not decapitate and submit animals that have been dead, unrefrigerated and/or began decomposition or frozen.**

In an effort to meet expenses the Shelter has raised quarantine fees to \$20 per day for individuals requiring 10 day rabies quarantine per law.

**OCTOBER 2016 - SEPTEMBER 2017 BUDGET**

ESTIMATED SHELTER EXPENSES*	\$269,584
ESTIMATED SHELTER REVENUES*	\$79,602
AD HOC HCHS CONTRIBUTION	\$50,671
ANNUAL AMT REQUESTED FROM ENTITIES	\$146,990

**\* BASED ON January 2015 TO December 2015 EXPENSES AND REVENUES**

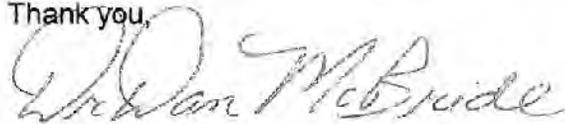
There is no cap or limit on the number of stray animals that may be brought to the Shelter under this contract.

Your contract is also included. It needs only to be signed and returned to us.

Response requested by September 30, 2016. If you have any questions do not hesitate to call me.

I will be looking forward to hearing from you.

Thank you,



Dr. Dan McBride – HCHS President  
512 756 2802  
drdanmcbride@mac.com

**ANIMAL SHELTER/ADOPTION CENTER AGREEMENT**  
owned & operated by the  
**HILL COUNTRY HUMANE SOCIETY**

This agreement made this day by and between the CITY OF HORSESHOE BAY (herein called "City") and the HILL COUNTRY HUMANE SOCIETY (herein called "Contractor") as follows:

**WHEREAS**, the City is authorized to enter a contract for services; and,

**WHEREAS**, Contractor is a non-profit charitable organization dedicated to the prevention of cruelty to animals and is subject to the Texas Charitable Immunity and Liability Act;

**1 Animal Shelter/Adoption Center** Contractor shall furnish an animal shelter/adoption center sufficient to meet the State requirements, and enable Contractor to provide the services stated herein. Animal shelter and adoption services shall be provided citizens of the City.

**2 Operation** Contractor shall own, operate, and maintain the animal shelter/adoption center in a businesslike manner, in compliance with State regulations and in a manner comparable with other similar shelters. Without limiting the generality of the foregoing, operation shall include:

A The shelter shall be open for the delivery of animals by Animal Control Officers (ACO'S) or other City designated agents seven (7) days per week during normal shelter working hours **7:00 am – 5:00 pm** (*animals need to be delivered to the shelter no later than 5:00 pm to permit processing and evaluation of the animal and kennel set-up*) with the exception of Thanksgiving Day, Christmas Day, New Years Day and Easter when the shelter will be open for delivery between 7:00 am - 10:00 am and 2:00 pm - 4:00 pm.

B The shelter shall be open to the public to surrender owned or stray animals and to reclaim or adopt animals from 11:00 a m to 4:00 p m Thursday through Monday.

C The Contractor shall provide routine daily care of animals at the shelter, including weekends and holidays.

D The Contractor will render euthanasia services and animal disposal services (cremation) such that State law and City ordinances will be observed, and such that the shelter will be operated on a businesslike and uncrowded basis.

E Fees have been established for group and individual (private) cremations since June 25, 1999. Fees are payable to the Contractor at the time of service.

F The Contractor agrees to accept every animal from the City delivered to the shelter located at 9150 W Hwy 1431, Buchanan Dam.

G The Contractor will require those persons adopting an animal to sign an agreement to neuter the adopted animal.

H The Contractor agrees to provide the City with a yearly record to include the following:

1. The number of dogs, cats and miscellaneous animals received by the shelter.
2. The number of animals euthanized .
3. The number of animals in rabies observation, to be broken down as to number redeemed by owners and number of days in custody (quarantine).
4. The number of impoundments.
5. The number of adoptions.
6. The number of reclaims.

I It is mutually agreed that any and all donations, contributions, or any other thing of value given to the shelter or its agents, as a result of any service performed in carrying out the provisions of this contract (agreement), and which is in excess of the amounts properly chargeable for such service shall be credited to the operating and maintenance account of the shelter. In the event such donations or contributions exceed the amount required to operate and maintain the shelter then such donations and contributions shall be deposited in the capital improvements account of the shelter.

J It is mutually agreed that the Contractor shall provide facilities for rabies observation (quarantine) for eight dogs and four cats in total and not mutually exclusive to any one contracting entity . Animals delivered to the shelter by the City for rabies observation (quarantine) shall be quarantined for a period of not less than ten days (240 hours), as mandated by state law.

K Wild (non-domestic) and/or cats/dogs (domestic animals) brought in for decapitation and/or submission to Texas Department of Health will be charged per animal at a rate of **\$75 per animal**. Shelter staff will not decapitate and submit animals that have been dead, unrefrigerated and/or began decomposition or frozen. **Initial** \_\_\_\_\_

L. It is mutually agreed that the Contractor shall have the sole and exclusive right to determine the responsibility of persons offering to become owners of unclaimed animals and the suitability of homes offered. The Contractor shall have the sole and exclusive right to accept or reject such applicants for unclaimed animals.

**3 Shelter Fees** The initial fees charged those persons adopting an animal shall be determined by the Contractor. Persons seeking to reclaim an animal brought to the shelter by the City shall at a minimum pay the impound fees and additional fees set by the shelter. The Contractor is authorized to charge, collect, and retain all fees collected. Further, the Contractor shall require the owner of every impounded animal to pay all applicable fees including vaccination fees of an impounded animal which has not been inoculated as appropriate and to have such animal inoculated against rabies before redeeming such animal .

**4 Animal Control** The City shall maintain the animal control program and the Contractor shall have no responsibility therefore. The Contractor's responsibility for any animal shall not commence until such animal has been delivered to the shelter.

**5 Impoundment** The City agrees that all animals seized within its jurisdiction by its duly appointed agents may be delivered to the shelter, there to be impounded under the exclusive control and custody of the Contractor for periods of time as required by State Law and the applicable ordinances. Every animal, not claimed and redeemed by the owner before the expiration of five (5) days from the date of impoundment shall become the sole and exclusive property of the Contractor. Animals not claimed after the five-day holding period, and deemed adoptable, will be sheltered as long as space is available.

Neither the City nor any agency nor agent of the County, nor of the State of Texas, nor any institution, corporation nor individual shall have any claim or right to any animal not claimed or redeemed.

The City agrees that the Contractor shall have the undisputed right, consistent with the respective ordinances of the City and state law requirements, to humanely dispose of every animal given into its custody in accordance with the Contractor's principals as follows:

- a To place animals in the care, custody and control of new responsible owners; and
- b To humanely destroy animals which are not claimed by owners and which are not suitable for placement in the care, custody and control of new responsible owners.

Save and except, the Contractor shall hold an animal the City officials believe is dangerous until disposition of the animal is determined according to state law. The Contractor shall not destroy the animal without a release from the owner or an order of the court of competent jurisdiction upon final appeal.

**6 City Payments** The shelter budget for fiscal year 2016-2017 is based upon income and expenses January 2015 – December 2015. The City agrees to pay \$10,000.00 for the fiscal year October 1, 2016 through Sept 30, 2017 in quarterly payments of \$2,500.00. The payments shall begin October 1, 2016 through Sept 30, 2017.

**7 Annual Records** The Contractor shall, each year, establish a budget which shall cover the time period from January 1 – December 31. Such budget shall be submitted to the City on or before July 1 of each year.

**8 Annual Compilation** An annual compilation report performed by a Certified Public Accountant or Licensed Public Accountant will be provided to the City on, a review level or higher level. The City shall have the right, at its own option and expense, to require the performance of a complete audit in accordance with the usual, customary and recognized accounting procedures.

**9 Records** The animal shelter/adoption center, its operation, books, and records shall be available for inspection and copying by the City at reasonable times and upon reasonable request. The shelter shall further be accessible for inspection, without notice, by the Texas Department of Health.

**10 Default** In the event the shelter fails to pass a State inspection conducted by State Officials, with written notice thereof to the Contractor, the Contractor shall have

thirty (30) days within which to cure the same. If at the end of such thirty (30) days the default has not been cured then this agreement may be terminated by the City.

**11 Insurance** The Contractor shall obtain a policy of fire and extended coverage insurance on the shelter improvements. The coverage of such policy shall be in the amount of the replacement cost of the improvements. The Contractor shall also obtain a policy of liability insurance, insuring the Contractor against liabilities arising out of the shelter operations. A copy of the current policies shall be available to the City upon request as well as proof that all current premiums have been paid.

**12 Maintenance** The Contractor shall maintain the shelter and tangible personal property incident thereto in a first-class condition substantially odor free, and in a well kept appearance, reasonable wear and tear excepted.

**13 Independent Contractor** The Contractor, in the performance of its obligation hereunder, is an independent contractor. No employee or representative of the Contractor shall ever be deemed to be an employee or an agent of the City for any purpose whatsoever.

**14 Term** This agreement shall begin on Oct 1, 2016 and end on Sept 30, 2017.

**15 Notice** All notices sent hereunder to the Contractor shall be sent in the United States Mail, postage prepaid to:

Contractor: Hill Country Humane Society  
P O Box 1041  
Marble Falls, TX 78654

Notices to the City shall be sent to: Mayor Steve Jordan  
City of Horseshoe Bay  
Address: #1 Community Drive  
PO Box 7765  
Horseshoe Bay, TX 78657

## **16 Indemnification**

A Contractor Indemnification. The City shall have no liability whatsoever for the actions of, or failure to act by, any employees, subcontractors, agents or assigns of the Contractor and the Contractor covenants and agrees that:

(i) The Contractor shall be solely responsible, as between the Contractor and the City and the agents, officers and employees of the City, for and with respect to any claim or cause of action arising out of or with respect to any act, omission or failure to act by the Contractor or its agents, officers, employees and subcontractors, while performing any function or providing or delivering any service undertaken by the Contractor pursuant to this Agreement; and

(ii) To the fullest extent permitted by law, the Contractor hereby agrees to indemnify and hold the City and its agents, officers and employees harmless from all costs, claims, expenses, and liabilities (including attorney's fees)

whatsoever that may be incurred by the City, its agents, officers, employees, arising from any and all acts done or omitted to be done by Contractor, or the employees, agents, subcontractors or assigns of Contractor, in connection with the operation of the Contractor or the provision of service by the Contractor pursuant to this Agreement

B City Indemnification. The contractor shall have no liability whatsoever for the actions of, or failure to act by, any employees, subcontractors, agents or assigns of the City and the City covenants and agrees that:

- (i) The City Shall be solely responsible, as between the Contractor and the City and the agents, officers and employees of the contractor, for and with respect to any claim or cause of action arising out of or with respect to any act, omission or failure to act by the City or its agents, officers, employees and subcontractors, while performing any function or providing or delivering any service undertaken by the City pursuant to this Agreement; and
- (ii) To the fullest extent permitted by law, the City hereby agrees to indemnify and hold the Contractor and its agents, officers and employees harmless from all costs, claims, expenses, and liabilities (including attorney's fees) whatsoever that may be incurred by the Contractor, its agents, officers, employees, arising from any and all acts done or omitted to be done by City, or the employees, agents, subcontractors or assigns of City, in connection with animal control of the City.

**17. Immunity: No Third Party Beneficiaries.** Nothing in this Agreement shall be deemed to waive, modify or amend any legal defense available at law or in equity to either the City or the Contractor nor to create any legal rights or claims, contractual or otherwise, on behalf of any third party. Neither the Contractor, nor the City waives, modifies, or alters to any extent whatsoever the availability of the defense of governmental immunity or charitable immunity under the laws of the State of Texas or other legal defense to either contracting party as to any third party, under the laws of this State and/or the City Charter of the City.

**18. No Joint Venture, Agency, Joint Enterprise.** This Agreement shall not be construed to establish a partnership, joint venture, agency, or joint enterprise, express or implied, nor any employer-employee or borrowed servant relationship by and among the parties hereto. Nor shall this Agreement be construed to create or grant rights, contractual or otherwise to any other person or entity not a party to this contract. Each party shall remain solely responsible for the proper direction of its employees and an employee of one shall not be deemed an employee or borrowed servant of the other for any reason.

**19. Amendments and Modifications.** This Agreement may not be amended or modified except by written amendment executed by the City and the Contractor and authorized by their respective governing bodies.

**20. Entire Agreement.** This agreements sets forth all of the agreements between the parties, and there are no other agreements, conditions, and understandings or representations, oral or written, other than those set forth herein. This agreement may only be amended by a written instrument signed by both parties. This agreement supersedes and cancels any prior agreements.

**21. Non-funding Clause** In the event no funds or insufficient funds are appropriated and budgeted, regardless of any other term in this agreement, in any fiscal year for payment(s) due under this agreement, the City will immediately notify the Contractor of such occurrence and this agreement shall terminate within 60 days of notice without penalty or expense to the City.

**22. Non Waiver** Failure of any party hereto to terminate this agreement or take any other action regarding a default, shall never have the effect of waiving any act of default, nor shall either party ever be estopped to claim an act of default.

**23. Texas Law** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and shall be performable in HORSESHOE BAY, Texas. Venue shall lie exclusively in HORSESHOE BAY, Texas.

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

SIGNED AND EFFECTIVE this \_\_\_\_ day of \_\_\_\_\_ 2016.

ATTEST:  
  
\_\_\_\_\_

HILL COUNTRY HUMANE SOCIETY

  
\_\_\_\_\_

President, HCHS (Dr. Dan McBride)



## CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

---

**To:** Mayor and City Council   
**Thru:** Stan R. Farmer, City Manager  
**From:** Jeffrey A. Koska, Community Services Director  
**Re:** Renewal of Agreement with Corix Utilities, Inc. to Provide Sandy Harbor Wholesale Diversion, Treatment and Potable Water Service

---

An agreement between the City and LCRA was formalized in October 2006 providing wholesale water sales between the City's and LCRA's Sandy Harbor water systems. LCRA sold the water system to Corix Utilities, Inc. in 2014 with the original agreement was assigned to Corix. The Agreement will end on October 17, 2016 and requires renewal to continue wholesale service.

Staff, and the City's Attorney, have updated the Agreement to include changing references from LCRA to Corix and provided updated costs based on FY2017 rates. The term of the Agreement has been set as it was with the original agreement at 10-years. Corix entered into a Firm Water Contract with LCRA on July 31, 2014 as required in the contract. This ensures the City's LCRA Firm Water Contract is not burdened by Sandy Harbor water demands.

Staff recommends approval of the Agreement with Corix Utilities, Inc. to Provide Sandy Harbor Wholesale Diversion, Treatment and Potable Water Service.

**Enclosures:** Agreement with Corix Utilities, Inc. to Provide Sandy Harbor Wholesale Diversion, Treatment and Potable Water Service.



**SANDY HARBOR  
WHOLESALE DIVERSION, TREATMENT  
AND POTABLE WATER SERVICE AGREEMENT**

This agreement ("Agreement") for the sale and purchase of water services is entered into as of the 1<sup>st</sup> day of October, 2016, between The City of Horseshoe Bay ("the City"), a Home Rule City of the State of Texas, and CORIX UTILITIES (Texas), INC. ("CORIX").

**RECITALS**

The City is the owner of certain water facilities and appurtenant real estate, hereinafter referred to as the "Water System." The Water System and future additions thereto are intended to provide water services to the customers within the area presently within the City in addition to certain out-of-City areas.

CORIX executed an agreement to acquire certain water system assets owned by Lower Colorado River Authority to provide retail water service and such acquisition agreement is contingent upon CORIX's procurement of an alternative source of water supply.

CORIX desires to purchase wholesale treated water as an alternative supply to the current Sandy Harbor source of supply.

CORIX has a LCRA Firm Water contract to divert surface water from Lake LBJ at the raw water intake structures owned and operated by the City.

CORIX desires to secure from the City wholesale water diversion, treatment and transportation services in sufficient amounts to enable CORIX to provide continuous and adequate retail water supply in compliance with federal and state standards for domestic, commercial, and industrial uses within the Sandy Harbor's service area, depicted in the attached Exhibit A hereto ("Sandy Harbor Service Area").

Section 49.2261 of the Texas Water Code, as amended, provides that the City may sell water under an agreement that contains terms that are considered advantageous to the City.

The City agrees to provide to CORIX, and CORIX agrees to buy from the City, wholesale water diversion, treatment and transportation services in accordance with the terms and conditions set out in this Agreement.

Now, THEREFORE, in consideration of the foregoing and the mutual agreements and covenants hereinafter set forth, the parties hereto agree and contract as follows:

## SECTION 1: WATER SERVICE

### **Sec. 1.01. RAW WATER CONTRACT.**

- (a) CORIX understands and agrees *that pursuant to its CCN* it is CORIX's sole responsibility to secure, maintain, and increase its raw water supply to meet the demands of the consumers within the Sandy Harbor Service Area. CORIX will reserve raw water through a Firm Water Contract with LCRA on behalf of its customers in the Sandy Harbor Service Area. CORIX will not be liable for any payment for raw water costs to the City as long as there is a current LCRA Firm Water Contract in effect. The raw water reservation secured by CORIX is in the amount of 21.6 acre-feet per year and is hereinafter referred to as the "Maximum Annual Quantity."

### **Sec. 1.02. DELIVERY OF POTABLE WATER: QUANTITY AND QUALITY.**

- (a) CORIX consents to the City (and the City agrees to) divert, treat, transport, and deliver CORIX's reserved water in potable quality meeting federal and state standards to the Delivery Point (as defined in Sec. 2.01 below) in the amount necessary to provide retail service in the Sandy Harbor Service Area up to the Maximum Annual Quantity, sufficient to meet the following demands: 19,400 gallons per day average daily demand; 54,700 gallons per day peak day demand; and up to 300 gallons per minute peak hourly demand.

### **Sec. 1.03. INCREASE IN MAXIMUM ANNUAL QUANTITY.**

- (a) In the event that CORIX desires to increase the quantity of water diverted, treated, transported and delivered to the Delivery Point beyond the amount prescribed in Section 1.02 above, the City agrees to divert, treat, deliver, and transport water in excess of those amounts only if CORIX obtains approval from CORIX Board of Directors to reserve additional water for the City, and if the City Council of the City in its sole discretion determines that it is feasible and practicable for the City to provide such water supply without impairing its ability to provide water service within the service area of the City or to fulfill any other water service obligations of the City.

## SECTION 2: CONSTRUCTION, MAINTENANCE, AND ADMINISTRATION OF WATER FACILITIES

### **Sec. 2.01. DELIVERY POINT.**

- (a) The City and CORIX agree on the current Delivery Point, located at the existing meter vault located south of the Trails of LBJ Marina, where the water is currently transported to by the City in order to connect to the existing Sandy Harbor retail distribution system currently serving the customers within the Sandy Harbor Service Area.

**Sec. 2.02. CONSTRUCTION.**

- (a) CORIX agrees to design, construct, and install, at CORIX's sole expense, any and all facilities necessary to connect the City's facilities to the Delivery Point, including but not limited to all water lines, fittings, pumps, and other equipment necessary to supply water to the existing retail distribution system (collectively herein referred to as the "Facilities").

**Sec. 2.03. INSTALLATION AND CONSTRUCTION**

- (a) Construction and installation of the Facilities shall meet the standards and specifications established by the City, the Texas Commission on Environmental Quality (TCEQ), and any other municipality or other governmental entity of relevant jurisdiction.
- (b) The designs, plans, specifications, and contract documents for the construction and installation for the Facilities shall be prepared by CORIX's engineer or consultant at CORIX's sole expense and shall be submitted and approved by the City, which approval shall not be unreasonably withheld or denied. If applicable, CORIX shall submit such designs, plans, specifications, and contract documents for the construction and installation of the Facilities to any governmental entity of relevant jurisdiction prior to the start of construction of the Facilities.
- (c) The Facilities shall be installed and constructed in easements dedicated to the public or granted to the City (or to CORIX) or in public rights of way so as not to interfere with any existing utilities within such easements.
- (d) The City's engineers or other representatives shall inspect, test, and approve the construction of the Facilities, based on compliance with the approved designs, plans, and specifications therefor.
- (e) The City shall have no obligation to provide services to CORIX until all of the Facilities have been completed, become operational, and have been approved by the City and any other agency with relevant jurisdiction.

**Sec. 2.04. OWNERSHIP.**

- (a) CORIX shall be (i) the sole owner of the Facilities, together with all easements and rights of way there of and the points of connection associated therewith within the Sandy Harbor Service Area and (ii) responsible for the operation and maintenance of the Facilities, including the water meter and the backflow preventer.

### **SECTION 3: DELIVERY OF WATER**

#### **Sec. 3.01. DELIVERY OF WHOLESALE WATER.**

- (a) Upon completion and acceptance of the Facilities, the City will provide wholesale potable water to the Delivery Point of a quality and pressure for human consumption and other domestic uses, excluding fire protection, in compliance with all local, state, and federal regulations.
- (b) The City will provide all water needed at a minimum pressure of 35 pounds per square inch as measured at the Delivery Point.
- (c) Once delivered to the Delivery Point by the City, CORIX shall be responsible for maintaining pressure to meet state minimum requirements within CORIX's service area as shown on Exhibit A.

#### **Sec. 3.02. SERVICE AREA.**

- (a) CORIX shall provide retail water service within the Sandy Harbor Service Area as shown on Exhibit A attached and described more particularly as the area generally bounded on the north by a line 6/10 of a mile north of Lakeshore Drive; on the east by a line 2/10 miles east of Centerview Drive; on the south by a line 3/10 of a mile south of Lakeshore Drive; and on the west by a line 2/10 of a mile west of Centerview Drive. The total area being requested includes approximately 175 acres.

#### **Sec. 3.03. METERING OF WHOLESALE POTABLE WATER.**

- (a) CORIX has installed the water meter at the Delivery Point which shall be used to determine the amount of water delivered to CORIX. CORIX will provide the City with reasonable access to the meter at the Delivery Point for the purpose of making meter readings and/or periodic inspections. CORIX agrees that the meter(s) will be tested for accuracy by qualified personnel and at CORIX's expense once each calendar year at intervals of approximately twelve (12) months. CORIX will provide to the City a report of such test results. Readings within five percent (5%) of accuracy shall be considered correct.
- (b) The meter may be tested at any reasonable time by either party to this Agreement, provided that the party making the test shall notify the other party at least two (2) weeks in advance and allow the other party to witness the test. The City may install, at its expense, check meters in or to any of CORIX's metering equipment at any time and may leave such check meters installed for such periods as is reasonably necessary to determine the accuracy of CORIX's metering equipment. CORIX will be required to take necessary steps to correct any meter inaccuracy discovered during any test.

(c) In the event any question arises at any time as to the accuracy of any meter, such meter shall be tested by CORIX promptly upon the demand of the City, the expense of such test to be borne by the City if the meter is found to be correct and by CORIX if it is found to be incorrect. If, as a result of any test, any meter is found to be registering inaccurately (i.e., in excess of five percent (5%) of accuracy), the readings of such meter shall be corrected at the rate of its inaccuracy for any period which is definitely known and agreed upon or, if no such period is known and agreed upon, the shorter of the following periods shall be used as the basis for correction:

- (1) a period extended back either sixty (60) days from the date of demand for the test or, if no demand for the test was made, sixty (60) days from the date of the test; or
- (2) a period extending back half of the time elapsed since the last previous test; and the records of reading shall be adjusted accordingly.

**Sec. 3.04. INTERRUPTION OF SERVICE DUE TO LEAK, BREAK, SHORTAGE OR EMERGENCY TO THE CITY'S SYSTEM.**

(a) In the event of a leak, break, shortage in water supply, production, treatment or storage or another emergency to the system that would impair the City's ability to deliver potable wholesale water to CORIX in accordance with this Agreement, the City must provide CORIX with reasonable notice and has the right to restrict, valve off, or discontinue service to CORIX, to the extent that the City does not unreasonably discriminate against CORIX in comparison to the City's other similarly situated customers, until such leak, break or emergency has been repaired. In the event that the City must curtail potable wholesale water services under its drought contingency plan, then the City will notify CORIX in advance within a reasonable time.

**SECTION 4: COSTS, RATES, AND PAYMENT**

**Sec. 4.01. CONSTRUCTION COSTS.**

(a) CORIX shall pay for all of the construction and materials costs for any facilities necessary to supply customers within the Sandy Harbor Service Area.

**Sec. 4.02. CHARGES FOR WHOLESALE WATER.**

(a) The City will charge CORIX the wholesale rate charged by the City to its Out-of-City customers as determined by its City Council, as amended from time to time but currently set as \$7.79 per 1,000 gallons, less the cost of raw water that will be paid by Corix to LCRA as per Corix's Raw Water Contract costs. Further, the City will charge CORIX the monthly minimum charge based on meter size, currently set at \$223.75 for the required out of district six-inch meter compound meter. The City will provide CORIX with notice of intent to adjust rates and the

proposed rate at least thirty (30) days in advance of the proposed rate implementation date.

- (b) The City will not charge CORIX for service investigation fees, membership fees, front end capital contribution fees, installation fees, or any other fees or charges associated with the provision of wholesale water except as otherwise allowed in this Agreement.

**Sec. 4.03. BILLING AND PAYMENT.**

- (a) The City shall read the water meter installed at the Point of Delivery once per month to determine the amount of water supplied to CORIX during the previous month. The City shall prepare a bill setting forth the sum owed to the City for said supply of water, and CORIX shall provide payment in said amount to the City within thirty (30) days' receipt of the bill.

**SECTION 5: CONDITIONS AND REPRESENTATIONS**

**Sec. 5.01. GOVERNMENTAL APPROVALS.**

- (a) This Agreement and the obligation of the City to provide water services to CORIX are conditioned upon the receipt of all necessary approvals or authorizations from any governmental bodies. All such approvals and authorizations shall be obtained by CORIX and at CORIX's expense, provided, however, that the City agrees to join CORIX and cooperate fully in any requests to such entities for authorization and approval necessary to provide water service to CORIX in accordance with the terms of this Agreement.

**Sec. 5.02. INDEMNITY AND HOLD HARMLESS.**

- (a) CORIX agrees to be individually responsible for any litigation arising from any failure to comply with local, state and federal regulations and requirements that is filed against CORIX's with respect to CORIX's operation, and maintenance of the Utility System and CORIX's construction of any Facilities under this Agreement. To the extent provided by law, CORIX agrees to indemnify and hold harmless the City and its officers, agents, employees, and representatives from and against any claims or causes of action arising out of the or in connection with the construction of the Utility System including any claims or demands due to CORIX's breach of this Agreement.

**Sec. 5.03. FORCE MAJUERE.**

- (a) In the event of an Act of God or other event that prevents the City from delivering the water pursuant to this agreement, then the City's performance hereunder shall be excused to the extent and for such time as the condition shall continue to prevent the City from performing.

## **SECTION 6: TERM AND DEFAULT**

### **Sec. 6.01. TERM.**

- (a) The term of this Agreement commences on October 1, 2016 and terminates on September 30, 2026 (the “Initial Term”); provided, however, CORIX will have an option to renew this Agreement for another ten (10) year term upon such terms and conditions as are mutually acceptable to the City and CORIX. Such terms and conditions must be agreed upon no later than six months prior to the end of the Initial Term or the option to renew will terminate.

### **Sec. 6.02. TERMINATION AND DEFAULT.**

- (a) If CORIX fails to timely make any payments required under this Agreement, the City will deliver written notice to CORIX of such failure and CORIX shall have 10 days after receipt of such notice within which to cure such failure. If such failure is not cured within such 10-day period, the City shall have the right to terminate this Agreement.
- (b) In the event of any default by CORIX under the terms of this Agreement (other than failure to make payments as described above), the City may terminate this Agreement upon thirty (30) days written notice.
- (c) In the event of the City’s default under the terms of this Agreement, CORIX may terminate this Agreement upon thirty (30) days written notice.
- (d) In addition, either party may pursue all rights and remedies available at law or in equity. Nothing in this section shall limit the authority of the City to cease delivery of water as provided elsewhere herein.

## **SECTION 7: GENERAL TERMS**

### **Sec. 7.01. INTEGRATED AGREEMENT.**

- (a) This Agreement contains the entire agreement by and between the parties hereto except as otherwise provided herein and it may not be changed or amended except by written agreement duly executed by all the parties.

### **Sec. 7.02. FURTHER ASSURANCES.**

- (a) Each party hereto further agrees that it shall take any and all necessary steps, sign and execute any and all necessary documents or agreements which are required to implement the terms of this Agreement and each party shall refrain from taking any action either expressly or implied which would have the effect of prohibiting or hindering the performance of the other party to this Agreement.

## ASSIGNMENT.

- (A) This Agreement shall be binding upon CORIX and the City and their respective assigns and successors. This Agreement may not be assigned in whole or in part without the express written consent of the non-assigning party, which shall not be unreasonably withheld or denied; provided such assignee meets all applicable governmental requirements.

### **Sec. 7.03. SEVERABILITY.**

- (a) If any provisions of this Agreement shall for any reason be held violative of any applicable law, governmental rule or regulation, or if this Agreement is held to be unenforceable or unconscionable, then the invalidity of such specific provisions herein shall not be held to invalidate the remaining provisions of this Agreement. Such other provisions and the entirety of this Agreement shall remain in full force and effect unless the removal of said invalid provisions destroys the legitimate purposes of this Agreement, in which event this Agreement shall be null and void.

### **Sec. 7.04. VENUE AND STATE LAW.**

- (a) This agreement shall be subject to and governed by the laws of the State of Texas. Any and all obligations pursuant to this agreement are performable in Llano County, Texas.

### **Sec. 7.05. NO WAIVER BY DELAY.**

- (a) The failure or delay of either party in the enforcement of the rights detailed herein shall not constitute a waiver of said rights nor shall it be considered as a basis for estoppel either at equity or at law.

IN WITNESS WHEREOF, we have hereto set our hands this 1<sup>st</sup> day of October, 2016.

**THE CITY OF HORSESHOE BAY**

**By:** \_\_\_\_\_  
Stephen Jordan  
Mayor, City of Horseshoe Bay

**Attest:** \_\_\_\_\_  
Teresa I. Moore  
City Secretary, City of Horseshoe Bay

**Corix (Texas) Utilities, Inc.**

**By:** \_\_\_\_\_  
Executive Manager

STATE OF TEXAS                    §  
  §        ACKNOWLEDGEMENT  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2016, by  
\_\_\_\_\_ on behalf of \_\_\_\_\_.

\_\_\_\_\_  
Notary Public, in and for, The State of Texas

**SELLER'S INFORMATION**

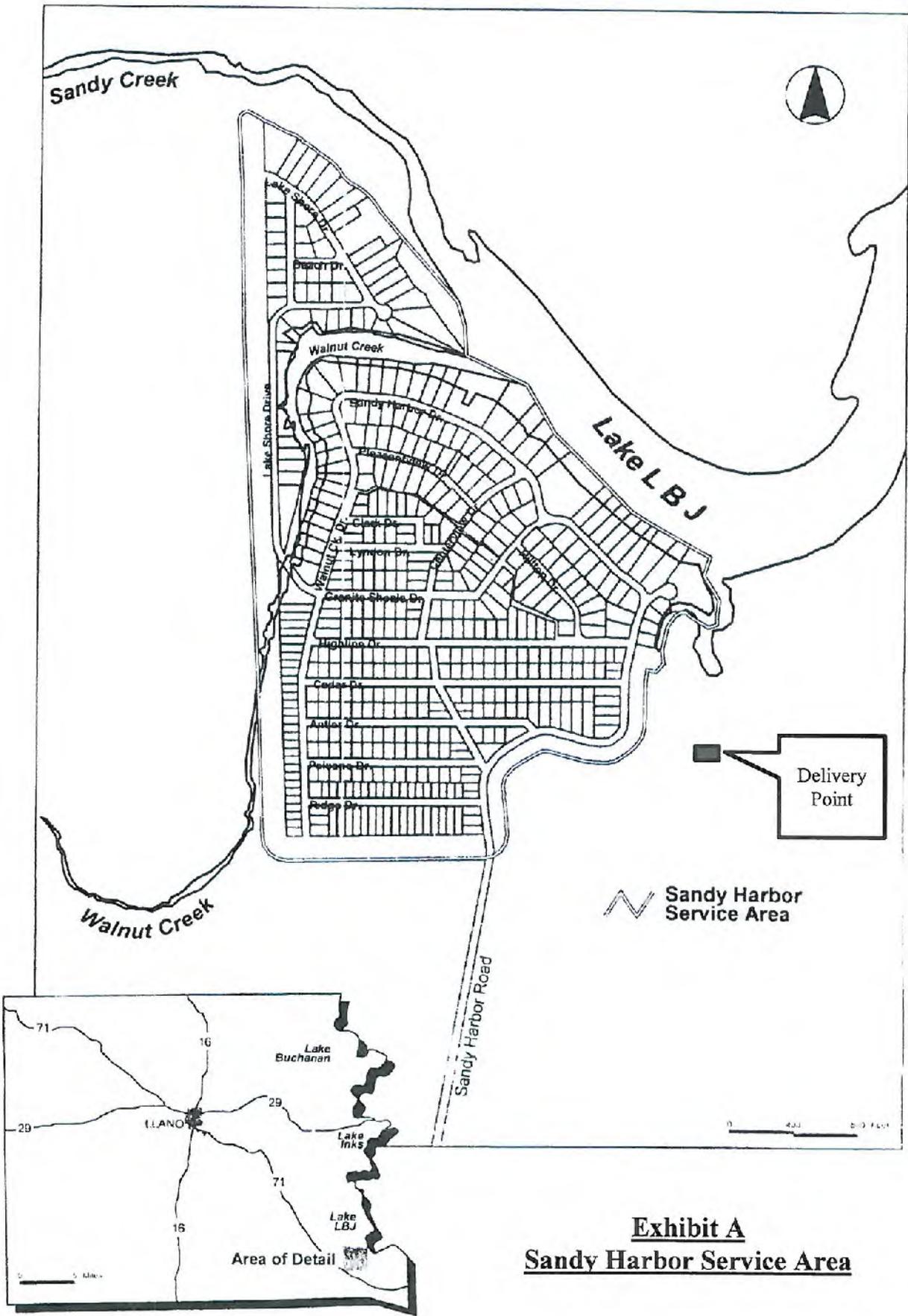
**Printed Name:** The City of Horseshoe Bay

**Mailing Address:** P.O. Box 7765  
Horseshoe Bay, Texas 78657-7765  
Attn: Stan Farmer, City Manager

**BUYER'S INFORMATION**

**Printed Name:** CORIX Utilities (Texas), Inc.

**Mailing Address:** 1812 Centre Creek Drive, Suite 100  
Austin, Texas 78754  
Attn: R. Kyle Jenson



**Exhibit A**  
**Sandy Harbor Service Area**



## CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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To: Mayor and City Council   
From: Stan R. Farmer, City Manager  
RE: Approval of Professional Services Agreement for Presiding Municipal Court Judge

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The attached agreement is a continuance of the agreement that has been in effect since January 1, 2007. This extends the agreement for two years, unless terminated by either party to this Agreement on ninety (90) days written notice.

The compensation on this agreement is increased from \$1,500 to \$1,700 per month. There are no other changes other than dates and an improved updated definition of duties.

Judge Madison has been a leader with our annual warrant round-ups and he provided the recent idea to contract out for services for outstanding warrant searches resulting in a high rate of collection and increased revenue from outstanding fees.

Staff recommends approval.

