

CITY OF FAIR OAKS RANCH CITY COUNCIL REGULAR MEETING

Thursday, August 07, 2025 at 6:30 PM

Public Safety Training Room, Police Station, 7286 Dietz Elkhorn, Fair Oaks Ranch

Live Stream: <https://www.youtube.com/channel/UCDqRvLvReqxrh1lbajwshKA/live>

AGENDA

OPEN MEETING

1. Roll Call - Declaration of a Quorum
2. Pledge of Allegiance

CITIZENS and GUEST FORUM

To address the Council, please sign the Attendance Roster located on the table at the entrance in the foyer of the Public Safety Training Room. In accordance with the Open Meetings Act, Council may not discuss or take action on any item which has not been posted on the agenda. Speakers shall limit their comments to five (5) minutes each

3. Citizens to be heard

PRESENTATIONS

4. Presentation of a 10-Year Service Award to: Alexander Willis, Interim Police Lieutenant
Joanna Merrill, PSHRA-SCP, Director of Human Resources and Communications

CONSENT AGENDA

All of the following items are considered to be routine by the City Council, there will be no separate discussion on these items and will be enacted with one motion. Items may be removed by any Council Member by making such request prior to a motion and vote

5. Approval of the July 17, 2025 Regular City Council meeting minutes
Amanda Valdez, TRMC, Deputy City Secretary
6. Approval of the second reading of an ordinance amending the City of Fair Oaks Ranch Code of Ordinances, Chapter 13 Utilities, Article 13.08 Water and Wastewater Impact Fees, to include amendments to land use assumptions, capital improvement plans, and water and wastewater impact fees; and providing for an effective date
Grant Watanabe, P.E., CFM, Director of Public Works & Engineering Services
7. Approval of a resolution authorizing the execution of a purchase order with Aqua-Metric Sales Company for base stations for the water plants, expenditure of the required funds, and execution of all applicable documents by the City Manager
Clayton Hoelscher, Procurement Manager

- [8.](#) Approval of a resolution authorizing the execution of an agreement with Anytime Fuel Pros LLC for on-site fuel delivery, expenditure of the required funds, and execution of all applicable documents by the City Manager

Clayton Hoelscher, Procurement Manager

- [9.](#) Approval of Council Member Pearson's absence from the July 17, 2025 Regular City Council meeting

Dale Pearson, Council Member Place 4

CONSIDERATION/DISCUSSION ITEMS

- [10.](#) Consideration and possible action on a resolution approving Amendment No.1 to the Post Oak Development Agreement and authorizing the City Manager to execute all related documents

Scott M. Huizenga, ICMA-CM, City Manager
Caroline McDonald, Brown & McDonald PLLC

- [11.](#) Consideration and possible action approving a resolution setting the maximum proposed ad valorem tax rate for Fiscal Year 2025-26, setting the Fiscal Year 2025-26 Budget and Tax Rate public hearing, and other matters in connection therewith

Summer Fleming, CGFO, Director of Finance

- [12.](#) Consideration and possible action approving a resolution approving the implementation methodology and pay plan structure as part of the City's Comprehensive Compensation and Benefits Study

Joanna Merrill, PSHRA-SCP, Director of Human Resources & Communications

- [13.](#) Consideration and approval of an ordinance authorizing the issuance of "City of Fair Oaks Ranch, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025;" providing for the payment of said certificates by the levy of an ad valorem tax upon all taxable property within the City and further securing said certificates by a lien on and pledge of the pledge revenues of the system; authorizing the execution of any necessary engagement agreement with the City's financial advisors; and providing an effective date

Summer Fleming, CGFO, Director of Finance
Andrew Friedman, Managing Director, SAMCO Capital

- [14.](#) Consideration and possible action approving a resolution authorizing the execution of an Interlocal Agreement with the San Antonio River Authority regarding FEMA Floodplain Management, and execution of all applicable documents by the City Manager

Lee Muñoz, P.E., CFM, Manager of Engineering Services

- [15.](#) Consideration and possible action to accept applications for vacancies on Boards, Committees, and Commissions, to reappoint incumbents, and to schedule interviews for new applicants

Amanda Valdez, TRMC, Deputy City Secretary

WORKSHOP16. FY 2025-26 Budget Workshop

Summer Fleming, CGFO, Director of Finance

REPORTS FROM STAFF AND COMMITTEES17. Financial and Investment Report for the Quarter Ended June 30, 2025

Summer Fleming, CGFO, Director of Finance

REQUESTS AND ANNOUNCEMENTS

18. Announcements and reports by Mayor and Council Members

19. Announcements by the City Manager

20. Requests by Mayor and Council Members that items be placed on a future City Council agenda

CONVENE INTO EXECUTIVE SESSION*Pursuant to Section 551.101 of the Open Meetings Act, Texas Gov't Code, a quorum of the governing body hereby convenes into closed session:*

Sec. 551.071 (Consultation with Attorney) the City Council will meet in private consultation with legal counsel to seek the advice of its attorneys about pending or contemplated litigation, a settlement offer, and/or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas conflicts with Chapter 551 of the Government Code; to wit:

21. Discussion on legal requirements necessary to contract for Fire and Emergency Medical Services

RECONVENE INTO OPEN SESSION*Discussion and possible action on items discussed in Executive Session.***ADJOURNMENT**

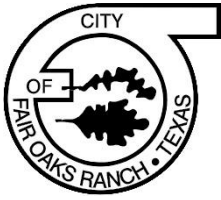
Signature of Agenda Approval: s/Scott M. Huizenga

Scott M. Huizenga, City Manager

I, Amanda Valdez, TRMC, Deputy City Secretary, certify that the above Notice of Meeting was posted on the outside bulletin board at the Fair Oaks Ranch City Hall, 7286 Dietz Elkhorn, Fair Oaks Ranch, Texas, and on the City's website www.fairoaksranchtx.org, both places being convenient and readily accessible to the general public at all times

As per Texas Government Code 551.045, said Notice was posted by August 1, 2025 and remained so posted continuously for at least 3 business days before said meeting was convened. A quorum of various boards, committees, and commissions may attend the City Council meeting

The Fair Oaks Ranch Police Station is wheelchair accessible at the front main entrance of the building from the parking lot. Requests for special services must be received forty-eight (48) hours prior to the meeting time by calling the City Secretary's office at (210) 698-0900. Braille is not available. The City Council reserves the right to convene into Executive Session at any time regarding an issue on the agenda for which it is legally permissible; pursuant to Texas Government Code Chapter 551. Section 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).



CITY OF FAIR OAKS RANCH
CITY COUNCIL REGULAR MEETING

Thursday, July 17, 2025 at 6:30 PM

Public Safety Training Room, Police Station, 7286 Dietz Elkhorn, Fair Oaks Ranch

Live Stream: <https://www.youtube.com/channel/UCDqRvLvReqxrh1lbajwshKA/live>

MINUTES

OPEN MEETING

1. Roll Call - Declaration of a Quorum

Council Present: Mayor Maxton and Council Members: Rhoden, Olvera, Parker and Swarek

Council Absent: Council Members: Stroup and Pearson

With a quorum present, the meeting was called to order at 6:30 PM.

2. Pledge of Allegiance – The Pledge of Allegiance was recited in unison.

CITIZENS and GUEST FORUM

3. Citizens to be heard.

Resident Mike Lovelace spoke in opposition to the previously suggested tax freeze for residents 65 and older (approximately 37.8% of the population), noting that the burden would shift to the rest of the community.

Mayor Maxton read a letter from resident Arnaldo Medina wherein he expressed concerns about the installation and use of Flock cameras without prior public input.

PRESENTATIONS

4. Recognition of the Employee of the Quarter (Q3 - April 2025 through June 2025): William Poole, Wastewater Supervisor

Joanna Merrill, PSHRA-SCP, Director of Human Resources and Communications, recognized Employee of the Quarter for Q3, William Poole, Wastewater Supervisor.

CONSENT AGENDA

- 5. Approval of the July 3, 2025, Regular City Council meeting minutes**
- 6. Approval of the second reading of an ordinance amending the City of Fair Oaks Ranch Code of Ordinances, Chapter 9 Personnel, Article 9.03 Police Department, Section 9.03.004 Chief of Police**
- 7. Approval of the second reading of an ordinance approving a first amendment to the 2024 franchise agreement with Frontier Texas Ventures I, LLC for the collection, hauling, and disposal of municipal solid waste and recyclable materials in the City of Fair Oaks Ranch**

8. **Approval of a resolution reappointing the Fair Oaks Ranch Municipal Court Presiding and Alternate Judges for two years beginning October 1, 2025, and ending September 30, 2027; authorizing the expenditure of the required funds; and authorizing the execution of any and all applicable documents by the City Manager to effectuate the resolution**

MOTION: Made by Council Member Swarek, seconded by Council Member Olvera, to approve the Consent Agenda.

VOTE: 5 - 0; Motion Passed

PUBLIC HEARING

9. **Public Hearing on proposed amendments to land use assumptions, capital improvement plans, and water and wastewater impact fees**

- A. Mayor Maxton opened the public hearing at 6:54 PM
- B. Jessica Vassar, P.E., consultant from Freese and Nichols, Inc., provided a presentation regarding the Impact Fee Process and the recommendation brought forth by the Capital Improvement Advisory Committee to adopt the maximum allowed Impact Fee.
- C. City Council did not receive public testimony for or against the proposed amendments to land use assumptions, capital improvement plans, and water and wastewater impact fees.
- D. Mayor Maxton closed the public hearing at 7:02 PM.
- E. City Council discussed the proposed amendments to land use assumptions, capital improvement plans, and water and wastewater impact fees and asked clarifying questions of staff.

CONSIDERATION/DISCUSSION ITEMS

10. **Consideration and possible action approving the first reading of an ordinance amending the City of Fair Oaks Ranch Code of Ordinances, Chapter 13 Utilities, Article 13.08 Water and Wastewater Impact Fees, to include amendments to land use assumptions, capital improvement plans, and water and wastewater impact fees; and providing for an effective date**

MOTION: Made by Council Member Parker, seconded by Council Member Olvera, to approve the first reading of an ordinance amending the City of Fair Oaks Ranch Code of Ordinances, Chapter 13 Utilities, Article 13.08 Water and Wastewater Impact Fees, to include amendments to land use assumptions, capital improvement plans, and water and wastewater impact fees; and providing for an effective date.

VOTE: 5 - 0; Motion Passed

11. Consideration and possible action approving a resolution authorizing an Official Notice of Sale to issue Certificates of Obligation in the amount of \$7,930,000 for water and wastewater projects; and providing an effective date

MOTION: Made by Council Member Rhoden, seconded by Council Member Swarek, that the City Council adopt a resolution authorizing a Notice of Sale to issue Certificates of Obligation in the amount of \$7,930,000 for water and wastewater projects.

VOTE: 5 - 0; Motion Passed

WORKSHOP

12. City Water Supply and Demand Projections and GBRA WaterSECURE Project

Grant Watanabe, P.E., CFM, Director of Public Works & Engineering Services, provided to Council an overview of water supply and demand projections. R. Brian Perkins, P.E., representative of the Guadalupe-Blanco River Authority, introduced the WaterSECURE Project as a potential future water source. He invited the City to enter into a Memorandum of Understanding to participate in the program that would deliver water as soon as 2033. The City Council discussed the proposal and associated costs and did not support entering into the agreement.

REPORTS FROM STAFF AND COMMITTEES

13. ClearPlans Capital Project Tracker Demo

Project Manager Kelsey Delgado provided a demonstration of the ClearPlans Capital Project Tracker, highlighting its features and functionality for tracking capital projects. The demo included both the staff view and the public-facing view of the system.

Council Member Swarek left the meeting at 8:36 PM and returned at 8:37 PM

REQUESTS AND ANNOUNCEMENTS

14. Announcements and reports by Mayor and Council Members

None.

15. Announcements by the City Manager

None.

16. Requests by Mayor and Council Members that items be placed on a future City Council agenda

Council Member Swarek asked for Council to consider allowing the acceptance of electronic bids.

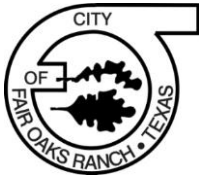
ADJOURNMENT

Mayor Maxton adjourned the meeting at 8:52 PM.

ATTEST:

Gregory C. Maxton, Mayor

Amanda Valdez, TRMC
Deputy City Secretary



CITY COUNCIL CONSENT ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Approval of the second reading of an ordinance amending the City of Fair Oaks Ranch Code of Ordinances, Chapter 13 Utilities, Article 13.08 Water and Wastewater Impact Fees, to include amendments to land use assumptions, capital improvement plans, and water and wastewater impact fees; and providing for an effective date

DATE: August 7, 2025

DEPARTMENT: Public Works

PRESENTED BY: Consent Item: Grant Watanabe, P.E., CFM, Director of Public Works & Engineering Services

INTRODUCTION/BACKGROUND:

In accordance with Texas Local Government Code §395.052, a political subdivision imposing an impact fee shall update the land use assumptions (LUA) and capital improvement plan (CIP) at least every five years. The City's water and wastewater impact fees were last updated and adopted on March 5, 2020, and, therefore, are due for an update in 2025.

The 2025 Impact Fee Report prepared by Freese and Nichols, Inc. [is available on the City's website](#). For the 10-year planning window (2025 to 2035) used for impact fee calculation, the report includes the following projections:

- Growth of 713 new water connections and 398 wastewater connections
- Growth of 758 water LUEs and 412 wastewater LUEs
- Increase in average daily water demand from 1.63 to 1.98 million gallons per day
- Increase in average wastewater flow from 0.32 to 0.38 million gallons per day
- Total water system impact fee eligible project costs of \$31,856,390 (includes five existing and 15 proposed projects as shown in the report, page 3-6)
- Total wastewater system impact fee eligible project costs of \$8,200,882 (includes one existing and four proposed projects as shown in the report, page 3-7)

The current adopted impacts fees are \$8,670.33 per water LUE and \$6,068.64 per wastewater LUE. Based on the growth projections and impact fee eligible project cost estimates, the maximum allowable 2025 impact fees are calculated to be \$21,013.00 per water LUE and \$9,943.00 per wastewater LUE. It should be noted that these numbers represent the maximum allowable impacts fees and lower amounts may be adopted. A comparison of the City's current and proposed impact fees to surrounding cities is included in the report for reference.

On April 8, 2025, the Capital Improvements Advisory Committee (CIAC) reviewed and discussed the updated LUA, CIP and proposed water and wastewater impact fees. The committee recommended approval of the updated LUA, CIP and maximum allowable impact fees and

provided written comments in their semi-annual report to the City Council on June 5.

On July 17, 2025, the City Council held a public hearing on the amendments and approved the first reading of the ordinance. No public testimony was received for or against the amendments during the public hearing.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Supports Priority 1.4 Develop Sustainable Financing Strategies Aligned with Service Delivery Expectations of the Strategic Action Plan.
- Supports Priority 3.1 Enhance and Ensure Continuity of Reliable Water Resources of the Strategic Action Plan.
- Supports Priority 3.2 Enhance and Ensure Continuity of Reliable Wastewater Treatment of the Strategic Action Plan.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Impact fees are a tool that cities can use to recoup some of the costs of capital improvements or facility expansions necessitated by and attributable to new development. Put more simply, impact fees require new developments to pay some costs that new development places on city infrastructure.

LEGAL ANALYSIS:

The City Attorney has reviewed the ordinance and approved it as to form.

RECOMMENDATION/PROPOSED MOTION:

Consent Item: I move to approve the second reading of an ordinance amending the City of Fair Oaks Ranch Code of Ordinances, Chapter 13 Utilities, Article 13.08 Water and Wastewater Impact Fees, to include amendments to land use assumptions, capital improvement plans, and water and wastewater impact fees; and providing for an effective date.

AN ORDINANCE

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS, AMENDING THE CITY OF FAIR OAKS RANCH CODE OF ORDINANCES, CHAPTER 13 “UTILITIES”, ARTICLE 13.08 “WATER AND WASTEWATER IMPACT FEES” TO INCLUDE AMENDMENTS TO LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENT PLANS, AND WATER AND WASTEWATER IMPACT FEES; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, Texas Local Government Code Chapter 395 governs the financing of capital improvements required by new development in municipalities, counties, and certain other local governments; and

WHEREAS, the City has imposed impact fees against new development to generate revenue for funding or recouping costs of capital improvements or facility expansions necessitated by and attributable to new development since 1999; and

WHEREAS, a political subdivision imposing an impact fee shall update the land use assumptions (LUA) and capital improvement plan (CIP) at least every five years, and where the last update occurred on March 5, 2020; and

WHEREAS, on September 5, 2024, the City Council authorized the execution of a work authorization with Freese and Nichols, Inc., a qualified, professional engineering firm, to update the City’s LUA, CIP and calculate water and wastewater impact fees; and

WHEREAS, on April 8, 2025, the Capital Improvements Advisory Committee reviewed the updates and recommended approval of the proposed amendments to the LUA, CIP, and water and wastewater impact fees; and

WHEREAS, the City Council has received the proposed amendments to the LUA, CIP and water and wastewater impact fees and conducted a public hearing to receive public testimony on the amendments in accordance with Texas Local Government Code Chapter 395; and

WHEREAS, the City Council finds it in the best interest of the City to approve the proposed amendments to the LUA, CIP and water and wastewater impact fees.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1. Chapter 13 “Utilities”, Article 13.08 “Water and Wastewater Impact Fees” is hereby amended as set forth in the attached **Exhibit A**.

Section 2. That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this ordinance for all purposes and are adopted as a part of the judgment and findings of the Council.

Section 3. It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this ordinance be severable, and, if any phrase, clause, sentence, paragraph, or section of this ordinance shall be declared invalid by judgment or decree of any court of competent jurisdiction, such invalidity shall not

affect any of the remaining phrases, clauses, sentences, paragraphs, or sections of this ordinance and the remainder of this ordinance shall be enforced as written.

- Section 4.** That it is officially found, determined, and declared that the meeting at which this ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.
- Section 5.** The provisions of this ordinance shall be cumulative of all ordinances not repealed by this ordinance and ordinances governing or regulating the same subject matter as that covered herein.
- Section 6.** If any provision of this ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City hereby declares that this ordinance would have been enacted without such invalid provision.
- Section 7.** All ordinances, or parts thereof, which are in conflict or inconsistent with any provision of this ordinance are hereby repealed to the extent of such conflict, and the provisions of this ordinance shall be and remain controlling as to the matters ordained herein.
- Section 8.** This ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.
- Section 9.** This ordinance shall take effect immediately from and after its second reading, passage and any publication requirements as may be required by governing law.

PASSED and APPROVED on first reading by the City Council of the City of Fair Oaks Ranch, Texas, on this 17th day of July 2025.

PASSED, APPROVED, and ADOPTED on second and final reading by the City Council of the City of Fair Oaks Ranch, Texas, on this 7th day of August 2025.

Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Amanda Valdez, TRMC
Deputy City Secretary

Denton Navarro Rodriguez Bernal Santee & Zech
P.C., City Attorney

EXHIBIT A

Chapter 13 “Utilities,” Article 13.08 “Water and Wastewater Impact Fees” is hereby amended as follows:

[Deletions shown as strikethrough and additions shown as underscore]

Sec. 13.08.008 Fees Per Service Unit

The impact fees per living unit equivalent (LUE) for water and wastewater shall be assessed according to the following tables:

<u>Ordinance 2025-XX Impact Fees Effective August 7, 2025</u>				
<u>Meter Size</u>	<u>LUE Equivalent</u>	<u>Maximum Water Impact Fee</u>	<u>Maximum Wastewater Impact Fee</u>	<u>Combined Maximum Impact Fee</u>
<u>3/4" Displacement</u>	<u>1.0</u>	<u>\$21,013.00</u>	<u>\$9,943.00</u>	<u>\$30,956.00</u>
<u>1" Displacement</u>	<u>1.6</u>	<u>\$33,620.80</u>	<u>\$15,908.80</u>	<u>\$49,529.60</u>
<u>1-1/2" Displacement</u>	<u>2.0</u>	<u>\$42,026.00</u>	<u>\$19,886.00</u>	<u>\$61,912.00</u>
<u>2" Compound</u>	<u>6.4</u>	<u>\$134,483.20</u>	<u>\$63,635.20</u>	<u>\$198,118.40</u>
<u>3" Compound</u>	<u>12.8</u>	<u>\$268,966.40</u>	<u>\$127,270.40</u>	<u>\$396,236.80</u>
<u>4" Compound</u>	<u>20.0</u>	<u>\$420,260.00</u>	<u>\$198,860.00</u>	<u>\$619,120.00</u>
<u>6" Compound</u>	<u>40.0</u>	<u>\$840,520.00</u>	<u>\$397,720.00</u>	<u>\$1,238,240.00</u>
<u>8" Compound</u>	<u>64.0</u>	<u>\$1,344,832.00</u>	<u>\$636,352.00</u>	<u>\$1,981,184.00</u>
<u>Safe maximum operation capacity is based on AWWA Manual M6 (November 2018)</u>				

<u>Ordinance 2020-04 Impact Fees Effective March 5, 2020</u>				
<u>Meter Size</u>	<u>LUE Equivalent</u>	<u>Maximum Water Impact Fee</u>	<u>Maximum Wastewater Impact Fee</u>	<u>Combined Maximum Impact Fee</u>
<u>3/4" Displacement</u>	<u>1.0</u>	<u>\$8,670.33</u>	<u>\$6,068.64</u>	<u>\$14,738.97</u>
<u>1" Displacement</u>	<u>1.6</u>	<u>\$13,872.53</u>	<u>\$9,709.82</u>	<u>\$23,582.35</u>
<u>1-1/2" Displacement</u>	<u>2.0</u>	<u>\$17,340.66</u>	<u>\$12,137.28</u>	<u>\$29,477.94</u>
<u>2" Compound</u>	<u>6.4</u>	<u>\$55,490.11</u>	<u>\$38,839.30</u>	<u>\$94,329.41</u>
<u>3" Compound</u>	<u>12.8</u>	<u>\$110,980.22</u>	<u>\$77,678.59</u>	<u>\$188,658.82</u>

EXHIBIT A

4" Compound	20.0	\$173,406.60	\$121,372.80	\$294,779.40
6" Compound	40.0	\$346,813.20	\$242,745.60	\$589,558.80
8" Compound	64.0	\$554,901.12	\$388,392.96	\$943,294.08
Safe maximum operation capacity is based on AWWA Manual M6 (November 2018)				

Ordinance 2014-18 Impact Fees Effective December 19, 2014				
Meter Size	LUE Equivalent	Maximum Water Impact Fee	Maximum Wastewater Impact Fee	Combined Maximum Impact Fee
3/4" Displacement	1.00	\$5,400.00	\$1,550.00	\$6,950.00
1" Displacement	1.67	\$9,018.00	\$2,588.50	\$11,606.50
1-1/2" Displacement	3.33	\$17,982.00	\$5,161.50	\$23,143.50
2"	5.33	\$28,782.00	\$8,261.50	\$37,043.50
3" Compound	10.70	\$57,780.00	\$16,585.00	\$74,365.00
3" Turbine	11.70	\$63,180.00	\$18,135.00	\$81,315.00
4" Compound	16.70	\$90,180.00	\$25,885.00	\$116,065.00
4" Turbine	20.00	\$108,000.00	\$31,000.00	\$139,000.00
6" Compound	33.30	\$179,820.00	\$51,615.00	\$231,435.00
6" Turbine	41.70	\$225,180.00	\$64,635.00	\$289,815.00
8" Compound	53.30	\$287,820.00	\$82,615.00	\$370,435.00
8" Turbine	60.00	\$324,000.00	\$93,000.00	\$417,000.00
Safe maximum operating capacity is based on AWWA Standards C700 and C702				

Ordinance 145.0 Impact Fees Effective January 15, 2004				
Meter Size	LUE Equivalent	Maximum Water Impact Fee	Maximum Wastewater Impact Fee	Combined Maximum Impact Fee
3/4" Displacement	1	\$1,669.58	\$1,006.95	\$2,676.53
1" Displacement	1.67	\$2,788.20	\$1,681.61	\$4,469.81
1-1/2" Displacement	3.33	\$5,559.70	\$3,353.14	\$8,912.84

EXHIBIT A

2" Displacement	5.42	\$9,049.12	\$5,457.67	\$14,506.79
2" Compound	5.42	\$9,049.12	\$5,457.67	\$14,506.79
3" Compound	10.63	\$17,747.64	\$10,703.88	\$28,451.51
3" Turbine	11.67	\$19,484.00	\$11,751.11	\$31,235.11
4" Compound	16.67	\$27,831.90	\$16,785.86	\$44,617.76
4" Turbine	17.50	\$29,217.65	\$17,621.63	\$46,839.28
6" Compound	33.33	\$55,647.10	\$33,561.64	\$89,208.74
6" Turbine	45.83	\$76,516.85	\$46,148.52	\$122,665.37
8" Compound	54.17	\$90,441.15	\$54,546.48	\$144,987.63
8" Turbine	66.67	\$111,310.90	\$67,133.36	\$178,444.26
Safe maximum operating capacity is based on AWWA Manual M22 (1975 T-5.6,5.7,5.8)				

Ordinance 131.0 Wastewater Impact Fees Effective June 1, 1999				
Ordinance 134.0 Water Impact Fees Effective December 7, 1999				
Meter Size	LUE Equivalent	Maximum Water Impact Fee	Maximum Wastewater Impact Fee	Combined Maximum Impact Fee
3/4"	1	\$960.00	\$1,028.00	\$1,988.00
1"	2.5	\$2,399.00	\$1,028.00	\$3,427.00
1-1/2"	4.998	\$4,798.00	\$1,028.00	\$5,826.00
2"	7.996	\$7,676.00	\$1,028.00	\$8,704.00
3"	17.4906	\$16,791.00	\$1,028.00	\$17,819.00
Safe maximum operating capacity recommended by AWWA				

(Ordinance 2020-04, Sec. A, adopted 3/5/20)

EXHIBIT A

Division 2. Water Facilities Fees

Sec. 13.08.041 Water Service Area

The boundaries of the water service area may be amended from time to time, and new water service areas may be delineated, pursuant to the procedures set forth in V.T.C.A., Local Government Code, ch. 395 and its successors. (Ordinance 145.0, Sec. 2.01, adopted 1/15/04)

Sec. 13.08.042 Land Use Assumptions ~~Plan~~

The land use assumptions ~~plan~~ for the City for water impact fee calculation purposes, prepared by Freese and Nichols, Inc. and dated June 2025, ~~facilities approved by the City Council on June 21, 2018~~, is hereby adopted and incorporated herein by reference.

Sec. 13.08.043 Water Capital Improvements Plan

(a) The water capital improvements plan for the City for impact fee calculation purposes, prepared by Freese and Nichols, Inc. and dated ~~January 2020~~ June 2025 is hereby adopted, and incorporated herein by reference and filed in the City Secretary's Office.

(Ordinance 2020-04, Sec. B, adopted 3/5/20)

(b) The water capital improvements plan may be amended from time to time pursuant to the procedures set forth in V.T.C.A., Local Government Code, ch. 395 and its successors. (Ordinance 145.0, Sec. 2.03, adopted 1/15/04)

Secs. 13.08.044 - 13.08.070 Reserved

Division 3. Wastewater Facilities Fees

Sec. 13.08.071 Wastewater Service Area

The boundaries of the wastewater service area may be amended from time to time, and new wastewater service areas may be delineated, pursuant to the procedures set forth in V.T.C.A., Local Government Code, ch. 395 and its successors. (Ordinance 145.0, Sec. 3.01, adopted 1/15/04)

Sec. 13.08.072 Land Use Assumptions ~~Plan~~

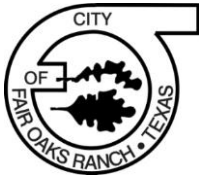
The land use assumptions ~~plan~~ for the City for wastewater impact fee calculation purposes, prepared by Freese and Nichols, Inc. and dated June 2025, ~~facilities approved by the City Council on June 21, 2018~~, is hereby adopted and incorporated herein by reference.

Sec. 13.08.073 Wastewater Capital Improvements Plan

(a) The wastewater capital improvements plan for the ~~City~~ for impact fee calculation purposes, prepared by Freese and Nichols, Inc. and dated ~~January 2020~~ June 2025, is hereby adopted, and incorporated herein by reference and filed in the City Secretary's Office.

(Ordinance 2020-04, Sec. C, adopted 3/5/20)

(b) The wastewater capital improvements plan may be amended from time to time pursuant to the procedures set forth in V.T.C.A., Local Government Code, ch. 395 and its successors. (Ordinance 145.0, Sec. 3.03, adopted 1/15/04)



CITY COUNCIL CONSENT ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Approval of a resolution authorizing the execution of a purchase order with Aqua-Metric Sales Company for base stations for the water plants, expenditure of the required funds, and execution of all applicable documents by the City Manager

DATE: August 7, 2025

DEPARTMENT: Finance

PRESENTED BY: Consent Item: Clayton Hoelscher, Procurement Manager

INTRODUCTION/BACKGROUND:

The City budgeted for the replacement of two base stations located at Water Plant 1 and Water Plant 2. These base stations are essential for capturing meter data from across the City. The current equipment, in service since 2014, is no longer manufactured, and replacement parts and technical support are increasingly difficult to obtain.

In addition to addressing obsolescence, the new base station models offer key enhancements:

- Enhanced durability through ruggedized design
- Improved energy efficiency, eliminating the need for built-in HVAC systems
- Expanded battery backup to maintain meter data collection during extended power outages

The City plans to purchase the new base stations utilizing the HGAC Purchasing Cooperative. As a member, the City benefits from competitively bid pricing that meets procurement requirements. The purchase includes installation of the new units and removal of the existing base stations, cabling, antennas, and related equipment.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Aligns with Strategic Action Plan 3.1: Enhance and Ensure Continuity of Reliable Water Resources
- Purchasing through a cooperative allows the City to leverage competitively bid pricing on a larger scale
- Meets all competitive procurement requirements

LONGTERM FINANCIAL & BUDGETARY IMPACT:

The total cost for the purchase and installation is \$145,262.65. The City has \$120,000 encumbered in Account 05-501-152 for this purchase. The remaining balance will be covered using available savings from GBRA fees.

LEGAL ANALYSIS:

Resolution approved as to form. The City's standard Purchase Order is being utilized for this purchase.

RECOMMENDATION/PROPOSED MOTION:

Consent Item: I move to approve a resolution authorizing the execution of a Purchase Order with Aqua-Metric Sales Company for the purchase and installation of two base stations in the amount of \$145,262.65, expenditure of the required funds, and execution of all applicable documents by the City Manager.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS AUTHORIZING THE EXECUTION OF A PURCHASE ORDER WITH AQUA-METRIC SALES COMPANY FOR THE PURCHASE OF BASE STATIONS FOR THE WATER PLANTS.

WHEREAS, The City of Fair Oaks Ranch ("City") has two existing base stations located at the water plants to communicate with water meters that have been in service since 2014, and

WHEREAS, The cost to purchase two base stations, ancillary equipment, and installation is \$145,262.65, and

WHEREAS, Section 271.102 of the Texas Government Code allows local governments to enter into Cooperative Purchasing Programs with other local governments of the State or with local Cooperative Organizations, and

WHEREAS, the City is a member of, and can utilize pricing from the HGAC Purchasing Cooperative to make this purchase, and

WHEREAS, the City Council of the City of Fair Oaks Ranch supports this purchase and authorizes the execution of a Purchase Order with Aqua-Metric Sales Company (**Exhibit A**).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

- Section 1** The City Council hereby authorizes the City Manager to execute a Purchase Order with Aqua-Metric Sales Company, to expend required funds up to \$145,262.65 and to execute any and all applicable documents to effectuate this resolution.
- Section 2.** That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the Council.
- Section 3.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.
- Section 4.** That it is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.
- Section 5.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.

- Section 6.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.
- Section 7.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 7th day of August 2025.

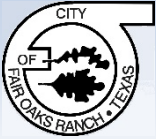
Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Amanda Valdez, TRMC
Deputy City Secretary

Denton Navarro Rodriguez Bernal Santee & Zech
P.C., City Attorney



Purchase Order

City of Fair Oaks Ranch

PURCHASE ORDER # 08072025CH

7286 Dietz Elkhorn, Fair Oaks Ranch, TX 78015
Phone 210-698-0900 Fax 210-698-3565
acctspayable@fairoaksranchtx.org

**Note: Please send all invoicing to ACCTS
PAYABLE (acctspayable@fairoaksranchtx.org)**

VENDOR: Aqua-Metric Sales Company
16914 Alamo Parkway, Bldg. 2
Selma, TX 78154

SHIP TO: City of Fair Oaks Ranch
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015
210-698-0900

Base station purchase and installation (to include cabling, antenna and associated items). To include removal of existing equipment.

Total: \$145,262.65

Proposal immediately following (Reference HGAC Contract # WM-09-20)

Authorized By: _____

Date: _____

ATTACHMENT A "TERMS AND CONDITIONS" ARE ATTACHED HERETO AND ARE A PART OF THIS ORDER

EXHIBIT A
ATTACHMENT A
TERMS AND CONDITIONS

DELIVERY DATE

The delivery date shall be no later than the timeframe and/or date stipulated in the purchase order.

PRICE

The price to be paid by the City may not be higher than the amount included in the order.

PAYMENT TERMS

All payment terms shall be Net 30, and payments shall be made on approved invoices in accordance with the Texas Prompt Payment Act. The vendor shall not invoice for items until they have been accepted and approved by the City of Fair Oaks Ranch.

TAXES

The City of Fair Oaks Ranch is exempt from Federal and State Sales taxes.

RIGHT OF INSPECTION

City shall have the right to inspect the goods upon delivery before accepting them. Contractor shall be responsible for all charges for the return to Contractor of any goods rejected as being nonconforming under the specifications.

F.O.B. DESTINATION

This Order shall be processed as Freight On Board (F.O.B.) Destination, to the address specified in the order. The City will not assist with unloading equipment. The City of Fair Oaks Ranch assumes no liability for goods damaged while in transit and or delivered in a damaged or unacceptable condition. It shall be the responsibility of the vendor to handle all claims with carriers. In the event items are damaged in transit or arrive damaged to the City of Fair Oaks Ranch, the vendor shall ship replacement items immediately upon notification by the City of damage at no additional charge, and shall coordinate the shipment(s),

TITLE AND RISK OF LOSS

The title and risk of loss of goods shall not pass to the City of Fair Oaks Ranch until the City receives and takes possession of the goods at the point(s) of delivery, after inspection and acceptance of goods.

MODIFICATIONS

This agreement can be modified only by written agreement by both parties.

BOYCOTTING ISRAEL PROHIBITED

The City may not enter into a contract with a company for goods and services unless the contract contains a written verification from the company; (i) it does not Boycott Israel; and (ii) will not Boycott Israel during the term of the contract. (Texas government code chapter 2270) by entering this agreement, the vendor verifies that it does not Boycott Israel, and agrees that during the term of the agreement will not Boycott Israel as that term is defined in the Texas Government Code Section 808.001, as amended.


CONTRACT PRICING WORKSHEET
 For Catalog & Price Sheet Type Purchases

 Contract
 No.:

WM09-20

 Date
 Prepared:

6/10/2025

This Worksheet is prepared by Contractor and given to End User. If a PO is issued, both documents **MUST** be faxed to H-GAC @ 713-993-4548. Therefore please type or print legibly.

Buying Agency:	City of Fair Oaks Ranch, TX	Contractor:	Aqua-Metric Sales Company
Contact Person:		Prepared By:	Kristy Segarra
Phone:		Phone:	(210) 967-6300
Fax:		Fax:	(210) 967-6305
Email:		Email:	Kristy.Segarra@aqua-metric.com

Catalog / Price Sheet Name:	WM09-20 Aqua-Metric / Sensus Pricing - Updated 12/2024
General Description of Product:	Water Meters and Installation

A. Catalog / Price Sheet Items being purchased - Itemize Below - Attach Additional Sheet If Necessary

Quan	Description	Unit Pr	Total
2	Basestation	40606.72	81213.44
2	Communication Backhaul	1000	2000
2	Base Station Installation	27720	55440
2	Base Station Protection Plan (Annual Fee)	2187.92	4375.84
			0
			0
			0
			0
			0
			0
			0
			0
			0
			0
			0
			0
Total From Other Sheets, If Any:			
Subtotal A:			143029.28

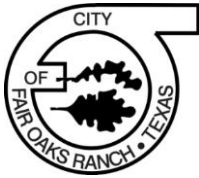
B. Unpublished Options, Accessory or Service items - Itemize Below - Attach Additional Sheet If Necessary

(Note: Unpublished Items are any which were not submitted and priced in contractor's bid.)

Quan	Description	Unit Pr	Total
			0
			0
			0
			0
Total From Other Sheets, If Any:			
Subtotal B:			0
Check: Total cost of Unpublished Options (B) cannot exceed 25% of the total of the Base Unit Price plus Published Options (A+B).		For this transaction the percentage is:	0%

C. Trade-Ins / Special Discounts / Other Allowances / Freight / Installation / Miscellaneous Charges

	2233.37
Subtotal C:	2233.37
Delivery Date:	12/2025
D. Total Purchase Price (A+B+C):	145,262.65



CITY COUNCIL CONSENT ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Approval of a resolution authorizing the execution of an agreement with Anytime Fuel Pros LLC for on-site fuel delivery, expenditure of the required funds, and execution of all applicable documents by the City Manager

DATE: August 7, 2025

DEPARTMENT: Finance

PRESENTED BY: Consent Item: Clayton Hoelscher, Procurement Manager

INTRODUCTION/BACKGROUND:

The City currently operates an above-ground fuel tank on the City campus to enhance emergency preparedness and operational resiliency. This on-site tank ensures City vehicles—including public safety units—can continue operating during extended power outages, winter storms, or other disasters that may limit access to commercial fuel stations. Installed in 2024, the tank has since been refueled through contracted on-site fuel delivery services.

To ensure best value, the City issued a Request for Proposals (RFP) for fuel delivery services. Five proposals were received and evaluated based on:

- Qualifications and Experience
- Project Approach
- Price

Following evaluation, Anytime Fuel Pros LLC was selected as the highest-ranked provider. Pricing is based on the daily wholesale average reported by the Oil Price Information Service, plus a contractor markup of \$0.28 per gallon for both gasoline and diesel - the lowest markup among all proposals. Additionally, the vendor will provide electronic fuel gauges at no cost to help monitor fuel levels automatically.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Supports 5.3 of the Strategic Action Plan for Service Delivery Expectations and Best Practices.
- Strengthens the City's emergency preparedness and operational resiliency by ensuring fuel availability during extended power outages, winter storms or other emergencies.
- Complies with procurement requirements.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Fuel will be purchased on an as-needed basis. There is no minimum or maximum amount guaranteed in the agreement.

LEGAL ANALYSIS:

Resolution approved as to form. The City's standard agreement is being utilized.

RECOMMENDATION/PROPOSED MOTION:

Consent Item: I move to approve a resolution authorizing the execution of an agreement with Anytime Fuel Pros LLC for on-site fuel delivery, expenditure of the required funds, and execution of all applicable documents by the City Manager.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS AUTHORIZING THE EXECUTION OF AN AGREEMENT FOR FUEL DELIVERY WITH ANYTIME FUEL PROS LLC, EXPENDITURE OF THE REQUIRED FUNDS, AND EXECUTION OF ALL APPLICABLE DOCUMENTS BY THE CITY MANAGER

WHEREAS, the City of Fair Oaks Ranch has an on-site fuel tank, and

WHEREAS, the City is seeking a new provider to deliver fuel on-site, and

WHEREAS, proposals were received in accordance with Texas Local Government Code Chapter 252, and

WHEREAS, the proposal with Anytime Fuel Pros was selected, and

WHEREAS, the City Council of the City of Fair Oaks Ranch supports this purchase and authorizes the execution of an agreement with Anytime Fuel Pros LLC **(EXHIBIT A)**.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

- Section 1** The City Council hereby authorizes the City Manager to execute an agreement with Anytime Fuel Pros LLC for on-site fuel delivery, to expend required funds and to execute any and all applicable documents to effectuate this resolution.
- Section 2.** That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the Council.
- Section3.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.
- Section 4.** That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.
- Section 5.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.
- Section 6.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 7. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 7th day of August 2025.

Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Amanda Valdez, TRMC
Deputy City Secretary

Denton Navarro Rodriguez Bernal Santee & Zech
P.C., City Attorney

CITY OF FAIR OAKS RANCH
AGREEMENT

THE STATE OF TEXAS §
 §
KENDALL COUNTY §

This Agreement ("Agreement") is made and entered by and between the City of Fair Oaks Ranch, Texas, (the "City") a Texas municipality, and Anytime Fuel Pros, LLC. ("Contractor").

Section 1. Duration. This Agreement shall become effective upon the date of the final signature affixed hereto and shall remain in effect until satisfactory completion of the Scope of Work unless terminated as provided for in this Agreement. The initial term of this Agreement shall be one year from the effective date, with the option for renewal upon mutual agreement of both parties.

Section 2. Scope of Work.

(A) Contractor shall perform the Work as more particularly described in the Scope of Work attached hereto as Exhibit "A". The work as described in the Scope of Work constitutes the "Project".

(B) The Quality of Work provided under this Agreement shall be of the level of quality performed by Contractors regularly rendering this type of service.

(C) The Contractor shall perform its Work for the Project in compliance with all statutory, regulatory and contractual requirements now or hereafter in effect as may be applicable to the rights and obligations set forth in the Agreement.

(D) The Contractor may rely upon the accuracy of reports and surveys provided to it by the City except when defects should have been apparent to a reasonably competent Contractor or when it has actual notice of any defects in the reports and surveys.

Section 3. Compensation.

(A) The Contractor shall be paid in the manner set forth in Exhibit "A" and as provided herein.

(B) *Billing Period:* The Contractor may submit monthly, or less frequently, an invoice for payment based on the estimated completion of the described tasks and approved work schedule. Subject to Chapter 2251, Texas Government Code (the "Prompt Payment Act"), payment is due within thirty (30) days of the City's receipt of the Contractor's

invoice. Interest on overdue payments shall be calculated in accordance with the Prompt Payment Act.

Section 4. Time of Completion.

The prompt completion of the Work under the Scope of Work relates is critical to the City. Unnecessary delays in providing Work under a Scope of Work shall be grounds for dismissal of the Contractor and termination of this Agreement without any or further liability to the City other than a prorated payment for necessary, timely, and conforming work done by Contractor prior to the time of termination.

Section 5. Insurance.

Before commencing work under this Agreement, Contractor shall obtain and maintain the liability insurance provided for below throughout the term of the Project plus an additional two years. Contractor shall provide evidence of such insurance to the City. Such documentation shall meet the requirements noted in Exhibit B.

Contractor shall maintain the following limits and types of insurance:

Workers Compensation Insurance: Contractor shall carry and maintain during the term of this Agreement, workers compensation and employers' liability insurance meeting the requirements of the State of Texas on all the Contractor's employees carrying out the work involved in this contract.

General Liability Insurance: Contractor shall carry and maintain during the term of this Agreement, general liability insurance on a per occurrence basis with limits of liability not less than \$1,000,000 for each occurrence and for fire damage. For Bodily Injury and Property Damage, coverage shall be no less than \$1,000,000. As a minimum, coverage for Premises, Operations, Products and Completed Operations shall be \$2,000,000. This coverage shall protect the public or any person from injury or property damages sustained by reason of the Contractor or its employees carrying out the work involved in this Agreement. The general aggregate shall be no less than \$2,000,000.

Automobile Liability Insurance: Contractor shall carry and maintain during the term of this Agreement, automobile liability insurance with either a combined limit of at least \$1,000,000 per occurrence for bodily injury and property damage or split limits of at least \$1,000,000 for bodily injury per person per occurrence and \$1,000,000 for property damage per occurrence. Coverage shall include all owned, hired, and non-owned motor vehicles used in the performance of this contract by the Contractor or its employees.

Subcontractor: In the case of any work sublet, the Contractor shall require subcontractor and independent contractors working under the direction of either the Contractor or a subcontractor to carry and maintain the same workers compensation and liability insurance required of the Contractor.

Qualifying Insurance: The insurance required by this Agreement shall be written by non-assessable insurance company licensed to do business in the State of Texas and currently rated "B+" or better by the A.M. Best Companies. All policies shall be written on a "per occurrence basis" and not a "claims made" form.

Evidence of such insurance shall be attached as Exhibit "C".

Section 6. Miscellaneous Provisions.

(A) *Subletting.* The Contractor shall not sublet or transfer any portion of the work under this Agreement, or any Scope of Work issued pursuant to this Agreement unless specifically approved in writing by the City, which approval shall not be unreasonably withheld. Subcontractors shall comply with all provisions of this Agreement and the applicable Scope of Work. The approval or acquiescence of the City in the subletting of any work shall not relieve the Contractor of any responsibility for work done by such subcontractor.

(B) *Compliance with Laws.* The Contractor shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts, administrative, or regulatory bodies in any matter affecting the performance of this Agreement, including, without limitation, worker's compensation laws, minimum and maximum salary and wage statutes and regulations, and licensing laws and regulations. When required, the Contractor shall furnish the City with satisfactory proof of compliance.

