



City of Fredericksburg

REGULAR CITY COUNCIL MEETING AGENDA MONDAY, MAY 16, 2022 ~ 6:00 P.M. LAW ENFORCEMENT CENTER 1601 E. MAIN STREET FREDERICKSBURG, TEXAS 78624

Jeryl Hoover, Mayor
Emily Kirchner, Councilmember
Bobby Watson, Councilmember

Tony Klein, Councilmember
Kathy O'Neill, Councilmember
Clinton Bailey, City Manager

The City of Fredericksburg City Council will meet in a regular session on Monday, May 16, 2022 at 6:00 p.m. This meeting will be held in person and livestream on our YouTube Channel.

Link to City of Fredericksburg YouTube Channel [Fredericksburg, Texas USA - YouTube](https://www.youtube.com/c/FredericksburgTexasUSA) (<https://www.youtube.com/c/FredericksburgTexasUSA>). It is the intent to have all members of the governing body present in person at the above identified location, with one or more City employees attending this meeting by videoconference in compliance with the Tex. Gov't Code § 551.127.

1. ADMINISTER OATH OF OFFICES

Administer Oath of Office and issue Election Certificates to Jeryl Hoover, Mayor, and Councilmembers Emily Kirchner and Tony Klein. Administer Ceremonial Oath of Office to Brian Vorauer.

2. CALL TO ORDER

3. INVOCATION

(Chip Johnston, Pastor of Hill Country Fellowship)

4. PLEDGE OF ALLEGIANCE

5. EMPLOYEE RECOGNITIONS AND PUBLIC RECOGNITIONS

- A. Mike Penick for years of service on the Historic Review Board.
- B. Others

6. PUBLIC COMMENTS ON ITEMS ON THE AGENDA

The City Council welcomes citizen participation and comments at all City Council Regular Meetings.

A. Written Comments: to be submitted remotely:

- i. Must be received by 3 p.m. on May 16, 2022
- ii. Complete the Citizen Comment Form online at www.fbgtx.org; or
- iii. Email your comments to CitizenComments@fbgtx.org; or

- iv. Complete a Citizen Comment Form located inside the Public Access entrance at 126 W. Main Street, Fredericksburg, Texas, and place in the box marked Citizen Comment Form.

Copies of the submitted comments will be provided to the City Council and made public on the City website under the "May 16, 2022, City Council Regular Meeting" tab.

B. Verbal Comments:

- i. Sign up in-person between 5:30 p.m. and 6 p.m. at the Law Enforcement Center in order to comment.
- ii. You will be limited to 3 minutes to speak.
- iii. If any citizen has handouts for these should be provided to the City Secretary prior to speaking. If you wish the City Council to receive your handouts for the meeting, please provide 10 copies, if not the City Council will receive your handouts the following day.

7. CONSENT

THE FOLLOWING ITEMS MAY BE ACTED UPON IN A SINGLE MOTION. NO SEPARATE DISCUSSION OR ACTION ON ANY OF THESE ITEMS WILL BE HELD UNLESS PULLED AT THE REQUEST OF A MEMBER OF CITY COUNCIL.

- A. Consider approval of City Council Minutes for: (Shelley Goodwin, City Secretary).
 - i. May 2, 2022 Regular Meeting
(Agenda Packet Pages 5-8)

8. PUBLIC HEARING

- A. Hold a public hearing to receive comments for or against a Conditional Use Permit (CUP) per section 3.510 to construct two (2) first-floor short-term rental units in the Historic Shopping Overlay District requested by John Zook for the property located at 403 W. Austin (Z-2206) (Garret Bonn, Assistant City Engineer/Interim Development Services Director).
(Agenda Packet Pages 9-14)

9. RESOLUTIONS

- A. Consider the approval of Resolution 2022-09R establishing an account within the City's General Fund for the purpose of collecting excess funds on a yearly basis for payment of Capital Improvement Projects (Laura Hollenbeak, Finance Director).
(Agenda Packet Pages 15-18)
- B. Consider the approval of Resolution 2022-10R related to the annual review and approval of the City's Investment Policy and Investment Strategies (Laura Hollenbeak, Finance Director).
(Agenda Packet Pages 19-36)

10. OTHER ACTION ITEMS AND UPDATES

- A. Consider the approval of a Conditional Use Permit (CUP) per Section 3.510 to construct two (2) first-floor short-term rental units in the Historic Shopping Overlay District requested by John Zook for the property located at 403 W. Austin (Z-2206) (Garret Bonn, Assistant City Engineer/Interim Development Services Director).
(Agenda Packet Pages 9-14)
- B. Consider the approval of a Performance Agreement and associated financial security in the amount of \$32,641 for the Post Oak Village Subdivision (Garret Bonn, Assistant City Engineer/Interim Development Services Director).
(Agenda Packet Pages 37-47)

- C. Consider and discuss a presentation on the Annual Water Supply Report (Clinton Bailey, City Manager and Kris Kneese, Assistant Public Works Director).
(Agenda Packet Page 49-50)

11. PUBLIC COMMENTS ON ITEMS NOT LISTED ON THE AGENDA.

12. CITY MANAGER'S REPORT

- A. City Council Work Session.
- B. City Development Update Presentation.
- C. Capital Improvement Plan Project Presentation.
- D. Town Hall Meetings.

13. COUNCIL COMMENTS

Reports about items of community interest, which no action will be taken.

14. ITEMS FOR FUTURE AGENDA

(Agenda Packet Page 51-52)

15. EXECUTIVE SESSION

The City Council will recess its open meeting and reconvene in Executive Session pursuant to Texas Government Code Section 551.074 (Personnel Matters) and Section 551.071 (Consultation with Attorney):

- A. Consider and discuss the appointment, evaluation, reassignment, duties, or dismissal of a public officer, specifically the appointment of a person to fill a vacancy on the City's Planning and Zoning Commission. (Section 551.074)
- B. Consider and discuss status updates for pending litigation in the 216th Judicial District Court, as follows (Section 551.071):
 - i. Alpha Securities, LLC. vs. City of Fredericksburg
 - ii. E. 290 Owners Coalition vs. City of Fredericksburg, Texas
 - iii. Jeanette Hormuth and Jerry Farley vs. Linda Langerhans, in Her Official Capacity as Presiding Officer, Mayor of the City Of Fredericksburg, Texas
 - iv. Marta Estrada vs. City of Fredericksburg and Linens N' More, Inc., and John Doe
 - v. City Of Fredericksburg, Texas vs. Arch Ray, LLC. and Fiesta on the River RV Resort, LLC.
 - vi. Coalition of Post Oak Property Owners v. City of Fredericksburg, Texas

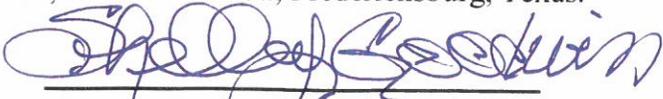
16. BUSINESS ITEM

The City Council will reconvene into Regular Session upon the conclusion of the Executive Session, the City Council may take action on any item posted in Executive Session, as necessary.

- A. Consider the approval of Resolution 2022-11R appointing individuals to fill vacancies in the membership of the City's Planning and Zoning Commission (Garret Bonn, Assistant City Engineer/Interim Development Services Director).
(Agenda Packet Pages 53-54)

17. ADJOURN

This is to certify that I, Shelley Goodwin, posted this Agenda at 4:50 p.m. on May 11, 2022, on the bulletin board of the City of Fredericksburg City Hall, 126 W. Main St., Fredericksburg, Texas.



Shelley Goodwin, TRMC/CMC
City Secretary



CITY OF FREDERICKSBURG

MINUTES OF CITY COUNCIL REGULAR MEETING MAY 2, 2022

The City of Fredericksburg City Council held their regular session on Monday, May 2, 2022 at 6 p.m. This meeting was held in person at the Law Enforcement Center and live streamed on the Fredericksburg YouTube Channel.

Members Present:

Mayor Charlie Kiehne
Councilmember Jerry Luckenbach
Councilmember Tom Musselman
Councilmember Bobby Watson
Councilmember Kathy O'Neill

Members Absent:

No one was absent.