Enclosures: Agreement

**City of Horseshoe Bay  
Professional Services Agreement  
For Presiding Municipal Court Judge  
for the City of Horseshoe Bay, Texas**

This Agreement is entered into on October 1, 2016, by and between Kevin R. Madison and the City of Horseshoe Bay ("City"). Under the terms of the Agreement, Kevin R. Madison, an Attorney duly licensed to practice in the State of Texas, agrees to provide the services of Presiding Judge for the City of Horseshoe Bay Municipal Court in accordance with the following provisions:

**SECTION 1: DUTIES**

The duties and responsibilities to be performed by Kevin R. Madison as Presiding Judge under this agreement shall include the following:

1. Supervise and have control over all the operations and clerical functions for the administration of the municipal court and be responsible for the supervision of all clerical personnel of the municipal court.
2. Maintain a central docket of all cases filed in the City of Horseshoe Bay.
3. Provide the orderly administration of the court.
4. Handle special cases such as substandard building ordinance cases and other City ordinance enforcement.
5. Perform all other duties as required by State law.

**SECTION 2: COMPENSATION & INSURANCE COVERAGE**

The rate of compensation shall be \$1,700.00 per month (\$20,400.00/yr) effective October 1, 2016. The City shall provide errors and omissions coverage through Texas Municipal League Intergovernmental Risk Pool or any other insurance carrier for legal fees or judgments/damages for the Presiding Judge subject to normal exclusions of said coverage.

**SECTION 3: TERM**

This agreement shall be for a term ending September 30, 2018, unless terminated by either party to this Agreement on ninety (90) days written notice.

**SECTION 4: SEVERABILITY**

This agreement and the various parts, sentences, paragraphs, sections, subsections, and clauses thereof, are hereby declared to be severable. If any part, sentence, paragraphs, sections, subsection, or clause is adjudged unconstitutional or invalid, it is hereby provided that the remainder of this Agreement shall not be affected thereby.

**SECTION 5: EFFECTIVE DATE**

This Agreement is hereby declared effective as of October 1, 2016.

Signed and executed on this 20<sup>th</sup> day of September, 2016.

---

**Kevin R. Madison**  
**Presiding Judge**

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**Stephen T. Jordan, Mayor**  
**City of Horseshoe Bay**



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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To: Mayor and City Council *AS*  
From: Stan R. Farmer, City Manager  
RE: Approval of Professional Services Agreement for Municipal Court Prosecutor

---

The attached agreement is a continuance of the agreement that has been in effect since January 1, 2007.

The compensation on this agreement is increased from \$750 to \$850 per month. There are no other changes other than dates.

Staff recommends approval.

Enclosures: Agreement

## PROFESSIONAL SERVICES AGREEMENT

The City of Horseshoe Bay, Texas, by and through its City Council and its undersigned representative agrees by the execution of this agreement to employ Eduardo Arredondo, P.C. to represent the City for the term and for the specific matters set forth.

The City of Horseshoe Bay agrees to employ Eduardo Arredondo, on behalf of Eduardo Arredondo, P. C., to act as its prosecutor of any and all criminal cases which fall under its jurisdiction. Eduardo Arredondo will be recognized as an Assistant City Attorney.

Eduardo Arredondo hereby represents that he may act on behalf of Eduardo Arredondo, P.C. and that he is a licensed attorney in good standing in the State of Texas.

The City of Horseshoe Bay agrees to pay \$850 per month flat fee to Eduardo Arredondo, P.C. for its services. This agreement shall continue until notice is given by any party as to its desire to terminate or restructure its terms.

Signed and executed on this \_\_\_ day of September, 2016.

---

Eduardo Arredondo

---

Stephen T. Jordan, Mayor  
City of Horseshoe Bay, Texas

On behalf of  
Eduardo Arredondo, P.C.  
P.O. Box 429  
Marble Falls, TX 78654  
830-798-5556



## CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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To: Mayor and City Council   
From: Stan R. Farmer, City Manager  
RE: Approval of Appointment of Sheri Pollard as Interim City Secretary

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With the retirement of our current City Secretary effective October 1 the City needs to appoint an Interim City Secretary to serve until a permanent City Secretary is hired by Council and starts work. Section 5.03 of the City Charter states that the City Council shall appoint an Interim to perform the duties if the office becomes vacant for any reason.

Sheri Pollard has been employed with the City for 2 years in a similar position as Customer Service Administrator & GIS Manager providing administrative support for Jeff Koska and the Utility Department.

The City Manager discussed this opportunity with Sheri on a couple occasions recruiting and encouraging her to fulfill the position of Interim and to apply for the permanent position of City Secretary. She was very flattered and is excited to serve as Interim, if appointed. She can still provide some support to the Utility Department while serving in Interim capacity. Jeff Koska is supportive of her filling this Interim position too.

Staff, recommends that Sheri Pollard be appointed as Interim City Secretary effective October 1 until a permanent City Secretary has started employment.

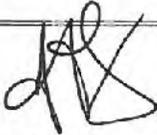
Enclosures: None



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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To: Mayor and City Council   
Thru: Stan R. Farmer, City Manager  
From: Department Heads  
Re: Monthly Statistical Departmental Data Reports

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1. City Manager Monthly Statistical Data
2. Administration Department Monthly Statistical Data
3. Community Services Department Monthly Statistical Data
4. Development Services Department Monthly Statistical Data
5. Fire Department Monthly Statistical Data
6. Police Department Monthly Statistical Data

Enclosures: Monthly Reports



# CITY OF HORSESHOE BAY



## CITY MANAGER

### 2015/2016 Activity Report

#### August

1. Conducted Monthly Employee Safety Meeting
2. Conference Call with contract Attorney regarding military pay
3. Conducted several Leadership Meetings with senior staff
4. Met with Haythem Dawlett in HSB
5. Met with Larry Buxton
6. Conducted several budget & benefits meetings
7. Gave a presentation request to ESD Board
8. Hosted Mike Hodge of Marble Falls for lunch
9. Conducted Onboarding Interview
10. Travelled to Killeen to inspect a pickleball court
11. First Capital Bank of Texas held a luncheon for police, fire and utility workers
12. Travelled to SATX for Rudy Davalos's induction into Texas Sports HOF
13. Conducted P&Z Meeting
14. Met with Haythem Dawlett in Lakeway
15. Attended Budget Workshop
16. Attended City Council Meeting
17. Attended Special Council Meeting

#### July

1. Conducted Monthly Employee Safety Meeting
2. Conducted several Leadership Meetings with senior staff
3. Met with Texas Conservation Corps staff regarding the Hiking Trail
4. Conducted Several Meetings with Employees
5. Met with Carolyn Bates regarding The Arts in Hill Country and HSB
6. Conducted Bid Opening for Solid Waste Contractor
7. Met with Ron Mitchell with Fire Chief
8. Attended City Council Meeting
9. Met with Low Bidder from Solid Waste Bid opening
10. Met with The Hills POA Board with Eric Winter
11. Met with Llano County Library Staff with Councilman Lambert in Llano
12. Lunch with local Attorney Don Crow
13. Met with Fred Clinginsmith of the Church at Horseshoe Bay regarding Hiking Trail Path Near Church
14. Attended the HSBBA breakfast monthly meeting at the Grand Bank
15. Met with Mike Widler Parks Committee Chairman
16. Conducted a Staff Meeting
17. Met with Mayor and Councilman Gray with LRPC Chairman on Saturday

## **June**

1. Conducted several Leadership Meetings with senior staff
2. Met with Council Member Cynthia Clinesmith
3. Conducted Monthly Employee Safety Meeting
4. Attended P& Z Workshop
5. Attended P& Z Meeting
6. Attended 2 Long Range Planning Committee Meetings
7. Met with Possible developers regarding Planned Development Ordinance
8. Met with Field Operation Employees
9. Met with Progressive Waste Collection representatives regarding poor customer service
10. Lunch with Corey Skahill – Local Edward Jones Representative
11. 30 day Onboarding Follow Up Interview
12. Met with Sound Design staff regarding new audio visual equipment for Council Chambers & Conference Room
13. Presented and introduced the meeting of TWCA at the Resort Banquet Room
14. Lunch with Jay Bauman retiring HSB Investigator
15. Attended Annual Seton Care-o-Van Auction in Burnet
16. Attended City Council Meeting
17. Met with Police Chief regarding short-term rentals
18. Attended POA Presidents Forum
19. Attended Retirement Party for 3 Police Personnel
20. Met with Auditors with Mayor, Council Member Pope, and Finance Director
21. Another Meeting with Progressive Waste Collection representatives regarding poor customer service
22. Attended the Budget Workshop
23. Conducted an Employee meeting with Police and Fire Dept. Personnel

## **May**

1. Attended Annual Sports Club Banquet
2. Conducted Employee Safety Meeting
3. Attended and assisted with two Long Range Planning Committee Town Hall Meetings
4. Conducted an Employee breakfast with Fire Dept. Personnel
5. Met with Bill Smyrl regarding potential development
6. Met with Mike Riley of HSB regarding recycling
7. Met with Northland Cable representative regarding service in HSB
8. Met with Councilman Gray
9. Attended City Council Meeting
10. Conducted several Leadership Meetings with senior staff
11. Attended Sports Club Meeting
12. Met with Lynnette Morrison and Eric Winter
13. Attended HSB Business Alliance meeting
14. Took Teresa Moore to lunch for Birthday
15. Attended Long Range Planning Committee meeting
16. Gave a presentation to the Noon Club Rotary Club of Marble Falls
17. Conducted a Deer Study Group Meeting
18. Met with Ray Gill and Joe Morris regarding local Project
19. Other Various meetings with staff and misc. activities

## **April**

1. Attended Senior Executive Institute of Leadership in Virginia
2. Conducted Employee Safety Meeting
3. Lunch with Mike Walsh
4. Attended NRA Event for City and received Grant
5. Conducted several Leadership Meetings with senior staff
6. Met with Patty Gillian
7. Lunch with rep from Progressive Waste
8. Attended City Council Meeting
9. Employee breakfast with Development Services
10. Attended STAR Women Fundraiser
11. Employee breakfast with Police Dept
12. Lunch Meeting with Dr. Craig and Partner
13. Met with Cottonwood Shores Mayor and HSB Mayor and staff
14. Met with Walker Partners Engineers
15. Lunch with Kent O'Brien local engineer
16. Attended TXDOT Rural TIP meeting in Mason
17. Attended Llano Co Code Enforcement meeting at Llano Annex
18. Other Various meetings with staff and misc activities

## **March**

1. Met with Assistant Police Chief and Detective Ramos
2. Attended HSB Sports Club
3. Met with Jerry Gray
4. Conducted four Staff Meetings
5. Breakfast with Field Staff
6. Attended Several Long Range Planning Committee
7. Attended American Planning Association Big Six Meeting at State Capital
8. Conducted Employee Safety Meeting
9. Met with VGI representative
10. Met with Cottonwood Shores representatives
11. Attended Meet & Greet Event at Fire Station 2
12. Conference Call with Matt Weatherly
13. Three breakfast meetings with Fire Dept Shifts
14. Conference Call with Eric Winter & Map Maker Rep
15. Conducted Deer Study Group Meeting
16. Met with Judge Cunningham & Commissioner Jones
17. Met with David Pope, Mayor and Larry Anderson
18. Attended TXDOT meeting with Mayor and District and Area Representatives
19. Breakfast with Plant operators
20. Attended Police Dept and Finance/Administration lunch hosted by PD
21. Conducted Plan review meeting for Free Reign Condo project
22. Conducted Interview for Accounting Supervisor
23. Attended Council Workshop
24. Attended Land Use Workshop
25. Met with new resident about internet subject
26. Met with Mike Walsh & Eric Winter

## **February**

1. Conducted Employee Safety Meeting
2. Conference Call with City Attorney
3. Attended P&Z Mtg
4. Toured Lake LBJ with LCRA rep regarding Milfoil
5. Conference Call with PEC regarding Internet Project
6. Attended Long Range Planning Committee
7. Conducted Deer Study Group Meeting
8. Met with Trails POA members regarding roads
9. Attended Dinner with former State Representative & Mayor Jordan
10. Conducted a Staff Meeting
11. Met with Jason Caraway of Spanish Trails
12. Lunch with Fire Chief
13. Conference Call with Impact Fee Consultant
14. Conference Call with Survey Consultant
15. Attended City Council Meeting
16. Met with Ted Burget, Diana Wright, Jeff K, Eric W, and Mayor
17. Conducted a Staff Meeting
18. Met with Councilman Gray regarding Draft of Sign Ordinance Amendment
19. Attended HSB Business Alliance mtg at Fire Station
20. Met with Councilman Gray regarding Draft of Sign Ordinance Amendment
21. Met with Bob Rapp and Dick Heilman of Oak Ridge
22. Met with Lori Brix regarding learning about library opportunities
23. Conducted Deer Study Group Meeting
24. Lunch with Mike Hodge Marble Falls City Manager
25. Attended Marble Falls Chamber of Commerce Annual Banquet as guest of First Capital Bank of Texas
26. Met with Reagan Lambert

## **January**

1. Met with Fire Chief
2. Conducted Employee Safety Meeting
3. Conducted a Staff Meeting
4. Conducted a Development Review Committee Mtg with Senior Staff
5. Attended P&Z Mtg
6. Conducted Conference Call with City Attorney for Annexation
7. Attended Long Range Planning Committee
8. Met with Jayne Mortenson of HC Builders Assoc for Breakfast mtg
9. Hosted Mike Hodge City Manager of MFs for lunch in HSB
10. Met with a representative for a rancher to answer questions on Dev Agreement
11. Attended City Council Workshop
12. Met with rancher to answer questions on Dev Agreement
13. Conducted a Stakeholder Interview for the Long Range Planning Committee (Mike Widler)
14. Conducted a Tour of City Utility facilities for 2 new Councilmembers
15. Wife and I hosted Mike Hodge City Manager of MFs & Wife for dinner at Yacht Club
16. Met with a Consultant with Eric Winter for Long Range Planning Committee
17. Met with Sue Breland a Survey Consultant for Long Range Planning Committee
18. Attended City Council Meeting
19. Met with Councilman Gray

20. Attended and entered the Chili cook-off dinner at Church at HSB
21. Attended Meeting with US Representative Mike Conoway
22. Attended Long Range Planning Committee
23. Conducted Conference Call with Eric Winter with Consultant for Long Range Planning Committee
24. Met with a representative of local wireless internet provider VGI
25. Met with a property owner of land along 311 & 2831
26. Rode around with an owner of several mobile homes in HSB South seeing improvements
27. Conducted a Stakeholder Interview for the Long Range Planning Committee (Ray Gill)
28. Met with Councilman Lambert and a local resident that has insight for Internet discussion
29. Attended ESD Meeting and spoke in support of ESD offer to purchase AEDs for PDs Patrol cars
30. Wife & I attended/invited to a dinner with First Capital Bank of Texas representatives at Yacht Club
31. Met with Jayne Mortenson of HC Builders Assoc. & Justin MacDonald a Regional Builder and Builder Representative for Texas nation-wide
32. Attended 2<sup>nd</sup> Annual HC Home Builders event at La Quinta
33. Met with Jan and Roy Busse regarding the Gyncergy Project

#### **December**

1. Conducted Employee Safety Meeting
2. Attended Advisory Mtg
3. Attended POA Presidents' Meeting
4. Attended Long Range Planning Committee
5. Conducted a Staff Meeting
6. Met with Commissioner Peter Jones regarding Transportation Matters
7. Conducted Annexation Meeting with Senior Staff
8. Conducted Stakeholder Interview of Randal Dahl for Long Range Planning Committee
9. Met with Mayor Orr, and Councilman from Cottonwood Shores with Jeff Koska regarding utility matters
10. Attended City Council Meeting
11. Attended City Employee Christmas Lunch
12. Attended Long Range Planning Committee
13. Met with City Attorney regarding Annexation
14. Interviewed by Jodi Lehman regarding Annexation
15. Introductory meeting of Pat Bouchard new P&Z member to Eric Winter
16. Met with Bill Smyrl regarding possible development
17. Met with Lot Clearing Contractor

#### **November**

1. Attended City Anniversary Event at Yacht Club
2. Conducted Employee Safety Meeting
3. Attended P & Z meeting
4. Attended Developer Meeting
5. Attended Burnet Co Precinct 4 Annual Luncheon
6. Met with Sam Martin regarding annexation of Hills III
7. Met with Morrisons
8. Attended City Anniversary Event
9. Conducted Annexation Meeting with Rex and Eric
10. Attended City Council mtg

11. Conducted meeting for Employee Appreciation Event
12. Attended Spanish Trails Open House
13. Attended Hill Country Builders Association Banquet Dinner
14. Interviewed by two Long Range Planning Committee members
15. Lunch with Sonny Mobley
16. Master of Ceremony for Rocky Wardlow Roast at Trails
17. Met with TML appointed Attorneys
18. Lunch with Larson Lloyd of Northland Cable

### **October**

1. Attended Ribbon cutting for Bill Lane Safety Center
2. Met with HDR Engineers
3. Conducted Monthly Safety Meeting with Employees
4. Attended TX American Planning Association Conference in Galveston
5. Met with Jim Long of Long Range Planning Committee
6. Met with Todd Still of Zeecon
7. Attended Trails event for Joe Morris & wife
8. Conducted Staff Meeting
9. Attended City Council Meeting
10. Attended Long Range Planning Committee
11. Conducted an Annexation Conference Call with City Attorney
12. Attended Training Session for Regional Notification System
13. Met with Jeff Koska
14. Attended Monthly HSB Business Alliance Coffee at Grand Bank
15. Planned a wedding too....



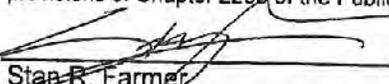
# CITY OF HORSESHOE BAY

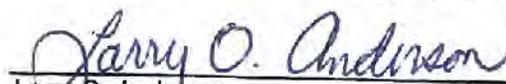


## INVESTMENT REPORT AS OF AUGUST 31, 2016

UTILITY FUND INVESTMENTS						
ACCOUNT	INTEREST RATE	7/31/2016	INTEREST	OTHER DEBITS/ CREDITS	8/31/2016	
<b>AMERICAN BANK</b>						
DISBURSEMENT ACCOUNT	0.10%	\$ 26,871	\$ 28	\$ 79,522	\$ 106,421	
UTILITY FUND OPERATING	0.30%	\$ 64,370	\$ 46	\$ 317,409	\$ 381,825	
TOTAL - AMERICAN BANK		\$ 91,241	\$ 74	\$ 396,931	\$ 488,247	
<b>TEXPOOL</b>						
LCMUD#1 CAPITAL RECOVERY	0.37%	\$ 32,419	\$ 10	\$ (924)	\$ 31,506	
RATE STABILIZATION FUND	0.37%	\$ 5,380	\$ 3	\$ 997	\$ 6,381	
TOTAL - TEXPOOL		\$ 37,799	\$ 13	\$ 74	\$ 37,886	
<b>TOTAL UF ACCOUNTS</b>		\$ 129,041	\$ 87	\$ 397,005	\$ 526,133	
GENERAL FUND INVESTMENTS						
<b>AMERICAN BANK</b>						
DISBURSEMENT ACCOUNT	0.10%	\$ 68,900	\$ -	\$ 9,093	\$ 77,993	
GENERAL FUND OPERATING	0.30%	\$ 139,513	\$ 34	\$ (86,675)	\$ 52,871	
GENERAL FUND LOT MOWING	0.05%	\$ 3,268	\$ 1	\$ (1)	\$ 3,268	
PD ACCOUNT	0.10%	\$ 8,896	\$ 1	\$ (3,263)	\$ 5,634	
TOTAL - AMERICAN BANK		\$ 220,577	\$ 35	\$ (80,846)	\$ 139,766	
<b>TEXPOOL</b>						
GENERAL FUND OPERATING	0.37%	\$ 2,924,836	\$ 825	\$ (368,085)	\$ 2,557,576	
GENERAL FUND RESERVE	0.37%	\$ 2,600,815	\$ 815	\$ (805)	\$ 2,600,825	
TOTAL - TEXPOOL		\$ 5,525,651	\$ 1,640	\$ (368,890)	\$ 5,158,402	
<b>TOTAL GF ACCOUNTS</b>		\$ 5,746,228	\$ 1,676	\$ (449,736)	\$ 5,298,168	
CAPITAL PROJECTS FUND INVESTMENTS						
<b>AMERICAN BANK</b>						
DISBURSEMENT ACCOUNT	0.10%	\$ 25	\$ -	\$ 28,106	\$ 28,130	
<b>TEXPOOL</b>						
CAPITAL PROJECTS FUND 7	0.37%	\$ 13,035	\$ 4	\$ (12,011)	\$ 1,028	
HORSESHOE CREEK TR FUND 6	0.37%	\$ 22,927	\$ 7	\$ 0	\$ 22,934	
TOTAL CAPITAL PROJECTS		\$ 35,987	\$ 11	\$ 16,095	\$ 52,092	
INTEREST & SINKING FUND						
<b>TEXPOOL</b>						
INTEREST & SINKING	0.37%	\$ 284,684	\$ 57	\$ (150,821)	\$ 133,920	
<b>TOTAL I&amp;S ACCOUNTS</b>		\$ 284,684	\$ 57	\$ (150,821)	\$ 133,920	
<b>TOTAL CITY ACCOUNTS</b>		\$ 6,195,940	\$ 1,831	\$ (187,458)	\$ 6,010,313	
AGENCY FUND INVESTMENTS						
<b>ESCONDIDO PID</b>						
AMERICAN BANK	0.05%	\$ 2,592	\$ 1	\$ (1)	\$ 2,592	
<b>SUMMIT ROCK PID</b>						
TEXPOOL	0.37%	\$ 1,562,498	\$ 497	\$ (497)	\$ 1,562,498	
TOTAL - SUMMIT ROCK		\$ 1,562,498	\$ 497	\$ (497)	\$ 1,562,498	
<b>TOTAL AGENCY FUND ACCOUNTS</b>		\$ 1,565,090	\$ 497	\$ (497)	\$ 1,565,090	
TAX COLLECTIONS						
2015 TAXES COLLECTED TO DATE		8/31/2016	\$ 4,191,420		99.19%	
2014 TAXES COLLECTED TO DATE		8/31/2015	\$ 4,058,016		99.42%	

The City of Horseshoe Bay Investment Portfolio is in compliance with the investment strategy of its Investment Policy and the relevant provisions of Chapter 2256 of the Public Funds Investment Act.

  
 Stan R. Farmer  
 City Manager/Investment Officer

  
 Larry D. Anderson  
 Finance Director/Investment Officer



# CITY OF HORSESHOE BAY

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## ADMINISTRATION DEPARTMENT MONTHLY FINANCIAL REPORT AS OF AUGUST 31, 2016

### Investment Report:

All account balances reflected are as of AUGUST 31, 2016. The total of all City accounts was \$6,010,313. Interest earned on all accounts totaled \$1,831. The TexPool average interest rate for the month of AUGUST was .37% as compared to .06% for the month of AUGUST last year.

### Utility Fund:

The total of the Utility Fund accounts was \$526,133 comprised of \$488,247 in the operating accounts at American Bank of Texas, and \$37,886 in TexPool.

### General Fund:

The total of the General Fund accounts was \$5,298,168 comprised of \$139,766 in the operating accounts at American Bank of Texas, and \$5,158,402 in TexPool.

### Capital Projects Fund:

The account balance of the Capital Projects Fund at TexPool was \$52,092 and \$28,130 at American Bank.

### Interest and Sinking Fund:

The account balance of the Interest and Sinking Fund at TexPool was \$133,920.

### Agency Funds:

The Escondido PID account balance at American Bank of Texas was \$2,592. The account balance of the Summit Rock PID account at TexPool was \$1,562,498.

### Tax Collections:

The 2015 taxes collected as of AUGUST 31, 2016 total \$4,191,420. At a collection rate of 99.19%, as compared to 99.42% collected at this same time last year.

A copy of the AUGUST 31, 2016 Investment Report is attached for your review.

**Operating Budget Reports:**

All Budget Reports are as of AUGUST 31, 2016.

Utility Fund:

The budget reflects that the Utility Fund YTD revenues were \$206,574.45 more than budgeted and the Utility Fund YTD expenses are under budget by \$239,855.37.

General Fund:

The General Fund YTD revenues were \$56,223.16 more than budgeted and the General Fund YTD expenses were more than budgeted by \$10,865.68.

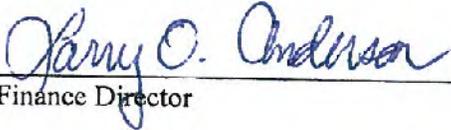
Capital Projects Fund:

The Capital Projects Fund YTD revenues were \$46.77 less than budgeted and the Capital Projects Fund YTD expenses were under budget by \$1,216.29.

Debt Service Fund:

The Debt Service Fund YTD revenues were \$39,620.29 more than budgeted and the Debt Service YTD Expenses were zero.

A copy of the Budget Summary for Utility & General Fund is attached for your review.

  
\_\_\_\_\_  
Finance Director

## Human Resources Report:

**AUGUST 2016**

### Job Openings as of AUGUST 31, 2016:

- Animal Control Officer – Part-Time – 1
- Plant Operator – 1
- Police Officer – 2
- Field Operator – 2
- Field Operations Foreman – 1
- City Secretary – 1
- GIS Administrator - 1
- IT Administrator – 1
- Assistant Planner - 1

### July New Hires:

- Lonnie Wagner, Police Officer – 08/01/16
- Jerry Johnson, Police Officer – 08/23/16

### Internal Transfers/Promotions:

- Linden Thorp promoted to Police Specialist (Police Department), effective 08/08/16

### Turnover:

**AUGUST: 3**

**Total 2016: 13**

**Total FY 2015 - 2016: 17**

### Headcount as of AUGUST 31, 2016:

- Full Time Employees: 74
- Part Time Employees: 12
- **Total Number of Employees: 86**

The following employees observed City anniversaries in AUGUST:

Dept.	Name	Date	Yrs	Dept.	Name	Date	Yrs
Fire	Ryan Guthrie	08/02/2009	7	Plant	Rob Parsley	08/02/2004	12
Field	Gary Wilkes	08/10/2004	12	Fire	Joe Morris	08/10/2015	1
Police	Robert Fox	08/11/2014	2	Fire	Joshua Nail	08/11/2002	14
Police	Kevin Ard	08/13/2012	4	UAdm	Sheri Pollard	08/22/2014	2
Field	Terry DiSanto	08/29/2014	2	Field	Bryan Pokluda	08/31/2015	1

### Miscellaneous:

- HR attended LEAD class in Virginia.
- Began Open Enrollment discussions and determined benefits recommendations to present to Council.
- Implemented Applicant Tracking System (ATS) and began utilizing for external and internal job openings.
- Conducted training for Hiring Managers on ATS

- We are working toward developing training programs for supervisors in areas such as FMLA, Harassment Prevention, Behavioral Interviewing and Performance Evaluations. Harassment training for all employees will also be developed and presented. (Continuation)

**Safety (see attached report for details):**

<b>Accident Totals for Fiscal Year:</b>	<b>FY 2016:</b>	<b>FY 2015:</b>
Accidents Reported in AUGUST:	2	0
Total Accidents YTD:	17	6
Lost-Time Accidents YTD:	1	1

**August Safety Meeting:**

Dane Bybee & Rick Williams (Field Operations) provided a video presentation on Working in Hot Conditions. The video provided information on measures to avoid heat dangers and what to do in the event of a heat-related injury, illness or accident.

**City of Horseshoe Bay**  
**Summary Budget Comparison - Unposted Transactions Included In Report**  
**1 - Utility Fund**  
**From 8/1/2016 Through 8/31/2016**

Account Type	Account Code	Account Title	Current Period Budget \$ - Original	Current Period Actual \$	Current Period Budget \$ Variance - Original	YTD Budget \$ - Original	YTD Actual	YTD Budget \$ Variance - Original	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaining
	40000	Revenues									
REV	1000	ADMINISTRATION	0.00	0.00	0.00	0.00	12,000.00	12,000.00	0.00	12,000.00	0.00%
REV	1001	WATER - PRODUCTION	361,163.00	465,281.83	104,118.83	2,709,428.00	2,858,139.12	148,711.12	3,217,000.00	(358,860.88)	(11.15)%
REV	2001	WASTEWATER - TREATMENT	190,270.00	203,129.80	12,859.80	2,058,646.00	2,103,496.11	44,850.11	2,279,500.00	(176,003.89)	(7.72)%
REV	3001	SOLID WASTE - RECYCLING	67,145.00	66,836.68	(308.32)	738,595.00	737,776.31	(818.69)	805,750.00	(67,973.69)	(8.43)%
REV	4000	STANDBY	123.00	73.78	(49.22)	1,353.00	2,164.73	811.73	1,500.00	664.73	44.31%
REV	9999	INTEREST INCOME	300.00	49.49	(250.51)	3,300.00	4,320.18	1,020.18	3,750.00	570.18	15.20%
Total REV			619,001.00	735,371.58	116,370.58	5,511,322.00	5,717,896.45	206,574.45	6,307,500.00	(589,603.55)	(9.35)%
	50000	Expenses									
EXP	1000	ADMINISTRATION	153,550.00	127,764.20	(25,785.80)	1,824,352.60	1,831,381.31	(7,028.71)	1,989,500.00	158,118.69	7.94%
EXP	1001	WATER - PRODUCTION	71,092.00	58,636.22	(12,455.78)	768,570.00	696,531.15	(72,038.85)	844,250.00	147,718.85	17.49%
EXP	1002	WATER - DISTRIBUTION	56,477.00	30,050.49	(26,426.51)	597,660.44	472,877.87	(124,782.57)	670,250.00	197,372.13	29.44%
EXP	2001	WASTEWATER - TREATMENT	21,392.00	19,545.03	(1,846.97)	296,923.88	291,390.33	(5,533.55)	312,750.00	21,359.67	6.82%
EXP	2002	WASTEWATER - COLLECTION	66,685.00	44,209.56	(22,475.44)	772,373.08	719,055.91	(53,317.17)	845,500.00	126,444.09	14.95%
EXP	3001	SOLID WASTE - RECYCLING	51,186.00	49,804.27	(1,381.73)	581,853.40	590,641.46	(8,788.06)	629,750.00	39,108.54	6.21%
Total EXP			420,382.00	330,009.77	(90,372.23)	4,841,733.40	4,601,878.03	(239,855.37)	5,292,000.00	690,121.97	(13.04)%
		<b>Total 1 - Utility Fund</b>	<b>198,619.00</b>	<b>405,361.81</b>	<b>206,742.81</b>	<b>669,588.60</b>	<b>1,116,018.42</b>	<b>446,429.82</b>	<b>1,015,500.00</b>	<b>100,518.42</b>	<b>9.90%</b>

**City of Horseshoe Bay**  
**Summary Budget Comparison - Unposted Transactions Included In Report**  
**2 - General Fund**  
**From 8/1/2016 Through 8/31/2016**

Account Type	Account Code	Account Title	Current Period Budget \$ - Original	Current Period Actual \$	Current Period Budget \$ Variance - Original	YTD Budget \$ - Original	YTD Actual	YTD Budget \$ Variance - Original	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaining
	40000	Revenues									
REV	1000	ADMINISTRATION	41,375.00	47,442.97	6,067.97	509,595.00	539,669.47	30,074.47	551,000.00	(11,330.53)	(2.05)%
REV	5000	FIRE	11,100.00	28,554.52	17,454.52	229,500.00	255,548.92	26,048.92	242,500.00	13,048.92	5.38%
REV	6000	EMERGENCY SERVICE DISTRICT	750.00	750.00	0.00	8,250.00	8,250.00	0.00	9,000.00	(750.00)	(8.33)%
REV	7000	TAX	375,125.00	400,480.02	25,355.02	4,292,135.00	4,349,683.22	57,548.22	4,727,500.00	(377,816.78)	(7.99)%
REV	8000	POLICE	0.00	6.00	6.00	2,500.00	14,081.10	11,581.10	2,750.00	11,331.10	412.04%
REV	9500	DEVELOPMENT SERVICES	496.00	3,565.00	3,069.00	90,440.00	106,629.00	16,189.00	91,500.00	15,129.00	16.53%
REV	9600	STREET MAINTENANCE	50,379.00	29,391.78	(20,987.22)	640,114.00	629,269.92	(10,844.08)	676,500.00	(47,230.08)	(6.98)%
REV	9800	MOWING & CLEARING	6,000.00	65.00	(5,935.00)	455,051.00	366,986.72	(88,064.28)	486,000.00	(119,013.28)	(24.48)%
REV	9999	INTEREST INCOME	0.00	1,718.05	1,718.05	2,500.00	16,189.81	13,689.81	2,500.00	13,689.81	547.59%
Total REV			485,225.00	511,973.34	26,748.34	6,230,085.00	6,286,308.16	56,223.16	6,789,250.00	(502,941.84)	(7.41)%
	50000	Expenses									
EXP	1000	ADMINISTRATION	80,814.00	81,040.63	(226.63)	1,541,312.02	1,657,185.87	(115,873.85)	1,861,750.00	204,564.13	10.98%
EXP	5000	FIRE	131,123.67	135,973.33	(4,849.66)	1,616,483.71	1,630,664.23	(14,180.52)	1,725,500.00	94,835.77	5.49%
EXP	8000	POLICE	142,417.00	111,300.22	31,116.78	1,681,559.33	1,623,920.71	57,638.62	1,787,500.00	163,579.29	9.15%
EXP	9000	ANIMAL CONTROL	5,357.00	5,822.54	(465.54)	142,677.28	133,248.70	9,428.58	147,750.00	14,501.30	9.81%
EXP	9500	DEVELOPMENT SERVICES	20,006.00	22,521.64	(2,515.64)	301,864.00	281,440.26	20,423.74	323,250.00	41,809.74	12.93%
EXP	9600	STREET MAINTENANCE	25,811.00	4,642.00	21,169.00	203,218.00	174,450.25	28,767.75	230,000.00	55,549.75	24.15%
EXP	9800	MOWING & CLEARING	96,330.00	55,632.00	40,698.00	464,822.00	461,892.00	2,930.00	628,000.00	166,108.00	26.45%
Total EXP			501,858.67	416,932.36	84,926.31	5,951,936.34	5,962,802.02	(10,865.68)	6,703,750.00	740,947.98	(11.05)%
		Total 2 - General Fund	(16,633.67)	95,040.98	111,674.65	278,148.66	323,506.14	45,357.48	85,500.00	238,006.14	278.37%



# CITY OF HORSESHOE BAY



## COMMUNITY SERVICES DEPARTMENT DIRECTOR'S REPORT

**Water and Wastewater Flows:** A comparison of gallons of Water Produced, Water Sold, Water Loss, Treated Sewer, Sewer Effluent Flows, and other details of monthly operation.

Aug 2016 (Jul 11 –Aug 12 Billing Cycle)

	Aug-16	Aug-15
<b>Water Produced for Sale:</b>	<b>84.92 MG</b>	<b>83.43 MG</b>
Known Leaks and Accounted Uses:	3.370 MG	6.054 MG
Unknown Water Loss:	2.14 MG	9.69 MG
<b>Water Sold To Public:</b>	<b>79.41 MG</b>	<b>67.69 MG</b>
Maximum Daily Flow:	3.34 MG	4.63 MG
Average Daily Flow:	2.83 MG	2.69 MG
<b>Total Water Production for Fiscal Year:</b>	<b>512.94 MG</b>	<b>459.44 MG</b>
<i>Percentage of LCRA Contract (Maximum Allowable Quantity – 725.00 MG)*</i>	56.7%	49.4%

\* Contract is based on calendar year, not fiscal year and excludes wholesale usage (Sandy Harbor, Oak Ridge and Deerhaven).