(C) *Independent Contractor.* Contractor acknowledges that Contractor is an independent contractor of the City and is not an employee, agent, official or representative of the City. Contractor shall not represent, either expressly or through implication, that Contractor is an employee, agent, official or representative of the City. Income taxes, self-employment taxes, social security taxes and the like are the sole responsibility of the Contractor.

(D) *Non-Collusion.* Contractor represents and warrants that Contractor has not given, made, promised or paid, nor offered to give, make, promise or pay any gift, bonus, commission, money or other consideration to any person as an inducement to or in order to obtain the work to be provided to the City under this Agreement. Contractor further agrees that Contractor shall not accept any gift, bonus, commission, money, or other consideration from any person (other than from the City pursuant to this Agreement) for any of the Work performed by Contractor under or related to this Agreement. If any such gift, bonus, commission, money, or other consideration is received by or offered to Contractor, Contractor shall immediately report that fact to the City and, at the sole option of the City, the City may elect to accept the consideration for itself or to take the value of such consideration as a credit against the compensation otherwise owing to Contractor under or pursuant to this Agreement.

(E) *Force Majeure.* If the performance of any covenant or obligation to be performed hereunder by any party is delayed as a result of circumstances which are beyond the

reasonable control of such party (which circumstances may include, without limitation, pending litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not of limitation, severe rain storms or below freezing temperatures, or tornados] labor action, strikes or similar acts, moratoriums or regulations or actions by governmental authorities), the time for such performance shall be extended by the amount of time of such delay, but no longer than the amount of time reasonably occasioned by the delay. The party claiming delay of performance as a result of any of the foregoing force majeure events shall deliver written notice of the commencement of any such delay resulting from such force majeure event not later than seven (7) days after the claiming party becomes aware of the same, and if the claiming party fails to so notify the other party of the occurrence of a force majeure event causing such delay and the other party shall not otherwise be aware of such force majeure event, the claiming party shall not be entitled to avail itself of the provisions for the extension of performance contained in this subsection.

(F) In the case of any conflicts between the terms of this Agreement and wording contained within the Scope of Work, this Agreement shall govern. The Scope of Work is intended to detail the technical scope of Work, fee schedule, and contract time only and shall not dictate Agreement terms.

Section 7. Termination.

(A) This Agreement may be terminated:

- (1) By the mutual agreement and consent of both Contractor and City;
- (2) By either party, upon the failure of the other party to fulfill its obligations as set forth in either this Agreement or a Scope of Work issued under this Agreement;
- (3) By the City, immediately upon notice in writing to the Contractor, as consequence of the failure of Contractor to perform the Work contemplated by this Agreement in a timely or satisfactory manner;
- (4) By VENDOR PERFORMANCE: Vendor performance will be monitored on a regular basis by the City of Fair Oaks.
 - I. An unsatisfactory performance determination includes, but is not limited to:
 - II. One service "call back" to correct the same problem within 30 calendar days.
 - III. Failure to deliver.
 - IV. Two instances within one year of response time, as defined in this statement of work, to an authorized service call exceeding the two calendar day limit.
 - V. One instance within one year of spillage and cleanup.
 - VI. Any requirement not met as outlined in the service requirements determined by the City of Fair Oaks.

NOTE: Unsatisfactory performance may result in a negative vendor performance report, or cancellation of the contract or both, in addition to any other rights, liquidated damages and remedies provided by the contract or allowed by law.

VII. An exceptional performance determination includes, but is not limited to:

VIII. Product upgrade substitution suggested and accepted at no additional cost to the City of Fair Oaks.

IX. Vendor commended for exceptional customer service, exceptional service provided.

(B) If the City terminates this Agreement pursuant to subsection 7(A)(3) or (4), above, the Contractor shall not be entitled to any fees or reimbursable expenses other than the fees and reimbursable expenses then due and payable as of the time of termination and only then for those Work that have been timely and adequately performed by the Contractor considering the actual costs incurred by the Contractor in performing work to date of termination, the value of the work that is nonetheless usable to the City, the cost to the City of employing another Contractor to complete the work required and the time required to do so, and other factors that affect the value to the City of the work performed at time of termination. In the event of termination not the fault of the Contractor, the Contractor shall be compensated for all basic, special, and additional Work actually performed prior to termination, together with any reimbursable expenses then due.

Section 8. Indemnification. Contractor agrees to indemnify and hold the City of Fair Oaks Ranch, Texas and all of its present, future and former agents, employees, officials and representatives harmless in their official, individual and representative capacities from any and all claims, demands, causes of action, judgments, liens and expenses (including attorney's fees, whether contractual or statutory), costs and damages (whether common law or statutory), costs and damages (whether common law or statutory, and whether actual, punitive, consequential or incidental), of any conceivable character, for injuries to persons (including death) or to property (both real and personal) created by, arising from or in any manner relating to the Work or goods performed or provided by Contractor – expressly including those arising through strict liability or under the constitutions of the United States.

Section 9. Notices. Any notice required or desired to be given from one party to the other party to this Agreement shall be in writing and shall be given and shall be deemed to have been served and received (whether actually received or not) if (i) delivered in person to the address set forth below; (ii) deposited in an official depository under the regular care and custody of the United States Postal Service located within the confines of the United States of America and sent by certified mail, return receipt requested, and addressed to such party at the address hereinafter specified; or (iii) delivered to such party by courier receipted delivery. Either party may designate another address within the confines of the continental United States of America for notice, but until written notice of such change is actually received by the other party, the last address of such party designated for notice shall remain such party's address for notice.

Section 10. No Assignment. Neither party shall have the right to assign that party's interest in this Agreement without the prior written consent of the other party.

Section 11. Severability. If any term or provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining terms or provisions of this Agreement shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable term or provision, there shall be added automatically to this Agreement a legal, valid or enforceable term or provision as similar as possible to the term or provision declared illegal, invalid or unenforceable.

Section 12. Waiver. Either City or the Contractor shall have the right to waive any requirement contained in this Agreement that is intended for the waiving party's benefit, but, except as otherwise provided herein, such waiver shall be effective only if in writing executed by the party for whose benefit such requirement is intended. No waiver of any breach or violation of any term of this Agreement shall be deemed or construed to constitute a waiver of any other breach or violation, whether concurrent or subsequent, and whether of the same or of a different type of breach or violation.

Section 13. Governing Law; Venue. This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this Agreement are performable in Kendall County, Texas such that exclusive venue for any action arising out of this Agreement shall be in Kendall County, Texas.

Section 14. Paragraph Headings; Construction. The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the negotiation and preparation of this Agreement and this Agreement shall not be construed either more or less strongly against or for either party.

Section 15. Binding Effect. Except as limited herein, the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal and legal representatives, successors and assigns.

Section 16. Gender. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

Section 17. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 18. Exhibits. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Section 19. Entire Agreement. It is understood and agreed that this Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements or understandings between the parties relating to the subject matter. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally.

Section 20. Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this Agreement nor any act or acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of independent parties contracting with each other solely for the purpose of effecting the provisions of this Agreement.

Section 21. Right To Audit. City shall have the right to examine and audit the books and records of Contractor with regards to the work described in Exhibit A, or any subsequent changes, at any reasonable time. Such books and records will be maintained in accordance with generally accepted principles of accounting and will be adequate to enable determination of: (1) the substantiation and accuracy of any payments required to be made under this Agreement; and (2) compliance with the provisions of this Agreement.

22. Dispute Resolution. In accordance with the provisions of Subchapter I, Chapter 271, TEX. LOCAL GOV'T CODE, the parties agree that, prior to instituting any lawsuit or other proceeding arising from a dispute under this agreement, the parties will first attempt to resolve the dispute by taking the following steps: (1) A written notice substantially describing the nature of the dispute shall be delivered by the dissatisfied party to the other party, which notice shall request a written response to be delivered to the dissatisfied party not less than 5 days after receipt of the notice of dispute. (2) If the response does not reasonably resolve the dispute, in the opinion of the dissatisfied party, the dissatisfied party shall give notice to that effect to the other party whereupon each party shall appoint a person having authority over the activities of the respective parties who shall promptly meet, in person, in an effort to resolve the dispute. (3) If those persons cannot or do not resolve the dispute, then the parties shall each appoint a person from the highest tier of managerial responsibility within each respective party, who shall then promptly meet, in person, in an effort to resolve the dispute.

23. Disclosure of Business Relationships/Affiliations; Conflict of Interest Questionnaire. Contractor represents that it is in compliance with the applicable filing and disclosure requirements of Chapter 176 of the Texas Local Government Code.

24. Boycott Israel. The City may not enter into a contract with a company for goods and services unless the contract contains a written verification from the company; (i) it does not Boycott Israel; and (ii) will not Boycott Israel during the term of the contract. (Texas government code chapter 2270) by entering this agreement, Professional verifies that it does not Boycott Israel, and agrees that during the term of the agreement will not Boycott

Israel as that term is defined in the Texas Government Code Section 808.001, as amended.

25. Energy Company Boycotts. Contractor represents and warrants that: (1) it does not, and will not for the duration of the contract, boycott energy companies or (2) the verification required by Section 2274.002 of the Texas Government Code does not apply to the contract. If circumstances relevant to this provision change during the course of the contract, Contractor shall promptly notify City.

26. Firearm Entities and Trade Association Discrimination. Contractor verifies that: (1) it does not, and will not for the duration of the contract, have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association or (2) the verification required by Section 2274.002 of the Texas Government Code does not apply to the contract. If circumstances relevant to this provision change during the course of the contract, Contractor shall promptly notify City.

27. Sales Tax. The City qualifies as an exempt agency under the Texas Limited Sales, Excise and Use Tax Act (the "Tax Act") and is not subject to any State or City sales taxes on materials incorporated into the project. Labor used in the performance of this contract is also not subject to State or City sales taxes. The City will provide an exemption certificate to the Contractor. The Contractor must have a sales tax permit issued by the Comptroller of Public Accounts and shall issue a resale certificate complying with the Tax Act, as amended, when purchasing said materials. The Contractor is responsible for any sales taxes applicable to equipment purchases, rentals, leases, consumable supplies which are not incorporated into the services to be provided under this Contract, tangible personal property purchased for use in the performance of this Contract and not completely consumed, or other taxable services used to perform this Contract, or other taxes required by law in connection with this Contract.

28. Compliance with Laws, Charter, Ordinances. Contractor, its agents, employees and subcontractors must comply with all applicable federal and state laws, the ordinances of the City of Fair Oaks Ranch, and with all applicable rules and regulations promulgated by local, state and national boards, bureaus and agencies. Contractor must obtain all necessary permits, bonds and licenses that are required in completing the work contracted for in this agreement.

EXECUTED on _____.

CITY:

CONTRACTOR:

By: _____

By: _____

Name: Scott M. Huizenga

Name: _____

Title: City Manager

Title: _____

ADDRESS FOR NOTICE:

CITY

CONTRACTOR

City of Fair Oaks Ranch
Attn: Scott M. Huizenga
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015

Anytime Fuel Pros LLC
18325 Bracken Dr.
San Antonio, TX 78266

Exhibit "A"**SCOPE OF SERVICES**

The initial term of this Agreement shall be for a period of one year, commencing on contract execution with the option for renewal upon mutual agreement of both parties.

There is no minimum or maximum compensation guaranteed with this agreement. Upon request, Contractor will deliver fuel to the City no later than two days from when the order is placed. The City and Contractor will determine a mutually agreed upon schedule prior to the first delivery. Subsequent deliveries will be made according to the schedule. If the City needs to change a delivery date, the City will give the Contractor written notice five business days prior to the scheduled delivery date. The Contractor will be prepared to deliver fuel for emergency resupply to the facility within a 24 hour notice. If an event that may cause a delay is projected, the City and Contractor will work together to schedule a delivery prior to the event.

The Contractor will provide gasoline and diesel for the City's split-compartment fuel tank with a capacity of 1,000 gallons of gasoline and 500 gallons of diesel. Proof of conformance to specifications will be provided with each delivery. In the event that a quantity of fuel tested is found not to conform to specifications, the City may reject the order.

The Oil Price Information Service (OPIS) Gross Daily Average will be used for the day of each delivery. Contractor shall provide documentation from OPIS with each invoice verifying the price. The Contractor will be paid a markup of \$.28 per gallon for gasoline and \$.28 per gallon for diesel. In the event a delivery is requested for less than 200 gallons, a \$55 fee will apply. Additionally, an Environmental Fee of \$8 will apply to each order. The only other charges shall be any applicable taxes.

Contractor will supply and install solar-powered tank monitors directly on-site to track fuel levels in real time and automatically schedule deliveries. The City and Contractor will establish a mutually agreed upon tank capacity to base these deliveries on.

Exhibit "B"**REQUIREMENTS FOR ALL INSURANCE DOCUMENTS**

The Contractor shall comply with each and every condition contained herein. The Contractor shall provide and maintain the minimum insurance coverage set forth below during the term of its agreement with the City. Any Subcontractor(s) hired by the Contractor shall maintain insurance coverage equal to that required of the Contractor. It is the responsibility of the Contractor to assure compliance with this provision. The City of Fair Oaks Ranch accepts no responsibility arising from the conduct, or lack of conduct, of the Subcontractor.

INSTRUCTIONS FOR COMPLETION OF INSURANCE DOCUMENT

With reference to the foregoing insurance requirements, Contractor shall specifically endorse applicable insurance policies as follows:

1. The City of Fair Oaks Ranch shall be named as an additional insured with respect to General Liability and Automobile Liability **on a separate endorsement.**
2. A waiver of subrogation in favor of The City of Fair Oaks Ranch shall be contained in the Workers Compensation and all liability policies and must be provided **on a separate endorsement.**
3. All insurance policies shall be endorsed to the effect that The City of Fair Oaks Ranch will receive at least thirty (30) days written notice prior to cancellation or non-renewal of the insurance.
4. All insurance policies, which name The City of Fair Oaks Ranch as an additional insured, must be endorsed to read as primary and non-contributory coverage regardless of the application of other insurance.
5. **Chapter 1811 of the Texas Insurance Code, Senate Bill 425 82(R) of 2011, states that the above endorsements cannot be on the certificate of insurance. Separate endorsements must be provided for each of the above.**
6. All insurance policies shall be endorsed to require the insurer to immediately notify The City of Fair Oaks Ranch of any material change in the insurance coverage.
7. All liability policies shall contain no cross-liability exclusions or insured versus insured restrictions.
8. Required limits may be satisfied by any combination of primary and umbrella liability insurances.
9. Contractor may maintain reasonable and customary deductibles, subject to approval by The City of Fair Oaks Ranch.
10. Insurance must be purchased from insurers having a minimum AmBest rating of B+.
11. All insurance must be written on forms filed with and approved by the Texas Department of Insurance. (ACORD 25 2010/05). Coverage must be written on an occurrence form.
12. Contractual Liability must be maintained covering the Contractors obligations contained in the contract. Certificates of Insurance shall be prepared and executed by the insurance company or its authorized agent and shall contain provisions

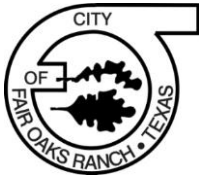
- representing and warranting all endorsements and insurance coverages according to requirements and instructions contained herein.
13. Upon request, Contractor shall furnish The City of Fair Oaks Ranch with certified copies of all insurance policies.
 14. A valid certificate of insurance verifying each of the coverages required above shall be issued directly to the City of Fair Oaks Ranch within ten (10) business days after contract award and prior to starting any work by the successful Contractor's insurance agent of record or insurance company. Also, prior to the start of any work and at the same time that the Certificate of Insurance is issued and sent to the City of Fair Oaks Ranch, all required endorsements identified in sections A, B, C and D, above shall be sent to the City of Fair Oaks Ranch. The certificate of insurance and endorsements shall be sent to:

City of Fair Oaks Ranch
Attn: Clayton Hoelscher, Procurement Manager
Email: choelscher@fairoaksranchtx.org
7286 Dietz Elkhorn
Fair Oaks Ranch, Texas 78015

Exhibit “C”

EVIDENCE OF INSURANCE

To be provided prior to contract execution.



CITY COUNCIL CONSENT ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Approval of Council Member Pearson's absence from the July 17, 2025 Regular City Council meeting

DATE: August 7, 2025

DEPARTMENT: City Council

PRESENTED BY: Consent Item:Dale Pearson, Place 4

INTRODUCTION/BACKGROUND:

I request approval for my absence from the July 17, 2025 Regular City Council meeting. I was attending a Texas Municipal League (TML) council training seminar related to newly elected council members that extended beyond the scheduled time, and due to the distance and timing, it was not feasible for me to return in time for the meeting.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Complies with Section 3.09 of the Home Rule Charter.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

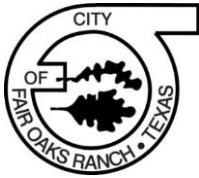
N/A

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

Consent Item: I move to approve Council Member Pearson's absence from the July 17, 2025 Regular City Council meeting.



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action on a resolution approving Amendment No. 1 to the Post Oak Development Agreement and authorizing the City Manager to execute all related documents

DATE: August 7, 2025

DEPARTMENT: Administration

PRESENTED BY: Scott M. Huizenga, ICMA-CM, City Manager
Caroline McDonald, Brown & McDonald PLLC

INTRODUCTION/BACKGROUND:

On May 20, 2025, the City Council approved Resolution 2025-26, authorizing an amendment to the development agreement (DA) for The Reserve at Fair Oaks Ranch, now renamed the Post Oak Subdivision. This approval marked the initial step in a series of City Council actions supporting the Post Oak Subdivision. The City Council on July 3:

- Annexed the 345-acre property (Ordinance 2025-11)
- Created the Public Improvement District (Resolution 2025-44)

The developer, Bitterblue Inc., and staff have identified proposed updates to the agreement that align with the spirit of the agreement and benefit both parties. Notable changes include a further reduction in density, alignment of drainage standards, a reduction in the required street frontage per lot, and clarification regarding impact fees.

The following is a short summary of pertinent proposed amendments:

1. Adds definitions: developer, owner and impact fee
2. Standardizes 90-day deadlines across applicable provisions
3. Revises the lot frontage requirements to allow for a curvilinear development while retaining a 1-acre minimum lot size
4. Modifies drainage standards to address conflicts in Section 9.7 of the current Unified Development Code (UDC). This will also be addressed in the next update to the UDC
5. Reduces the total development from 278 single-family lots to 227 lots in all applicable provisions and exhibits
6. Clarifies the DA and the Utility Services Agreement to confirm that:
 - a. Impact fees are assessed at plat recording and are distinct from water capacity
 - b. Fees are due at time of building permit issuance

Exhibit A of the accompanying resolution provides a comprehensive list of the proposed amendments. **Exhibit B** is a redline version of the amended Post Oak Subdivision development agreement, reflecting the current DA and proposed amendments.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

1. Supports Strategic Action Plan Pillar 2 Responsible Growth Management.
2. Provides additional development standards aligned with the City's Unified Development Code.
3. Reduction in density helps preserve the character of Fair Oaks Ranch and its resources.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

None

LEGAL ANALYSIS:

Approved as to form.

RECOMMENDATION/PROPOSED MOTION:

I move to approve a resolution approving Amendment No. 1 to the Post Oak Development Agreement and authorizing the execution of all related documents by the City Manager.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS APPROVING AMENDMENT NO. 1 TO THE POST OAK DEVELOPMENT AGREEMENT AND AUTHORIZING THE CITY MANAGER TO EXECUTE ALL RELATED DOCUMENTS

WHEREAS, in 2013 the City entered into a development agreement known as The Reserve Development Agreement, and

WHEREAS, on May 20, 2025, the City Council approved Resolution 2025-26, authorizing an amended development agreement with BitterBlue Inc. for the Post Oak Subdivision, and

WHEREAS, the developer and the City have negotiated certain amendments to the agreement as shown in **Exhibit A**, including street frontage requirements, drainage standards, reduced density and living unit equivalents, and clarification of impact fee payments, and

WHEREAS, the City Council has determined that the amended terms of the development agreement are in the best interest of the City and its long-term efforts to responsibly manage growth.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

- Section 1.** That the City Council approves Amendment No. 1 to the Post Oak Development Agreement as presented in **Exhibit A** and authorizes the City Manager to execute all related documents.
- Section 2.** That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.
- Section 3.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.
- Section 4.** That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.
- Section 5.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.
- Section 6.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 7. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 7th day of May 2025.

Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Amanda Valdez, TRMC
Deputy City Secretary

Denton Navarro Rodriguez Bernal Santee & Zech
P.C., City Attorney

EXHIBIT A

Amendments to the Existing Agreement

The Existing Agreement is hereby amended or modified as follows:

1. The first Recital paragraph on page 1 is hereby struck in its entirety and replaced with the following:

“WHEREAS, as of the Effective Date of this Agreement or within ninety (90) days of the Effective Date of this Agreement, the Owner will have fee title to the 344.6 acres of land, more particularly described in Exhibit “A” and Exhibit “B”, which are attached hereto and fully incorporated herein (the “Property”); and”
2. The eighth Recital paragraph on page 1 is hereby struck in its entirety and replaced with the following:

“WHEREAS, upon the approval of this Agreement, the establishment of the required Public Improvement District (“PID”), annexation, and associated zoning of the Property, so long as zoning begins within ninety (90) days after the City annexes the Property, the Parties agree that the 2013 Development Agreement and 2014 Development Agreement, is wholly amended and replaced by this Agreement, the Parties agree that Owner will have waived all associated development and contractual claims and rights under the 2013 Development Agreement and 2014 Development Agreement; and”
3. The ninth Recital is hereby amended by deleting the number 278 and substituting the number 227.
4. The following Recital paragraph is added after the final Recital paragraph:

“WHEREAS, on July 3, 2025, the City annexed the Property.
5. Article 1 DEFINED TERMS SECTION of the Existing Agreement is hereby amended by inserting the following new definitions in the appropriate alphabetical order:

“Developer” means Bitterblue, Inc.

“Impact Fee(s)” is an Assessment imposed by the City of Fair Oaks Ranch against new development in order to fund some of the costs of capital improvements or facility expansions necessitated by and attributable to the new development.” Impact Fees shall be assessed on development at the time the final plat of the property is recorded and shall be due at the time a building permit is issued.

“Owner” means Bitterblue, Inc.
6. Article 1 DEFINED TERMS SECTION “Project” of the Existing Agreement is hereby amended by deleting the number 278 and substituting the number 227.
7. Section 2.03 of Article 2 of the Existing Agreement of the Existing Agreement is hereby amended by deleting the words “on or before _____, 2025” from the last sentence of the paragraph of such Section 2.03 and substituting in lieu thereof the words “ninety (90) days after annexation by the City,”.
8. Section 3.02(a)(i) of Article 3 of the Existing Agreement is hereby amended by deleting the word “Developer” and substituting in lieu thereof the word “Owner”.

EXHIBIT A

9. Section 3.02(a)(i) of Article 3 of the Existing Agreement is hereby amended by deleting the number “278” and substituting the number “227”.
10. Section 3.02(a)(iv) of Article 3 of the Existing Agreement is hereby amended by is hereby amended by deleting the words “varying,” and “between”.
11. Section 3.02(a)(iv) of Article 3 of the Existing Agreement is hereby amended by deleting the words “and 150 feet” and substituting in lieu thereof the words “cul-de-sacs and knuckle-sacs with minimum lot frontages of 100 feet”.
12. Section 3.02(a) of Article 3 of the Existing Agreement is hereby amended by inserting the following new subsection “(v) Developer shall comply with the City of Fair Oaks Ranch Unified Development Code, Section 9.7 Drainage and Erosion Control Standards except for 9.7 (1)(d) which shall apply as follows: “Downstream impacts of increased impervious area resulting from development will be mitigated through detention and/or green infrastructure. Peak runoff control will be provided for the 100-yr, 10-yr, and 2-yr storms such that post-development flows from the subject project meet or are less than pre-development flows as determined with a drainage study.”
13. Section 3.03(e) of Article 3 of the Existing Agreement is hereby amended by striking the following words “(unless waived pursuant to the terms of the USA)” immediately preceding the words “rates, charges and other connection fees, as and to the extent applicable, and satisfaction of any such connection, access, or use requirements of any Governing Regulation.” of such subsection (e).
14. Subsection 3.04(b) of Article 3 of the Existing Agreement is hereby amended by deleting the word “Developer” and substituting in lieu thereof the word “Owner”.
15. Subsection 3.04(b) of Article 3 of the Existing Agreement is hereby amended by striking the following words “which includes the Owner’s payment (or its causing to be paid) the water system capacity allocation charge,” immediately preceding the words “shall be specified in the USA.” in such subsection 3.04(b).
16. Subsection 3.06(c)(ii) of Article 3 of the Existing Agreement is hereby amended by striking the words “submittal of a plat application” and substituting in lieu thereof the words “date of recordation”.
17. Section 3.06 of Article 3 of the Existing Agreement is hereby amended by striking the words “Notwithstanding the foregoing or any other provision in this Agreement or the USA to the contrary, the USA may provide for the waiver of Impact Fees in lieu of payment of a substitute capital recovery charge and, if so, the provisions of the USA shall control.” and “and associated impact fees” from the last paragraph.
18. Section 5.01(f) of Article 5 of the Existing Agreement is hereby amended by deleting the word “Developer” and substituting in lieu thereof the word “Owner”.
19. Section 5.06 of Article 5 of the Existing Agreement is hereby amended by deleting the word “Developer” and substituting in lieu thereof the word “Owner”.
20. Section 5.07 of Article 5 of the Existing Agreement is hereby amended by deleting the word “Developer” and substituting in lieu thereof the word “Owner”.

EXHIBIT A

21. Section 7.01 of Article 7 of the Existing Agreement is hereby amended by deleting the word “Developer” and substituting in lieu thereof the word “Owner”.
22. Subsection 10.04(a) of Article 10 of the Existing Agreement is hereby amended as follows:
 - a. by striking the word “owns” and substituting in lieu thereof the words “shall own” immediately after the words “The Owner hereby represents to the City that it” of such subsection; and
 - b. by striking the words “as of _____,” and substituting in lieu thereof the words “no later than ninety (90) days after the date the City annexes the Property” immediately preceding the words “free and clear of any and all liens or mortgages.” of such subsection.
23. Section 10.04(f) of Article 10 of the Existing Agreement is hereby amended by deleting the word “Developer” and substituting in lieu thereof the word “Owner”.
24. Article 11 of the Existing Agreement is hereby amended by deleting the word “DEVELOPER” and substituting in lieu thereof the word “OWNER”.
25. Section 12.05 of Article 12 of the Existing Agreement is hereby amended by inserting the words “or before December 31, 2025 whichever event occurs first,” immediately preceding the words “or (iii) at the sole discretion of any Party in the event the PID as contemplated herein is not formed on or before August 1, 2025.” of such Section.
26. Exhibit “C” of the Existing Agreement is hereby amended with new Concept Plan depicting 227 total lots.
27. Exhibit “D” is now inserted as it was in the original amended DA.
28. Exhibit “H” of the Existing Agreement is hereby renamed as Exhibit “G”.
29. Exhibit “I” of the Existing Agreement is hereby renamed as Exhibit “H”.
30. Exhibit “J” of the Existing Agreement is hereby renamed as Exhibit “I”.
31. The first paragraph of Exhibit I – FORM OF USA UTILITY SERVICE AGREEMENT is hereby amended by inserting the words “(the “Developer”)” immediately after the words “Bitterblue, Inc.” in the first paragraph of such Exhibit I.
32. Section G.C.11.00 of Attachment I to Exhibit I is hereby deleted in its entirety FORM OF USA UTILITY SERVICE AGREEMENT is hereby struck in its entirety and replaced with the following language:

“For excess Water Capacity, the Developer shall pay to the City the Excess Water Capacity Fees in the amounts from time to time and at the times specified in the Governing Regulations. In addition, and to the extent the Developer’s development of the Property results in the City’s providing to the Developer Systems capacity, in the form of Water Service LUEs, in excess of the Water Capacity, the Developer agrees to pay all applicable Excess Water Capacity Fees as provided and in accordance with the applicable provisions of the Code and implementing City ordinances or resolutions relating to such Systems capacity in excess of the Water Capacity. Any conveyance of any portion of the Property shall include a written statement to the transferee of such portion of the Property concerning

EXHIBIT A

the requirement to pay Excess Water Capacity Fees as previously described as a result of the development of such Property pursuant to and in accordance with the applicable provisions of the Code. Notwithstanding the foregoing, the City makes no representations or guarantees concerning the availability of Systems capacity in excess of the Guaranteed Capacity.

The Developer agrees that this Agreement does not constitute an Assessment of Impact Fees on the Property or the Development regarding Excess Water Capacity; however, because fees owed to the City hereunder by the Developer for Water Capacity are used by the City to pay costs of System expansion to make available the Excess Water Capacity, such payment shall supersede and replace any Impact Fees that would otherwise be due and owing to the City for the Developer's accessing the Excess Water Capacity. This provision shall control in case of any conflict with any other provision of this Agreement or any other provision of the Development Agreement."

33. Section G.C. 12.00 – 14.00 are now renumbered as G.C. 11.00 – 13.00
34. Section G.C.11.00 of Attachment I to Exhibit I – FORM OF USA UTILITY SERVICE AGREEMENT is hereby amended by striking the word "and" and substituting in lieu thereof the words "and/or applicable" immediately after the words "To the extent that all applicable Impact Fees" in the first sentence of the second paragraph of such Section.
35. Section S.C.1.00 of Attachment II to Exhibit I – SPECIAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT is hereby amended by striking the words "The Parties agree that the Developer shall pay the City an amount equal to \$[8,670.33] per Water Service LUE, for a total of \$[2,445,033.06], for the Water Capacity, which amount shall be payable to the City the time of service request in accordance with the Service and Assessment Plan (each of such terms as defined in the Development Agreement)." of such Section and amended to read The Water Capacity shall not exceed two hundred thirty-three Water Service LUEs.
36. Section S.C.3.00 of Attachment II to Exhibit I – SPECIAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT is hereby amended by striking the word "Impact" from the section heading and striking the word "Impact" and substituting in lieu thereof the word "Applicable" of such Section.

EXHIBIT B**AMENDMENT NO. 1 TO THE POST OAK DEVELOPMENT AGREEMENT**

BY AND AMONG
CITY OF FAIR OAKS RANCH, TEXAS
 AND
BITTERBLUE, INC.

This Development Agreement (this “Agreement”) is entered by and between the **City of Fair Oaks Ranch**, a Texas home-rule municipal corporation located within Bexar, Kendall and Comal County, Texas (hereinafter, referred to as “City”); and **Bitterblue, Inc.** (hereinafter referred to as “Owner”). City and Owner shall hereafter collectively be referred to as “Parties” or in the singular as “Party”.

RECITALS

WHEREAS, as of the Effective Date of this Agreement or within ninety (90) days of the Effective Date of this Agreement, the Owner will have fee title to the 344.6 acres of land, more particularly described in **Exhibit “A”** and **Exhibit “B”**, which are attached hereto and fully incorporated herein (the “Property”); and

WHEREAS, concurrently with the City's creation of the hereinafter defined District, the Owners will agree certain restrictions on the development of the Property, subject however to (i) the Parties acknowledging that the preliminary concept plan attached to this Agreement as **Exhibit “C”** (the “Preliminary Concept Plan”) is preliminary in nature and subject to change as planning for the hereinafter defined Project develops and (ii) Owner closing on the Property; and

WHEREAS, the Property is located in Kendall and Comal Counties, Texas, wholly outside the City’s corporate limits but wholly within the City’s extraterritorial jurisdiction (the “ETJ”); and

WHEREAS, the Property is not located in any other municipality’s corporate limits or extraterritorial jurisdiction; and

WHEREAS, this Agreement is a development agreement of the type described by Subchapter G of Chapter 212; and

WHEREAS, the City Council has found that development of the Property in compliance with this Agreement will serve a public purpose and is in the best interests of the residents of the City; and

WHEREAS, the City had previously entered into a development agreement with a prior owner of the Property on November 20, 2013 (“2013 Development Agreement”), which was subsequently amended on November 20, 2014 (“2014 Development Agreement”); and

WHEREAS, upon the approval of this Agreement, the establishment of the required Public Improvement District (“PID”), annexation, and associated zoning of the Property, so long as zoning begins within ninety (90) days after the City annexes the Property, the Parties agree that the 2013 Development Agreement and 2014 Development Agreement, is wholly amended and replaced by this Agreement, the Parties agree that Owner will have waived all associated

EXHIBIT B

development and contractual claims and rights under the 2013 Development Agreement and 2014 Development Agreement; and

WHEREAS, Owner intends to develop the Property as a 278 227 single-family lot residential development, to include associated public infrastructure and other public and private improvements (as further described herein), and comprised of the hereinafter-defined residential project (the “Project”); and

WHEREAS, Owner has agreed to voluntary, full purpose annexation of the Property, thereafter to be included within the City’s corporate limits and to comply with certain terms and conditions regarding the Project’s development, including with respect to subdivision and platting of the Property, construction standards, and the design, construction, installation, and inspection of water, sewer, natural gas, electric power, broadband internet service, drainage, roadway, streets, sidewalks, and other public infrastructure and public improvement projects to serve the Property, all as further described herein; and

WHEREAS, upon full purpose annexation, necessary police, public safety, and other municipal utility services will be provided to the Property as herein described; and

WHEREAS, the Parties intend that the Property be developed (i) as a high-quality residential development and (ii) pursuant to binding, contractual development regulations herein memorialized, that are recorded in the Kendall and Comal County’s Official Public Land Records (so as to bind the Owner and all future owners of the Property or any portion thereof), and that will provide regulatory certainty, among other matters, during the Term of this Agreement; and

WHEREAS, the Owner has communicated to the City that its development of the Project in the manner herein described requires the City’s creation of a PID under Chapter 372 of the Texas Local Government Code over the entirety of the Property; and

WHEREAS, Owner has submitted a petition to the City, which was filed on December 12, 2024, for the full purpose annexation of the Property; and

WHEREAS, Owner has submitted a petition to the City which was filed May 1, 2025, to create the Post Oak Public Improvement District (the “District”); and

WHEREAS, the City has determined that the Property’s annexation and development in accordance with the terms herein provided will benefit the City by, among other things, expanding the City’s corporate limits, property tax base, and utility system customer base, and by creating additional residential opportunities for City residents; and

WHEREAS, on July 3, 2025, the City annexed the Property.

NOW, THEREFORE, for and in consideration of the above stated recitals, which are made a part of this Agreement for all purposes, the benefits described below, and the mutual promises expressed herein, the sufficiency of which is hereby acknowledged by the Parties, the Parties hereby contract, covenant, and agree as follows:

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ARTICLE 1 DEFINED TERMS

1.01 Construction of Terms. All terms and phrases defined herein shall have the meanings and definitions ascribed thereto. Terms that have well known technical, municipal, or construction or development industry meanings are used in accordance with such recognized meanings, unless otherwise defined herein or unless the context clearly indicates a different meaning. If appropriate in the context of this Agreement, words of the singular shall be considered to include the plural, words of the plural shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

1.02 Definition of Certain Terms. In addition to capitalized terms defined throughout this Agreement, the following terms used in this Agreement have the meaning ascribed thereto:

“Acquisition and Reimbursement Agreement” means that certain “Acquisition and Reimbursement Agreement”, in the form attached hereto as **Exhibit “D”**, to be entered into prior or in conjunction with the City’s approval of the initial series of PID Bonds by and among the City and the Owner, as the same may be amended, modified or extended, or supplemented from time to time.

“Administrative Expenses” means the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, maintenance, and operation of the PID and the Authorized Improvements, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the PID Bonds, (v) issuing, paying and redeeming the PID Bonds, (vi) investing or depositing of monies, (vii) complying with Chapter 372 and other laws applicable to the PID Bonds, (viii) the PID Bond trustee’s reasonable fees and expenses relating to the PID Bonds, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the PID Bonds or any costs of issuance associated with the PID Bonds.

“Annual Installment” means, with respect to the Assessed Property, the annual installment payments of an Assessment calculated by the Administrator and approved by the City Council.

“Annual Service Plan Update” means the annual review and update of the Service and Assessment Plan required by Chapter 372 and the Service and Assessment Plan (defined herein).

“Approved Plat” means a final plat for portions of the Property that are approved, from time to time, by the City Council or City staff, as applicable, in accordance with the Governing Regulations.

“Assessable Property” means all Property other than Non-Benefited Property.

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“Assessed Property” means for any year, any Parcel within an Improvement Area, other than Non-Benefited Property, against which an Assessment is levied.

“Assessment Revenues” means money collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Property, or Annual Installment payment thereof (including any interest on such Assessment or Annual Installment thereof during any period of delinquency), (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

“Assessment Roll(s)” means the Assessment Roll for the Assessed Property included in the Service and Assessment Plan or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update showing the total amount of the Assessments, as updated, modified or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in Chapter 372 (including updates prepared in connection with any Annual Service Plan Update).

“Assessment Ordinance” means each ordinance approved by the City Council that levies Assessments, on a Phase-by-Phase basis, on certain Assessed Property in accordance with Chapter 372 to pay for Authorized Improvements Costs, as well as the costs associated with the issuance of the PID Bonds and the Administrative Expenses.

“Assessments” means (i) singularly, the assessment levied against an Assessed Property (as shown on the Assessment Roll), subject to reallocation upon the subdivision of an Assessed Property or reduction according to the provisions of the Service and Assessment Plan and Chapter 372 and (ii) plurally, the aggregate assessments shown on the Assessment Roll.

“Authorized Improvements” means all onsite and offsite (1) landscaping; (2) erection of fountains, distinctive lighting, and signs; (3) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way; (4) construction of improvement of pedestrian malls; (5) acquisition and installation of pieces of art; (6) acquisition, construction, or improvement of libraries; (7) acquisition, construction, or improvement of off-street parking facilities; (8) acquisition, construction, improvement, or rerouting of mass transportation facilities; (9) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements; (10) the establishment or improvement of parks; (11) projects similar to those listed in (1)-(10); (12) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement; (13) special supplemental services for improvement and promotion of the District, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement; (14) payment of expenses incurred in establishment, administration, and operation of the District, including the costs of financing the public improvements listed above; (15) the development, rehabilitation, or expansion of affordable housing; and (16) payment of expenses associated with operating and maintaining the improvements listed above and any other hard or soft costs associated with the development of the Property as allowed by the Act.

“Authorized Improvements Costs” means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement. Authorized Improvement Costs may include, but is not limited to, (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Authorized Improvement, including the acquisition of

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necessary easements and other right-of-way, general contractor and construction management fees, if any, (b) the costs of preparing the construction plans, specifications (including bid packages, contracts, and as-built drawings) for such Authorized Improvement, (c) the fees paid for obtaining permits, zoning, licenses, plan approvals, inspections or other governmental approvals for such Authorized Improvement, (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscaping, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, and taxes (property and franchise), (e) the costs of all labor, bonds and materials, payment and performance bonds and other construction security, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction or implementation of the Authorized Improvements, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing costs and charges, taxes, governmental fees and charges (including inspection fees, permit fees, development fees), insurance premiums and miscellaneous expenses. Authorized Improvements Costs may include general contractor's fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent [in an agreed upon percentage and to be paid in amount equivalent to the percentage of work completed and accepted by the City] of the eligible Authorized Improvements Costs described in a certification for payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

“Authorizing Resolution” means *Resolution No. 2025-26* adopted by the City Council on *May 20, 2025*, which ordinance authorizes the City's entering into this Agreement and other matters necessary or incidental to the foregoing, all in accordance with Subchapter G of Chapter 212.

“Bankruptcy Event” means (a) commencement of an involuntary proceeding or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of either Owner or of a substantial part of the assets of either Owner under any insolvency or debtor relief law or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for either Owner or a substantial part of either Owner's assets and, in any case referred to in the foregoing clauses (i) and (ii), such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; or (b) either Owner shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for either **Owner** or for a substantial part of either Owner's assets, or (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or (iii) make a general assignment for the benefit of creditors, or (iv) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (b)(i) of this definition, or (v) commence a voluntary proceeding under any insolvency or debtor relief law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief under any insolvency debtor relief law, or (vi) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing clauses (i) through (v), inclusive, of this part (b), and, in any case referred to in the foregoing clauses (i) through (v), such action has not been cured within twenty (20) days thereafter.

“Chapter 42” means Chapter 42, as amended, Texas Local Government Code.

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“Chapter 212” means Chapter 212, as amended, Texas Local Government Code.

“Chapter 245” means Chapter 245, as amended, Texas Local Government Code.

“Chapter 372” means Chapter 372, as amended, Texas Local Government Code.

“Chapter 395” means Chapter 395, as amended, Texas Local Government Code.

“Chapter 2258” means Chapter 2258, as amended, Texas Government Code.

“City” means the City of Fair Oaks Ranch, Texas, a Texas Home Rule Municipality, located in Bexar, Kendall, and Comal Counties.

“City Council” means the City Council of the City, as its governing body.

“City ETJ” means the City’s Extraterritorial Jurisdiction, as determined under Chapter 42, the unincorporated area that is contiguous to the corporate boundaries of the City and that is located within one-half mile of those boundaries (plus those contiguous areas that are included in the City ETJ by request of the owners thereof), all as further evidenced in the map attached hereto as **Exhibit “E”**.

“City Representative” means the City Manager of the City or another official or representative of the City, as the City representative designated by the City Council to undertake certain duties and obligations hereunder on the City’s behalf.

“Code” means the City Code of Ordinances, as from time to time amended by the City Council.

“Completion Agreement” means that certain “Completion Agreement” to be entered into prior to or in conjunction with the City’s approval of the initial series of PID Bonds by and among the City, the trustee for such series of PID Bonds, and the **Owner**, as the same may be amended, modified or extended, or supplemented from time to time.

“Concept Plan” means the general rendering of the Project (including its critical elements), a copy of which is attached hereto as Exhibit C.

“Continuing Disclosure Agreement” means any continuing disclosure agreement of the Owner executed contemporaneously with the issuance and sale of PID Bonds for purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission.

“County” means Kendall County, Texas and/or Comal County, Texas.

“Dedicated Parcel” means the parcel shown on Exhibit C as the potential future water tank site.

“Delinquent Collection Costs” means interest, penalties, and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with Chapter 372 and the costs related to pursuing collection of an Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

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“Development Documents” means this Agreement, the CFA, the Landowner Consent Certificate, the Completion Agreement, and the Acquisition and Reimbursement Agreement.

“Developer” means Bitterblue, Inc.

“District” means the Post Oaks Public Improvement District created by the City of Fair Oaks Ranch on July 3, 2025.

“End Buyer” means any developer, homebuilder, builder, tenant, user, or occupant/owner of a Fully Developed and Improved Lot, including without limitation a builder who acquires a Fully Developed and Improved Lot with the intent to construct a single-family residence on the lot.

“Effective Date” means the date of the last signature on this Agreement.

“Fee Ordinance” means the City’s ordinance establishing the comprehensive fee schedule for City services, adopted annually and being uniformly applicable to all residents and development within the corporate limits of the City.

“Force Majeure” means the occurrence of war, act of terrorism, acts of God, civil commotion, fire, severe flood, hurricane, tornado, explosion, court order, pandemic, epidemic, or change in legal requirements applicable to the Project other than those in existence as of the Effective Date, but only to the extent that such events or circumstances delay development of the Project by the Owner (as and if applicable) or otherwise make the Owner’s development of the Project (as and if applicable) impracticable or impossible, in such responsible Party’s commercially reasonable judgement, after taking reasonable steps to mitigate the effects thereof.

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest (but excluding and net of all Delinquent Collection Costs), received by the City from the enforcement of the Assessments against any Assessed Property or Assessed Properties, whether by foreclosure of lien or otherwise.

“Fully Developed and Improved Lot” means any lot, regardless of proposed use, which is served by the Authorized Improvements and for which an Approved Plat has been recorded in the real property records of the County and vertical construction is complete.

“Impact Fee(s)” is an Assessment imposed by the City of Fair Oaks Ranch against new development in order to fund some of the costs of capital improvements or facility expansions necessitated by and attributable to the new development.” Impact Fees shall be assessed on development at the time the final plat of the property is recorded and collected when a building permit is issued.

“Improvement Area” means a defined area within the Property that is subject to an Assessment Ordinance.

“Landowner Consent Certificate” means a certificate of the owners of the Property from time to time, in the form attached hereto as **Exhibit “F”** attached hereto, agreeing to various provisions relative to establishment of the PID, the Property’s development, and the financing Authorized Improvements Costs and consenting to the levy of Assessments on the owner’s Assessable Property.

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“Maintenance Agreement” means a “Maintenance Agreement”, in the form attached hereto as **Exhibit “G”**, to be entered into between the City and each Homeowner’s Association (“HOA”) pursuant to which the HOA agrees to undertake the applicable HOA Maintenance Obligations (as defined in the Maintenance Agreement).

“Non-Benefited Property” means Parcels within the boundaries of the PID that accrue no special benefit from the Authorized Improvements.

“Owner” means Bitterblue, Inc.

“Owner Disclosure Program” means the disclosure program, administered by the PID Administrator, as set forth in a document in the form of **Exhibit “H”** attached hereto, that establishes a mechanism to disclose to each End Buyer the terms and conditions under which their lot is burdened by the PID.

“Parcel” means a property identified by either a tax map identification number assigned by the Kendall County Appraisal District or Comal County Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded with the clerk in Kendall County’s and Comal County’s official public records, or by any other means determined by the City.