City Staff Present:

Clinton Bailey, City Manager
Daniel Jones, City Attorney
Steve Wetz, Police Chief
Brian Vorauer, Police Patrol Division Lieutenant
Braxton Roemer, Police Special Services Lieutenant
Cody Oris, Information Technology
Lea Feuge, Public Information Officer
Garret Bond, Assistant Engineer/Interim Development Service Director
Leslie Ball- Embrey, Administrative Assistant
Shelley Goodwin, City Secretary

1. CALL TO ORDER

Mayor Kiehne called the regular meeting of the Fredericksburg City Council to order at 6:00 p.m. on Monday, May 2, 2022.

2. INVOCATION

Tommy Russell, Senior Pastor at Fredericksburg Church, resident, led the Invocation.

3. PLEDGE OF ALLEGIANCE

Councilmember Luckenbach led the Pledge of Allegiance.

4. EMPLOYEE RECOGNITIONS

Clinton Bailey, City Manager, stated he did not have any recognitions.

Mayor Kiehne provided a Ceremonial Oath of Office to Clinton Bailey for the appointment of City Manager.

5. PUBLIC COMMENTS ON ITEMS ON THE AGENDA

Mayor Kiehne announced that the City Council had received 0 written comments.

Polly Rickert, a City resident, spoke regarding Agenda Item 7. A. and the number of parking spaces.

Walter Moldenhauer, a City resident, spoke regarding Agenda Item 7. A. and connectivity to all of Main Street.

Jeannette Hormuth, a City resident, spoke regarding Agenda Item 7. A. and the grant funding source.

6. CONSENT

THE FOLLOWING ITEMS MAY BE ACTED UPON IN A SINGLE MOTION. NO SEPARATE DISCUSSION OR ACTION ON ANY OF THESE ITEMS WILL BE HELD UNLESS PULLED AT THE REQUEST OF A MEMBER OF CITY COUNCIL.

A. Consider approval of City Council Minutes for:

- i. April 11, 2022, Work Session Meeting**
- ii. April 18, 2022, Regular Meeting**
- iii. April 26, 2022, Joint Work Session Meeting**

Motion: A motion was made by Councilmember Musselman, seconded by Councilmember Luckenbach, to approve Consent Agenda item 6. A. i.-iii. The City Council voted five (5) for, and none (0) opposed. The motion carried unanimously.

7. OTHER ACTION ITEMS AND UPDATES

A. Consider and discuss a presentation by the Goodman Corporation on the Parking Study

Garret Bonn, Assistant City Engineer/Interim Development Services Director, introduced Barry and Greg Goodman.

Barry Goodman, Goodman Corporation, reviewed the following:

- Types of research done to gather information.
- The research was conducted regarding the supply and demand of visitor parking in the different zones.
- Future demand projections due to future development.
- Using a combination strategy for different types of parking to fill the need
- Thanked those who participated in the Parking Focus Group.

Greg Goodman, Goodman Corporation, reviewed the following:

- Benefits of a two-story parking garage at the Visitor's Center Site
- Potential Funding Sources
- Funding Awards and timeline of 5 years to spend the funds.

The City Council discussed the four different zones and the parking activities. They also discussed the parking demands and the impact occurring on the residential areas. They also agreed by consensus to bring back the Study after the elections.

8. PUBLIC COMMENTS ON ITEMS NOT LISTED ON THE AGENDA.

Jeanette Hormuth, a City resident, spoke regarding the process used to appoint the City Manager.

George Studor, a City resident, spoke regarding the parking study and the dedication of Jerry Luckenbach to the community.

9. CITY MANAGER'S REPORT

A. Police Chief Recruitment Process.

Clinton Bailey, City Manager, thanked the three candidates, the public who participated in the process, and those that served on the interview committee. He noted the decision will be made and announced on Thursday, May 5, 2022.

B. Development Services Department Update.

Garret Bond, Assistant Engineer/Interim Development Service Director, updated the City Council on the status with Granicus. He also noted that currently there are 1059 active Short-Term Rentals within the City and 230 STRs are pending review.

Clinton Bailey, City Manager, thanked Garret Bonn for his hard work and for taking on the Interim role while the City is looking for a new Development Services Director.

C. May 7, 2022 General Election Update.

Shelley Goodwin, City Secretary, stated as of today 1,232 ballots have been cast and 195 Ballots by Mail have been received. She noted that Tuesday, May 3, 2022, from 7:30 a.m. to 4:30 p.m. is the last day to cast a ballot for Early Voting. She announced Election Day voting will be held on Saturday, May 7, 2022, from 7 a.m.-7 p.m. at the Middle School in the Library, and the canvass of the election will be held on May 14, 2022, at 9 a.m. in the Conference Room in City Hall.

D. Update on City Manager transition.

Clinton Bailey, City Manager, stated it is an honor to be selected and noted the main reason for success. He noted Public Servants sign up for the good and the bad, but both help shape us. He also noted the meetings he has had with several Department Heads.

10. COUNCIL COMMENTS

Councilmember Luckenbach stated that the last year and a half has been challenging and feels the City Council has made a lot of good decisions. He thanked his wife for her support, and City Staff for their dedication and encouraged more volunteer participation.

Councilmember Watson congratulated Clinton Bailey and stated he is looking forward to working with him. He also stated it has been an honor to work with Councilmember Luckenbach.

Councilmember O'Neill thanked Councilmember Luckenbach for his work and stated he's been a joy to work with.

Councilmember Musselman thanked Councilmember Luckenbach for his years of service. He noted making public policy is a difficult process, but loves serving the community. He reviewed the upcoming 175th Anniversary activities and encouraged everyone to get out and vote.

Mayor Kiehne thanked Kent Myers for his years of service. He also noted he recently attended the Middle School and High School concerts. He sang "thanks for memories" to Councilmember Luckenbach.

11. ITEMS FOR FUTURE AGENDAS

Clinton Bailey, City Manager, reviewed the Future Agenda Items.

12. ADJOURN

Motion: A motion was made by Councilmember Luckenbach, seconded by Councilmember Watson, to adjourn the Monday, May 2, 2022, City Council Regular Meeting at 7:16 p.m. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

Jeryl Hoover
Mayor

Shelley Goodwin, TRMC
City Secretary



CITY COUNCIL MEMO

DATE: May 16, 2022

TO: Mayor and City Council Members

FROM: Garret Bonn, P.E., CFM – Asst. City Engineer/Interim Director of Development Services

SUBJECT: Z-2206 – Public Hearing, Consideration, and Action regarding a request by John Zook to consider a Conditional Use Permit (CUP) per section 3.510 to construct two (2) first-floor short-term rental units in the Historic Shopping Overlay District on property located at 403 W. Austin

Summary:

The Applicant is requesting a conditional use permit for the property at 403 W. Austin to construct two (2) first-floor short-term rental units.

Background / Analysis:

The Applicant is requesting a Conditional Use Permit, per Sec. 3.510, to construct two (2) first-floor Short Term Rental Units in the Historic Shopping District Overlay on property located at 403 W. Austin. The proposed development would include (2) one-bedroom units in addition to two (2) existing units and would have access via an existing 12' driveway on West Austin Street. This development would require 4 parking spaces with 10 provided, including 1 ADA space.

This Application was submitted on February 25, 2022, and was reviewed under the 2018 Short-Term Rental Ordinance (No. 28-001) and Sec. 5.460 for its conformity with all applicable City Ordinances relating to a request for a Conditional Use Permit:

- Site Area: 15,192 SF (0.349 AC).
- Zoning: C-1 Neighborhood Commercial/Historic District.
- Building Coverage: 33% (50% maximum) Sec. 3.200.
- Impervious Coverage: 38% (70% maximum) Sec. 3.200.
- Park Dedication: \$500.00 per unit Sec. 6.15 (Subdivision).
- Parking: 4 spaces required with 10 provided including 1 ADA space.
- Access: Access will be via an existing driveway onto W. Austin St.
- Utilities: Water and sanitary sewer are available to serve the site. New units will be required to be sprinklered (fire).

The City of Fredericksburg

- Detention: Stormwater controls are not required; however, the site plan has been designed to ensure the proposed improvements do not adversely impact adjacent properties or change historical drainage patterns.
- Screening: Required with new 6ft privacy fence provided along the western property line and existing privacy fence along southern and eastern property lines Sec. 7.970.
- Landscape: Will be reviewed as part of the Landscape Plan Sec. 7.970.