July 2016 Wastewater Treatment

	Aug-16	Aug-15
<b>Treated Wastewater:</b>	<b>20.20 MG</b>	<b>17.85 MG</b>
% Water Sold:	25%	26%
Maximum Daily Flow:	0.818 MG	0.758 MG
Average Daily Flow:	0.652 MG	0.576 MG
<b>Total Wastewater Treated for Fiscal Year:</b>	<b>186.40 MG</b>	<b>179.05 MG</b>
Effluent Pumped to Golf Courses & Other Reuse Sites:	16.11 MG	24.28 MG
Year-to-Date Percent of Water Sold :	43%	59%

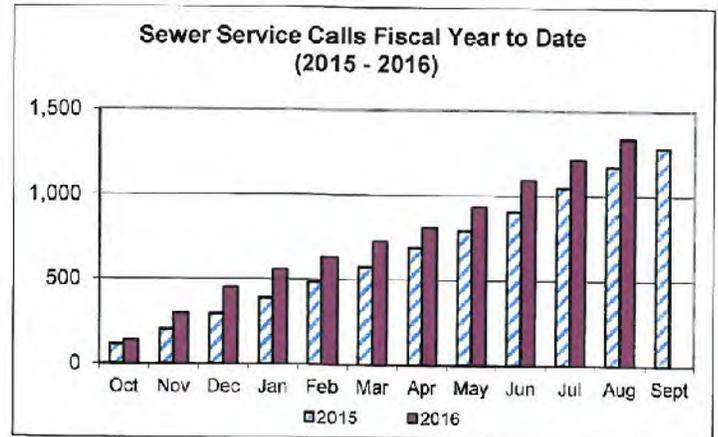
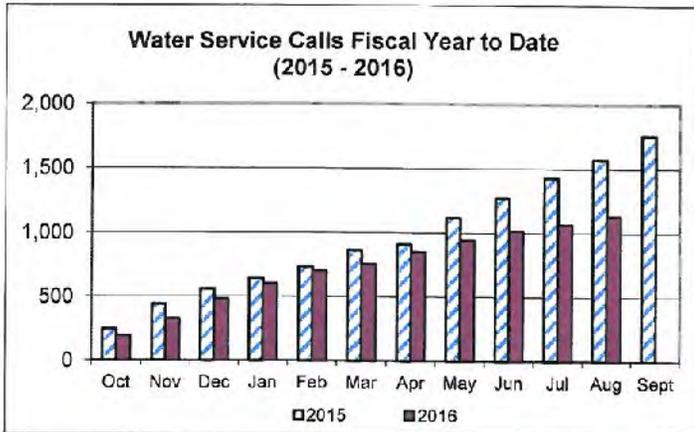
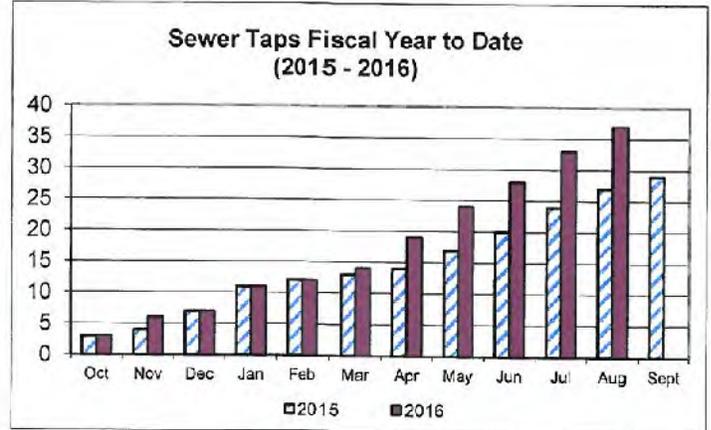
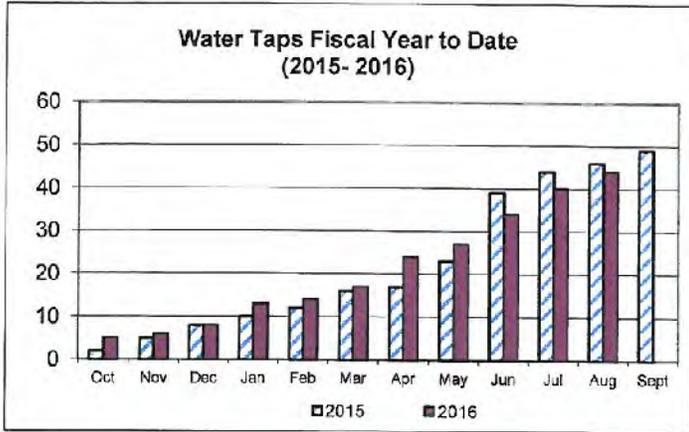
Average Wastewater Flow from Cottonwood Shores (for August 2016) was 66,000 gallons per day, which is 69% of the contract amount (96,000 gallons per day).

	O-15	N-15	D-15	J-16	F-16	M-16	A-16	M-16	J-16	J-16	A-16	S-16	YTD
Raw Water (MG)	78.66	62.79	41.27	41.56	37.95	41.13	41.61	42.48	49.99	75.28	93.18	0.00	605.89
Water Produced (MG)	72.28	57.42	30.40	30.13	26.26	31.07	37.43	36.01	42.01	65.00	84.92	0.00	512.94
Known Leaks And Accounted Uses (MG)*	10.64	5.26	3.77	5.58	0.77	1.28	2.40	6.15	7.75	6.61	3.37	0.00	53.57
Water Loss (MG)*	1.81	5.24	2.53	1.29	0.89	0.23	3.31	0.73	2.71	1.42	2.14	0.00	22.28
Water Loss %**	2.5%	9.1%	8.3%	4.3%	3.4%	0.7%	8.8%	2.0%	6.4%	2.2%	2.5%		4.3%
Water Sold (MG)	59.83	46.92	24.11	23.26	24.61	29.56	31.72	29.14	31.55	56.98	79.41	0.00	437.09
Treated Wastewater (MG)	17.35	16.10	15.23	14.49	14.69	16.83	15.10	18.33	17.08	21.01	20.20	0.00	186.40
Treated Wastewater as % of Water Sold	29%	34%	63%	62%	60%	57%	48%	63%	54%	37%	25%		43%

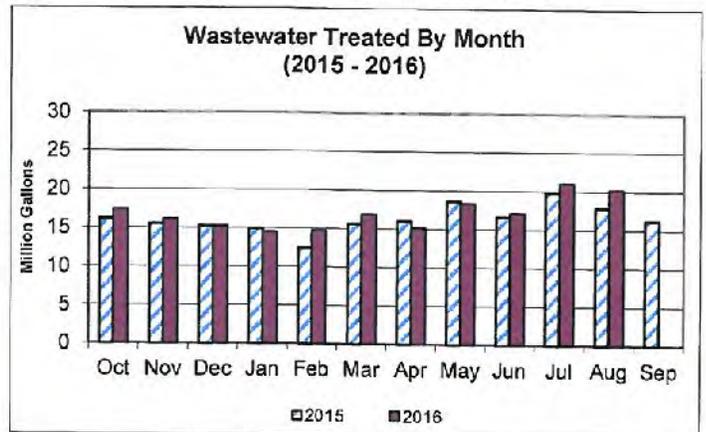
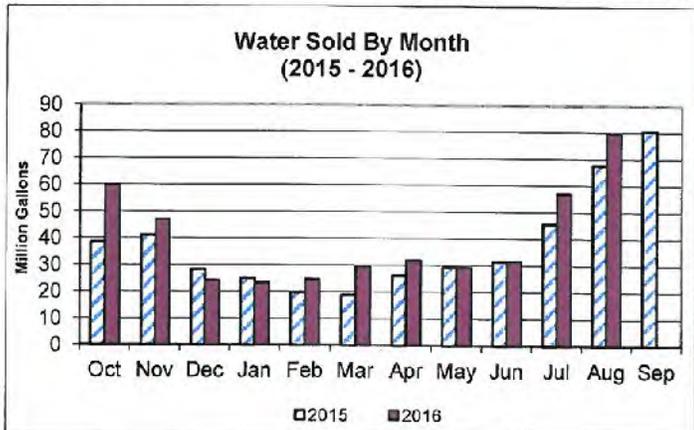
\* October Known Leaks included two large volume line leaks (one which was in an uninhabited area that ran for a long period) and extensive flushing to maintain Chlorine levels.



# CITY OF HORSESHOE BAY



↑ Difference in 2015 to 2016 adjustment in accounting multiple meter work activities as single workorders



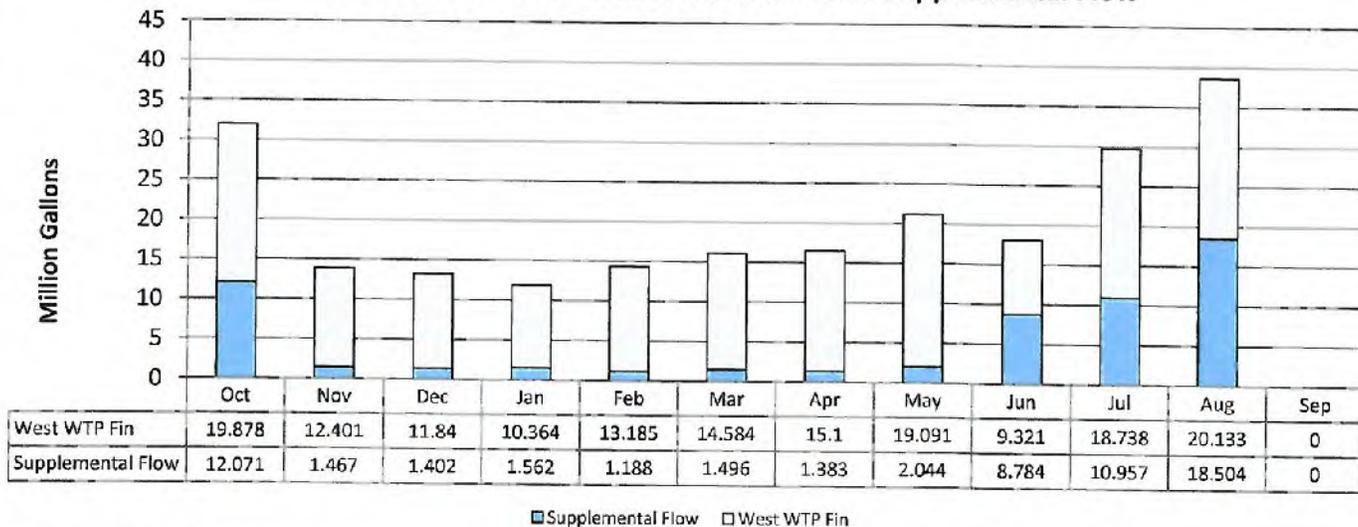
All Water Sold and Wastewater Treatment Sold is based the billing cycle and not calendar dates.



# CITY OF HORSESHOE BAY

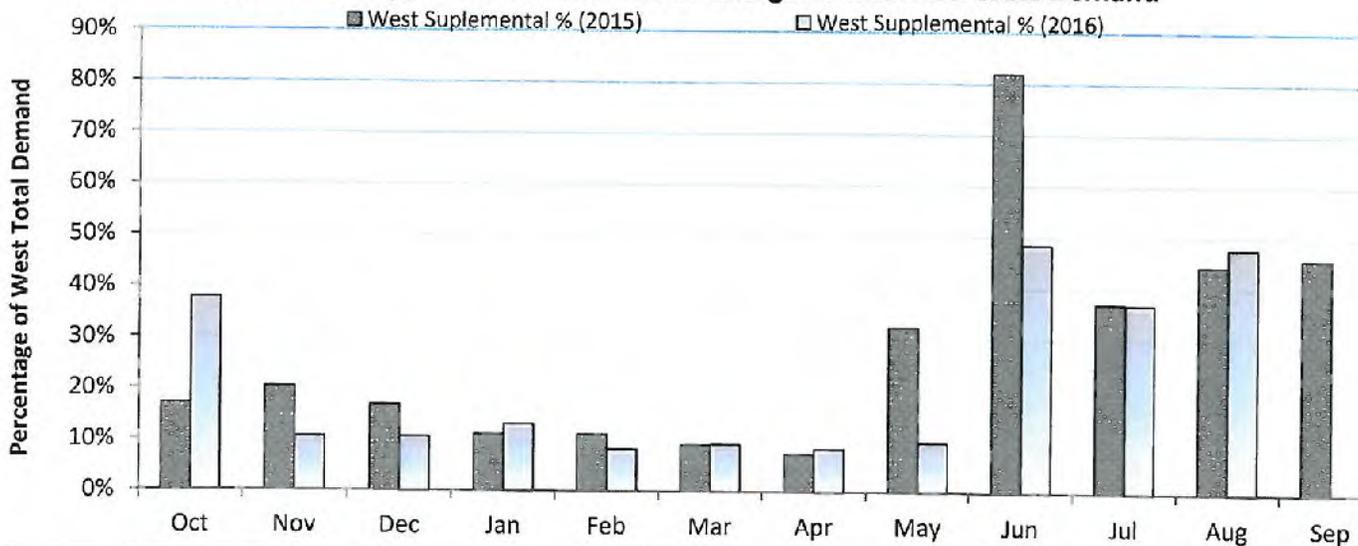


### West Water Plant Production & HSB West Supplemental Flow

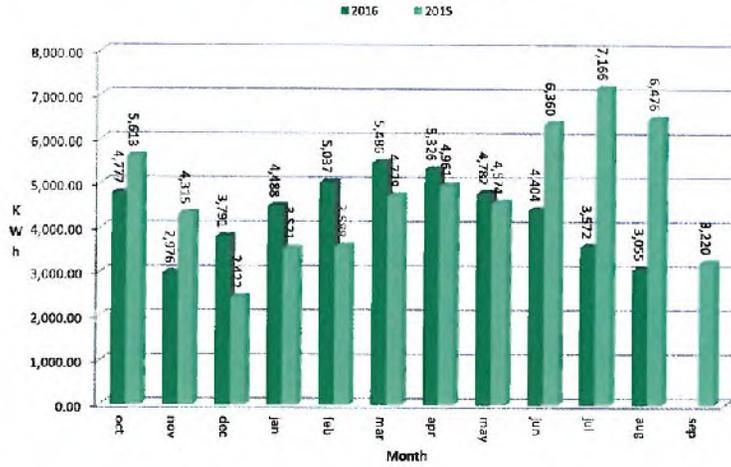


\*February flows at West Plant down due to replacement of section of raw water line on Water's Edge.

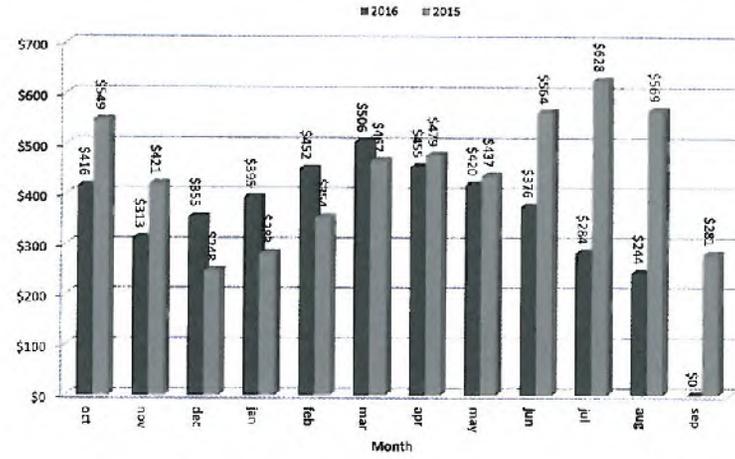
### HSB West Supplemental Flow as Percentage of Total HSB West Demand



**Solar Energy Generated  
Central Water Treatment Plant**



**Savings of Energy  
Generated by Solar Power Generation**

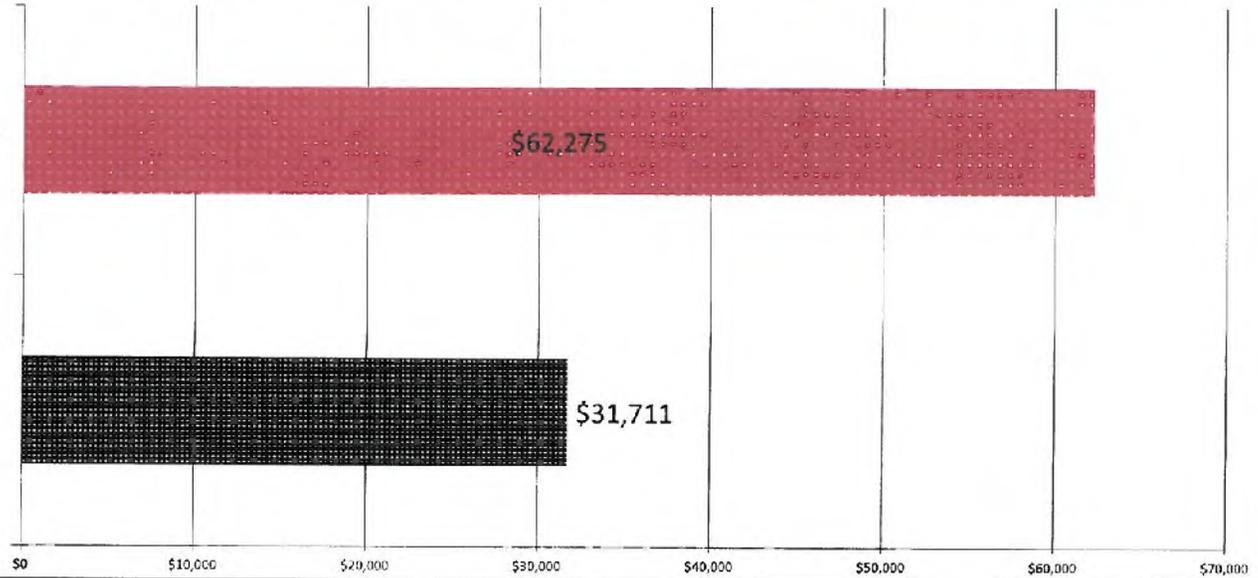


Project Cost (City's Portion)

\$62,275

Accumulative Savings

\$31,711





# CITY OF HORSESHOE BAY



## Summary of Community Services Department Activities for August 2016

*Summary of tasks below are in conjunction with routine tasks performed by staff in providing water treatment, water distribution, wastewater collection, wastewater treatment, garbage, recycling, GIS mapping, utility billing and customer services.*

### Management Activities

- Met with IT Contracts on integration of Cityworks Asset Management and Utility Billing program. Plan for updating Asset identification and information transfer to Field Ops.
- Met with Engineer on City's CCN application. Reviewed the Texas PUC permit requirements and contacted regulatory agency to set meeting on permit.
- Oversight of West Water Plant construction. Electrical contractor installed conduit for PEC to complete underground electrical. Excavation of piping and Clarifier began.
- West Water Plant plan and materials submission oversight. Reviewed pay application process and field order change process. Research alternative Clarifier submittals.
- Continued oversight of migration of GIS and Utilities data layers into new GIS database model. Continue to develop new in-house data structure for GIS improvements.
- Review GIS Database design configurations of newly created Local Government Model with GIS Manager and GIS Consultant. Began revisions to data structure.
- Oversight and evaluation of performance of pilot Automatic Meter system test. Review performance and software design parameters with Staff on selection of equip.
- Evaluated issues related to Recycling and brush operations. Developed options to mitigate expanding volumes and related expenses. Work with contractor on costs.
- Attended 8 day course on High Powered Org. Model for Local Gov. at Univ. of Virginia LEAD course with Fire Chief, HR Director, and Development Services Director.
- Continue to seek out utility bill and water loss issues. Zero and high usage accounts are being screened for accuracy or meter failures. Manage irrigation audits.
- Development of future City ordinance that will include irrigation system mandated for best methods and equipment and landscape minimal requirements.
- Finalize efforts of ESRI, Ability, Laserphish, TruePoint, And Cityworks migration software to new in-house servers. Develop emergency offsite plan for backup server.
- Attended weekly Leadership Training sessions held by City Manager. Reviewed Extreme Government Makeover text and "Drive" in preparation of meetings.
- Met with Leadership team on working collectively to implement training of HPO learned in University of Virginia LEAD course. Discussed how to "fit" concepts to our City.
- Revised Utilities Rate Model to include FY2016 actual usage numbers and projected FY2017's approved Budgeted expenses. Expand model to include five year "projections".
- Reviewed Budget for possible option to be removed or deferred to accommodate lower Utility Rate increase. Worked with Financial Director on Funding.
- Met with Engineer on Water Plant Sludge permit for Freedom Ranch. Met with ranch owner on logistics and selection of location of disposal site. Sample of sludge tested.
- Participated in Departmental Team Building luncheons. Field Operations interacted with Police and Plant Operations interacted with the Development Services Department.
- Continued discussions with Community Service staff on Leadership and High Performance Organizational training. Discuss logistics for future meetings and development.
- Continued with reviewing all job descriptions. Met with staff to discuss and revised job descriptions to better represent functions and tasks of today's system demands.
- Met with Contractor and Engineer on utilities for residential developments in Hidden Cove and Tuscan Village. Reviewed plans and timing of development.
- Met with Supervisory staff on revised Community Services job descriptions to better reflect current job task, duties and responsibilities.
- Revised City's Wholesale contract with Corix, Sandy Harbor subdivision water system. Worked with Corix staff and City's Legal staff to complete revisions.

### Operational Projects

- Meter replacement program - 65 meter replacements and 81 new water and wastewater taps since beginning of beginning of Fiscal Year.
- System chlorine flushing and customer assistance for water quality issues - tracking chlorine and ammonia levels in distribution system. Flush extra for odor & taste issues.
- Repaired 8 water mainline leaks and 2 sewer leaks in August. There was no substantial water leak in August.
- Work on plan to improve customer access and traffic related issues at Recycling Center area. Develop cost estimates on possible options for improvements.

Contracted with wood recycler from Austin to begin grinding years worth of brush at recycling center. Oversight of work and ensured materials disposed of offsite.

Implemented AMI Software and hardware that will replace existing AMR heads. Began pilot test on alternative system for smart meter cloud based/ daily reads on 50 meters.

Worked with Freedom Ranch owner on Water Plant sludge application location and logistics. Site selection and regulatory requirements.

Worked with Accounting staff on automatic check scanning options as well as potential streamlining Billing to Accounting processes.

Met with Engineer on TCEQ Wastewater Land Application Permit. Submitted application to TCEQ and provided additional information requested by TCEQ.

#### **Large Capital Projects**

Continued work with Engineer on construction for West Treatment Plant expansion. Reviewing submittals and construction pay applications. Attend construction meetings.

Oversight of West Water Plant construction. Electrical contractor installed conduit for PEC to complete underground electrical. Excavation of piping and Clarifier began.

Met with Engineer on CCN Boundary permit to include newly annexed and City's ETJ area not conflicting with other CCNs. Working with PUC on application.

Developed service options for areas proposed to be included with CCN permit area. Acquired GIS data for areas out of City limits. Work on utility layout.

Pre-construction meeting with contractor and City staff on West Water Treatment Plant Expansion project. Met with contractor on construction issues and submittals.

Gathering data for permitting a Water Plant Sludge application site west of City. Attended meeting with Freedom Ranch owner for best location of disposal sites.

#### **Training Activities**

Jeff Koska attended University of Virginia - Darden Business School LEAD Public Service Training August 13th through 19th. Received Training certificate.

Ben Bales attend Surface Water I course and Chlorine Safety and Maintenance course online.

Bronson Ratliff participated in 2nd Cityworks online train to develop skills in maintaining the software and hardware configurations.

Jeff Koska, Steve Hawley and Dane Bybee attended training on City's new Human Resources Applicant tracking system.

Sherri Pollaed trained on Pictometry GIS application and ESRI Python scripting for GIS applications.

Josh Hisey attended a HACH chlorine testing course on new testing equipment in San Antonio.



# CITY OF HORSESHOE BAY



## DEVELOPMENT SERVICES AUGUST 2016 ACTIVITY REPORT

### Meetings with the following:

1. Craig Haydon and Bobbi Havins regarding Municipal Court.
2. Haythem Dawlett and Stan Farmer regarding a contractor registration and Tuscan Village.
3. Pat Bouchard regarding upcoming P&Z meetings.
4. Stan Farmer regarding the 8/18 P&Z meeting packet.
5. Lindsey Durdell regarding a Variance, and again with her mother regarding issues with approval of a re-roof/addition permit at 1210 Mountain Dew.
6. David Gardiner regarding the floodplain on Lot W 13046 in the 1000 Block of Cats Eye and Tract WW on the south side of Sun Ray.
7. Tricia and Donn Cherne regarding Lot 23096 zoned R-4 east of FM 2147 and regarding grade and fill on their property on Boot Hill.

### Other Meetings I attended:

1. Development Services Staff Meeting, including continued discussion of the leadership book Extreme Government Makeover.
2. Monthly Safety Meeting.
3. 3 Senior Staff/Leadership Team Meetings, including one to review the job descriptions for the new GIS and IT positions.
4. Staff training regarding the Applicant Tracking System for new hires.
5. City Council Budget Workshop, regular City Council and City Council Special Meeting on the Long Range Plan.

### Other Activity:

1. Completed the Utility Service Agreement for Hidden Coves and approved the first payment for infrastructure work on the project.
2. Attended University of Virginia LEAD (Leadership Education And Development) from 8/13 – 8/19.
3. Coordinated with Steve Hawley to arrange for the international shipping container to be removed from the 2900 block of Deep Canyon, and used by Utility Plant operations.
4. Vale dropped the lawsuit against the City and me personally, but can still refile it in Llano County.
5. Communicated with Kevin Khozem of Avon Signs LLC who submitted a standard Chevron canopy and ground monument sign package in red, white and blue to the Horseshoe Bay ACC for Texan Mart, which was denied.

### Code Enforcement Officer Activities from 10/01/15 (Fiscal Year) To Date Summary:

- Red Tags Issued: 33
- Citations and Court Summons Issued: 4
- Certified Letters Sent: 131
- Total Vehicles Removed: 24
- Regular Letters Sent/Posted: 148
- Letters for Yard Lights/Addresses: 165
- Development Services Director Minor Plats approved: 0



# CITY OF HORSESHOE BAY



## DEVELOPMENT SERVICES

### AUGUST 2016 ACTIVITY REPORT

Page 2

Building Permits					
Completed Application Received	ATS Review Completed	Date Issued To Customer	Type	Address	Owner
03-18-2016	03-31-2016	08-01-2016	Residential	1411 Hi Circle South	Jeff Braden
05-31-2016	07-27-2016	08-01-2016	Residential	311 Short Circuit	Ricky Burton
06-27-2016	07-27-2016	08-01-2016	Residential	309 Short Circuit	Ricky Burton
07-26-2016	07-29-2016	08-02-2016	Deck	508 Short Circuit	Tony & Jeanie Jones
07-20-2016	07-25-2016	08-02-2016	Pool	211 Plenty Hills	John & Jennifer Holt
07-07-2016	08-02-2016	08-08-2016	Patio Enclosure	450 Fire Dance	Roger Goose
08-01-2016	08-05-2016	08-15-2016	Electrical/Plumbing	104 Gallop	Lisa Cyrier
08-09-2016	08-10-2016	08-15-2016	Stucco	73 Applehead Island Dr	John Phillips
08-04-2016	08-17-2016	08-17-2016	Deck	719 Hart	James Rash
07-22-2016	08-19-2016	08-22-2016	Pool	101 Harbor Light	Rick Seidlit
08-08-2016	08-15-2016	08-29-2016	Fence/Wall	108 Blanco Court	Shirl A. Thornton

Residential Permits	FY 13	FY 14	FY 15	FY 16
October	3	3	9*	2*
November	0	5	3	2
December	3	6	6*	11
January	2	1	3	5
February	4	2	2	7
March	2	1	2	1
April	3	2*	2	3
May	3	2	7	10*
June	2*	11	6	10*
July	2	4*	5	4
August	3*	3	4	3
September	3	7	5*	
<b>Yearly Total</b>	<b>30</b>	<b>47</b>	<b>54</b>	<b>58</b>

\*Indicates one Single-family permit in the ETJ

Department Activity Report	August
Residential Plan Reviews submitted to ATS	4
Residential Permits Issued	3
Plan Reviews (Includes 2 Commercial)	12
ATS Inspections	101
Garage Sale Permits Issued	2
Variances	1
Mobile Homes	0
Plat/Replat (Incl. Minor Plats)	0
Planned Development	0
Amendments	0
Requests for information	609

**MONTHLY RESIDENTIAL PERMIT TRACKING**  
**8/31/2016**

<b>NO.</b>	<b>Address</b>	<b>Zone</b>	<b>Subdivision</b>	<b>Date Permit Issued</b>	<b>Date Most Recent ATS Inspection Requested or Made</b>	<b>No. Months on Permit</b>	<b>Permit Expires</b>
1	2401 Saddle Gun-Repermit-Note 1	4B	Horseshoe Bay South	2/17/2016-Repermit	2/11/2014	0	3/21/2016
2	126 Rock N Robyn- Repermit-Note 2	11	The Trails	01/11/16-Repermit	7/21/2016	0	7/11/2016
3	300 High Pointe Ln.-Repermit-Note 3	12	Summit Rock	2/11/2015	6/8/2016	0	8/11/2016
4	116 Nattie Woods-Repermit-Note 3	12	Summit Rock	2/11/2015	1/15/2016	0	8/11/2016
5	312 Nattie Woods-Repermit-Note 4	12	Summit Rock	6/13/2016-Repermit	4/26/2016	0	9/11/2016
6	316 Nattie Woods-Repermit-Note 4	12	Summit Rock	6/13/2016-Repermit	8/30/2016	0	9/11/2016
7	101 Lachite-Note 5	3	Horseshoe Bay West	12/11/2014	6/16/2016	0.5	9/19/2016
8	113 La Bonita-Note 6	9	Escondido	6/15/2016-Repermit	8/30/2016	3.5	12/15/2016
9	307 Outcrop-Note 7	3	Horseshoe Bay West	06/16/2016-Repermit	9/25/2015	3.5	12/16/2016
10	601 Mountain Leather-Note 8	3	Horseshoe Bay West	11/7/2015-Repermit	None Requested	3.5	12/16/2016
11	201 Mountain Leather	3	Horseshoe Bay West	6/16/2015	6/28/2016	3.5	12/16/2016
12	157 La Serena Loop	9	Escondido	6/17/2015	2/12/2016	3.5	12/17/2016
13	1202 Sun Ray	3	Horseshoe Bay West	7/28/2015	8/26/2016	5	1/28/2017
14	627 Passion Flower	12	Summit Rock	8/5/2015	12/17/2015	5	2/5/2017
15	110 Kelley Lane	11	The Trails	8/18/2015	3/23/2016	5.5	2/18/2017
16	1113 Mountain Leather	3	Horseshoe Bay West	8/25/2015	11/6/2015	5.5	2/25/2017
17	813 Trails Parkway	11	The Trails	9/3/2015	2/23/2016	6	3/3/2017
18	3340 W SH 71	ETJ	ETJ	9/14/2015	2/4/2016	6.5	3/14/2017
19	155 La Serena Loop	9	Escondido	9/21/2015	8/8/2016	7.5	3/21/2017
20	135 Wilderness Dr. E	ETJ	ETJ	10/14/2015	5/9/2016	8.5	4/14/2017
21	100 Gallop	3	Horseshoe Bay West	10/20/2015	2/16/2016	7.5	4/20/2017
22	105 Plaza Escondido	9	Escondido	11/3/2015	7/21/2016	8	5/3/2017
23	801 Silver Hill	3	Horseshoe Bay West	11/4/2015	3/4/2016	8	5/4/2017
24	120 Azalea Loop	12	Summit Rock	12/2/2015	6/9/2016	9	6/2/2017
25	112 Jade	3	Horseshoe Bay West	12/3/2015	4/18/2016	9	6/3/2017
26	325 Parallel Circle	3	Horseshoe Bay WEst	12/3/2015	None Requested	9	6/3/2017
27	101 Harbor Light	4A	Horseshoe Bay	12/4/2015	7/11/2016	9	6/4/2017
28	1502 Hi Circle South	4A	Horseshoe Bay	12/22/2015	6/9/2016	9.5	6/22/2017

**MONTHLY RESIDENTIAL PERMIT TRACKING**  
**8/31/2016**

<b>NO.</b>	<b>Address</b>	<b>Zone</b>	<b>Subdivision</b>	<b>Date Permit Issued</b>	<b>Date Most Recent ATS Inspection Requested or Made</b>	<b>No. Months on Permit</b>	<b>Permit Expires</b>
29	1307 Mountain Leather	3	Horseshoe Bay West	12/22/2015	8/10/2016	9.5	6/22/2017
30	301 The Trails Parkway	11	The Trails	1/7/2016	8/15/2016	10	7/7/2017
31	107 La Bonita	9	Escondido	1/8/2016	8/2/2016	10	7/8/2017
32	213 Grove Ct	12	Summit Rock	2/3/2016	6/22/2016	11	8/3/2017
33	225 Grove Ct	12	Summit Rock	2/3/2016	7/1/2016	11	8/3/2017
34	306 Apache Tears	3	Horseshoe Bay West	2/8/2016	4/26/2016	11	8/8/2017
35	101 Grove Ct	12	Summit Rock	2/9/2016	7/15/2016	11	8/9/2017
36	1306 High Circle South	4A	Horseshoe Bay	2/10/2016	6/15/2016	11	8/10/2017
37	211 Plenty Hills	3	Horseshoe Bay West	2/19/2016	8/19/2016	11.5	8/19/2017
38	709 Sky Hawk	3	Horseshoe Bay West	2/24/2016	8/9/2016	11.5	8/24/2017
39	106 Blue Yonder	2	Applehead	3/3/2016	8/12/2016	12	9/3/2017
40	106 Diamond Hill	2	Applehead	4/4/2016	None Requested	13	10/4/2017
41	810 The Trails Parkway	11	The Trails	4/8/2016	6/2/2016	13	10/8/2017
42	215 Maverick Circle	4A	Horseshoe Bay	4/11/2016	8/29/2016	13	10/11/2017
43-50	100-112&116-204 Tuscan Dr.-Note 9	3	Horseshoe Bay West	5/10/2016	7/25/2016	14.5	11/10/2017
51	103 Up There East	3	Horseshoe Bay West	5/12/2016	8/10/2016	14.5	11/12/2017
52	129 Wilderness Drive East	ETJ	ETJ	5/18/2016	8/25/2016	14.5	11/18/2017
53	115 Wilderness Drive East	ETJ	ETJ	6/1/2016	None Requested	15	12/1/2017
54	103 Still Water	3	Horseshoe Bay West	6/1/2016	8/11/2016	15	12/1/2017
55	703 Pecan Crossing	6	Pecan Creek	6/2/2016	8/19/2016	15	12/2/2017
56	301 Grove Court	12	Summit Rock	6/14/2016	8/3/2016	15.5	12/14/2017
57	1602 White Tail	4B	Horseshoe Bay South	6/15/2016	8/26/2016	15.5	12/15/2017
58	204 Mountain Home	3	Horseshoe Bay West	6/15/2016	8/3/2016	15.5	12/15/2017
59	1124 Stampede	4B	Horseshoe Bay South	6/16/2016	8/26/2016	15.5	12/16/2017
60	132 Rock N Robyn	11	The Trails	6/21/2016	8/17/2016	16	12/21/2017
61	108 Gillespie Court	6	Pecan Creek	6/28/2016	8/23/2016	16	12/28/2017
62	402 Lighthouse Dr.	4A	Horseshoe Bay	6/29/2016	8/19/2016	16	12/29/2017
63	221 Grove Ct	12	Summit Rock	7/1/2016	8/16/2016	16	1/1/2018

**MONTHLY RESIDENTIAL PERMIT TRACKING**

**8/31/2016**

<b>NO.</b>	<b>Address</b>	<b>Zone</b>	<b>Subdivision</b>	<b>Date Permit Issued</b>	<b>Date Most Recent ATS Inspection Requested or Made</b>	<b>No. Months on Permit</b>	<b>Permit Expires</b>
64	112 Las Puertas	9	Escondido	7/15/2016	8/18/2016	16.5	1/15/2018
65	103 Whistle Stop	3	Horseshoe Bay West	7/27/2016	8/5/2016	17	1/27/2018
66	101 Lost Buck	3	Horseshoe Bay West	7/28/2016	8/16/2016	17	1/28/2018
67	1411 Hi Circle South	3	Horseshoe Bay West	8/1/2016	8/9/2016	17	2/1/2018
68	311 Short Circuit	4A	Horseshoe Bay	8/1/2016	8/18/2016	17	2/1/2018
69	309 Short Circuit	4A	Horseshoe Bay	8/1/2016	None Requested	17	2/1/2016
70	283 La Serena Loop	9	Escondido	NYI			
71	401 Matern Court	3	Horseshoe Bay West	NYI			
72	1504 Hi Fault Dr.	3	Horseshoe Bay West	NYI			
73-80	Tuscan Dr.	3	Horseshoe Bay West	NYI			
81	100 Gillespie Ct.	6	Pecan Creek	NYI			
82	311 Sombrero	4A	Horseshoe Bay	NYI			
83	401 Cat Canyon	3	Horseshoe Bay West	NYI			
84	169 Encantada	9	Escondido	NYI			

**NYI** - Not Yet Issued. Permit is ready for pick-up by builder/contractor

**NOTES**

- 1 Owner provided timetable for repairs and was given final notice that he needs to provide Repermit payment by 9/20/16, or staff will begin Municipal Court Substandard Building process .
- 2 Contractor was granted Repermit on 1/11/16 for 6 months - expired on 7/11/16. Sent copy of failed inspection. To be completed by September 15.
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- 7 Contractor was granted Repermit on 6/16/2016 for 6 months - expires on 12/16/16
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- 9 First 8 of 16 units- last Phase of The Enclave - 2 - 4 Unit Permits remain unpaid.