“Party” or “Parties” means the City and Owner, collectively or (as applicable and in context) singularly.

“Phase” means a segment of Project development relating to a portion of the Project.

“PID” means Public Improvement District as that term is defined in Chapter 372 of the Texas Local Government Code.

“PID Administrator” means the individual or entity selected by the City to oversee the administration of the District.

“PID Bonds” means the assessment revenue or construction bonds issued by the City secured solely by certain of the Assessments levied on specific Assessed Property within the PID to finance the Authorized Improvements that are constructed for the benefit of such Assessed Property within the Project.

“Prepayment” means, before the due date thereof, payment of all or a portion of an Assessment, plus accrued but unpaid interest to the date of prepayment, less any amounts (received at the time of such prepayment) that represent a payment of principal, interest or penalties on a delinquent installment of an Assessment (which other amounts are to be treated as the payment of the regularly scheduled Assessment).

“Project” means the ~~278~~ 227 single-family lot residential development and associated private and public improvements to be constructed on the Property, as generally evidenced in the Concept Plan.

“Public Improvement” see Authorized Improvement.

“Retail Municipal Utility Service” means potable water services provided by the City to the Property.

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“Retail Municipal Utility Service Rate Ordinance” means any City ordinance from time to time adopted that establishes the then-current rate schedule for the retail provision of any Retail Municipal Utility Service.

“Service and Assessment Plan” means the PID service and assessment plan to be adopted by City Council prior to or in conjunction with the approval of the initial series of PID Bonds, as may be amended or updated annually pursuant to an Annual Service Plan Update, to assess allocated costs of the Authorized Improvements against Assessed Property located within the boundaries of the PID, and which has terms, provisions and findings approved and agreed to by the Owner and the City in accordance with Chapter 372.

“State” shall mean the State of Texas.

“Term” means the period of time beginning on the Effective Date and ending on the Termination Date.

“Termination Date” means the date that is the thirtieth (30th) anniversary of the Effective Date.

“USA” means a Utility Services Agreement to be negotiated and entered into between the City and the Owner pursuant to which water service will be provided by the City to the Property, in substantially the form attached hereto as **Exhibit “I”**.

ARTICLE 2 AUTHORITY, TERM, AND LIABILITY

2.01 Authority.

(a) The City enters into this Agreement pursuant to the authority granted thereto under the Constitution and general laws of the State of Texas, including (particularly) Article III, Section 52-a of the Texas Constitution, Subchapter G of Chapter 212, and the Authorizing Ordinance. The Owner enters into this Agreement pursuant to its general corporate powers exercised by duly adopted resolution.

(b) Regarding prescribed uses of portions of the Property herein described, this Agreement is determined to be a plan under which general uses and development of the Property are authorized pursuant to and in accordance with Section 212.172(b)(2), as amended, Texas Local Government Code.

(c) The Owner acknowledges and agrees that the City may zone the Property in a manner consistent with the uses hereunder contemplated, but this Agreement does not constitute a contract for specific zoning.

2.02 Term. This Agreement shall become effective and enforceable on the Effective Date and shall continue through the Termination Date.

2.03 Owner as a Party.

The Parties hereby represent and acknowledge that the Parties duties under this Agreement shall at all times be subject to and contingent upon Owner’s acquisition of fee title to the Property as of the Effective Date. In the event Owner does not acquire fee title to the Property on or before

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on or before _____, 2025 ninety (90) days after annexation by the City, this Agreement shall be deemed null and void ab initio.

2.04 Public Improvement District.

Additionally, the Parties hereby recognize and agree that the creation of the District is essential to this Agreement and that absent such creation within 120 days of the Execution Date the Parties this Agreement shall be of no force and effect.

ARTICLE 3

PROJECT DEVELOPMENT, TIMING AND STANDARDS

3.01 Project Development.

(a) Generally; Jurisdiction. Development of the Project shall include the subdivision of the Property, the construction of Authorized Improvements adequate for the development of the Project, and the construction of necessary or required Authorized Improvements. As a result of full-purpose annexation of the Property in accordance with Article 6, the Parties intend that the City shall have and exercise exclusive jurisdiction over the review and approval of preliminary and final plats relative to the Property, the inspection of Public Infrastructure and Authorized Improvements (designed, constructed and installed pursuant to the Governing Regulations, and in some cases, conveyed to the City pursuant to the terms hereof and thereof), and the issuance of a Certificate of Occupancy (defined herein) for each Structure (defined herein). As such, prior to full and final annexation of the Property into the City's corporate limits, the Owner may choose to proceed with development of the Project, including submittal of applications for plat(s), building permit(s) and other permits/approvals required for development as if the Property were in the City's corporate limits (including payment of requisite fees, except as provided otherwise herein or in the USA) and the City agrees to process – including review and approval of – the same as if the Property were in the City's corporate limits (but subject to any modifications included in this Agreement).

(b) Governing Regulations. Except as specifically provided in this Agreement, all Property development shall be governed solely by the City's Subdivision Ordinance in effect November 20, 2014 (the "Governing Regulations"):

The Governing Regulations, subject to the provisions contained in the 3.01, are exclusive, and no other ordinances, rules, regulations, standards, policies, orders, guidelines, or other City-adopted or City-enforced requirements of any kind (including but not limited to any development moratorium adopted by the City after the Effective Date) apply to the development of the Property.

The City Council may, upon Owner request, authorize exceptions to strict compliance with the Governing Regulations, within the limitations described therein and pursuant to applicable State law, when the Owner demonstrates, to the reasonable satisfaction of the City Council, that the requested exception: (1) is not contrary to the public interest; (2) does not cause injury to adjacent property; and (3) does not materially adversely affect the quality of the Project's development. The City has the right to amend the Code, from time to time, to include changes, including local amendments that have been adopted by the City Council (for uniform application throughout the corporate limits of the City, including (upon annexation) the Property). Development of the Property shall also be subject to ordinances that the City is required to adopt, from time to time, by State or federal law.

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Notwithstanding the foregoing, and to the extent not inconsistent with the provisions of this Agreement, the Owner may exercise rights under Chapter 245. The Parties hereby agree that November 20, 2014, shall be the date for establishment of the Owner's rights under Chapter 245, pursuant to Section 245.002(a-1) of such Chapter. The Owner may not take advantage of any changes to laws, rules, regulations, or ordinances of the City or other regulatory agency occurring after November 20, 2014 that are inconsistent with the terms of this Agreement without prior receipt of the City's consent (such consent not to be unreasonably withheld), which shall be reflected in the form of an amendment to this Agreement made in accordance with Section 12.05 hereof. For the avoidance of doubt, the foregoing restriction shall not prohibit the Owner from taking advantage of prospective changes in laws, rules, regulations, or City ordinances that do not otherwise conflict with the provisions of this Agreement. Notwithstanding the aforementioned provision, Owner shall 1) follow the Fire Code as it relates to maximum block length and 2) shall be bound by a submitted and approved tree plan reflecting a) mitigation of one (1) 2.5" tree for every 18"-24" tree removed, and b) addressing tree islands within designated right-of-way. Removal of trees 24" and larger will require the mitigation of three (3) 2.5" inch trees for each tree removed (this is in accordance with the Subdivision Ordinance in effect November 20, 2014) Any minor amendments to the tree plan shall be approved administratively.

Except as otherwise provided by the foregoing, if there is a conflict between this Agreement and the application of any other ordinance, rule, regulation, standard, policy, order, guideline or other City-adopted or City-enforced requirement, whether existing on November 20, 2014 or hereafter adopted (including the Code), then this Agreement shall control. If there is a conflict between any Approved Plat and any of the other Governing Regulations, the Approved Plat shall control. The Governing Regulations shall be read in concert, with all reasonable effort made by the Parties to reconcile their respective terms and provisions. In the event of direct conflict, the provisions of this Agreement shall supersede and control over competing or contradictory provisions of the Code.

(c) Project Commencement; Phasing. Subject to its representations, warranties, and covenants made in this Agreement hereof, the timing and sequencing of Project development will be based on market demand and conditions and will be completed as and when the Owner determines it to be economically feasible, subject to and in accordance with the following provisions and conditions. Project development shall be undertaken in Phases, but not necessarily in any sequential order. Once development of a particular Phase has commenced (as evidenced by recordation of an Approved Plat), the Owner and its assigns shall be required to complete Public Infrastructure and Authorized Improvements identified on such Approved Plat.

(d) Plat Application. Subdivision of the Property shall require the City's approval. No plat shall be approved within a Phase except in substantial conformity with the approved Phase Infrastructure Plan (see Exhibit "C"). Easements for the location, installation, construction, operation, and maintenance of major infrastructure shown on approved Phase Infrastructure Plans will be dedicated to the City by separate instrument or plat at the discretion of the Owner. As described above, plat application(s) may be submitted to, and shall be processed by, the City prior to full and final annexation of the Property into the City's corporate limits.

(e) Project Development Reporting. Upon commencement of Project development (and with respect to each Project Phase thereafter), the Owner shall submit to the City a written report for the applicable Phase pursuant to the Preliminary Concept Plan, with the first such report to be delivered not later than the one hundred eightieth (180th) day after the City's issuance of the applicable building permit and continuing each one hundred eightieth (180th) day thereafter until

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completion of the applicable Phase of the Project. Such report shall include information on all construction activities, permits, and number of homes constructed.

3.02 Development Standards.

(a) Specific Standards. The Owner agrees that:

- (i) **Owner** shall dedicate approximately 4.37 acres as public right of way for the planned Widening and Improvement of Ammann Road, specifically the turn going North abutting the Project with improvements spanning from the southern entrance to the western entrance of the Project as reflected on the Concept Plan;
- (ii) Development of the Property shall be limited to no more than ~~278~~ **227** Lots with one lot reserved for a future water tank site for the City. Such lot shall be utilized within five (5) years of the effective date of this Agreement or shall be utilized by the Owner for residential purposes;
- (iii) Owner shall provide a fee when the City constructs the turn on Ammann Road, such fee shall be reviewed and approved by Owner and used by the City (for this turn on Ammann Road only) within three (3) years of contribution. Such amount shall be determined within thirty (30) days of the City accepting a bid for such work;
- (iv) The Project shall have single-family lots with minimum lot frontages of 120 feet; cul-de-sacs and knuckle-sacs with minimum lot frontages of 100 feet; and
- (v) Owner shall comply with the City of Fair Oaks Ranch Unified Development Code, Section 9.7 Drainage and Erosion Control Standards with the exception of 9.7 (1)(d) which shall apply as follows:
Downstream impacts of increased impervious area resulting from development will be mitigated through detention and/or green infrastructure. Peak runoff control will be provided for the 100-yr, 10-yr, and 2-yr storms such that post-development flows from the subject project meet or are less than pre-development flows as determined with a drainage study. and volumetric and/or extended detention control of the annual mean storm event will be provided. The maximum release rate from any development or redevelopment will be as follows:
 - i. ~~2-yr storm peak rate less than or equal to 0.5 cfs per site acre~~
 - ii. ~~10-yr storm peak rate less than or equal to 2.0 cfs per site acre~~
 - iii. ~~100-yr storm peak rate less than or equal to 3.0 cfs per site acre~~
 - iv. ~~Annual storm. 40-hour extended detention or other City approved green infrastructure.~~

3.03 Authorized Improvement and Public Infrastructure.

(a) Design Standards; Inspection. Public Infrastructure and Authorized Improvements shall be designed to comply with the Governing Regulations, and no construction or installation of Public Infrastructure or Authorized Improvements shall begin until plans and specifications

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therefore have been approved by the City. All Public Infrastructure and Authorized Improvements shall be constructed and installed in compliance with the Governing Regulations and shall be inspected by City inspectors (certified and State-licensed, to the extent required by law). The cost for such inspections shall be paid by the Owner. All Public Infrastructure and Authorized Improvements constructed by the Owner or by any person or entity on behalf of or in the name of the Owner shall have a maintenance bond with an expiration period of two years after completion and City acceptance of such Public Infrastructure or Authorized Improvement. Maintenance bonds shall name the City as a co-beneficiary and shall be assignable to the City in accordance with the Code.

(b) Dedication of Authorized Improvements to City. Upon completion, Public Infrastructure and Authorized Improvements shall be dedicated and conveyed to, and accepted by, the City. As a condition to the City's final acceptance of any Authorized Improvement, the following shall be delivered to the City:

- (i) a report of a City inspector concerning the subject Public Infrastructure or Authorized Improvement, in form satisfactory to the City in its reasonable judgment;
- (ii) executed Affidavit of Payment, bills of sale, assignments, or other instruments of transfer (and evidence of recordation thereof in the deed records of the County) reasonably requested by the City;
- (iii) utility, drainage, and other easements or rights-of-way (and evidence of recordation thereof in the deed records of the County) that are related to or necessary for use of the subject Public Infrastructure or Authorized Improvement;
- (iv) all bonds, warranties, guarantees, and other assurances of performance, "record" drawings in both hard copy and digital (PDF and CAD) and sealed by the Owner's Engineer pursuant to Chapter 1001, as amended, Texas Occupations Code, easements, project manuals and all other documentation related to subject Public Infrastructure or Authorized Improvement; and
- (v) an executed Maintenance Agreement between the City and the applicable HOA evidencing the HOA's acceptance of the HOA Maintenance Obligations relative to any of the then-dedicated Public Infrastructure and Authorized Improvements, as and if applicable.

After delivery of the foregoing, and upon the City issuing to the Owner a letter indicating satisfaction of the conditions precedent to such acceptance pursuant to and in accordance with this Agreement, the Owner shall, by proper instrument (as agreed to by the City and the Owner), dedicate the subject Public Infrastructure or Authorized Improvement to the City and cause such dedication to be recorded in the deed records of the County. The City shall then accept each such completed Public Infrastructure or Authorized Improvement for ownership, operation, and maintenance.

(c) City to Own, Operate and Maintain Dedicated Authorized Improvements and Public Infrastructure; Exception. From and after the time of the City's final acceptance of Public Infrastructure or an Authorized Improvement, the City will own, operate, and maintain each such

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Public Infrastructure or Authorized Improvement and shall be responsible for all costs associated therewith; provided, however, that notwithstanding the foregoing, operations and maintenance responsibilities of Public Infrastructure and Authorized Improvements that constitute HOA Maintenance Obligations shall be responsibility of the appropriate HOA pursuant to the terms of this Agreement and a Maintenance Agreement.

(d) City to have Easement on all Parks, Trails, and HOA Maintenance Areas. The HOA will maintain all parks, trails, and community areas (as identified in Exhibit C), however, the City will have an easement on all such areas.

(e) Owner Access to Dedicated Public Infrastructure and Authorized Improvements. Upon the City's acceptance of Public Infrastructure or an Authorized Improvement identified within a particular Approved Plat, the Owner shall be allowed to connect, access or otherwise utilize the dedicated Public Infrastructure or Authorized Improvement in such a manner to serve lots within the particular Phase, subject to (i) payment to the City of applicable Impact Fees (defined herein), ~~(unless waived pursuant to the terms of the USA),~~ rates, charges and other connection fees, as and to the extent applicable, and (ii) satisfaction of any such connection, access, or use requirements of any Governing Regulation.

3.04 Water Service.

(a) To provide for delivery of retail water to the Property, the City and the Owner shall enter into a USA (see Exhibit "I").

(b) Water service capacity shall be allocated in the form of living unit equivalents ("LUEs") to the Property to enable provision of service to the Project. The terms by which the Owner may access this capacity, ~~which includes the Owner's payment (or its causing to be paid) the water system capacity allocation charge,~~ shall be specified in the USA.

(c) The Owner shall, at its expense, design, construct, acquire and install all offsite (relative to the Property) improvements necessary to connect to the City's water utility system to permit retail water service to the Property. The design of these offsite improvements shall be coordinated with and approved by the City engineer. Any oversizing required by the City shall result in an impact fee credit to the Owner.

3.05 Building Permits; Certificates of Occupancy. No permanent structure designed or intended for human occupancy (a "Structure") shall be constructed unless a building permit has been issued by the City and a final plat has been recorded for the lot on which the Structure is being built (which shall be included in an Approved Plat). No Structure shall be occupied until a certificate of occupancy has been issued by the City (a "Certificate of Occupancy") in accordance with the current City regulations. As stated herein, the City agrees to diligently process any building permits and related items submitted by the Owner prior to full and final annexation of the Property into the City's corporate limits.

3.06 Fees and Charges.

(a) General Applicability of City Fee Ordinance; Other Fees. Activities within the Property, including development activities, shall be subject to payment to the City the fees and charges from time to time specified in the Fee Ordinance, as well as other fees described in this Section 3.06. In the event a requested service is not covered by the provisions of this Agreement

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or another Governing Regulation, the Parties shall negotiate a reasonable fee for such service, on a cost basis and not with an intention of profit generation.

(b) Inspection Fees. In addition to any plan review fees identified in the Fee Ordinance, any inspections of Public Infrastructure or Authorized Improvements pursuant to the City's inspection rights under Section 3.03(a) hereof (if the City determines that any Public Infrastructure or Authorized Improvement is not being constructed in accordance with the Governing Regulations or if the City terminates any Certified Inspector), shall be subject to the payment to the City of all reasonable costs and expenses paid or incurred by the City in performing such inspections.

(c) Impact Fees. Development of the Property will be subject to the payment to the City of the capital recovery fees and charges set forth in this Section 3.06 for Public Infrastructure and Authorized Improvements necessitated by and attributable to the development of the Property, but only to the extent such fees and charges are adopted and applied to the Property in compliance with Chapter 395 and otherwise subject to the provisions set forth in this Agreement (the "Impact Fees"). All Impact Fees shall be payable upon, and as a condition to, the issuance of building permits. Impact Fees include, and are limited to, the following:

- (i) Impact Fees for any requirements for compliance with applicable State or federal law; and
- (ii) Fees applicable to development within the City, as identified in the Fee Ordinance and as the same are in effect on the date of plat recordation ~~submittal of a plat application.~~

~~Notwithstanding the foregoing or any other provision in this Agreement or the USA to the contrary, the USA may provide for the waiver of Impact Fees in lieu of payment of a substitute capital recovery charge and, if so, the provisions of the USA shall control.~~ The parties agree that the USA will provide for retail water capacity ~~and associated impact fees.~~

3.07 Mandatory Homeowners Association; Agreement to Maintain Certain Improvements. Prior to the sale of the first platted lot within the Property, the Owner will create one or more HOAs that, in total, provide owners association services to the entirety of the Property (excluding the Dedicated Parcel). Upon creation, each HOA shall enter into a Maintenance Agreement with the City, pursuant to which the HOA shall agree to the HOA Maintenance Obligations (whose responsibility shall solely be the HOA's, notwithstanding any ownership by the City of the improvements or real property upon which such maintenance is required to be performed). The Owner shall provide in each HOA's organization documents that the HOA shall annually levy and collect fees from owner members that are, at a minimum and based on annual budget adopted by the HOA prior to the beginning of its fiscal year, sufficient to satisfy the annual HOA Maintenance Obligations. Each Maintenance Agreement shall provide that the HOA shall perform the HOA Maintenance Obligations in accordance with the applicable provisions of the Governing Regulations, subject to oversight and inspection by the City, and provide to the HOA permission to perform the HOA Maintenance Obligations, as and to the extent necessary, on City-owned property. Upon reasonable request, the City shall have the right to inspect the financial reports, audits, and budget of each HOA.

3.08 Buyer Disclosures. All End Buyers shall be required to sign an acknowledgement that the property that is the subject of such sale is located within a PID, as required by and in

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accordance with applicable Texas law and herein referred to as the Owner Disclosure Program (see Exhibit “H”).

3.09 Competitive Bidding. Development of Authorized Improvements within the PID will be exempt from any public bidding or other purchasing and procurement policies in accordance with, and subject to the limitation of, Section 252.022(a)(9), as amended, Texas Local Government Code.

ARTICLE 4 MUNICIPAL SERVICES

4.01 Retail Municipal Utility Services. The City shall provide Retail Municipal Utility Services to lots within the Property and will connect each Structure to the City’s water system upon payment of applicable fees described in Article 3 hereof and issuance of a Certificate of Occupancy for the Structure. Retail Municipal Utility Services will be delivered pursuant to and in accordance with State law and the Governing Regulations, and rates and charges for such services imposed pursuant to and in accordance with the Retail Municipal Utility Services Rate Ordinance.

ARTICLE 5 SOURCES OF PROJECT FINANCING

5.01 Public Improvement District.

(a) PID Creation. To provide for payment of the Authorized Improvements Costs and Administrative Expenses, the Parties contemplate creation of the PID. In furtherance of such expectation, the Owner has submitted to the City, and the City has accepted and found administratively complete, an application to create the PID in accordance with Chapter 372.

(b) Service and Assessment Plan. The Owner and the City agree that the City, the Owner, and the PID Administrator shall prepare an initial Service and Assessment Plan providing for the levy of the Assessments on all or portions of the Assessable Property within the PID. Promptly following preparation and approval of the initial Service and Assessment Plan acceptable to the Owner and the City and subject to the City Council making findings that the Authorized Improvements specified in the Service and Assessment Plan confer a special benefit on the Assessable Property, the City Council shall consider an Assessment Ordinance.

(c) Assessment Ordinance. Adoption of an Assessment Ordinance is conditioned on the successful negotiation, inclusive of terms mutually acceptable to the City and the Owner, of all Development Documents other than this Agreement (which shall at such time already be in effect). Accordingly, consideration of an Assessment Ordinance shall be conditioned on presentation to the City Council (i) for approval of the City’s entering into and executing the Development Documents concurrently with or prior to the City Council’s consideration of the initial Assessment Ordinance or (ii) in the event any of such Development Documents for whatever reason may not be entered into at such time, final forms thereof.

(d) Acceptance of Assessments. Prior to or concurrently with the City’s adoption of the initial Assessment Ordinance, the Owner shall (i) approve and accept in writing the levy of the Assessment(s) on all Assessable Property owned or controlled by the Owner; (ii) approve and accept in writing the Owner Disclosure Program; and (iii) cause to be recorded against the Assessed Property covenants running with the land that will bind any and all current and successor

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developers and owners of any of the Assessed Property to pay the then-subject Assessment and any subsequent Assessments, with applicable interest and penalties thereon, as and when due and payable and to take their title to their interest in the Assessed Property subject to and expressly accepting and assuming the terms and provisions of such Assessments and the liens created thereby.

(e) Administrative Expenses. The Parties hereby agree that all of the Administrative Expenses associated with the PID will be funded by Assessment Revenues and the City shall not be responsible for payment of such costs from any other City funds.

(f) Issuance of PID Bonds. Subject to satisfaction of the conditions set forth in this Section 5.01(f) and the Service and Assessment Plan, the City may issue PID Bonds for the purposes of acquiring or constructing or reimbursing Authorized Improvement Costs or any other purposes authorized by Chapter 372. The Owner may request the City's issuance of a series PID Bonds by filing with the City a list of the Authorized Improvements to be funded with the PID Bonds and the estimated budgeted costs therefor, as described by the Service and Assessment Plan. The Owner acknowledges that the City may at the time of its request to issue PID Bonds require the Parties enter into a professional services agreement that obligates the Owner to fund the costs of the City's professionals relating to the preparation for and issuance of PID Bonds, (which amount is considered Administrative Expenses payable from the proceeds of such series of PID Bonds).

The issuance of any series of PID Bonds shall be authorized by the City and to the following conditions:

- (i) the aggregate principal amount of all PID Bonds shall not exceed \$60,000,000;
- (ii) no series of PID Bonds shall pay from the proceeds therefrom capitalized interest beyond the second anniversary of its initial issuance;
- (iii) the Owner shall have submitted to the City all requested and required information reasonably necessary to evaluate a PID Bond issuance for each Phase and to accomplish the levy of Assessments and the issuance of PID Bonds, which information shall include:
 - (1) Total acreage of residential property, open space, and non-developable property for which Assessments are to be levied;
 - (2) Engineers' opinion of probable costs (dated within the last 3 months prior to submission) and preliminary engineering plans for all PID Improvements benefiting the Phase for which Assessments are to be levied;
 - (3) Any required Traffic Impact Analysis for the Phase for which Assessments are to be levied;
 - (4) Break out of total PID Improvements Cost of offsite costs to serve the Phase for which Assessments are to be levied;

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- (5) Break out of total PID Improvements Cost of oversizing costs to serve the Phase for which Assessments are to be levied;
- (6) Breakout of phased PID Improvements Cost for all Phases versus Major Improvements Cost;
- (7) Assumptions for number of Lots;
 - (A) Total number of Lots by type;
 - (B) Total estimated value per Lot;
 - (C) Total estimated value of home to be constructed on the Lots;
 - (D) The values provided in (i) – (iii) above based on phasing plan/absorption schedule.
- (8) Map of Property
- (9) Proposed Concept Plan
 - (A) With construction phasing identified by map and cost
 - (B) Location of any open space maintained by HOA
 - (C) Total acreage of open space maintained by HOA
 - (D) Map/locations of PID Improvements to be financed by the PID from such proposed PID Bond issuance.
 - (E) Onsite improvements by Phase
 - (F) Offsite improvements by Phase
- (10) Final private costs (not including the public improvement costs) to reach completed Lots (i.e., final lot benching, stabilization, etc.)
- (iv) In the event **Owner** has requested the issuance of PID Bonds to up-front fund construction of PID Improvements, the **Owner** shall provide the City with evidence of a sufficient funding commitment to ensure the completion of the PID Improvements for which the PID Bonds are being issued.
- (v) prior to the City's authorization of the initial series of PID Bonds:
 - (1) the Owner will create the Owner Disclosure Program and provide a copy of the program to the PID Administrator;
 - (2) the Owner shall have delivered to the PID Administrator a fully executed Landowner Agreements from each owner of the Property; and

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- (3) the City shall have received fully-executed or final versions of each of the Development Documents, in form satisfactory thereto;
- (vi) issuance of any series of PID Bonds shall be preceded by the City's adoption or amendment of a Service and Assessment Plan, Assessment Roll, and an Assessment Ordinance levying Assessments on all or any portion of the Property benefited by the Authorized Improvements to be funded by such Assessments;
- (vii) each series of PID Bonds shall be in an amount estimated to be sufficient to fund all or a portion of the Authorized Improvements Costs for which such PID Bonds are being issued, plus required reserves and capitalized interest (in accordance with the limitations described above), and issuance costs;
- (viii) The Service and Assessment Plan will confirm the special benefits conferred on the parcels of the Property subject to Assessments for payment of Authorized Improvements Costs increase the value of such parcels of Property by an amount at least equal to the amount assessed against such parcels;
- (ix) the Owner shall have delivered to the City (i) a certificate or report from an independent certified appraiser, appraisal firm or financial consultant, assuming completion of the Authorized Improvements, demonstrating that the ratio of the aggregate appraised value of all assessed parcels of Property within such improvement area to the aggregate principal amount of all PID Bonds then secured or proposed to be secured by the resultant Assessment Revenues within such improvement area (the "Value to Lien Ratio") is at least 2.5:1 (which in determining, the independent certified appraiser, appraisal firm or financial consultant may rely on builder contracts, a certificate from the PID Administrator identifying lots on which vertical construction has commenced or the Kendall or Comal County Tax Assessor/Collector's estimated assessed valuation for completed Structures (Structure and lot assessed valuation) and estimated lot valuation for lots on which Structures are under construction), provided further that such value to lien ratio for PID Bonds may be lower than 2.5:1 (but in no case less than 2.0:1) if the City, in its sole discretion, undertakes certain alternative financing structures including, but not limited to, directing the trustee for the applicable series of PID Bonds to hold a portion of the applicable PID Bond proceeds in escrow until the Value to Lien Ratio reaches 2.5:1, issuing the PID Bonds on a senior and subordinate lien basis, or other alternative financing means as provided in the applicable Indenture;
- (x) approval by the Texas Attorney General of the PID Bonds and registration of the PID Bonds by the Comptroller of Public Accounts of the State of Texas;
- (xi) evidence delivered to the City (the sufficiency of which the City has determined, its sole discretion), that:

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- (1) the Owner or another entity that has purchased a portion of the Property for development, shall own all property within each Phase of the PID prior to the levy of Assessments for such PID Phase.
 - (2) the Owner is current on all the payment of all taxes, Assessments, fees and obligations owed to each taxing district whose jurisdiction the Property is subject;
 - (3) the Owner is not in default under any Development Document; and
 - (4) no outstanding PID Bonds for the Project are then-in default and no reserve funds established therefor have been drawn upon that have not been replenished;
- (xii) the PID Administrator has certified that the costs of the Authorized Improvements to be paid from the proceeds of the PID Bonds are eligible to be paid with the proceeds of such PID Bonds;
- (xiii) the City has determined that the amount of proposed Assessments and the structure, terms, conditions and timing of the issuance of the series of PID Bonds are reasonable for payment of the Authorized Improvements Costs for such improvement area to be financed and scope and state of Project development within the PID, and provided that there is evidence of financial security sufficient to fund the Authorized Improvements that will not be paid for or reimbursed by the PID Bonds, which fiscal security shall be in the form of (i) evidence of available funds to the Landowners in cash, (ii) a letter of credit, or (iii) a reasonably acceptable lending facility, only to the extent that the Authorized Improvements have not already been completed and paid for by Landowners or otherwise to the extent that the PID Bonds are insufficient to fund such Authorized Improvements. Delivery of fiscal security is required no later than the closing date of the bonds; and
- (xiv) , only to the extent that the Authorized Improvements have not already been completed and paid for by Landowners or otherwise to the extent that the PID Bonds are insufficient to fund such Authorized Improvements for the PID Bonds to be creditworthy;
- (xv) the City has confirmed that no information regarding the City, including (without limitation) financial information, has been included in any offering document relating to PID Bonds without receipt of the City's prior consent;
- (xvi) the City has confirmed that the maximum maturity for a series of PID Bonds does not exceed 30 years from its date of initial delivery; and
- (xvii) the Owner has agreed to provide periodic information and notices of material events regarding the Owner as it relates to the development of the Property within the PID in accordance with Securities and Exchange Commission Rule 15c2-12 and any Continuing Disclosure Agreements executed by the Owner in connection with the issuance of such series of PID Bonds.

EXHIBIT B**(g) Agreement to Establish Project Fund.**

- (i) On the date of issuance of any PID Bonds, to accept PID Bond proceeds to fund Authorized Improvements Costs, the City shall establish in the applicable provisions of the associated indenture pursuant to which the applicable series of PID Bonds is issued a “Project Fund” and provide for the creation therein of any necessary accounts. Any such Project Fund shall be maintained as provided in such indenture, separate and apart from all other City funds. Any such Project Fund shall be administered and controlled (including signatory authority) by the City and deposits thereto and disbursements therefrom shall be made in accordance with the terms of the applicable indenture. In the event of any conflict between the terms of this Agreement and the terms of the indenture relative to Project Fund deposits and/or disbursement of Project Fund money, the terms of the indenture shall control.
- (ii) The Parties intend that the Owner will complete the phases of construction of an Authorized Improvement per the Concept Plan (see previously mentioned Exhibit C) (other than the City water system improvements that are the subject of the Multi-Party Agreement) in accordance with this Agreement, the other Development Documents, and the Service and Assessment Plan in conjunction with the construction of the applicable phases of the Development, prior to seeking direct payment therefor from funds on a deposit in a Project Fund or reimbursement for such expenditures made pursuant to a Completion Agreement under the terms of the Acquisition and Reimbursement Agreement.
- (iii) If funds remain in a Project Fund after the completion of all Authorized Improvements and the payment of all Authorized Improvement Costs, then such funds shall be used to first, pay for additional Authorized Improvement Costs as may thereafter be included in an updated Service and Assessment Plan and then used to redeem the Bonds, as further provided for in the applicable indenture.

(h) Selection of Professionals. The Administrator, the appraiser, the underwriter of any PID Bonds, the bond trustee, and any other professional deemed necessary or desirable in connection with the issuance of a series of PID Bonds shall be selected by the City, at its sole discretion.

5.02 Maximum All-In Tax Equivalent Rate. For each lot classification identified in the Service and Assessment Plan, an overlapping tax rate equivalent, including all taxing entities and the PID Special Assessment rate, of \$3.00 per \$100 of estimated buildout value (the “Project ETR”), shall be established (subject to the following adjustment) for the Project, and such the Project ETR shall not be reduced if any of the tax rates of any existing taxing entities is subsequently reduced such that the PID Special Assessment rate may be increased up to the Project ETR in that event. Notwithstanding the foregoing, the Project ETR shall be increased to an amount necessary to ensure that in no case will there be less than a PID Special Assessment tax rate equivalent of \$1.34 per \$100 of estimated buildout value. The estimated buildout value for a lot classification shall be determined by the PID Administrator using information provided by the Landowners and confirmed by the City Council by considering such factors as density, lot size,

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proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, information provided by the Landowners, or any other information that may help determine buildout value.

5.03 Completion Agreement. Prior to the City's authorization of the initial series of PID Bonds, the Owner, the City, and the trustee for such series of PID Bonds shall have entered into a Completion Agreement obligating the Owner to satisfy the Authorized Improvement Costs not anticipated to be directly funded with proceeds of PID Bonds or paid for separately by the City.

5.04 Reimbursement of Authorized Improvement Costs. The City and Owner shall, prior to or substantially contemporaneous with the initial levy of Assessments on a Phase(s) of the Property, enter into a Reimbursement Agreement to provide for the Owner's reimbursement from available Assessment Revenues all or a portion of Authorized Improvement Costs paid for by Owner. Notwithstanding its execution of the Reimbursement Agreement, the Owner hereby acknowledges that the City makes no representations or guarantees regarding the sufficiency of available Assessment Revenues to fully reimburse the Owner for amounts to which it is entitled under the Reimbursement Agreement.

5.05 Cost Overrun. If the total cost of a PID Improvement (or segment or section thereof) exceeds the total amount of the Budgeted Cost for that PID Improvement (or segment or section thereof) (a "**Cost Overrun**"), the Owner shall be solely responsible for payment of the remainder of the costs of that PID Improvement (or segment or section thereof), except as provided in Subsection 5.3 below.

5.06 Cost Underrun. If, upon the completion of construction of a PID Improvement (or segment or section thereof) and payment or reimbursement for such PID Improvement, there are Cost Underruns, any remaining Budgeted Cost(s) may be available to pay Cost Overruns on any other PID Improvement funded with the same PID Bonds upon provision by the Owner of proof of the applicable Cost Overrun to the City Manager or PID Administrator and provided that all PID Improvements are set forth in the Service and Assessment Plan. The elimination of a category of PID Improvements in the Service and Assessment Plan will require an amendment to the SAP and corresponding reduction in Assessments. If, upon completion of the PID Improvements in any improvement category, any funds remain in such category, those funds may be used to reimburse the **Owner** for any qualifying costs of the PID Improvements that have not been paid.

5.07 Qualified Tax-Exempt Status. If in any calendar year the City issues debt that would constitute a bank-qualified debt issuance but for the issuance of the PID Bonds or other bonds supporting public improvements for non-City owned development projects, including either bonds authorized by the PID Act, then the **Owner** shall pay to the City a fee (the "PID Bond Fee") to compensate the City for the interest savings the City would have achieved had the debt issued by the City been bank-qualified, provided that all other developers or owners directly benefitting from the City issuing debt are similarly burdened with an obligation to compensate the City. The City shall calculate the PID Bond Fee for all series of PID Bonds and notify the **Owner** of the total amount due at least ten (10) business days prior to pricing the first series of PID Bonds. The **Owner** agrees to pay the estimate of the PID Bond Fee to the City on the later of (a) five (5) business days prior to pricing of any series of PID Bonds or other City debt, or (b) five (5) business days after receiving Notice from the City of the estimated amount of the PID Bond Fee due to the City. The City shall not be required to price or sell any series of PID Bonds until the **Owner** has paid the PID Bond Fee. Upon the City's approval of the PID Bonds, the City's financial advisor shall calculate the actual costs of the PID Bond Fee (the "Actual PID Bond Fee"). The City will, within five (5)

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business days, notify the **Owner** Developer of the Actual PID Bond Fee. In the event the Actual PID Bond Fee is less than the estimated PID Bond Fee, the City will refund to the **Owner** the difference between the Actual PID Bond Fee and the estimated PID Bond Fee within ten (10) business days of the date of the City's notice to the **Owner** of the Actual PID Bond Fee. If the Actual PID Bond Fee is more than the estimated PID Bond Fee, the **Owner** will pay to the City the difference between the Actual PID Bond Fee and the estimated PID Bond Fee within ten (10) business days of the date of the City's notice to the **Owner** of the Actual PID Bond Fee.

If a developer or owner has paid all or part of a PID Bond Fee estimate for any particular calendar year to the City, and a subsequent developer or owner pays a PID Bond Fee to the City applicable to the same calendar year, each such later developer or owner shall be reimbursed by the City as necessary so as to place all developers and owners who have paid the fee for the same calendar year in the required payment proportion. Said reimbursement(s) shall be made by the City within ten (10) business days after the City's receipt of the estimated PID Bond Fee payment(s) unless otherwise agreed to by the Parties, including, as applicable, other developers or owners. The City will deposit all payments of a PID Bond Fee estimate received from a developer or owner (including the **Owner**, as applicable) into a segregated account until such time as (1) the City transfers the funds to a capital improvement project fund in conjunction with issuing City debt; and/or (2) the City refunds a portion of the PID Bond Fee estimate consistent with the pro rata formula above within ten (10) business days of issuing Bonds or agreement is made as to a different payment date. On or before January 15th of the following calendar year, the final PID Bond Fee shall be calculated. By January 31st of such year, any funds in excess of the final PID Bond Fee that remain in such segregated account on December 31st of the preceding calendar year shall be refunded to the developers or owners (including the **Owner**) and any deficiencies in the estimated PID Bond Fee paid to the City by any developer or owner (including **Owner**) shall be remitted to the City by the respective developer or owner (including **Owner**). Said payments shall be made within ten (10) business days after January 31st of that year unless otherwise agreed to by the Parties, including, as applicable, other developers or owners.

ARTICLE 6 ANNEXATION & ZONING

6.01 Annexation into City. The Owner hereby agrees to the voluntary, full-purpose annexation of those portions of the Property outside the corporate limits of the City into the City and has submitted, as shown in **Exhibit “J”** hereto, a petition requesting the annexation of the Property (the “Annexation Petition”). The Parties acknowledge that the foregoing annexation provisions have been agreed upon pursuant to the authority set forth in Section 212.172 and Chapter 43; Subchapter C-3 of the Texas Local Government Code, which authorizes the governing body of a municipality to make a written contract with an owner of land that is located in the extraterritorial jurisdiction of the municipality to provide for the annexation of the land as a whole or in parts and to provide for the terms of annexation, if annexation is agreed to by the parties, and further provides for the parties to such agreement to specify the uses and development of the land before and after annexation, if annexation is agreed to by the parties.

6.02 Permanent Zoning. City agrees that the Property shall be permanently zoned within one hundred and eighty (180) days after annexation of the Property. The City cannot contractually agree to the zoning designation the Property shall receive; however, the City recognizes the Owner's rights under Chapter 245 and Section 43.002 of the Texas Local Government Code. Owner has submitted an application for an amendment to the Future Land Use Map and Zoning for the subject property.

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ARTICLE 7

ASSIGNMENT OF COMMITMENTS AND OBLIGATIONS; SUCCESSORS

7.01 Assignment of Owner's Rights. Subject to this Section 7.01, the Owner may assign in whole or part its rights and obligations under this Agreement to persons purchasing all of the Property or a part of the Property. In the event the Owner assigns all of its respective rights under this Agreement in conjunction with the conveyance of any unplatted portion of the Property, a written assignment of said rights must be filed of record in the Official Public Records of Kendall and Comal Counties, Texas in order to be effective.

Because the City's entering into this Agreement with the Owner is conditioned, in part, on the Owner's demonstrated skill, expertise, and financial resources with respect to the development of projects similar to the Project, demonstrating its ability to satisfy its obligations arising under this Agreement, any assignment by the Owner of its rights hereunder shall be subject to the City's approval, not to be unreasonably withheld and shall be provided within fifteen (15) business days from receipt of Owner's written assignment request; provided, however, an assignment by the Owner to any Owner-affiliated entity does not require approval by the City. In connection with any request for approval of assignment, the Owner shall provide to the City evidence of the assignee's similar experience, resources, and financial resources that are demonstrative of such assignee's ability to complete Project development in a manner at least equal to those of the Owner shall not be required to supply this information when Property is sold to **Owner**.

7.02 Lot Conveyance Not an Assignment. The mere conveyance of a lot or any portion of the Property without a written assignment of the rights of the Owner under this Agreement shall not be sufficient to constitute an assignment of the rights or obligations of the Owner hereunder, unless specifically provided herein.

7.03 Agreement Binding on Assigns. In the event of an assignment of this Agreement, the Owner shall be released from any obligations of this Agreement, provided the successors or assigns agree in writing to all terms and conditions of this Agreement. Any reference to the Owner, the City, or the Parties shall be deemed to and will include the successors or assigns thereof, and all the covenants and agreements in this Agreement shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

ARTICLE 8

DEFAULT AND NOTICE

8.01 Notice and Opportunity to Cure. If either Party defaults in its obligations under this Agreement, the other Party must, prior to exercising a remedy available to that Party due to the default, give written notice to the defaulting Party, specifying the nature of the alleged default and the manner in which it can be satisfactorily cured, and extend to the defaulting Party at least thirty (30) calendar days from receipt of the notice to cure the default. If the nature of the default is such that it cannot reasonably be cured within the thirty (30) calendar day period, the commencement of the cure within the thirty (30) calendar day period and the diligent prosecution of the cure to completion will be deemed a cure within the cure period. Notwithstanding the foregoing, the occurrence of a Bankruptcy Event shall result in immediate default hereunder without opportunity to cure.

8.02 Enforcement. The Parties may enforce this Agreement by any proceeding at law or equity. Failure of either Party to enforce this Agreement shall not be deemed a waiver to enforce the provisions of this Agreement thereafter. The Parties agree that monetary damages are not a

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sufficient remedy for a default of this Agreement. As a remedy for default, the non-defaulting party shall be entitled to equitable relief, including specific performance of this Agreement, but not monetary damages. In addition to the foregoing, a remedy to each Party for the other's default hereunder, after compliance with Section 8.01 hereof, shall be termination of this Agreement.

8.03 Litigation. In the event of any third-party lawsuit or other claim relating to the validity of this Agreement or any actions taken by the Parties hereunder, the Owner and the City intend to cooperate in the defense of such suit or claim, and to use their respective best efforts to resolve the suit or claim without diminution of their respective rights and obligations under this Agreement. The City's participation in the defense of such a lawsuit is expressly conditioned on budgetary appropriations for such action by the City Council and shall be covered by Article 11 hereof, as applicable. The filing of any third-party lawsuit relating to this Agreement or the development of the Project will not delay, stop or otherwise affect the development of the Project or the City's processing or issuance of any approvals for the Project or Project development, unless otherwise required by a court of competent jurisdiction.

8.04 Cessation of Compliance. As a matter of law, a city by contract cannot bind its current or future city councils in the exercise of the council's legislative discretion or the performance of its legislative functions, which include the zoning of property, the establishment of public improvement districts, and the levying of assessments, issuance of bonds or approval of contracts. Nonetheless, the Owner has spent a substantial sum to negotiate, implement, and comply with this Agreement and the Owner expects and relies on the City to take appropriate actions to zone the Property, create the PID, and levy the Assessments that are described in this Agreement. If the current or a future City Council does not zone the Property as described in the Land Plan, does not establish or operate the PID as described in this Agreement, or does not levy the Assessments, then Owner shall have no further obligation to comply with any of the terms of this Agreement until such time as the City Council takes appropriate actions to have the City resume compliance with its obligations under this Agreement. If the City cannot resume its obligations under this Agreement within one year, the Owner shall have no duty to complete its obligations. If the City resumes its compliance with its obligations under this Agreement, the Owner shall have up to ninety (90) days to resume its compliance with this Agreement.

8.05 Notices. Any notice required or permitted to be delivered hereunder shall be in writing and shall be deemed received on the earlier of (i) actual receipt by mail, Federal Express or other delivery service, fax, email or hand delivery; or (ii) three (3) business days after being sent by United States mail, postage prepaid, certified mail, return receipt requested, addressed to City or the Owner, as the case may be, at the address stated below.

Any notice mailed to the City shall be addressed:

City of Fair Oaks Ranch
Attn.: City Manager
7286 Dietz Elkhorn Rd.
Fair Oaks Ranch, Texas 78009
shuizenga@fairoaksranchtx.org

With a copy to:

Daniel Santee
Denton, Navarro, Rodriguez, Bernal Santee & Zech, P.C.
2517 North Main Avenue

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San Antonio, Texas 78212
tdsantee@rampagelaw.com

Any notice mailed to the Owner shall be addressed:

Bitterblue Inc.
Attn: Scott Teeter
11 Lynn Batts Lane, Suite 100
San Antonio, Texas, 78218

With a copy to:

Brown & McDonald, PLLC
Attention: Caroline McDonald
100 NE Loop 410 STE 1385
San Antonio, Texas 78216

Any Party may change the address for notice to it by giving notice of such change in accordance with the provisions of this paragraph.

