

CITY OF HORSESHOE BAY
CITY COUNCIL PUBLIC MEETING
MINUTES

January 26, 2010

The Council of the City of Horseshoe Bay held a Public Meeting at City Hall, located at #1 Community Drive, Horseshoe Bay, Llano County, Texas, January 26, 2010, in accordance with duly posted notice of said meeting. Mayor Bob Lambert called the meeting to order at 3:00 p.m. with a quorum of Council Members present as follows:

Robert W. Lambert, Mayor
James E. Babcock, Mayor Pro Tem
Claudia Haydon, Councilperson
Phillip Lee, Councilperson
Jeff Robinson, Councilperson
Steve Spence, Councilperson

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 to Order and Establish a Quorum: Mayor Bob Lambert called the Public Meeting to order at 3:00 p.m. with a quorum present.
2. Invocation: Reverend Johnny White Pastor with The Church at Horseshoe Bay gave the invocation.
3. Pledges to the Flags: Mayor Lambert led the pledge of allegiance to the United States flag and the Texas flag. He welcomed everyone to the meeting and asked that anyone who wanted to make comments please sign the sheet on the podium.
4. Public Comments: Craig Haydon updated the Council on the status of the availability of broadband services in the City. Councilperson Jeff Robinson said he spoke to Verizon's Southwest Regional President, Carl Erhart. Mr. Erhart told him they still have two repeaters to bring up in Horseshoe Bay West and once that is completed the majority of HSB West should have DSL access. Llano County Commissioner Johnnie Heck said Verizon came to the County and asked for permission to install new cable on County Road 311. At that time the Commissioners' court was told this was for service for high speed internet for this part of Llano County.
5. Staff Recognition:
 - a. Recognition of Hill Country 100 Award Recipients:
 - i. Fran Shull-Police Department
 - ii. Joe Bates-Fire Department

- b. Introduction of New Employees:
 - i. Kyle Schmidt-Firefighter
 - ii. Jeff Walker-Firefighter
 - iii. Travis McDaniel-Firefighter

Councilperson Jeff Robinson recognized the recipients of this year's Hill Country 100 Awards.

Fire Chief Jim Fiero introduced the City's new firefighters.

6. Items to be removed from the Consent Agenda:

c. Award of Contract for Construction of Elevated Storage Tank

Councilperson Spence wanted to make the public aware of this project. He said the Council is approving an expenditure of \$1.7 million and he would like Utilities Director Jeff Koska to briefly explain this project. Mr. Koska said the staff is asking the Council to approve the award of the contract for a 1.0 million gallon elevated storage tank to replace the 200 thousand gallon tank located in HSB West. The current tank is too small to meet the needs of that area especially in the summer. The City hired Bury+Partners, Inc. Engineering to do the design work, the bid was advertised and three firms bid on the project with the lowest bid being \$1.694 million. Staff is asking the Council to approve that contract in order to start construction. Construction will take approximately 18 months. Councilperson Haydon made the motion to approve awarding the bid. The motion was seconded by Councilperson Robinson. The motion passed unanimously (5-0).

7. Consent Agenda Items:

- a. Minutes of the December 14, 2009 Special Meeting and the December 15, 2009 Public Meeting
- b. Update Skywater Public Improvement District Assessment Rolls for 2010
- d. Resolution to Designate The Llano News as the City's Official Newspaper
- e. Reschedule July 5, 2010 Budget Workshop
- f. City Attorney Invoices
- g. Sale of Fire Department Brush Truck

Councilperson Lee made the motion to approve the remainder of the consent agenda. The motion was seconded by Councilperson Spence. The motion passed unanimously (5-0).

8. Monthly Statistical Departmental Data Reports:

- a. City Manager; Administration; Community Services; Development Services; Fire Dept.; and Police Dept.

City Manager Stan Farmer gave the Council an update on the status of the capital items.