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**8/31/2016**

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39	106 Blue Yonder	2	Applehead	3/3/2016	8/12/2016	12	9/3/2017
40	106 Diamond Hill	2	Applehead	4/4/2016	None Requested	13	10/4/2017
7	101 Lachite-Note 5	3	Horseshoe Bay West	12/11/2014	6/16/2016	0.5	9/19/2016
9	307 Outcrop-Note 7	3	Horseshoe Bay West	06/16/2016-Repermit	9/25/2015	3.5	12/16/2016
10	601 Mountain Leather-Note 8	3	Horseshoe Bay West	11/7/2015-Repermit	None Requested	3.5	12/16/2016
11	201 Mountain Leather	3	Horseshoe Bay West	6/16/2015	6/28/2016	3.5	12/16/2016
13	1202 Sun Ray	3	Horseshoe Bay West	7/28/2015	8/26/2016	5	1/28/2017
16	1113 Mountain Leather	3	Horseshoe Bay West	8/25/2015	11/6/2015	5.5	2/25/2017
21	100 Gallop	3	Horseshoe Bay West	10/20/2015	2/16/2016	7.5	4/20/2017
23	801 Silver Hill	3	Horseshoe Bay West	11/4/2015	3/4/2016	8	5/4/2017
25	112 Jade	3	Horseshoe Bay West	12/3/2015	4/18/2016	9	6/3/2017
26	325 Parallel Circle	3	Horseshoe Bay West	12/3/2015	None Requested	9	6/3/2017
29	1307 Mountain Leather	3	Horseshoe Bay West	12/22/2015	8/10/2016	9.5	6/22/2017
34	306 Apache Tears	3	Horseshoe Bay West	2/8/2016	4/26/2016	11	8/8/2017
37	211 Plenty Hills	3	Horseshoe Bay West	2/19/2016	8/19/2016	11.5	8/19/2017
38	709 Sky Hawk	3	Horseshoe Bay West	2/24/2016	8/9/2016	11.5	8/24/2017
43-50	100-112&116-204 Tuscan Dr.-Note 9	3	Horseshoe Bay West	5/10/2016	7/25/2016	14.5	11/10/2017
51	103 Up There East	3	Horseshoe Bay West	5/12/2016	8/10/2016	14.5	11/12/2017
54	103 Still Water	3	Horseshoe Bay West	6/1/2016	8/11/2016	15	12/1/2017
58	204 Mountain Home	3	Horseshoe Bay West	6/15/2016	8/3/2016	15.5	12/15/2017
65	103 Whistle Stop	3	Horseshoe Bay West	7/27/2016	8/5/2016	17	1/27/2018
66	101 Lost Buck	3	Horseshoe Bay West	7/28/2016	8/16/2016	17	1/28/2018
67	1411 Hi Circle South	3	Horseshoe Bay West	8/1/2016	8/9/2016	17	2/1/2018
71	401 Matern Court	3	Horseshoe Bay West	NYI			
72	1504 Hi Fault Dr.	3	Horseshoe Bay West	NYI			
73-80	Tuscan Dr.	3	Horseshoe Bay West	NYI			
83	401 Cat Canyon	3	Horseshoe Bay West	NYI			
27	101 Harbor Light	4A	Horseshoe Bay	12/4/2015	7/11/2016	9	6/4/2017

28	1502 Hi Circle South	4A	Horseshoe Bay	12/22/2015	6/9/2016	9.5	6/22/2017
36	1306 High Circle South	4A	Horseshoe Bay	2/10/2016	6/15/2016	11	8/10/2017
42	215 Maverick Circle	4A	Horseshoe Bay	4/11/2016	8/29/2016	13	10/11/2017
62	402 Lighthouse Dr.	4A	Horseshoe Bay	6/29/2016	8/19/2016	16	12/29/2017
68	311 Short Circuit	4A	Horseshoe Bay	8/1/2016	8/18/2016	17	2/1/2018
69	309 Short Circuit	4A	Horseshoe Bay	8/1/2016	None Requested	17	2/1/2016
82	311 Sombrero	4A	Horseshoe Bay	NYI			
1	2401 Saddle Gun-Repermit-Note 1	4B	Horseshoe Bay South	2/17/2016-Repermit	2/11/2014	0	3/21/2016
57	1602 White Tail	4B	Horseshoe Bay South	6/15/2016	8/26/2016	15.5	12/15/2017
59	1124 Stampede	4B	Horseshoe Bay South	6/16/2016	8/26/2016	15.5	12/16/2017
55	703 Pecan Crossing	6	Pecan Creek	6/2/2016	8/19/2016	15	12/2/2017
61	108 Gillespie Court	6	Pecan Creek	6/28/2016	8/23/2016	16	12/28/2017
81	100 Gillespie Ct.	6	Pecan Creek	NYI			
8	113 La Bonita-Note 6	9	Escondido	6/15/2016-Repermit	8/30/2016	3.5	12/15/2016
12	157 La Serena Loop	9	Escondido	6/17/2015	2/12/2016	3.5	12/17/2016
19	155 La Serena Loop	9	Escondido	9/21/2015	8/8/2016	7.5	3/21/2017
22	105 Plaza Escondido	9	Escondido	11/3/2015	7/21/2016	8	5/3/2017
31	107 La Bonita	9	Escondido	1/8/2016	8/2/2016	10	7/8/2017
64	112 Las Puertas	9	Escondido	7/15/2016	8/18/2016	16.5	1/15/2018
70	283 La Serena Loop	9	Escondido	NYI			
84	169 Encantada	9	Escondido	NYI			
2	126 Rock N Robyn- Repermit-Note 2	11	The Trails	01/11/16-Repermit	7/21/2016	0	7/11/2016
15	110 Kelley Lane	11	The Trails	8/18/2015	3/23/2016	5.5	2/18/2017
17	813 Trails Parkway	11	The Trails	9/3/2015	2/23/2016	6	3/3/2017
30	301 The Trails Parkway	11	The Trails	1/7/2016	8/15/2016	10	7/7/2017
41	810 The Trails Parkway	11	The Trails	4/8/2016	6/2/2016	13	10/8/2017
60	132 Rock N Robyn	11	The Trails	6/21/2016	8/17/2016	16	12/21/2017
3	300 High Pointe Ln.-Repermit-Note 3	12	Summit Rock	2/11/2015	6/8/2016	0	8/11/2016
4	116 Nattie Woods-Repermit-Note 3	12	Summit Rock	2/11/2015	1/15/2016	0	8/11/2016
5	312 Nattie Woods-Repermit-Note 4	12	Summit Rock	6/13/2016-Repermit	4/26/2016	0	9/11/2016
6	316 Nattie Woods-Repermit-Note 4	12	Summit Rock	6/13/2016-Repermit	8/30/2016	0	9/11/2016
14	627 Passion Flower	12	Summit Rock	8/5/2015	12/17/2015	5	2/5/2017
24	120 Azalea Loop	12	Summit Rock	12/2/2015	6/9/2016	9	6/2/2017
32	213 Grove Ct	12	Summit Rock	2/3/2016	6/22/2016	11	8/3/2017

33	225 Grove Ct	12	Summit Rock	2/3/2016	7/1/2016	11	8/3/2017
35	101 Grove Ct	12	Summit Rock	2/9/2016	7/15/2016	11	8/9/2017
56	301 Grove Court	12	Summit Rock	6/14/2016	8/3/2016	15.5	12/14/2017
63	221 Grove Ct	12	Summit Rock	7/1/2016	8/16/2016	16	1/1/2018
27	101 Harbor Light	4A	Horseshoe Bay	12/4/2015	7/11/2016	9	6/4/2017
28	1502 Hi Circle South	4A	Horseshoe Bay	12/22/2015	6/9/2016	9.5	6/22/2017
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59	1124 Stampede	4B	Horseshoe Bay South	6/16/2016	8/26/2016	15.5	12/16/2017
18	3340 W SH 71	ETJ	ETJ	9/14/2015	2/4/2016	6.5	3/14/2017
20	135 Wilderness Dr. E	ETJ	ETJ	10/14/2015	5/9/2016	8.5	4/14/2017
52	129 Wilderness Drive East	ETJ	ETJ	5/18/2016	8/25/2016	14.5	11/18/2017
53	115 Wilderness Drive East	ETJ	ETJ	6/1/2016	None Requested	15	12/1/2017

**NYI** - Not Yet Issued. Permit is ready for pick-up by builder/contractor

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# City of Horseshoe Bay

## OFFICE OF COURT ADMINISTRATION

### AUGUST 2016 OFFICIAL MUNICIPAL COURT ACTIVITY REPORT

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	YTD
<b>New Cases Filed</b>	36	26	31	37	65	53	67	65	56	34	43		513
<b>Disposition of Trial</b>													
Trial by Judge - Guilty	0	0	0	0	0	0	1	0	0	0	0		1
Trial by Judge -N Guilty	0	0	0	0	0	0	0	0	0	0	0		0
Trial by Jury - Guilty	0	0	0	0	0	0	0	0	0	0	0		0
Trial by Jury - N Guilty	0	0	0	0	0	0	0	0	0	0	0		0
<b>Cases Dismissed</b>													
A. After Driver Safety Course	4	4	0	2	2	3	2	3	8	4	4		36
B. After Deferred	7	1	4	0	2	3	0	4	3	1	2		27
C. After Proof Fin. Respons.	2	1	0	0	1	1	3	1	3	2	1		15
D. Compliance Dismissal	0	1	4	1	2	0	0	0	0	0	0		8
<b>Comm. Serv. Ordered</b>	0	0	1	0	0	0	0	0	0	0	0		1
<b>Cases Appealed</b>	0	0	0	0	0	0	0	0	0	0	0		0
<b>Juvenile/Minor Activity</b>													
A. TCC	0	0	0	0	1	1	0	0	0	2	0		4
B. ABC	0	0	0	0	0	0	0	1	0	0	0		1
C. DUI	0	0	0	0	0	0	0	0	0	0	0		0
D. H&S Offenses filed	0	0	0	0	0	3	0	1	0	0	0		4
H. Non-Traffic Offenses	0	0	0	0	0	0	0	0	0	0	0		0
<b>Arrest Warrants</b>													
A. Class C. Misdemeanors	44	0	35	29	34	11	51	18	46	46	8		322
B. Felonies	0	0	0	0	0	0	0	0	0	0	0		0
<b>Revenue</b>													
A. Other Agency Revenue	\$1,275	\$2,234	\$2,013	\$2,387	\$1,165	\$2,735	\$1,337	\$641	\$544	\$488	\$1,373		\$16,192
B. City Revenue	\$7,205	\$8,977	\$8,563	\$8,985	\$8,684	\$12,058	\$10,982	\$10,643	\$9,370	\$5,790	\$9,175		\$100,432
<b>TOTAL REVENUE</b>	<b>\$ 8,480</b>	<b>\$ 11,211</b>	<b>\$ 10,576</b>	<b>\$ 11,372</b>	<b>\$ 9,849</b>	<b>\$ 14,793</b>	<b>\$ 12,319</b>	<b>\$ 11,284</b>	<b>\$ 9,914</b>	<b>\$ 6,278</b>	<b>\$ 10,548</b>		<b>\$ 116,624</b>



# CITY OF HORSESHOE BAY



## FIRE DEPARTMENT August 2016 FY ACTIVITY REPORT

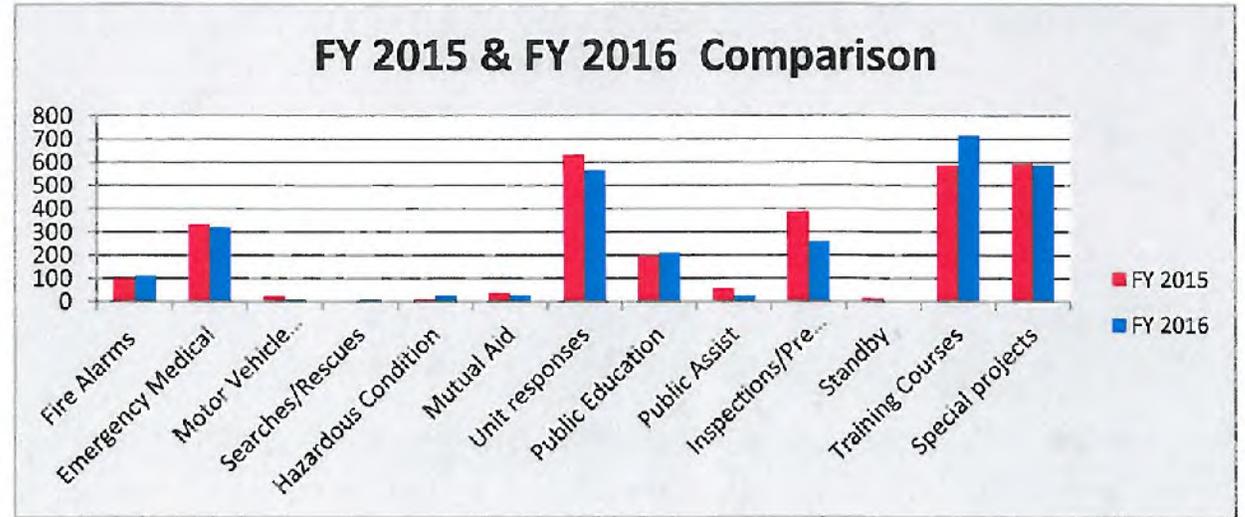
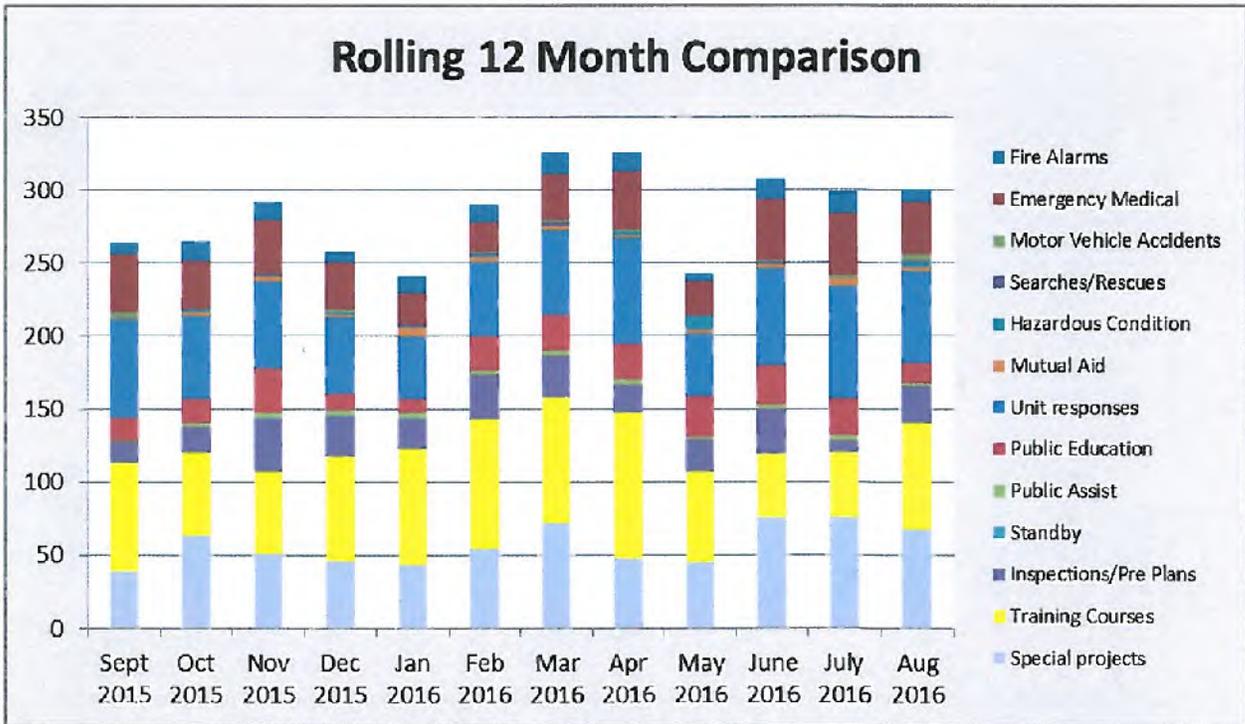
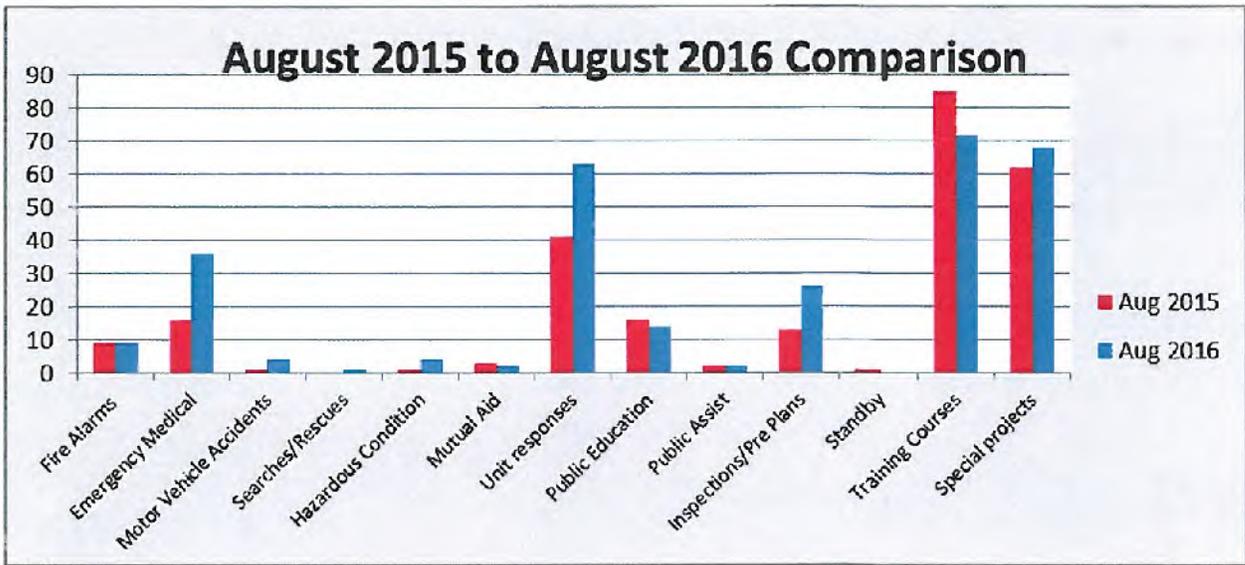
Meetings Attended – Chief Morris and Asst. Chief Black attended multiple meetings during the month of August to include the following:

- Aug 2 – Conference Call with City contract Attorney to discuss military pay
- Aug 3 – Leadership Team Meeting, Spanish Trails inspection
- Aug 4 – Homeland Security Task Force Meeting
- Aug 10 – Leadership Team Meeting, ESD budget workshop
- Aug 12 – Aug 19 L.E.A.D. at University of Virginia
- Aug 23 – Met with loss prevention at HSB resort
- Aug 24 – Leadership Meeting
- Aug 25 – Hiring managers training class
- Aug 29 – Lunch with Administration staff
- Aug 30 – Budget workshop, City Council meeting
- Aug 31 – CAPCOG sub administrator group meeting, Leadership meeting

Notable Training – MAYDAY training, rescue trapped or injured firefighter

OPERATIONS	Aug 2016	Aug 2015	FYTD 2016	FYTD 2015
Fire Alarms (all types- buildings, vehicles, etc.)	9	9	111	101
Emergency Medical	36	16	319	331
Motor Vehicle Accident	4	1	10	22
Searches and/or Rescue	1	0	9	5
Hazardous Condition	4	1	24	12
Mutual Aid	2	3	28	37
Number of unit responses	63	41	565	632
Public Education/Relations	14	16	213	199
Public Service or Assistance	2	2	26	55
Inspections/Preplans	26	13	260	388
Standby Public Safety	0	1	3	14
Training programs	72	85/245	715	588/2256
Spec. projects (i.e. spec. meetings & other work details)	68	62	587	594
<b>Totals</b>	<b>301</b>	<b>250</b>	<b>2870</b>	<b>2978</b>

**Monthly Response Time: 5.86 minutes**





# CITY OF HORSESHOE BAY



## POLICE DEPARTMENT August 2016 FY ACTIVITY REPORT

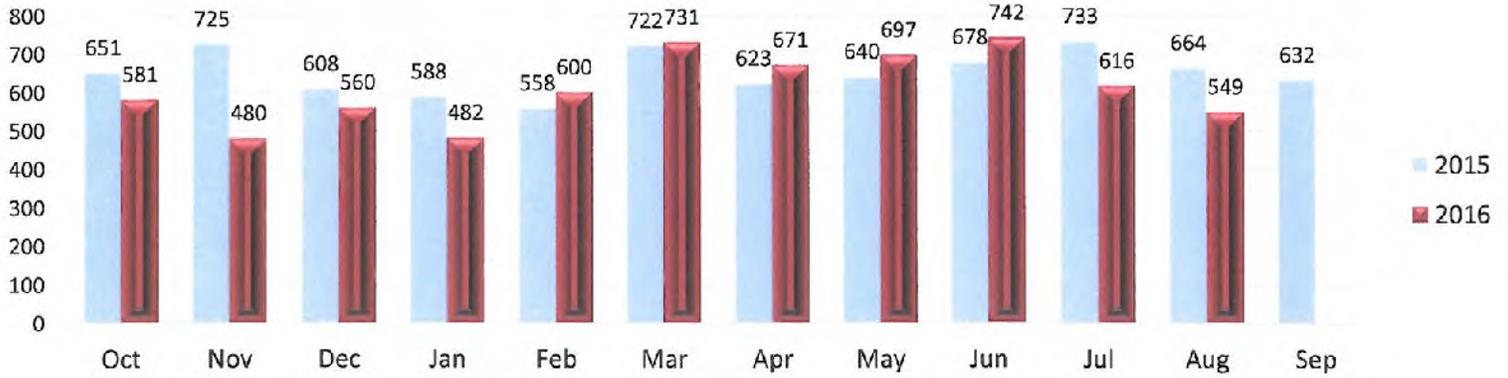
During the month of August 2016 there were thirty-six (36) new cases reported to our department. The August cases consisted of eight (8) felony cases, sixteen (16) misdemeanor cases, twelve (12) non-criminal cases, two (2) traffic accidents, and thirteen (13) arrests. The department cleared thirty-five (35) new and old Horseshoe Bay cases in the month of August. Thirty-one (31) residents requested home security watches during August. Also local businesses, amenities, and construction sites continued to be checked thoroughly on a daily basis. Overall, the department responded to five hundred forty-nine (549) calls for service, including twenty-five (25) alarms for the month of August.

During the month of August, 2016, twenty two (22) new cases were assigned to CID for follow up investigation. Six (6) of those were a misdemeanor grade. There were eight (8) felony level cases, and eight (8) investigations were non-criminal in nature. Those included investigations such as Animal Bites and Found Property. CID conducted three (3) other investigations, which consisted of civil matters and background investigations that did not generate case reports. A total of one hundred and thirty five (135) persons were interviewed by investigators. These interviews resulted in nine (9) witness/victim statements, and two (2) confessions. CID cleared twenty (20) active cases during the month. CID personnel conducted five (5) searches, and collected fourteen (14) items of evidence. CID assisted the Patrol Division in covering four (4) Patrol Shifts, and had eighteen (18) training hours this month.

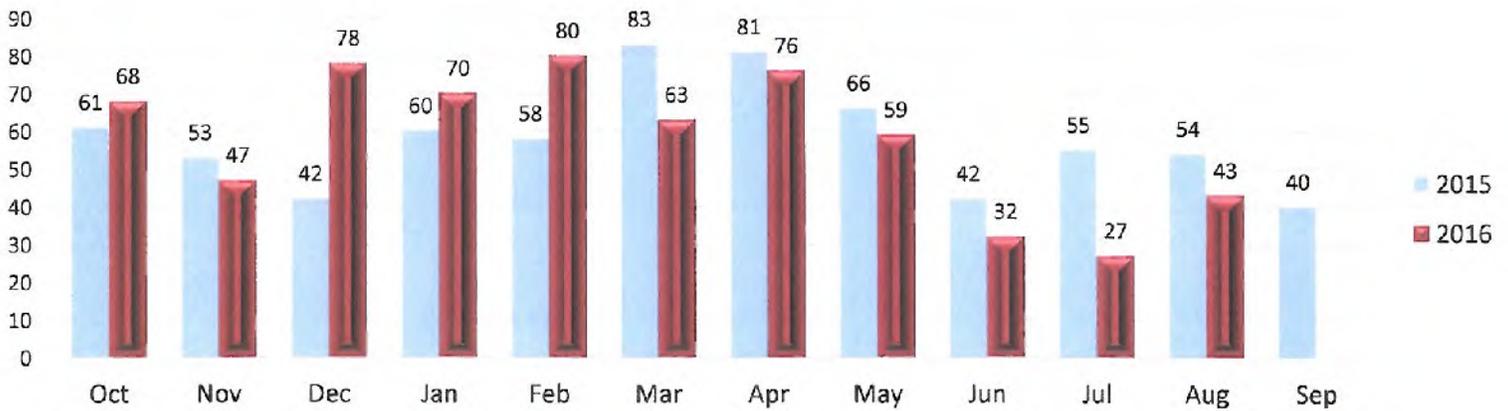
OPERATIONS	AUG 2016	AUG 2015	FYTD 2016	FYTD 2015
Dispatch For Service	549	664	6709	7190
Verbal Warnings	43	54	643	664
Warnings	82	139	1404	1491
Citations	34	39	478	576
Arrest	13	15	143	174
Code Enforcement	80	87	845	863
Traffic Accidents	2	7	39	52
Home Security Watches	31	25	247	249
Alarms	25	27	251	230
Felony Cases	8	2	45	44
Misdemeanor Cases	16	22	215	245
Non-Criminal Cases	12	6	88	101
Total Reports (New)	36	30	348	382
Cases Cleared (Old & New)	35	35	286	366

Response Time 5.45

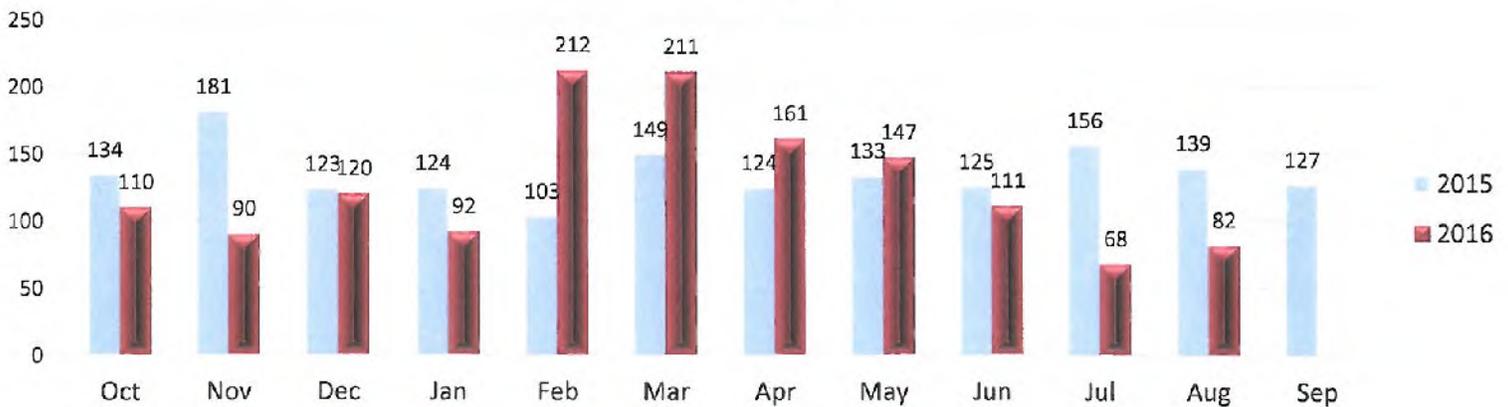
### Horseshoe Bay Police Department Dispatch Calls for Service FYTD (2015 - 2016)



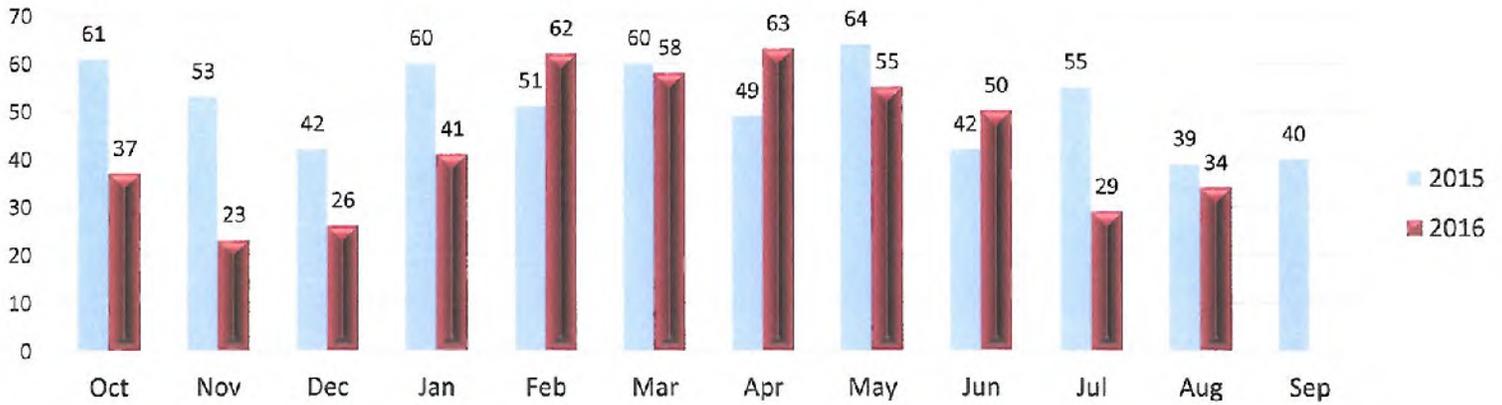
### Horseshoe Bay Police Department Verbal Warnings FYTD (2015 - 2016)



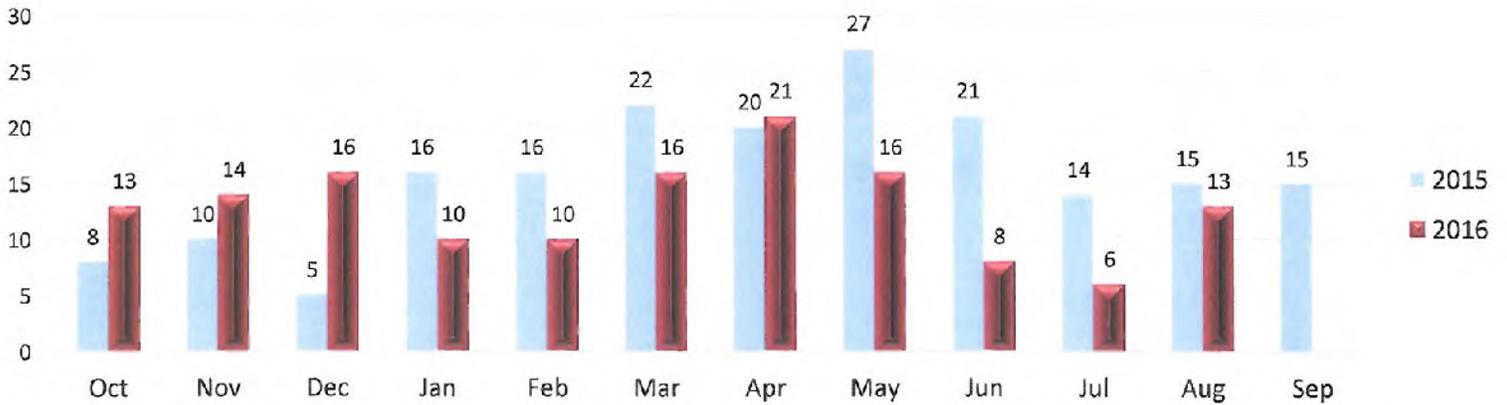
### Horseshoe Bay Police Department Warnings FYTD (2015 - 2016)



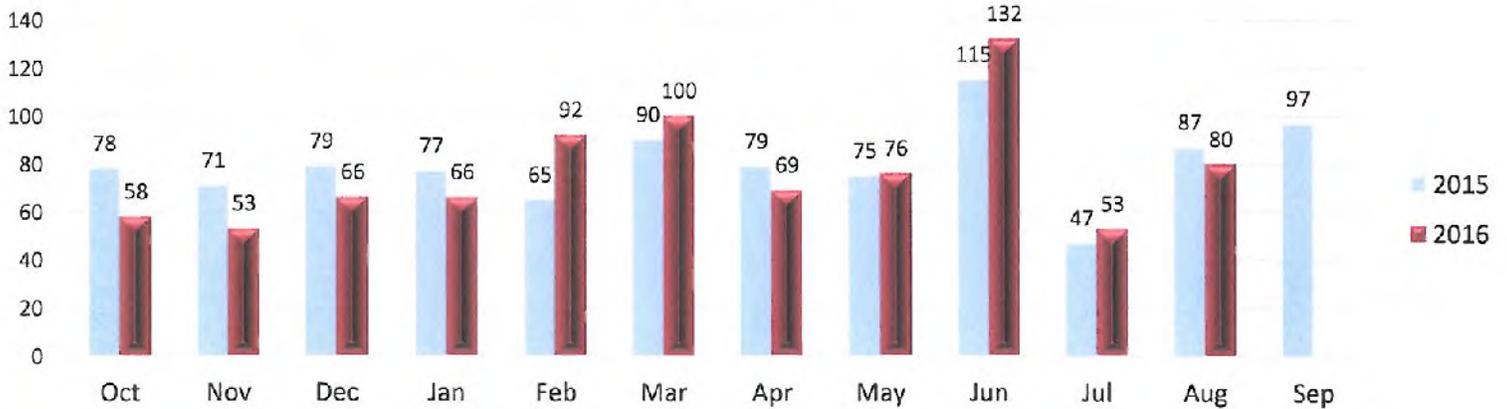
### Horseshoe Bay Police Department Citations FYTD (2015 - 2016)