A Certificate of Appropriateness from the Historic Review Board was issued for the project on December 14, 2021 (App. # 21-141). The Planning and Zoning Commission held a public hearing on May 4, 2022, and recommended approval (with conditions). One letter of protest has been received and is attached for your review.

Recommendation:

City staff recommends approval of the requested CUP and associated site plan with the following conditions listed by the P&Z Commission:

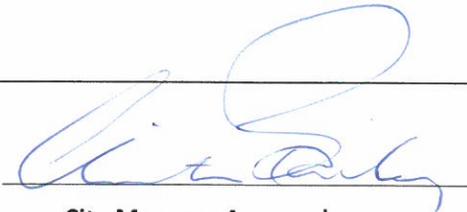
1. Landscape plan be provided and approved prior to the commencement of construction.
2. Payment of Parkland Dedication fees prior to issuance of Building Permit(s).
3. The development of the additional STR units may not include the installation or use of hot tubs or fire pits.

Attachments:

Zoning Map
Proposed Site Plan
Letter of Protest



Department Approval



City Manager Approval



City Attorney Approval

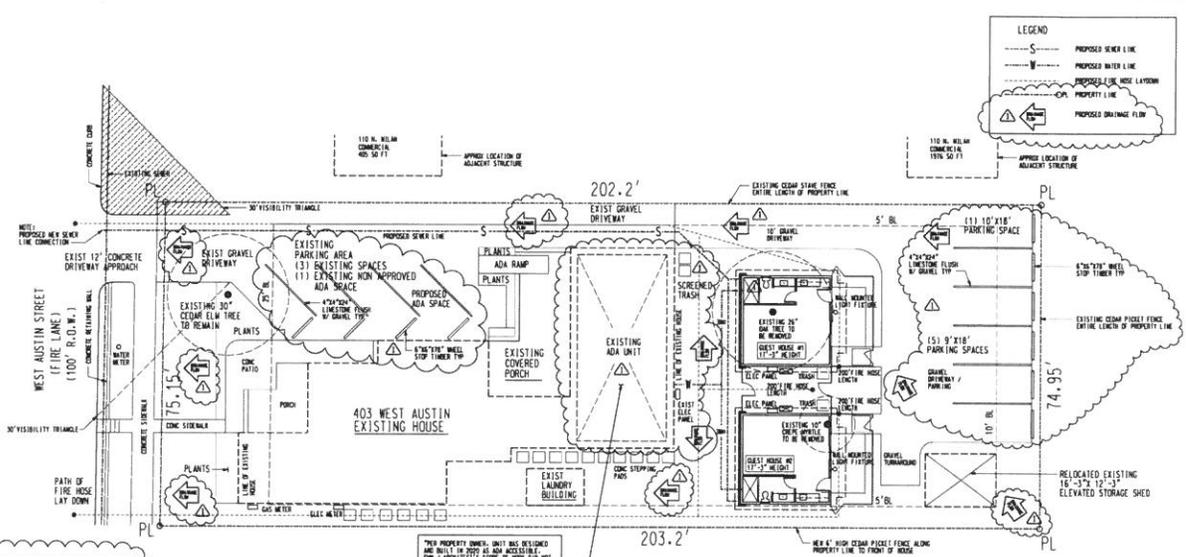
The City of Fredericksburg

Zoning Z-2206

ZONED

-  C1 - Neighborhood Commercial
-  C1.5 - Medium Commercial
-  CBD - Central Business District
-  OS - Open Space
-  PF - Public Facilities
-  R1 - Single Family Residential
-  R2 - Mixed Residential





NOTE:

1. A PARK DEDICATION OF \$500 PER UNIT IS DUE PRIOR TO ISSUANCE OF A BUILDING PERMIT.
2. A LANDSCAPE PLAN IS REQUIRED PRIOR TO ISSUANCE OF A BUILDING PERMIT.
3. GUEST HOUSE #1 WILL HAVE A STREET ADDRESS OF 403 W. AUSTIN STREET SUITE 100. GUEST HOUSE #2 WILL HAVE A STREET ADDRESS OF 403 W. AUSTIN STREET SUITE 200.

THIS PROPERTY OWNER HAS BEEN ADVISED AND SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM ALL APPLICABLE AGENCIES AND AGENCIES WHOSE CONSENT OR APPROVAL IS REQUIRED TO COMPLETE THIS PROJECT.

CONCEPT SITE PLAN
1" = 10' 403 WEST AUSTIN STREET

COVERAGE CALCULATIONS:

LOT AREA:	15,192 SF = 100%
STRUCTURES	5034 SF = 33%
TOTAL COVERAGE ALLOWED:	= 55%
TOTAL COVERAGE PROVIDED:	= 33%

AREA CALCULATIONS:

LOT AREA:	15,192 SF = 100%
EXISTING HOUSE / PORCHES	3786 SF = 25%
EXISTING LAUNDRY	113 SF = 1%
EXISTING STORAGE	199 SF = 1%
GUEST HOUSE #1 / PATIO	576 SF = 4%
GUEST HOUSE #2 / PATIO	576 SF = 4%
EXISTING CONCRETE SIDEWALKS	445 SF = 3%
LANDSCAPING	4373 SF = 28%
GRAVEL DRIVEWAY / PARKING	5124 SF = 34%
MAX ALLOWED:	10,634 = 70%
PROVIDED:	5,695 = 38%

ZONING: Sec. 3.200 - C-1: NEIGHBORHOOD COMMERCIAL

DENSITY CALCULATIONS:

MINIMUM LOT SIZE:	1 BEDROOM = 2,000 SF (12) X 2,000 = 4,000 SF
	3 BEDROOM = 2,800 SF (11) X 2,800 = 2,800 SF
	4 BEDROOM = 3,200 SF (11) X 3,200 = 3,200 SF
MINIMUM LOT SIZE:	15,000 SF
ACTUAL LOT SIZE:	15,192 SF

SETBACKS: FRONT 25' SIDES 5' REAR 10'

BUILDING HEIGHT: MAX ALLOWED 38'-0" PROVIDED 17'-2"

PARKING REQUIRED: 60% OF TOTAL SLEEPING CAPACITY
.5 X 16 = 10.8

10.8 PARKING SPACES REQUIRED
10 PARKING SPACES PROVIDED

PROJECT DESCRIPTION:

THE TWO (2) TO-BE-BUILT CASITAS WILL BE USED AS EITHER SHORT-TERM RENTALS OR LONG-TERM RENTALS. EACH SLEEPING A MINIMUM OF TWO ADULTS. EACH WILL HAVE DEDICATED OFF-STREET PARKING. EACH NEW UNIT WILL BE FIRE SPRINKLERED AND ALL EXTERIOR LIGHTING SHALL BE NIGHT SKY COMPLIANT.

PROPERTY OWNER: JOHN AND HELEN ZOOK
403 W. AUSTIN
FREDERICKSBURG, TX 78624

ARCHITECT: GMM / ARCHITECT
6332 BRIMWOOD DRIVE
PLANO, TX 75093

PROJECT:	2110
ISSUED DATE:	03/26/22
REVISED BY:	GMM
REVISION:	03/21
CITY COMMENTS:	03/21
CHECKED BY:	GMM
DATE:	03/10/22

NO. 403 WEST AUSTIN

GARY MORGAN WILLIAMS / ARCHITECT

FOR REGULATORY APPROVAL:

SHEET: A1.0

REQUESTS:

REQUEST #Z-2206 REQUEST BY JOHN ZOOK TO CONSIDER A CONDITIONAL USE PERMIT PER SECTION 3.510 TO CONSTRUCT (2) TWO FIRST FLOOR BED AND BREAKFAST UNITS IN THE HISTORIC SHOPPING DISTRICT OVERLAY ON PROPERTY LOCATED AT 403 WEST AUSTIN STREET.