**ARTICLE 9
CERTIFICATE OF COMPLIANCE**

Within thirty (30) calendar days of written request by either Party given to the other Party requesting a statement of compliance with this Agreement, the other Party will execute and deliver to the requesting Party a statement certifying that:

- (a) this Agreement is unmodified and in full force and effect, or if there have been modifications, that this Agreement is in full force and effect as modified and stating the date and nature of each modification; and
- (b) there are no current uncured defaults under this Agreement or specifying the date and nature of each default.

**ARTICLE 10
REPRESENTATIONS, WARRANTIES, AND COVENANTS**

10.01 Mutual Representations, Warranties and Covenants of the Parties. The Parties acknowledge that each Party is acting in reliance upon the other Party's performance of its obligations under this Agreement in making the decision to commit substantial resources and money to the Project's development. In recognition of such mutual reliance, each Party represents and warrants to the other that it shall employ commercially reasonable efforts to perform its duties and obligations hereunder and shall adhere to the requirements of this Agreement.

10.02 City Representations, Warranties and Covenants.

(a) The City covenants, represents and warrants to the Owner that the City has and shall exercise sole and exclusive jurisdiction over the review and approval of preliminary and final plats, the inspection of Public Infrastructure and Authorized Improvements (except to the extent

EXHIBIT B

that such inspection responsibilities are undertaken by a Certified Inspector pursuant to Section 3.03(a) hereof) and the issuance of Certificates of Occupancy for Structures.

(b) The City recognizes this Agreement as a development agreement under Subchapter G of Chapter 212.

(c) To the extent required to implement Project development in accordance with the Governing Regulations, the City shall provide necessary waivers and variances to the Code as herein provided.

(d) The City has taken all requisite and necessary actions to enter into this Agreement, and this Agreement represents a valid and binding agreement of the City, subject to governmental immunity and principles of bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity.

(e) To the extent (but only to the extent) its obligations are not uncertain or in dispute, the City is not entitled to claim immunity on the grounds of sovereignty from relief by writ of mandamus to perform its obligations hereunder.

10.04 Owner Representations, Warranties and Covenants.

(a) The Owner hereby represents to the City that it shall own the Property no later than ninety (90) days after the date the City annexes the Property as of _____, free and clear of any and all liens or mortgages.

(b) The Owner hereby warrants and covenants to the City that any prospective lien, mortgage, or encumbrance on any portion of the Property shall be made subject to the dedication of Public Infrastructure and Authorized Improvements, as indicated on the Approved Plat that is applicable to the portion of the Property to be subject to any such lien, mortgage, or encumbrance.

(c) The Owner agrees to dutifully, diligently, and continually work to develop the Property in accordance with the Governing Regulations and shall complete, or cause to be completed, the Public Infrastructure and Authorized Improvements that are included in the Governing Regulations and pay their costs.

(d) The Owner shall provide, or cause to be provided, all materials, labor, and services for completing the Public Infrastructure and Authorized Improvements, which materials, labor, and services shall be of adequate quality when graded against industry standards.

(e) The Owner agrees to obtain or cause to be obtained all necessary permits and approvals required by any Governing Regulation from the City and/or all other governmental entities having jurisdiction or regulatory authority over the construction, installation, operation, or maintenance of improvements within the Property and, with respect thereto, pay or cause to be paid all applicable permit or similar license fees.

(f) The Owner acknowledges and agrees that, pursuant to State law, the **Owner** is required to make information regarding its contractual relationships regarding construction or acquisition of Public Infrastructure and Authorized Improvements generally available as public records and, with respect thereto, the **Owner** acknowledges and agrees that any information provided by the **Owner** to the City with respect to the Public Infrastructure and Authorized Improvements, this Agreement, and any work performed by the **Owner**, a contractor, or a

EXHIBIT B

subcontractor for any Public Infrastructure and Authorized Improvements (including pricing and payment information) may be subject to public disclosure by the City pursuant to applicable law.

(g) The Owner shall prepare, or cause to be prepared, for each Phase of the Project, plats that are compliant with applicable provisions of the Code and shall submit such plats to, and have such plats approved by, the City prior to starting any construction in said Phase.

(h) The Owner shall supervise the construction of the Project and cause the construction to be performed in accordance with the Governing Regulations.

(i) Owner services that are performed by the Owner hereunder shall be enforced in compliance with the Governing Regulations.

(j) Except with respect to a Certified Inspector then employed by the City pursuant to Section 3.03(a), all personnel supplied or used by the Owner in the performance of its obligations arising under this Agreement shall be deemed employees, contractors or subcontractors of the Owner and shall not be considered employees, agents or subcontractors of the City for any purpose whatsoever. The Owner shall be solely responsible for the compensation of all such personnel.

(k) The Owner acknowledges and agrees that it is subject as an employer to all applicable unemployment compensation statutes and agrees to indemnify and hold harmless the City from any and all responsibilities thereunder toward employees of the Owner.

(l) As and to the extent applicable, the Owner shall comply with all regulations concerning employment of labor required by law (including, but not limited to, Chapter 2258 requiring the Owner to pay prevailing wages to workers, which shall be determined using the wage scales from time to time published online by Wage Determinations online at www.wdol.gov/wdol/scafiles/davisbacon/tx.html). The reference to this source of prevailing wages is not a warranty, guaranty or other representation by the City that adequate numbers of skilled or unskilled workers are actually available in the local market to perform the required services or that workers may be hired for the wages identified in such prevailing wage schedule.

(m) The Owner hereby represents, warrants, and covenants for the benefit of the City:

- (i) the Owner is a corporation, duly organized and validly existing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated;
- (ii) the Owner has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered on behalf of the Owner;
- (iii) this Agreement is a valid and enforceable obligation of the Owner and is enforceable against the Owner in accordance with its terms, subject to bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity;

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- (iv) the Owner understands the duties, limitations, and responsibilities imposed upon the City under the applicable State law having application to matters that are the subject of this Agreement, including Project development; and
- (v) the Owner has sufficient knowledge, experience, and financial resources to perform its obligations under this Agreement in accordance with all duties, obligations, regulations, Governing Regulation requirements, and other applicable law affecting or required to perform the development work with respect to the Project and, in this regard, the Owner shall bid, procure, supervise, manage, perform, and from time to time provide information relating to such development work regarding Project development in compliance with all duties, obligations, regulations, code and legal requirements arising under any Governing Regulation with jurisdiction over the subject development work and the Project.

(n) The Owner has delivered, unless exempted under State law, the Certificate of Interested Parties Form 1295 (“Form 1295”) and certification of filing generated by the Texas Ethics Commission’s electronic portal, signed by an authorized agent, prior to the execution of this Agreement by the City and the Owner. The Owner and the City understand that none of the City or any City representative, consultant, or advisor have the ability to verify the information included in Form 1295, and none of the City or any City employee, official consultant, or advisor have an obligation, nor have undertaken any responsibility, for advising the owner with respect to the proper completion of Form 1295 other than providing the identification numbers required for the completion of Form 1295.

(o) The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, as amended, and to the extent such section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

(p) The Owner represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer’s Internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such Section does not contravene applicable

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Texas or federal law and excludes the Owner and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Owner understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

(q) To the extent this Agreement constitutes a contract for goods or services within the meaning of Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Owner hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of the applicable agreement. The foregoing verification is made solely to enable the City to comply with such Section, to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

(r) To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the **Owner** verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the applicable agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law.

As used in the foregoing verification and the following definitions:

- (i) ‘discriminate against a firearm entity or firearm trade association,’ a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods

EXHIBIT B

or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association,

- (ii) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and
- (iii) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

ARTICLE 11 INDEMNIFICATION

THE OWNER COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS THE CITY, THE CITY COUNCIL, AND ANY OTHER OFFICIAL, EMPLOYEE, AGENT, ATTORNEY, OR REPRESENTATIVE OF ANY OF THE FOREGOING (TOGETHER, THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE BROUGHT BY A THIRD PARTY, INCLUDING BUT NOT LIMITED TO, PERSONAL OR BODILY INJURY, DEATH AND PROPERTY DAMAGE, MADE UPON ANY INDEMNIFIED PARTY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO THE OWNER'S ACTIVITIES UNDER THIS

EXHIBIT B

AGREEMENT, INCLUDING ANY ACTS OR OMISSIONS OF THE **OWNER**, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONTRACTOR OF THE OWNER, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES, WHILE IN THE EXERCISE OF PERFORMANCE OF THE RIGHTS OR DUTIES UNDER THIS AGREEMENT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PARTY. IN THE EVENT THE OWNER AND AN INDEMNIFIED PARTY ARE FOUND JOINTLY LIABLE, BECAUSE OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF AN INDEMNIFIED PARTY, BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO ANY SUCH INDEMNIFIED PARTY UNDER APPLICABLE TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES HERETO UNDER TEXAS LAW AS TO SAID CLAIMANTS. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. THE OWNER SHALL IMMEDIATELY ADVISE THE CITY, IN WRITING, OF ANY CLAIM OR DEMAND AGAINST THE OWNER OR AN INDEMNIFIED PARTY, TO THE EXTENT AND WHEN KNOWN TO THE OWNER, RELATED TO OR ARISING OUT OF THE OWNER ACTIVITIES UNDER THIS AGREEMENT.

In addition to the indemnification provided above, the Owner shall also require each of its general contractors working on the Project to indemnify each Indemnified Party from and against any and all claims, losses, damages, causes of actions, suits and liabilities arising out of their actions related to the performance of this Agreement, utilizing (in its entirety) the same indemnification language contained herein.

ARTICLE 12 MISCELLANEOUS

12.01 Multiple Originals. The Parties may execute this Agreement in one or more duplicate originals, each of equal dignity.

12.02 Entire Agreement; Parties in Interest. This Agreement, together with any exhibits attached hereto, constitutes the entire agreement between Parties with respect to its subject matter, and may not be amended except by a writing signed by all Parties with authority to sign and dated subsequent to the date hereof. There are no other agreements, oral or written, except as expressly set forth herein. No person, other than a Party, shall acquire or have any right hereunder or by virtue hereof.

12.03 Recordation. A copy of this Agreement will be recorded in the Official Public Records of Kendall County and Comal County by the City.

12.04 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State. This Agreement is performable in Kendall and Comal County. Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Agreement shall be heard and determined in a court of competent jurisdiction located in Kendall County. Notwithstanding the foregoing, the parties hereto agree that any dispute that may

EXHIBIT B

arise under this Agreement shall first be submitted to non-binding mediation, or to alternative dispute resolution proceedings, before litigation is filed in court.

12.05 Termination or Amendment by Agreement. This Agreement may only be terminated prior to the Termination Date, or its terms amended by (i) mutual written consent of the Parties, (ii) at the sole discretion of any Party in the event Owner does not purchase fee ownership of the Property no later than ninety (90) days after the date the City annexes the Property or before December 31, 2025 whichever event occurs first, or (iii) at the sole discretion of any Party in the event the PID as contemplated herein is not formed on or before August 1, 2025.

12.06 No Oral or Implied Waiver. The Parties may waive any of their respective rights or conditions contained herein or any of the obligations of the other Party hereunder, but unless this Agreement expressly provides that a condition, right, or obligation is deemed waived, any such waiver will be effective only if in writing and signed by the party waiving such condition, right, or obligation. The failure of either party to insist at any time upon the strict performance of any covenant or agreement in this Agreement or to exercise any right, power, or remedy contained in this Agreement will not be construed as a waiver or a relinquishment thereof for the future.

12.07 No Third-Party Beneficiary. This Agreement is not intended, nor will it be construed, to create any third-party beneficiary rights in any person or entity who is not a Party, unless expressly otherwise provided herein.

12.08 No Personal Liability. None of the members of the City Council, nor any officer, agent, or employee of the City, shall be charged personally by the Owner with any liability, or be held liable to the Owner under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach, of this Agreement.

12.09 Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

12.10 Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

THE OWNER:

Bitterblue, Inc.

By: _____
 Name: Scott Teeter
 Title: President
 Date: _____

EXHIBIT B

THE STATE OF TEXAS §
 §
 COUNTY OF §

This instrument was acknowledged before me on _____, 2025, by
 _____ of _____.

 Notary Public in and for the State of Texas

CITY OF FAIR OAKS RANCH, TEXAS

By: _____
 Scott Huizenga, City Manager

Date: _____

THE STATE OF TEXAS §
 §
 COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2025, by
 _____ of City of Fair Oaks Ranch, a Texas
 Home Rule Municipality.

 Notary Public in and for the State of Texas

INDEX TO EXHIBITS

Exhibit A Property Description
 Exhibit B..... Location Map
 Exhibit C..... Concept Plan
 Exhibit D Form of Reimbursement Agreement
 Exhibit E..... ETJ Map
 Exhibit F Landowner Consent Certificate
 Exhibit G Maintenance Agreement
 Exhibit H Owner Disclosure Form
 Exhibit I..... Form of Utility Service Agreement
 Exhibit J..... Petition for Annexation

EXHIBIT B

Exhibit A

**PROPERTY DESCRIPTION
[METES AND BOUNDS]**

EXHIBIT B**FIELD NOTES
FOR 344.65 ACRES**

BEING A 344.65 acre tract of land, all of a 344.979 acre tract of land as recorded and conveyed to Russell W. Pfeiffer in Volume 289, Pages 398-400 of the Official Records of Comal County, Texas, and in Volume 137, Page 679 of the Official Records of Kendall County, Texas, out of the David Bradbury Survey No. 214, Abstract No. 989 of Comal County, Texas and the David Bradbury Survey No. 214, Abstract No. 33 of Kendall County, Texas, said 344.65 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a found $\frac{1}{2}$ " iron rod in the east right of way of Ammann Road for the northwest corner of this tract and the southwest corner of a 131.013 acre tract as recorded in Volume 113, Page 834 of the Deed Records of Kendall County, Texas;

THENCE South $88^{\circ} 15' 14"$ East for a distance of 3926.52 feet with a fence the north line of this tract, and the south line of said 131.013 acre tract to a set $\frac{1}{2}$ " iron rod with "ACES" cap at a corner for the northeast corner of this tract, the southeast corner of said 131.013 acre tract and in the west lines of a 140.452 acre tract as recorded in Volume 113, Page 836 of the Deed Records of Kendall County, Texas;

THENCE South $02^{\circ} 11' 11"$ East for a distance of 3822.63 feet with a fence and the west line of said 140.452 acre tract to a set $\frac{1}{2}$ " iron rod with "ACES" cap in the north right of way of Ammann Road for the southeast corner of this tract;

THENCE with the north right of way of Ammann Road and fence the following:

North $88^{\circ} 35' 14"$ West for a distance of 7.43 feet for an angle point;
 North $88^{\circ} 26' 14"$ West for a distance of 522.50 feet for an angle point;
 North $88^{\circ} 06' 14"$ West for a distance of 318.70 feet for an angle point;
 North $87^{\circ} 19' 14"$ West for a distance of 923.90 feet for an angle point;
 North $89^{\circ} 33' 14"$ West for a distance of 727.10 feet for an angle point;
 North $89^{\circ} 45' 46"$ West for a distance of 830.80 feet for an angle point;
 North $89^{\circ} 42' 46"$ East for a distance of 587.60 feet for southwest corner of this tract;

THENCE with the east right of way of Ammann Road and a fence the following:

North $44^{\circ} 35' 14"$ West for a distance of 20.60 feet to an angle point;
 North $01^{\circ} 59' 14"$ West for a distance of 1933.70 feet for an angle point;
 North $02^{\circ} 09' 14"$ West for a distance of 1926.20 feet to **the POINT OF BEGINNING**
 and containing 344.65 acres of land, more or less, in Comal County, and Kendall Counties, Texas.

Plat of survey provided.

ALAMO CONSULTING ENGINEERING
& SURVEYING, INC.

Kevin Conroy, R.P.L.S. 4198

August 28, 2013

Job # 115800

DC:\PROJECT\1100\115800\FIELD NOTES FOR 344.65 AC.



Exhibit B

B-1

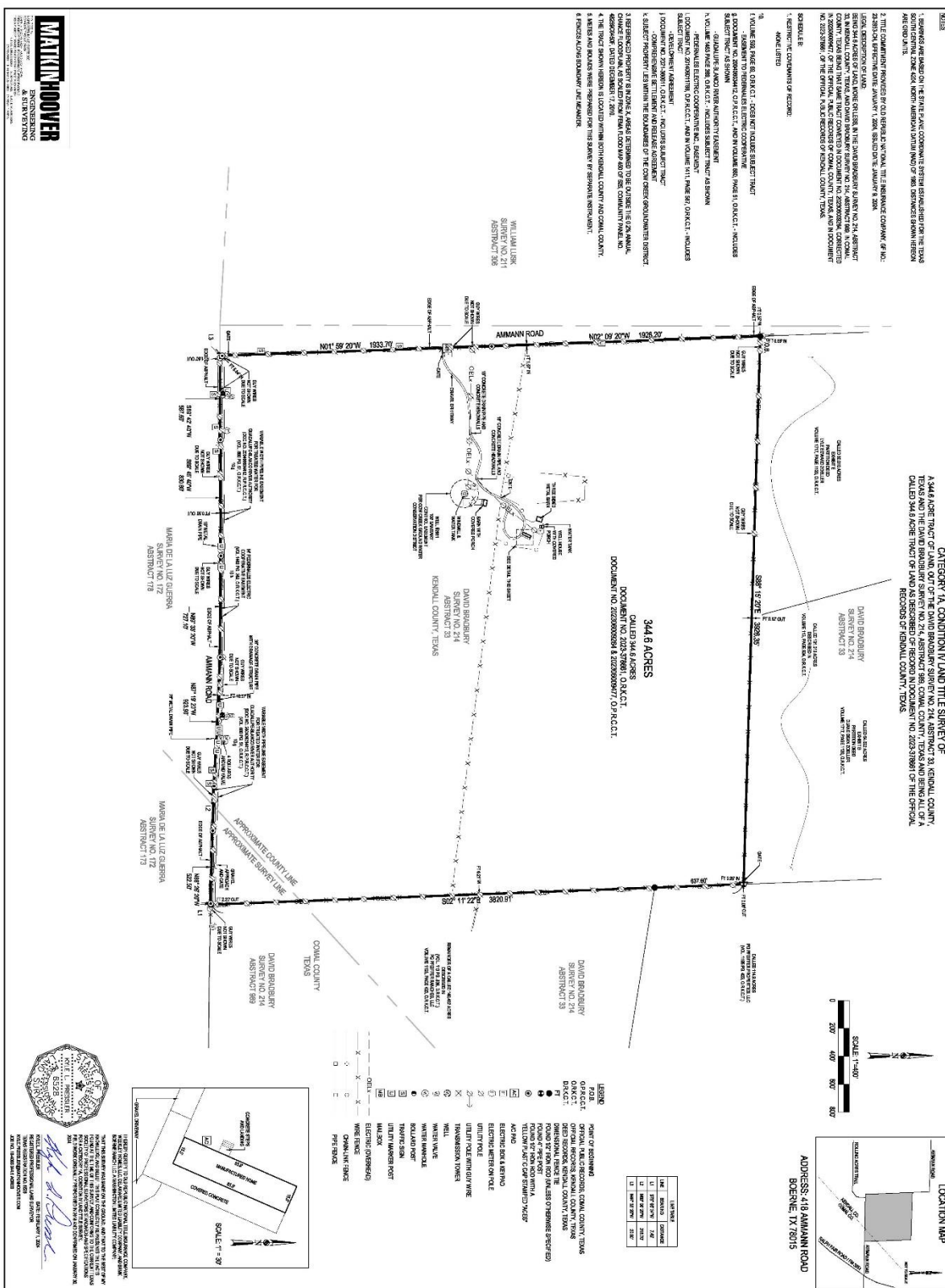


EXHIBIT B
Exhibit C
CONCEPT PLAN

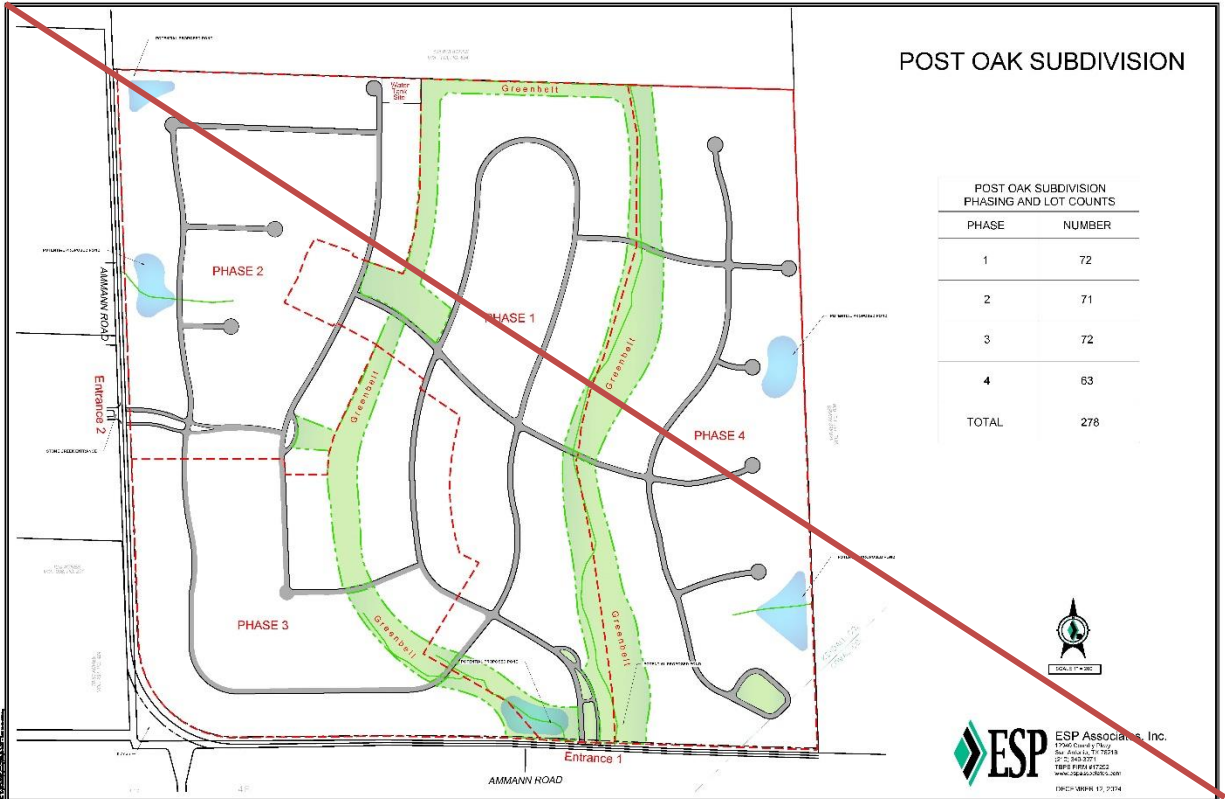


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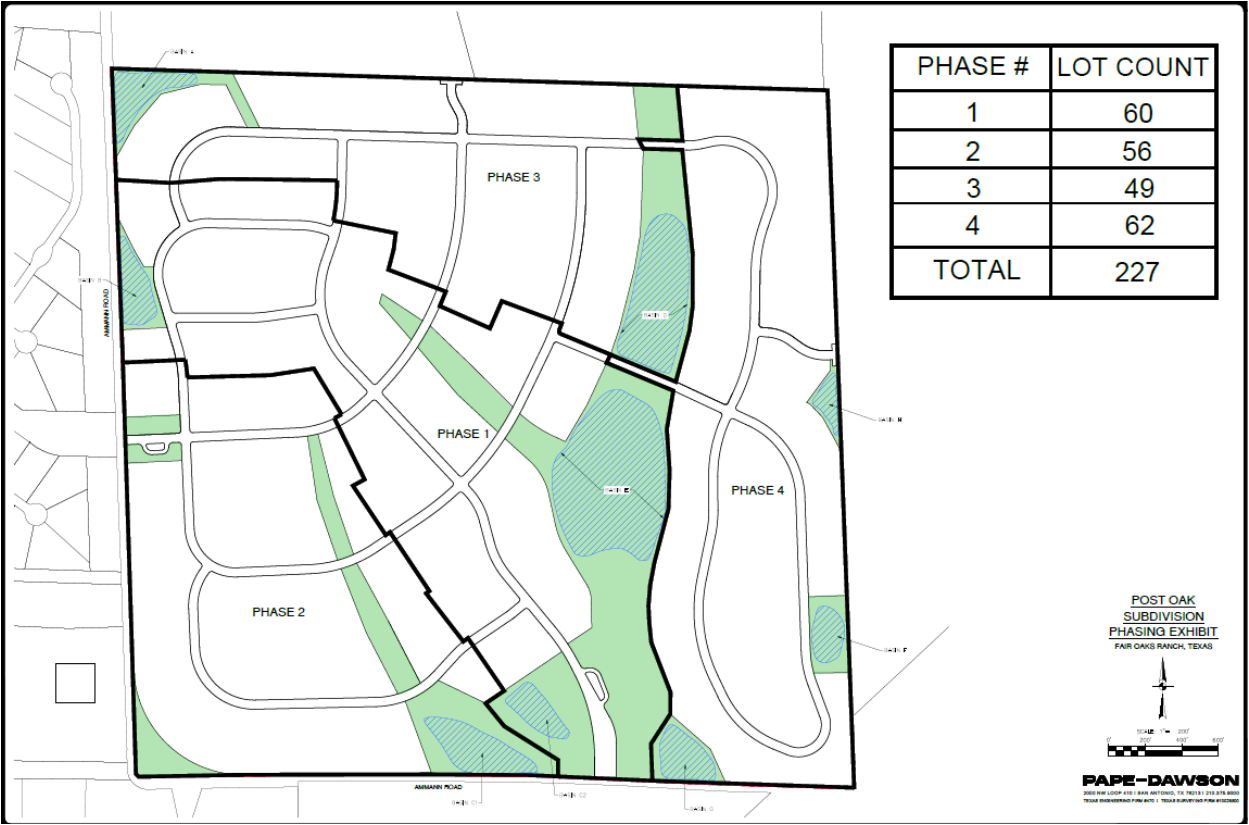


Exhibit D
FORM OF REIMBURSEMENT AGREEMENT

PID Reimbursement Agreement

Post Oak Development Public Improvement District No. _

This PID Reimbursement Agreement (this “Agreement”) is entered into by Bitterblue, Inc, (the “Developer”) and the City of Fair Oaks Ranch, Texas (the “City”), to be effective July 3, 2025, (the “Effective Date”). The Developer and the City are individually referred to as a “Party” and collectively as the “Parties.”

SECTION 1. RECITALS

1.1 WHEREAS, capitalized terms used in this Agreement shall have the meanings given to them in Section 2;

1.2 WHEREAS, unless otherwise defined: (1) all references to “sections” shall mean sections of this Agreement; (2) all references to “exhibits” shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and (3) all references to “ordinances” or “resolutions” shall mean ordinances or resolutions adopted by the City Council;

1.3 WHEREAS, the Developer is a Texas corporation;

1.4 WHEREAS, the City is a Texas home-rule municipality;

1.5 WHEREAS, on July 3, 2025, the City Council passed and approved the PID Creation Resolution authorizing the creation of the PID pursuant to the Act, covering approximately 344.6 contiguous acres within the City’s corporate limits, which land is described in the PID Creation Resolution;

1.6 WHEREAS, on _____, 2025, the City Council passed and approved an Assessment Ordinance related to Improvement Area # of the PID;

1.7 WHEREAS, the City Council expects to pass and approve additional Assessment Ordinances related to other phases of development in the PID in the future as such phases are developed;

1.8 WHEREAS, each Assessment Ordinance approves the SAP, including each Assessment Roll attached thereto;

1.9 WHEREAS, the SAP identifies Authorized Improvements to be designed, constructed, and installed by or at the direction of the Parties that confer a special benefit on the Assessed Property;

1.10 WHEREAS, the SAP sets forth the Actual Costs of the Authorized Improvements;

1.11 WHEREAS, the Assessed Property is being developed in phases or “Improvement Areas;”

1.12 WHEREAS, this Agreement shall apply to all Improvement Areas and no additional reimbursement agreement shall be required for Improvement Areas to be developed in the future following the initial phase of development constituting “Improvement Area # ”;

1.13 WHEREAS, the SAP determines and apportions the Actual Costs of the Authorized Improvements to the Assessed Property, which Actual Costs represent the special benefit that the Authorized Improvements confer upon the Assessed Property as required by the Act;

1.14 WHEREAS, in each Assessment Ordinance the City levied or expects to levy a portion of the Actual Costs of the Authorized Improvements as Assessments against the Assessed Property in the amounts set forth on the Assessment Roll(s);

1.15 WHEREAS, Assessments, including the Annual Installments thereof, are or will be due and payable once levied as described in the SAP;

1.16 WHEREAS, Assessments, including the Annual Installments thereof, shall be billed and collected by the City or its designee;

1.17 WHEREAS, the Parties agree the City’s obligations to reimburse the Developer for Actual Costs of Authorized Improvements constructed for the benefit of any Improvement Area are: (1) contingent upon the City levying Assessments against property within such Improvement Area benefitting from the Authorized Improvements, (2) payable solely from the Assessments, including the Annual Installments of such Assessments, collected from Assessed Property within such Improvement Area, and (3) not due and owing unless and until the City actually adopts an Assessment Ordinance levying such Assessments;

1.18 WHEREAS, Assessment Revenue from the collection of Assessments, including the Annual Installments thereof, shall be deposited (1) as provided in the applicable Indenture if PID Bonds secured by such Assessments are issued, or (2) into the PID Reimbursement Fund if no such PID Bonds are issued or none of such PID Bonds remain outstanding;

1.19 WHEREAS, Bond Proceeds shall be deposited as provided in the applicable Indenture;

1.20 WHEREAS, a PID Project Fund related to each series of PID Bonds shall only be used in the manner set forth in the applicable Indenture;

1.21 WHEREAS, this Agreement is a “reimbursement agreement” authorized by Section 372.023(d)(1) of the Act;

1.22 WHEREAS, the foregoing RECITALS: (1) are part of this Agreement for all purposes; (2) are true and correct; (3) create obligations of the Parties (unless otherwise stated therein or in the body of this Agreement), and (4) each Party has relied upon such Recitals, each of which are incorporated as part of this Agreement for all purposes, in entering into this Agreement; and

1.23 WHEREAS, all resolutions and ordinances referenced in this Agreement (e.g., the PID Creation Resolution, Development Agreement, and each Assessment Ordinance), together with all other documents referenced in this Agreement (e.g., the SAP and each Indenture), are incorporated as part of this Agreement for all purposes as if such resolutions, ordinances, and other documents were set forth in their entirety in or as exhibits to this Agreement.

NOW THEREFORE, for and in consideration of the mutual obligations of the Parties set forth in this Agreement, the Parties agree as follows:

SECTION 2. DEFINITIONS

2.1 “Act” is defined as Chapter 372, Texas Local Government Code, as amended.

2.2 “Actual Costs” are defined in the SAP.

2.3 “Administrator” is defined in the SAP.

2.4 “Agreement” is defined in the introductory paragraph.

2.5 “Annual Collection Costs” are defined in the SAP.

2.6 “Annual Installment” is defined in the SAP.

2.7 “Applicable Laws” means the Act and all other laws or statutes, rules, or regulations of the State of Texas or the United States, as the same may be amended, by which the City and its powers, securities, operations, and procedures are, or may be, governed or from which its powers may be derived.

- 2.8 “Assessed Property” is defined in the SAP.
- 2.9 “Assessment” is defined in the SAP.
- 2.10 “Assessment Ordinance” is defined in the SAP.
- 2.11 “Assessment Revenue” means the revenues actually received by or on behalf of the City from any one or more of the following: (1) an Assessment levied against Assessed Property, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment during any period of delinquency, (2) a Prepayment, and (3) foreclosure proceeds.
- 2.12 “Assessment Roll” is defined in the SAP.
- 2.13 “Authorized Improvements” are defined in the SAP.
- 2.14 “Bond Proceeds” mean the proceeds derived from the issuance and sale of [a series of] PID Bonds that are deposited and made available to pay Actual Costs in accordance with the applicable Indenture.
- 2.15 “Certificate for Payment” means a certificate (substantially in the form of Exhibit A or as otherwise approved by the Developer and the City Representative) executed by a representative of the Developer and approved by a City Representative, delivered to a City Representative (and/or, if applicable, to the trustee named in any applicable Indenture), specifying the work performed and the amount charged (including materials and labor costs) for Actual Costs, and requesting payment of such amount from the appropriate fund or funds. Each certificate shall include supporting documentation in the standard form for City construction projects and evidence that each Authorized Improvement (or its completed segment) covered by the certificate has been inspected by the City.
- 2.16 “Change Order” is defined in Section 3.12.
- 2.17 “City” is defined in the introductory paragraph.
- 2.18 “City Council” means the governing body of the City.
- 2.19 “City Representative” means any person authorized by the City Council to undertake the actions referenced herein.
- 2.20 “Closing Disbursement Request” means a request in the form of Exhibit B or as otherwise approved by the Parties.

- 2.21 “Commitment” is defined in Section 3.10.
- 2.22 “Cost Underrun” is defined in Section 3.11.
- 2.23 “County” is defined in the SAP.
- 2.24 “Default” is defined in Section 4.8.1.
- 2.25 “Delinquent Collection Costs” are defined in the SAP.
- 2.26 “Developer” is defined in the introductory paragraph.
- 2.27 “Developer Advances” mean advances made by the Developer to pay Actual Costs.
- 2.28 “Developer Improvement Account” means an account of the PID Project Fund which may be created and established under the applicable Indenture (and segregated from all other funds contained in the PID Project Fund) into which the City deposits, or directs the applicable trustee to deposit, any funds received from the Developer as required under such Indenture.
- 2.29 “Development Agreement” is defined in the SAP.
- 2.30 “Effective Date” is defined in the introductory paragraph.
- 2.31 “Failure” is defined in Section 4.8.1.
- 2.32 “Improvement Area” is a phase of development defined and described by metes and bounds in the SAP..
- 2.33 “Improvement Area #__” is defined in the SAP.
- 2.34 “Indenture” means the applicable trust indenture pursuant to which PID Bonds are issued.
- 2.35 “Maturity Date” is the date one year after the last Annual Installment is collected.
- 2.36 “Party” and “Parties” are defined in the introductory paragraph.
- 2.37 “PID” is defined as the Post Oak Public Improvement District No. __, created by the PID Creation Resolution.
- 2.38 “PID Bonds” are defined in the SAP.
- 2.39 “PID Creation Resolution” is defined as Resolution No. 2025-44 passed and approved by the City Council on July 3, 2025, and recorded in the official public records of Kendall County, Texas, as Instrument No.40069 on July 11, 2025 and, Comal County, Texas as Instrument No. 202506021449 on July 11, 2025.

2.40 “PID Pledged Revenue Fund” means, collectively, the fund established by the City under each applicable Indenture (and segregated from all other funds of the City) into which the City deposits Assessment Revenue securing PID Bonds issued and still outstanding.

2.41 “PID Project Fund” means, collectively, the fund, including all accounts created within such fund, established by the City under each applicable Indenture (and segregated from all other funds of the City) into which the City deposits Bond Proceeds in the amounts and as described in the applicable Indenture.

2.42 “PID Reimbursement Fund” means the fund, including all accounts created within such fund to designate Assessment Revenues collected from each Improvement Area, to be established by the City under this Agreement (and segregated from all other funds of the City) held by the City or the City’s designee into which the City deposits Assessment Revenue if not deposited into the PID Pledged Revenue Fund.

2.43 “Prepayment” is defined in the SAP.

2.44 “Reimbursement Agreement Balance” is defined in Section 3.3.

2.45 “SAP” is defined as the _____ *Public Improvement District Service and Assessment Plan* approved _____, 202_, as part of the Assessment Ordinance adopted by the City Council on _____, 202_ and recorded in the official public records of _____ County, Texas as Instrument No. _____ on _____, 202_, as the same may be updated or amended by City Council action in accordance with the Act.

2.46 “Transfer” and “Transferee” are defined in Section 4.11.

SECTION 3. FUNDING AUTHORIZED IMPROVEMENTS

3.1 Fund Deposits. Until PID Bonds payable from Assessment Revenue collected from a specific Improvement Area of the development are issued, the City shall bill, collect, and immediately deposit into the PID Reimbursement Fund all Assessment Revenue consisting of: (1) revenue collected from the payment of Assessments (including pre-payments and amounts received from the foreclosure of liens but excluding costs and expenses related to collection); and (2) revenue collected from the payment of Annual Installments (excluding Annual Collection Costs and Delinquent Collection Costs). Unless and until PID Bonds payable from Assessment Revenue collected from a specific Improvement Area of the development are issued, funds in the PID Reimbursement Fund shall be

deposited into a segregated account relating to the Improvement Area from which such Assessment Revenue was collected and such funds shall only be used to pay Actual Costs of the Authorized Improvements benefitting that Improvement Area or all or any portion of the Reimbursement Agreement Balance related to that Improvement Area in accordance with this Agreement.

Once PID Bonds payable from Assessment Revenue collected from a specific Improvement Area of the development are issued, the City shall bill, collect, and immediately deposit all Assessment Revenue collected from that Improvement Area that secure such series of PID Bonds in the manner set forth in the applicable Indenture. The City shall also deposit Bond Proceeds and any other funds authorized or required by the applicable Indenture in the manner set forth in the applicable Indenture. Annual Installments shall be billed and collected by the City (or by any person, entity, or governmental agency permitted by law) in the same manner and at the same time as City ad valorem taxes are billed and collected. Funds in the PID Project Fund shall only be used in accordance with the applicable Indenture; provided that funds disbursed from the applicable PID Project Fund pursuant to Section 3.5 below shall be made first from Bond Proceeds held in the applicable accounts within such PID Project Fund until such accounts are fully depleted and then from the Developer Improvement Account of the applicable PID Project Fund, if applicable. Subject to Section 3.6 below, the Actual Costs of Authorized Improvements within each Improvement Area shall be paid from: (1) the Assessment Revenue collected solely from Assessments levied on the property within such Improvement Area benefitting from such Authorized Improvements and on deposit in the PID Reimbursement Fund; or

(2) net Bond Proceeds or other amounts deposited in an account of the PID Project Fund created under an Indenture related to PID Bonds secured by Assessment Revenue collected solely from Assessments levied on benefitted property within such Improvement Area. The City will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens related to such Assessments to be enforced continuously, in the manner and to the maximum extent permitted by the Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments for so long as any PID Bonds are outstanding or a Reimbursement Agreement Balance remains outstanding. The City shall determine or cause to be determined, no later than [February 15] of each year whether any Annual Installment is delinquent. If such delinquencies exist, then the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action to foreclose the

currently delinquent Annual Installment; provided, however, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property or to use any City funds, revenues, taxes, income, or property other than moneys collected from the Assessments for the payment of Actual Costs of Authorized Improvements under this Agreement. Once PID Bonds are issued, the applicable Indenture shall control in the event of any conflict with this Agreement.

32 Payment of Actual Costs. Subject to Section 3.6 below, if PID Bonds are not issued (or prior to such issuance) to pay Actual Costs of Authorized Improvements, the Developer may elect to make Developer Advances to pay Actual Costs. If PID Bonds are issued, the Bond Proceeds shall be used in the manner provided in the applicable Indenture; and, except as may be required under the Development Agreement and/or an applicable Indenture, the Developer shall have no obligation to make Developer Advances for the related Authorized Improvements, unless the Bond Proceeds, together with any other funds in the PID Project Fund or PID Reimbursement Fund, are insufficient to pay the Actual Costs of such Authorized Improvements, in which case the Developer shall make Developer Advances to pay the deficit. If Developer Advances are required in connection with the issuance of a series of PID Bonds, then such Developer Advances may be reduced by the amount of payments of Actual Costs of the Authorized Improvements (or portions thereof) to be financed by such PID Bonds that the Developer has previously paid if (1) the Developer submits to the City all information related to such costs that would be required by a Closing Disbursement Request at least five (5) days prior to the pricing date of such PID Bonds, and (2) the City approves such Actual Costs in writing. The Developer shall also make Developer Advances to pay for cost overruns (after applying cost savings). The lack of Bond Proceeds or other funds in the PID Project Fund shall not diminish the obligation of the Developer to pay Actual Costs of the Authorized Improvements.

33 Payment of Reimbursement Agreement Balance. Subject to the terms, conditions, and requirements of this Agreement, including Section 3.6 hereof, The City agrees to pay to the Developer, and the Developer shall be entitled to receive payments from the City, until the Maturity Date, for the lesser of: (a) amounts shown on each approved Certificate for Payment for Actual Costs of Authorized Improvements paid by or at the direction of the Developer, and (b) the reimbursement amount shown in Schedule I of the SAP plus: (1) simple interest on the unpaid principal balance at a rate equal to or less than five percent (5%) above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index shown on Schedule I of the SAP that was approved by the City Council

of the City and reported in the month before the date the obligation is incurred (which date is the date of approval by the City of the Assessment Ordinance levying the Assessments from which the Reimbursement Agreement Balance, or a portion thereof, shall be paid) for years one through five beginning on the date each Certificate for Payment is delivered to the City Representative; and (2) simple interest on the unpaid principal balance at a rate equal to or less than two percent (2%) above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred (which date is the same as the approval by the City of the Assessment Ordinance levying the Assessments from which the Reimbursement Agreement Balance, or a portion thereof, shall be paid) for years six and later (the unpaid principal balance, together with accrued but unpaid interest, owed the Developer for all Certificates for Payment is referred to as the “Reimbursement Agreement Balance”); provided, however, upon the issuance of PID Bonds, the interest rate due and unpaid on amounts shown on each Certificate for Payment to be paid to the Developer shall be the lower of: (1) the interest rate on such series of PID Bonds issued to finance the costs of the Authorized Improvements for which the Certificate for Payment was filed, or (2) the interest rate approved by the City Council of the City in the Assessment Ordinance levying the Assessments from which the Bonds shall be paid. The interest rates set forth in Schedule I of the SAP shall be approved by the City Council in each Assessment Ordinance as authorized by the Act. The principal amount of each portion of the Reimbursement Agreement Balance to be paid under each Assessment Ordinance, and the interest rate for such portion of the Reimbursement Agreement Balance, shall be shown on Schedule I attached to the SAP and Schedule I is incorporated as a part of this Agreement for all purposes. Interest shall accrue on each Reimbursement Agreement Balance from the later of: (1) final plat approval as evidenced by recording the final plat in the real property records of the County, and (2) the levy of Assessments securing such Reimbursement Agreement Balance. As the City passes and approves additional Assessment Ordinances and/or issues PID Bonds, the City shall approve an updated Schedule I as part of the updated or amended SAP for the sole purpose of showing the principal amount of the portion of the Reimbursement Agreement to be paid under such newly-adopted Assessment Ordinance and any adjustments to the interest rate for such portion of the Reimbursement Agreement Balance if applicable. Such updated Schedule I attached to the SAP shall automatically be incorporated as part of this Agreement for all purposes as if attached hereto without any further action from the Parties.

The Reimbursement Agreement Balance is payable solely from: (1) the PID Reimbursement Fund if no PID Bonds are issued for the purposes of paying the Authorized Improvements related to such Reimbursement Agreement Balance, or (2) from PID Bond Proceeds. No other City funds, revenues, taxes, income, or property shall be used even if the Reimbursement Agreement Balance is not paid in full by the Maturity Date. All payments made from Bond Proceeds shall be made in the manner set forth in the applicable Indenture. So long as no PID Bonds are issued and the City has received and approved a Certificate for Payment, the City shall make payments to the Developer toward the Reimbursement Agreement Balance related to each Improvement Area from Assessment Revenue collected from such Improvement Area (excluding the portion of each Assessment, or Annual Installment thereof, collected for Annual Collection Costs) and deposited in the PID Reimbursement Fund. Such payments shall be in an amount not to exceed the Assessment Revenue (excluding the portion of each Assessment, or Annual Installment thereof, collected for Annual Collection Costs) related to such Improvement Area on deposit in the PID Reimbursement Fund; and, such payments shall be made at least annually and no later than 60 days after the date payment of the Annual Installments are due and payable to the City. In the event that a Prepayment of an Assessment is made prior to the issuance of PID Bonds, the City shall remit payment to the Developer of an amount of the Reimbursement Agreement Balance then due and payable not to exceed the Assessment Revenue related to such Prepayment from the Assessment Revenue deposited into the PID Reimbursement Fund within 60 days after the Prepayment is made. Each payment from the PID Reimbursement Fund shall be accompanied by an accounting that certifies the Reimbursement Agreement Balance as of the date of the payment and that itemizes all deposits to and disbursements from the fund since the last payment.

Approval of a Certificate for Payment and all payments under this Agreement are predicated on: (1) the Developer constructing and installing, or the City acquiring (if applicable), the Authorized Improvements (or portion thereof) shown on each Certificate for Payment as required under the Development Agreement; (2) the Developer providing the necessary supporting documentation in the standard form for City construction projects; and (3) the City's inspection of each Authorized Improvement (or portion thereof) covered by each Certificate for Payment; provided, however, in no event shall the City Representative be authorized to approve a Certificate for Payment if the City has not previously levied an Assessment against Assessed Property within an Improvement Area related to and benefitting from the Authorized Improvements for which such Certificate for Payment has been

submitted. If there is a dispute over the amount of any payment, the City shall nevertheless pay the undisputed amount, and the Parties shall use all reasonable efforts to resolve the disputed amount before the next payment is made; however, if the Parties are unable to resolve the disputed amount, then the City's determination of the disputed amount (as approved by the City Council) shall control. Notwithstanding anything to the contrary in this Agreement, the City shall be under no obligation to reimburse the Developer for Actual Costs of any Authorized Improvement that is not accepted by the City.