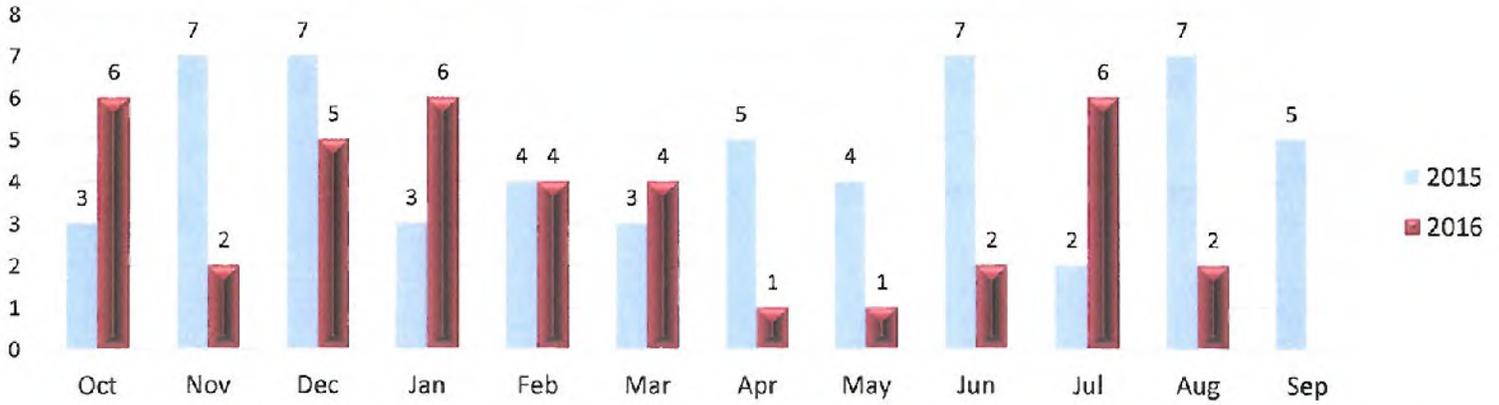
### Horseshoe Bay Police Department Arrest FYTD (2015 - 2016)



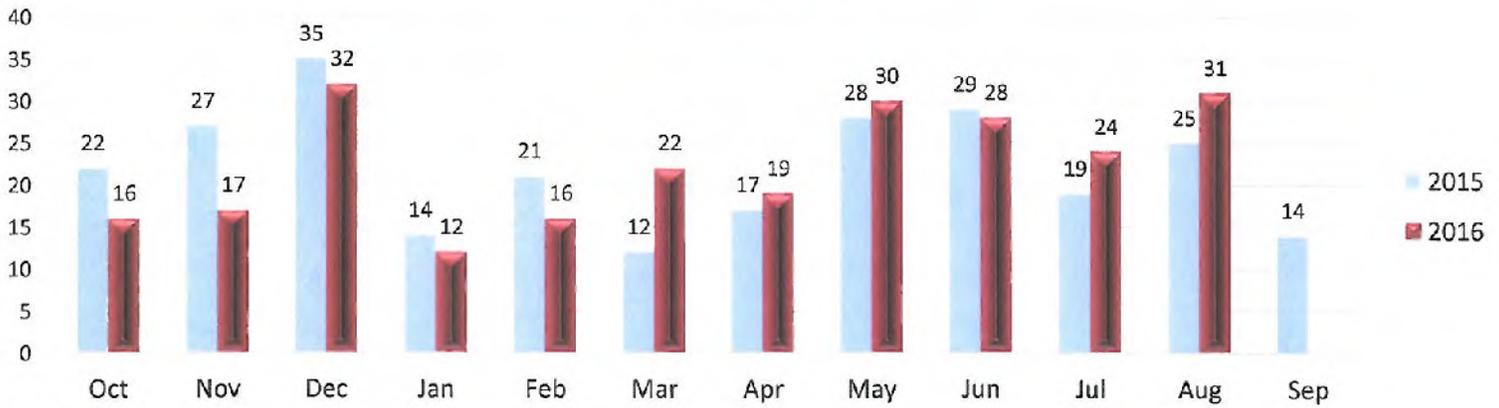
### Horseshoe Bay Police Department Code Enforcement FYTD (2015-2016)



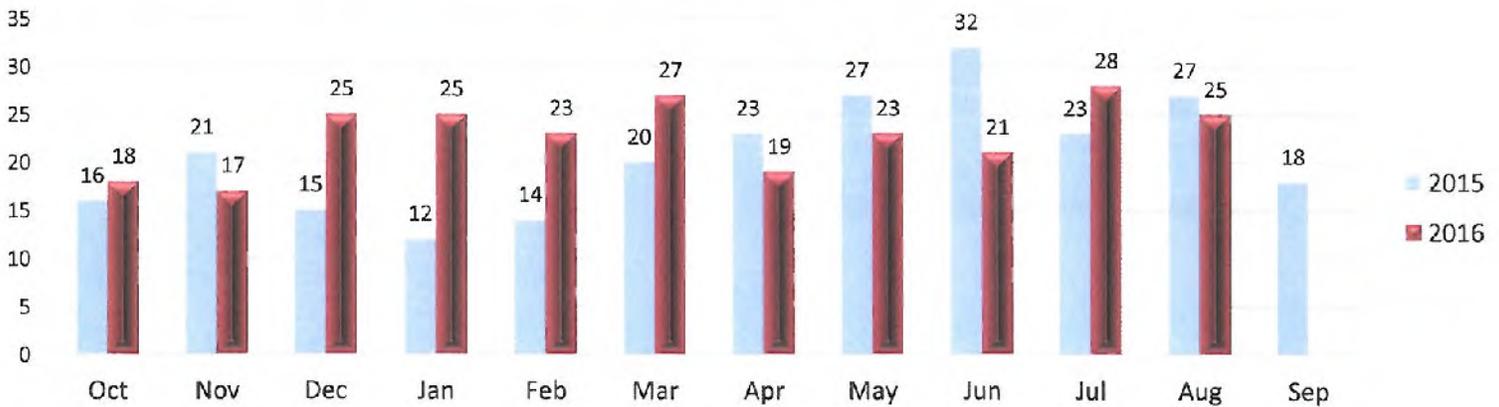
**Horseshoe Bay Police Department  
Traffic Accidents FYTD  
(2015 - 2016)**



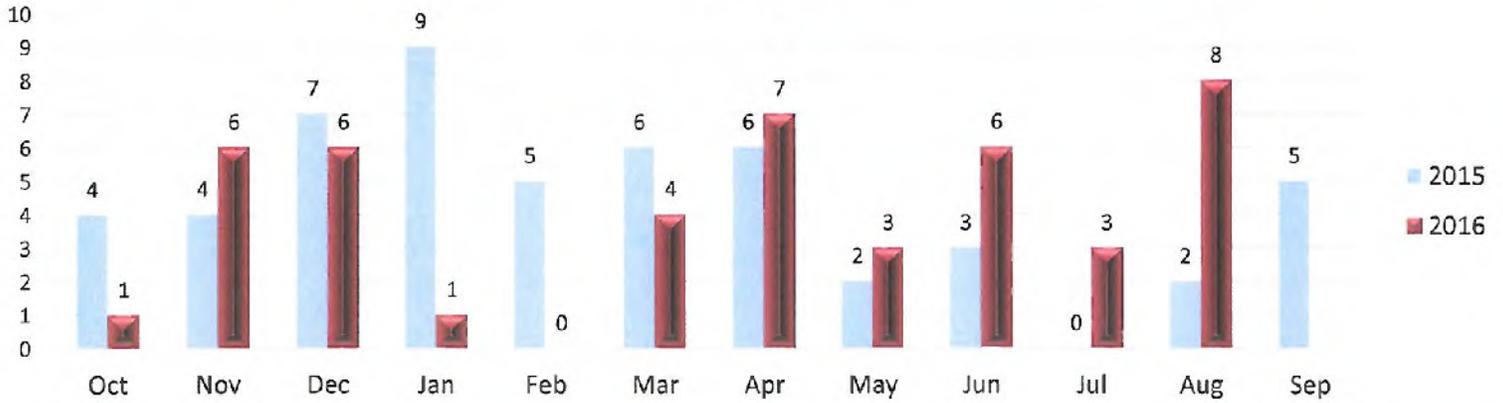
**Horseshoe Bay Police Department  
Home Security Watches FYTD  
(2015 - 2016)**



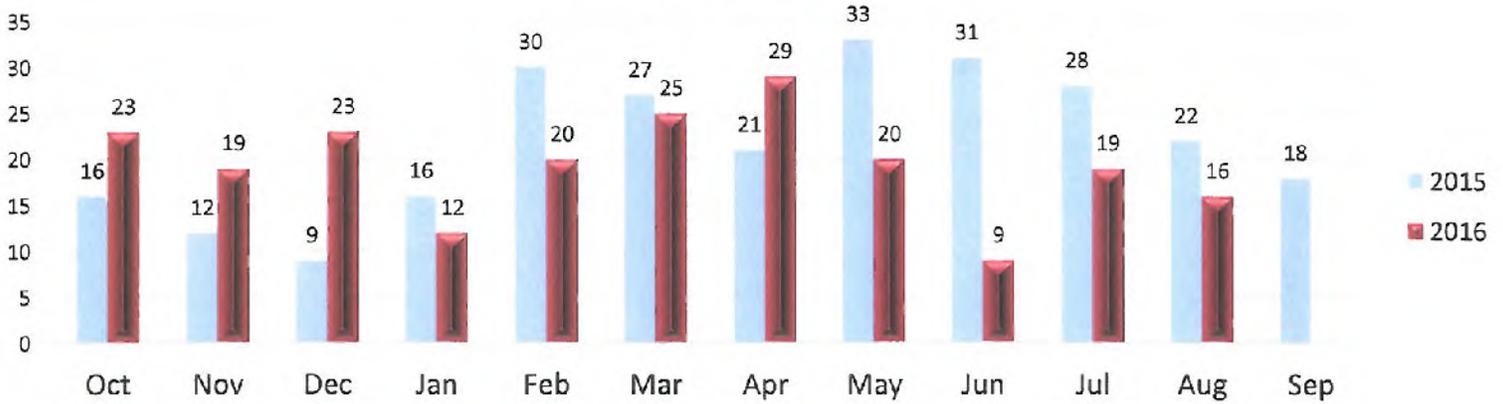
**Horseshoe Bay Police Department  
Alarms FYTD  
(2015 - 2016)**



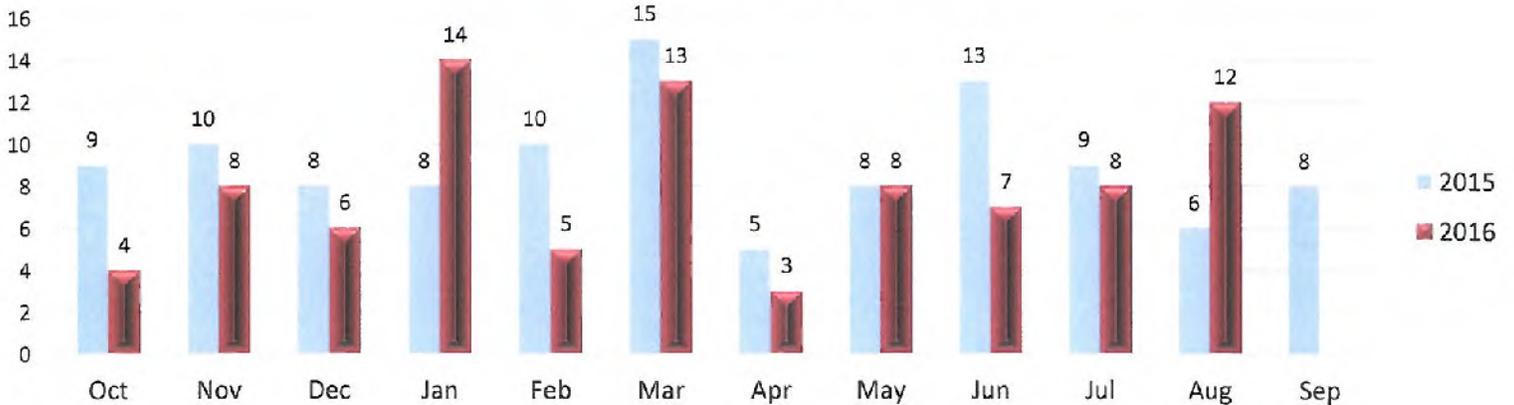
### Horseshoe Bay Police Department Felony Cases FYTD (2015 - 2016)



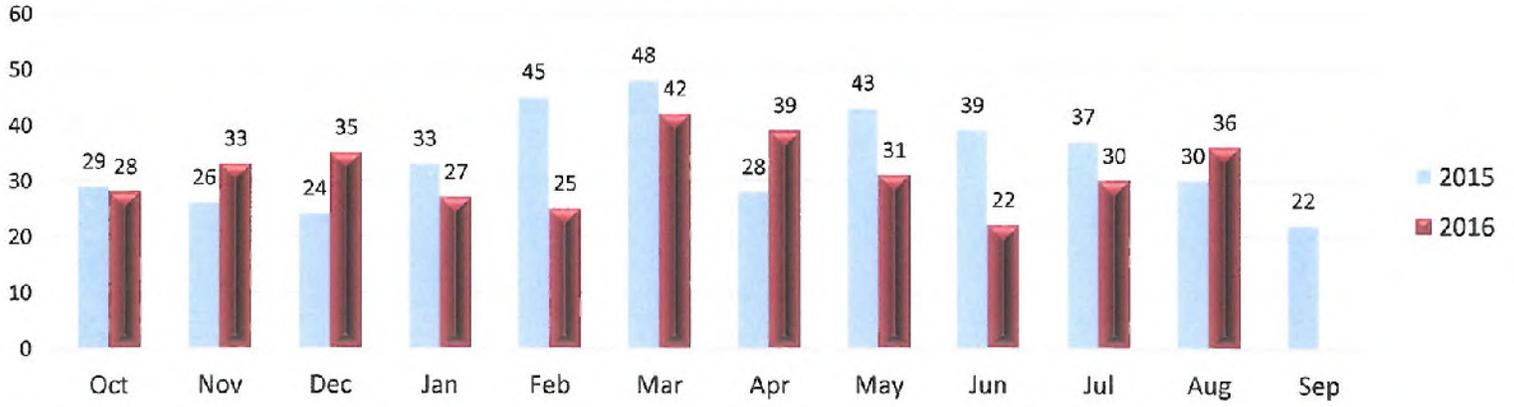
### Horseshoe Bay Police Department Misdemeanor Cases FYTD (2015 - 2016)



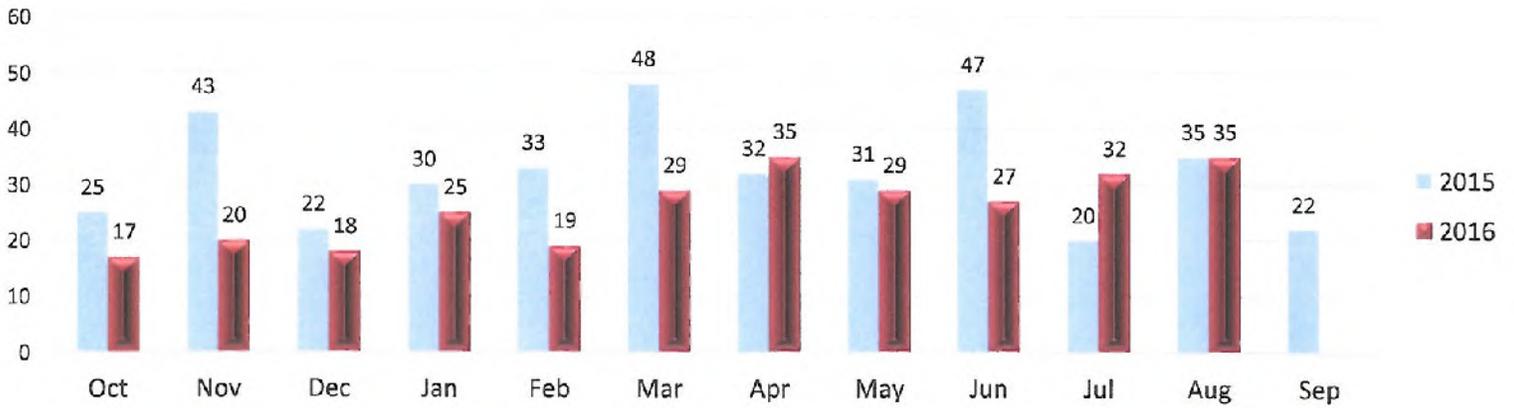
### Horseshoe Bay Police Department Non-Criminal Cases FYTD (2015 - 2016)



**Horseshoe Bay Police Department  
Total New Reports FYTD  
(2015 - 2016)**



**Horseshoe Bay Police Department  
Old & New Cases Cleared FYTD  
(2015 - 2016)**





# CITY OF HORSESHOE BAY



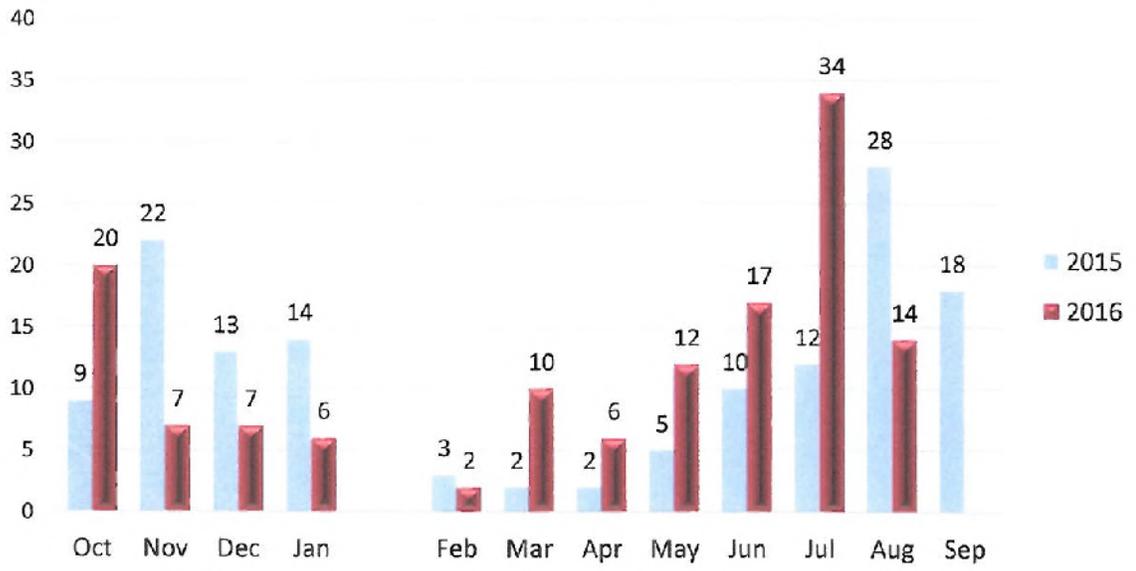
## ANIMAL CONTROL AUGUST 2016 FYACTIVITY REPORT

The Animal Control Person handled approximately one hundred twenty-five (125) calls within the month of August. Eighty-nine (89) of the calls were dispatched through either the Horseshoe Bay Police Department or Marble Falls Police Department, while thirty-six (36) of the calls were initiated by the Animal Control Officer.

The above information reflects the number of calls handled, but does not include the number of times traps were checked and did not have an animal in them. Police officers assisted or were assisted by the A.C.O. in twenty-five (25) of the calls for the month of August.

OPERATIONS	AUG 2016	AUG 2015	FYTD 2016	FYTD 2015
Buck Carcasses	1	3	18	15
Doe Carcasses	3	14	71	80
Fawn Carcasses	10	11	46	25
<b>Total Deer Carcasses:</b>	14	28	135	120
Other Carcasses	18	15	120	208
Blue Lake Carcasses	0	0	2	0
<b>Total All Carcasses:</b>	32	43	255	328
Cat related calls	2	6	67	59
Dog related calls	12	25	155	152
Total Other calls	79	71	785	1015
<b>Total Calls:</b>	125	145	1262	15554

Horseshoe Bay Animal Control  
Deer Carcasses FY  
(2015 - 2016)





## CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

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**To:** Mayor and City Council   
**From:** Stan R. Farmer, City Manager  
**RE:** Discuss, Consider and Take Action Regarding Capital Area Council of Government  
General Assembly Representation for the City of Horseshoe Bay

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Currently the City Manager is the representative for the City on the General Assembly of Capital Area Council of Government (CAPCOG). However, to be eligible to serve on the Executive Committee of CAPCOG a nominee must be an elected official. Therefore, if the City Council would like to nominate a representative for the City to the Executive Committee at any time it must nominate an elected official to serve on the General Assembly. The deadline for Executive Committee nominations this year is September 30. Thus, the City Council could appoint an elected official for the General Assembly on September 20 and that official could fill out the Executive Committee nomination application by September 30 to be considered for serving on the 2017 Executive Committee. Ultimately a Nomination Committee forwards recommendations to the full General Assembly for consideration and a vote in December.

The General Assembly only meets twice annually in September and December on second Wednesday of each month. The Executive Committee meets monthly on the second Wednesday.

**Enclosures:** Various Documents from CAPCOG Member Services Coordinator



## Capital Area Council of Governments

6800 Burleson Road, Building 310, Suite 165 Austin, Texas 78744-2306  
(p) 512.916.6000 (f) 512.916.6001  
[www.capcog.org](http://www.capcog.org)

BASTROP BLANCO BURNET CALDWELL FAYETTE HAYS LEE LLANO TRAVIS WILLIAMSON

### MEMORANDUM

**DATE:** September 9, 2016  
**TO:** City and County Elected Officials  
**FROM:** Betty Voights, Executive Director  
**RE:** Nominations for CAPCOG's 2017 Executive Committee

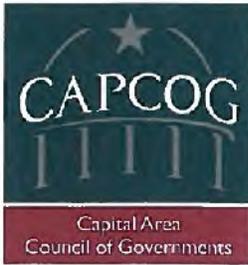
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CAPCOG's Nominating Committee is soliciting members who are interested in serving on the 2017 Executive Committee; eligible candidates are elected officials from cities and counties who represent their jurisdiction on the General Assembly. Also, the 2017 membership dues from that jurisdiction must be paid (due December 1, 2016) for an official to be elected to Executive Committee for the upcoming year. Any elected official interested in serving on the Executive Committee should submit the attached form to CAPCOG by Friday, September 30, 2016. The nomination is made by the interested elected official, not by the governing body of his or her jurisdiction.

A current list of General Assembly members is attached, so you can ensure we have the most current information about who represents your city or county; if our list is not current, please contact us immediately. Formal action by the governing body of the jurisdiction is required to designate General Assembly representatives. Your governing body may submit a General Assembly designation form with your Executive Committee nomination if necessary.

Please do not hesitate to call me or Mason W. Canales, CAPCOG's member services coordinator, if you need more information. Call us at 512-916-6000 or email [bvoights@capcog.org](mailto:bvoights@capcog.org) or [mcanales@capcog.org](mailto:mcanales@capcog.org). A completed nomination form can be sent to Michelle Mooney, CAPCOG's administrative coordinator, at [mmooney@capcog.org](mailto:mmooney@capcog.org).

Encl:           Nomination Form  
                  General Assembly/Executive Committee Membership List  
                  Roles and Functions of Executive Committee Members and Officers  
                  CAPCOG Bylaws, Article V, Executive Committee  
                  General Assembly Appointment Form



# CAPITAL AREA COUNCIL OF GOVERNMENTS EXECUTIVE COMMITTEE NOMINATION FORM

I, \_\_\_\_\_, representing \_\_\_\_\_  
*(Please print name)* *(Name of Jurisdiction)*

place my name in nomination for the following seat on Capital Area Council of Governments  
(CAPCOG) Executive Committee (*Check one appropriate designation*):

- Representative of a County**
- Representative of the City of Austin**
- City with population of more than 100,000**
- City with population between 25,000 and 100,000**
- City with population under 25,000**
- At-Large**

With my signature below, I acknowledge the following:

- I am a designated representative to the CAPCOG General Assembly for my jurisdiction.
- I am an elected or newly-elected (and not yet sworn in) official of the governing body of my jurisdiction.
- I understand that membership on the Executive Committee requires my attendance at meetings on the second Wednesday of every month, and that per the bylaws, three absences may result in vacating the seat.
- I understand that this nomination is to fulfill the position for a full year, for a term from January 1, 2017 to expire December 31, 2017.
- I understand in order to serve on the Executive Committee my jurisdiction must pay its CAPCOG membership dues by December 1, 2016.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

*This form may be submitted to CAPCOG as follows:*

Mail

Capital Area Council of Governments  
6800 Burleson Road  
Building 310, Suite 165  
Austin, TX 78744

Fax

512-916-6001  
Attn: Michelle Mooney

Email

[mmooney@capcog.org](mailto:mmooney@capcog.org)

Please be sure to sign the form. It is due to the CAPCOG offices by **Friday, September 30, 2016.**

## CAPITAL AREA COUNCIL OF GOVERNMENTS—GENERAL ASSEMBLY MEMBER REPRESENTATIVES

### BASTROP COUNTY

### REPRESENTATIVES

Bastrop County	Judge Paul Pape
Bastrop County	Commissioner Willie Pina
City of Bastrop	Mayor Ken Kesselus
City of Elgin	Mr. Marc Holm
City of Smithville	Mr. Mark A. Bunte

### BLANCO COUNTY

### REPRESENTATIVES

Blanco County	Judge Brett Bray
City of Blanco	Mr. Lambert Little
City of Johnson City	Mayor Dawn Capra
City of Round Mountain	Vacant

### BURNET COUNTY

### REPRESENTATIVES

Burnet County	Judge James Oakley
Burnet County	Commissioner Joe Don Dockery
City of Bertram	Mr. Allen Rodgers
City of Burnet	Council Member Tres Clinton
City of Cottonwood Shores	Ms. Sheila Moore
City of Granite Shoals	Mayor Carl Brugger
City of Highland Haven	Mayor Olan Kelley
City of Marble Falls	Mayor Pro Tem Jane Marie Hurst
City of Meadowlakes	Mayor Mary Ann Raesener

### CALDWELL COUNTY

### REPRESENTATIVES

Caldwell County	Judge Ken Schawe
Caldwell County	Commissioner Joe Ivan Roland
City of Lockhart	Council Member John Castillo
City of Lockhart	Mayor Lew White
City of Luling	Mayor Mike Hendricks
City of Martindale	Council Member Ross Purcell

### FAYETTE COUNTY

### REPRESENTATIVES

Fayette County	Judge Ed Janecka
Fayette County	Vacant
City of Carmine	Mayor Jerry Knox
City of Fayetteville	Mayor Ronald Pflughaupt
City of Flatoria	Mr. R. Scott Dixon
City of La Grange	Mayor Janet Moerbe
City of Round Top	Mayor Barnell Albers
City of Schulenburg	Mayor Roger Moellenberndt

### HAYS COUNTY

### REPRESENTATIVES

Hays County	Judge Bert Cobb
Hays County	Commissioner Debbie Gonzales Ingalsbe
Hays County	Commissioner Will Conley
City of Buda	Council Member Eileen Altmiller
City of Buda	City Manager Kenneth Williams
City of Dripping Springs	Mayor Todd Purcell
City of Kyle	Ms. Lucy Johnson
City of Kyle	Ms. Samantha LeMense
City of Mountain City	Mayor Tiffany Curnutt
City of San Marcos	Council Member Jane Hughson
City of San Marcos	Mayor Daniel Guerrero
City of San Marcos	Ms. Jamie Lee Pettijohn
City of Uhland	Vacant
City of Wimberley	Mayor Steve Thurber
City of Woodcreek	Mayor Michael Steinert

### LEE COUNTY

### REPRESENTATIVES

Lee County	Commissioner Maurice Pitts, Jr.
City of Giddings	Mayor John Dowell
City of Lexington	Mayor Charlotte Hooper

### LLANO COUNTY

### REPRESENTATIVES

Llano County	Judge Mary Cunningham
City of Llano	Mayor Mike Reagor
City of Horseshoe Bay	Mr. Stan R. Farmer, City Manager
City of Sunrise Beach Village	Council Member Dan Gower

### TRAVIS COUNTY

### REPRESENTATIVES

Travis County	Judge Sarah Eckhardt
Travis County	Commissioner Gerald Daugherty
Travis County	Commissioner Ron Davis
City of Austin	Council Member Ellen Troxclair
City of Austin	Council Member Sabino Renteria
City of Austin	Mr. DeWayne Lofton
City of Austin	Mr. Gilbert Rivera
City of Bee Cave	Mayor Caroline Murphy
City of Creedmoor	Mayor Robert Wilhite
City of Jonestown	Alderman Dave Nelsen
City of Lago Vista	Council Member Ed Tidwell
City of Lakeway	Mayor Joe Bain
City of Lakeway	Mayor Pro Tem Dwight Haley
City of Manor	Mayor Rita G. Jonse

**TRAVIS COUNTY** *Continued*

City of Mustang Ridge  
 City of Pflugerville  
 City of Pflugerville  
 City of Pflugerville  
 City of Rollingwood  
 City of Sunset Valley  
 City of West Lake Hills  
 Village of the Hills  
 Village of Point Venture  
 Village of San Leanna  
 Village of Volente

**REPRESENTATIVES**

Mr. Alfred Vallejo II  
 Council Member Omar Pena  
 Mayor Jeff Coleman  
 Council Member Brad Marshall  
 Mayor Thom Farrell  
 Mayor Rose Cardona  
 Mr. Dave Claunch  
 Vacant  
 Vacant  
 Mayor Elizabeth Korts  
 Mayor Ken Beck

**WILLIAMSON COUNTY**

Williamson County  
 Williamson County  
 Williamson County  
 City of Bartlett  
 City of Cedar Park  
 City of Cedar Park  
 City of Cedar Park  
 City of Florence  
 City of Georgetown  
 City of Georgetown  
 City of Granger  
 City of Hutto  
 City of Hutto  
 City of Jarrell  
 City of Leander  
 City of Leander  
 City of Liberty Hill  
 City of Round Rock  
 City of Round Rock  
 City of Round Rock  
 City of Round Rock  
 City of Taylor  
 City of Taylor  
 City of Thrall  
 City of Weir

**REPRESENTATIVES**

Judge Dan A. Gattis  
 Commissioner Cynthia Long  
 Vacant  
 Mayor Norris Ivy  
 Council Member Corbin Van Arsdale  
 Council Member Stephen Thomas  
 Ms. Brenda Eivens, City Manager  
 Mayor Mary Condon  
 Mr. David Morgan, City Manager  
 Council Member Rachael Jonrowe  
 Vacant  
 Ms. Debbie Holland  
 Council Member Tom Hines  
 Mayor Larry Bush  
 Ms. Kirsten Lynch  
 Council Member Andrea Navarrette  
 Council Member Ron Rhea  
 Mayor Alan McGraw  
 Council Member Kris Whitfield  
 Mr. Russ Boles  
 Council Member Frank Leffingwell  
 Council Member Donald Hill  
 Council Member Brandt Rydell  
 Mayor Troy Marx  
 Mayor Mervin Walker

**ASSOCIATE MEMBERS**

Austin Independent School District  
 Barton Springs/Edwards Aquifer  
 Conservation District  
 Bluchonnet Electric Cooperative, Inc.  
 Buda Economic Development Corporation  
 Capital Area Metropolitan Planning Organization  
 Central Health  
 Del Valle Independent School District  
 Dripping Springs Independent School District  
 Eanes Independent School District  
 Fayette County Central Appraisal District  
 Georgetown Chamber of Commerce  
 Giddings Independent School District  
 Guadalupe-Blanco River Authority  
 Hays Central Appraisal District  
 Hutto Independent School District  
 La Grange Independent School District  
 Lower Colorado River Authority  
 Pedernales Electric Co-Op  
 Round Rock Chamber of Commerce  
 Round Rock Independent School District  
 Travis County Emergency Services, Dist. 2

**REPRESENTATIVES**

Mr. Joey Crumley  
 Mr. John Dupnik  
 Mr. Johnny Sanders  
 Ms. Ann Miller  
 Mr. Ashby Johnson  
 Ms. Cynthia Valadez  
 Ms. Darla Wegner  
 Mr. Ron Jones  
 Vacant  
 Mr. Richard Moring  
 Ms. Karen Sheldon  
 Mr. Allen Law  
 Mr. Jim Powers  
 Mr. David Valle  
 Dr. Douglas Killian  
 Dr. Randy Albers  
 Mr. Phil Wilson  
 Ms. Trista L. Fugate  
 Ms. Lora Weber  
 Mr. Paul J. Tisch  
 Chief Ron Moellenberg

**2016 EXECUTIVE COMMITTEE****OFFICERS:**

Commissioner Cynthia Long, Chair  
 Ms. Debbie Holland, 1st Vice Chair  
 Judge Bert Cobb, 2nd Vice Chair  
 Mayor Daniel Guerrero, Secretary  
 Mr. Marc Holm, Immediate Past Chair  
 Mayor Daniel Guerrero, Parliamentarian

**MEMBERS:**

Council Member Eileen Altmiller  
 Judge Brett Bray  
 Mayor Jeff Coleman  
 Commissioner Will Conley  
 Judge Mary Cunningham  
 Representative John Cyrier  
 Commissioner Gerald Daugherty  
 Commissioner Joe Don Dockery  
 Judge Sarah Eckhardt  
 Judge Dan A. Gattis  
 Representative Jason Isaac  
 Judge Ed Janecka  
 Mayor Alan McGraw  
 Mayor Caroline Murphy  
 Council Member Andrea Navarrette  
 Judge James Oakley  
 Judge Paul Pape  
 Commissioner Maurice Pitts, Jr.  
 Representative Eddie Rodriguez  
 Judge Ken Schawe  
 Council Member Ellen Troxclair  
 Council Member Corbin Van Arsdale  
 Mayor Lew White  
 Representative Paul Workman



## Capital Area Council of Governments

6800 Burleson Road, Building 310, Suite 165 Austin, Texas 78744-2306

(p) 512.916.6000 (f) 512.916.6001

[www.capcog.org](http://www.capcog.org)

BASTROP BLANCO BURNET CALDWELL FAYETTE HAYS LEE LLANO TRAVIS WILLIAMSON

## Roles and Functions of the Executive Committee Members and Officers

### Board Duties:

- Focus on meeting overall needs of region, not just their own jurisdiction.
- Learn the organization's programs, mission and goals, and work plan; participate in orientation during first month of first term.
- Participate in at least one CAPCOG committee which might include an ad hoc work group, program advisory committee, or subcommittee of the Executive Committee.
- Set policy and strategic direction that guide the region council to run effectively, legally, and ethically.
- Advocate the use of the regional council as the primary convener and facilitator on regional issues.
- Set policies to guide the authority, responsibility, accountability, and overall performance of executive director; allow executive director to manage the day-to-day activities.
- Provide support to staff necessary to advance the priorities and goals of the organization.
- Remember that the regional council is not always under the same rules and restrictions as local government.
- Focus on putting decisions into the larger regional context and perspective.
- Serve as a goodwill ambassador for the organization and for regionalism.
- Avoid even the appearance of conflict of interest.
- Meet attendance requirements during January-December term.