9. Amendment to Development Agreement with Dr. Garrett Craig and Ted Burget to Allow for a Reduction in the Number of Parking Spaces at Dr. Craig's Veterinary Clinic in the City's ETJ: Development Services Manager Eric Winter explained this request is due to the inability of the Veterinary Clinic to meet the requirements of the LCRA impervious cover requirements if we do not allow a reduction from the number of parking spaces from 16 paved to 10 paved and 3 gravel spaces to be used by clinic staff. Councilperson Babcock

made the motion to approve the amendment to the development agreement. The motion was seconded by Councilperson Robinson. The motion passed unanimously (5-0).

10. Sign Ordinance Variance request for a 1 1/3' by 7' Replacement Sign on the Lakeside Office Building Monument Sign for Nan's Needleworks (100 Bunny Run Lane): Mayor Lambert said Warren Newman had signed up to speak on this subject. Mr. Newman said that the sign variance process is quite lengthy and asked that the Council consider streamlining the process for a sign ordinance variance to give staff some leeway in decisions. Mayor Lambert suggested the Council amend the sign ordinance to allow "replacement signs" in monument type signs within the City. Councilperson Lee made the motion to approve this variance. The motion was seconded by Councilperson Spence. The motion passed unanimously (5-0). Mayor Lambert asked Development Services Manager Eric Winter to identify all these type signs and prepare an amendment allowing these monument sign inserts to be changed without coming to the Council for a variance each time.

11. Conduct a Public Hearing and Consideration of Preliminary Plats:

- a. Replat of Lots 23042 and 23043 of Horseshoe Bay Plat No. 23.4, to be known as Horseshoe Bay Plat No. 23.45, Horseshoe Bay, Llano County, Texas (1505 Lake)
- b. Replat of Lots 27047 and 27048 of Horseshoe Bay Plat No. 27.1, to be known as Horseshoe Bay Plat No. 27.2, Horseshoe Bay, Llano County, Texas (719 Buck)
- c. Replat of Lots W21037 and W21038 of Horseshoe Bay West Plat No. W21.1 to be known as Horseshoe Bay West Plat No. 21.4, Horseshoe Bay, Llano County, Texas (905 Sun Ray)

Mayor Lambert convened a Public Hearing at 3:17 p.m. He asked if there were any comments. There were none, and he adjourned the Public Hearing. Councilperson Robinson made the motion to approve the preliminary plats. The motion was seconded by Councilperson Lee. The motion passed unanimously (5-0).

12. Continued Public Hearing and Consideration to Determine Whether the Following Structures Should have Repairs Ordered Under the Substandard Building Code Section 3.04.006:

- a. 116 Arollo Court Lot No. SI1018-7 of Siena Creek Phase 2, Horseshoe Bay, Llano County, Texas
- b. 110 Amethyst, Lot No. W1067 of Horseshoe Bay West Plat No. W1.1, Horseshoe Bay, Llano County, Texas
- c. 202 Sweet Grass, Lot No. W17006A of Horseshoe Bay West Plat No. W17.1, Horseshoe Bay, Llano County, Texas

Mayor Lambert continued a Public Hearing at 4:04 p.m. He asked if there were any comments. Mr. David Young spoke regarding 116 Arollo Court asking the Council to allow time to complete this project. He estimated that it would take 4 months to complete. Mr. Brad Hatfield representing Arrowhead Bank spoke regarding 110 Amethyst and 202 Sweet Grass. He explained that Arrowhead Bank is now the owners of these properties as of January 5th. He said his client has spent considerable time working on what needs to be done to complete these projects, but are ready to go forward with these projects. They are asking for time to select the contractor and then would need 90 to 120 days to complete the projects. Mayor Lambert adjourned the Public Hearing. Consensus by the Council was to direct staff to issue building permits for 4 months for 116 Arollo Court and 5 months for 110 Amethyst and 202 Sweet Grass.