The City's obligation to reimburse the Reimbursement Agreement Balance related to the Authorized Improvements for a particular Improvement Area constructed for the benefit of the Assessed Property within such Improvement Area is: (1) contingent upon the City levying Assessments against property within such Improvement Area benefitting from the Authorized Improvements, (2) payable solely from the Assessments, including the Annual Installments of such Assessments, collected from Assessed Property within such Improvement Area, and (3) not due and owing unless and until the City actually adopts an Assessment Ordinance levying such Assessments.

34 PID Bonds. The City, in its sole, legislative discretion, may issue PID Bonds, in one or more series, when and if the City Council determines it is financially feasible for the purposes of: (1) paying all or a portion of the Reimbursement Agreement Balance; or (2) paying directly Actual Costs of Authorized Improvements. PID Bonds issued for such purpose will be secured by and paid solely as authorized by the applicable Indenture. Upon the issuance of PID Bonds for such purpose and for so long as PID Bonds remain outstanding, the Developer's right to receive payments each year in accordance with Section 3.3 shall be subordinate to the deposits required under the applicable Indenture related to any outstanding PID Bonds and the Developer shall be entitled to receive funds pursuant to the flow of funds provisions of such Indenture. The failure of the City to issue PID Bonds shall not constitute a "Failure" by the City or otherwise result in a "Default" by the City. Upon the issuance of the PID Bonds, the Developer has a duty to construct those Authorized Improvements as described in the SAP and the Development Agreement. The Developer shall not be relieved of its duty to construct or cause to be constructed such improvements even if there are insufficient funds in the PID Project Fund to pay the Actual Costs. This Agreement shall apply to all PID Bonds issued by the City whether in one or more series, and no additional reimbursement agreement shall be required for future series of PID Bonds.

3.5 Disbursements and Transfers at and after Bond Closing. The City and the Developer agree that from the proceeds of the PID Bonds, and upon the presentation of evidence satisfactory to the City Representative, the City will cause the trustee under the applicable Indenture to pay at closing of the PID Bonds approved amounts from the appropriate account to the persons entitled to payment for costs of issuance and payment of costs incurred in the establishment, administration, and operation of the PID and any other costs incurred by the Developer and the City as of the time of the delivery of the PID Bonds as described in the SAP. In order to receive disbursement, the Developer shall execute a Closing Disbursement Request to be delivered to the City no less than five (5) days prior to the pricing date for the applicable series of PID Bonds for payment in accordance with the provisions of the Indenture. In order to receive additional disbursements from any applicable fund under an Indenture, the Developer shall execute a Certificate for Payment, no more frequently than monthly, to be delivered to the City for payment in accordance with the provisions of the applicable Indenture and this Agreement. Upon receipt of a Certificate for Payment (along with all accompanying documentation required by the City) from the Developer, the City shall conduct a review in order to confirm that such request is complete, to confirm that the work for which payment is requested was performed in accordance with all Applicable Laws and applicable plans therefore and with the terms of this Agreement and any other agreement between the parties related to property in the PID, and to verify and approve the Actual Costs of such work specified in such Certificate for Payment. The City shall also conduct such review as is required in its discretion to confirm the matters certified in the Certificate for Payment. The Developer agrees to cooperate with the City in conducting each such review and to provide the City with such additional information and documentation as is reasonably necessary for the City to conclude each such review. The Developer further agrees that if the City provides to the Developer a sales tax exemption certificate then sales tax will not be approved for payment under a Certification for Payment. Within fifteen (15) business days following receipt of any Certificate for Payment, the City shall either: (1) approve the Certificate for Payment and forward it to the trustee for payment, or (2) provide the Developer with written notification of disapproval of all or part of a Certificate for Payment, specifying the basis for any such disapproval. Any disputes shall be resolved as required by Section 3.3 herein. The City shall deliver the approved or partially approved Certificate for Payment to the trustee for payment, and the trustee shall make the disbursements as quickly as practicable thereafter.

36 Obligations Limited. The obligations of the City under this Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or a debt or other obligation of the City payable from any source other than the PID Reimbursement Fund or the PID Project Fund. The Parties further agree that the City's obligation under this Agreement to reimburse the Developer for Actual Costs of Authorized Improvements within any Improvement Area shall only be paid from: (1) net proceeds of PID Bonds, if issued, on deposit in the PID Project Fund related to such PID Bonds, and/or (2) Assessments, including Annual Installments of such Assessments, collected from such Improvement Area. The Parties further agree that the City's obligation under this Agreement to reimburse the Developer for Actual Costs of Authorized Improvements constructed for the benefit of any Improvement Area is: (1) contingent upon the City levying Assessments against property within such Improvement Area benefitting from the Authorized Improvements, (2) payable solely from the Assessments, including the Annual Installments of such Assessments, collected from Assessed Property within such Improvement Area, and (3) not due and owing unless and until the City actually adopts an Assessment Ordinance levying such Assessments. Concurrent with the levy of Assessments against any Improvement Area, the City will: (1) establish a separate account within the PID Reimbursement Fund relating solely to such Improvement Area, if no PID Bonds are issued, or (2) establish a separate PID Project Fund under an Indenture if PID Bonds are issued, out of which the City will pay its obligations related to such Improvement Area; and, until such time, this Agreement does not create any obligations of the City with respect to any Improvement Area for which Assessments have not been levied. Unless approved by the City, no other City funds, revenues, taxes, or income of any kind shall be used to pay: (1) the Actual Costs of the Authorized Improvements; (2) the Reimbursement Agreement Balance even if the Reimbursement Agreement Balance is not paid in full on or before the Maturity Date; or (3) debt service on any PID Bonds. None of the City or any of its elected or appointed officials or any of its officers, employees, consultants or representatives shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of this Agreement or their acts or omissions under this Agreement.

37 Obligation to Pay. Subject to the provisions of Section 3.3 and 3.6, if the Developer is in substantial compliance with its obligations under the Development Agreement, then following the inspection and approval of any portion of Authorized Improvements for which Developer seeks reimbursement of the Actual Costs by submission of a Certificate for Payment or City approval of a Closing Disbursement Request, the obligations of the City under this Agreement to pay from

Assessment Revenue or the net proceeds of PID Bonds, as applicable, disbursements (whether to the Developer or to any person designated by the Developer) identified in any Closing Disbursement Request or in any Certificate for Payment and to pay debt service on PID Bonds are unconditional AND NOT subject to any defenses or rights of offset except as may be provided in any Indenture.

- 4 City Delegation of Authority. All Authorized Improvements shall be constructed by or at the direction of the Developer in accordance with the plans, the Development Agreement, applicable City ordinances and regulations, and with this Agreement and any other agreement between the parties related to property in the PID. The Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Authorized Improvements in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer has sole responsibility of ensuring that all Authorized Improvements are constructed in accordance with the Development Agreement and in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction and installation of all Authorized Improvements to be acquired and accepted by the City from the Developer. If any Authorized Improvements are or will be on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Authorized Improvements. Inspection and acceptance of Authorized Improvements will be in accordance with applicable City ordinances and regulations.

- 4.1 Security for Authorized Improvements. Prior to completion and conveyance to the City of any Authorized Improvements, the Developer shall cause to be provided to the City a maintenance bond in the amount required by the City's subdivision regulations for applicable Authorized Improvements, which maintenance bond shall be for a term of two years from the date of final acceptance of the applicable Authorized Improvements. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas, provided that legal counsel for

the City has the right to reject any surety company regardless of such company's authorization to do business in Texas. Nothing in this Agreement shall be deemed to prohibit the Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to the Developer or the City with respect thereto so long as such delay in performance shall not subject the Authorized Improvements to foreclosure, forfeiture, or sale. In the event that any such lien and/or judgment with respect to the Authorized Improvements is contested, the Developer shall be required to post or cause the delivery of a surety bond or letter of credit, whichever is preferred by the City, in an amount reasonably determined by the City, not to exceed 120 percent of the disputed amount.

42 Ownership and Transfer of Authorized Improvements. If requested in writing by the City, Developer shall furnish to the City a commitment for title insurance (a "Commitment") for land related to the Authorized Improvements to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City. The Commitment shall be made available for City review and must be approved at least fifteen (15) business days prior to the scheduled transfer of title. The City agrees to approve the Commitment unless it reveals a matter which, in the reasonable judgment of the City, would materially affect the City's use and enjoyment of the Authorized Improvements. If the City objects to any Commitment, the City shall not be obligated to accept title to the applicable Authorized Improvements until the Developer has cured the objections to the reasonable satisfaction of the City.

43 Remaining Funds After Completion of an Authorized Improvement. Within any applicable Improvement Area, upon the final completion of an Authorized Improvement within such Improvement Area and payment of all outstanding invoices for such Authorized Improvement, if the Actual Cost of such Authorized Improvement is less than the budgeted cost as shown in Exhibit B to the SAP (a "Cost Underrun"), any remaining budgeted cost will be available to pay Cost Overruns on any other Authorized Improvement within such Improvement Area. A City Representative shall promptly confirm to the Administrator (as defined in the SAP) that such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Authorized Improvements. Any Cost Underrun for any Authorized Improvement is available to pay Cost Overruns on any other Authorized Improvement and may be added to the amount approved for

payment in any Certificate for Payment, as agreed to by the Developer, the Administrator and the City Representative.

4.4 Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as “Change Orders”) required for the construction of an Authorized Improvement. The Developer or its contractors may approve and implement any Change Orders even if such Change Order would increase the Actual Cost of an Authorized Improvement, but the Developer shall be solely responsible for payment of any Cost Overruns resulting from such Change Orders except to the extent amounts are available pursuant to Section 3.12 hereof. If any Change Order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved under the Development Agreement, then such revisions made by an engineer must be submitted to the City for approval by the City’s engineer prior to execution of the Change Order.

SECTION 4. ADDITIONAL PROVISIONS

4.1 Term. The term of this Agreement shall begin on the Effective Date and shall continue until the earlier to occur of the Maturity Date or the date on which the Reimbursement Agreement Balance is paid in full.

4.2 No Competitive Bidding. Construction of the Authorized Improvements shall not require competitive bidding pursuant to Section 252.022(a) (9) of the Texas Local Government Code, as amended. All plans and specifications, but not construction contracts, shall be reviewed and approved, in writing, by the City prior to Developer selecting the contractor. The City, at its election made prior to the Developer entering into a construction contract, shall have the right to examine and approve the contractor selected by the Developer prior to executing a construction contract with the contractor, which approval shall not be unreasonably delayed or withheld.

4.3 Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the City.

4.4 Audit. The City Representative shall have the right, during normal business hours and upon five (5) business days’ prior written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Authorized Improvements. For a period of two years after completion of the Authorized Improvements, the Developer shall maintain proper books of record and account for the

construction of the Authorized Improvements and all costs related thereto. Such accounting books shall be maintained in accordance with customary real estate accounting principles. The Developer shall have the right, during normal business hours, to review all records and accounts pertaining to the Assessments upon written request to the City. The City shall provide the Developer an opportunity to inspect such books and records relating to the Assessments during the City's regular business hours and on a mutually agreeable date no later than ten (10) business days after the City receives such written request. The City shall keep and maintain a proper and complete system of records and accounts pertaining to the Assessments for so long as PID Bonds remain outstanding or Reimbursement Agreement Balance remains unpaid.

4.5 Developer's Right to Protest Ad Valorem Taxes. Nothing in this Agreement shall be construed to limit or restrict Developer's right to protest ad valorem taxes. The Developer's decision to protest ad valorem taxes on Assessed Property does not constitute a Default under this Agreement.

4.6 PID Administration and Collection of Assessments. The Administrator shall have the responsibilities provided in the SAP related to the duties and responsibilities of the administration of the PID, and the City shall provide the Developer with a copy of the agreement between the City and the Administrator. If the City contracts with a third-party for the collection of Annual Installments of the Assessments, the City shall provide the Developer with a copy of such agreement. For so long as PID Bonds remain outstanding or the Reimbursement Agreement Balance remains unpaid, the City shall notify the Developer of any change of administrator or third-party collection of the Assessments.

4.7 Representations and Warranties.

4.7.1 The Developer represents and warrants to the City that: (1) the Developer has the authority to enter into and perform its obligations under this Agreement; (2) the Developer has the financial resources, or the ability to collect sufficient financial resources, to meet its obligations under this Agreement; (3) the person executing this Agreement on behalf of the Developer has been duly authorized to do so; (4) this Agreement is binding upon the Developer in accordance with its terms; and (5) the execution of this Agreement and the performance by the Developer of its obligations under this Agreement do not constitute a breach or event of default by the Developer under any other agreement, instrument, or order to which the Developer is a party or by which the Developer is bound.

4.7.2 The City represents and warrants to the Developer that: (1) the City has the authority to enter into and perform its obligations under this Agreement; (2) the person executing this Agreement on behalf of the City has been duly authorized to do so; (3) this Agreement is binding upon the City in accordance with its terms; and (4) the execution of this Agreement and the performance by the City of its obligations under this Agreement do not constitute a breach or event of default by the City under any other agreement, instrument, or order to which the City is a party or by which the City is bound.

4.8 Default/Remedies.

4.8.1 If either Party fails to perform an obligation imposed on such Party by this Agreement (a “Failure”) and such Failure is not cured after notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a “Default.” If a Failure is monetary, the non-performing Party shall have ten (10) days within which to cure. If the Failure is non-monetary, the non-performing Party shall have thirty (30) days within which to cure.

4.8.2 If the Developer is in Default, the City shall have available all remedies at law or in equity; provided no default by the Developer shall entitle the City to terminate this Agreement or to withhold payments to the Developer from the PID Reimbursement Fund or the PID Project Fund in accordance with this Agreement and the Indenture.

4.8.3 If the City is in Default, the Developer shall have available all remedies at law or in equity; provided, however, no Default by the City shall entitle the Developer to terminate this Agreement.

4.8.4 The City shall give notice of any alleged Failure by the Developer to each Transferee identified in any notice from the Developer, and such Transferees shall have the right, but not the obligation, to cure the alleged Failure within the same cure periods that are provided to the Developer. The election by a Transferee to cure a Failure by the Developer shall constitute a cure by the Developer but shall not obligate the Transferee to be bound by this Agreement unless the Transferee agrees in writing to be bound.

4.9 Remedies Outside the Agreement. Nothing in this Agreement constitutes a waiver by the City of any remedy the City may have outside this Agreement against the Developer, any Transferee, or

any other person or entity involved in the design, construction, or installation of the Authorized Improvements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the PID. Nothing herein shall be construed as affecting the City's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations, or subdivision requirements relating to the development property in the PID.

4.10 Estoppel Certificate. From time to time upon written request of the Developer, the City Manager will execute a written estoppel certificate, in form and substance satisfactory to both Parties that: (1) identifies any obligations of the Developer under this Agreement that are in default or, with the giving of notice or passage of time, would be in default; or (2) states, to the extent true, that to the best knowledge and belief of the City, the Developer is in compliance with its duties and obligations under this Agreement.

4.11 Transfers. The Developer has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the City, the Developer's right, title, or interest to payments under this Agreement (but not performance obligations) including, but not limited to, any right, title, or interest of the Developer in and to payments of the Reimbursement Agreement Balance, whether such payments are from the PID Reimbursement Fund in accordance with Section 3.3 or from Bond Proceeds (any of the foregoing, a "Transfer," and the person or entity to whom the transfer is made, a "Transferee"); provided, however, that no such conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made without prior written consent of the City if such conveyance, transfer, assignment, mortgage, pledge or other encumbrance would result in: (1) the issuance of municipal securities, and/or (2) the City being viewed as an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission, and/or (3) the City being subject to additional reporting or recordkeeping duties. Notwithstanding the foregoing, no Transfer shall be effective until notice of the Transfer is given to the City. The City may rely on notice of a Transfer received from the Developer without obligation to investigate or confirm the validity of the Transfer. The Developer waives all rights or claims against the City for any funds paid to a third party as a result of a Transfer for which the City received notice.

4.12 Applicable Law; Venue. This Agreement is being executed and delivered and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply, the

substantive laws of the State of Texas shall govern the interpretation and enforcement of this Agreement. In the event of a dispute involving this Agreement, venue shall lie in any court of competent jurisdiction in Bexar County, Texas.

4.13 Notice. Any notice referenced in this Agreement must be in writing and shall be deemed given at the addresses shown below: (1) when delivered by a nationally recognized delivery service such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person is the named addressee; or (2) 72 hours after deposited with the United States Postal Service, Certified Mail, Return Receipt Requested.

To the City: City Manager
7286 Dietz Elkhorn
Fair Oaks Ranch, Texas
Attn: Scott Huizenga
shuizenga@fairoaksranchtx.org

With a copy to: Norton Rose Fulbright US LLP
Bond Counsel
98 San Jacinto Boulevard, Suite 1100
Austin, TX 78701
Attn : Stephanie Leibe
stephanie.leibe@nortonrosefulbright.com

Daniel Santee
Denton, Navarro, Rodriguez, Bernal, Santee & Zech, P.C.
2517 North Main Avenue
San Antonio, Texas 78212
tdsantee@rampagelaw.com

To the Developer: Bitterblue, Inc
11 Lynn Batts Lane, Ste. 100
San Antonio, TX 78218
Attn: Lloyd Denton
laddiedenton@bitterblue.com

With a copy to: Brown & McDonald, PLLC
100 NE Loop 410, Ste 1385
San Antonio, TX 78216
Attn: Caroline McDonald
caroline@brownmcdonaldlaw.com

Any Party may change its address by delivering notice of the change in accordance with this section.

4.14 Conflicts; Amendment. In the event of any conflict between this Agreement and any other instrument, document, or agreement by which either Party is bound, the provisions and intent of the applicable Indenture controls. This Agreement may only be amended by written agreement of the Parties.

4.15 Severability. If any provision of this Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions.

4.16 Non-Waiver. The failure by a Party to insist upon the strict performance of any provision of this Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Agreement.

4.17 Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be construed to confer upon any person or entity other than the City, the Developer, and Transferees any rights under or by reason of this Agreement. All provisions of this Agreement shall be for the sole and exclusive benefit of the City, the Developer, and Transferees.

4.18 Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall be deemed one original.

4.19 Employment of Undocumented Workers. During the term of this Agreement, the Developer agrees not to knowingly employ any undocumented workers and, if convicted of a violation under 8 U.S.C. Section 1324a(f), the Developer shall repay the incentives granted herein within 120 days after the date the Developer is notified by the City of such violation, plus interest at the rate of six percent (6%) compounded annually from the date of violation until paid. Pursuant to Section 2264.101(c), Texas Government Code, a business is not liable for a violation of Chapter 2264 by a subsidiary, affiliate, or franchisee of the business, or by a person with whom the business contracts.

4.20 No Boycott of Israel. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, 'boycott Israel,' has the meaning in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, and means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations

specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

4.21 Iran, Sudan, and Foreign Terrorist Organizations. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

4.22 No Discrimination Against Fossil Fuel Companies. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning in Section 2276.001(1), Texas Government Code, by reference to Section 809.001, Texas Government Code, and means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

4.23 No Discrimination Against Firearm Entities and Firearm Trade Associations. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification and the following definitions:

(a) ‘discriminate against a firearm entity or firearm trade association,’ has the meaning in Section 2274.001(3), Texas Government Code, and means: (A) with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or

services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, and (B) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association;

(b) 'firearm entity,' has the meaning in Section 2274.001(6), Texas Government Code, and means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting); and

(c) 'firearm trade association,' has the meaning in Section 2274.001(7), Texas Government Code, and means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income

taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.”

4.24 Affiliate. As used in Sections 4.19 through 4.24, the Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

4.25 Texas Attorney General Standing Letter. The Developer represents that it has, as of the Effective Date, on file with the Texas Attorney General a standing letter addressing the representations and verifications hereinbefore described in the form attached as Exhibit B to the Updated Recommendations for Compliance with the Texas BPA Verification and Representation Requirements (_____, 202_) of the Municipal Advisory Council of Texas or any other form accepted by the Texas Attorney General (a “Standing Letter”). In addition, if the Developer or the parent company, a wholly- or majority-owned subsidiary or another affiliate of the Developer receives or has received a letter from the Texas Comptroller of Public Accounts or the Texas Attorney General seeking written verification that the Developer is a member of the Net Zero Banking Alliance, Net Zero Insurance Alliance, Net Zero Asset Owner Alliance, or Net Zero Asset Managers or of the representations and certifications contained in the Developer’s Standing Letter (a “Request Letter”), the Developer shall promptly notify the City (if it has not already done so) and provide to the City, two business days prior to the Effective Date and additionally upon request by the City, written verification to the effect that its Standing Letter described in the preceding sentence remains in effect and may be relied upon by the City and the Texas Attorney General (the “Bringdown Verification”). The Bringdown Verification shall also confirm that the Developer (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the Developer that received the Request Letter) intends to timely respond or has timely responded to the Request Letter. The Bringdown Verification may be in the form of an e-mail.

4.26 Form 1295. Submitted herewith is a completed Form 1295 generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The City hereby confirms receipt of the Form 1295 from the Developer, and the City agrees to acknowledge such form with the TEC through its electronic filing application system not later than the 30th day after the receipt of such form. The Parties understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its

consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Developer; and, neither the City nor its consultants have verified.

4.27 Changes in Law. The Parties acknowledge and expressly agree that, during the Term, either Party may take advantage of changes in the law notwithstanding anything to the contrary in this Agreement.

4.28 Public Information. Notwithstanding any other provision to the contrary in this Agreement, all information, documents, and communications relating to this Agreement may be subject to the Texas Public Information Act and any opinion of the Texas Attorney General or a court of competent jurisdiction relating to the Texas Public Information Act. The requirements of Subchapter J, Chapter 552, Texas Government Code, may apply to this Agreement and the Developer agrees that this Agreement may be terminated if the Developer knowingly or intentionally fails to comply with a requirement of that subchapter, if applicable, and the Developer fails to cure the violation on or before the tenth business day after the date the City provides notice to Developer of noncompliance with Subchapter J, Chapter 552. Pursuant to Section 552.372, Texas Government Code, Developer is required to preserve all contracting information related to this Agreement as provided by the records retention requirements applicable to the City for the duration of this Agreement; promptly provide to the City any contracting information related to this Agreement that is in the custody or possession of the Developer on request of the City; and on completion of the Agreement, either provide at no cost to the City all contracting information related to the contract that is in the custody or possession of the entity or preserve the contracting information related to the contract as provided by the records retention requirements applicable to the City.

[Execution pages follow.]

CITY:

CITY OF FAIR OAKS RANCH, TEXAS

By: _____

Greg C. Maxton, Mayor

ATTEST:

By: _____

Christina Picioccio, City Secretary

APPROVED AS TO FORM AND LEGALITY:

By: _____

Daniel Santee, City Attorney

DENTON NAVARRO RODRIGUEZ BERNAL SANTEE & ZECH

DEVELOPER:

BITTERBLUE, INC., A TEXAS CORPORATION

By: _____

Lloyd Denton, Manager

EXHIBIT A**CERTIFICATE FOR PAYMENT FORM**

The undersigned is an agent for Bitterblue, Inc (the “Developer”) and requests payment from the applicable account of the [PID Reimbursement Fund] [PID Project Fund] from the City of Fair Oaks Ranch, Texas (the “City”) in the amount of _____ for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Authorized Improvements providing a special benefit to property within the Post Oak Public Improvement District No. __. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the PID Reimbursement Agreement between the City and the Developer, effective as of _____, 20 (the “Reimbursement Agreement”).

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced Authorized Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The amount listed for the Authorized Improvements below is a true and accurate representation of the Actual Costs associated with the creation, acquisition, or construction of said Authorized Improvements, and such costs (i) are in compliance with the Reimbursement Agreement, and (ii) are consistent with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Indenture, the Service and Assessment Plan and the Development Agreement.
5. The Developer has timely paid all ad valorem taxes and annual installments of special assessments it owes or an entity the Developer controls owes, located in the Post Oak Public Improvement District and has no outstanding delinquencies for such assessments.
6. All conditions set forth in the Indenture (as defined in the Reimbursement Agreement) for the payment hereby requested have been satisfied.
7. The work with respect to the Authorized Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Authorized Improvements (or its completed segment).

8. The Developer agrees to cooperate with the City in conducting its review of the requested payment and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

9. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for major improvements or any phase of Authorized Improvements identified may be paid until the work with respect to such Authorized Improvements (or segment) has been completed and the City has accepted such Authorized Improvements (or segment). One hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to City acceptance of such Authorized Improvements (or segment).

Payments requested are as follows:

- a. X amount to Person or Account Y for Z goods or services.
- b. Etc.

[If the Authorized Improvements are to be paid in part from one series of PID Bonds and in part from another, insert the following:

As required by Section of the Indenture, the costs for the Authorized Improvements that constitutes the pro-rata share of such Authorized Improvements allocable to the designated Bonds shall be paid as follows:

Authorized Improvements:	Amount to be paid from	Amount to be paid from	Total Cost of Authorized Improvements
	Fund	Fund	

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are “bills paid” affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Reimbursement Agreement, after receiving this payment request, the City has inspected the Authorized Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

I hereby declare that the above representations and warranties are true and correct.

Bitterblue, Inc

By:_____

Title:_____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, acknowledges that the Authorized Improvements (or its completed segment) covered by the certificate have been inspected by the City, and otherwise finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and shall [include said payments in the City Certificate submitted to the Trustee directing payments to be made from the appropriate account of the PID Project Fund] [direct payment from the PID Reimbursement Fund] to the Developer or to any person designated by the Developer.

CITY OF FAIR OAKS RANCH, TEXAS**By:** _____**Name:** _____**Title:** _____**Date:** _____

Exhibit B**FORM OF CLOSING DISBURSEMENT REQUEST**

The undersigned is an agent for _____ (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from the Cost of Issuance Account of the Project Fund from _____ (the “Trustee”) in the amount of _____ (\$ _____) to be transferred from the Cost of Issuance Account of the PID Project Fund upon the delivery of the PID Bonds for costs incurred in the establishment, administration, and operation of the _____ Public Improvement District No. (the “District”), as follows. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture of Trust by and between the City and the Trustee dated as of _____, 20 ____ (the “Indenture”) relating to the [INSERT NAME OF BONDS] (the “PID Bonds”).

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced establishment, administration, and operation of the District at the time of the delivery of the PID Bonds have not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below costs is a true and accurate representation of the Actual Costs associated with the establishment, administration and operation of the District at the time of the delivery of the PID Bonds, and such costs are in compliance with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Indenture, the Service and Assessment Plan, and the Development Agreement.
5. All conditions set forth in the Indenture and the Reimbursement Agreement for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

[Information regarding Payee, amount, and deposit instructions attached]

I hereby declare that the above representations and warranties are true and correct.

BITTERBLUE, INC., A TEXAS CORPORATION

By:_____

Title:_____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from Costs of Issuance Account upon delivery of the PID Bonds.

CITY OF FAIR OAKS RANCH, TEXAS

By:_____

Name: _____

Title:_____

Date:_____

Exhibit E

ETJ MAP

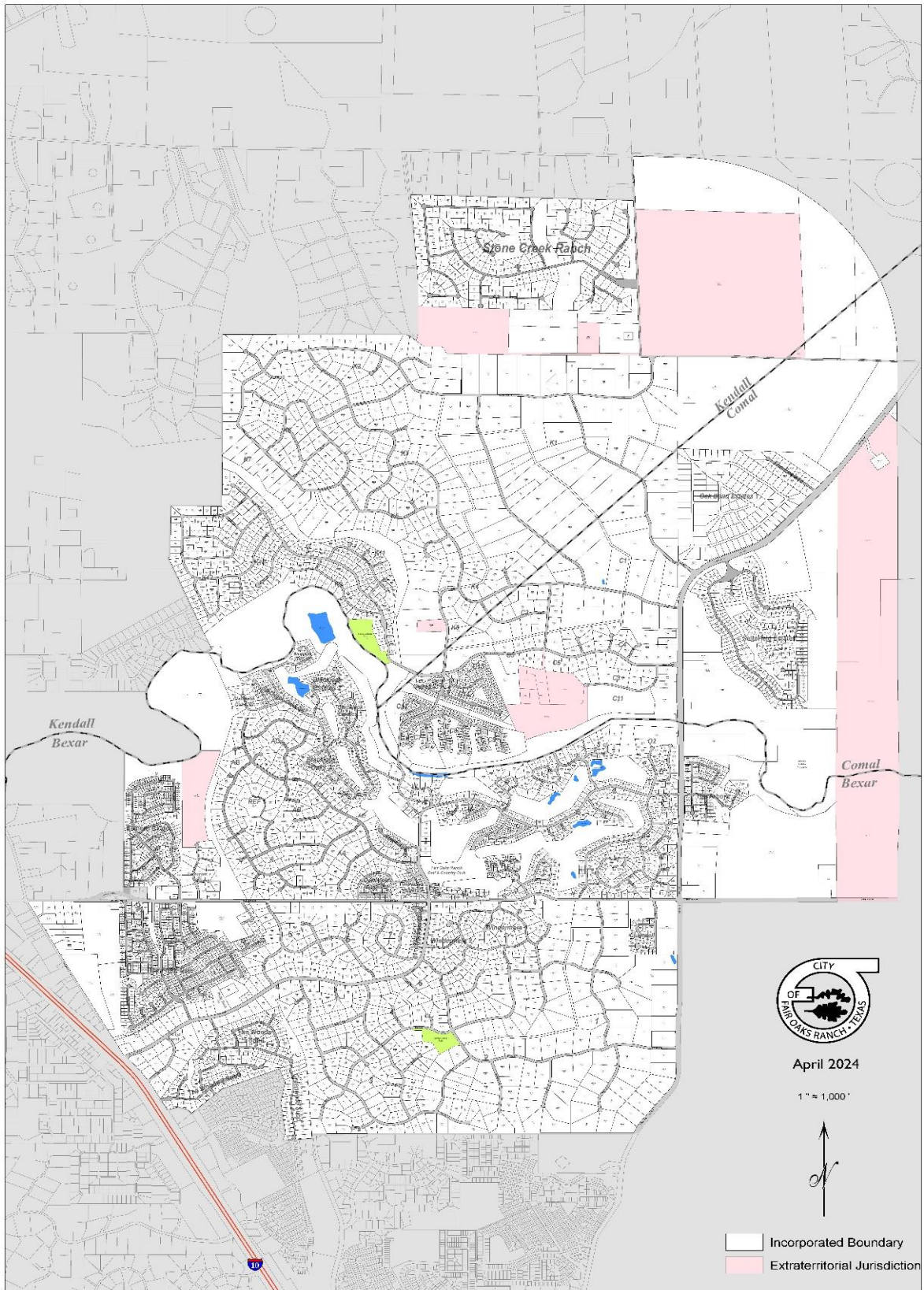


Exhibit F

LANDOWNER CONSENT CERTIFICATE

This Landowner Consent Certificate is issued by _____, _____, (“Landowner”), as the landowner that holds record title to approximately _____ acres (the “Property”), as more particularly described by metes and bounds in Exhibit “A” attached to this Landowner Consent Certificate and incorporated herein for all purposes, within the _____ Public Improvement District (the “PID”) created by the City of Fair Oaks Ranch, Texas (the “City”). Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the City’s ordinance levying assessments on property within the PID, anticipated to be adopted on _____, 202_, including the Service and Assessment Plan and Assessment Roll attached thereto (the ordinance and Service and Assessment Plan, including the Improvement Area #_ Assessment Roll, as of the date actually adopted by the City Council is referred to collectively as the “Assessment Ordinance”).

Landowner hereby declares and confirms that it holds record title to the Property located within the PID which is subject to the special assessments (the “Assessments”) levied by the City under the Assessment Ordinance. Further, Landowner hereby ratifies, declares, consents to, affirms, agrees to and confirms each of the following:

- The Landowner is the sole owner of the Property as of the date of this Landowner Consent Certificate and will be the sole owner of the Property on the date of the Assessment Ordinance.
- The right, power and authority of the City Council of the City to adopt the Assessment Ordinance, including the attachments thereto, and to levy the Assessments against the Property, including the apportionment thereof.
- The Improvement Area #_ Improvements specially benefit the Property in an amount in excess of the Assessments levied on the Property as shown on the Improvement Area #_ Assessment Roll.
- The Assessment against the Property is final, conclusive and binding upon the Landowner and its successors and assigns, including applicable interest thereon, as when due and payable thereunder, and subsequent purchasers of such land take their title subject to and expressly assume the terms and provisions of the Assessment.
- The Assessment against the Property is a first a prior lien against the Property, superior to all other liens and claims except liens or claims for state, county, school district, or municipal ad valorem taxes.
- Landowner shall pay the Assessment levied on the Improvement Area #_ Assessed Property owned by such Landowner when due and in the amount required by and stated in the Assessment Ordinance and the attachments thereto.
- Delinquent installments of the Assessments shall incur and accrue interest, penalties, and attorney’s fees as provided in Service and Assessment Plan and in accordance with Chapter 372 of the Texas Local Government Code, as amended (the “PID Act”).

- The “Annual Installments” (as defined in the Service and Assessment Plan) of the Assessment levied against the Property may be adjusted, decreased and extended in accordance with the Service and Assessment Plan and the PID Act.
- All notices required to be provided to it under the PID Act have been received and to the extent of any defect in such notice, Landowner hereby waives any notice requirements.
- Landowner consents to all actions taken by the City with respect to the creation of the PID and the levy of Assessments against the Property.
- The Landowner approves and accepts the terms of the Buyer Disclosure Program.

Landowner hereby waives any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the PID, defining the Improvement Area #_ Assessed Property, adopting the Assessment Ordinance, Service and Assessment Plan and each Assessment Roll, levying of the Assessments, and determining the amount of the Annual Installments of the Assessments.

IN WITNESS WHEREOF, the undersigned has caused this Landowner Consent Certificate to be executed as of _____, 202_.

By: _____

Name: _____

Title: _____

STATE OF TEXAS §

§

COUNTY OF _____ §

The foregoing instrument was acknowledged before me by _____, known to me to be the person and the officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she is the _____ of _____, and that he or she is authorized to execute the foregoing instrument as the act of such [limited partnership] for the purposes therein expressed, in the capacity stated and as the act and deed of such entity.

Given under my hand and seal of office on this _____, 2025.

Notary Public, State of Texas

[NOTARY SEAL]

Exhibit G
MAINTENANCE AGREEMENT

PROPERTY OWNERS' ASSOCIATION, INC.
PUBLIC IMPROVEMENT FORM MAINTENANCE AGREEMENT

This Public Improvement Maintenance Agreement (*this Agreement*) is made and entered into on this _____ day of _____ by and between **City of Fair Oaks Ranch, Texas** (the *City*), a Type A municipality, and **Property Owners' Association** (the *Association*), a Texas property owners association organized and existing under laws of the State of Texas and having the powers and limitations provided under Title 11 of the Texas Property Code, for the purpose for providing the terms for the Association's maintenance of public parkland and storm drainage improvements within the hereinafter-defined District. The City and the Association are herein referred to individually as a *Party* and, together, as the *Parties*.

W I T N E S S E T H

WHEREAS, the City has, pursuant to applicable law, created the (the *District*) on approximately 344.6 acres of land located within the City (such land, as more particularly described on Exhibit "A" attached hereto and made a part hereof, the *Land*) to facilitate its development for use as mixed use residential and commercial master planned community (the such development, the *Project*); and

WHEREAS, through the District, the City will provide, by revenues resultant from assessments levied and imposed on certain property within the District, a mechanism for payment of a portion of the costs of certain public improvements within the District that are necessary and incidental to Project development; and

WHEREAS, as a condition to its creation of the District and provision of the aforementioned mechanism to finance a portion of the costs of public improvements within the District, the City requires that the ongoing maintenance obligations of the hereinafter-defined Public Improvements be assumed by a non-City entity associated with the Project or the related costs be paid by or from District-associated resources to prevent these costs resultant from Project development, which the City has facilitated, from becoming a burden on the general revenues of the City and its residents and property owners that do not reside within or directly enjoy the benefits resultant from the District; and

WHEREAS, the Developer has created the Association to provide services related to the developed Project as specified in its bylaws, including the ongoing maintenance of the Public Improvements in accordance with the provisions of this Agreement and payment of the associated costs from its fees collected from property owners within the District and subject to the Association's jurisdiction; and

WHEREAS, entry into this Agreement satisfies the City's condition to the District creation and utilization of its available powers to provide a mechanism for financing a portion of the costs of certain public improvements within the District, as described above; and

WHEREAS, the Parties, for the mutual consideration hereinafter stated, desire to enter into this Agreement, pursuant to which the Association assumes responsibility for maintaining the Public Improvements (which includes payment of the associated costs of such maintenance); and

NOW, THEREFORE, THE PARTIES AGREE TO THE FOLLOWING:

SECTION 1. Definition of Certain Terms. For purposes of this Agreement, the following terms shall have the ascribed meanings:

a. Consultant's Plan has the meaning ascribed thereto in the Development Agreement, dated as _____, between the City and the Developer pertaining to the Project.

b. Developer shall mean Bitterblue, Inc, a Texas.

c. Engineer shall mean _____.

d. Parkland shall mean common areas and other land within the District dedicated to the City by the Developer and established as property available to the general public for recreational use (to specifically include promenades, plazas, and bridges over permanent water features).

e. Public Improvements shall mean, collectively, the Parkland and the Storm Drainage Improvements.

f. Storm Drainage Improvements shall mean trench excavation and embedment, trench safety, concrete box culverts, reinforced concrete pipe, manholes, junction boxes, drainage inlets, headwall and wingwall structures, related earthwork, excavation, erosion control, detention ponds, and all other necessary appurtenances required to capture storm water runoff generated within the District.

SECTION 2. Association Agreement to Maintain Public Improvements.

a. General. The Association hereby exclusively agrees, at its sole cost and expense, to maintain the Public Improvements.

b. Storm Drainage Improvements. Maintaining Storm Drainage Improvements shall mean keeping in good structural condition all Storm Drainage Improvements and repairing and addressing any defects in or to the Storm Drainage Improvements that, if left unrepaired or unaddressed, might impair their hydraulic capacity or structural soundness, to include:

i. Maintaining access to the Storm Drainage Improvements for maintenance and inspection;

ii. Repairing defects in the storm drainage piping system, including leaking pipe joints, deflection of flexible pipe diameter in excess of 5%, pipe structural failure, or other defects;

iii. Removing obstructions from any inlet and outlet structures;

iv. Repairing concrete channel lining, pilot channels, rock rip-rap (including replacement, as needed, to maintain rock layer thickness, as designed), gabions or any other channel lining material and to repair any defects in the channel lining material including undermining, excessive cracking and settlement, structural failure, or other defects;

v. Repairing channels, ditches and detention or retention ponds and to repair erosion in same by backfilling the eroded area and re-establishing protective vegetation or by armoring the eroded area with gabions, rock rip-rap, concrete or other material approved by the Engineer;

vi. At least annually, removing willows, cottonwoods or other “woody” vegetation from channels, ditches, detention ponds and retention ponds;

vii. As frequently as required to prevent grassy vegetation from exceeding a height of more than one foot, mowing ditches, earthen channels and detention or retention ponds;

viii. Removing, as needed, accumulated debris, trash or sediment (with sediment accumulations in detention ponds not to exceed 18-inches before removal is required); and

ix. Maintaining minimum water levels in Storm Drainage Improvements intended upon construction to permanently hold water (as indicated in the Consultant’s Plan).

The Association shall periodically (as needed based on weather conditions, but no less frequently than every 90 days) inspect or cause the inspection of all Storm Drainage Improvements to determine the necessity of action to address needed maintenance or repair. Remedial action shall be taken within 30 days of the Association’s awareness of an issue (meaning that the Association shall commence necessary maintenance or repairs within 30 days of such awareness and diligently work toward their completion). At least annually, the Association shall commission the Engineer to complete a written inspection report concerning the condition and functionality of the Storm Drainage Improvements, deliver a copy of such report to the City, and take action, as described above, within 30 days of delivery of such report to address any identified deficiencies in, or recommendations concerning functionality or performance of, the Storm Drainage Improvements.

c. *Parkland.* Maintaining the Parkland shall mean at all times keeping and maintaining, or causing to be kept and maintained, the Parkland (including any improvements thereon and all other buildings and improvements erected therein) in a good state of appearance and repair (except for reasonable wear and tear), to include:

i. Maintening grass height according to species and variety of grass;

ii. Regularly mowing, aerating, fertilizing, seeding or reseeding, resodding and controlling weeds in areas that are seeded or sodded;

iii. Pruning all trees and shrubs, as needed;

iv. Maintaining an adequate number of trash cans (based on frequency of use and in plentiful quantity to hold all trash usually generated between servicing without overflowing) and emptying the same on at least a daily basis;

v. Sweeping the area on daily basis to remove and keep the area free of trash;

vi. Removing graffiti on any surface withing 24 hours of the incident;

vii. Remediating, upon discovery, insect, rodent, and invasive species infestations;

viii. Cleaning sidewalks and pavilions so that at no time is there an accumulation of sand, dirt, or leaves;

ix. Maintaining playground equipment, play areas, fields, sports courts, lighting systems, and flagpoles to ensure the equipment and spaces are in safe, clean, operating condition and free and clear of hazards and hazardous conditions;

x. Cleaning and sanitizing all restrooms and drinking fountains on a daily basis or more frequently, as and when required;

- xi. Stocking all restrooms at a minimum of once per day or more frequently as needs arise;
- xii. Providing and maintaining adequate security lighting and signage (to include wayfinding and mile markers on trail systems) free of loose rivets, missing text, graffiti, and other conditions that makes interpretation difficult or impossible;
- xiii. Maintaining in good repair any trail system, to include elimination of all trip hazards, remediating impacts of erosion, periodic resurfacing, elimination of buildup of soil or debris that prevents water flow, and maintenance of an 8' vertical clearance; and
- xiv. Upon discovery, eliminating user created "trails".

The Association shall, as frequently as necessary to maintain a safe and sanitary environment, inspect or cause the inspection of all Parkland to determine the necessity of action to address needed maintenance or repair. Remedial action shall be taken as and when needed and shall be diligently continued through satisfactory conclusion to address matters requiring attention with respect to Parkland maintenance.

SECTION 3. Annual Budget. The Association shall annually budget for the anticipated costs of maintaining the Public Improvements, which shall include (i) the costs of any necessary repair plan herein described coming due in the reporting period covered by such annual budget and (ii) adequate annual reserves to provide sufficient available sources of periodic major maintenance and capital repair and replacement of Public Improvements. Until such time as the Association has obtained sufficient experience to formulate the anticipated Public Improvements maintenance costs unassisted (herein determined to mean preparation of at least three annual budgets after the warranties for dedicated Public Improvements have expired), the Association shall enlist the Engineer's assistance in preparing the Public Improvements maintenance cost component of its annual budget.

SECTION 4. Payment of Public Improvements Maintenance Costs. To pay the costs of maintaining the Public Improvements, the Association shall either (i) charge an annual fee to its property owners or (ii) collect funds from the Developer in an amount at least equal to such budgeted annual maintenance costs. In determining the annual fee, the Association may take into account other funds then-available to the Association to pay such annual Public Improvements maintenance costs including funds collected from the Developer. In the event that unforeseen circumstances shall arise during the course of a financial reporting that necessitate additional funding to pay the costs of maintaining Public Improvements (including reimbursement of the City for costs of emergency repairs made pursuant to Section 5 below), the Association shall either (i) impose upon its property owners a special assessment (which is a charge on such property owners separate and distinct from any assessment thereon levied by the City pursuant to Chapter 372, as amended, Texas Local Government Code) or (ii) collect funds from the Developer in an aggregate amount sufficient to pay such unanticipated and unbudgeted Public Improvements maintenance costs.

SECTION 5. City Inspection of Public Improvements; Emergency Repairs. The City may, from time to time, but not more frequently than every 12 months, review the state of repair, condition, and cleanliness of the Public Improvements and provide a written report of its findings to the Association. If the City, in its review, finds the condition of the Public Improvements to not meet its standards for other similar public improvements owned and maintained by the City or in accordance with their original specifications applicable at the time of their respective construction, then the City shall detail and deliver in writing to the Association the specific instances of failure. The Association shall have 30 days from

receipt of this written notice to address or object to the specific failures in Public Improvements maintenance identified by the City.

If the City is made aware of emergency safety conditions relative to a Public Improvement, the City will notify the Association and request that the necessary repairs to mitigate the identified safety condition(s) be completed. Upon notification, the Association shall have 3 days to mitigate the identified safety condition(s). If, however the Association is unable to or fails to begin addressing the identified safety condition(s) within a reasonable time after notification, then the City may make repairs to Public Improvements as needed and without further notification to the Association or the owners of property within the District to address the conditions of emergency or safety. Within 30 days of completion of emergency repairs to Public Improvements, the City shall notify the Association of the reasons for its making the repairs and the costs thereof.