### Board Chair Duties:

- Commit the necessary time to prepare for meetings and review agenda with staff prior to meetings.
- Provide leadership to help board members keep local politics in perspective to regional needs and priorities.
- Encourage board members to have a firm grasp on financial conditions, integrity, and operations of the organization including budgeting, expenditures, and auditing.
- Delegate day-to-day financial management to executive director yet maintains appropriate internal controls.
- Appoint ad hoc work subcommittees as needed.
- Chair the budget, audit, and strategic planning subcommittee.
- Chair the Nominating Committee
- Represent the organization and the board at meetings, hearings, the state conference for regional planning commissions, and related activities as appropriate and necessary.

### Board Vice Chair Duties:

- Serve as chair when necessary
- Chair the Legislative Work Group
- Attend state conference for regional planning commissions.

## **ARTICLE V – THE EXECUTIVE COMMITTEE**

### **Section 5.1 – Governing Body**

The Executive Committee is the governing body of the Council between meetings of the General Assembly. Members of the Executive Committee shall also serve on the Board of Managers of the Capital Area Emergency Communications District (CAECD) as an additional duty.

### **Section 5.2 – Composition**

(a) The composition of the Executive Committee is as follows:

- (1) two representatives from Travis County;
- (2) one representative from each of the other nine counties in State Planning Region 12;
- (3) one representative from the City of Austin;
- (4) one representative from a city with a population in excess of one hundred thousand (100,000);
- (5) four representatives from cities with populations between 25,000 and 100,000;
- (6) five representatives from cities with populations under 25,000; and
- (7) three at-large members.
- (8) at least one State of Texas Legislator in accordance with Local Government Code, Section 391.006(c).

(b) At each Annual Meeting, the General Assembly shall elect members from the categories described in Subsections (a) (1) through (7) of this section 5.2.

(c) In selecting the medium-sized city, small city and at-large representatives, the General Assembly shall consider population and geography to ensure diversity among the members of the Executive Committee.

(d) All of the Executive Committee members, except for the ex-officio State Legislator, must be elected officials of the governing bodies of the full members of the Council.

(e) An elected official of the governing body of a full member of the Council remains eligible for membership on the Executive Committee if he or she was an elected official at the time of election to the Executive Committee.

(f) A State Legislator selected for the Executive Committee shall serve as an ex-officio member, will not be eligible to vote, to serve as an officer of the Council, or to serve on subcommittees, and will not count toward a quorum.

### **Section 5.3 – Meetings**

- (a) The Executive Committee shall meet regularly each month at a time and place specified by resolution.
- (b) The Executive Committee shall meet specially on call of the chairperson of the Council or

upon the written request of at least one-third of the members of the Executive Committee.

#### **Section 5.4 – Notice**

Notice of regular and special meetings of the Executive Committee must comply with the Open Meetings Act.

#### **Section 5.5 – Quorum and Action**

(a) A quorum of the Executive Committee consists of a majority of the total number of members, excluding vacancies, but a quorum may not consist of fewer than thirteen members.

(b) If a quorum is present when a vote is taken, the affirmative vote of a majority of the members present is the act of the Executive Committee.

#### **Section 5.6 – Term**

Executive Committee members serve one-year terms, beginning on the date they are elected and expiring on December 31. An Executive Committee member whose term expires continues to serve until his or her successor is elected.

#### **Section 5.7 – Vacancy**

(a) A vacancy on the Executive Committee occurs:

- (1) when a member dies;
- (2) when a member resigns;
- (3) when a member is removed;
- (4) when a member becomes disqualified to serve; or
- (5) when a member incurs four absences as described in subsection (b).

(b) If an Executive Committee member misses three Executive Committee meetings in a calendar year, the Executive Director shall notify the Executive Committee member in writing of the absences and that a fourth absence will vacate the member's position on the Executive Committee. If the Executive Committee member misses a fourth Executive Committee meeting, having received the Executive Director's notice, the Executive Committee shall declare the absent member's position on the Executive Committee vacant unless the member persuades the Executive Committee, at its next meeting, that there was good cause for the absence.

(c) Executive Committee members shall also serve on the Board of Managers of the CAECD; a missed meeting of the CAECD shall be counted toward the absences described in (b).

(d) If a vacancy occurs on the Executive Committee, the Nominating Committee may nominate at the request of the Executive Committee, and the Executive Committee shall elect a replacement to serve for the remainder of the unexpired term.

#### **Section 5.8 – Powers and Responsibilities**

- (a) The Executive Committee has the following general powers:
- (1) to sue and be sued in the name of the Council;
  - (2) to contract;
  - (3) to acquire, own, lease, transfer, or otherwise dispose of real and personal property, tangible or intangible, or any interest in it;
  - (4) to invest the Council's assets in real or personal property, tangible or intangible, or any interest in it;
  - (5) to sell, assign, mortgage, or pledge all or any part of the Council's real or personal property, or any interest in it;
  - (6) to borrow or lend money or other property;
  - (7) to apply for, receive, and use contributions and grants.
- (b) The Executive Committee has the following general responsibilities:
- (1) to have prepared, review, and submit an annual budget for the Council to the General Assembly;
  - (2) to designate one or more depositories for the Council's funds and specify the individuals authorized to sign and countersign checks and other instruments for withdrawal of the funds;
  - (3) to receive, review, and, if necessary, act upon reports and recommendations of its subcommittees and of committees of the Council, and to notify the General Assembly of any action taken;
  - (4) to make recommendations, formulate policy, and take action on matters referred to it by the General Assembly that best carry out the purposes of the Council.

### **Section 5.9 – Creation of Subcommittees**

- (a) The Executive Committee by resolution may create one or more subcommittees and appoint members of the Executive Committee to serve on them. Each subcommittee may have three or more members who serve at the pleasure of the Executive Committee.
- (b) To the extent specified in the creating resolution, a subcommittee may exercise the Executive Committee's powers and carry out its responsibilities described in Section 5.8.
- (c) The Executive Committee in the creating resolution shall appoint officers of the subcommittee from among its members and shall describe the meeting, quorum, and voting requirements for the subcommittee.



**APPOINTMENT FORM - GENERAL ASSEMBLY REPRESENTATIVE  
CAPITAL AREA COUNCIL OF GOVERNMENTS**

The governing bodies of CAPCOG's members designate General Assembly representatives.

Counties: Official appointments are made at Commissioners Court.  
Cities, Towns, Villages: Official appointments are made at City Council meetings.  
Organizations: Official appointments are made by the Board or other governing body.

**PLEASE COMPLETE THE FOLLOWING SECTION**

Governing Body:

\_\_\_\_\_ County Commissioners Court (e.g., Travis County Commissioners Court)

-OR-

\_\_\_\_\_ City Council (e.g., Austin City Council)

-OR-

\_\_\_\_\_ Other (Board or other governing body)

\_\_\_\_\_  
City, County, or Organization being represented

\_\_\_\_\_  
Name of Representative

\_\_\_\_\_  
Position

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, Zip Code

(\_\_\_\_\_) \_\_\_\_\_  
Telephone Number

(\_\_\_\_\_) \_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Email address (*General Assembly Reps. will be subscribed to the CAPCOG Connections, Training, & Data Points email lists*)

Check One:

\_\_\_\_\_ Reappointment

\_\_\_\_\_ Filling Vacancy

\_\_\_\_\_ Changing Representative

\_\_\_\_\_  
Name of Previous Representative

I confirm our governing body appointed the above individual to serve as a CAPCOG General Assembly

Representative for the above entity on \_\_\_\_\_.

Date of Meeting

\_\_\_\_\_  
Signature of Chief Elected Official

\_\_\_\_\_  
Date

Please fax this form to 512-916-6001 or email to [mmooney@capcog.org](mailto:mmooney@capcog.org). Tel. 512-916-6018



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

**To:** Mayor and City Council 

**Thru:** Stan R. Farmer, City Manager

**From:** Eric W. Winter, Development Services Director

**RE:** Public Hearing, Discuss, Consider and Take Action on an Ordinance Amendment to Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Division 3 Zones and Classifications, Section 14.02.401 Zones and Classifications Established to Update Both the Zones and the Classifications Information; to Change Secs. 14.02.420-14.02.460 Reserved to Section 14.02.420 Zone 17 The Hills That Rezones all Annexed Properties in The Hills Sections I – III, Quail Ridge and Golfview Estates From A-1 Recreational and R-1 Single Family Residential in Zone 3 Horseshoe Bay West to RR Rural Residential and Provides Zoning Regulations; and to Renumber Secs. 14.02.420-14.02.460 Reserved to Secs. 14.02.421-14.02.460 Reserved

The attached Zoning Ordinance Amendment is proposed to do the following:

1. Update both the Zones and the Classifications in Division 3, Section 14.02.401 Zones and classifications established, including the addition of Zone 12 Summit Rock, Zone 14 Horseshoe Bay Corridor and Zone 17 The Hills.
2. Create Zone 17 The Hills and rezone the vacant annexed properties from A-1 Recreational in Zone 3 Horseshoe Bay West to RR Rural Residential and the developed annexed properties from R-1 Single Family Residential in Zone 3 Horseshoe Bay West to RR Rural Residential and provide zoning regulations totally based on the Covenants, Conditions and Restrictions (CC&Rs) for The Hills Section I, which will apply to the annexed properties in all three Sections of the Hills, Quail Ridge and Golfview Estates.
3. Renumber Secs. 14.02.420-14.02.460 set aside as Reserved at the end of the Zones and classifications established Section.

The public hearing notices for this Amendment have been published in the August 18 and September 1 issues of the Horseshoe Bay Beacon and the August 19 and September 2 issues of the Highlander in order to meet the new public hearing notice requirements. The public hearing notices have also been mailed to all property owners recently annexed in the three subdivisions, as well as all property owners within 500 feet of the entire area of the three subdivisions on August 11 and again on August 30.

In summary, the Zone 17 regulations include:

- Only a single family residence, and accessory structures such as a structure for farming or ranching, a guest house and 1 or more enclosed areas or sheds are permitted on a lot.
- Minimum dwelling size – 1,200 Sq. Ft.

- **Maximum height – 30 feet.**
- **Setbacks are: front yard – 50 feet; side yard – 25 feet each, except for corner lots which are 50 feet; and rear yard – 25 feet.**
- **2 parking spaces are required per dwelling in a garage or carport, or an exterior parking area screened from view of adjacent lots.**
- **No tract can be subdivided.**
- **One additional dwelling can be placed on a tract that is owned and is contiguous to an owned property with a dwelling on it, and does not have to meet the side or rear yard setback requirements, except it must meet the side yard setback on the side opposite the side with the existing dwelling.**

**Attached are copies of the redline and clean versions of the Ordinance which show the changes to the Zones and the Classifications sections of the Ordinance, the addition of the Zone 17 The Hills regulations and the change to the Reserved section number.**

**Several people have called to request more information about the amendment, including a few people who requested copies of the amendment. However, staff is not aware of any objections to this Amendment. The Planning and Zoning Commission at its meeting on August 16 unanimously recommended approval of the Amendment to City Council, and staff also recommends approval of the Amendment.**

**Enclosures: Zoning Ordinance Amendment Redline  
Zoning Ordinance Amendment Clean  
Aerial Photo of Zone 17  
Current Zoning Map for Zone 17**

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. \_\_\_\_\_**

**ZONE 17 THE HILLS**

**AN ORDINANCE OF THE CITY OF HORSESHOE BAY AMENDING CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE, DIVISION 3 ZONES AND CLASSIFICATIONS, SECTION 14.02.401 ZONES AND CLASSIFICATIONS ESTABLISHED TO UPDATE BOTH THE ZONES AND THE CLASSIFICATIONS INFORMATION; TO CHANGE SECTION 14.02.420 OF SECS. 14.02.420-14.02.460 RESERVED TO SECTION 14.02.420 ZONE 17 THE HILLS THAT REZONES ALL ANNEXED PROPERTIES IN THE HILLS SECTIONS I – III, QUAIL RIDGE AND GOLFVIEW ESTATES FROM A-1 RECREATIONAL AND R-1 SINGLE FAMILY RESIDENTIAL IN ZONE 3 HORSESHOE BAY WEST TO RR RURAL RESIDENTIAL AND PROVIDES ZONING REGULATIONS; AND TO RENUMBER SECS. 14.02.420-14.02.460 RESERVED TO SECS. 14.02.421-14.02.460 RESERVED; AND PROVIDING FOR SEVERABILITY; REPEALER; EFFECTIVE DATE; AND PROPER NOTICE AND MEETING**

**WHEREAS**, the City Council of the City of Horseshoe Bay ("City Council") seeks to continue to provide for the health, safety, and welfare of those living in, working in, and visiting the City; and

**WHEREAS**, there have been changes to several zones and classifications in Section 14.02.401 Zones and classifications established that need to be updated; and

**WHEREAS**, the City Council completed the annexation of The Hills Sections I, II and III, Quail Ridge and Golfview subdivisions on June 21, 2016; and

**WHEREAS**, the City Council desires to provide zoning regulations specific to those three subdivisions; and

**WHEREAS**, the City Council is of the opinion that updating the Zones and Classifications information and adopting Zone 17 The Hills zoning regulations are in the best interests of the City of Horseshoe Bay; and

**WHEREAS**, the City Council, in the exercise of its legislative discretion has concluded that Chapter 14 Zoning of the City Code of Horseshoe Bay should be amended as herein described.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY:**

**I. FINDINGS OF FACT**

All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council, and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

**II. AMENDMENT TO CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE, SECTION 14.02.412 ZONES AND CLASSIFICATIONS ESTABLISHED**

a. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.401 Zones and classifications established as heretofore amended be and the same is hereby amended to read as follows:

**Sec. 14.02.401 Zones and classifications established**

The city is hereby divided into the following zones. Each zone contains the classifications as set out herein. The zones and classifications established shall be known as follows:

<b>ZONES</b>	<b>CLASSIFICATIONS</b>
Zone 1 (Applehead Island)	R-1 Single-Family Residential R-2 Two-Family Residential R-4 Multiple-Family Residential A-1 Recreational
Zone 2 (Applehead)	R-1 Single-Family Residential R-4 Multiple Residential GH Garden Home A-1 Recreational
Zones 3 and <u>4A &amp; 4B</u> (Horseshoe Bay)	R-1 Single-Family Residential GH Garden Home R-2 Two-Family Residential R-4 Multiple Residential <u>MURC-1 – Mixed Use Residential and Commercial for Marina Village in Zone 4A</u> R-6 Apartment, Townhouse, Cottage M-1 Mobile Home C-2 General Commercial A-1 Recreational GUI Governmental, Utility, Institutional

Zone 5 (Bay Country)	<u>R-R</u> Rural Residential R-4 Multiple Residential C-2 General Commercial A-1 Recreational GUI Governmental, Institutional, Utility
Zone 6 (Pecan Creek)	R-6.5 Single-Family Residential R-16 Single-Family Residential A-1 Recreational C-2 General Commercial GUI Governmental, Institutional, Utility
Zone 7 (Peninsula)	R-1 Single-Family Residential
Zone 8 (Matern Island)	R-1 Single-Family Residential A-1 Recreational
Zone 9 (Escondido)	<u>R-1</u> Estate Single-Family Residential <u>R-1</u> Villa Single-Family Residential R-6 Townhouse A-1 Recreational C-2 General Commercial
Zone 10 (Siena Creek)	R-1 Single-Family Residential R-4 Multiple Residential A-1 Recreational C-2 General Commercial GUI Governmental, Utility, Institutional
Zone 11 (The Trails)	R-1 Single-Family Residential C-2 General Commercial A-1 Recreational
<u>Zone 12 (Summit Rock)</u>	<u>R-1 Cabins - Single-Family Residential Only</u>  <u>R-1 Cottages - Single-Family Residential Only</u>  <u>R-1 Estates - Single-Family Residential Only</u>  <u>R-1 Golf Single-Family Residential Adjacent to Golf Course</u>

R-1 Family Homesteads (8–12 Acre Tracts)

R-1 Villas

R-2 Villas

R-4 Cabins - Multifamily Residential

R-4 Multifamily Residential -  
Condominiums, Townhomes and Apartments

C-2 Commercial

C-3 Commercial

A-1 Recreational

DR Development Reserve

GUI Governmental, Utility or Institutional

Zone 13 (Caprock)

(Currently subject to Moratorium)

Zone 14 (HSB Blvd. Corridor)

~~(Currently subject to Moratorium)~~ All  
Classifications below are the same as those in  
Zones 3 & 4A, some with additional Planned  
Development Zoning Authorizations  
(PDZAs)

Tract One - Tract CCC-1  
Horseshoe Bay Plat 21.16

C-2 General Commercial with one PDZA

Tract Two - Tract J-9  
Horseshoe Bay Plat 28.48

R-6 Multi-Family Residential

Tract Three - Tract J-5  
Horseshoe Bay Plat 28.36

R-6 Multi-Family Residential

Tract Four - Tract J-7  
Horseshoe Bay Plat 28.49

C-2 General Commercial - All uses under A-1  
are permitted and with PDZAs

Tract Five – Lot 28043-C  
Horseshoe Bay Plat 28.52

C-2 General Commercial – Surface Parking  
Lot

Tract Six - Lot 28026-A  
Horseshoe Bay Plat 28.51

C-2 General Commercial - Surface Parking  
Lot

<u>Tract Seven - Lot 28050-A Horseshoe Bay Plat 28.50</u>	<u>C-2 General Commercial with one PDZA</u>
<u>Tract Eight – Lot 15061-A Horseshoe Bay Plat 15.70</u>	<u>C-2 General Commercial with PDZAs</u>
<u>Tract Nine -- Tract J-8 Horseshoe Bay Plat 28.53</u>	<u>C-2 General Commercial - All uses under A-1 are permitted and with PDZAs</u>
<u>Tract Ten – Tract BBB-3 Horseshoe Bay Plat 15.27</u>	<u>C-2 General Commercial – Surface Parking Lot</u>
<u>Tracts Eleven A and Eleven B 11-A – Lot 15041-A Horseshoe Bay Plat 15.63 11-B – Tract AAA-5 Horseshoe Bay Plat 64.2</u>	<u>C-2 General Commercial – Surface Parking with Landscaping</u>
<u>Tract Twelve – 6.1 Acres of Tract AAA-2A Horseshoe Bay Plat 64.3</u>	<u>C-2 General Commercial with PDZAs</u>
<u>Tract Thirteen – Tract AAA- 2B Horseshoe Bay Plat 64.4</u>	<u>M-1 Marina with PDZAs</u>
<u>Tract Fourteen – Lot 15030 Horseshoe Bay Plat 15.1</u>	<u>R-1 Single Family Residential</u>
Zone 15 (Airport)	<u><del>Airport</del>R-1 Single Family Residential, C-2 General Commercial, AM-1 Airport Mixed Use</u>
Zone 16 (Lake Areas and LA Lake Area)	LA Lake Area
Zone 17 ( <del>Centex</del> )(The Hills)	<u>R-4 Multiple Residential<sup>2</sup> (Included in map of Zone 4) RR Rural Residential</u>

Notes:

<sup>1</sup> Former Zone 12 (Hurd properties), Former Zone 16 (Amenities Land) and Former Zone 18 (Non-subdivision Tracts) referenced in the original comprehensive development plan, are included in adjacent zones and no longer identified as a separate zones.

<sup>2</sup> Former Zone 17 (Centex) was R-4 Multiple Residential (Included in map of Zone 4). <sup>3</sup>See discussion in original comprehensive development plan.

b. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.420 of Secs. 14.02.420-14.02.460 Reserved is hereby amended to read as follows:

~~Secs. 14.02.420-14.02.460~~ **Reserved**

**Sec. 14.02.420 Zone 17 The Hills**

(a) The following provisions shall be applicable to all land within Zone 17 regardless of classification, except as may otherwise be provided:

(1) No business or professional service of any nature shall be conducted on any tract. No buildings or structure intended for or adapted to business or professional purposes, and no apartment house, double house, flat building, lodging house, rooming-house, hotel, hospital or sanitarium shall be erected, placed, permitted or maintained on any tract. No room or rooms in any dwelling nor any accessory building, or any part thereof, may be rented or leased to others.

(2) No air conditioning condensing unit and fan, evaporative cooler or other object, which is unsightly, shall be placed upon or above the roof of any dwelling or other building unless architecturally concealed from view as reflected in the plans submitted.

(3) No propane or other tank used for storage of gas or liquids for fuel shall be placed on any tract unless the same is architecturally concealed from view. In the event natural gas is made available to any tract, then the owner thereof shall properly connect with the source of natural gas and discontinue the use of propane gas.

(4) No hunting or discharging of firearms shall be allowed on any tract except in such areas or on such lot as its successors or assigns may designate with approval of the respective Section's Architectural Control Committee or Board (the Board).

(5) No subdivision of the tracts shall be permitted.

(6) No building, structure, wall, fence, garage, carport, accessory building or landscaping shall be maintained on any tract in such a manner as in the opinion of the Board may obstruct traffic sight lines and/or create traffic hazards.

(7) All driveways shall have minimum width of ten (10) feet and meet all minimum standards for driveway construction as specified by the Board. Where driveway access enters any street or road at points where landscaping, boundary structures or other visual barriers are located which may create a potential traffic hazard, such driveway access shall be installed and maintained so as to provide adequate sight lines from the vehicle onto such street or road.

(8) No mobile home, trailer of any kind, RV or boat shall be kept, placed or maintained on any tract except in a carport, garage or in an outside storage area

screened from view from streets and roads. None of these structures shall be used for occupancy either temporarily or permanently. A mobile home or a trailer may be used temporarily for storage of materials during construction, and shall be removed promptly after construction is completed.

(b) The following provisions shall be applicable to all land within Zone 17 classified as RR Rural Residential:

(1) Uses permitted.

(A) A single-family dwelling, including an attached carport or garage:

(B) Accessory structures, including: (i) one structure for farming and/or ranching purposes provided the total square footage of the structure (excluding guest house) does not exceed two (2) times the square footage of the authorized or completed (whichever is greater) dwelling on said tract, excluding the carport or garage; (ii) one attached or detached guest house per tract provided such guest house shall not exceed one-half (1/2) of the square foot area of the authorized or completed (whichever is greater) dwelling on said tract. In addition, the accessory structures may include one or more covered semi-enclosed areas or sheds not exceeding in the aggregate two (2) times the area of the carport or garage attached to the dwelling.

(C) In addition, each dwelling and accessory structure (including guest house) must also meet the requirements of the Board with respect to aesthetic compatibility and conformity with the overall development of the land.

(2) Maximum building height. Thirty (30) feet above the lowest elevation beneath the structure to the highest point of the roof or any projection.

(3) Minimum yard requirements. Except as specified to the contrary on an approved plat, which specification shall control, the following shall apply:

(A) Front yard setback shall conform to a minimum depth of fifty (50) feet from the front lot line or edge of the road pavement, whichever is greater, to the nearest projection of any portion of the dwelling or accessory structure.

(B) Side yard setbacks shall be twenty-five (25) feet from each side property line. Corner lots shall conform to a minimum depth of fifty (50) feet from the side property line or edge of the road pavement, whichever is greater.

(C) Except as provided below, rear yard setbacks shall be at least twenty-five (25) feet from the rear lot line to the nearest building line.

(D) Notwithstanding any other provision hereof, nothing in these regulations shall be so interpreted as to prohibit the owner or owners of contiguous tracts from erecting dwellings whether attached or detached in

disregard of the common side or rear tract lines of said contiguous tracts so long as the density of use created by such construction shall not exceed the density of use which would be created by the construction of one single family dwelling on each such contiguous tract and provided that such owner shall not violate front yard setbacks hereinbefore set forth nor shall such owner construct any such dwellings closer than twenty-five (25) feet to any side Tract line common with any tract not owned by said owner. Setback lines and other requirements shown on the subdivision plat which conflict with the foregoing shall prevail.

(4) Minimum dwelling size. All primary dwellings shall require not less than twelve hundred (1,200) square feet of living area measured from the outside walls of the principal dwelling.

(5) Parking. Each developed tract shall contain sufficient parking space for at least two (2) automobiles by one of the following means: (i) a garage or carport either attached to or detached from the dwelling or (ii) an exterior parking area screened from view of adjacent lots.

(6) Property being rezoned. The RR Rural Residential zoning provisions apply to the following property - for those tracts or lots that are vacant and when annexed were zoned A-1 Recreational in Zone 3 Horseshoe Bay West are hereby zoned RR Rural Residential, and for those tracts or lots that are developed and when annexed were zoned R-1 Single Family Residential in Zone 3 Horseshoe Bay West are hereby zoned RR Rural Residential:

(3.29 Acres), Llano County Property ID 50056 – as more fully described in deed recorded in Volume 1176, Page 38, Official Public Records of Llano County, Texas

(0.19 Acres), Llano County Property ID 50057 – as more fully described in deed recorded in Volume 1176, Page 38, Official Public Records of Llano County, Texas

(2.599 Acres), Llano County Property ID 5312 – as more fully described in deed recorded in Volume 1376, Page 942, Official Public Records of Llano County, Texas

(0.5 Acres), Llano County Property ID 5261 – Tract 2

(3.304 Acres), Llano County Property ID 5108 – Tract 1

(10.962 Acres), Llano County Property ID 10215 – Tract 28

(12.47 Acres), Llano County Property ID 52008 – Tract 3

(8.05 Acres), Llano County Property ID 5651 – Tract 4

(2.0 Acres), Llano County Property ID 5738 – Tract 5

(19.114 Acres), Llano County Property ID 5816 – Tract 6 through 9

(0.5 Acres), Llano County Property ID 6103 – Tract 8

(4.984 Acres), Llano County Property ID 6277 – Tract 10

(4.968 Acres), Llano County Property ID 7749 – Tract 11

(4.926 Acres), Llano County Property ID 7888 – Tract 12

(4.885 Acres), Llano County Property ID 7988 – Tract 13

(7.59 Acres), Llano County Property ID 8096 – Tract 14

(9.537 Acres), Llano County Property ID 8199 – Tract 15

(19.59 Acres), Llano County Property ID 8339 – Tract 16

(12.469 Acres), Llano County Property ID 8427 – Tract 17

(5.512 Acres), Llano County Property ID 8515 – Tract 18

(5.02 Acres), Llano County Property ID 8596 – Tract 19

(5.0 Acres), Llano County Property ID 52233 – Tract 26

(5.0 Acres), Llano County Property ID 10153 – Tract 27

(9.39 Acres), Llano County Property ID 6018 – Lot 8

(5.98 Acres), Llano County Property ID 6129 – Lot 9

(7.62 Acres), Llano County Property ID 6233 – Lot 10

(5.69 Acres), Llano County Property ID 7707 – Lot 11

(6.13 Acres), Llano County Property ID 7845 – Lot 12

(5.0 Acres), Llano County Property ID 7952 – Lot 13

(5.0 Acres), Llano County Property ID 8055 – Lot 14

(5.0 Acres), Llano County Property ID 68303 – Lot 15

(0.47 Acres), Llano County Property ID 8162 – Lot 15

(5.02 Acres), Llano County Property ID 5063 – Lot 1  
(5.798 Acres), Llano County Property ID 6249 – Lot 10  
(5.92 Acres), Llano County Property ID 7721 – Lot 11  
(6.75 Acres), Llano County Property ID 7858 – Lot 12  
(8.87 Acres), Llano County Property ID 64874 – Lot 13  
(0.5 Acres), Llano County Property ID 7966 – Lot 13  
(0.5 Acres), Llano County Property ID 8069 – Lot 14  
(6.93 Acres), Llano County Property ID 65887 – Lot 14  
(8.99 Acres), Llano County Property ID 8180 – Lot 15  
(6.82 Acres), Llano County Property ID 8313 – Lot 16  
(5.05 Acres), Llano County Property ID 8409 – Lot 17  
(5.0 Acres), Llano County Property ID 8494 – Lot 18  
(5.03 Acres), Llano County Property ID 8579 – Lot 19  
(10.02 Acres), Llano County Property ID 9712 – Lot 22  
(8.12 Acres), Llano County Property ID 9799 – Lot 23  
(7.493 Acres), Llano County Property ID 69813/69814 – Lot 3  
(7.493 Acres), Llano County Property ID 5370 – Lot 3  
(10.88 Acres), Llano County Property ID 5494 – Lot 4  
(8.23 Acres), Llano County Property ID 5616 – Lot 5  
(5.05 Acres), Llano County Property ID 5783 – Lot 6  
(6.12 Acres), Llano County Property ID 5906 – Lot 7  
(5.05 Acres), Llano County Property ID 6033 – Lot 8  
(5.17 Acres), Llano County Property ID 6144 – Lot 9

(0.5 Acres), Llano County Property ID 5230 – Lot 2

(10.46 Acres), Llano County Property ID 67523 – as more fully described in deed recorded in Volume 1346, Page 875, Official Records of Llano County, Texas

(0.5 Acres), Llano County Property ID 9614 – Lots 20 and 21

(16.68 Acres), Llano County Property ID 68701 – as more fully described in deed recorded in Volume 738, Page 271, Official Records of Llano County, Texas

(9.13 Acres), Llano County Property ID 32402 – Lot 24

(10.44 Acres), Llano County Property ID 32420 – Lot 25

(7.312 Acres), Llano County Property ID 32440 – Lot 26

(0.5 Acres), Llano County Property ID 32458 – Lot 27

(4.84 Acres), Llano County Property ID 32465 – Lot 27

(6.69 Acres), Llano County Property ID 32477 – Lot 28

(6.01 Acres), Llano County Property ID 32494 – Lot 29

(7.53 Acres), Llano County Property ID 32509 – Lot 30

(5.98 Acres), Llano County Property ID 32525 – Lot 31

(5.32 Acres), Llano County Property ID 32542 – Lot 32

(5.12 Acres), Llano County Property ID 32557 – Lot 33

(5.29 Acres), Llano County Property ID 27251 – Lot 36

(5.09 Acres), Llano County Property ID 32612 – Lot 37

(16.6 Acres), Llano County Property ID 32574 – Lots 34 and 35

(5.0 Acres), Llano County Property ID 27285 – Lot 38

(5.0 Acres), Llano County Property ID 27335 – Lot 41

(6.01 Acres), Llano County Property ID 27349 – Lot 42

(5.0 Acres), Llano County Property ID 27364 – Lot 43

(5.0 Acres), Llano County Property ID 27379 – Lot 44

(5.0 Acres), Llano County Property ID 27405 – Lot 46

(5.0 Acres), Llano County Property ID 27303 – Lot 39

(5.0 Acres), Llano County Property ID 27317 – Lot 40

(5.0 Acres), Llano County Property ID 27392 – Lot 45

(1.14 Acres), Llano County Property ID 55559 — as more fully described in deed recorded in Volume 1281, Page 305, Official Public Records of Llano County, Texas

(1.42 Acres), Llano County Property ID 50055 — as more fully described in deed recorded in Volume 1176, Page 0038, Official Public Records of Llano County, Texas

(0.190 Acres), Llano County Property ID 50057— as more fully described in deed recorded in Volume 1176, Page 0038, Official Public Records of Llano County, Texas

(4.998 Acres), Llano County Property ID 8675 — as more fully described in deed recorded in Volume 360, Page 140, Official Public records of Llano County, Texas

(5.0 Acres), Llano County Property ID 10153 — as more fully described in deed recorded in Volume 1542, Page 4132, Official Public Records of Llano County, Texas

**c. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Secs. 14.02.420-14.02.460 Reserved is hereby amended to read as follows:**

**Secs. 14.02.421-14.02.460 Reserved**

### **III. SEVERABILITY**

Should any part, sentence or phrase of this Ordinance be determined to be unlawful, void or unenforceable, the validity of the remaining portions of this Ordinance shall not be adversely affected. No portion of this Ordinance shall fail or become inoperative by reason of the invalidity of any other part. All provisions of this Ordinance are declared to be severable.

### **IV. REPEALER**

All ordinances or parts of ordinances in force when the provisions of this Ordinance becomes effective which are inconsistent or in conflict with the terms and provisions contained in this Ordinance are hereby repealed only to the extent of such conflict.

### **V. EFFECTIVE DATE**

This Ordinance shall be in full force and effective from and after its date of passage and

publication as may be required by governing law.