13. Continued Public Hearing for Annexation of Lake Areas beyond the 825 foot Contour Line and 100 Feet Beyond the Shoreline of Oakridge Estates and the LCRA Power Plant Property to the ETJ Line of the City: Mayor Lambert continued a Public Hearing at 3:25 p.m. He asked if there were any comments. There were none, and he adjourned the Public Hearing.
14. Continued Public Hearing for Annexation of Lake Areas beyond the 825 foot Contour Line and 100 Feet Beyond the Shoreline of Oakridge Estates and the LCRA Power Plant Property to the ETJ Line of the City: Mayor Lambert continued a Public Hearing at 3:26 p.m. He asked if there were any comments. There were none, and he adjourned the Public Hearing. Mayor Lambert stated this has been ongoing for several months and should be completed in February.
15. Public Hearing and Consideration Regarding a Proposed Amendment to Chapter 14 Zoning of the City Code, Section 14.02.002 to add Definitions for Convenience Store and Bar or Nightclub (Discussion Only): Mayor Lambert convened a Public Hearing at 3:27 p.m. Lou Bright, General Council with the Texas Alcohol Beverage Commission (TABC), spoke to the Council regarding TABC regulations. Mayor Lambert adjourned the Public Hearing at 3:36. The Council discussed various matters related to the proposed amendment. Mayor Lambert said this would be brought back at a later meeting for further discussion.
16. Public Hearing Regarding Permanent Zoning Classifications for Newly Annexed Tracts R, S, T & U of Horseshoe Bay West Plat No. 1.2, Horseshoe Bay, Llano County, Texas (Northeast and Northwest Corners of Bay West Blvd. and FM 2147, Median Strip of Bay West Blvd., North of FM 2147, and Tract on the West Side of Bay West Blvd, North of FM 2147): Mayor Lambert convened a Public Hearing at 3:45 p.m. He asked if there were any comments. There were none, and he continued the Public Hearing to the February 16, 2010 Council meeting.
17. Public Hearing and Consideration Regarding a Proposed Amendment to Chapter 14 Zoning of the City Code, Section 14.02.406 (i), to Allow Manufactured Homes Only on Lots in the M-1 Mobile Home Classification in Zone 4-B Horseshoe Bay South: Mayor Lambert convened a Public Hearing at 3:46 p.m.. He asked if there were any comments. There were none, and he adjourned the Public Hearing. Councilperson Lee made the motion to approve this amendment. The motion was seconded by Councilperson Spence. The motion passed unanimously (5-0).
18. Public Hearing and Consideration Regarding Permanent Zoning Classifications for Newly Annexed 0.20 Acre Tract of the North Part of Lot W5013-A of Horseshoe Bay Plat No. W5.8, Horseshoe Bay, Llano County, Texas (311 Up There): Mayor Lambert convened the Public Hearing at 3:47 p.m. He asked if there were any comments. There were none, and he adjourned the Public Hearing. Councilperson Robinson made the motion to approve the item. The motion was seconded by Councilperson Spence. The motion passed unanimously (5-0).

19. Public Hearing and Consideration Regarding Permanent Zoning Classifications for 5 Newly Annexed Areas Generally Located as Follows:

Area 1: 1 Tract located on the South Side of FM 2147, South & West of Hi Circle South, and South of Escondido, West of the Quarry

Area 2: A Triangular Tract located on the North Side of FM 2147, east of 8710 FM 2147 (East of Space Center Storage)

Area 3: 5 Tracts located on the North Side of FM 2147, on the East Side of Tori Lane (Private Street West of the Post Office), and on Both Sides of and Behind the Post Office

Area 4: A Tract located at the End of Spice Lilly Street in Skywater (Not Part of Skywater) and Directly East across Mitchell Creek from Siena Creek

Area 5: A Large Tract of Lake Bottom located south of the Horseshoe Bay Resort Marina, Between Port and Keel Way/Starboard/Anchor Point and Red Sails, and North of Short Circuit and Heron Cove

Mayor Lambert convened a Public Hearing at 3:48 p.m. He asked if there were any comments. There were none, and he adjourned the Public Hearing. Councilperson Lee made the motion to approve this item. The motion was seconded by Councilperson Spence. The motion passed unanimously (5-0).

20. Status of Completion of Four Houses on Sun Ray With Building Permits that Expire on January 28, 2010: Development Services Manager Eric Winter gave an update to the Council regarding the completion of these homes. He advised the Council there is a possibility three of the homes may need an additional two weeks past January 28th to complete. The fourth house is due to be completed by February 27th and is on schedule to be completed by that date. Councilperson Spence made the motion to not the penalty at this time. The motion was seconded by Councilperson Robinson. The motion passed unanimously (5-0).