SECTION 6. City Funding of Maintenance Costs. The Parties intend that Association revenues realized in accordance with Section 4 hereof shall be sufficient to cover the costs of the Public Improvements. The Parties acknowledge, however, that the City may include as a component of its “maintenance assessment” levied and imposed on assessable property within the District pursuant to the District’s Service and Assessment Plan, prepared and updated from time to time by the City Council of the City in accordance with applicable Texas law, the costs of maintaining the Public Improvements in the event the Association is unable or unwilling to fulfill its duties and obligations pursuant to the terms of this Agreement.

SECTION 7. Power and Authority. Each Party represents to the other that it has full power and authority to execute, deliver and perform its obligations hereunder and that the respective governing body of each Party has taken all necessary action on its part required to authorize the execution and delivery hereof and its performance hereunder.

SECTION 8. Notices. Except as otherwise provided herein, it shall be sufficient service of any notice, request, demand, authorization, direction, consent, waiver or other paper required or permitted by this Agreement to be made, given or furnished to or filed with the following persons, if the same shall be delivered in person or duly mailed by first-class mail, postage prepaid or duly transmitted by electronic mail, at the following physical or email addresses:

(a) **To Association at:**

with a copy to:

Caroline McDonald
Brown & McDonald, PLLC
100 NE Loop 410 Ste 1385
San Antonio, TX 78216
Caroline@brownmcdonaldlaw.com

To City at:

City of Fair Oaks Ranch, Texas
Attn: City Manager
7286 Dietz Elkhorn
Fair Oaks Ranch, Texas 78015
shuizenga@fairoakstx.org

If, because of the temporary or permanent suspension of mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such delivery of notice in lieu thereof as shall be made with the approval of the City shall constitute a sufficient notice.

SECTION 9. Severability. If any terms or provisions of this Agreement or the application of any terms or provisions of this Agreement to a particular situation, are held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this Agreement or the application of such terms or provisions of this Agreement to other situations, will remain in full force and effect unless amended or modified by mutual consent of the Parties; provided that, if the invalidation, voiding or unenforceability would deprive either Party of material benefits derived from this Agreement, or make performance under this Agreement unreasonably difficult, then the Parties will meet and confer and will make good faith efforts to amend or modify this Agreement in a manner that is mutually acceptable to the Parties.

SECTION 10. Amendment. No amendment, modification, or alteration of the terms of this Agreement will be binding unless it is in writing, dated subsequent to the date of this Agreement, and duly executed by the Parties.

SECTION 11. Binding Agreement; Successors and Assigns. This Agreement will be binding upon and inure to the benefit of each of the Parties and their respective successors and permitted assigns.

SECTION 12. Correction of Technical Errors. If, by reason of inadvertence, and contrary to the intention of the Parties, errors are herein made in the legal descriptions or the references thereto or within any exhibit with respect to the legal descriptions, in the boundaries of any parcel in any map or drawing which is an exhibit, or in the typing of this Agreement or any of its exhibits or any other similar matters, the Parties by mutual agreement may correct such error by memorandum executed by them without the necessity of amendment of this Agreement.

SECTION 13. Governing Law and Venue. The laws of the State and the rules and regulations issued pursuant thereto shall govern the validity, construction, enforcement, and interpretation of this Agreement, without regard to conflict of law provisions. All claims, disputes and other matters in question arising out of or relating to this Agreement, or the breach thereof, shall be decided by proceedings instituted and litigated in a State court of competent jurisdiction sitting in , Texas, and the Parties hereto expressly consent to the venue and jurisdiction of such court. Any provision included or incorporated herein by reference that conflicts with said laws, rules and regulations shall be null and void and shall not be valid or enforceable or available in any action at law, whether by way of complaint, defense, or otherwise.

SECTION 14. No Waiver of Sovereign Immunity. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED TO WAIVE THE SOVEREIGN IMMUNITY OF THE CITY. THE CITY IS ENTERING INTO THIS AGREEMENT IN ITS GOVERNMENTAL FUNCTION AND CAPACITY AND THIS AGREEMENT DOES NOT CONSTITUTE AN EXERCISE OF THE CITY'S REGULATORY POWERS (E.G., REGULATORY APPROVALS OR IN ANY OTHER REGULATORY CAPACITY). THE ASSOCIATION ACKNOWLEDGES THAT THE CITY CANNOT CONTRACT IN ANY MANNER REGARDING THE EXERCISE, AND NOTHING CONTAINED HEREIN CONSTITUTES THE CITY'S EXERCISE, OF ITS REGULATORY POWERS OR A WAIVER OF ITS SOVEREIGN IMMUNITY PROTECTIONS.

SECTION 15. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed original and all of which, when taken together, shall

constitute one and the same document.

SECTION 16. No Personal Liability. None of the members of the City Council, the Association's governing body, or any officer, agent, or employee of either Party shall be charged personally by the other Party with any liability, or be held liable to the other Party under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach, of this Agreement.

SECTION 17. Recordation. This Agreement, upon execution by both Parties, shall be recorded in the real property records maintained by the City Clerk of County.

SECTION 18. Effective Term. This Agreement shall be effective as of its date, shall be perpetual and shall encumber and run with the Land.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, this Public Improvement Maintenance Agreement has been duly executed as of the date of the acknowledgement below, to be effective on the date first above written.

BY:

CITY OF FAIR OAKS RANCH, TEXAS

By:
Name:
Title:

ACKNOWLEDGEMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the _____day of _____, 202__, by _____, _____of Fair Oaks Ranch, Texas, a home rule municipality and a political subdivision of the State of Texas, on behalf of Fair Oaks Ranch , Texas.

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

[SEAL]

Notary Public, State of Texas
Printed Name: _____
My Commission Expires: _____

IN WITNESS WHEREOF, this Public Improvement Maintenance Agreement has been duly executed as of the date of the acknowledgement below, to be effective on the date first above written.

BY:

a Texas

By: Approval of Initial Directors:

By: _____

Name: _____

Title: President

ACKNOWLEDGEMENT

STATE OF TEXAS §

§

COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, the _____ of the a Texas , on behalf of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____day of _____, 20__

[SEAL]

Notary Public, State of Texas

Printed Name: _____

My Commission Expires: _____

CERTIFICATION

I hereby certify that I am the duly elected and acting President of the Association and that this Policy was approved by not less than a majority vote of the Board of Directors and now appears in the books and records of the Association, which is to be recorded in the Official Public Records of Real Property of Medina County, Texas.

TO CERTIFY which witness my hand this _____ day of _____ 20 ____.

BY:

a Texas

By: _____

Name: _____

Title: President

ACKNOWLEDGEMENT

STATE OF TEXAS

§

§

COUNTY OF _____

§

BEFORE ME, the undersigned authority, on this day personally appeared _____, the _____ of the ., a Texas nonprofit corporation, on behalf of said corporation.

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

[SEAL]

Notary Public, State of Texas

Printed Name: _____

My Commission Expires: _____

DECLARANT CONSENT

(in accordance with the Declaration and Bylaws for the)

If the Declarant Control Period or Development Period are in effect, the Declarant expressly consents to the adoption of this document, as evidenced by its signature below.

IN WITNESS WHEREOF, the undersigned hereunto expressly consents to this **Public Improvement Maintenance Agreement**, effective as of this _____ day of _____ 20 ____.

BY:

a Texas

BY:

a Texas ,

By: _____

Name: _____

Title: _____

Date: _____

ACKNOWLEDGEMENT**STATE OF TEXAS** §

§

COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, the ____
_____ of a Texas on behalf of said limited liability company and limited partnership.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____ 202__.

[SEAL]

Notary Public, State of Texas

Printed Name: _____

My Commission Expires: _____

EXHIBIT A**FIELD NOTES
FOR 344.65 ACRES**

BEING A 344.65 acre tract of land, all of a 344.979 acre tract of land as recorded and conveyed to Russell W. Pfeiffer in Volume 289, Pages 398-400 of the Official Records of Comal County, Texas, and in Volume 137, Page 679 of the Official Records of Kendall County, Texas, out of the David Bradbury Survey No. 214, Abstract No. 989 of Comal County, Texas and the David Bradbury Survey No. 214, Abstract No. 33 of Kendall County, Texas, said 344.65 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a found $\frac{1}{2}$ " iron rod in the east right of way of Ammann Road for the northwest corner of this tract and the southwest corner of a 131.013 acre tract as recorded in Volume 113, Page 834 of the Deed Records of Kendall County, Texas;

THENCE South $88^{\circ} 15' 14''$ East for a distance of 3926.52 feet with a fence the north line of this tract, and the south line of said 131.013 acre tract to a set $\frac{1}{2}$ " iron rod with "ACES" cap at a corner for the northeast corner of this tract, the southeast corner of said 131.013 acre tract and in the west lines of a 140.452 acre tract as recorded in Volume 113, Page 836 of the Deed Records of Kendall County, Texas;

THENCE South $02^{\circ} 11' 11''$ East for a distance of 3822.63 feet with a fence and the west line of said 140.452 acre tract to a set $\frac{1}{2}$ " iron rod with "ACES" cap in the north right of way of Ammann Road for the southeast corner of this tract;

THENCE with the north right of way of Ammann Road and fence the following:

North $88^{\circ} 35' 14''$ West for a distance of 7.43 feet for an angle point;
 North $88^{\circ} 26' 14''$ West for a distance of 522.50 feet for an angle point;
 North $88^{\circ} 06' 14''$ West for a distance of 318.70 feet for an angle point;
 North $87^{\circ} 19' 14''$ West for a distance of 923.90 feet for an angle point;
 North $89^{\circ} 33' 14''$ West for a distance of 727.10 feet for an angle point;
 North $89^{\circ} 45' 46''$ West for a distance of 830.80 feet for an angle point;
 North $89^{\circ} 42' 46''$ East for a distance of 587.60 feet for southwest corner of this tract;

THENCE with the east right of way of Ammann Road and a fence the following:

North $44^{\circ} 35' 14''$ West for a distance of 20.60 feet to an angle point;
 North $01^{\circ} 59' 14''$ West for a distance of 1933.70 feet for an angle point;
 North $02^{\circ} 09' 14''$ West for a distance of 1926.20 feet to **the POINT OF BEGINNING**
 and containing 344.65 acres of land, more or less, in Comal County, and Kendall Counties, Texas.

Plat of survey provided.

ALAMO CONSULTING ENGINEERING
& SURVEYING, INC.

Kevin Conroy, R.P.L.S. 4198

August 28, 2013

Job # 115800

DC:F/PROJECT/1100/115800/FIELD NOTES FOR 344.65 AC.



AFTER RECORDING, RETURN TO:

Declarant:

Association:

with a copy to:

Caroline McDonald

Brown & McDonald PLLC
100 NE Loop 410 Ste 1385
San Antonio, Texas 78216

Exhibit H**OWNER DISCLOSURE PROGRAM**

The Administrator (as defined in the Service and Assessment Plan) for the [NAME] Public Improvement District (the PID) shall facilitate Notice to prospective property buyers in accordance with the following minimum requirements:

- (a) Record notice of the PID in the appropriate land records for the Property.
- (b) Require builders to attach the Recorded Notice of the Authorization and Establishment of the PID and the final Assessment Roll for such Assessed Parcel (or if the Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30-year payment for such Assessed Parcel) in an addendum to each residential homebuyer's contract on brightly colored paper.
- (c) Collect a copy of the addendum signed by each buyer from builders and provide to the City.
- (d) Require signage indicating that the Property for sale is located in a special assessment district and require that such signage be located in conspicuous places in all model homes.
- (e) Prepare and provide to builders an overview of the existence and effect of the PID for those builders to include in each sales packet of information that it provides to prospective homebuyers.
- (f) Notify builders who estimate monthly ownership costs of the requirement that they must include special assessments in estimated Property taxes.
- (g) Notify Settlement Companies through the builders that they are required to include special taxes on HUD 1 forms and include in total estimated taxes for the purpose of setting up tax escrows.
- (h) Include notice of the PID in the homeowner association documents in conspicuous bold font.
- (i) The City will include announcements of the PID on the City's web site.

The Owner and the Administrator shall regularly monitor the implementation of this disclosure program and shall take appropriate action to require these Notices be provided when one of them discovers that any requirement is not being complied with.

EXHIBIT I

FORM OF USA

UTILITY SERVICE AGREEMENT

STATE OF TEXAS	§
	§
COUNTY OF COMAL	§
COUNTY OF KENDALL	§
	§
CITY OF FAIR OAKS RANCH	§

This Utility Service Agreement (including the General Conditions, the Special Conditions, and the Attachments hereto, this Agreement) is entered into by and between the CITY OF FAIR OAKS RANCH, TEXAS (the “City”), and Bitterblue, Inc. (the “Developer”). The City and the Developer are herein referred to generally as a Party and, together, the Parties. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the hereinafter-defined Development Agreement, a copy of which is attached hereto as Attachment IV.

W I T N E S S E T H

WHEREAS, the City and the Developer have entered into that certain Development Agreement (as the same is amended from time to time, the Development Agreement), pursuant to which the City and the Developer are obligated to undertake specified actions relative to the development that is the subject of the Development Agreement (such development, the Development; the property that is the subject of the Development Agreement and the location of the Development, the Property); and

WHEREAS, the Development Agreement contemplates the need for improvements to the City’s water utility systems (the Water System) that are outside the boundaries of the Property to extend Systems infrastructure to the Property’s border for connection to necessary water infrastructure improvements within the Property (such offsite improvements, as further defined and described herein, the Offsite Improvements; such onsite improvements, as further defined and described herein, the Onsite Improvements; the Offsite Improvements and the Onsite Improvements, together, the Improvements); and

WHEREAS, the Development Agreement requires the Developer to design, construct, and finance all requisite Improvements, which includes all Improvements within and beyond the boundaries of the Property that are necessary for connection to the Systems to provide retail water service (Service) to the Development, and upon completion thereof, dedicate the same to the City; and

WHEREAS, the completion of the Offsite Improvements will allow for the Developer’s connection of the Onsite Improvements to the Systems; and

WHEREAS, the Parties now desire to enter into this Agreement to memorialize the terms and conditions by which (i) the Improvements will be designed, constructed, financed and dedicated to the City and made a part of the Systems and (ii) Systems capacity is reserved for the purpose of providing Service to the Development; and

NOW, THEREFORE, in consideration of the foregoing Recitals, the covenants contained herein, and for other good and valuable considerations (the receipt and sufficiency of which are hereby acknowledged), the Developer and the City hereby agree as follows.

1. Interpretation of Agreement.

- a. The Parties acknowledge that the Service contemplated by this Agreement shall be provided in accordance with the applicable Governing Regulations identified in Section 3.01(b) of the Development Agreement. In the event the specific terms of this Agreement conflict with the Governing Regulations, the specific terms of this Agreement shall apply. The above notwithstanding, for the specific conflicting terms to prevail, the conflict must be expressly noted in this Agreement. The Parties further acknowledge that this Agreement is subject to future acts of the City Council with respect to the adoption or amendment of Impact Fees and City ordinances or resolutions specifying rates for Service.
- b. The Parties agree that a purpose of this Agreement is the City's reservation and dedication of 284 Water Service living unit equivalents (LUEs) (such dedicated capacity, Water Capacity, and Guaranteed Capacity, collectively) from available System capacity (whether currently existing or to result from ongoing System expansion) for provision of Service to the Development.
- c. Any rights that the Developer claims arise under Chapter 245, as amended, Texas Local Government (Chapter 245) or Chapter 43, as amended, Texas Local Government Code, that are related to this Agreement shall be governed by the applicable provisions of the Development Agreement, particularly being [Section 3.01(b)] thereof.

2. Obligation Conditioned. The City's obligation to provide Service to the Property is conditioned upon present rules, regulations and statutes of the United States of America and the State of Texas and any court order that directly affects the City or its ownership and operation of the System. The Developer acknowledges that if the rules, regulations and statutes of the United States of America and/or the State of Texas that are in effect upon the Effective Date are repealed, revised or amended to such an extent that the City becomes incapable of, or is prevented from, providing the Service, then no liability of any nature is to be imposed upon the City as a result of the City's compliance with such legal or regulatory mandates. The City agrees that it will use its best efforts to prevent the enactment or to mitigate the impact of such legal or regulatory mandates.

3. Term.

- a. The term of this Agreement shall be thirty (30) years from the Effective Date, subject to extension in the same manner as extension of the Developer's obligations under the Development Agreement (which provisions are incorporated by reference as though herein reproduced), unless extended by mutual agreement, evidenced in writing, by the City and the Developer. Certain City obligations (described in Section 3.c below) may survive the expiration of the term of this Agreement if (i) all Impact Fees applicable to the Development have been paid and (ii) the Developer has complied with all requirements concerning the Improvements as are

described, as applicable, in this Agreement and the Development Agreement.

- b. To the extent that the City's obligations do not survive the expiration of this Agreement, the Developer understands and agrees that a new utility service agreement must be entered into with the City to receive Service to the Development.
- c. Provided compliance with clauses (i) and (ii) of Section 3.a above has occurred, the following obligations shall survive expiration of this Agreement:
 - i. The City's recognition of the Guaranteed Capacity to be provided by the System to the Development in the form of Service, as specified in S.C. 1.00 hereof.
 - ii. The City's continued provision of Service to retail customers located in the Property, so long as such customers pay for the Service and comply with the regulations applicable to individual customers (including payment of rates for Service, as from time to time specified by City ordinance or resolution).

4. Entire Agreement. The following documents attached hereto and incorporated herein are as fully a part of this Agreement as if herein repeated in full and, together, comprise this Agreement in its entirety:

Attachment I:	General Conditions
Attachment II:	Special Conditions
Attachment III:	Engineering Report Regarding Improvements
Attachment IV:	For Development Agreement see Kendall County Record No. _____ or Comal County Record No. _____

Any of the above attachments that are created and submitted by the Developer as an attachment to this Agreement shall be limited to providing relevant engineering, planning, or managing information for the purposes of setting aside or reserving the Guaranteed Capacity as specified in the body of this Agreement, the General Conditions, and the Special Conditions. The Developer agrees that it will not attempt to rely, and the City does not authorize reliance, on any of the contents of any attachments created and submitted by the Developer as a basis for claiming rights under Chapter 245, except as specifically provided by Section 1.c hereof.

The Developer understands that this Agreement, including the Attachments, is subject to the Texas Public Information Act. The Developer, therefore, agrees that it will not claim that any of the information contained herein is subject to any third-party exception under that Act.

5. The Developer's Obligations. The Developer acknowledges and agrees that the Guaranteed Capacity runs with the land and shall be an appurtenance to the Property. The Developer agrees to record this Agreement in the Real Property Records of Comal and Kendall Counties, Texas as quickly as practicable (but not more than fifteen (15) days from the Effective Date); otherwise, this Agreement will automatically terminate. Delivery to the City of a recorded copy of this Agreement shall serve as a condition precedent to any transfer of any portion of the

Property or any portion of the Guaranteed Capacity in accordance with G.C.14.00. To the extent not reflected in the Plats from time to time submitted by the Developer to and accepted by the City pursuant to the terms of the Development Agreement, the Developer shall maintain records of allocated and unallocated Water Capacity (by LUE) for use by the Development by developers thereof and therein and provide the City with copies of such records upon receipt of the City's written request for the same.

6. **INDEMNITY. TO THE EXTENT ALLOWED BY APPLICABLE LAW, THE DEVELOPER FURTHER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE CITY AND ITS SUCCESSOR AND ASSIGNS FROM THE CLAIMS OF THIRD PARTIES ARISING OUT OF THE CITY'S RECOGNITION RESERVATION AND TRANSFER OF THE GUARANTEED CAPACITY UNDER THIS AGREEMENT TO THE DEVELOPER'S SUBSEQUENT PURCHASERS, SUCCESSORS AND ASSIGNS.**

7. Notices. Any notice, request, demand, report, certificate, or other instrument which may be required or permitted to be furnished to or served upon the parties shall be delivered in accordance with the provisions for notice specified in Section 8.05 of the Development Agreement.

8. Severability. If for any reason any one or more paragraphs of this Agreement are held legally invalid, such judgment shall not prejudice, affect impair or invalidate the remaining paragraphs of the Agreement as a whole, but shall be confined to the specific sections, clauses, or paragraphs of this Agreement held legally invalid.

9. Effective Date. The Effective Date of this Agreement shall be the date signed by the later of an authorized City representative and an authorized Developer representative.

10. Ownership. By signing this Agreement, the Developer represents and warrants that it is the owner of the Property or has the authority of the Property owner to develop the Property. Any misrepresentation of authority or ownership by the Developer shall make this Agreement voidable by the City. If the Developer does not own the Property, then the Developer must provide documentation from the owner of the Property to show that the Developer has the proper authority to develop the Property.

ACCEPTED AND AGREED TO IN ALL THINGS:

City of Fair Oaks Ranch, Texas

Bitterblue, Inc.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address: _____

Address: _____

Date: _____

Date: _____

ACKNOWLEDGEMENTS

STATE OF TEXAS §

COUNTY OF _____ §

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and that he has executed the same as _____ for the purposes and consideration therein expressed and, in the capacity, therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____, 2025.

(seal)

Notary Public

STATE OF TEXAS §

COUNTY OF KENDALL §

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and that he has executed the same as _____ for the purposes and consideration therein expressed and, in the capacity, therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____, 2025.

(seal)

Notary Public

ATTACHMENT I

GENERAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

G.C.1.00 Definition of Terms.

Unless defined in the Agreement, the terms used in this General Conditions of the Utility Service Agreement (the *General Conditions*) shall have the same definitions and meaning as those set out in the Development Agreement. In the event a term is specifically defined in the General Conditions, and the definition is in conflict with that found in the Development Agreement or the Code, and such conflict is acknowledged in the General Conditions, the definition set out in the General Conditions shall apply.

G.C.2.00 Required Submittals.

Plans and specifications for Improvements.

G.C.3.00 Developer Development and Dedication of Improvements.

Subject to the provisions of Section G.C.4.00 and G.C.5.00 below, the Improvements shall be designed and constructed by the Developer and, upon completion, dedicated to the City, who shall thereafter own, operate, and maintain the same as a part of the Systems. Offsite Improvements shall be constructed within easements and rights-of-way provided or identified by the City (who shall, to the extent necessary and legally able, assist the Developer in obtaining, at the Developer's cost and expense, such necessary easements or rights-of-way). With respect to Onsite Improvements, the Developer shall acquire all necessary easements and rights-of-way to accommodate the development of Onsite Improvements. The Developer recognizes that the approval of easement or right-of-way adequacy, location, size, grade, and invert elevation for construction of Improvements is reserved to the City.

Upon respective completion of the Offsite Improvements and Onsite Improvements, the Developer shall dedicate, grant, and convey to the City, and the City (subject to Section G.C.6.00) shall accept the dedication, grant, and conveyance of, such Improvements, accompanied by all construction warranties and associated easements and rights-of-way, without lien or other encumbrance. As and after the City's acceptance of the same, the Improvements shall be made a part of the Systems and be owned, operated, and maintained by the City.

The responsibility for payment of the costs of the development and dedication of the Improvements as herein specified, unless specifically otherwise herein provided, shall be the sole and absolute responsibility of the Developer. Except as may otherwise be specified herein, the City shall have no payment obligation for the Improvements and the Developer shall have no right or claim for City financial contribution to the costs of the Improvements. The foregoing limitation does not impact the anticipated use of assessments levied on the property pursuant to Chapter 372, as amended, Texas Local Government Code to pay for certain public improvements (including Improvements), as contemplated under the Development Agreement.

G.C.4.00 Design and Construction Requirements.

The design and construction of all Improvements shall comply with all applicable Governing Regulations, applicable rules and regulations of Comal and Kendall Counties, Texas, the State of Texas, and any agency thereof with jurisdiction thereon (including, but not limited to, the Texas

Commission on Environmental Quality, the Public Utility Commission of Texas, and the Texas Department of Health). In addition, and except as specifically provided otherwise herein, design and construction of the Improvements shall comply with the following provisions:

- 1) City of Fair Oaks Ranch Construction Standard Specification for Water and Sanitary Sewer Construction (<https://www.fairoaksranchtx.org/DocumentCenter/View/5511/Construction-Standard-Specifications-for-Water-and-Sanitary-Sewer-Construction?bidId=>)
- 2) City of Fair Oaks Ranch Material Standard Specifications for Water and Sanitary Sewer Construction (<https://www.fairoaksranchtx.org/DocumentCenter/View/5512/Material-Standard-Specifications-for-Water-and-Sanitary-Sewer-Construction?bidId=>)

The Developer shall involve the City, as and to the extent requested or required by the City, with the Improvements' design. Prior to soliciting any bid or letting any contract for construction of any of the Improvements, the City shall have approved the final plans and specifications for such Improvements. Modifications to plans and specifications to accommodate change orders shall also be subject to City approval.

Notwithstanding any provision herein to the contrary, and unless during the design process the City approves a variance to the foregoing requirement, Improvements shall be designed to provide for the same diameter, pressure, and volume capacity as the component of the Systems to which the Improvements connect. In addition, Onsite Improvements shall be extended to one or more boundaries of the Property, as determined by the City during the design process, to allow for connection to the Systems by adjoining property owners.

G.C. 5.00 Oversizing.

The City, during the design process, may require the installation of oversized Improvements or components thereof. If such oversizing requirement results in incremental cost increases attributable to the oversized Improvements component when compared to the cost of the size or capacity of such Improvements component that is required to only provide Service to the Property (such increased cost, the *Incremental Cost*), then such City oversizing requirement shall be conditioned on the City's providing to the Developer (i) compensation equal to the Increased Cost or (ii) a method of Increased Cost recovery acceptable to the Developer. Any requisite oversizing component of Improvements shall be considered Improvements, with no distinction from any other component of the Improvements, for all other purposes of this Agreement.

G.C.6.00 City Inspection; Acceptance.

The City, or any consultant acting on its behalf, shall have the right to inspect Improvements during their construction for any reasonable and legitimate City purpose, including assurance of conformity to approved designs, the terms of the construction contracts, this Agreement, and any Governing Regulations and satisfaction of warranty requirements associated with such construction. The Developer shall be solely responsible for any necessary corrections or remedial actions required by the City that result from its findings during such inspections.

The City's acceptance of the Developer's dedication of completed Improvements shall be subject to the City's prior determination that the Improvements were constructed in accordance with approved plans and specifications, that associated construction warranties remain valid and in effect (and that the Developer has taken no action that would or could compromise such validity

and effectiveness) without reduction in duration or scope, and that no liens or encumbrances associated with such Improvements shall transfer to the City as a result of the subject dedication.

G.C.7.00 Joint Venture Agreements.

In the event the Developer enters into a Joint Venture Agreement covering the costs of the Improvements, the Developer shall send a copy of such agreement to the City.

G.C.8.00 Assignment.

This Agreement may be assigned only in conjunction with an assignment of the Development Agreement; provided, however, the Developer may assign, convey, or transfer some or all of the Guaranteed Capacity to buyers of portions of the Property in accordance with the terms specified in G.C.14.00.

G.C.9.00 Event of Foreclosure.

In the event the Developer's interest in the Property is extinguished by an act of foreclosure, and the foreclosing party has supplied sufficient evidence to the City that it is the successor in interest to the Property as a result of such foreclosure, and that there are no lawsuits pending concerning the Property, the City shall consider the foreclosing party a Developer successor in interest if the foreclosing party executes a utility service agreement with the City (after the City Council determines that the execution of such an agreement will not be adverse to the City's interest).

G.C.10.00 Payment for Provision of Utility Service.

Customers within the Development receiving Service shall be charged the applicable rates for Service from time to time specified by ordinance or resolution adopted by the City Council. Billing and collection for charges for Service shall be the responsibility of the City.

~~G.C.11.00 Impact Fee Payment.~~

~~For the Water Capacity, the Developer shall pay to the City the Impact Fees in the amounts from time to time and at the times specified in the Governing Regulations. In addition, and to the extent the Developer's development of the Property results in the City's providing to the Developer Systems capacity, in the form of Water Service LUEs, in excess of the Water Capacity, the Developer agrees to pay all applicable Impact Fees as provided and in accordance with the applicable provisions of the Code and implementing City ordinances or resolutions relating to such Systems capacity in excess of the Water Capacity. Any conveyance of any portion of the Property shall include a written statement to the transferee of such portion of the Property concerning the requirement to pay Impact Fees as previously described as a result of the development of such Property pursuant to and in accordance with the applicable provisions of the Code. Notwithstanding the foregoing, the City makes no representations or guarantees concerning the availability of Systems capacity in excess of the Guaranteed Capacity.~~

~~The Developer agrees that this Agreement does not constitute an Assessment of Impact Fees on the Property or the Development regarding Water Capacity; however, because fees owed to the City hereunder by the Developer for Water Capacity are used by the City to pay costs of System expansion to make available the Water Capacity, such payment shall supersede and replace any Impact Fees that would otherwise be due and owing to the City for the Developer's accessing the~~

~~Water Capacity. This provision shall control in case of any conflict with any other provision of this Agreement or any other provision of the Development Agreement.~~

G.C.12.00 ~~11.00~~ City's Obligation to Provide Service.

Provision of Service to the Property shall not commence until (i) completion of (a) the Offsite Improvements, (b) the Onsite Improvements necessary to provide Service to the portion of the Property for which Service is requested, and (c) the System improvements being undertaken by the City to expand System capacity in order to enable its provision of the Guaranteed Capacity, and (ii) the City has approved and accepted the Offsite Improvements and Onsite Improvements identified in Clause (i)(b) of this Section G.C.12.00.

To the extent that all applicable Impact Fees and/or applicable capacity charges (including, specifically, the capacity charges relating to the Water Capacity) have been paid and all Offsite Improvements and the Onsite Improvements necessary to provide Service to the Property pursuant to an approved Plat have been completed and made a part of the Systems in accordance with the terms of this Agreement and the Development Agreement, such portion of the Property that is the subject of such approved Plat shall be entitled to Service by permanent use and benefit of Water Capacity from and up to the Guaranteed Capacity.

G.C.13.00 ~~12.00~~ Conformance of Plans.

All water facilities serving the Property other than and in addition to the Improvements shall be designed and constructed in conformance with this Agreement, the Development Agreement, and the Governing Regulations. Once initially approved by the City, changes in the water system design shall be resubmitted to the City for written approval.

G.C.14.00 ~~13.00~~ LUE Transfers.

The transfer of Guaranteed Capacity for use outside the boundaries of the Property shall not be allowed.

The City considers this Agreement to run with the Property; however, LUE transfers from Water Capacity to subdivided tracts within the Property are the responsibility of the Developer and approval of such transfers is not required by the City. The Developer shall maintain a separate accounting of the Water Service LUEs derived from the Guaranteed Capacity that are used by the Developer and/or transferred after the Effective Date to portions of the Property. If the Developer sells a portion of the Property and transfers part of the Guaranteed Capacity that is provided under this Agreement, then that Guaranteed Capacity transfer must be included in the deed, bill of sale or instrument conveying the land and the Developer must require the buyer of the land who receives the allocated Water Service LUEs from Guaranteed Capacity to record the instrument effectuating the transfer.

If and as applicable, the City will recognize the LUE allocations within the Property site plan delivered to the City so long as those allocations are compliant and consistent with the provisions of this Agreement and do not, in the aggregate, exceed the Guaranteed Capacity. For portions of the Property that have areas of unplanned use, the demand will be calculated at four (4) Water Service LUEs per acre unless the engineering report specifies otherwise or there is not enough Guaranteed Capacity remaining for the Property to allocate four (4) LUEs per acre.

In no event will the City be responsible to third parties for providing Service beyond the total Guaranteed Capacity identified in this Agreement for the Property. The Developer expressly disclaims, releases, and holds harmless the City from any liability, damages, costs, or fees, and agrees to indemnify the City for any liability, including, costs and attorney's fees, associated with any dispute related to the transfer of all or a portion of Guaranteed Capacity approved for the Property in this Agreement.

ATTACHMENT II

SPECIAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

S.C.1.00 Tract Location; Ultimate Demand; and Cost.

The Property is described in the Development Agreement. The Property is not located over the Edwards Aquifer Recharge or Contributing Zone. The Property is located inside the City's water certificate for convenience and necessity (CCN), and does not require the City's financial participation in the development of infrastructure.

Water Capacity. The Water Capacity shall not exceed two hundred thirty-three (233) ~~two hundred eighty-four (284)~~ Water Service LUEs. ~~The Parties agree that the Developer shall pay the City an amount equal to \$[8,670.33] per Water Service LUE, for a total of \$[2,445,033.06], for the Water Capacity, which amount shall be payable to the City the time of service request in accordance with the Service and Assessment Plan (each of such terms as defined in the Development Agreement).~~

Water Rights. The Developer shall convey the underlying water rights associated with the subject property to the City at no charge to the City.

S.C.2.00 Requirement for Utilization of Guaranteed Capacity.

The City's dedication of the Guaranteed Capacity to the Developer represents an allocation by the City of a scarce City resource. By entering into this Agreement, the Developer represents to the City that the Developer has a present intent to utilize the Guaranteed Capacity for the purpose of making Service available to the Property. If all of the Guaranteed Capacity has not been utilized by the thirtieth (30th) anniversary of the Effective Date, the City shall have the ability, exercisable at its discretion upon prior delivery of written notice to the Developer, to reallocate to another user such unutilized portion the Guaranteed Capacity. Any such reallocation shall be conditioned on the City's reimbursement to the Developer of any amounts paid by the Developer to the City for such reallocated portion of the Guaranteed Capacity pursuant to this S.C.2.00.

S.C.3.00 Time for ~~Impact~~ Fee Assessment and Payment.

Impact Applicable Fees owed pursuant to G.C.11.00, S.C.1.00, the Code, and applicable City ordinance or resolution, if any, will be assessed at the rates, and be payable at the times, as specified in the Code and ordinances or resolutions from time to time adopted by the City implementing or modifying the same.

ATTACHMENT III**ENGINEERING REPORT REGARDING IMPROVEMENTS**

To be delivered to the City by the Developer with adequate time for the City's review, comment, and approval, pursuant to the terms of this Agreement. The Parties hereby agree that adequate time means sixty (60) days from the initial date of submission. Upon the City's approval, the Engineering Report (which includes Improvements plans and specifications) shall be appended to and become a part of this Agreement as Attachment III.

ATTACHMENT IV

See Kendall County Record No. _____ or Comal County Record No.

EXHIBIT J
PETITION FOR ANNEXATION ORDINANCE

AN ORDINANCE

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS PROVIDING FOR THE EXTENSION OF FAIR OAKS RANCH CITY LIMITS BY THE ANNEXATION OF A +/- 344.6 ACRE TRACT OF LAND WITHIN COMAL AND KENDALL COUNTY, TEXAS GENERALLY LOCATED SOUTH AND WEST OF AMMANN ROAD AND EAST OF THE STONE CREEK RANCH SUBDIVISION; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, Chapter 43; Subchapter C-3 of the Texas Local Government Code ("LGC"), authorizes the City of Fair Oaks Ranch, a Home-Rule city, the annexation of territory, subject to the laws of this state and Section 2.02 of the Fair Oaks Ranch City Charter authorizes the City Council to annex territory, and

WHEREAS, on December 12, 2024, the City received a petition for voluntary annexation by the property owner of a +/- 344.6-acre tract of land ("Property") located in the City's extra-territorial jurisdiction, and

WHEREAS, staff confirmed the Property lies within the extraterritorial jurisdiction of Fair Oaks Ranch and is adjacent and contiguous to the existing city limits of Fair Oaks Ranch, and

WHEREAS, on May 20, 2025, after finding the petition for annexation was complete, the City Council adopted a resolution accepting the petition and authorized the City Manager to negotiate a written services agreement with the land owners for the extension of municipal services to the Property, upon annexation, and

WHEREAS, all notification requirements were performed in accordance with LGC Chapter 43 Subchapters C and Z and the City's Unified Development Code, and

WHEREAS, on June 19, 2025, the City Council conducted a public hearing at which persons interested in the annexation were given an opportunity to be heard regarding the proposed annexation, and

WHEREAS, on June 19, 2025, in accordance with LGC Section 43.0672, the City Council adopted a resolution approving a services agreement and authorized the City Manager to execute said with the Property owner, and

WHEREAS, the City Council determines it is advantageous and beneficial to the City and its inhabitants to annex the +/- 344.6-acre tract lying outside of, but adjacent to and adjoining the City of Fair Oaks Ranch, Texas.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1. The land and territory lying outside of, but adjacent to and adjoining the City of Fair Oaks Ranch, Texas, more particularly described in **Exhibit A**, attached hereto and incorporated herein by reference, hereinafter referred to as the Property, is hereby annexed into the City of Fair Oaks Ranch, Texas.

Section 2. That the official map and boundaries of Fair Oaks Ranch are hereby amended to include the Property as part of the City of Fair Oaks Ranch, Texas.

- Section 3.** The Services Agreement adopted on June 19, 2025 by city resolution providing for municipal services to the Property upon annexation is attached as **Exhibit B**.
- Section 4.** That the inhabitants of the Property shall be entitled to all the rights and privileges of all the citizens of Fair Oaks Ranch, and they shall be bound by the acts, ordinances, resolutions, and regulations enacted pursuant to and in conformity with the City Charter and the laws of the State of Texas.
- Section 5.** The City Secretary is hereby directed to file with the county clerk's office of Comal and Kendall County, Texas and other appropriate officials and agencies, as required by state and federal law, a certified copy of this Ordinance
- Section 6.** That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this ordinance for all purposes and are adopted as a part of the judgment and findings of the Council.
- Section 7.** It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this ordinance be severable, and, if any phrase, clause, sentence, paragraph, or section of this ordinance shall be declared invalid by judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, or sections of this ordinance and the remainder of this ordinance shall be enforced as written.
- Section 8.** That it is officially found, determined, and declared that the meeting at which this ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.
- Section 9.** The provisions of this ordinance shall be cumulative of all ordinances not repealed by this ordinance and ordinances governing or regulating the same subject matter as that covered herein.
- Section 10.** If any provision of this ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City hereby declares that this ordinance would have been enacted without such invalid provision.
- Section 11.** All ordinances, or parts thereof, which are in conflict or inconsistent with any provision of this ordinance are hereby repealed to the extent of such conflict, and the provisions of this ordinance shall be and remain controlling as to the matters ordained herein.
- Section 12.** This ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.
- Section 13.** This ordinance shall take effect immediately from and after its second reading, passage and any publication requirements as may be required by governing law.

PASSED and APPROVED on first reading by the City Council of the City of Fair Oaks Ranch, Texas, on this 19th day of June 2025.

PASSED, APPROVED, and ADOPTED on second and final reading by the City Council of the City of Fair Oaks Ranch, Texas, on this 3rd day of July 2025.

Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Christina Picioccio, TRMC
City Secretary

Denton Navarro Rodriguez Bernal Santee &
Zech
P.C., City Attorney



Exhibit A

FIELD NOTES FOR A 344.6 ACRE TRACT OF LAND

A **344.6 acre** tract of land, out of the David Bradbury Survey No. 214, Abstract 33, Kendall County, Texas and the David Bradbury Survey No. 214, Abstract 989, Comal County, Texas and being all of a called 344.6 acre tract of land as described of record in Document No. 2023-378661 of the Official Records of Kendall County, Texas, and in Document No. 202306009264, corrected in 202306009477, of the Official Public Records of Comal County, Texas. Said **344.6 acre** tract being more particularly described by metes and bounds as follows:

BEGINNING at a found $\frac{1}{2}$ " iron rod in the apparent east right-of-way line of Ammann Road, no record found, at the southwest corner of a called 131.013 acre tract as described in Volume 113 Page 834 of the Deed Records of Kendall County, Texas, for the northwest corner of said 344.6 acre tract and the tract described herein;

THENCE: S 88° 15' 20" E, with the common line between said 131.013 acre tract and said 344.6 acre tract, a distance of **3926.35 feet** to a found 4" pipe fence post at the southeast corner of said 131.013 acre tract, in the west line of a called 140.452 acre tract of land as described in Volume 113 Page 836 of the Deed Records of Kendall County, Texas, in the west line of a called 114.9 acre tract of land as described in Volume 1195 Page 423 of the Official Records of Kendall County, Texas, for the northeast corner of said 344.6 acre tract and the tract described herein;

THENCE: S 02° 11' 22" E, with the common line between said 114.9 acre tract and the 344.6 acre tract, at 637.60 feet a found $\frac{1}{2}$ " iron rod for the southwest corner of said 114.9 acre tract, and continuing with the common line between said 140.452 acre tract and said 344.6 acre tract, a total distance of **3820.91 feet** to a found $\frac{1}{2}$ " iron rod in the apparent north right-of-way line of Ammann Road, no record found, at the southwest corner of said 140.452 acre tract, at the southeast corner of said 344.6 acre tract and for the southeast corner of the tract described herein;

THENCE: With the apparent north and east right-of-way lines of Ammann Road, and the south and west lines of said 344.6 acre tract, the following ten (10) courses:

1. **S 78° 03' 34" W**, a distance of **7.45 feet** to a found $\frac{1}{2}$ " iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
2. **N 88° 26' 20" W**, a distance of **522.50 feet** to a found $\frac{1}{2}$ " iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
3. **N 88° 06' 20" W**, a distance of **318.70 feet** to a found $\frac{1}{2}$ " iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
4. **N 87° 19' 20" W**, a distance of **923.90 feet** to a found $\frac{1}{2}$ " iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
5. **N 89° 33' 20" W**, a distance of **727.10 feet** to a found $\frac{1}{2}$ " iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
6. **S 89° 45' 40" W**, a distance of **830.80 feet** to a found $\frac{1}{2}$ " iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
7. **S 89° 42' 40" W**, a distance of **587.60 feet** to a found $\frac{1}{2}$ " iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
8. **N 44° 35' 20" W**, a distance of **20.60 feet** to a found $\frac{1}{2}$ " iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,

9. **N 01° 59' 20" W**, a distance of **1933.70 feet** to a found ½" iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein, and
10. **N 02° 09' 20" W**, a distance of **1926.20 feet** to the **POINT OF BEGINNING** and containing **344.6 acres** of land situated in both Kendall & Comal County, Texas.



Note: The basis of bearing was established using the Trimble VRS Network, NAD (83), Texas State Plane Coordinate System, South Central Zone, 4204, US Survey Foot, Grid. A survey plat was prepared by a separate document. Distances recited herein are grid distances.

Job # 18-4085 344.6 Acres

Date: February 1, 2024

SERVICES AGREEMENT CITY OF FAIR OAKS RANCH, TEXAS

SERVICES AGREEMENT FOR THE ANNEXATION OF A +/- 344.6 ACRE TRACT ON AMMANN ROAD

Upon annexation of the area identified in the attached Exhibit A (the "Property"), the City of Fair Oaks Ranch will provide City services to the Property utilizing methods by which it extends services to any other equivalent area of the City and in accordance with the terms and provisions of this Agreement.

SERVICES TO BE PROVIDED ON THE EFFECTIVE DATE OF ANNEXATION

1. Police Protection

The City of Fair Oaks Ranch, Texas and its Police Department will provide police protection to the Property at the same or similar level of service being provided to other areas of the City with like topography, land use and population density as those found within the newly annexed areas. The Police Department will have the responsibility to respond to all dispatched calls for service or assistance within the newly annexed areas.

2. Fire Protection and Emergency Medical Services

The City of Fair Oaks Ranch, Texas will provide fire protection and emergency response services through that contract to the Property at the same or similar level of service being provided to other areas of the City, with like topography, land use and population density as those found within the Property.

The City of Fair Oaks Ranch, Texas will provide EMS services through that contract to the Property at the same or similar level of service being provided to other areas of the City, with like topography, land use and population density as those found within the Property.

3. Water and Wastewater Services

All the Property is within the water service area of Fair Oaks Ranch Utilities owned by the City. Water services will be provided to the Property at the same or similar level of service being provided to other areas of the City with like topography, land use and population density as those found within the Property. Connection to the existing water system will be provided at the request of the individual customer in accordance with Utility Policies and Connection Fee ordinance in effect at the time the water is requested. The cost of installation of water mains and appurtenances will be borne by the developer in accordance with the City of Fair Oaks Ranch Unified Development Code and other ordinances.

The Property is not within the service area for the City of Fair Oaks Ranch wastewater system. If the area is added to the system in the future, wastewater services will be available to the Property at the same or similar level of service being provided to other

SERVICES AGREEMENT FOR THE ANNEXATION OF THE AMMANN RD PROPERTY

areas of the City, with like topography, land use and population density as those found within the newly annexed areas. If the area is added to the system in the future connection to future wastewater system will be provided at the request of the individual customer in accordance with Utility Policies and Connection Fee ordinance in effect at the time the wastewater service is requested. Currently, wastewater service to the area will be provided by on-site treatment facilities provided by each individual property owner.

4. Solid Waste Collection & Recycling

The City contracts for solid waste collection and recycling services through Frontier Waste Solutions. Solid waste collection and recycling services will be provided to the annexed areas through the City's existing facilities or through franchise agreements with private services at the same or similar level of service being provided to other areas of the City with like topography, land use and density as those found within the newly annexed areas.

5. Maintenance of Roads and Streets

The City will provide for maintenance of public streets and alleys that have been dedicated or will be dedicated and accepted by the City in the future as described in Section 3.03 (b) "Dedication of Authorized Improvements to the City" of the approved Development Agreement (city Resolution 2025-26). Any private roads will remain under the ownership of the property owner or homeowners' association.

6. Open Space

The City will hold an easement interest in the open space which includes parks, trails, and recreational areas dedicated for community and public use while all operations and maintenance responsibilities of the dedicated open space shall be the responsibility of the appropriate HOA.