**VI. PROPER NOTICE AND MEETING**

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**APPROVED AND ADOPTED** on this 30<sup>th</sup> day of August, 2016 by a vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, City Secretary**

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. \_\_\_\_\_**

**ZONE 17 THE HILLS**

**AN ORDINANCE OF THE CITY OF HORSESHOE BAY AMENDING CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE, DIVISION 3 ZONES AND CLASSIFICATIONS, SECTION 14.02.401 ZONES AND CLASSIFICATIONS ESTABLISHED TO UPDATE BOTH THE ZONES AND THE CLASSIFICATIONS INFORMATION; TO CHANGE SECTION 14.02.420 OF SECS. 14.02.420-14.02.460 RESERVED TO SECTION 14.02.420 ZONE 17 THE HILLS THAT REZONES ALL ANNEXED PROPERTIES IN THE HILLS SECTIONS I – III, QUAIL RIDGE AND GOLFVIEW ESTATES FROM A-1 RECREATIONAL AND R-1 SINGLE FAMILY RESIDENTIAL IN ZONE 3 HORSESHOE BAY WEST TO RR RURAL RESIDENTIAL AND PROVIDES ZONING REGULATIONS; AND TO RENUMBER SECS. 14.02.420-14.02.460 RESERVED TO SECS. 14.02.421-14.02.460 RESERVED; AND PROVIDING FOR SEVERABILITY; REPEALER; EFFECTIVE DATE; AND PROPER NOTICE AND MEETING**

**WHEREAS,** the City Council of the City of Horseshoe Bay ("City Council") seeks to continue to provide for the health, safety, and welfare of those living in, working in, and visiting the City; and

**WHEREAS,** there have been changes to several zones and classifications in Section 14.02.401 Zones and classifications established that need to be updated; and

**WHEREAS,** the City Council completed the annexation of The Hills Sections I, II and III, Quail Ridge and Golfview subdivisions on June 21, 2016; and

**WHEREAS,** the City Council desires to provide zoning regulations specific to those three subdivisions; and

**WHEREAS,** the City Council is of the opinion that updating the Zones and Classifications information and adopting Zone 17 The Hills zoning regulations are in the best interests of the City of Horseshoe Bay; and

**WHEREAS,** the City Council, in the exercise of its legislative discretion has concluded that Chapter 14 Zoning of the City Code of Horseshoe Bay should be amended as herein described.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY:**

**I. FINDINGS OF FACT**

All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council, and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

**I. AMENDMENT TO CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE, SECTION 14.02.412 ZONES AND CLASSIFICATIONS ESTABLISHED**

a. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.401 Zones and classifications established as heretofore amended be and the same is hereby amended to read as follows:

**Sec. 14.02.401 Zones and classifications established**

The city is hereby divided into the following zones. Each zone contains the classifications as set out herein. The zones and classifications established shall be known as follows:

<b>ZONES</b>	<b>CLASSIFICATIONS</b>
Zone 1 (Applehead Island)	R-1 Single-Family Residential R-2 Two-Family Residential R-4 Multiple-Family Residential A-1 Rccreational
Zone 2 (Applehead)	R-1 Single-Family Residential R-4 Multiple Residential GH Garden Home A-1 Recreational
Zones 3 and 4A & 4B (Horseshoe Bay)	R-1 Single-Family Residential GH Garden Home R-2 Two-Family Residential R-4 Multiple Residential MURC-1 – Mixed Use Residential and Commercial for Marina Village in Zone 4A R-6 Apartment, Townhouse, Cottage M-1 Mobile Home C-2 General Commercial A-1 Recreational GUI Governmental, Utility, Institutional
Zone 5 (Bay Country)	R-R Rural Residential R-4 Multiple Residential

	C-2 General Commercial
	A-1 Recreational
	GUI Governmental, Institutional, Utility
Zone 6 (Pecan Creek)	R-6.5 Single-Family Residential
	R-16 Single-Family Residential
	A-1 Recreational
	C-2 General Commercial
	GUI Governmental, Institutional, Utility
Zone 7 (Peninsula)	R-1 Single-Family Residential
Zone 8 (Matern Island)	R-1 Single-Family Residential
	A-1 Recreational
Zone 9 (Escondido)	R-1 Estate Single-Family Residential
	R-1 Villa Single-Family Residential
	R-6 Townhouse
	A-1 Recreational
	C-2 General Commercial
Zone 10 (Siena Creek)	R-1 Single-Family Residential
	R-4 Multiple Residential
	A-1 Recreational
	C-2 General Commercial
	GUI Governmental, Utility, Institutional
Zone 11 (The Trails)	R-1 Single-Family Residential
	C-2 General Commercial
	A-1 Recreational
Zone 12 (Summit Rock)	R-1 Cabins Single-Family Residential Only
	R-1 Cottages Single-Family Residential Only
	R-1 Estates Single-Family Residential Only
	R-1 Golf Single-Family Residential Adjacent to Golf Course
	R-1 Family Homesteads (8–12 Acre Tracts)
	R-1 Villas
	R-2 Villas
	R-4 Cabins Multifamily Residential

R-4 Multifamily Residential -  
 Condominiums, Townhomes and Apartments  
 C-2 Commercial  
 C-3 Commercial  
 A-1 Recreational  
 DR Development Reserve  
 GUI Governmental, Utility or Institutional  
 (Currently subject to Moratorium)

Zone 13 (Caprock)

Zone 14 (HSB Blvd. Corridor)

All Classifications below are the same as those in Zones 3 & 4A, some with additional Planned Development Zoning Authorizations (PDZAs)

Tract One - Tract CCC-1  
 Horseshoe Bay Plat 21.16

C-2 General Commercial with PDZA

Tract Two - Tract J-9  
 Horseshoe Bay Plat 28.48

R-6 Multi-Family Residential

Tract Three - Tract J-5  
 Horseshoe Bay Plat 28.36

R-6 Multi-Family Residential

Tract Four - Tract J-7  
 Horseshoe Bay Plat 28.49

C-2 General Commercial - All uses under A-1 are permitted and with PDZAs

Tract Five – Lot 28043-C  
 Horseshoe Bay Plat 28.52

C-2 General Commercial – Surface Parking Lot

Tract Six - Lot 28026-A  
 Horseshoe Bay Plat 28.51

C-2 General Commercial - Surface Parking Lot

Tract Seven - Lot 28050-A  
 Horseshoe Bay Plat 28.50

C-2 General Commercial with PDZA

Tract Eight – Lot 15061-A  
 Horseshoe Bay Plat 15.70

C-2 General Commercial with PDZAs

Tract Nine – Tract J-8  
 Horseshoe Bay Plat 28.53

C-2 General Commercial - All uses under A-1 are permitted and with PDZAs

Tract Ten – Tract BBB-3  
 Horseshoe Bay Plat 15.27

C-2 General Commercial – Surface Parking Lot

Tracts Eleven A and Eleven B 11-A – Lot 15041-A Horseshoe Bay Plat 15.63 11-B – Tract AAA-5 Horseshoe Bay Plat 64.2	C-2 General Commercial – Surface Parking with Landscaping
Tract Twelve – 6.1 Acres of Tract AAA-2A Horseshoe Bay Plat 64.3	C-2 General Commercial with PDZAs
Tract Thirteen – Tract AAA- 2B Horseshoe Bay Plat 64.4	M-1 Marina with PDZAs
Tract Fourteen – Lot 15030 Horseshoe Bay Plat 15.1	R-1 Single Family Residential
Zone 15 (Airport)	R-1 Single Family Residential, C-2 General Commercial, AM-1 Airport Mixed Use
Zone 16 (Lake Areas and LA Lake Area)	LA Lake Area
Zone 17 (The Hills)	RR Rural Residential

Notes:

1. Former Zone 12 (Hurd properties), Former Zone 16 (Amenities Land) and Former Zone 18 (Non-subdivision Tracts) referenced in the original comprehensive development plan, are included in adjacent zones and no longer identified as separate zones.
2. Former Zone 17 (Centex) was R-4 Multiple Residential (Included in map of Zone 4). See discussion in original comprehensive development plan.

**b. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.420 of Secs. 14.02.420-14.02.460 Reserved is hereby amended to read as follows:**

**Sec. 14.02.420 Zone 17 The Hills**

(a) The following provisions shall be applicable to all land within Zone 17 regardless of classification, except as may otherwise be provided:

- (1) No business or professional service of any nature shall be conducted on any tract. No buildings or structure intended for or adapted to business or professional purposes, and no apartment house, double house, flat building, lodging house, rooming-house, hotel, hospital or sanitarium shall be erected, placed, permitted or maintained on any tract. No room or rooms in any dwelling nor any accessory building, or any part thereof, may be rented or leased to others.

(2) No air conditioning condensing unit and fan, evaporative cooler or other object, which is unsightly, shall be placed upon or above the roof of any dwelling or other building unless architecturally concealed from view as reflected in the plans submitted.

(3) No propane or other tank used for storage of gas or liquids for fuel shall be placed on any tract unless the same is architecturally concealed from view. In the event natural gas is made available to any tract, then the owner thereof shall properly connect with the source of natural gas and discontinue the use of propane gas.

(4) No hunting or discharging of firearms shall be allowed on any tract except in such areas or on such lot as its successors or assigns may designate with approval of the respective Section's Architectural Control Committee or Board (the Board).

(5) No subdivision of the tracts shall be permitted.

(6) No building, structure, wall, fence, garage, carport, accessory building or landscaping shall be maintained on any tract in such a manner as in the opinion of the Board may obstruct traffic sight lines and/or create traffic hazards.

(7) All driveways shall have minimum width of ten (10) feet and meet all minimum standards for driveway construction as specified by the Board. Where driveway access enters any street or road at points where landscaping, boundary structures or other visual barriers are located which may create a potential traffic hazard, such driveway access shall be installed and maintained so as to provide adequate sight lines from the vehicle onto such street or road.

(8) No mobile home, trailer of any kind, RV or boat shall be kept, placed or maintained on any tract except in a carport, garage or in an outside storage area screened from view from streets and roads. None of these structures shall be used for occupancy either temporarily or permanently. A mobile home or a trailer may be used temporarily for storage of materials during construction, and shall be removed promptly after construction is completed.

(b) The following provisions shall be applicable to all land within Zone 17 classified as RR Rural Residential:

(1) Uses permitted.

(A) A single-family dwelling, including an attached carport or garage;

(B) Accessory structures, including: (i) one structure for farming and/or ranching purposes provided the total square footage of the structure (excluding guest house) does not exceed two (2) times the square footage of the authorized or completed (whichever is greater) dwelling on said tract, excluding the carport or garage; (ii) one attached or detached guest house per tract provided such guest house shall not exceed one-half (1/2) of the square foot area of the authorized or completed (whichever is

greater) dwelling on said tract. In addition, the accessory structures may include one or more covered semi-enclosed areas or sheds not exceeding in the aggregate two (2) times the area of the carport or garage attached to the dwelling.

(C) In addition, each dwelling and accessory structure (including guest house) must also meet the requirements of the Board with respect to aesthetic compatibility and conformity with the overall development of the land.

(2) Maximum building height. Thirty (30) feet above the lowest elevation beneath the structure to the highest point of the roof or any projection.

(3) Minimum yard requirements. Except as specified to the contrary on an approved plat, which specification shall control, the following shall apply:

(A) Front yard setback shall conform to a minimum depth of fifty (50) feet from the front lot line or edge of the road pavement, whichever is greater, to the nearest projection of any portion of the dwelling or accessory structure.

(B) Side yard setbacks shall be twenty-five (25) feet from each side property line. Corner lots shall conform to a minimum depth of fifty (50) feet from the side property line or edge of the road pavement, whichever is greater.

(C) Except as provided below, rear yard setbacks shall be at least twenty-five (25) feet from the rear lot line to the nearest building line.

(D) Notwithstanding any other provision hereof, nothing in these regulations shall be so interpreted as to prohibit the owner or owners of contiguous tracts from erecting dwellings whether attached or detached in disregard of the common side or rear tract lines of said contiguous tracts so long as the density of use created by such construction shall not exceed the density of use which would be created by the construction of one single family dwelling on each such contiguous tract and provided that such owner shall not violate front yard setbacks hereinbefore set forth nor shall such owner construct any such dwellings closer than twenty-five (25) feet to any side Tract line common with any tract not owned by said owner. Setback lines and other requirements shown on the subdivision plat which conflict with the foregoing shall prevail.

(4) Minimum dwelling size. All primary dwellings shall require not less than twelve hundred (1,200) square feet of living area measured from the outside walls of the principal dwelling.

(5) Parking. Each developed tract shall contain sufficient parking space for at least two (2) automobiles by one of the following means: (i) a garage or carport either attached to or detached from the dwelling or (ii) an exterior parking area screened from view of adjacent lots.

(6) Property being rezoned. The RR Rural Residential zoning provisions apply to the following property - for those tracts or lots that are vacant and when annexed were zoned A-1 Recreational in Zone 3 Horseshoe Bay West are hereby zoned RR Rural Residential, and for those tracts or lots that are developed and when annexed were zoned R-1 Single Family Residential in Zone 3 Horseshoe Bay West are hereby zoned RR Rural Residential:

(3.29 Acres), Llano County Property ID 50056 – as more fully described in deed recorded in Volume 1176, Page 38, Official Public Records of Llano County, Texas

(0.19 Acres), Llano County Property ID 50057 – as more fully described in deed recorded in Volume 1176, Page 38, Official Public Records of Llano County, Texas

(2.599 Acres), Llano County Property ID 5312 – as more fully described in deed recorded in Volume 1376, Page 942, Official Public Records of Llano County, Texas

(0.5 Acres), Llano County Property ID 5261 – Tract 2

(3.304 Acres), Llano County Property ID 5108 – Tract 1

(10.962 Acres), Llano County Property ID 10215 – Tract 28

(12.47 Acres), Llano County Property ID 52008 – Tract 3

(8.05 Acres), Llano County Property ID 5651 – Tract 4

(2.0 Acres), Llano County Property ID 5738 – Tract 5

(19.114 Acres), Llano County Property ID 5816 – Tract 6 through 9

(0.5 Acres), Llano County Property ID 6103 – Tract 8

(4.984 Acres), Llano County Property ID 6277 – Tract 10

(4.968 Acres), Llano County Property ID 7749 – Tract 11

(4.926 Acres), Llano County Property ID 7888 – Tract 12

(4.885 Acres), Llano County Property ID 7988 – Tract 13

(7.59 Acres), Llano County Property ID 8096 – Tract 14

(9.537 Acres), Llano County Property ID 8199 – Tract 15

(19.59 Acres), Llano County Property ID 8339 – Tract 16  
(12.469 Acres), Llano County Property ID 8427 – Tract 17  
(5.512 Acres), Llano County Property ID 8515 – Tract 18  
(5.02 Acres), Llano County Property ID 8596 – Tract 19  
(5.0 Acres), Llano County Property ID 52233 – Tract 26  
(5.0 Acres), Llano County Property ID 10153 – Tract 27  
(9.39 Acres), Llano County Property ID 6018 – Lot 8  
(5.98 Acres), Llano County Property ID 6129 – Lot 9  
(7.62 Acres), Llano County Property ID 6233 – Lot 10  
(5.69 Acres), Llano County Property ID 7707 – Lot 11  
(6.13 Acres), Llano County Property ID 7845 – Lot 12  
(5.0 Acres), Llano County Property ID 7952 – Lot 13  
(5.0 Acres), Llano County Property ID 8055 – Lot 14  
(5.0 Acres), Llano County Property ID 68303 – Lot 15  
(0.47 Acres), Llano County Property ID 8162 – Lot 15  
(5.02 Acres), Llano County Property ID 5063 – Lot 1  
(5.798 Acres), Llano County Property ID 6249 – Lot 10  
(5.92 Acres), Llano County Property ID 7721 – Lot 11  
(6.75 Acres), Llano County Property ID 7858 – Lot 12  
(8.87 Acres), Llano County Property ID 64874 – Lot 13  
(0.5 Acres), Llano County Property ID 7966 – Lot 13  
(0.5 Acres), Llano County Property ID 8069 – Lot 14  
(6.93 Acres), Llano County Property ID 65887 – Lot 14  
(8.99 Acres), Llano County Property ID 8180 – Lot 15

(6.82 Acres), Llano County Property ID 8313 – Lot 16  
(5.05 Acres), Llano County Property ID 8409 – Lot 17  
(5.0 Acres), Llano County Property ID 8494 – Lot 18  
(5.03 Acres), Llano County Property ID 8579 – Lot 19  
(10.02 Acres), Llano County Property ID 9712 – Lot 22  
(8.12 Acres), Llano County Property ID 9799 – Lot 23  
(7.493 Acres), Llano County Property ID 69813/69814 – Lot 3  
(7.493 Acres), Llano County Property ID 5370 – Lot 3  
(10.88 Acres), Llano County Property ID 5494 – Lot 4  
(8.23 Acres), Llano County Property ID 5616 – Lot 5  
(5.05 Acres), Llano County Property ID 5783 – Lot 6  
(6.12 Acres), Llano County Property ID 5906 – Lot 7  
(5.05 Acres), Llano County Property ID 6033 – Lot 8  
(5.17 Acres), Llano County Property ID 6144 – Lot 9  
(0.5 Acres), Llano County Property ID 5230 – Lot 2  
(10.46 Acres), Llano County Property ID 67523 – as more fully described in deed recorded in Volume 1346, Page 875, Official Records of Llano County, Texas  
(0.5 Acres), Llano County Property ID 9614 – Lots 20 and 21  
(16.68 Acres), Llano County Property ID 68701 – as more fully described in deed recorded in Volume 738, Page 271, Official Records of Llano County, Texas  
(9.13 Acres), Llano County Property ID 32402 – Lot 24  
(10.44 Acres), Llano County Property ID 32420 – Lot 25  
(7.312 Acres), Llano County Property ID 32440 – Lot 26  
(0.5 Acres), Llano County Property ID 32458 – Lot 27  
(4.84 Acres), Llano County Property ID 32465 – Lot 27

- (6.69 Acres), Llano County Property ID 32477 – Lot 28
- (6.01 Acres), Llano County Property ID 32494 – Lot 29
- (7.53 Acres), Llano County Property ID 32509 – Lot 30
- (5.98 Acres), Llano County Property ID 32525 – Lot 31
- (5.32 Acres), Llano County Property ID 32542 – Lot 32
- (5.12 Acres), Llano County Property ID 32557 – Lot 33
- (5.29 Acres), Llano County Property ID 27251 – Lot 36
- (5.09 Acres), Llano County Property ID 32612 – Lot 37
- (16.6 Acres), Llano County Property ID 32574 – Lots 34 and 35
- (5.0 Acres), Llano County Property ID 27285 – Lot 38
- (5.0 Acres), Llano County Property ID 27335 – Lot 41
- (6.01 Acres), Llano County Property ID 27349 – Lot 42
- (5.0 Acres), Llano County Property ID 27364 – Lot 43
- (5.0 Acres), Llano County Property ID 27379 – Lot 44
- (5.0 Acres), Llano County Property ID 27405 – Lot 46
- (5.0 Acres), Llano County Property ID 27303 – Lot 39
- (5.0 Acres), Llano County Property ID 27317 – Lot 40
- (5.0 Acres), Llano County Property ID 27392 – Lot 45
- (1.14 Acres), Llano County Property ID 55559 — as more fully described in deed recorded in Volume 1281, Page 305, Official Public Records of Llano County, Texas
- (1.42 Acres), Llano County Property ID 50055 — as more fully described in deed recorded in Volume 1176, Page 0038, Official Public Records of Llano County, Texas
- (0.190 Acres), Llano County Property ID 50057 — as more fully described in deed recorded in Volume 1176, Page 0038, Official Public Records of Llano County, Texas
- (4.998 Acres), Llano County Property ID 8675 — as more fully described in deed recorded in

Volume 360, Page 140, Official Public records of Llano County, Texas

(5.0 Acres), Llano County Property ID 10153 — as more fully described in deed recorded in  
Volume 1542, Page 4132, Official Public Records of Llano County, Texas

**c. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Secs. 14.02.420-14.02.460 Reserved is hereby amended to read as follows:**

**Secs. 14.02.421-14.02.460 Reserved**

### **III. SEVERABILITY**

Should any part, sentence or phrase of this Ordinance be determined to be unlawful, void or unenforceable, the validity of the remaining portions of this Ordinance shall not be adversely affected. No portion of this Ordinance shall fail or become inoperative by reason of the invalidity of any other part. All provisions of this Ordinance are declared to be severable.

### **IV. REPEALER**

All ordinances or parts of ordinances in force when the provisions of this Ordinance becomes effective which are inconsistent or in conflict with the terms and provisions contained in this Ordinance are hereby repealed only to the extent of such conflict.

### **V. EFFECTIVE DATE**

This Ordinance shall be in full force and effective from and after its date of passage and publication as may be required by governing law.

### **VI. PROPER NOTICE AND MEETING**

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**APPROVED AND ADOPTED** on this 30<sup>th</sup> day of August, 2016 by a vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, City Secretary**

ZONE 17  
THE HILLS



0 460 920 1,840 Feet



**ZONE 17  
THE HILLS**

**ZONING**

- A1 RECREATION
- C2 COMMERCIAL
- GH GARDEN HOME
- GUI INSTITUTIONAL, GOVT
- M1 MOBILE HOME
- R1 SINGLE FAMILY RESIDENTIAL
- R2 DUPLEX
- R4 MULTI-FAMILY TOWNHOME
- R6 MULTI-FAMILY TOWNHOME
- NEW ZONING DISTRICT

**A-1 RECREATIONAL  
&  
R-1 SINGLE FAMILY  
RESIDENTIAL  
UNDER ZONE  
3 HORSESHOE  
BAY WEST**

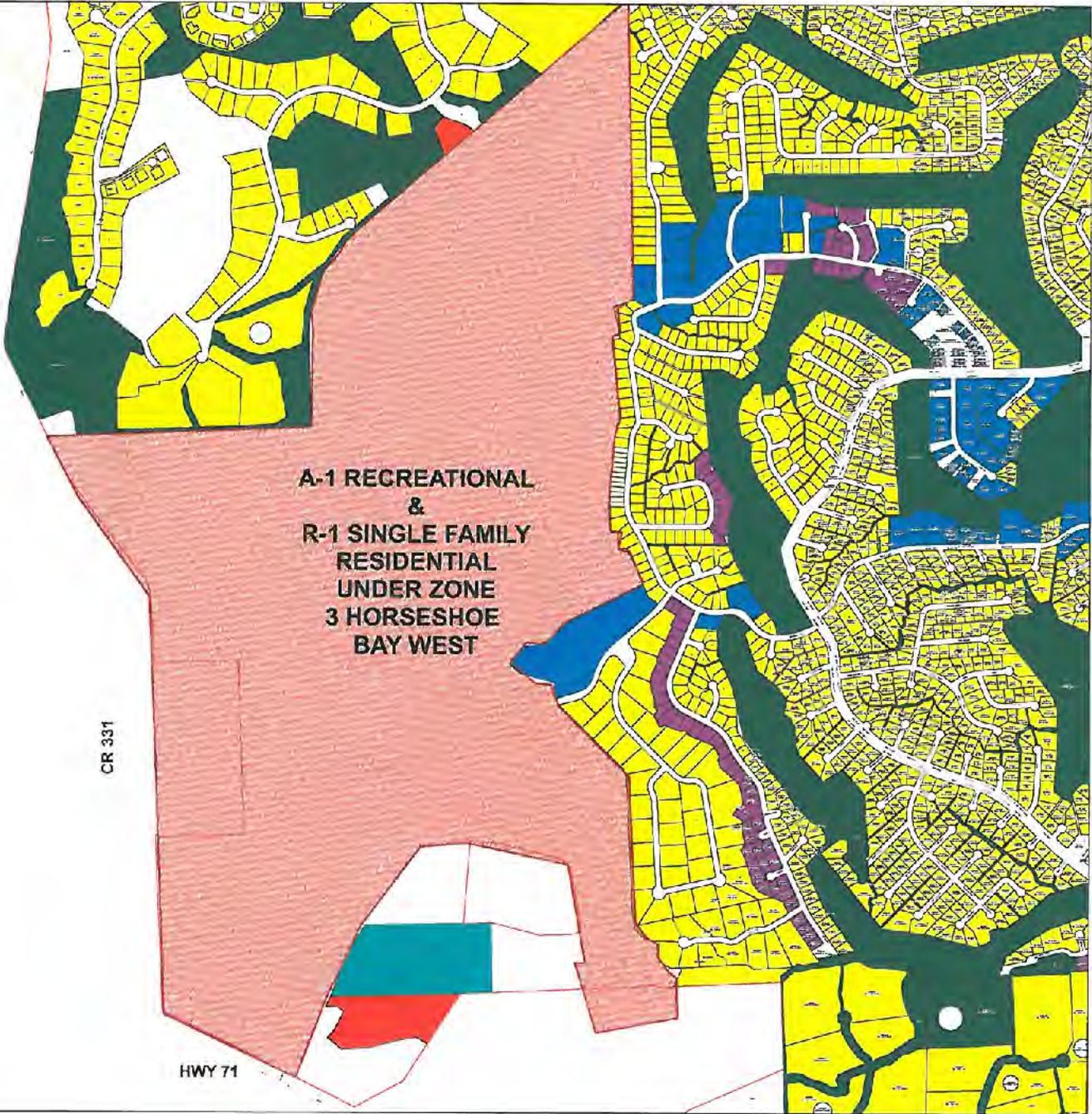
ETJ

CR 331

HWY 71



0 445 890 1,780 Feet





# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

**To:** Mayor and City Council *[Signature]*  
**Thru:** Stan R. Farmer, City Manager  
**From:** Eric W. Winter, Development Services Director  
**RE:** Public Hearing, Discuss, Consider and Take Action on an Ordinance Amendment to Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Division 3 Zones and Classifications, Section 14.02.419 Zone 16 Lake Area to Provide Regulations for Boat Houses and Boat Slips on Vacant Properties

The attached Zoning Ordinance Amendment is proposed to do the following:

1. Prohibit a boat house on or contiguous to a lot that does not have a residence; and
2. Prohibit one or more boat slips on or contiguous to a lot that does not have a residence

This Amendment is the result of an issue brought to staff's attention from the Hidden Coves Planned Development. However, the primary reason for preparing this Amendment is to be proactive in not allowing a boat slip or boat house on a \$1 million lakefront property as the only improvement for primarily weekend use with such things as outdoor furniture and grills, causing complaints from neighboring developed properties with \$2.5 million for example invested. In discussing this issue with Sam Tarbet of the Horseshoe Bay ACC, he stated that the ACC would not approve of any boat slip or boat house on a lakefront lot without a residence on or contiguous to the property. However, he does not have purview over all ACCs and thus provided the attached e-mail in support of the Amendment for City-wide compliance.

Staff has prepared both redline and clean versions to show the two additions to the Zone 16 regulations, which are as follows:

1. Sec. 14.02.419(b)(1)(B) includes as the last statement in that Section: "A boat house shall not be permitted on or contiguous to a lot without a residential building."
2. Section 14.02.419(b)(1)(F) adds: ", provided that no boat slips shall be permitted on or contiguous to a lot without a residential building." after the words "Boat slips" as a permitted use in the Zone.

The public hearing notices for this Amendment were published in the August 18 and the September 1 issues of the Horseshoe Bay Beacon, and also in the August 19 and September 2 issues of the Highlander.

The Planning and Zoning Commission at its September 6 meeting, after defeating a motion to approve the amendment with additional language allowing for approval of a boat house/boat slip with approval of a Variance by the Board of Adjustment, did not take any action regarding this Amendment. Staff is not aware of any objections to this Amendment and recommends approval.

**Enclosures:** Zone 16 Lake Area Ordinance Amendment Redline  
 Zone 16 Lake Area Ordinance Amendment Clean  
 Letter of Support from Sam Tarbet

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. \_\_\_\_\_**

**AMENDMENT TO CHAPTER 14 ZONING, ARTICLE 14.02 ZONING  
ORDINANCE, DIVISION 3 ZONES AND CLASSIFICATIONS, SECTION 14.02.419  
ZONE 16 LAKE AREA**

**AN ORDINANCE OF THE CITY OF HORSESHOE BAY AMENDING  
CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE,  
DIVISION 3 ZONES AND CLASSIFICATIONS, SECTION 14.02.419 ZONE  
16 LAKE AREA TO PROHIBIT BOAT HOUSES AND BOAT SLIPS ON  
LOTS THAT DO NOT HAVE RESIDENTIAL BUILDINGS; AND  
PROVIDING FOR SEVERABILITY; REPEALER; EFFECTIVE DATE;  
AND PROPER NOTICE AND MEETING**

**WHEREAS,** the City Council of the City of Horseshoe Bay ("City Council") seeks to continue to provide for the health, safety, and welfare of those living in, working in, and visiting the City; and

**WHEREAS,** the Zone 16 Lake Area regulations do not address boat houses and boat slips on or contiguous to lots where residential buildings do not exist, which could be detrimental to neighboring residents; and

**WHEREAS,** the City Council is of the opinion that revising the Zone 16 Lake Area regulations in Division 3 of the Zoning Ordinance to prohibit boat houses and boat slips on or contiguous to lots that do not have residences is in the best interests of the City of Horseshoe Bay; and

**WHEREAS,** the City Council, in the exercise of its legislative discretion has concluded that Chapter 14 Zoning of the City Code of Horseshoe Bay should be amended as herein described.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF  
HORSESHOE BAY:**

**I. FINDINGS OF FACT**

All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council, and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

**II. AMENDMENT OF CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE,  
DIVISION 3 ZONES AND CLASSIFICATIONS, SECTION 14.02.419 ZONE 16 LAKE  
AREA**

- a. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.419 Zone 16 Lake

Area, Subsection 14.02.419(b)(1)(B) as heretofore amended, be and the same is hereby amended to read as follows:

(B) Boat houses as defined in this article shall not have any temporary or permanent walled and/or roofed enclosures above any first level roof over the slip. Except for Zone 7 Peninsula, the boat house may not exceed fifteen (15) feet in height from the walk or pier to the peak of the roof or the top of the handrail if a deck is located on top of the boat house. Boat houses located underneath a part of the house with living quarters above are considered a part of the residential structure. A boat house shall not be permitted on or contiguous to a lot without a residential building.

Chapter 14 Zoning of the City Code of Horseshoe Bay, Texas as heretofore amended, be and the same is hereby amended to read as follows:

**b. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.419 Zone 16 Lake Area, Subsection 14.02.419(b)(1)(F) is hereby amended to read as follows:**

(F) Boat slips- provided that no boat slips shall be permitted on or contiguous to a lot without a residential building.

### III. SEVERABILITY

Should any part, sentence or phrase of this Ordinance be determined to be unlawful, void or unenforceable, the validity of the remaining portions of this Ordinance shall not be adversely affected. No portion of this Ordinance shall fail or become inoperative by reason of the invalidity of any other part. All provisions of this Ordinance are declared to be severable.

### IV. REPEALER

All ordinances or parts of ordinances in force when the provisions of this Ordinance becomes effective which are inconsistent or in conflict with the terms and provisions contained in this Ordinance are hereby repealed only to the extent of such conflict.

### V. EFFECTIVE DATE

This Ordinance shall be in full force and effective from and after its date of passage and publication as may be required by governing law.

### VI. PROPER NOTICE AND MEETING

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**APPROVED AND ADOPTED** on this 20<sup>th</sup> day of September, 2016 by a vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, City Secretary**

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. \_\_\_\_\_**

**AMENDMENT TO CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE,  
DIVISION 3 ZONES AND CLASSIFICATIONS, SECTION 14.02.419 ZONE 16 LAKE  
AREA**

**AN ORDINANCE OF THE CITY OF HORSESHOE BAY AMENDING  
CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE,  
DIVISION 3 ZONES AND CLASSIFICATIONS, SECTION 14.02.419 ZONE  
16 LAKE AREA TO PROHIBIT BOAT HOUSES AND BOAT SLIPS ON  
LOTS THAT DO NOT HAVE RESIDENTIAL BUILDINGS; AND  
PROVIDING FOR SEVERABILITY; REPEALER; EFFECTIVE DATE;  
AND PROPER NOTICE AND MEETING**

**WHEREAS**, the City Council of the City of Horseshoe Bay ("City Council") seeks to continue to provide for the health, safety, and welfare of those living in, working in, and visiting the City; and

**WHEREAS**, the Zone 16 Lake Area regulations do not address boat houses and boat slips on or contiguous to lots where residential buildings do not exist, which could be detrimental to neighboring residents; and

**WHEREAS**, the City Council is of the opinion that revising the Zone 16 Lake Area regulations in Division 3 of the Zoning Ordinance to prohibit boat houses and boat slips on or contiguous to lots that do not have residences is in the best interests of the City of Horseshoe Bay; and

**WHEREAS**, the City Council, in the exercise of its legislative discretion has concluded that Chapter 14 Zoning of the City Code of Horseshoe Bay should be amended as herein described.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY:**

**I. FINDINGS OF FACT**

All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council, and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

**II. AMENDMENT OF CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE,  
DIVISION 3 ZONES AND CLASSIFICATIONS, SECTION 14.02.419 ZONE 16 LAKE  
AREA**

a. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.419 Zone 16 Lake Area, Subsection 14.02.419(b)(1)(B) as heretofore amended, be and the same is hereby amended

to read as follows:

(B) Boat houses as defined in this article shall not have any temporary or permanent walled and/or roofed enclosures above any first level roof over the slip. Except for Zone 7 Peninsula, the boat house may not exceed fifteen (15) feet in height from the walk or pier to the peak of the roof or the top of the handrail if a deck is located on top of the boat house. Boat houses located underneath a part of the house with living quarters above are considered a part of the residential structure. A boat house shall not be permitted on or contiguous to a lot without a residential building.

b. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.419 Zone 16 Lake Area, Subsection 14.02.419(b)(1)(F) is hereby amended to read as follows:

Boat slips, provided that no boat slips shall be permitted on or contiguous to a lot without a residential building.

### **III. SEVERABILITY**

Should any part, sentence or phrase of this Ordinance be determined to be unlawful, void or unenforceable, the validity of the remaining portions of this Ordinance shall not be adversely affected. No portion of this Ordinance shall fail or become inoperative by reason of the invalidity of any other part. All provisions of this Ordinance are declared to be severable.

### **IV. REPEALER**

All ordinances or parts of ordinances in force when the provisions of this Ordinance becomes effective which are inconsistent or in conflict with the terms and provisions contained in this Ordinance are hereby repealed only to the extent of such conflict.

### **V. EFFECTIVE DATE**

This Ordinance shall be in full force and effective from and after its date of passage and publication as may be required by governing law.

### **VI. PROPER NOTICE AND MEETING**

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**APPROVED AND ADOPTED** on this 20<sup>th</sup> day of September, 2016 by a vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, City Secretary**

## Eric Winter

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**From:** Sam Tarbet [tarbet@nctv.com]  
**Sent:** Thursday, September 08, 2016 5:29 PM  
**To:** Eric Winter  
**Subject:** Proposed Ordinance to prohibit Boat Docks with no Residence

Eric:

The position of the Horseshoe Bay Architectural Committee is that we prohibit construction of a Boat Slip, Boat Dock, or Boat House on or contiguous to a Lot that does not contain a Residential Structure, unless the Residential is being built simultaneously.

We wholeheartedly agree with the proposed ordinance, and fully support the passage of this Ordinance.

Best regards,

Sam J Tarbet  
Chairman  
Horseshoe Bay Architectural Committee=



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

To: Mayor and City Council   
Thru: Stan R. Farmer, City Manager  
From: Eric Winter, Development Services Director  
RE: Public Hearing, Discuss, Consider and Take Action Regarding an Ordinance Amendment to Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Division 4 Planned Developments, Sections 14.02.461 Through 14.02.467 to Provide Consistent and Streamlined Regulations

The attached Zoning Ordinance Amendment is proposed to do the following:

1. Reduce duplicative language;
2. Clarify requirements that the City will enforce;
3. Eliminate unnecessary language for information items that are not needed; and
4. Change "Issues important to the City" to "Items that need to be addressed".

This Amendment is the result of issues brought to staff's attention from reviews of the last two Planned Developments, and is an attempt to address and resolve those issues. Staff has prepared both redline and clean versions to show the items that have been eliminated, added and clarified. Examples of some of the revisions include elimination of:

1. Some of the confusing and unnecessary language, such as the three mentions of "buildings, transportation improvements, open space and landscaping", when one item including the information from all three is sufficient;
2. The item that reads "To provide an appropriate balance between the intensity of development and the ability to provide adequate supporting public facilities and services"; and
3. Some duplicate language, including most of the duplicate items for nonresidential uses which were the same as for residential uses.

The Amendment also clarifies the difference between major and minor amendments to the concept plan and how each are processed.

The public hearing notice for this Amendment was published in the August 18 and September 1 issues of the Horseshoe Bay Beacon and in the August 18 and September 1 issues of the Highlander.