APPLICANT: JOHN ZOOK

LOCATION: 403 WEST AUSTIN STREET

(See attached map)

REQUEST NO. Z-2206

As an interested property owner, I (Protest) (Approve) the requested zoning amendment represented by the above file Number because: *There are already two full-sized houses on the property being used as B+B's. That's enough.* *5-3-22*

Signed *J. Carson Dickie*

Date *108 N. Milam*

Printed Name

Address

received
5-3-22 *SS*

From: [Carson Dickie](#)
To: [Shelby Collier](#)
Subject: Zoning Exception - 403 Austin St., Z-2206
Date: Tuesday, May 3, 2022 1:30:05 PM

Planning and Zoning Commission:

I will be out of town tomorrow evening and will not be able to attend the meeting.

My backyard adjoins the lot requesting changes to put more B & B units on that lot. My address is 108 N. Milam. I realize I am in a commercial zone, so I don't have a problem with STRs in my neighborhood. To me it's a matter of density, and how many people we are going to allow to cohabitate on a town lot.

The owner already remodeled the old house and added a new 3/2 house on the lot. Those buildings can house quite a few people. I hear people partying on the other side of the fence late into the night. And that's okay, mostly they are considerate. But just how many people are we going to allow on one lot?

I don't know if it will make a difference, but I wanted to express my opinion.

Thank you for your consideration in this matter.

Carson Dickie
108 N. Milam



CITY COUNCIL MEMO

DATE: May 16, 2022

TO: Mayor and City Council

FROM: Laura Hollenbeak

SUBJECT: Establish an account for a General Fund Capital Improvement Fund to designate excess unassigned General Fund, Fund Balance for current and future General Fund Capital Improvement Projects

Summary:

The City of Fredericksburg has identified a need for capital improvement projects to the City's General Fund infrastructure, including Streets and Parks. In years where there is excess unassigned fund balance, this allows the City to place excess fund balance into an account for future capital improvement projects.

The Financial Management Policy requires the City to maintain the General Fund unassigned fund balance to no less than 25%, or 3 months of regular General Fund operating expenditures. Funds in excess of that amount will be placed in the General Fund Capital Improvement Projects account for future capital improvement projects. The use of funds in this account will require City Council approval.

Recommendation:

Staff recommends approval of this resolution establishing the General Fund Capital Improvement Fund to ensure additional unassigned fund balance is reserved solely for future capital improvement needs. It is recommended that the City establish a General Fund Capital Improvement Fund with \$5,000,000 of excess General Fund, Fund Balance unassigned funds.

Background / Analysis:

The City of Fredericksburg

Attachments:

Resolution - Creation of General Fund Capital Improvement Fund

Saura Hollenbeck

Department Approval

Kit Riley

City Manager Approval

Dick

City Attorney Approval

The City of Fredericksburg

RESOLUTION NO. 2022-09R

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS, ESTABLISHING AN ACCOUNT WITHIN THE CITY'S GENERAL FUND FOR THE PURPOSE OF COLLECTING EXCESS FUNDS ON A YEARLY BASIS FOR PAYMENT OF CAPITAL IMPROVEMENT PROJECTS

WHEREAS, the City Council has identified a need for capital improvements to the City's general fund infrastructure; and

WHEREAS, in an effort to budget and then pay for such capital improvements and as a means of helping to stabilize future rate adjustments, the City's Finance Director recommends that the City Council create an account with the General Fund for the purpose of collecting excess funds which may exist each year; and

WHEREAS, where excess funds occur, the City will place such funds into this account for the specific purpose for future capital improvement projects, as required for the operations of the City's general fund infrastructure; and

WHEREAS, prior to funding this newly created account, the City will first, however, insure that reserve funds exist in an amount equal to 25% or 3 months of operating expenses; and

WHEREAS, the City will then place excess funds above the amount of 25% or 3 months operating expenses into the account within the General Fund for the payment of capital improvement projects; and

WHEREAS, the use and expenditure of such excess funds within this account will require Council action; and

WHEREAS, the City Council of the City of Fredericksburg, Texas, finds it to be in the public interest to establish an account with the City's General Fund for the purpose of collecting excess funds on a yearly basis for the payment of capital improvements;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, GILLESPIE COUNTY, TEXAS:

The City Council establishes an account within the City's General Fund for the purpose of collecting excess funds on a yearly basis for the payment of capital improvements.

PASSED AND APPROVED ON this day of May, 2022.

Jeryl Hoover
Mayor

ATTEST:

Shelley Goodwin, TRMC/CMC
City Secretary

APPROVED AS TO FORM:

Daniel Jones
City Attorney



CITY COUNCIL MEMO

DATE: May 16, 2022

TO: Mayor and City Council

FROM: Laura Hollenbeak, Finance Director

SUBJECT: Resolution Approving an Investment Policy and Strategy for the Investment of City Funds

Summary:

The Public Funds Investment Act requires that the City's investment policy be reviewed and approved by City Council on an annual basis.

Recommendation:

It is recommended that City Council review and approve the Investment Policy.

Background / Analysis:

A City must adopt a written investment policy by ordinance or resolution. Texas Government Code 2256.005(a). Therefore, regardless of a city's population, it must have a written investment policy if it has any cash or bank investments. A formal policy protects not only the cash assets of the city, but also the elected and finance management officials.

The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies. Texas Government Code 2256.005(e).

Attachments:

The City of Fredericksburg

Investment Policy & Resolution

Laura Hollenback

Department Approval

[Signature]

City Manager Approval

[Signature]

City Attorney Approval

The City of Fredericksburg

RESOLUTION 2022-10R

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS, RELATED TO THE ANNUAL REVIEW AND APPROVAL OF THE CITY'S INVESTMENT POLICY AND INVESTMENT STRATEGIES.

WHEREAS, Section 2256.005(e) of the Texas Government Code requires the governing body of an investing entity to review its investment policy and investment strategies not less than annually; and

WHEREAS, Section 2256.005(e) of the Texas Government Code further requires the governing body to adopt a written instrument by rule, order, ordinance, or resolution, stating that the governing body has reviewed the investment policy and investment strategies.

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

Section 1. That the City Council hereby reviews, approves, and adopts the City of Fredericksburg Investment Policy, including the investment strategies contained therein, in the form attached hereto as Exhibit "A", with a record of any changes made to either the investment policy or investment strategies attached hereto as Exhibit "B".

PASSED AND APPROVED this _____ day of _____, 20____.

Mayor

ATTEST:

City Secretary



CITY OF FREDERICKSBURG, TEXAS
Investment Policy
Revised May 2022

The Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, prescribes that each City is to adopt rules governing its investment practices and to define the authority of the investment officer. The following Investment Policy addresses the methods, procedures, and practices, which must be exercised to ensure effective and judicious fiscal management of the City's funds.

The Finance Director and Finance Managers are designated as the investment officers of the City of Fredericksburg, Texas, and are responsible for all investment decisions and activities.

I. Scope

This Policy applies to all investment activities of the City's funds under its control, except those subject to other investment covenants, or excluded by contract. The Investment Policy will govern the activities of the investment officers and designated deputies in their management of all public funds covered by this Investment Policy.

In order to make effective use of the City's resources, all funds shall be pooled for investment purposes, except for those funds required to be accounted for in other accounts as stipulated by applicable laws, bond covenants, contracts, or City policy. The pooled funds will include, but are not limited to, the funds of the General Fund, Electric, Water & Wastewater, Golf, Landfill, Emergency Medical Services and Drainage Funds. Any investments donated to the City for a particular purpose or under terms of used specified by the donor are outside the scope of this Investment Policy.

This Policy also requires the formal adoption of an Investment Strategy that specifically addresses each of the City's fund groups (See Attachment A).

II. Objectives

The primary objectives, in order of priority, of the City investment activities shall be:

- A. Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of principal.
- B. Liquidity – The City's investment portfolio will remain sufficiently liquid to enable the

City to meet all operating requirements, which might be reasonably anticipated.

- C. Yield – The City’s investment strategy is conservative. Given this strategy, the benchmark used by the Finance Director and Finance Managers to determine whether market yields are being achieved shall be the 90-day T-bill rate. Return on investment is of least importance compared to the safety and liquidity objectives.

Each investment transaction shall seek to first ensure that principal losses are avoided, whether they are from security defaults or erosion of market value.

III. Delegation of Authority

The Investment Officers may designate deputies to assist with the management of the investment portfolio.