7. Other Services

The City of Fair Oaks Ranch, Texas finds and determines that other municipal services currently provided to other areas of the City will be made available after the effective date of annexation at the same or similar level of service being provided to other areas of the City with similar topography, land use and density as those found within the Property.

LEVEL OF SERVICE

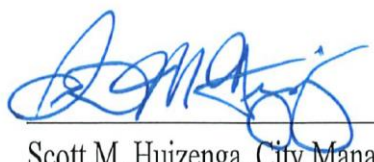
Nothing in this agreement shall require the City to provide a uniform level of full municipal services to each area of the City, including the Property, if different characteristics of topography, land use, and population density are considered a sufficient basis for providing different levels of service.

SERVICES AGREEMENT FOR THE ANNEXATION OF THE AMMANN RD PROPERTY

Agreed to on this the 19th day of June, 2025 by the following parties subject to acceptance by the City Council of the City of Fair Oaks Ranch.

City of Fair Oaks Ranch:

Property Owner:



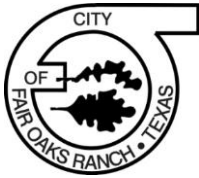
Scott M. Huizenga, City Manager

Scott Teeter, Bitterblue, Inc.

Attest:



Christina Picioccio, City Secretary



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action approving a resolution setting the maximum proposed ad valorem tax rate for Fiscal Year 2025-26, setting the Fiscal Year 2025-26 Budget and Tax Rate public hearing, and other matters in connection therewith

DATE: August 7, 2025

DEPARTMENT: Finance

PRESENTED BY: Summer Fleming, CGFO, Director of Finance

INTRODUCTION/BACKGROUND:

Budget: City Charter Section 5.01 mandates the City Manager shall prepare and administer the municipal budget in accordance with state law. Local Government Code Chapter 102 states the budget officer shall prepare, each year, a municipal budget to cover the proposed expenditures of the City for the succeeding year and to file the proposed budget with the City Secretary before the 30th day before the date the City Council adopts the tax levy for the succeeding year.

City Council shall set a public hearing on the proposed budget for a date occurring after the 15th day after the date the proposed budget is filed with the City Secretary (LGC 102.006).

Tax Rate: In accordance with truth-in-taxation requirements, taxing units must inform taxpayers of proposed property tax rates. As of the time this agenda was posted, the City has not yet received the final 2025 Tax Rate Calculation Worksheet from the Bexar County Tax Assessor-Collector. However, the completed worksheet is expected prior to the Council Meeting.

The calculated tax rates for 2025 are as follows:

2025 No-New-Revenue Tax Rate: \$0.xxxx per \$100 of property value

2025 Voter-Approval Tax Rate: \$0.xxxx per \$100 of property value

Once received, the 2025 Tax Rate Calculation Worksheet will be posted on the City's [Truth in Taxation](#) webpage:

Staff recommends setting the maximum tax rate for FY 2025-26 at the current rate of \$0.2853 per \$100 of assessed value. This rate supports the proposed budget as developed under City Council's planning guidance, while preserving flexibility to adjust the budget during upcoming budget workshops.

Due to increased taxable values, this proposed maximum tax rate will likely exceed the no-new-revenue tax rate and must follow the adoption process outlined below.

Adoption Process: The following steps are required in adopting a property tax rate that exceeds the lower of the No-New-Revenue Rate, or the Voter-Approval Rate:

1. City Council must propose, by record vote, a maximum ad valorem tax rate to be used to support the upcoming fiscal year general fund and debt service fund budgets.
2. City Council must schedule one public hearing on the budget.
3. City Council must schedule one public hearing on the tax rate.
4. City Council must adopt a property tax rate before September 30 or by the 60th day after the City received the certified appraisal roll, whichever is later.

The City Manager will file the proposed budget with the City Secretary on August 18. At that time, the proposed budget will also be made available on the City's website and at City Hall.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Complies with state law when proposing a property tax rate that exceeds the lower of the No-New-Revenue Rate or the Voter-Approval Rate.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

N/A

LEGAL ANALYSIS:

Approved as to form.

RECOMMENDATION/PROPOSED MOTION:

RECORD VOTE IS REQUIRED – EACH COUNCIL MEMBER SHALL STATE AYE OR NAY

I move to approve a resolution setting the maximum proposed ad valorem tax rate for Fiscal Year 2025-26, setting the Fiscal Year 2025-26 Budget and Tax Rate public hearing, and other matters in connection therewith.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS SETTING THE MAXIMUM PROPOSED AD VALOREM TAX RATE FOR FISCAL YEAR 2025-26, SETTING THE FISCAL YEAR 2025-26 BUDGET AND TAX RATE PUBLIC HEARING, AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the Bexar County Tax Assessor Collector calculates the no-new-revenue and the voter-approval tax rates using Certified Tax Rolls received from the Appraisal Districts of Bexar, Comal, and Kendall Counties, and

WHEREAS, the Texas Tax Code Chapter 26 outlines the rate calculations and adoption requirements of a tax rate set by the City Council based on the no-new-revenue and voter-approval rates, and

WHEREAS, the City staff of the City of Fair Oaks Ranch has recommended that the City Council accept the no-new-revenue and voter-approval tax rates as submitted by the Bexar County Tax Assessor Collector, and

WHEREAS, the City staff of the City of Fair Oaks Ranch has recommended that the City Council approve a preliminary maximum tax rate for fiscal year 2025-26, and

WHEREAS, the City Council has determined that it is in the best interest of the City to establish a preliminary maximum tax rate.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

- Section 1.** The City Council hereby accepts the no-new-revenue tax rate of \$0.xxxx per \$100 of valuation and the voter-approval tax rate of \$0.xxxx per \$100 of valuation as submitted by the Bexar County Tax Assessor Collector.
- Section 2.** The City Council hereby authorizes a preliminary maximum tax rate of \$0.2853 per \$100 valuation which is composed of the Maintenance & Operation Tax Rate of \$0.xxxx and the Interest & Sinking Tax Rate of \$0.xxxx.
- Section 3.** The City Council sets a public hearing on Fiscal Year 2025-26 Budget and Tax Rate to be held on September 15, 2025, at 6:30pm.
- Section 4.** That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.
- Section 5.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

- Section 6.** That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.
- Section 7.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.
- Section 8.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.
- Section 9.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 7th day of August 2025.

Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Amanda Valdez, TRMC
Deputy City Secretary

Denton Navarro Rodriguez Bernal Santee & Zech
P.C., City Attorney



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action approving a resolution approving the implementation methodology and pay plan structure as part of the City's Comprehensive Compensation and Benefits Study

DATE: August 7, 2025

DEPARTMENT: Human Resources

PRESENTED BY: Joanna Merrill, PSHRA-SCP, Director of Human Resources & Communications

INTRODUCTION/BACKGROUND:

As part of the City's FY 2024-25 Comprehensive Compensation and Benefits Study (the Study), Evergreen Solutions, LLC conducted a detailed market analysis based on newly adopted benchmark organizations and approved 50th percentile market placement. The study assessed Fair Oaks Ranch's external competitiveness, internal equity, position classification, and overarching compensation philosophy.

Staff and Evergreen now present the next set of strategic decisions for City Council's consideration and possible action.

- Selection of an Implementation Methodology
- Selection of a Pay Plan Structure

In alignment with the study's findings and City Council's market placement decision on July 3, staff requests formal approval of both an Implementation Methodology and a Pay Plan Structure to support the finalization of the updated compensation plan. The Implementation Methodology determines how employees will be placed on the new pay plan. The Plan Structure determines how employees will progress through the pay plan based on tenure and performance.

Option 1: Bring to Minimum plus 1 Step	
What does this mean?	
• Brings employees below their range minimum up to the minimum, then adds one step to reduce compression.	
Advantages	Disadvantages
• Ensure employees are placed at least in a base progression • Slightly minimizes classification or range compression • Least expensive of all the options	• Does not fully address existing compression • Can cause additional compression at grade minimum and during recruitment
Secondary Decisions: 1A: 2.5% Progression between Steps (20) 1B: 1.5% Progression between Steps (30) 1C: Open Range	

Option 2: Hybrid Parity	
What does this mean? This option will realign employees along their salary range based on a compilation of their “hybrid years.” A hybrid year would give full credit to an employee for each year they have been serving in their current classification and one-half credit (recommended but could be adjusted) for the time they have spent in any other classification.	
Advantages	Disadvantages
- Credits employees for time in classification - Addresses compression based on time in classification - Adjusts for placement based on the actual market conditions instead of bringing employees to the bottom as in Option 1, or inheriting legacy placement options as in Option 3	- Can erase performance gains - Does not account for outside experience
Secondary Decisions: 2A: 2.5% Progression between Steps (20) 2B: 1.5% Progression between Steps (30) 2C: Open Range	

Option 3: Compa Ratio plus 1 Step	
What does this mean? This option will realign employees in their recommended salary ranges by maintaining the relationship to the midpoint (below, at, or above) that they have currently and then rounded to the nearest step plus the addition of 1 additional step for progression.	
Advantages	Disadvantages
- Maintains the relationships between employee salaries that currently exist - Can reward previous experience (to the extent it is awarded now) - Maintains performance gains	- Does not correct compression - Does not account for experience - Most expensive of all the options
Secondary Decisions: 3A: 2.5% Progression between Steps (20) 3B: 1.5% Progression between Steps (30) 3C: Open Range	

Secondary Decisions	
Why are these important? The choices between selection of a step range of 2.5%, 1.5%, or an Open Range structure will directly influence how the City manages salary growth, internal equity, and long-term budget sustainability.	
2.5% Progression between Steps (20)	
Advantages	Disadvantages
- Offers more noticeable year-over-year salary increases - Helps employees reach midpoint and maximum ranges sooner - Can improve short-term retention and recruitment and morale for some employees	- Increases budgetary impact, especially if implemented broadly - Reduces time in range, causing potential for employees to top out more quickly - Limits flexibility to implement performance-based pay progression
1.5% Progression between Steps (30)	
Advantages	Disadvantages
- Provides controlled, gradual salary progression based on pay for performance (SAP Item 5.1.6: Phase 2) - Extends longevity within the pay range (fewer employees top out quickly) - Eases budget pressure over time - Promotes internal equity and consistency	- Slower financial growth for some employees compared to 2.5% progression depending on performance - May require more frequent evaluation due to the smaller step increments to ensure continued market alignment
Open Range	
Advantages	Disadvantages
- Allows greater flexibility in individual salary decisions - Provides room for performance-based increases without rigid step structure - Can adapt to evolving workforce needs and changing market conditions	- Requires a strong, consistently applied performance evaluation system - Increases potential risk of pay inequity or perceived favoritism without proper controls - May be more difficult to communicate transparency and administer consistently across departments - May complicate budgeting and salary forecasting - May create payroll administration complications in future enterprise resource planning (ERP) systems

Staff recommends adoption of the Minimum plus 1 Step implementation strategy, a step-based pay structure, and a 1.5% progression rate between steps. These selections will guide final modeling and cost estimates, which will be presented to the City Council for approval during final budget adoption.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Advances Strategic Action Plan Goal 5.1.1: Evaluate and Update Compensation and Benefit Plans Inclusive of Public Safety.
- Advances Phase 2 of Strategic Action Plan Goal 5.1.6: Review and Update Performance Evaluation Processes.
- Promotes transparency, consistency, and fairness within the City's compensation plans.
- Supports sustainable staffing and long-term workforce development.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

- The proposed FY 2025-26 budget includes a 4.5% total compensation adjustment, inclusive of an average 2.5% merit increase assumption.
- The table below reflects the consultant's base cost estimations compared to the FY 2024-25 budget. The "Difference from Proposed Budget" columns indicate the estimated cost above the proposed FY 2025-26 budget to implement the base proposal plus an estimated 2.5% average merit.
- Final costs may vary slightly depending on classification placement, compression adjustments, and actual performance ratings.

	2.5% Step (20)	Diff from Proposed Budget*	1.5% Step (30)	Diff from Proposed Budget*	Open @ 2.5%	Diff from Proposed Budget*	Open @ 1.5%	Diff from Proposed Budget*
Bring to Min. Plus 1 Step	\$313,964	\$206,210	\$219,859	\$109,753	\$130,438	\$18,096	\$107,822	(\$5,086)
Hybrid Parity	\$518,307	\$417,971	\$293,653	\$185,391	\$419,130	\$314,006	\$218,746	\$108,611
Compa Ratio Plus 1 Step	\$770,808	\$668,242	\$575,981	\$469,908	\$565,109	\$463,634	\$451,644	\$347,332

*Includes estimated merit adjustments

Recommended methodology cost estimation highlighted in red

LEGAL ANALYSIS:

Resolution approved by legal.

RECOMMENDATION/PROPOSED MOTION:

I move to approve a resolution adopting Option 1B as the methodology implementation, plan structure, and progression strategy for the City's compensation plan.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS APPROVING THE IMPLEMENTATION METHODOLOGY AND PAY PLAN STRUCTURE AS PART OF THE CITY'S COMPREHENSIVE COMPENSATION AND BENEFITS STUDY

WHEREAS, in FY 2024–25, the City of Fair Oaks Ranch selected Evergreen Solutions, LLC to conduct a Comprehensive Compensation and Benefits Study to evaluate market competitiveness, internal equity, classification structure, and overall compensation philosophy, and

WHEREAS, City Council approved Resolution 2025-24 in July 2025, adopting the 50th percentile as the target market for the City's compensation plan, and

WHEREAS, Evergreen Solutions, LLC completed a detailed review of peer market data and developed recommendations for an updated compensation structure aligned with the City's newly adopted 50th percentile market placement, and

WHEREAS, City Council reviewed and considered three implementation methodologies and three structural strategies, including both step and open range models with varying progression rates, and

WHEREAS, the City Council finds that adopting an updated pay plan supports Strategic Action Plan Goals 5.1.1 and 5.1.6, enhances transparency and fairness in the City's pay practices, and positions the City to attract and retain a high-performing workforce, and

WHEREAS, City Council has determined it is in the best interest of the City to adopt the "Minimum Plus 1 Step" implementation methodology, a step-based pay structure, and a 1.5% progression rate between steps to promote internal equity, fiscal sustainability, and alignment with future performance-based progression strategies.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

- Section 1.** The City Council hereby approves the "Minimum Plus 1 Step" implementation methodology, a step plan pay structure with 1.5% progression between steps and a maximum of 30 steps per grade and directs the City Manager to finalize cost estimates and prepare the Final Report for inclusion in the FY 2025–26 budget process.
- Section 2.** That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.
- Section 3.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.
- Section 4.** That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and

subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 5. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.

Section 6. This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 7. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 7th day of August 2025.

Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Amanda Valdez, TRMC
Deputy City Secretary

Denton Navarro Rodriguez Bernal Santee & Zech
P.C., City Attorney



Implementation Options & Compensation Structure for Fair Oaks Ranch, TX

Presentation of Recommendations and Associated Costs

Presented by: Rob Williamson August 7, 2025



- Study Status Update
- Meeting Purpose/Action Items
- Key Considerations/Recommendations
- Implementation Option Explanations
- Recommendations and Costs



Completed Tasks:

- ✓ Conducted Kickoff call.
- ✓ Assessed conditions of the current pay system and historical context.
- ✓ Onsite Orientation, Leadership Interviews and Focus Group sessions.
- ✓ Conducted internal equity analysis using a Job Assessment Tool employee survey.
- ✓ Conducted external equity analysis by surveying the market for salary and benefits to determine equitable salary ranges.
- ✓ Developed optional methods for moving employees into the proposed pay range assignments.

Study Status Update (Continued)

Item #12.

- ✓ Estimated annualized salary cost for implementing the revised plan.
- ✓ Decision on implementation and structure. (This meeting)
- ✓ Finalize Solution File and costs. (Next Steps)
- ✓ Written report memorializing study findings. (Next Steps)
- ✓ Job Force Manager Training. (Next Steps)
- ✓ Job Description Update. (Next Steps)
- ✓ Project Close Out



Meeting Purpose/Action Items

Item #12.

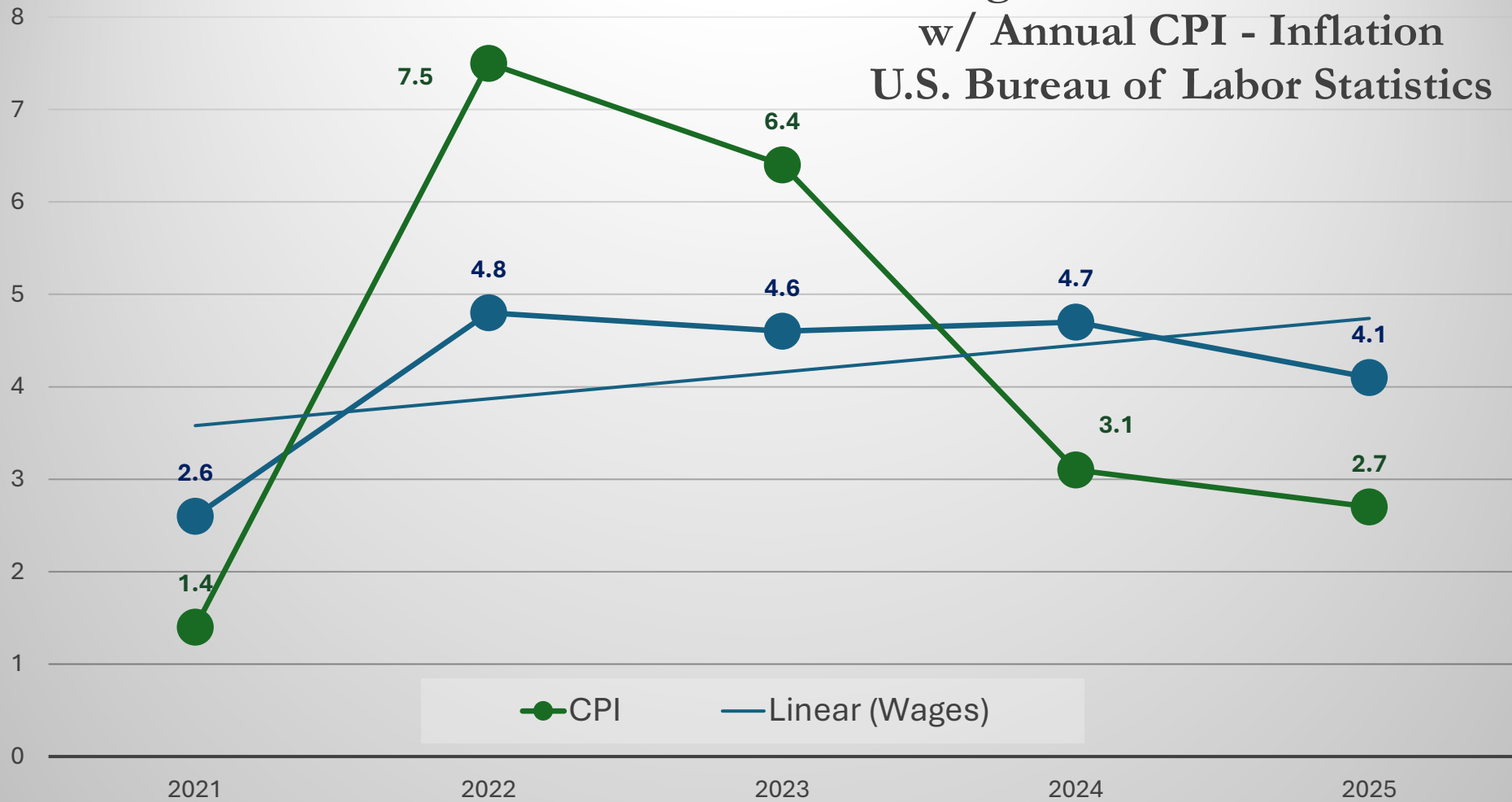
Purpose/Action:

- Discuss/Select the desired Implementation Methodology
 - Modified Bring to Minimum or Hybrid Parity
 - Staff Recommends the Modified Bring to Minimum
- Discuss/Select the desired Compensation Structure
 - Retain Step Plan
 - Preserve 2.5% per step - 20 total steps
 - Transition to 1.5% per step - 30 total steps
 - Transition to Open Range
 - Determine employee progression policy

Compensation Outlook – National

Item #12.

Wage State & Local Gov't
w/ Annual CPI - Inflation
U.S. Bureau of Labor Statistics



Key Considerations

1. Evergreen does not recommend the reduction of individual employee salaries.
2. Using the market average for pay ranges will still result in more competitive positions experiencing difficulty with recruitment and retention.
3. Implementation first aligns positions with pay ranges based on current internal equity, job assessment tool survey results and the market response. Employees are then placed equitably into new pay ranges based on job classification and desired methodology calculation, not personalities or performance.
4. The implementation costs refers to the annual base salary cost only. Total budget impact will be provided by Fair Oaks Ranch staff.



Key Recommendations

1. **Adopt** the proposed step plan compensation structure with 30 total steps and 1.5% between each step.
2. **Reassign** all job classifications to proposed pay grades.
3. **Place** employees within their newly recommended pay grades based on a Modified Bring to Minimum implementation methodology.

*Evergreen and Fair Oaks Ranch staff recommendation is the Modified Bring to Minimum.



Implementation Options

- **Bring to Minimum** – Align employees who are below the minimum of their recommended, market competitive pay range by bringing them to the step closest to their current salary and then moving one additional step.
 - Least expensive option at time of implementation.
 - *Future costs related to turnover and/or extended vacancies could erase any initial savings.
 - Can cause or worsen compression for existing employees and new hires if current employees are not moved forward one step as proposed in recommendations.
 - Moving one step following initial placement will help reduce wage compression for new hires if they are hired at step one.
 - Subsequent years would move pay ranges to align with market average.



Implementation Options

- **Modified Bring to Minimum** – The same as Bring to Minimum except that employees are placed into the pay range and then moved one additional step.
 - Moving one step following initial placement will help reduce wage compression for new hires if future applicants are hired at step one.
 - Subsequent years would move pay ranges to align with market average.
 - Evergreen is recommending this option.



Implementation Options

- **Hybrid Parity** – Align employees into proposed, market competitive pay ranges by giving 100% credit for time in current role and 50% credit for any remaining time regardless of job title.
 - Helps reduce/eliminate wage compression.
 - Values employee tenure and career progression.
 - Does not account for outside experience other than how it was valued at the time of hire.
 - Can erase performance gains.
 - Subsequent years would move pay ranges to align with market average.



Implementation Options

- **Compa Ratio** – Realignment employees in their recommended salary ranges by maintaining the relationship to the midpoint they have currently. For example, an employee currently at midpoint would move to midpoint in their recommended pay range, an employee currently 5% above midpoint would move to 5% above midpoint in their new range, and an employee currently 15% below midpoint would move to 15% below midpoint in their newly recommended range. These are rounded up to the nearest step.
 - Maintains the relationship between employee salaries that currently exists.
 - Most expensive option.
 - Maintains performance gains.
 - Subsequent years would move pay ranges to align with market average.



Options & Associated Costs

Step Plan @ 1.5% per step and Open Range Costs

Implementation Option @ 1.5%	Total Salary-Only Cost	% of Payroll
Bring to Min Open	\$ 107,821.80	2.0%
Bring to Min Step	\$ 135,012.62	2.4%
Bring to Min Step +1	\$ 219,859.12	4.0%
Hybrid Parity Open	\$ 218,745.73	4.0%
Hybrid Parity Step	\$ 293,652.96	5.3%
Compa Ratio Open	\$ 451,644.37	8.2%
Compa Ratio Plus 1 Step	\$ 575,980.62	10.4%



Options & Associated Costs

Step Plan @ 2.5% per step and Open Range Costs

Implementation Option @ 2.5%	Total Salary-Only Cost	% of Payroll
Bring to Min Open	\$ 130,438.20	2.4%
Bring to Min Step	\$ 171,633.12	3.1%
Bring to Min Step +1	\$ 313,963.62	5.7%
Hybrid Parity Open	\$ 419,130.45	7.6%
Hybrid Parity Step	\$ 518,307.16	9.4%
Compa Ratio Open	\$ 565,109.31	10.2%
Compa Ratio Plus 1 Step	\$ 770,807.62	14.0%



Thank You!

Item #12.

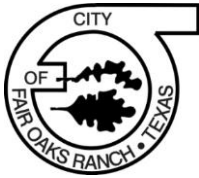


Rob Williamson
Project Manager
Evergreen Solutions, LLC



Evergreen Solutions, LLC

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CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and approval of an ordinance authorizing the issuance of “City of Fair Oaks Ranch, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025;” providing for the payment of said certificates by the levy of an ad valorem tax upon all taxable property within the City and further securing said certificates by a lien on and pledge of the pledged revenues of the system; authorizing the execution of any necessary engagement agreement with the City’s financial advisors; and providing an effective date

DATE: August 7, 2025

DEPARTMENT: Finance

PRESENTED BY: Summer Fleming, CGFO, Director of Finance
Andrew Friedman, Managing Director, SAMCO Capital

INTRODUCTION/BACKGROUND:

On June 5, 2025, City Council authorized the Publication of Notice of Intention to issue Certificates of Obligation to fund capital improvements to the water and wastewater utility. Since that time steps have been taken to receive bids from potential purchasers of the obligations, which are due on Thursday, August 7, 2025, at 11:00am CST.

Andrew Friedman, Managing Director of SAMCO Capital, will review the bids received and ask for authorization to issue the certificates. The authorization must be received the same day the bids are received to lock in pricing. Therefore, the ordinance must be approved in one reading under the provision afforded by Texas Local Government Code §1201.028. This provision states the ordinance to approve the issuance of debt can be done at the same time the bids are received in one reading, and therefore overrides any local government charter requirements of multiple ordinance readings.

The attached ordinance will be completed when the bids are received on August 7, 2025.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Supports priority 1.4 of the Strategic Action Plan to develop sustainable financing strategies aligned with service delivery expectations.
- Supports priority 3.1 of the Strategic Action Plan to enhance and ensure continuity of reliable water resources in accordance with CCN obligations.
- Supports priority 3.2 of the Strategic Action Plan to enhance and ensure continuity of reliable wastewater treatment in accordance with CCN obligations.

One important benefit of using debt to fund the capital budget is that each generation of utility users pays for its use of capital facilities. Other advantages are that user fees can be maintained at

consistent levels and projects can be built as they are needed rather than delayed until sufficient funds for their construction are accumulated.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Long-term financial impacts are based on a proposed project schedule the City provided SAMCO Capital for the issuance of debt over a five-year period. SAMCO proposes three issuances totaling \$18 million to fund Water and Wastewater projects. The first series of \$3.7 million was issued in September 2024 and was structured so that the debt service fee charged to utility customers would be stable throughout the term. The second series is scheduled for 2025 for the continuation of projects in process in addition to two new projects.

The water debt service fee and wastewater debt service fee will be calculated annually during the budget process by dividing the annual debt service payment by the number of water and wastewater connections on July 1 of each year. Revenue earned from the water debt service fee will pay the debt service for water projects and revenue earned from the wastewater debt service fee will pay the debt service for wastewater projects. The estimated Water Debt Service Fee would go from \$23.85 in FY 2024-25 to \$23.89 in FY 2025-26, and the estimated Wastewater Debt Service fee would go from \$17.03 to \$16.91.

LEGAL ANALYSIS:

Ordinance approved by legal.

RECOMMENDATION/PROPOSED MOTION:

I move to adopt an ordinance authorizing the issuance of "City of Fair Oaks Ranch, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025."

DRAFT

ORDINANCE NO. 2025-__

AN ORDINANCE AUTHORIZING THE ISSUANCE OF “CITY OF FAIR OAKS RANCH, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025”; PROVIDING FOR THE PAYMENT OF SAID CERTIFICATES BY THE LEVY OF AN AD VALOREM TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY AND FURTHER SECURING SAID CERTIFICATES BY A LIEN ON AND PLEDGE OF THE PLEDGED REVENUES OF THE SYSTEM; PROVIDING THE TERMS AND CONDITIONS OF SAID CERTIFICATES AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SAID CERTIFICATES, INCLUDING THE APPROVAL AND DISTRIBUTION OF AN OFFICIAL STATEMENT PERTAINING THERETO; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN OFFICIAL BID FORM; COMPLYING WITH THE REQUIREMENTS OF THE LETTER OF REPRESENTATIONS PREVIOUSLY EXECUTED WITH THE DEPOSITORY TRUST COMPANY; AUTHORIZING THE EXECUTION OF ANY NECESSARY ENGAGEMENT AGREEMENT WITH THE CITY’S FINANCIAL ADVISORS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council of the City of Fair Oaks Ranch, Texas (the *City* or *Issuer*) has caused notice to be given of its intention to issue certificates of obligation in the maximum principal amount of \$9,545,000 for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, constructing, acquiring, purchasing, renovating, enlarging, and improving the City’s utility system; (2) providing for drainage improvements, including designing, engineering, and construction costs related thereto; (3) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes; and (4) payment for professional and employee services relating to the design, construction, project management, inspection, consultant services, and financing of the aforementioned projects. This notice has been posted on the City’s website, if available, and duly published in a newspaper hereby found and determined to be of general circulation in the City, once a week for two (2) consecutive weeks, the date of the first publication of such notice being not less than forty-six (46) days prior to the tentative date stated therein for the passage of the ordinance authorizing the issuance of such certificates of obligation; and

WHEREAS, in accordance with the provisions of Section 271.049, as amended, Texas Local Government Code, the City confirms that notice of the City’s intention to issue certificates of obligation was approved by resolution at a public meeting and stated (1) the then-current principal of all outstanding debt of the City; (2) the then-current combined principal and interest required to pay all outstanding debt obligations of the City on time and in full, based on the City’s expectations relative to the interest due on any variable rate debt obligations, as applicable (3) the

maximum principal amount of the certificates of obligation to be authorized; (4) the estimated combined principal and interest required to pay the certificates of obligation in full; (5) the estimated interest rate for the certificates of obligation or that the maximum interest rate for the certificates of obligation may not exceed the maximum legal interest rate; and (6) the maximum maturity date of the certificates of obligation; and

WHEREAS, no petition protesting the issuance of the certificates of obligation described in this notice, signed by at least 5% of the qualified electors of the City, has been presented to or filed with the City Secretary prior to the date tentatively set in such notice for the passage of this ordinance; and

WHEREAS, the City Council hereby finds and determines that the issuance of the certificates of obligation, under the terms herein specified, is in the best interests of the City and its residents; and

WHEREAS, the City Council hereby finds and determines that certificates of obligation in the principal amount of \$ __, __, __ described in such notice should be issued and sold at this time; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS THAT:

SECTION 1. Authorization - Designation - Principal Amount - Purpose. The certificates of obligation of the City shall be and are hereby authorized to be issued in the aggregate principal amount of _____ AND NO/100 DOLLARS (\$ __, __, __), to be designated and bear the title of "CITY OF FAIR OAKS RANCH, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025" (the *Certificates*), for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, constructing, acquiring, purchasing, renovating, enlarging, and improving the City's utility system; (2) providing for drainage improvements, including designing, engineering, and construction costs related thereto; (3) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes; and (4) payment for professional and employee services relating to the design, construction, project management, inspection, consultant services, and financing of the aforementioned projects, pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, the City's Home Rule Charter, and the Ordinance.

SECTION 2. Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Rates - Certificate Date. The Certificates are issuable in fully registered form only; shall be dated August 1, 2025 (the *Certificate Date*) and shall be issued in denominations of \$5,000 or any integral multiple (within a Stated Maturity) thereof, and the Certificates shall become due and payable on February 1 in each of the years and in principal amounts (the *Stated Maturities*) and bear interest on the unpaid principal amounts from the Certificate Date, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly

provided for, to the earlier of redemption or Stated Maturity, at the per annum rates, while Outstanding, in accordance with the following schedule:

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>

The Certificates shall bear interest on the unpaid principal amounts from the Certificate Date, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to Stated Maturity or prior redemption, while Outstanding, at the rates per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Certificates shall be payable on February 1 and August 1 in each year (each, an *Interest Payment Date*), commencing February 1, 2026, while the Certificates are Outstanding.

SECTION 3. Payment of Certificates - Paying Agent/Registrar. The principal of, premium, if any, and interest on the Certificates, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and such payment of principal of, premium if any, and interest on the Certificates shall be without exchange or collection charges to the Holder (hereinafter defined) of the Certificates.

The selection and appointment of BOKF, NA, Dallas, Texas (the *Paying Agent/Registrar*) to serve as the initial Paying Agent/Registrar, for the Certificates is hereby approved and

confirmed, and the City agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent/Registrar books and records (the *Security Register*) for the registration, payment and transfer of the Certificates, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, attached, in substantially final form, as Exhibit A hereto, and such reasonable rules and regulations as the Paying Agent/Registrar and City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Certificates are Outstanding, and any successor Paying Agent/Registrar shall be (i) a national or state banking institution or (ii) an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers. Such Paying Agent/Registrar shall be subject to supervision or examination by federal or state authority and authorized by law to serve as a Paying Agent/Registrar.

The City reserves the right to appoint a successor Paying Agent/Registrar upon providing the previous Paying Agent/Registrar with a certified copy of a resolution or ordinance terminating such agency. Additionally, the City agrees to promptly cause a written notice of this substitution to be sent to each Holder of the Certificates by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of, premium, if any, and interest on the Certificates, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable only to the registered owner of the Certificates appearing on the Security Register (the *Holder* or *Holders*) maintained on behalf of the City by the Paying Agent/Registrar as hereinafter provided (i) on the Record Date (hereinafter defined) for purposes of payment of interest thereon, (ii) on the date of surrender of the Certificates for purposes of receiving payment of principal thereof upon redemption of the Certificates or at the Certificates' Stated Maturity, and (iii) on any other date for any other purpose. The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of a Certificate for purposes of receiving payment and all other purposes whatsoever, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the Certificates shall be payable only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its corporate trust office. Interest on the Certificates shall be paid to the Holder whose name appears in the Security Register at the close of business on the fifteenth day of the month next preceding an Interest Payment Date for the Certificates (the *Record Date*) and shall be paid (i) by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, by the Paying Agent/Registrar, to the address of the Holder appearing in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Holder at the Holder's risk and expense.

If the date for the payment of the principal of, premium, if any, or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a day. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Certificates was due.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a Special Record Date) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder of a Certificate appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4. Redemption.

A. Mandatory Redemption of Term Certificates. The Certificates stated to mature on February 1, 20__, February 1, 20__, and February 1, 20__ are referred to herein as the "Term Certificates". The Term Certificates are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Certificate Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on February 1 in each of the years as set forth below:

Term Certificates Stated to Mature on February 1, 20__		Term Certificates Stated to Mature on February 1, 20__		Term Certificates Stated to Mature on February 1, 20__	
<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>

*Payable at Stated Maturity.

The principal amount of a Term Certificate required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates of such Stated Maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with money in the Certificate Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

B. Optional Redemption. The Certificates having Stated Maturities on and after February 1, 20__ shall be subject to redemption prior to Stated Maturity, at the option of the County, on February 1, 20__ or on any date thereafter, in whole or in part, in principal amounts of

\$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

C. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Certificates (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Certificates, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the City to exercise the right to redeem Certificates shall be entered in the minutes of the governing body of the City.

D. Selection of Certificates for Redemption. If less than all Outstanding Certificates of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Certificates to be redeemed, provided that if less than the entire principal amount of a Certificate is to be redeemed, the Paying Agent/Registrar shall treat such Certificate then subject to redemption as representing the number of Certificates Outstanding which is obtained by dividing the principal amount of such Certificate by \$5,000.

E. Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Certificates, the Paying Agent/Registrar shall cause a notice of redemption to be sent by United States mail, first-class postage prepaid, in the name of the City and at the City's expense, by the Paying Agent/Registrar to each Holder of a Certificate to be redeemed, in whole or in part, at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder. This notice may also be published once in a financial publication, journal, or reporter of general circulation among securities dealers in the City of New York, New York (including, but not limited to, *The Bond Buyer* and *The Wall Street Journal*), or in the State of Texas (including, but not limited to, *The Texas Bond Reporter*).

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder.

If a Certificate is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Certificate (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Certificates (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on the Certificates (or the principal amount thereof to be redeemed) called for redemption

shall cease to accrue and such Certificates shall not be deemed to be Outstanding in accordance with the provisions of this Ordinance.

F. Transfer/Exchange of Certificates. Neither the City nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Certificate during a period beginning forty-five (45) days prior to the date fixed for redemption of the Certificates or (2) to transfer or exchange any Certificate selected for redemption, provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate which is subject to redemption in part.

SECTION 5. Execution - Registration. The Certificates shall be executed on behalf of the City by its Mayor or Mayor Pro Tem under the seal of the City reproduced or impressed thereon and attested by its City Secretary. The signature of either of said officers on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of individuals who were, at the time of the Certificate Date, the proper officers of the City shall bind the City, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the delivery of the Certificates to the Purchasers (hereinafter defined), all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially in the form provided in Section 8C, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided in Section 8D, executed by the Paying Agent/Registrar by manual signature, and either such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified or registered and delivered.

SECTION 6. Registration - Transfer - Exchange of Certificates - Predecessor Certificates. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every owner of the Certificates, or if appropriate, the nominee thereof. Any Certificate may, in accordance with its terms and the terms hereof, be transferred or exchanged for Certificates of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Certificate at the corporate trust office of the Paying Agent/Registrar, the City shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates executed on behalf of, and furnished by, the City of authorized denominations and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holder, Certificates may be exchanged for other Certificates of authorized denominations and having the same Stated Maturity, bearing the same rate of interest

and of like aggregate principal amount as the Certificates surrendered for exchange upon surrender of the Certificates to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any Certificates are so surrendered for exchange, the Paying Agent/Registrar shall register and deliver, new Certificates executed on behalf of, and furnished by, the City to the Holder requesting the exchange.

All Certificates issued upon any transfer or exchange of Certificates shall be delivered at the corporate trust office of the Paying Agent/Registrar, or be sent by registered mail to the Holder at his request, risk, and expense, and upon the delivery thereof, the same shall be the valid and binding obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificates surrendered upon such transfer or exchange.

All transfers or exchanges of Certificates pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Certificates, evidencing all or a portion, as the case may be, of the same debt evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Certificates shall include any Certificate registered and delivered pursuant to Section 25 in lieu of a mutilated, lost, destroyed, or stolen Certificate which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

SECTION 7. Initial Certificate. The Certificates herein authorized shall be issued initially either (i) as a single fully registered Certificate in the total principal amount of \$ __, __, __ with principal installments to become due and payable as provided in Section 2 and numbered T-1, or (ii) as one (1) fully registered Certificate for each year of Stated Maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (the *Initial Certificate*) and, in either case, the Initial Certificate shall be registered in the name of the Purchasers or the designee thereof. The Initial Certificate shall be the Certificate submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchasers. Any time after the delivery of the Initial Certificate to the Purchasers, the Paying Agent/Registrar, pursuant to written instructions from the Purchasers or their designee, shall cancel the Initial Certificate delivered hereunder and exchange therefor definitive Certificates of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates on the unpaid principal amounts from the Closing Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity, and shall be lettered "R" and numbered consecutively from one (1) upward for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the Purchasers, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8. Forms.

A. Forms Generally. The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Certificates shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends and any reproduction of an opinion of Bond Counsel (hereinafter referenced)) thereon as may, consistent herewith, be established by the City or determined by the officers executing the Certificates as evidenced by their execution thereof. Any portion of the text of any Certificate may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

The definitive Certificates shall be typewritten, printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other similar manner, all as determined by the officers executing the Certificates as evidenced by their execution thereof, but the Initial Certificate submitted to the Attorney General of the State of Texas may be typewritten or photocopied or otherwise reproduced.

B. Form of Definitive Certificate.REGISTERED
NO. _____REGISTERED
PRINCIPAL AMOUNT
\$ _____

United States of America
State of Texas
Counties of Bexar, Comal, and Kendall
CITY OF FAIR OAKS RANCH, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2025

Certificate Date: Interest Rate: Stated Maturity: CUSIP No.
August 1, 2025

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

The City of Fair Oaks Ranch, Texas (the *City*), a body corporate and municipal corporation in the Counties of Bexar, Comal, and Kendall, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof (the *Holder*), on the Stated Maturity date specified above (or so much thereof as shall not have been paid upon prior redemption), the Principal Amount specified above and to pay interest on the unpaid Principal Amount hereof from the Certificate Date specified above, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for until such Principal Amount has become due and payment thereof has been made or duly provided for, to the earlier of redemption or at Stated Maturity, while Outstanding, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 of each year (each, an *Interest Payment Date*), commencing February 1, 2026.

Principal and premium, if any, of this Certificate shall be payable to the Registered Owner hereof (the *Holder*), upon presentation and surrender, at the corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Certificate (or one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each Interest Payment Date. All payments of principal of and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$ __, __, __ (the *Certificates*) pursuant to an Ordinance adopted by the governing body of the City (the *Ordinance*), for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, constructing, acquiring, purchasing, renovating, enlarging, and improving the City's utility system; (2) providing for drainage improvements, including designing, engineering, and construction costs related thereto; (3) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes; and (4) payment for professional and employee services relating to the design, construction, project management, inspection, consultant services, and financing of the aforementioned projects, under and in strict conformity with the laws of the State of Texas, particularly Chapter 1502, as amended, Texas Government Code, the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through 271.064, and the City's Home Rule Charter.

The Certificates stated to mature on February 1, 20__, February 1, 20__, and February 1, 20__ are referred to herein as the "Term Certificates". The Term Certificates are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Certificate Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on February 1 in each of the years as set forth below:

Term Certificates Stated to Mature on February 1, 20__		Term Certificates Stated to Mature on February 1, 20__		Term Certificates Stated to Mature on February 1, 20__	
<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>

*Payable at Stated Maturity.

The principal amount of a Term Certificate required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates of such Stated Maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with money in the Certificate Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

As specified in the Ordinance, the Certificates stated to mature on and after February 1, 20__ shall be subject to redemption prior to their Stated Maturities at the option of the County, on

February 1, 20__ or on any date thereafter, as a whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, plus accrued interest to the date of redemption; provided, however, that at least thirty (30) days prior written notice shall be sent to the Holder of the Certificates to be redeemed by United States mail, first-class postage prepaid, and subject to the terms and provisions relating thereto contained in the Ordinance. If this Certificate is subject to redemption prior to Stated Maturity and is in a denomination in excess of \$5,000, portions of the principal sum hereof in installments of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Certificate to the Paying Agent/Registrar at its corporate trust office, a new Certificate or Certificates of like Stated Maturity and interest rate in any authorized denominations provided in the Ordinance for the then unredeemed balance of the principal sum hereof.

If this Certificate (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption has been duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if the money for the payment of the redemption price, and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Certificate is called for redemption, in whole or in part, the City or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Certificate within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Certificates of this series are payable from the proceeds of an ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the *System*), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City has previously authorized the issuance of the currently outstanding Limited Pledge Obligations (identified and defined in the Ordinance) that are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner and as described in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.

Reference is hereby made to the Ordinance, a copy of which is on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied and the revenues pledged for the payment of the Certificates; the terms and

conditions under which the City may issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations; the terms and conditions relating to the transfer or exchange of the Certificates; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holder; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Certificate may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Ordinance. Capitalized terms used herein without definition have the same meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register upon presentation and surrender at the corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the City nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a Special Record Date) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Certificate in order to render the same a legal, valid, and binding obligation of the City have been performed, exist, and have been done, in regular and due time, form, and manner, as required by the laws of the State of Texas and the Ordinance, and that the issuance of the Certificates does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of, premium if any, and interest on the Certificates by the levy of a tax and collection of Pledged Revenues as aforesated. In case any provision in this Certificate or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the City has caused this Certificate to be duly executed under its official seal.

CITY OF FAIR OAKS RANCH, TEXAS

By _____
Mayor

ATTEST:

City Secretary

(CITY SEAL)

C. *Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Certificate Only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

I HEREBY CERTIFY that this Certificate has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____

Comptroller of Public Accounts
of the State of Texas

(SEAL)

*NOTE TO PRINTER: Do Not Print on Definitive Certificates.

D. *Form of Certificate of Paying Agent/Registrar to Appear on Definitive Certificates Only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Certificate has been duly issued under the provisions of the within-mentioned Ordinance; the Certificate or Certificates of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Registered this date:	BOKF, NA, DALLAS, TEXAS as Paying Agent/Registrar

_____	By: _____ Authorized Signature

*NOTE TO PRINTER: Print on Definitive Certificates.

E. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

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

DATED: _____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular.

Signature guaranteed:

F. Form of Initial Certificate. The Initial Certificate shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Certificate shall be modified as follows:

- (i) immediately under the name of the Certificate the headings "Interest Rate and "Stated Maturity shall both be completed "as shown below";
- (ii) the first two paragraphs shall read as follows:

The City of Fair Oaks Ranch, Texas (the *City*), a body corporate and municipal corporation in the Counties of Bexar, Comal, and Kendall, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above stated to mature on the first day of February in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>Years of</u> <u>Stated Maturity</u>	<u>Principal</u> <u>Amounts (\$)</u>	<u>Interest</u> <u>Rates (%)</u>

(Information to be inserted
from schedule in Section 2 hereof)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amounts hereof from the Certificate Date, or from the most recent Interest

Payment Date (hereinafter defined) to which interest has been paid or duly provided for until the Principal Amount has become due and payment thereof has been made or duly provided for, to the earlier of redemption or at Stated Maturity, while Outstanding, at the per annum rates of interest specified above, computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 of each year (each, an *Interest Payment Date*), commencing February 1, 2026.