The Planning and Zoning Commission at its meeting on September 6 recommended approval of the Amendment to the City Council, with the addition of language that the City Manager shall consult with the Director of Development Services in determining whether an amendment is

**major or minor. Staff is not aware of any objections to this Amendment and recommends approval.**

**Enclosures: Zoning Ordinance Amendment Redline  
Zoning Ordinance Amendment Clean**

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. \_\_\_\_\_**

**AMENDMENT TO CHAPTER 14 ZONING, DIVISION 4 PLANNED DEVELOPMENTS**

**AN ORDINANCE OF THE CITY OF HORSESHOE BAY AMENDING CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE, DIVISION 4 PLANNED DEVELOPMENTS, SECTIONS 14.02.461 THROUGH 14.02.467 TO STREAMLINE THE PLANNED DEVELOPMENT REVIEW AND DEVELOPMENT PROCESS; AND PROVIDING FOR SEVERABILITY; REPEALER; EFFECTIVE DATE; AND PROPER NOTICE AND MEETING**

**WHEREAS**, the City Council of the City of Horseshoe Bay ("City Council") seeks to continue to provide for the health, safety, and welfare of those living in, working in, and visiting the City; and

**WHEREAS**, staff has found that the Planned Development (PD) regulations in the Zoning Ordinance are cumbersome, duplicative and in need of being revised; and

**WHEREAS**, the City Council desires to provide PD zoning regulations that are more streamlined and helpful to future applicants, while at the same time protecting the surrounding development and the city as a whole; and

**WHEREAS**, the City Council is of the opinion that revising the PD zoning regulations in Division 4 of the Zoning Ordinance is in the best interests of the City of Horseshoe Bay; and

**WHEREAS**, the City Council, in the exercise of its legislative discretion has concluded that Chapter 14 Zoning of the City Code of Horseshoe Bay should be amended as herein described.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY:**

**I. FINDINGS OF FACT**

All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council, and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

**II. AMENDMENT TO CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE, DIVISION 4 PLANNED DEVELOPMENTS, SECTIONS 14.02.461 THROUGH 14.02.467**

- a. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.461 Purpose of planned development zones as heretofore amended, be and the same is hereby amended to read as follows:

#### Sec. 14.02.461 Purpose of planned development zones

The ~~general~~ purpose of a planned development (PD) zone is to provide for the development of land as an integral unit for single or mixed use in accordance with an approved PD concept plan, ~~that may include~~ Uses, regulations and other requirements in a PD Ordinance ~~that may vary from the provisions of~~ other the existing zone the property is located in zones. ~~The use of~~ PD zones ~~are intended~~ is one way to implement ~~generally~~ the goals and objectives of the comprehensive plan. PD zones are also intended to encourage flexible and creative planning; and to ensure the compatibility of land uses within a single project; and to allow for the adjustment of changing demands ~~PD zones that are triggered by a large scale project, a high density or high intensity rezoning request, the need for a mix of land uses, or that propose new types of designs or development. need~~ to meet ~~the current needs of the community by meeting~~ one or more of the following purposes:

- (1) To provide for a mix of residential and/or commercial uses and amenities within a single project when such a mix is desirable and in the best interest of the community;
- (2) To provide for a superior design of lots or buildings To encourage the creative development of land. provide locations for well-planned developments or meet other objectives of the Comprehensive Plan;
- (32) To provide for increased recreation and open space opportunities for public use;
- (43) To protect or preserve natural amenities and environmental assets such as trees, creeks, ponds, floodplains, slopes, hills, viewscales, and wildlife habitats; or
- ~~(4) To protect or preserve existing historical buildings, structures, features or places;~~
- ~~(5) To provide an appropriate balance between the intensity of development and the ability to provide adequate supporting public facilities and services; or~~
- (56) To meet or exceed the present standards of this article.

b. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.462 Nature of PD zones and minimum standards as heretofore amended, be and the same is hereby amended to read as follows:

#### Sec. 14.02.462 Nature of PD zones and minimum standards

- (a) Each PD shall be a freestanding zone in which land uses and intensities of land use are

~~designed may be tailored~~ to fit the physical features of the site and to achieve compatibility with existing and planned adjacent uses. Minimum standards for residential and/or nonresidential uses proposed for the PD must be incorporated within an PD Ordinance adopted by the city council as a rezoning request. In ~~the~~ adopting the PD ordinance, the city council may incorporate minimum standards by making reference to ~~the an~~ existing zone that the PD is located in.

(b) To the extent that a PD concept plan ~~and or~~ PD ordinance creates standards or imposes restrictions or duties which differ from those imposed by other city ordinances, rules or regulations, the standards, restrictions or duties imposed by the PD concept plan and PD ordinance, adopted pursuant to this division, shall supersede such other provisions to the extent of any conflict or inconsistency. Any inconsistency or conflict shall be identified by the applicant at the time of application for the PD zone.

c. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.463 Land use as heretofore amended, be and the same is hereby amended to read as follows:

**Sec. 14.02.463 Land use**

(a) An application for a PD zone shall specify the use or the combination of uses proposed and the -

~~(b) Location. The~~ location of all authorized uses in the PD Ordinance shall be consistent with the PD concept plan.

~~(be)~~ Residential and/or commercial uses. Unless otherwise provided by the PD ordinance, the following standards shall apply to all residential and/or commercial uses within a PD zone:

(1) Drainage. Drainage features shall be integrated into the design of the development and shall be contained within ponds and streams with a natural appearance wherever possible.

(2) ~~Issues important to the city in regard to residential development include, but are not limited to~~ The following items shall be addressed in the PD ordinance for a PD containing residential and/or commercial uses:

(A) Density, including Hheight, number of stories, and size of buildings and other structures;

(B) The percentage of a lot that is occupied;

(C) The size of yards, courts, and ~~other~~ open spaces;

~~(D) Density;~~

~~(DE)~~ The location and use of buildings, other structures, and land;

~~(F) The pumping, extraction, and use of groundwater;~~

~~(G) — Construction, reconstruction, alteration, or razing of buildings and other structures in the case of designated places and areas of historical, cultural, or architectural significance;~~

(EH) The bulk of buildings;

(FI) Landscaping;

(GJ) Fencing, walls, and screening;

(HK) Steep slope protection;

(IL) Exterior construction and design;

(JM) Lighting in compliance with the City's Outdoor Lighting Ordinance;

(KN) Parking and loading;

(LO) Amenities;

(MP) Ingress/egress; and

(NQ) Traffic impact and flow.

PD zone applicants are encouraged to discuss with the mayer city manager and development services directormanager these itemsissues early in the process, preferably prior to the preparation of a PD concept plan.

~~(d) — Nonresidential uses. Unless otherwise provided by the PD ordinance, the following standards shall apply to all nonresidential uses within a PD zone:~~

~~(1) — Drainage. Drainage features shall be integrated into the design of the development and shall be contained within ponds and streams with a natural appearance wherever possible.~~

(32) Open space standards. ~~Unless otherwise provided by the PD ordinance, A~~ minimum of twenty percent (20%) of the gross land area within the entire PD zone shall be devoted to open space. Open space for PD zones may be satisfied by either public or a combination of public and private open space.

(43) Preservation of natural features. ~~Unless otherwise provided by the PD ordinance or PD concept plan:~~

(A) Floodplain areas shall be preserved and maintained as open space; and

(B) Stands of native trees and shrubs shall be preserved and protected from destruction or alteration.

(54) Dimensional and area standards. ~~Unless otherwise provided by the PD ordinance,~~ Dimensional and area standards for uses shall be the most restrictive standards authorized by the city's zoning regulations for the same or similar uses, unless other standards are approved by city council.

~~(5) Other issues important to the city in regard to nonresidential development include, but are not limited to:~~

~~(A) Height, number of stories, and size of buildings and other structures;~~

~~(B) The percentage of a lot that is occupied;~~

~~(C) The size of yards, courts, and other open spaces;~~

~~(D) Density;~~

~~(E) The location and use of buildings, other structures, and land;~~

~~(F) The pumping, extraction, and use of groundwater;~~

~~(G) Construction, reconstruction, alteration, or razing of buildings and other structures in the case of designated places and areas of historical, cultural, or architectural significance;~~

~~(H) The bulk of buildings;~~

~~(I) Landscaping;~~

~~(J) Fencing, walls, and screening;~~

~~(K) Steep slope protection;~~

~~(L) Exterior construction and design;~~

~~(M) Lighting;~~

~~(N) Parking;~~

~~(O) Amenities;~~

~~(P) Ingress/egress; and~~

~~(Q) Traffic flow.~~

~~PD zone applicants are encouraged to discuss with the mayor and development services manager these issues early in the process, preferably prior to the preparation of a PD concept plan.~~

d. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.464 Concept plan required as heretofore amended, be and the same is hereby amended to read as follows:

**Sec. 14.02.464 Concept plan required**

(a) PD concept plan. The PD concept plan is mandatory, and is intended to be used as the first step in the PD process. It establishes general guidelines for the PD zone by identifying the proposed land uses and intensities, ~~thoroughfare street and utility~~ locations, and open space ~~boundaries~~. It also illustrates the integration of these elements into a master plan for the ~~whole~~ PD zone. The PD concept plan, ~~as is~~ incorporated in the PD ordinance and together ~~with the text of the ordinance,~~ establishes the development standards for the PD zone. ~~A~~The concept plan shall be submitted along with ~~the~~ PD rezoning request, and ~~both~~ shall be processed simultaneously ~~with the PD rezoning request~~. If the PD rezoning application is approved, the PD concept plan shall be incorporated and made a part of the PD rezoning ordinance.

(b) Compliance with approved plan. ~~Except as may otherwise be provided by the city's subdivision ordinance, n~~No development shall begin and no building permit shall be issued for any land within a PD zone until a PD ordinance that is consistent with the PD concept plan has been approved. Each PD zone shall be developed, used, and maintained in compliance with the approved PD concept plan. Compliance with the PD ordinance shall be required as a condition ~~precedent to granting for issuance of any of~~ certificates of occupancy in the PD zone. The subdivision platting regulations of Chapter 10 Subdivision Regulations must also be complied with as required and must be in conformance with the approved PD Concept Plan.

e. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.465 Establishment of PD zone and concept plan as heretofore amended, be and the same is hereby amended to read as follows:

**Sec. 14.02.465 Establishment of PD zone and concept plan**

(a) The procedures for establishing a PD zone ~~shall be the same~~ as for any other type of rezoning request, except that the application shall also include the following, ~~in addition to any other information required by this article:~~

- (1) A PD concept plan;
- (2) ~~A list of~~ The proposed PD zone development standards in the PD Ordinance;
- (3) Identification of an existing zone, if any, whose regulations ~~which~~ shall apply to the ~~extent not otherwise provided by the PD concept plan or by the~~ proposed PD zonedistrict development standards;
- (4) A general statement setting forth how the proposed PD zone will relate to the comprehensive plan;
- (5) The total acreage within the proposed PD zone; and

(6) If the development is to occur in phases, a conceptual phasing plan that identifies the currently anticipated general sequence of development, including the currently anticipated general sequence for installation of ~~major capital improvements~~utilities and streets to serve the development.

~~(b) Except to the extent provided by the PD concept plan and the PD ordinance, development within the PD zone shall be governed by all of the ordinances, rules, and regulations of the city in effect at the time of such development, including the standards of any zone identified in the application. In the event of any conflict between the PD concept plan and the PD ordinance and the then-current ordinances, rules, and regulations of the city, the terms, provisions, and intent of the PD concept plan and PD ordinance shall control.~~

~~(be) Proposed PD development standards. Proposed PD district development standards in the PD Ordinance shall be reviewed~~processed simultaneously with the PD rezoning application, and if the PD zoning application is approved, such standards shall ~~be incorporated as part of the PD ordinance~~control. Such proposed development standards are those listed in Section 14.02.463(b)(2) of this Article and shall~~may~~ include, but shall not be limited to: uses; ~~density; lot size; building sizes~~setbacks; lot dimensions and sizes; ~~setbacks; coverage; height; landscaping; lighting; screening; fencing; parking and loading; signage; open space; drainage;~~ and utility and street standards. Any graphic depictions used to illustrate such standards, ~~unless otherwise provided in the PD ordinance~~, shall be considered as regulatory standards. In the event of any conflict, the more stringent standards shall apply.

~~(c) Other city development standards apply: Except to the extent provided by the PD concept plan and the PD ordinance, development within the PD zone shall be governed by all of the ordinances, rules, and regulations of the city in effect at the time of such development, including the standards of any zone identified in the application. In the event of any conflict between the PD concept plan and PD ordinance and the then-current ordinances, rules, and regulations of the city, the terms, provisions, and intent of the PD concept plan and PD ordinance shall control.~~

f. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.465 Project design as heretofore amended, be and the same is hereby amended to read as follows:

#### **Sec. 14.02.466 Project design**

It is the intent of these regulations to encourage outstanding project design for PD zones. The following standards will be used to evaluate project design:

- (1) The arrangement of all uses and improvements should preserve and enhance the natural character of the site and should reflect the natural capabilities and limitations of the site as well as the characteristics and limitations of adjacent property.
- (2) Development must be compatible with the ~~immediate environment of the site and~~ neighborhood relative to architectural design; scale, bulk and building height; ~~historical character; and disposition and orientation of buildings on the lot.~~

~~(3) Buildings, transportation improvements, and open space areas, must be arranged on the site so that activities are compatible with the neighborhood.~~

(34) Buildings, transportation improvements, open space, and landscaping, must be designed with consideration for natural conditions and views, and be arranged to produce an efficient, functionally organized, and cohesive-coordinated development.

~~(5) Buildings, transportation improvements, open space and landscaping, must be in favorable relationship to the existing natural topography, natural vegetation and creeks, exposure to sunlight and wind, and long or scenic views.~~

(46) ~~The PD should, and should be designed to reflect the existing topography and natural systems.~~ Vegetative communities, ~~located in floodplains,~~ existing tree stands and ~~along~~ steep slopes should be maintained as open areas and wildlife habitat. Creeks and streams should be preserved and enhanced as amenities.

~~(7) The project should preserve historic elements of the site.~~

(58) ~~Utilization of~~ Open space should be enhanced through provision of amenities.

g. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.467 Amendment of concept plan as heretofore amended, be and the same is hereby amended to read as follows:

#### **Sec. 14.02.467 Amendment of concept plan**

PD concept plans are considered part of the PD ordinance. Any major amendment to a PD concept plan shall be considered a zoning change, and shall be processed as such. The city manager in consultation with the director of development services shall determine if an amendment is major or minor, and if minor, the change only requires the city manager's approval., unless the changes are provided for in the PD zone ordinance. (Ordinance 07-09-18E, sec. 4.7, adopted 9/18/07)

### **III. SEVERABILITY**

Should any part, sentence or phrase of this Ordinance be determined to be unlawful, void or unenforceable, the validity of the remaining portions of this Ordinance shall not be adversely affected. No portion of this Ordinance shall fail or become inoperative by reason of the invalidity of any other part. All provisions of this Ordinance are declared to be severable.

### **IV. REPEALER**

All ordinances or parts of ordinances in force when the provisions of this Ordinance becomes effective which are inconsistent or in conflict with the terms and provisions contained in this Ordinance are hereby repealed only to the extent of such conflict.

**V. EFFECTIVE DATE**

This Ordinance shall be in full force and effective from and after its date of passage and publication as may be required by governing law.

**VI. PROPER NOTICE AND MEETING**

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**APPROVED AND ADOPTED** on this 20<sup>th</sup> day of September, 2016 by a vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, City Secretary**

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. \_\_\_\_\_**

**AMENDMENT TO CHAPTER 14 ZONING, DIVISION 4 PLANNED DEVELOPMENTS**

**AN ORDINANCE OF THE CITY OF HORSESHOE BAY AMENDING CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE, DIVISION 4 PLANNED DEVELOPMENTS, SECTIONS 14.02.461 THROUGH 14.02.467 TO STREAMLINE THE PLANNED DEVELOPMENT REVIEW AND DEVELOPMENT PROCESS; AND PROVIDING FOR SEVERABILITY; REPEALER; EFFECTIVE DATE; AND PROPER NOTICE AND MEETING**

**WHEREAS**, the City Council of the City of Horseshoe Bay ("City Council") seeks to continue to provide for the health, safety, and welfare of those living in, working in, and visiting the City; and

**WHEREAS**, staff has found that the Planned Development (PD) regulations are cumbersome, duplicative and in need of being revised; and

**WHEREAS**, the City Council desires to provide PD zoning regulations that are more streamlined and helpful to future applicants, while at the same time protecting the surrounding development and the city as a whole; and

**WHEREAS**, the City Council is of the opinion that revising the PD zoning regulations in Division 4 of the Zoning Ordinance is in the best interests of the City of Horseshoe Bay; and

**WHEREAS**, the City Council in the exercise of its legislative discretion has concluded that Chapter 14 Zoning of the City Code of Horseshoe Bay should be amended as herein described.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY:**

**I. FINDINGS OF FACT**

All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council, and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

**II. AMENDMENT TO CHAPTER 14 ZONING, ARTICLE 14.02 ZONING ORDINANCE, DIVISION 4 PLANNED DEVELOPMENTS, SECTIONS 14.02.461 THROUGH 14.02.467**

- a. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.461 Purpose of planned development zones as heretofore amended, be and the same is hereby amended to read as follows:

**Sec. 14.02.461 Purpose of planned development zones**

The purpose of a planned development (PD) zone is to provide for the development of land as an integral unit for single or mixed use in accordance with an approved PD concept plan. Uses, regulations and other requirements in a PD Ordinance may vary from the provisions of the existing zone the property is located in. The use of PD zones is one way to implement the goals and objectives of the comprehensive plan. PD zones are also intended to encourage flexible and creative planning and to ensure the compatibility of land uses within a single project. PD zones that are triggered by a large scale project, a high density or high intensity rezoning request, the need for a mix of land uses, or that propose new types of designs or development, need to meet one or more of the following purposes::

- (1) To provide for a mix of residential and/or commercial uses and amenities within a single project when such mix is desirable and in the best interest of the community;
- (2) To encourage the creative development of land, provide locations for well-planned developments or meet other objectives of the Comprehensive Plan;
- (3) To provide for increased recreation and open space opportunities for public use;
- (4) To protect or preserve natural amenities and environmental assets such as trees, creeks, ponds, floodplains, slopes, hills, viewscapes, and wildlife habitats; or
- (5) To meet or exceed the present standards of this article.

b. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.462 Nature of PD zones and minimum standards as heretofore amended, be and the same is hereby amended to read as follows:

**Sec. 14.02.462 Nature of PD zones and minimum standards**

(a) Each PD shall be a freestanding zone in which land uses and intensities of land use are designed to fit the physical features of the site and to achieve compatibility with existing and planned adjacent uses. Minimum standards for residential and/or nonresidential uses proposed for the PD must be incorporated within a PD Ordinance adopted by the city council as a rezoning request. In adopting the PD ordinance, the city council may incorporate minimum standards by making reference to the existing zone that the PD is located in.

(b) To the extent that a PD concept plan and PD ordinance create standards or impose restrictions or duties which differ from those imposed by other city ordinances, rules or regulations, the standards, restrictions or duties imposed by the PD concept plan and PD ordinance, adopted pursuant to this division, shall supersede such other provisions to the extent of any conflict or inconsistency. Any inconsistency or conflict shall be identified by the applicant at the time of application for the PD zone.

c. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.463 Land use as heretofore amended, be and the same is hereby amended to read as follows:

**Sec. 14.02.463 Land use**

(a) An application for a PD zone shall specify the use or the combination of uses proposed and the location of all authorized uses in the PD Ordinance shall be consistent with the PD concept plan.

(b) Residential and commercial uses. Unless otherwise provided by the PD ordinance, the following standards shall apply to all residential and commercial uses within a PD zone:

(1) Drainage. Drainage features shall be integrated into the design of the development and shall be contained within ponds and streams with a natural appearance wherever possible.

(2) The following items shall be addressed in the PD ordinance for a PD containing residential and/or commercial uses:

- (A) Density, including height, number of stories, and size of buildings and other structures;
- (B) The percentage of a lot that is occupied;
- (C) The size of yards, courts, and open space;
- (D) The location and use of buildings, other structures, and land;
- (E) The bulk of buildings;
- (F) Landscaping;
- (G) Fencing, walls, and screening;
- (H) Steep slope protection;
- (I) Exterior construction and design;
- (J) Lighting in compliance with the City's Outdoor Lighting Ordinance;
- (K) Parking and loading;
- (L) Amenities;
- (M) Ingress/egress; and
- (N) Traffic impact and flow.

PD zone applicants are encouraged to discuss with the city manager and development services director these items early in the process, preferably prior to the preparation of a PD concept plan.

(3) Open space standards. A minimum of twenty percent (20%) of the gross land area within the entire PD zone shall be devoted to open space. Open space for PD zones may be satisfied by either public or a combination of public and private open space.

(4) Preservation of natural features

(A) Floodplain areas shall be preserved and maintained as open space; and

(B) Stands of native trees and shrubs shall be preserved and protected from destruction or alteration.

(5) Dimensional and area standards. Dimensional and area standards for uses shall be the most restrictive standards authorized by the city's zoning regulations for the same or similar uses, unless other standards are approved by city council.

d. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.464 Concept plan required as heretofore amended, be and the same is hereby amended to read as follows:

**Sec. 14.02.464 Concept plan required**

(a) PD concept plan. The PD concept plan is mandatory, and is intended to be used as the first step in the PD process. It establishes general guidelines for the PD zone by identifying the proposed land uses and intensities, street and utility locations, and open space. It also illustrates the integration of these elements into a master plan for the PD zone. The PD concept plan is incorporated in the PD ordinance and together they establish the development standards for the PD zone. The concept plan shall be submitted along with the PD rezoning request, and both shall be processed simultaneously. If the PD rezoning application is approved, the PD concept plan shall be incorporated and made a part of the PD rezoning ordinance.

(b) Compliance with approved plan. No development shall begin and no building permit shall be issued for any land within a PD zone until a PD ordinance that is consistent with the PD concept plan has been approved. Each PD zone shall be developed, used, and maintained in compliance with the approved PD concept plan. Compliance with the PD ordinance shall be required as a condition for issuance of any certificates of occupancy in the PD zone. The subdivision platting regulations of Chapter 10 Subdivision Regulations must also be complied with as required and must be in conformance with the approved PD Concept Plan.

e. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.465 Establishment of PD zone and concept plan as heretofore amended, be and the same is hereby amended to read as follows:

**Sec. 14.02.465 Establishment of PD zone and concept plan**

(a) The procedures for establishing a PD zone are the same as for any other type of rezoning request, except that the application shall also include the following:

- (1) A PD concept plan;
- (2) The proposed PD zone development standards in the PD Ordinance;
- (3) Identification of an existing zone, if any, whose regulations shall apply to the proposed PD zone;
- (4) A general statement setting forth how the proposed PD zone will relate to the comprehensive plan;
- (5) The total acreage within the proposed PD zone; and
- (6) If the development is to occur in phases, a conceptual phasing plan that identifies the currently anticipated general sequence of development, including the currently anticipated general sequence for installation of utilities and streets to serve the development.

(b) Proposed PD development standards. Proposed PD district development standards in the PD Ordinance shall be reviewed, and if the PD zoning application is approved, such standards shall control. Such proposed development standards are those listed in Section 14.02.463(b)(2) of this Article and shall include, but shall not be limited to: uses; building setbacks; lot dimensions and sizes; and utility and street standards. Any graphic depictions used to illustrate such standards shall be considered as regulatory standards. In the event of any conflict, the more stringent standards shall apply.

(c) Other city development standards apply: Except to the extent provided by the PD concept plan and the PD ordinance, development within the PD zone shall be governed by all of the ordinances, rules, and regulations of the city in effect at the time of such development, including the standards of any zone identified in the application. In the event of any conflict between the PD concept plan and PD ordinance and the then-current ordinances, rules, and regulations of the city, the terms, provisions, and intent of the PD concept plan and PD ordinance shall control.

f. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.465 Project design as heretofore amended, be and the same is hereby amended to read as follows:

**Sec. 14.02.466 Project design**

It is the intent of these regulations to encourage outstanding project design for PD zones. The following standards will be used to evaluate project design:

- (1) The arrangement of all uses and improvements should preserve and enhance the natural character of the site and should reflect the natural capabilities and limitations of the site as well as the characteristics and limitations of adjacent property.

(2) Development must be compatible with the neighborhood relative to architectural design, scale, bulk and building height.

(3) Buildings, transportation improvements, open space, and landscaping, must be designed with consideration for natural conditions and views, and be arranged to produce an efficient, functionally organized, and coordinated development.

(4) Vegetative communities, existing tree stands and steep slopes should be maintained as open areas and wildlife habitat. Creeks and streams should be preserved and enhanced as amenities.

(5) Open space should be enhanced through provision of amenities.

g. Chapter 14 Zoning, Article 14.02 Zoning Ordinance, Section 14.02.467 Amendment of concept plan as heretofore amended, be and the same is hereby amended to read as follows:

**Sec. 14.02.467 Amendment of concept plan**

PD concept plans are considered part of the PD ordinance. Any major amendment to a PD concept plan shall be considered a zoning change, and shall be processed as such. The city manager in consultation with the director of development services shall determine if an amendment is major or minor, and if minor, the change only requires the city manager's approval.

**III. SEVERABILITY**

Should any part, sentence or phrase of this Ordinance be determined to be unlawful, void or unenforceable, the validity of the remaining portions of this Ordinance shall not be adversely affected. No portion of this Ordinance shall fail or become inoperative by reason of the invalidity of any other part. All provisions of this Ordinance are declared to be severable.

**IV. REPEALER**

All ordinances or parts of ordinances in force when the provisions of this Ordinance becomes effective which are inconsistent or in conflict with the terms and provisions contained in this Ordinance are hereby repealed only to the extent of such conflict.

**V. EFFECTIVE DATE**

This Ordinance shall be in full force and effective from and after its date of passage and publication as may be required by governing law.

**VI. PROPER NOTICE AND MEETING**

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**APPROVED AND ADOPTED** on this 20<sup>th</sup> day of September, 2016 by a vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, City Secretary**



# CITY OF HORSESHOE BAY

SEPTEMBER 20, 2016

To: Mayor and City Council   
Thru: Stan R. Farmer, City Manager  
From: Eric W. Winter, Development Services Director  
RE: Public Hearing, Discuss, Consider and Take Action on an Ordinance Amendment to Chapter 10 Subdivision Regulations, Article 10.03 Subdivision Ordinance, Deleting Division 9 Planned Development Zones, Sections 10.03.311 and 10.03.312 and Secs. 10.03.313-10.03.370 in Their Entirety

The attached Subdivision Ordinance Amendment as proposed will eliminate confusing and duplicative language between this Division and Division 4 of Article 14.02 of the Zoning Ordinance. Like the Zoning Ordinance Amendment regarding Planned Developments, this Amendment is the result of issues brought to staff's attention from reviews of the last two Planned Developments, and is an attempt to address and resolve those issues by deleting the entire Division in the Subdivision Ordinance that is confusing to both staff and applicants and is basically duplicative of the regulations regarding PDs in Division 4 of Article 14.02 of the Zoning Ordinance.

The public hearing notice for this Amendment was published in the August 18 and September 1 issues of the Horseshoe Bay Beacon and in the August 18 and September 1 issues of the Highlander.

The Planning and Zoning Commission at its meeting on September 6 recommended approval of the Amendment to the City Council. Staff is not aware of any objections to this Amendment and recommends approval.

Enclosures: Subdivision Ordinance Amendment Redline  
Subdivision Ordinance Amendment Clean

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. \_\_\_\_\_**

**AMENDMENT TO CHAPTER 10 SUBDIVISION REGULATIONS, ARTICLE 10.03  
SUBDIVISION ORDINANCE DELETING DIVISION 9 PLANNED  
DEVELOPMENT ZONES**

**AN ORDINANCE OF THE CITY OF HORSESHOE BAY AMENDING  
CHAPTER 10 SUBDIVISION REGULATIONS, ARTICLE 10.03  
SUBDIVISION ORDINANCE, DIVISION 9 PLANNED DEVELOPMENT  
ZONES BY DELETING THE DIVISION IN ITS ENTIRETY; AND  
PROVIDING FOR SEVERABILITY; REPEALER; EFFECTIVE DATE;  
AND PROPER NOTICE AND MEETING**

**WHEREAS,** the City Council of the City of Horseshoe Bay ("City Council") seeks to continue to provide for the health, safety, and welfare of those living in, working in, and visiting the City; and

**WHEREAS,** staff has found that the Planned Development regulations in the Subdivision Ordinance are confusing and duplicative with the Planned Development regulations in Division 4 of the Zoning Ordinance, and are in need of elimination; and

**WHEREAS,** the City Council desires to eliminate confusing and duplicative requirements regarding Planned Developments in Chapter 10 Subdivision Regulations; and

**WHEREAS,** the City Council is of the opinion that deleting Division 9 Planned Development Zones in the Article 10.03 of the Subdivision Ordinance is in the best interests of the City of Horseshoe Bay; and

**WHEREAS,** the City Council in the exercise of its legislative discretion has concluded that Chapter 10 Subdivision Regulations of the City Code of Horseshoe Bay should be amended as herein described.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY:**

**I. FINDINGS OF FACT**

All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council, and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

## II. AMENDMENT TO CHAPTER 10 SUBDIVISION REGULATIONS, ARTICLE 10.03 SUBDIVISION ORDINANCE, DELETING DIVISION 9 PLANNED DEVELOPMENT ZONES

Chapter 14 Subdivision Regulations, Article 10.03 Subdivision Ordinance, Division 9 Planned Developments is hereby deleted in its entirety.

### ~~Division 9. Planned Development Zones~~

#### ~~Sec. 10.03.311 — Purpose~~

~~(a) — In certain instances, the purposes of this article may be achieved through the use of planned developments which do not conform in all respects to the land use pattern designated in the comprehensive development plan, or the subdivision requirements of this article. A planned development zone (PD) may include a combination of different dwelling types and/or a variety of land uses which creatively complement each other and harmonize with existing and proposed land uses in the vicinity, and which can be considered as a sustainable development, potentially providing multipurpose uses within a single project.~~

~~(b) — For purposes of this article, a planned development zone shall have the same meaning as provided for in the zoning ordinance.~~

~~(Ordinance 07-09-18F, sec. IX(a), adopted 9/18/07)~~

#### ~~Sec. 10.03.312 — Subdivision requirements for a planned development zone~~

~~(a) — It is the intent of this article that subdivision review under this ordinance is carried out simultaneously with the review of a planned development zone.~~

~~(b) — The preliminary plat and final plat shall be in conformance with the requirements of the approved planned development zone before they may be approved by the city council. Where a development plan, site plan, or other mechanism showing street layouts is made a part of the amending ordinance creating such planned development zone, the preliminary plat, final plat and construction plans shall be in accordance with such plan or layout.~~

~~(c) — This article contains regulations that apply to the design of streets, utilities and open spaces. In any proposed planned development zone for which the provisions of this article are varied, written recommendations from development services shall be provided to the city council as part of their consideration of approval of such proposed planned development zone and variance to this article.~~

~~(d) — Procedure.~~

~~(1) — Formal application for a development plan approval shall be made by the subdivider or his/her agent in the manner prescribed by the development services department, and shall be processed and considered by the city council.~~

~~(2) — Review and consideration by the city council shall proceed simultaneously and independent of any related requirement of this article.~~

~~(c) — Development plan and specifications. The development plan required under this division shall contain such information as required under the zoning ordinance and shall include the following:~~

~~(1) — A survey of the development area by a registered land surveyor with a recordable legal description, including all existing utilities and recorded easements.~~

~~(2) — A site plan showing location of all structures, all other features to be constructed and all other uses of land, to scale, and with sufficient detail to determine the extent of each use of said structures and land.~~

~~(3) — A topographic map with a contour interval of not more than 1 inch = 2 feet and sufficient spot elevations to determine the nature of the grade in the proposed development.~~

~~(4) — Building plans in sufficient detail such that the use of each floor can be determined and the bulk of the building and the aesthetic nature of the building may be determined.~~

~~(5) — A planting plan sufficient in detail to indicate the nature of all landscaping to be done in the proposed development.~~

~~(6) — A statement of the various phases, if more than one phase is intended, by which the development is proposed to be constructed or undertaken, and the time limit of the completion of each phase, together with a description of the real property to be included in each phase. If more than one phase is proposed, a site plan shall be furnished, showing the physical location of each phase.~~

~~(7) — A statement of the proposed changes, if any, in locations of streets and any proposed street closings or vacations.~~

~~(8) — A statement related to the adequacy of public facilities and utilities.~~

~~(9) — A statement of the proposed method of financing the development in sufficient detail to evidence the probability that the developer will be able to finance or arrange to finance the development.~~

~~(Ordinance 07-09-18F, sec. IX(b), adopted 9/18/07)~~

~~ Secs. 10.03.313 – 10.03.370 – Reserved~~

#### IV. SEVERABILITY

Should any part, sentence or phrase of this Ordinance be determined to be unlawful, void or unenforceable, the validity of the remaining portions of this Ordinance shall not be adversely affected. No portion of this Ordinance shall fail or become inoperative by reason of the invalidity of any other part. All provisions of this Ordinance are declared to be severable.

#### V. REPEALER

All ordinances or parts of ordinances in force when the provisions of this Ordinance becomes

effective which are inconsistent or in conflict with the terms and provisions contained in this Ordinance are hereby repealed only to the extent of such conflict.

#### **VI. EFFECTIVE DATE**

This Ordinance shall be in full force and effective from and after its date of passage and publication as may be required by governing law.

#### **VII. PROPER NOTICE AND MEETING**

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**APPROVED AND ADOPTED** on this 20<sup>th</sup> day of September, 2016 by a vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, City Secretary**

**CITY OF HORSESHOE BAY**

**ORDINANCE NO. \_\_\_\_\_**

**AMENDMENT TO CHAPTER 10 SUBDIVISION REGULATIONS, ARTICLE 10.03  
SUBDIVISION ORDINANCE, DIVISION 9 PLANNED DEVELOPMENT ZONES**

**AN ORDINANCE OF THE CITY OF HORSESHOE BAY AMENDING  
CHAPTER 10 SUBDIVISION REGULATIONS, ARTICLE 10.03  
SUBDIVISION ORDINANCE, DIVISION 9 PLANNED DEVELOPMENT  
ZONES BY DELETING IT IN ITS ENTIRETY; AND PROVIDING FOR  
SEVERABILITY; REPEALER; EFFECTIVE DATE; AND PROPER  
NOTICE AND MEETING**

**WHEREAS**, the City Council of the City of Horseshoe Bay ("City Council") seeks to continue to provide for the health, safety, and welfare of those living in, working in, and visiting the City; and

**WHEREAS**, staff has found that the Planned Development regulations in the Subdivision Ordinance are confusing and duplicative of the Planned Development regulations in Zone 4 of Article 14.02 Zoning Ordinance, and are in need of elimination; and

**WHEREAS**, the City Council desires to provide one place in the City's Code of Ordinances for regulations regarding Planned Developments, which should be in the Zoning Ordinance; and

**WHEREAS**, the City Council is of the opinion that deleting the Planned Development regulations in Division 9 of the Subdivision Ordinance is in the best interests of the City of Horseshoe Bay; and

**WHEREAS**, the City Council in the exercise of its legislative discretion has concluded that Chapter 10 Subdivision Regulations of the City Code of Horseshoe Bay should be amended as herein described.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORSESHOE BAY:**

**I. FINDINGS OF FACT**

All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council, and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

**II. AMENDMENT TO CHAPTER 10 SUBDIVISION REGULATIONS, ARTICLE 10.03  
SUBDIVISION ORDINANCE DELETING DIVISION 9 PLANNED DEVELOPMENT  
ZONES**

Chapter 14 Subdivision Regulations, Article 10.03 Subdivision Ordinance, Division 9 Planned Development Zones is hereby deleted in its entirety.

**III. SEVERABILITY**

Should any part, sentence or phrase of this Ordinance be determined to be unlawful, void or unenforceable, the validity of the remaining portions of this Ordinance shall not be adversely affected. No portion of this Ordinance shall fail or become inoperative by reason of the invalidity of any other part. All provisions of this Ordinance are declared to be severable.

**IV. REPEALER**

All ordinances or parts of ordinances in force when the provisions of this Ordinance becomes effective which are inconsistent or in conflict with the terms and provisions contained in this Ordinance are hereby repealed only to the extent of such conflict.

**V. EFFECTIVE DATE**

This Ordinance shall be in full force and effective from and after its date of passage and publication as may be required by governing law.

**VI. PROPER NOTICE AND MEETING**

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**APPROVED AND ADOPTED** on this 20<sup>th</sup> day of September, 2016 by a vote of the City Council of the City of Horseshoe Bay, Texas.

**CITY OF HORSESHOE BAY, TEXAS**

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**Stephen T. Jordan, Mayor**

**ATTEST:**

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**Teresa L. Moore, City Secretary**