The Investment Officers or designated deputy shall be responsible for all transactions, compliance with internal controls, and ensuring that all safekeeping, custodial, and collateral duties are in compliance with this investment policy and other applicable laws and regulations.

IV. Standard of Care

Investments shall 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. This investment principle shall be applied in the context of managing the overall investment portfolio.

The Investment Officers or designated deputy acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for an individual security’s credit risk or market price changes, provided that deviations from expectations are reported in a timely manner to the City Manager, and appropriate action is taken to control adverse developments.

V. Ethics And Conflicts of Interest

The Investment Officers and designated deputies 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 individual who has a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement with the Texas Ethics Commission and the City Council disclosing that personal business interest. A disclosure statement will also be filed if the Investment Officers or any designated deputy is related within the second degree by affinity of consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the City.

For the purpose of this section, an individual has a personal business relationship with a business organization if:

- A. The individual owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organizations.
- B. Funds received by the individual from the business organization exceed 10 percent of the individual's gross income for the previous year; or
- C. The individual has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the individual.

VI. Accounting/Reporting

The Finance Director and Finance Managers, not less than quarterly, prepare and submit to the City Council a written report of investment transactions for all funds covered by this investment policy for the preceding reporting period. The report should:

- A. Describe the investment position of the entity on the date of the report;
- B. Be prepared and signed by the Finance Director, Finance Manager – General or Finance Manager – Projects;
- C. Contain a summary statement prepared in compliance with generally accepted accounting principles that states the beginning market values, additions and changes to the market value, ending market value and fully accrued interest for the reporting period;
- D. State the book value and market value of each separately invested asset at the beginning and end of the reporting period by type of asset and fund type invested;
- E. State the maturity date of each separately invested asset that has a maturity date;
- F. State the compliance of the investment portfolio as it relates to the City's Investment Policy, the City's Investment Strategy and the Public Funds Investment Act; and;
- G. The reports should be formally reviewed at least annually by an independent auditor. The method used to monitor the market price of acquired investments is to obtain market rates for the total portfolio from at least two independent brokers or from a recognized entity that provides a similar service.

VII. Internal Controls

The management of the City of Fredericksburg, Texas, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objective of an internal control structure is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this policy, we have identified procedural controls for the purchase of investments (See Attachment B). Significant internal control structure policies and procedures are beyond the scope of this policy. The Finance Director and Finance Managers shall always comply with the City's Internal Control Policies and Procedures.

VIII. Diversification

The City will diversify use of investment types and issuers to avoid incurring unreasonable risks inherent in over-investment in specific instruments, individual issuers or maturities.

The investment portfolio shall not exceed the following guidelines without prior approval of the City Manager:

- A. With the exception of U.S. Treasury securities, Certificates of Deposits, and authorized pools, no more than 50% of the total investment portfolio will be invested in a single investment type. U.S. Treasury securities have no percentage restriction. Certificates of Deposit and authorized pools individually may be no more than 75% of the total investment portfolio.
- B. Investment in any one single U.S. Agency Issue shall not exceed 30% of the total investment portfolio.
- C. Commercial Paper shall not exceed more than 5% of the total investment portfolio.
- D. With the exception of U.S. Treasury securities and Certificates of Deposits, no more than 40% of the total investment portfolio shall be invested with a single issuer. U.S. Treasury securities have no percentage restriction. Certificates of Deposit invested with a single issuer may not exceed 50% of the total portfolio.
- E. Investment with maturities of three years shall be limited to a maximum of 20%

of the total portfolio.

- F. The minimum maturity on any individual investment shall be one day (overnight). Maturities will be scheduled to meet liquidity and operating requirements.
- G. The maximum maturity for each investment and the total portfolio will be timed to maturity to meet cash flow needs established by the cash flow analysis. The maximum maturity of any individual investment shall not exceed three (3) years.
- H. The maximum dollar-weighted average maturity of the total investment portfolio is 270 days.

Maturity schedules shall be timed according to anticipated liquidity needs. Investments, from time to time, may be liquidated before maturity for cash-flow purposes. To meet these disbursement schedules, market gains or losses may be required. Any losses for early maturity liquidation should be minimized, and they should be reported as such to the City Manager in a timely manner. Actual risk of default shall be minimized by adequate collateralization. Market risk shall be minimized by diversification of investment type and maturity.

The Finance Director and Finance Managers routinely monitor the contents of the investment portfolio, the available markets, and the relative values of competing instruments, and will adjust the investment portfolio, accordingly, keeping in mind the overall objectives of the investments.

IX. Cash Flow Analysis

The Finance Director and Finance Managers will develop and maintain a comprehensive cash flow analysis for all the City's fund types. The purposes will be to determine liquidity needs and the available funds for investing. The summarized cash flow analysis reports will be provided to the City Council and the City Manager on a quarterly basis.

X. Authorized Investments

The following is a list of authorized investments:

- A. Obligations issued, guaranteed, insured by, or backed by the full faith and credit of the United States or its agencies and instrumentalities (i.e. U.S. Treasury and Agency Issues).
- B. Certificates of Deposit, which are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor and are secured by obligations of the United States or its agencies and instrumentalities that have a market value of not less than the principal amount of the certificates.
- C. Fully collateralized repurchase agreements that have a defined termination date

and are secured by obligations of the United States or its agencies and instrumentalities. The securities purchased by the City must be pledged to the City, held in the City's name and deposited at the time the investment is made with the City's custodial bank. Repurchase agreements can only be placed through primary government securities dealers or financial institutions doing business in Texas. The maximum term for repurchase agreements is ninety (90) days from the date the reverse security repurchase agreement is delivered, and securities held as collateral must not mature later than the agreement's expiration date.

- D. Commercial paper with a stated maturity of 270 days or less from the date of issuance. Must be rated not less than A-1 or P-1, or an equivalent, by at least two nationally recognized credit rating agencies or rated by one credit rating agency plus fully secured by an irrevocable letter of credit issued by a domestic bank.
- E. Investment pools that are authorized by Council, invest only in investments approved by the Public Funds Investment Act, have an advisory board and are continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating agency. Investment pools must provide an offering circular, investment transaction confirmations, and monthly reports.
- F. S.E.C. registered no-load money market mutual funds that have a dollar-weighted average stated maturity of ninety (90) days or less and include in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

An investment that requires a minimum rating under this policy does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Finance Director and Finance Managers will take all prudent measures that are consistent with this policy to liquidate an investment that does not have the minimum rating; however, the Finance Director and Finance Managers will not be required to liquidate investments that were authorized investments at the time of purchase.

The Finance Director and Finance Managers are specifically prohibited from investing in:

- A. Structured notes, investments with inverse-floaters, collateralized mortgage obligations, or any other form of derivatives;
- B. Any investment not authorized by this Policy or the Public Funds Investment Act;
- C. Any instrument for which there would not be a ready market for immediate resale;
- D. Any investment pool in which the City would own more than 20% of the market value of the pool;

- E. Highly sophisticated investments not freely conducted in the marketplace e.g., derivatives; and
- F. Any one mutual fund in which the City would own more than 10% of the total assets of the mutual fund.

The Finance Director and Finance Managers are prohibited from borrowing funds for the purpose of reinvesting the funds to leverage return.

XI. Eligible Institutions

The following financial institutions are eligible for consideration for investment transactions by the Investment Officers:

- A. State or national banks domiciled in the State of Texas.
- B. Savings banks domiciled in the State of Texas.
- C. State or federal credit unions domiciled in the State of Texas.
- D. Brokers approved and designated as primary dealers by the Federal Reserve Bank of New York.
- E. Secondary or regional brokers who meet the following requirements:
 - 1. National Association of Security Dealers certified;
 - 2. Carry Texas State Registration;
 - 3. Have net capital of \$1 million or more for Delivery Versus Payment investment transactions or net capital of \$50 million or more for Repurchase Agreement transactions; and
 - 4. Have at least five (5) years of operation.
- F. Local government investment pools, i.e. Texpool, TexSTAR, etc.
- G. S.E.C. registered money market mutual funds.