21. Possible Acquisition of Airport by City of HSB: Mr. J.T. McMahon spoke regarding this item. Mr. McMahon is a resident of the airpark by the airport and owns a hangar home. He explained he can currently taxi his plane from his home through the gate to the airport. The FAA considers this a "through the fence" operation. He said in September of 2009 the FAA came out with new guidelines advising that "through the fence" operations were changed from "discouraged" to "prohibited". Mr. McMahon asked when considering changing the designation of the airport from private to public funded with federal funds that would then fall under the FAA's jurisdiction that the Council carefully considers what the implication of their action does to property owners like himself. City Manager Stan Farmer gave a summary of the press release distributed today regarding this item. Mayor Lambert said this item was discussed at the Council workshop on January 25th and the Council agreed the appropriate way to proceed was to form a committee of interested citizens. They hope to get the word out in the community that the Council would like to hear from people interested in helping evaluate this as well as people that have knowledge of various aspects of airport operation and at least one person that would be interested in spending some time learning about airports. Mayor Lambert said consensus at yesterday's workshop was the Council would like to form this committee at the February meeting as well as give the committee some written direction as to how they might operate. The Council was advised that six months is the time that it would probably take the committee to make their evaluation. Mayor Lambert asked that interested parties contact City Manager Stan Farmer or a

Attachment to January 26, 2010 Minutes

The following summarizes the terms of payment to the City.

Elevated Water Storage Tank

The City and the Developer will work together in good faith to accomplish the construction of the Water Tank in the most cost effective way based on estimated costs. The estimated cost of the 250,000 gallon capacity Water Tank is \$1,300,000.

The City shall sign a construction contract for the Water Tank no later than December 31, 2010, and construction shall be completed as soon as practicable. Developer shall pay the actual costs for constructing a Water Tank with a capacity of 250,000 gallons. Should the City elect to oversize the Water Tank to a capacity beyond 250,000 gallons, as permitted, the City shall pay all construction costs related to oversizing the Water Tank, which shall be determined by taking alternate bids for constructing a 250,000 gallon Water Tank and constructing an oversized Water Tank at the City's requested capacity. The City shall pay the difference in the two costs from the accepted bidder.

The Developer will pay for the actual costs of construction of the Water Tank as they are incurred by the City. Within ten (10) days of receipt of a payment request for an authorized construction cost of the Water Tank, the City will notify Developer or its appointed representative in writing of the payment request. Within thirty (30) days of such notification, the Developer will make payment of such amount to the City.

Developer's obligation to pay its costs associated with the Water Tank shall be secured by a set aside letter from IBC Bank in a form acceptable to the City.

West Water Treatment Plant

The City and the Developer will work together in good faith to accomplish the Expansion in the most cost effective way based on estimated costs, which are currently approximately \$2,000,000.

The Developer will pay for the actual costs of construction as they are incurred by the City. Within ten (10) days of receipt of a payment request for an authorized construction cost of the Expansion, the City will notify Developer or its appointed representative in writing of the payment request. Within thirty (30) days of such notification, the Developer will make payment of such amount to the City.

Developer's obligation to pay its costs associated with the Expansion shall be secured by the set aside letter from IBC Bank in a form acceptable to the City.

Wastewater Treatment Plant

The City and the Developer agree that the Developer's obligation to the City related to the City providing wastewater service to the Project as of the Effective Date is \$3,900,000. Such amount plus interest at 5% beginning on the Effective Date will be paid to the City from the PID as discussed below.

In order to secure Developer's payment of its costs above, Developer shall assign to the City, on the Effective Date, reimbursement rights to which it is entitled from the PID described in the Development Agreement in an amount equivalent to such costs, such assignment to be in a form acceptable to the City. The City will withdraw funds from the PID twice a year as described in the related PID documents. Developer shall not be authorized to withdraw any funds from those collected under the PID until such time that its total obligations to the City hereunder have been paid and the City has released the assignment of reimbursement, which the City shall do within thirty (30) days of receipt of final payment.