Due to possible conflicts of interest, we feel that it is in the best interest of the City for the City's depository to be ineligible for quote-qualified investment transactions. Other routine investment transactions, not covered in the scope of this policy such as sweep accounts, certificates of deposit, and float interest earnings, would be allowed with the City's depository.

A written copy of the City's investment policy shall be presented to any financial institution offering to engage in an investment transaction with the City. The qualified representative of the financial institution offering to engage in an investment transaction with the City shall execute an Investment Policy Certification substantially to the effect that the financial institution has:

- A. Received and reviewed the City's investment policy; and

- B. Acknowledged that the financial institution has implemented reasonable procedures and controls to preclude investment transactions conducted between the City and the institution that are not authorized by the City's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.

A list of individual qualified institutions authorized to engage in investment transactions with the City shall, at least annually, be reviewed, revised, and adopted by the City Council (See Attachment C).

All broker/dealers will have on file, with the City, Trading Authorization Agreements.

XII. Security Purchases/Trades

The City will purchase securities on an "as needed" basis only. The City will determine investment requirements based on cash flow analysis and current cash positions. The City will evaluate all bids given for determination of the securities best suited for the City's requirements.

Security selections and term will be determined in accordance with, (1) safety of principal, (2) cash flow needs, (3) investment-type as a percentage of total investment portfolio and (4) yield.

Brokers/dealers are not encouraged to contact the City on currently available securities that the broker/dealers believe are items of interest to the City.

All securities placed will be solicited from no less than three qualified institutions. The Finance Director and Finance Managers will obtain the quotes. All security purchases and trades conducted through the City will be settled with the City's third party custodial bank. The use of Delivery versus Payment (DVP) for investment transactions/purchases, except with investment pools and money market mutual funds, will be continually used by the Finance Director and Finance Managers at the City's third party custodian bank.

The Finance Director and Finance Managers are the only individuals authorized to wire funds for the City. Dual authorization shall be used for all non-repetitive wire transfers.

The City must approve any Substitution of securities on repurchase agreements. The City will only enter repurchase agreements under the terms of the Public Securities Agreement (PSA) – Master Repurchase Agreement format.

XIII. Collateralization Requirements

Consistent with the requirements of the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, the City will require full collateralization of all deposits with depository institutions. To anticipate market changes and provide a level of security, the collateralization level will be 102% of market value of principal and accrued interest on the

deposits less the amount insured by the Federal Deposit Insurance Corporation. Securities pledged as collateral shall be held in the City's name by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership must be supplied to the City for retention. The City must approve any release and/or substitution of collateral before such action is taken. Collateral shall be reviewed daily to assure that the market value of the securities pledged equals or exceeds the related deposit.

Securities authorized by the Public Funds Collateral Act are acceptable for collateralization purposes.

Private insurance coverage is not an acceptable collateralization form.

XIV. Investment Training

The Finance Director and Finance Managers shall attend:

- A. At least one training session relating to the Finance Director or designated deputies' responsibilities within 12 months after taking office or assuming duties.
- B. Investment training sessions not less than once in a two-year period and receive not less than ten (10) ten hours of instruction relating to investment responsibilities.

Training must include education in investment controls, security risks, strategy risks, market risks, diversification of the investment portfolio, and compliance with the Public Funds Investment Act.

All training shall be from an independent source on the list of approved training seminar sponsors (See Attachment D).

XV. Conclusion

The Finance Director and Finance Managers will adhere to the investment policy in all investment decisions of the City. The Finance Director and Finance Managers will provide quarterly written reports to the City Manager and City Council on the investment activity of the City's investment portfolio.

All current investment activity, which does not comply with the above stated policy, will be allowed to mature, and all future investment activity will be negotiated under the terms of the stated policy.

In conjunction with the annual financial audit, a compliance audit will be performed on management controls and adherence to this policy.

An annual review of the Investment Policy and Strategy will be conducted by the Finance Director and Finance Managers. The Investment Policy and Strategy, with any changes, will then be presented for the City Council to review. Formal adoption of the Investment Policy and Strategy will be documented in the minutes of the City Council meeting and the adopting ordinance.

INVESTMENT STRATEGY – Attachment A

The investment strategy of the City of Fredericksburg, Texas, is adopted to provide investment guidelines that will minimize the risk of loss. To make effective use of the City's resources, all monies shall be pooled into one fund, except for those monies required to be accounted for in other accounts as stipulated by applicable laws, bond covenants, contracts, or City policy. Investment priorities (in order of importance) are as follows:

- A. Suitability – Any investment allowed by the Investment Policy is suitable. Maturity schedules shall be timed according to anticipated needs.
- B. Safety of Principal – All investments should be of high quality with no perceived default risk.
- C. Liquidity – Local government investment pools and mutual funds shall provide daily liquidity. Fixed maturity investments shall provide liquidity as required by anticipated needs.
- D. Marketability – Investments should have an active and efficient secondary market to enable the City to liquidate investments prior to the maturity for unanticipated cash requirements.
- E. Diversification – The city will diversify use of security types, issuers and maturities. With the exception of U.S. Treasury securities, Certificates of Deposits, and authorized pools, no more than 50% of the total investment portfolio shall be invested in a single security type. U.S. Treasury securities have no percentage restriction. Certificates of Deposit and authorized pools individually may be no more than 75% of the total investment portfolio. With the exception of U.S. Treasury securities and Certificates of Deposits, no more than 40% of the total investment portfolio shall be invested with a single issuer. U.S. Treasury securities have no percentage restriction. Certificates of Deposit invested with a single issuer may not exceed 50% of the total portfolio. Maturity schedules shall be timed according to anticipated liquidity needs. The maximum dollar-weight average maturity is 270 days.
- F. Yield – The City's investment strategy is conservative. The benchmark used by the Finance Director and Finance Managers to determine whether market yields are being achieved shall be the 90-day T-bill rate.

INVESTMENT PURCHASING PROCEDURAL CONTROLS – Attachment B

- A. Finance Director and Finance Managers analyze cash flow and determines specific cash flow needs of the City before any current securities mature or any new money is invested.
- B. Finance Director agrees to type of security (as allowed or as authorized by law, contract, or investment policy), denominations, and durations.
- C. Finance Director or designee
 - Obtains three (3) net quotes for securities from authorized brokers listed on Attachment C.
 - Prepares quote listing with relevant information from the officers.
 - Contacts selected offeror with instructions to buy.
- D. Broker faxes, emails, or calls Finance Director with details of the purchase (discount, etc.).
- E. Finance Director or designee contacts safekeeping with details and faxes or emails copy of CUSIP to safekeeping for security verification.
- F. Safekeeping compares CUSIP to delivered securities to initiate payment. The purchase of individual securities shall be executed “delivery versus payment” (DVP) through the Federal Reserve System. By so doing, City funds are not released until the City has received, through the Federal Reserve wire, the securities purchased.
- G. A letter is prepared with Finance Director signature stating all details of the purchase and sent to the broker.
- H. The broker must verify the letter for understanding and correctness of securities purchased, sign it, and return it to the City of Fredericksburg.
- I. The investment portfolio and cash flow documents are updated to reflect security transactions. The Finance Manager reconciles the investment portfolio with the general ledger monthly. The reconciliation is reviewed and approved by the Finance Director.
- J. Safekeeping receipts are received by a finance employee who is independent from the initiating or approval of the purchase and verified with the Daily Balance Report; if correct, the receipts are filed for documentation upon arrival.

LIST OF QUALIFIED INSTITUTIONS - Attachment C

A list of institutions that are authorized to engage in investment transactions with the City shall, at least annually, be reviewed, revised, and adopted. The following institutions, listed by type, are authorized for use by the investment officer.

Brokers/Dealers	Local Government Investment Pools
First Southwest Company Edward Jones King's Capital Advisors	TexPool
Banking Institutions:	Guadalupe National Bank
Arrowhead Bank	Happy State Bank
Broadway Bank	PNC Bank
Chase Bank	Security State Bank & Trust
FirstCapital Bank of Texas	Texas Hill Country Bank
First United Bank	Texas Regional Bank

This list shall be revised when necessary throughout the year to account for additions and deletions.

TRAINING SEMINAR SPONSORS – Attachment D

All investment training shall be from an independent source approved by the City Council.
The following sponsors are hereby approved:

- A. Government Finance Officer's Association (GFOA);
- B. Texas Society of Certified Public Accountants (TSCPA);
- C. Texas Municipal League (TML);
- D. Government Treasurer's Organization of Texas (GTOT);
- E. Sponsors approved by the TSCPA and GFOA, GFOAT, GTOT, to provide CEP credits;
or
- F. Other sponsors approved on an individual basis by the Finance Director.

Ex. "B"

Investment Policy – Revised 2022 - List of changes from previous (2012) to revised (2022)

	Previous	Revised
Designated Investment Officers	Director of Finance & City Accountant	Finance Director and Finance Managers
II. Objectives C.	Director of Finance	Finance Director and Finance Managers
VI. Accounting/Reporting	Director of Finance	Finance Director and Finance Managers
VI. Accounting/Reporting B.	Signed by Director of Finance and City Manager	Signed by Finance Director and Finance Managers
VII. Internal Controls	Director of Finance	Finance Director and Finance Managers
VIII. Diversification	Director of Finance	Finance Director and Finance Managers
IX. Cash Flow Analysis	Director of Finance	Finance Director and Finance Managers
X. Authorized Investments	Director of Finance	Finance Director and Finance Managers
XII. Security Purchases/Trades	Director of Finance, City Accountant, City Manager, & City Secretary are the only individuals authorized to wire funds for the City.	Finance Director and Finance Managers are the only individuals authorized to wire funds for the City.
XIV. Investment Training	Director of Finance	Finance Director and Finance Managers
XV. Conclusion	Director of Finance	Finance Director and Finance Managers
Attachment A: F. Yield	Director of Finance	Finance Director and Finance Managers
Attachment B: A.	Director of Finance	Finance Director or Finance Managers
Attachment B: C.	Director of Finance	Finance Director or designee
Attachment B: I.	City Manager	Finance Manager
Attachment C: Brokers/Dealers	Cantella & Co., Inc. Texas Independent Bank Edward Jones	King's Capital Advisors Edward Jones
Attachment C: Banking Institutions:	American Bank of Texas BBVA Compass Blanco National Bank Centennial Bank	First United Bank PNC Bank Texas Regional Bank Happy State Bank



CITY COUNCIL MEMO

DATE: May 16, 2022

TO: Mayor and City Council

FROM: Garret Bonn, P.E., CFM – Asst. City Engineer/Interim Director of Development Services

SUBJECT: Performance Agreement for Post Oak Village Subdivision

Summary:

This item is for the consideration and possible acceptance of a performance agreement and associated financial security for the Post Oak Village Subdivision.

Recommendation:

City staff recommends that the City Council accept the proposed performance agreement and associated financial security in the amount of \$32,641.00 for required public subdivision improvements.

Background / Analysis:

Post Oak Village is a 6.32-acre subdivision located at 651 Post Oak Road that includes forty R1A-zoned residential lots (see attached map and plat). Section 5.05 of the City of Fredericksburg Subdivision Ordinance provides an option for developers to pursue the approval and recordation of the final plat for a subdivision prior to the completion of the public improvements required in connection with the approval of the subdivision plat. This option requires the execution of a Performance Agreement and providing an associated security in the amount of 110% of the cost to construct and complete the remaining public improvements. The public improvements associated with the Post Oak Village include water, wastewater, stormwater and street infrastructure. The majority of construction for the project has been completed,

The City of Fredericksburg

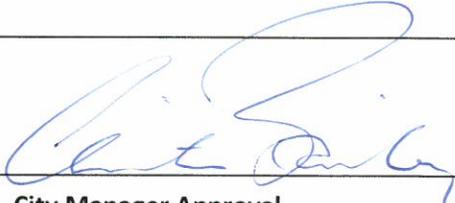
including the first course of pavement. In order to minimize damage to the pavement surface during home construction and ensure the roadway is in good condition at the completion of the two-year warranty period, the second course of paving will be deferred. The estimate for completing the remaining public improvements including the second course of paving, plus 10%, is \$32,641.00.

Attachments:

Location Map & Plat
Performance Agreement for Post Oak Village Subdivision



Department Approval



City Manager Approval



LOCATION MAP
POST OAK VILLAGE

LEGEND

-  City Limit Boundary
-  1-Mile ETJ Boundary

PERFORMANCE AGREEMENT

That, Jacob Grant, President of 10-8 Properties, being duly authorized to act on behalf of said entity (hereinafter referred to as Developer and Owner), does hereby agree with the City of Fredericksburg (hereinafter called City) that the final plat of Post Oak Village Subdivision ("Subdivision"), has been approved by the Planning Commission of the City of Fredericksburg, Texas, and that in order to permit the approval and recordation of the Final Plat prior to the completion of the Public Improvements required in connection with the approval of said subdivision plat, this Performance Agreement ("Agreement") is entered into pursuant to Section 5.05 of the Subdivision Ordinance of the City of Fredericksburg.

NOW, THEREFORE, the City and Developer hereby agree to the terms of this Agreement as follows:

1. Developer agrees that Developer shall complete construction of all public improvements required in connection with the approval of said Subdivision plat within two (2) months from the date of recordation of the Final Plat of said Subdivision, excluding the final (second) course of pavement referenced in Paragraph 2 of this Agreement.
2. The final (second) course of pavement shall be completed by the Developer within the maintenance bond period. Developer is responsible for maintenance and repair of first course of pavement prior to the final (second) course of pavement being completed.
3. Developer shall provide a maintenance bond in the amount of ten percent (10%) of the costs of all of the public improvements for a period of two (2) years following the City's final acceptance of the improvements (excluding second course of pavement), to ensure to the City the repair and replacement of all defects due to faulty materials and workmanship that appear within the two-year period following date of acceptance.
4. The performance and payment bonds, and/or irrevocable letter of credit, and/or an Escrow agreement for securing the completion of the public improvement construction obligations in this Agreement (known collectively as "Performance Security"), as provided for in Section 5.05.D (entitled "Security for Completion of Improvements") of the Subdivision Ordinance of the City of Fredericksburg, shall be issued for one hundred and ten percent (110%) of the cost to construct and complete the outstanding required public improvements, as estimated by the Developer's professional engineer, and as approved by the Director of Public Works and Utilities. Attachment "A" sets forth the

anticipated required Subdivision public improvements that will remain outstanding at the time of recordation of the Final Plat.

- a. Such bonds and/or letter of credit shall guarantee proper construction of such postponed and outstanding public improvements, and payment of all claimants supplying labor and materials for the construction of the public improvements, on or before the date stated herein.
5. This Agreement and the covenants and other items of agreement contained herein and which are set forth in the Subdivision Ordinance of the City of Fredericksburg, whether set out herein or not, shall run with the land and shall bind all successors, heirs and assignees of the owner(s) of the Subdivision property and the Developer.
 6. Any Performance Security posted by the Developer under this Agreement, or portion thereof remaining, shall be forfeited to City should Developer cease to do business in this state, or if Developer files a petition in bankruptcy, or otherwise repudiates this agreement.
 7. Developer agrees that, in addition to the requirements for posting Performance Security under this Agreement, Developer shall be liable to the City of Fredericksburg for timely completion of all public improvements and acceptance by the City within the time provided herein; except, however, that should the completion of such site improvements be delayed by reason of strikes, riots, acts of God, acts of the public enemy, injunction or other court action, or any other cause similar to those enumerated beyond Developer's reasonable control, Developer shall be entitled to an extension of time equal to the time of such delay, which extension of time is to be fixed finally by written certificate made by the Director of Public Works and Utilities, it being expressly declared that no such allowance of time will be made unless claimed by the Developer (or Owner as applicable) and allowed and certified in writing by the Director of Public Works and Utilities at the end of each period of such delay.
 8. If, at any time, construction of such public improvements has not been completed and accepted by the City and the amount provided by the Performance Security is no longer sufficient to cover the cost of completion of the public improvements, upon written notification of same to Developer by the Director of Public Works and Utilities, the Developer shall immediately file with the Director of Public Works and Utilities additional Performance Security in an amount equal to the cost estimate of completing such site

improvements, and shall complete construction of such site improvements within the time provided herein.

9. Until such time as the public improvements have been satisfactorily completed and accepted or such additional Performance Security as required by the City have been provided, the Director of Public Works and Utilities shall refuse to accept any further Performance Security, under any form, which is related to the plat of a subdivision subsequently filed with the Planning Commission in which Developer has a principal or subsidiary interest.

This Agreement and any subsequent agreement covering one or more of the forms of guarantee of performance shall be interpreted under the laws of the State of Texas

EXECUTED this _____ day of _____, 2022.

10-8 Properties, DEVELOPER and OWNER:

BY: _____

Jacob Grant

TITLE: _____

THE STATE OF TEXAS §

COUNTY OF GILLESPIE §

BEFORE ME, the undersigned authority, a Notary Public for the State of Texas, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____,
20__.

(Name)
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS
My Commission Expires _____

REVIEWED AND APPROVED BY THE DIRECTOR OF PUBLIC WORKS:

_____ Date: _____

APPROVED BY THE CITY:

_____ Date: _____

By Clinton Bailey, City Manager

ATTACHMENT A
TO PERFORMANCE AGREEMENT

COVERING Post Oak Village Subdivision

TYPE OF SITE IMPROVEMENTS:	ESTIMATED COST
1) Water: _____ _____	\$ _____
2) Sewer: _____ _____	\$ _____
3) Streets: <u>2nd (final) course of Grade 5 chip seal</u>	<u>\$19,874</u>
4) Alleys: _____ _____	\$ _____
5) Storm Drainage: _____ _____	\$ _____
6) Other: Restoration, erosion control, punch list items _____	<u>\$9,800</u>
TOTAL	<u>\$29,674</u>
110% Performance Amt	<u>\$32,641</u>

Developer's Professional Engineer: _____

Date: _____

Director of Public Works and Utilities: _____

Date: _____

LIENHOLDER'S CONSENT TO THE
PERFORMANCE AGREEMENT
BETWEEN THE CITY OF FREDERICKSBURG and 10-8 PROPERTIES
FOR THE POST OAK VILLAGE SUBDIVISION.

STATE OF TEXAS §
COUNTY OF GILLESPIE §

The undersigned, _____ (hereinafter, "Lienholder") being the sole owner and holder of an existing mortgage and lien recorded in Volume _____, Page _____, and Volume _____, Page _____, of the real property records of Gillespie County, Texas, upon and against the real property described in Volume _____, Page _____ (et seq.) of the Deed Records of Gillespie County, Texas, or as shown on the exhibit attached hereto, which is known (or is to be known as the Post Oak Village Subdivision, and as such, mortgagee and lienholder, does hereby consent to and join in the Performance Agreement and to the covenants and agreements contained therein.

The undersigned hereby executes this instrument for the sole purpose of subordinating the liens held by the undersigned to all of the provisions of the said Agreement. All parties to the Agreement specifically acknowledge that Lienholder is not a party to the said Agreement except for the sole purpose of consenting there to and subordinating the Lien(s) as set out above, and all parties to the Agreement hereby specifically and unconditionally release and discharge said Lienholder from any claims or liability with respect to, or arising out of the Agreement, except as to actions which may hereafter be taken by Lienholder as a successor to the interest of the Owner or Developer.

DATE: _____, 20____, _____, Lender

By: _____,

(Printed Name and Title)

THE STATE OF TEXAS §
COUNTY OF GILLESPIE §

BEFORE ME, the undersigned authority, a Notary Public for the State of Texas, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 20____.

(Name)
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS
My Commission Expires_____



CITY COUNCIL MEMO

DATE: May 16, 2022

TO: Mayor and City Council

FROM: Kris Kneese, P.E. – Assistant Director of Public Works and Utilities

SUBJECT: City of Fredericksburg Water Supply Update

Summary:

This agenda item will include a joint presentation and discussion by City Staff and Hill Country Underground Water Conservation District Manager Paul Tybor regarding the City of Fredericksburg Water Supply.

Recommendation:

n/a

Background / Analysis:

City Staff will give a brief presentation on the status of the City of Fredericksburg water supply and water conservation measures. Paul Tybor will give a brief presentation regarding long term water demands and short and long term weather forecasts for Gillespie County. A copy of the presentation will be provided to the Mayor and City Council prior to the meeting. The presentation will also be available through the City's website.

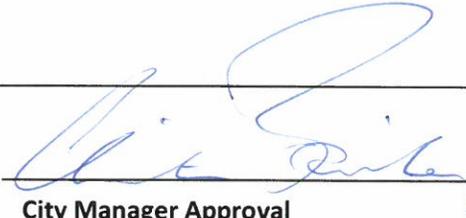
Attachments:

- none

The City of Fredericksburg



Department Approval



City Manager Approval



City Attorney Approval

The City of Fredericksburg

Upcoming City Council Agenda Items

CITY COUNCIL MEETING DATES & FUTURE AGENDA ITEMS		
Monday, May 16, 2022 (Regular Meeting)		
1	Consent - May 2, 2022 Regular Meeting Minutes	Shelley
2	Public Hearing and approval of Z-2206-John Zook CUP 403 W. Austin Street	Anna
3	Annual Water Report	Clinton/Kris
4	Post Oak Village Subdivision - Performance Agreement	Garret
5	Resolution for City's Investment Policy	Laura
6	Resolution creating the GF-CIP account	Laura
Monday, June 6, 2022 (Regular Meeting)		
1	Consent - May 16, 2022 Regular Meeting Minutes	Shelley
2	Award the bid for the Comprehensive Plan	Anna
3	Update the Records Management Ordinance and Plan	Shelley
4	Cross Mountain Park cross replacement presentation - Nimitz Rotary Club	Andrea
5	Petition for consent for creation of Municipal Utility District	Kent
6	Waiver of impact fees at the University Center	Clinton
7	Fort Martin Scott/Texas Ranges Update	Andrea
8	Amendment to the Records Management Plan/Policy	Shelley
9	Mayor's appointments to Boards and Committees	Clinton
Monday, June 20, 2022 (Regular Meeting)		
1	Consent - June 6, 2022 Regular Meeting Minutes	Shelley
2	Approval of Market Square Improvement Bids	Andrea
Tuesday, July 5, 2022 (Regular Meeting)		
1	Consent - June 20, 2022 Regular Meeting Minutes	Shelley
Tuesday, July 18, 2022 (Regular Meeting)		
1	Consent - July 5, 2022 Regular Meeting Minutes	Shelley
Monday, August 1, 2022 (Regular Meeting)		
1	Consent - July 18, 2022 Regular Meeting Minutes	Shelley
FUTURE AGENDA ITEMS		
1	STR/Building Permit Update	
2	Lady Bird Johnson Golf Cart Lease Proposal	Evan

RESOLUTION 2022-11R

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS, APPOINTING INDIVIDUALS TO FILL VACANCIES IN THE MEMBERSHIP OF THE CITY'S PLANNING AND ZONING COMMISSION, HISTORIC REVIEW BOARD, AND ZONING BOARD OF ADJUSTMENT.

WHEREAS, the City's Planning and Zoning Commission, Historic Review Board, and Zoning Board of Adjustment (collectively "City Boards and Commission") have one or more vacancies, due to resignation of a member and/or the expiration of a member's term; and

WHEREAS, it is essential to appoint individuals to the City Boards and Commission who are objective, knowledgeable, and that possess the relevant experience and qualifications established by law; and

WHEREAS, it is prudent to quickly fill any vacancies on the City Boards and Commission, to maximize opportunities for a quorum and efficiency in conducting City business.

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

Section 1. The City Council hereby appoints the following individuals as members of the City Boards and Commission, as follows:

- i. _____, is hereby appointed to the Planning and Zoning Commission (P&Z), to fill the remainder of the current term of resigning P&Z member Emily Kirchner, with said term to expire on July 1, 2023.

Section 2. *Severability.* In the event any clause, phrase, provision, sentence or part of this Resolution or the application of the same to any person or circumstances shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Resolution as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional

Section 3. *Effective Date.* This Resolution shall be effective upon its passage.

PASSED AND APPROVED on this the ____ day of _____, 2022.

Jeryl Hoover, Mayor
City of Fredericksburg, Texas

ATTEST:

Shelley Goodwin, TRMC/CMC, City
Secretary