Principal of this Certificate shall be payable to the Registered Owner hereof (the *Holder*), upon its presentation and surrender, to Stated Maturity or prior redemption, while Outstanding, at the corporate trust office of BOKF, NA, Dallas, Texas (the *Paying Agent/Registrar*); provided, however, with respect to principal payment prior to the final Stated Maturity, the Certificates need not be surrendered to the Paying Agent/Registrar, who will merely document such payment on an internal ledger maintained by the Paying Agent/Registrar. Interest shall be payable to the Holder of this Certificate whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each Interest Payment Date. All payments of principal of and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

[END OF FORMS]

G. Insurance Legend. If bond insurance is obtained by the City or the Purchasers for the Certificates, the Definitive Certificates and the Initial Certificate shall bear an appropriate legend as provided by the bond insurer to appear under the following header:

[BOND INSURANCE] or [STATEMENT OF INSURANCE]

SECTION 9. Definitions. For all purposes of this Ordinance (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 27 and 44 of this Ordinance have the meanings assigned to them in Sections 27 and 44 of this Ordinance, and all such terms, include the plural as well as the singular; (ii) all references in this Ordinance to designated “Sections” and other subdivisions are to the designated Sections and other subdivisions of this Ordinance as originally adopted; and (iii) the words “herein”, “hereof”, and “hereunder” and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision.

A. The term *Additional Limited Pledge Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation or other evidences of indebtedness hereafter issued by the City payable in whole or in part from a limited pledge of and lien on Net Revenues of the System such pledge being subordinate and inferior to the lien thereon and pledge thereof securing the payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City, which pledge of revenues is limited pursuant to Section 1502.052, as amended,

Texas Government Code, all as further provided in Section 20 of this Ordinance, and (ii) any obligations issued to refund the foregoing as determined by the City Council in accordance with applicable law.

B. The term *Authorized Officials* shall mean the Mayor, the Mayor Pro Tem, the City Manager, and/or the Director of Finance.

C. The term *Certificates* shall mean the \$____,____ “CITY OF FAIR OAKS RANCH, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025” authorized by this Ordinance.

D. The term *Certificate Fund* shall mean the special Fund created and established by the provisions of Section 10 of this Ordinance.

E. The term *City* shall mean the City of Fair Oaks Ranch, located in Bexar, Comal, and Kendall Counties, Texas and, where appropriate, the City Council of the City.

F. The term *Closing Date* shall mean the date of physical delivery of the Initial Certificate in exchange for the payment of the agreed purchase price for the Certificates.

G. The term *Collection Date* shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the City become delinquent.

H. The term *Debt Service Requirements* shall mean, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest at the maximum rate permitted by the terms thereof and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

I. The term *Depository* shall mean an official depository bank of the City.

J. The term *Fiscal Year* shall mean the annual financial accounting period for the System now ending on September 30th of each year; provided, however, the City Council may change such annual financial accounting period to end on another date if such change is found and determined to be necessary for accounting purposes or is required by applicable law.

K. The term *Government Securities*, as used herein, shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent;

(iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Certificates.

L. The term *Gross Revenues* for any period shall mean all revenue during such period in respect or on account of the operation or ownership of the System, excluding refundable meter deposits, restricted gifts, and grants in aid of construction, but including earnings and income derived from the investment or deposit of money in any special fund or account (except the Certificate Fund) created and established for the payment or security of the Certificates.

M. The term *Holder* or *Holder*s shall mean the registered owner, whose name appears in the Security Register, for any Certificate.

N. The term *Interest Payment Date* shall mean the date interest is payable on the Certificates, being February 1 and August 1 of each year, commencing February 1, 2026, while any of the Certificates remain Outstanding.

O. The term *Junior Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation or any similar obligations hereafter issued by the City that are payable in whole or in part from and equally and ratably secured by a junior and inferior lien on and pledge of the Net Revenues of the System, such pledge being junior and inferior to the lien on and pledge of the Net Revenues of the System that may be pledged to the payment of any Prior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues of the System that are or will be pledged to the payment of the currently outstanding Limited Pledge Obligations, and the Certificates, or any Subordinate Lien Obligations or Additional Limited Pledge Obligations hereafter issued by the City all as further provided in Section 20 of this Ordinance and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a junior and inferior lien on and pledge of the Net Revenues of the System as determined by the City Council in accordance with any applicable law.

P. The term *Limited Pledge Obligations* shall mean (i) the Certificates and the outstanding and unpaid obligations of the City that are payable, in part, from and secured by a subordinate and inferior lien on and pledge of a limited amount of the Net Revenues of the System and designated as follows:

(1) “City of Fair Oaks Ranch, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020”, dated September 1, 2020, originally issued in the aggregate principal amount of \$2,660,000;

(2) “City of Fair Oaks Ranch, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024”, dated September 1, 2024, originally issued in the aggregate principal amount of \$3,705,000; and

(ii) any obligations hereafter issued to refund any of the foregoing as determined by the City Council in accordance with any applicable law.

Q. The term *Maintenance and Operating Expenses* shall mean all current expenses of operating and maintaining the System not paid from the proceeds of the Certificates, including (1) the cost of all salaries, labor, materials, repairs, and extensions necessary to render efficient service, but only if, in the case of repairs and extensions, they are, in the judgment of the City Council (reasonably and fairly exercised), necessary to maintain operation of the System and render adequate service to the City and the inhabitants thereof, or are necessary to meet some physical accident or condition which would otherwise impair obligations payable from Net Revenues, (2) payments to pension, retirement, health, hospitalization, and other employee benefit funds for employees of the City engaged in the operation or maintenance of the System, (3) payments under contracts for the purchase of water supply, treatment of sewage, or other materials, goods, or services for the System to the extent authorized by law and the provisions of such contract, (4) payments to auditors, attorneys, and other consultants incurred in complying with the obligations of the City hereunder, and (5) any legal liability of the City arising out of the operation, maintenance, or condition of the System, but excluding any allowance for depreciation, property retirement, depletion, obsolescence, and other items not requiring an outlay of cash and any interest on the Certificates or other bonds, notes, warrants, or similar obligations of the City payable from Net Revenues.

R. The term *Net Revenues* for any period shall mean the Gross Revenues of the System less the Maintenance and Operating Expenses of the System.

S. The term *Ordinance* shall mean this ordinance as finally passed and adopted by the City Council of the City.

T. The term *Outstanding* when used in this Ordinance with respect to the Certificates shall mean, as of the date of determination, all Certificates issued and delivered under this Ordinance, except:

(1) those Certificates cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Certificates for which payment has been duly provided by the City in accordance with the provisions of Section 29 of this Ordinance; and

(3) those Certificates that have been mutilated, destroyed, lost, or stolen and replacement Certificates have been registered and delivered in lieu thereof as provided in Section 25 of this Ordinance.

U. The term *Pledged Revenues* shall mean, while the Certificates remain Outstanding, an amount of Net Revenues not in excess of \$1,000. The Pledged Revenues shall be deposited, allocated, and expended in accordance with Section 10 of this Ordinance.

V. The term *Pledged Revenue Amount* shall mean the total amount, not to exceed \$1,000 while the Certificates are Outstanding, of Net Revenues that may be transferred in whole or in part by the City in any given Fiscal Year (however, any amounts transferred prior to the final

maturity date of the Certificates may not exceed the total amount of \$1,000) to the Certificate Fund.

W. The term *Prior Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation or any similar obligations hereafter issued by the City that are payable in whole or in part from and equally and ratably secured by a first and prior lien on and pledge of the Net Revenues of the System, all as further provided in Section 20 of this Ordinance, and (ii) any obligations hereafter issued to refund the foregoing if issued in a manner so as to be payable from and equally and ratably secured by a first and prior lien on and pledge of the Net Revenues of the System as determined by the City Council in accordance with any applicable law.

X. The term *Purchasers* shall mean the initial purchaser or purchasers of the Certificates named in Section 26 of this Ordinance.

Y. The term *Stated Maturity* shall mean the annual principal payments of the Certificates payable on February 1 of each year the Certificates are Outstanding as set forth in Section 2 of this Ordinance.

Z. The term *Subordinate Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation, or any similar obligations hereafter issued by the City that are payable in whole or in part from and equally and ratably secured by a lien on and pledge of the Net Revenues of the System, such pledge being subordinate and inferior to the lien on and pledge of the Net Revenues of the System that may be pledged to the payment of any Prior Lien Obligations or Junior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the limited amount of the Net Revenues securing, in part, the payment of the currently outstanding Limited Pledge Obligations and the Certificates or any Additional Limited Pledge Obligations hereafter issued by the City, all as further provided in Section 20 of this Ordinance and (ii) any obligations hereafter issued to refund any of the foregoing if issued in a manner so as to be payable from and equally and ratably secured by a subordinate and inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with any applicable law.

AA. The term *System* shall mean all properties, facilities and plants currently owned, operated, and maintained by the City for the supply, treatment, and transmission of treated potable water, for the collection and treatment of wastewater, together with all future extensions, improvements, replacements and additions thereto, whether situated within or without the limits of the City and the City expressly reserves the right at its sole discretion to include additional utility, telecommunications, technology, or similar enterprise services as components of the System; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of *Special Facilities Bonds*, which are hereby defined as being special revenue obligations of the City which are not payable from Net Revenues but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Bonds Similarly Secured including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

SECTION 10. Certificate Fund – Investments. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption, and retirement of the Certificates, there shall be and is hereby created a special fund to be designated “COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025, INTEREST AND SINKING FUND” (the *Certificate Fund*), which fund shall be kept and maintained at the Depository, and money deposited in the Certificate Fund shall be used for no other purpose and shall be maintained as provided in Section 27. Authorized Officials of the City are hereby authorized and directed to make withdrawals from the Certificate Fund sufficient to pay the purchase price or the amount of principal of, premium, if any, and interest on the Certificates as the same become due and payable and shall cause to be transferred to the Paying Agent/Registrar from money on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest stated to mature on the Certificates, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the business day next preceding each interest and principal payment date for the Certificates.

The City, at its sole discretion, may deposit the Pledged Revenue Amount to the Certificate Fund. The Pledged Revenue Amount, if deposited, shall be expended annually to pay principal of and interest on the Certificates as the same become due and payable. This Pledged Revenue Amount shall be accounted for and transferred to the Paying Agent/Registrar in accordance with the provisions of the previous paragraph of this Section.

Pending the transfer of funds to the Paying Agent/Registrar, money deposited in any fund created and established by this Ordinance may, at the option of the City, be placed in time deposits, certificates of deposit, guaranteed investment contracts, or similar contractual agreements, as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or be invested, as authorized by any law, including investments held in book-entry form, in securities, including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Small Business Administration, Farmers Home Administration, Federal Home Loan Mortgage Association, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from such fund will be available at the proper time or times. All interest and income derived from deposits and investments in any fund established pursuant to the provisions of this Ordinance shall be credited to, and any losses debited to, such fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificates.

SECTION 11. Tax Levy. To provide for the payment of the Debt Service Requirements on the Certificates being (i) the interest on the Certificates and (ii) a sinking fund for their redemption at Stated Maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied for the current year and each succeeding year thereafter

while the Certificates or any interest thereon shall remain Outstanding, a sufficient tax, within the limitations prescribed by law, on each one hundred dollars valuation of taxable property in the City, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund and are thereafter pledged to the payment of the Certificates. The City Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness and other obligations of the City.

The amount of taxes to be provided annually for the payment of the principal of and interest on the Certificates shall be determined and accomplished in the following manner:

A. Prior to the date the City Council establishes the annual tax rate and passes an ordinance levying ad valorem taxes each year, the City Council shall determine:

(1) the amount of Debt Service Requirements to become due and payable on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year;

(2) the amount on deposit in the Certificate Fund after (a) deducting therefrom the total amount of Debt Service Requirements to become due on Certificates prior to the Collection Date for the ad valorem taxes to be levied and (b) adding thereto the amount of the Pledged Revenues, if any, to be appropriated and allocated during such year to pay such Debt Service Requirements, if any, prior to the Collection Date for the ad valorem taxes to be levied; and

(3) the amount of Pledged Revenues, if any, to be appropriated and to be set aside for the payment of the Debt Service Requirements on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding Fiscal Year.

B. The amount of taxes to be levied annually each year to pay the Debt Service Requirements on the Certificates shall be the amount established in paragraph (1) above less the sum total of the amounts established in paragraphs (2) and (3), after taking into consideration delinquencies and costs of collecting such annual taxes.

SECTION 12. Pledge of Revenues. The City hereby covenants and agrees that, subject to (i) any prior lien on and pledge of the Net Revenues of the System to the payment and security of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City and (ii) the lien on and pledge of a limited amount of the Net Revenues to the payment and security of the currently outstanding Limited Pledge Obligations, the Pledged Revenues are hereby irrevocably pledged to the payment of the principal of and interest on the Certificates and the pledge of Pledged Revenues herein made for the payment of the Certificates

shall constitute a lien on the Pledged Revenues in accordance with the terms and provisions hereof and be valid and binding without any physical delivery thereof or further act by the City.

SECTION 13. System Fund. The City hereby covenants and agrees that all Gross Revenues derived from the operation of the System shall be kept separate and apart from all other funds, accounts and money of the City and shall be deposited as collected into the “CITY OF FAIR OAKS RANCH, TEXAS UTILITY SYSTEM FUND” (the *System Fund*). All money deposited in the System Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown:

- First: to the payment of the reasonable and proper Maintenance and Operating Expenses of the System required by statute or ordinances authorizing the issuance of any indebtedness of the City to be a first charge on and claim against the Gross Revenues of the System;
- Second: To the payment of the amounts that must be deposited in the special funds and accounts created and established for the payment, security, and benefit of any Prior Lien Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinance authorizing their issuance;
- Third: To the payment of the amounts that must be deposited in the special funds and accounts created and established for the payment, security, and benefit of any Junior Lien Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinance authorizing their issuance;
- Fourth: To the payment of the amounts that must be deposited in the special funds and accounts created and established for the payment, security, and benefit of any Subordinate Lien Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinance authorizing their issuance; and
- Fifth: To the payment of the amounts that may be deposited in the special funds and accounts established for the payment of the currently outstanding Limited Pledge Obligations, including the Certificates, and any Additional Limited Pledge Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinances authorizing their issuance.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment, security and benefit thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

SECTION 14. Deposits to Certificate Fund – Surplus Certificate Proceeds. The City hereby covenants and agrees to cause to be deposited in the Certificate Fund prior to a principal and interest payment date for the Certificates, from the Pledged Revenues in the System Fund, after the deduction of all payments required to be made to the special funds or accounts created for the payment, security, and benefit of (i) any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City and (ii) the currently outstanding

Limited Pledge Obligations, including the Certificates, and any amounts budgeted to be paid therefrom in such Fiscal Year.

Accrued interest, if any, received from the Purchasers of the Certificates shall be deposited to the Certificate Fund and ad valorem taxes levied and collected for the benefit of the Certificates shall be deposited to the Certificate Fund. In addition, any surplus proceeds, including investment income therefrom, from the sale of the Certificates not expended for authorized purposes shall be deposited in the Certificate Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said fund from ad valorem taxes.

SECTION 15. Security of Funds. All money on deposit in the funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and money on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

SECTION 16. Maintenance of System - Insurance. The City covenants and agrees that while the Certificates remain Outstanding it will maintain and operate the System with all possible efficiency and maintain casualty and other insurance (including a system of self-insurance) on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type of business and that it will faithfully and punctually perform all duties with reference to the System required by the laws of the State of Texas. All money received from losses under such insurance policies, other than public liability policies, are held for the benefit of the holders of the Certificates until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operating Expenses. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the operation of the System but nothing herein shall be construed as preventing the City from doing so.

SECTION 17. Rates and Charges. The City hereby covenants and agrees with the Holders of the Certificates that rates and charges for utility services afforded by the System will be established and maintained to provide Gross Revenues sufficient at all times:

A. to pay, together with any other lawfully available funds, all operating, maintenance, depreciation, replacement, betterment, and other costs incurred in the maintenance and operation of the System, including, but not limited to, Maintenance and Operating Expenses; provided, however, that the City expressly reserves the right to utilize other lawfully available funds to pay the Maintenance and Operating Expenses;

B. to produce Net Revenues sufficient, together with any other lawfully available funds, to pay (i) the interest on and principal of any Prior Lien Obligations hereafter issued by the City as the same becomes due and payable and the amounts required to be deposited in any special fund created and established for the payment, security, and benefit thereof, (ii) the interest on and

principal of any Junior Lien Obligations hereafter issued by the City as the same becomes due and payable and the amounts required to be deposited in any special fund created and established for the payment, security, and benefit thereof, (iii) the interest on and principal of any Subordinate Lien Obligations hereafter issued by the City as the same becomes due and payable and the amounts required to be deposited in any special fund created and established for the payment, security, and benefit thereof, and (iv) the amounts that may be deposited in the special funds established for the payment of the currently outstanding Limited Pledge Obligations, the Certificates, or any Additional Limited Pledge Obligations hereafter issued by the City; and

C. to pay other legally incurred indebtedness payable from the Net Revenues of the System and/or secured by a lien on the System or the Net Revenues thereof.

SECTION 18. Records and Accounts - Annual Audit. The City further covenants and agrees that so long as any of the Certificates remain Outstanding it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto, as provided by Chapter 1502, as amended, Texas Government Code, or other applicable law. The Holders of the Certificates or any duly authorized agent or agents of the Holders shall have the right to inspect the System and all properties comprising the same. The City further agrees that, following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of certified public accountants. Expenses incurred in making the annual audit of the operations of the System are to be regarded as Maintenance and Operating Expenses.

SECTION 19. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Certificate Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, the Holders of any of the Certificates shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition, or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 20. Issuance of Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations. The City hereby expressly reserves the right to hereafter issue bonds, notes, warrants, certificates of obligation, or similar obligations, payable, in whole or in part, as appropriate, from and secured by a pledge of and lien on the Net Revenues of the System with the following priorities, without limitation as to principal amount, but subject to any terms, conditions, or restrictions applicable thereto under existing ordinances, laws, or otherwise:

A. Prior Lien Obligations payable from and equally and ratably secured by a first and prior lien on and pledge of the Net Revenues of the System;

B. Junior Lien Obligations payable from and equally and ratably secured by a lien on and pledge of the Net Revenues that is junior and inferior to the lien on and pledge thereof securing the payment of any Prior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues securing in whole or in part the payment of the currently outstanding Limited Pledge Obligations, the Certificates, and any Subordinate Lien Obligations or Additional Limited Pledge Obligations hereafter issued by the City;

C. Subordinate Lien Obligations payable from and equally and ratably secured by a lien on and pledge of the Net Revenues that is subordinate and inferior to the lien on and pledge thereof securing the payment of any Prior Lien Obligations or Junior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues securing, in part, the payment of the currently outstanding Limited Pledge Obligations, the Certificates, and any Additional Limited Pledge Obligations hereafter issued by the City; and

D. Additional Limited Pledge Obligations secured by a lien on and pledge of a limited amount of the Net Revenues in accordance with the provisions of the following paragraph.

Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations, if issued, may be payable, in whole or in part, from Net Revenues (without impairment of the obligation of contract with the holders of the currently outstanding Limited Pledge Obligations and the Certificates) upon such terms and conditions as the City Council may determine. Additional Limited Pledge Obligations, if issued and payable, in whole or in part, from Pledged Revenues (defined in the same or similar terms as provided in Section 9 of this Ordinance or in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations), shall not in any event be construed to be payable from the Pledged Revenues authorized by this Ordinance or in the respective ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations to be budgeted and appropriated for the payment of the Certificates or the respective ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. However, the lien on and pledge of the limited amount of Net Revenues securing, in part, the payment of the Certificates, the Limited Pledge Obligations, and any Additional Limited Pledge Obligations shall be subordinate and inferior to the pledge of and lien on the Net Revenues securing the payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City.

SECTION 21. Special Covenants. The City hereby further covenants that:

A. it has the lawful power to pledge the Pledged Revenues supporting the Certificates and has lawfully exercised said powers under the laws of the State of Texas, including power existing under Chapter 1502, as amended, Texas Government Code, the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through Section 271.064, and the City's Home Rule Charter;

B. other than for the payment of the currently outstanding Limited Pledge Obligations, and the Certificates, the Net Revenues of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System;

C. as long as any Certificates or any interest thereon remain Outstanding, the City will not sell, lease or encumber (except in the manner provided in Section 20 of this Ordinance) the System or any substantial part thereof, provided that this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System;

D. to the extent that it legally may, the City further covenants and agrees that, so long as any of the Certificates, or any interest thereon, are Outstanding, no franchise shall be granted for the installation or operation of any competing utility systems other than those owned by the City, and the operation of any such systems by anyone other than the City is hereby prohibited; and

E. no free service of the System shall be allowed, and should the City or any of its agents or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the City out of funds from sources other than the revenues and income of the System.

SECTION 22. Application of the Covenants and Agreements of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations. It is the intention of the City Council and accordingly hereby recognized and stipulated that the provisions, agreements, and covenants contained herein bearing upon the management and operations of the System, and the administration and application of Gross Revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements, and covenants contained in the ordinances authorizing the issuance of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City, and to the extent of any irreconcilable conflict between the provisions contained herein and in the ordinances authorizing the issuance of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations, the provisions, agreements and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance, especially the priority of rights and benefits conferred thereby to the holders of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. It is expressly recognized that prior to the issuance of any Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, or Additional Limited Pledge Obligations, the City must comply with each of the conditions precedent contained in the respective ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations and the Certificates, as appropriate.

SECTION 23. Notices to Holders – Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class postage prepaid, to the address of each Holder as it appears in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Holders. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 24. Cancellation. All Certificates surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Certificates held by the Paying Agent/Registrar shall be destroyed as directed by the City.

SECTION 25. Mutilated, Destroyed, Lost, and Stolen Certificates. If (1) any mutilated Certificate is surrendered to the Paying Agent/Registrar, or the City and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Certificate, and (2) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Certificate has been acquired by a bona fide purchaser, the City shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Certificate, a new Certificate of the same Stated Maturity and interest rate and of like tenor and principal amount, bearing a number not contemporaneously Outstanding.

In case any such mutilated, destroyed, lost, or stolen Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Certificate, pay such Certificate.

Upon the issuance of any new Certificate or payment in lieu thereof, under this Section, the City may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses and charges (including attorney's fees and the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Certificate issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Certificate shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Certificates.

SECTION 26. Sale of Certificates at Competitive Sale – Approval of the Official Statement – Proceeds of Sale. The Certificates authorized by this Ordinance are hereby sold by the City to _____, _____, _____, as the initial purchasers of the Certificates pursuant at a competitive sale (the *Purchasers*, having all of the rights, benefits, duties, and obligations of a Holder) in accordance with the provisions of an Official Bid Form (the *Official Bid Form*), dated as of August 7, 2025, attached hereto as Exhibit B and incorporated herein by reference as a part of the Ordinance for all purposes, at the price of par, plus a [net] reoffering premium of \$_____ (including the Purchasers' compensation of \$_____), plus accrued interest to the date of initial delivery of the Certificates to the Purchasers and is hereby approved and confirmed. The Initial Certificate shall be registered in the name of _____. It is hereby officially found, determined, and declared that the Purchasers are the highest bidder for the Certificates whose bid, received as a result of invitations for competitive bids in compliance with applicable law, produced the lowest true interest cost to the City. The pricing and terms of the sale of the Certificates are hereby found and determined to be the most advantageous reasonably obtainable by the City. Any Authorized Official is hereby authorized and directed to execute the Official Bid Form for and on behalf of the City and as the act and deed of this City Council, and in regard to the approval and execution of the Official Bid Form, the City Council hereby finds, determines and declares that the representations, warranties, and agreements of the City contained in the Official Bid Form are true and correct in all material respects and shall be honored and performed by the City. Delivery of the Certificates to the Purchasers shall occur as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of the Official Bid Form. Proceeds from the sale of the Certificates shall be applied as follows:

(1) Accrued interest in the amount of \$_____, received from the Purchasers shall be deposited into the Certificate Fund.

(2) The City received a [net] reoffering premium from the sale of the Certificates of \$_____ which is hereby allocated by the City in the following manner: (A) \$_____ to pay the Purchasers' compensation, (B) \$_____ to pay the costs of issuance, and (C) the remaining \$_____ shall be deposited into the construction account established in paragraph (3) below.

(3) The balance of the proceeds (including a portion of the [net] reoffering premium in the amount of \$_____ as described above and principal in the amount of \$_____,_____.00, totaling \$_____ derived from the sale of the Certificates (after paying costs of issuance) shall be deposited into the special construction account or accounts created for the projects to be constructed with the proceeds of the Certificates. This special construction account shall be established and maintained at the Depository and shall be invested in accordance with the provisions of Section 10 of this Ordinance. Interest earned on the proceeds of the Certificates pending completion of construction of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code, or

as required by any other applicable law. Thereafter, such amounts shall be expended in accordance with Section 14 of this Ordinance.

Furthermore, the City hereby ratifies, confirms, and approves in all respects (i) the City's prior determination that the Preliminary Official Statement was, as of its date, "deemed final" in accordance with SEC Rule 15c12-12, as amended (the Rule (hereinafter defined) and (ii) the use and distribution of the Official Notice of Sale, Official Bid Form, and Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Certificates. The final Official Statement, being a modification and amendment of the Preliminary Official Statement to reflect the terms of sale referenced in the Official Bid Form (together with such changes approved by any Authorized Official, any one or more of said officials), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute the final Official Statement, dated August 7, 2025, in the reoffering, sale and delivery of the Certificates to the public. The Mayor and City Secretary are further authorized and directed to manually execute and deliver for and on behalf of the City copies of the Official Statement in final form as may be required by the Purchasers, and such final Official Statement in the form and content manually executed by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Purchasers. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Certificates.

SECTION 27. Covenants to Maintain Tax-Exempt Status.

A. Definitions. When used in this Section, the following terms have the following meanings:

"Closing Date" means the date on which the Certificates are first authenticated and delivered to the initial purchasers against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"Computation Date" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Gross Proceeds" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Certificates.

"Investment" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Certificates are invested and which is not acquired to carry out the governmental purposes of the Certificates.

"Rebate Amount" has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Certificates. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Yield*” of

(1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(2) the Certificates means the yield as calculated pursuant to Section 1.148-4 of the Regulations.

B. Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Certificate to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Certificate, the City shall comply with each of the specific covenants in this Section.

C. No Private Use or Private Payments. Except to the extent it will not cause the Certificates to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Certificates:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Certificates, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Certificates or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

D. No Private Loan. Except to the extent it will not cause the Certificates to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if- (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

E. Not to Invest at Higher Yield. Except to the extent it will not cause the Certificates to become “arbitrage bonds” within the meaning of section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Certificates directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, materially exceeds the Yield of the Certificates.

F. Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Certificates to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

G. Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

H. Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Certificate is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Certificates with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Certificates until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Certificates by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Certificate Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Certificates equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

I. Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Certificates, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection H of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Certificates not been relevant to either party.

J. Certificates Not Hedge Bonds.

(1) The City reasonably expects to spend at least 85% of the spendable proceeds of the Certificates within three years after such Certificates are issued.

(2) Not more than 50% of the proceeds of the Certificates will be invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

K. Elections. The City hereby directs and authorizes any Authorized Official and Bond Counsel, either individually or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document. Such elections shall be deemed to be made on the Closing Date.

L. Qualified Tax-Exempt Obligations. The Issuer hereby designates the Certificates as qualified tax-exempt obligations for purposes of section 265(b) of the Code. In furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) during the calendar year in which the Certificates are issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Certificates, will result in more than \$10,000,000 of “qualified tax-exempt obligations” being issued; (b) the Issuer reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year 2025 by the Issuer (including any subordinate entities) will not exceed \$10,000,000; and (c) the Issuer will take such action or refrain from such action as is necessary in order that the Certificates will not be considered “private activity bonds” within the meaning of section 141 of the Code.

SECTION 28. Control and Custody of Certificates. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas and shall take and have charge and control of the Certificates pending their approval by the Attorney General of the State of Texas, the registration thereof by the Comptroller of Public Accounts of the State of Texas and the delivery of the Certificates to the Purchasers.

Furthermore, any Authorized Official, either individually or any combination of them, is hereby authorized and directed to furnish and execute such documents relating to the City and its financial affairs as may be necessary for the issuance of the Certificates, the approval of the Attorney General of the State of Texas and their registration by the Comptroller of Public Accounts of the State of Texas and, together with the City’s financial advisors, Bond Counsel, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Certificate to the Purchasers and, when requested in writing by the Purchasers, the initial exchange thereof for definitive Certificates.

SECTION 29. Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied and the lien on and pledge of the Pledged Revenues under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Certificates, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof on or prior to Stated Maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities will mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made)

the redemption date thereof for the Certificates. In the event of a defeasance of the Certificates, the City shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent accounting firm, or another qualified third party concerning the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Certificate. To the extent applicable, if at all, the City covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as arbitrage bonds within the meaning of section 148 of the Code (as defined in Section 27 hereof).

Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates and remaining unclaimed for a period of three (3) years after the Stated Maturity of the Certificates, or applicable redemption date of the Certificates, such money was deposited and is held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem defeased Certificates that is made in conjunction with the payment arrangements specified in subsection (i) or (ii) above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the defeased Certificates for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Certificates immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Certificates, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Certificates.

SECTION 30. Printed Opinion. The Purchasers' obligation to accept delivery of the Certificates is subject to their being furnished a final opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, as Bond Counsel, approving certain legal matters as to the Certificates, this opinion to be dated and delivered as of the date of initial delivery and payment for such Certificates. Printing of a true and correct copy of this opinion on the reverse side of each of the Certificates, with appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the City is hereby approved and authorized.

SECTION 31. CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof, and neither the City nor Bond Counsel are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

SECTION 32. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 33. Ordinance a Contract, Amendments - Outstanding Certificates. The City acknowledges that the covenants and obligations of the City herein contained are a material inducement to the purchase of the Certificates. This Ordinance shall constitute a contract with the Holders from time to time, binding on the City and its successors and assigns, and it shall not be amended or repealed by the City so long as any Certificate remains Outstanding except as permitted in this Section. The City may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of Holders holding a majority in aggregate principal amount of the Certificates then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided, however, that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required for consent to any such amendment, addition, or rescission.

SECTION 34. Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, Bond Counsel, Paying Agent/Registrar, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, Bond Counsel, Paying Agent/Registrar, and the Holders.

SECTION 35. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters ordained herein.

SECTION 36. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 37. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 38. Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 39. Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council of the City.

SECTION 40. Authorization of Paying Agent/Registrar Agreement. The City Council of the City hereby finds and determines that it is in the best interest of the City to authorize the execution of a Paying Agent/Registrar Agreement concerning the payment, exchange, registration, and transferability of the Certificates. A copy of the Paying Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated by reference to the provisions of this Ordinance.

SECTION 41. Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 42. Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the City or of the Paying Agent/Registrar shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof.

SECTION 43. No Recourse Against City Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any Certificate or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Certificate.

SECTION 44. Continuing Disclosure Undertaking.

A. Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

EMMA means the MSRB's Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

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

SEC means the United States Securities and Exchange Commission.

Undertaking means the City's continuing disclosure undertaking, described in Subsections B through F below, hereunder accepted and entered into by the City for the purpose of compliance with the Rule.

B. Annual Reports.

The City shall file annually with the MSRB, (1) within six months after the end of each fiscal year of the City ending in or after 2025, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by Section 26 of this Ordinance, being the information described in Exhibit C hereto, and (2) if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall file unaudited financial statements within such period and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such financial statements becomes available. Under current Texas law, including, but not limited to, Chapter 103, as amended, Texas Local Government Code, the City must have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The annual financial statement, including the auditor's opinion on the statement, shall be filed in the office of the City Secretary within 180 days after the last day of the City's fiscal year. Additionally, upon the filing of this financial statement and the annual audit, these documents are subject to the Texas Open Records Act, as amended, Texas Government Code, Chapter 552.

C. Notice of Certain Events.

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue

(IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;

- (7) Modifications to rights of Holders of the Certificates, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material;
- (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The City shall file notice with the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with this Section by the time required by this Section.

D. Limitations, Disclaimers, and Amendments.

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

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

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

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

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

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a person that is

unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Certificates. The City may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the City so amends the provisions of this Section, the City shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

E. Information Format – Incorporation by Reference.

The City information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the SEC.

F. General Policies and Procedures Concerning Compliance with the Rule.

Because the issuance of the Certificates is subject to the provisions of the Rule and because the potential “underwriters” in a negotiated sale of the Certificates or the initial purchasers in a competitive sale of the Certificates may be subject to MSRB rules and regulations with respect to such sale (including certain due diligence and suitability requirements, among others), the City hereby adopts the General Policies and Procedures Concerning Compliance with the Rule (the “Policies and Procedures”), attached hereto as Exhibit E, with which the City shall follow to assure compliance with the Undertaking. The City has developed these Policies and Procedures for the purpose of meeting its requirements of the Undertaking and, in connection therewith, has sought the guidance from its internal staff charged with administering the City’s financial affairs, its municipal or financial advisors, its legal counsel (including its Bond Counsel), and its independent accountants (to the extent determined to be necessary or advisable). The Policies and Procedures can be amended at the sole discretion of the City and any such amendment will not be deemed to be an amendment to the Undertaking. Each Authorized Official is hereby authorized to amend the Policies and Procedures as a result of a change in law, a future issuance of indebtedness subject to the Rule, or another purpose determined by the Authorized Official to be necessary or desirable for or with respect to future compliance with the Undertaking.

SECTION 45. Book-Entry Only System.

The Certificates may initially be registered so as to participate in a securities depository system (the *DTC System*) with the Depository Trust Company, New York, New York, or any successor entity thereto (*DTC*), as set forth herein. Each Stated Maturity of the Certificates shall be issued (following cancellation of the Initial Certificate described in Section 7) in the form of a separate single definitive Certificate. Upon issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Certificates shall be registered in the name of Cede & Co., as the nominee of DTC. The Issuer and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representations attached hereto as Exhibit D (the *Representation Letter*).

With respect to the Certificates registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Certificates from time to time as securities depository (a *Depository Participant*) or to any person on behalf of whom such a Depository Participant holds an interest in the Certificates (an *Indirect Participant*). Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the Certificates, as shown on the Security Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the delivery to any Depository Participant or any Indirect Participant or any other Person, other than a Holder of a Certificate, of any amount with respect to principal of, premium, if any, or interest on the Certificates. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, or interest on the Certificates pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the Holder, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

In the event that (a) the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the Issuer determines that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the Issuer shall notify the Paying Agent/Registrar, DTC, and the Depository Participants of the availability within a reasonable period of time through DTC of bond certificates, and the Certificates shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the Issuer may determine that the Certificates shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the Issuer, or such depository's agent or designee, and if the Issuer and the Paying Agent/Registrar do not select such alternate securities depository system then the Certificates may be registered in whatever name or names the Holders of Certificates transferring or exchanging the Certificates shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the Representation Letter.

SECTION 46. Further Procedures. The officers and employees of the City are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the initial sale and delivery of the Certificates, the Official Bid Form, the Paying Agent/Registrar Agreement, and the Official Statement. In addition, prior to the initial delivery of the Certificates, any Authorized Official and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance and as described in the Official Statement necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Certificates by the Texas Attorney General's office. In case any officer of the City whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 47. Contract with Financial Advisor. The City Council authorizes any Authorized Official, or their designees, to take all actions necessary to execute any necessary financial advisory contract with SAMCO Capital Markets, Inc., as the financial advisor to the City (the *Financial Advisor*). The City understands that under applicable federal securities laws and regulations that the City must have a contractual arrangement with its Financial Advisor relating to the sale, issuance, and delivery of the Certificates.

SECTION 48. City's Consent to Provide Information and Documentation to the Texas MAC. The Municipal Advisory Council of Texas (the *Texas MAC*), a non-profit membership corporation organized exclusively for non-profit purposes described in section 501(c)(6) of the Internal Revenue Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the City hereby consents to and authorizes any Authorized Official, Bond Counsel to the City, and/or Financial Advisor to the City to provide to the Texas MAC information and documentation requested by the Texas MAC relating to the Certificates; provided, however, that no such information and documentation shall be provided prior to the Closing Date. This consent and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the Certificates.

SECTION 49. Effective Date. Pursuant to the provisions of Section 1201.028, as amended, Texas Government Code, this Ordinance shall be effective immediately upon adoption, notwithstanding any provision in the City's Home Rule Charter to the contrary concerning a multiple reading requirement for the adoption of ordinances.

PASSED, APPROVED, AND ADOPTED on the 7th day of August, 2025.

Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Christina Picioccio, City Secretary

Denton Navarro Rodriguez Bernal Santee
& Zech, P.C., City Attorney

(CITY SEAL)

INDEX TO EXHIBITS

Exhibit A	Paying Agent/Registrar Agreement
Exhibit B	Official Bid Form
Exhibit C	Description of Annual Financial Information
Exhibit D	DTC Letter of Representations
Exhibit E	General Policies and Procedures Concerning Compliance with the Rule

EXHIBIT A

Paying Agent/Registrar Agreement

See Tab No. ____

EXHIBIT B

Official Bid Form

See Tab No. ____

EXHIBIT C

Description of Annual Financial Information

The following information is referred to in Section 44 of this Ordinance.

Annual Financial Statements and Operating Data

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

- 1) The City's audited financial statements for the most recently concluded fiscal year or to the extent these audited financial statements are not available, the portions of the unaudited financial statements of the City appended to the Official Statement as Appendix D, but for the most recently concluded fiscal year.
- 2) All quantitative financial information and operating data of the general type included in the Official Statement. Specifically, the information is of the type included in "Investment Authority and Investment Practices of the Issuer - Current Investments" and in Tables 1 through 12 of "Appendix A - Financial Information of the Issuer" to the Official Statement.

Accounting Principles

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time.

EXHIBIT D

DTC Letter of Representations

See Tab No. ____

EXHIBIT E

General Policies and Procedures Concerning Compliance with the Rule

I. Capitalized terms used in this Exhibit have the meanings ascribed thereto in Section 38 of the Ordinance. “Bonds” refer to the Bonds that are the subject of the Ordinance to which this Exhibit is attached.

II. As a capital markets participant, the City is aware of its continuing disclosure requirements and obligations existing under the Rule prior to February 27, 2019, the effective date of the most recent amendment to the Rule (the “Effective Date”), and has implemented and maintained internal policies, processes, and procedures to ensure compliance therewith. Adherence to these internal policies, processes, and procedures has enabled underwriters in non-exempt negotiated sales and initial purchasers in non-exempt competitive sales to comply with their obligations arising under various MSRB rules and regulations concerning due diligence and findings of suitability, among other matters, regarding the City’s compliance with the Rule.

III. The City is aware that the Rule was amended as of the Effective Date (the “Rule Amendment”) and has accommodated this amendment by adding paragraphs (15) and (16) to Section 44 of the Ordinance, which provisions are a part of the Undertaking.

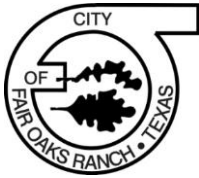
IV. The City is aware that “participating underwriters” (as such term is defined in the Rule) of the Bonds must make inquiry and reasonably believe that the City is likely to comply with the Undertaking and that the standards for determining compliance have increased over time as a result of, among others, the United States Securities and Exchange Commission’s Municipalities Continuing Disclosure Cooperation Initiative and regulatory commentary relating to the effectiveness of the Rule Amendment.

V. The City now establishes the following general policies and procedures (the “Policies and Procedures”) for satisfying its obligations pursuant to the Undertaking, which policies and procedures have been developed based on the City’s informal policies, procedures, and processes utilized prior to the Effective Date for compliance with the City’s obligations under the Rule, the advice from and discussions with the City’s internal senior staff (including staff charged with administering the City’s financial affairs), its municipal or financial advisors, its legal counsel (including Bond Counsel), and its independent accountants, to the extent determined to be necessary or advisable (collectively, the “Compliance Team”):

1. the City Manager and the Director of Finance of the City (each, a “Compliance Officer”) shall be responsible for satisfying the City’s obligations pursuant to the Undertaking through adherence to these Policies and Procedures;
2. the Compliance Officer shall establish reminder or “tickler” systems to identify and timely report to the MSRB, in the format thereby prescribed from time to time, the City’s information of the type described in Section 44 of the Ordinance;
3. the Compliance Officer shall promptly determine the occurrence of any of the events described in Section 44 of the Ordinance;

4. the Compliance Officer shall work with external consultants of the City, as and to the extent necessary, to timely prepare and file with the MSRB the annual information of the City and notice of the occurrence of any of the events referenced in Clauses 2 and 3 above, respectively, the foregoing being required to satisfy the terms of the Undertaking;
5. the Compliance Officer shall establish a system for identifying and monitoring any Financial Obligations, whether now existing or hereafter entered into by the City, and (upon identification) determining if such Financial Obligation has the potential to materially impact the security or source of repayment of the Bonds;
6. upon identification of any Financial Obligation meeting the materiality standard identified in Clause 5 above, the Compliance Officer shall establish a process for identifying and monitoring any City agreement to covenants, events of default, remedies, priority rights, or other similar terms under such Financial Obligation;
7. the Compliance Officer shall establish a process for identifying the occurrence of any default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation, the occurrence of any of which reflect financial difficulties of the City; and

the Compliance Officer shall annually review these Policies and Procedures with the remainder of the Compliance Team, make any modifications on an internal document retained by the Compliance Officer and available to any “participating underwriter” (as defined in the Rule), if requested, and on the basis of this annual review (to the extent determined to be necessary or desirable), seek additional training for herself or himself, as well as other members of the City’s internal staff identified by the Compliance Officer to assist with the City’s satisfaction of the terms and provisions of the Undertaking.



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action approving a resolution authorizing the execution of an Interlocal Agreement with the San Antonio River Authority regarding FEMA Floodplain Management, and execution of all applicable documents by the City Manager

DATE: August 7, 2025

DEPARTMENT: Public Works – Engineering Services

PRESENTED BY: Lee Muñiz, P.E., CFM, Manager of Engineering Services

INTRODUCTION/BACKGROUND:

The National Flood Insurance Program (NFIP) was established by the National Flood Insurance Act of 1968. It provides federally-backed flood insurance coverage to property owners in participating communities, reduces risks to life and property through floodplain management regulations, and conducts comprehensive floodplain mapping to identify areas at risk.

The San Antonio River Authority (SARA) started the Cooperative Technical Partnership (CTP) with FEMA in 2012. This program permits approved entities to perform technical reviews of floodplain submittals on FEMA's behalf to improve efficiency, increase local accuracy and reduce FEMA processing time. SARA currently performs these reviews for Bexar County and has offered to expand this service to Kendall County, including the portion of the City that falls within Kendall County. In the future, SARA may expand services to Comal County and other nearby counties as well.

The current process for obtaining a Letter of Map Change (LOMC), which includes Letter of Map Amendments (LOMA), Letter of Map Revisions (LOMR), and Physical Map Revisions (PMR), involves a detailed review by the City's Floodplain Administrator. Once approved locally, the LOMC is submitted to FEMA for final review and implementation. FEMA may take up to 90 days to review each submittal and an additional 90 days for any required resubmittals. Due to the frequent need for multiple rounds of submittals, this process often results in a prolonged approval timeline.

This Interlocal Agreement (**Exhibit A**) aims to streamline this process by transferring FEMA's technical review responsibilities to SARA. SARA is in the process of updating the hydrologic and hydraulic models for Cibolo Creek, which runs through the heart of the City. Their familiarity with this watershed makes SARA well-suited to serve as the reviewing agency for LOMC submittals. Upon completion of their technical review, SARA will prepare and submit all required documentation, along with a recommendation for approval, directly to FEMA for final action.

On May 13, 2025, Kendall County approved the same ILA for LOMC reviews within the county. On July 22, the City of Boerne also approved the same ILA for LOMC reviews within their city limits. Once SARA has obtained signed ILAs from Kendall County, the City of Boerne, and the City of Fair Oaks Ranch, SARA will submit the ILAs to FEMA for approval under the CTP program.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Supports Priority 2.5 to Develop, Implement and Update Environmental Sustainability Programs of the Strategic Action Plan.
- Supports Priority 3.3 to Enhance and Ensure Continuity of Reliable Drainage Improvement Initiatives.
- Engaging SARA, a FEMA CTP agency, to review LOMCs on behalf of FEMA will significantly reduce review and response times. In addition, SARA maintains a web-based repository, the D2MR website, which provides access to current and approved LOMCs as well as effective modeling data for download.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

In accordance with ILA Article III, there is no cost to the City for services rendered by SARA.

LEGAL ANALYSIS:

The resolution and ILA have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION/PROPOSED MOTION:

I move to approve a resolution authorizing authorizing the execution of an Interlocal Agreement with the San Antonio River Authority regarding FEMA Floodplain Management, and execution of all applicable documents by the City Manager.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS AUTHORIZING THE EXECUTION OF AN INTERLOCAL AGREEMENT WITH THE SAN ANTONIO RIVER AUTHORITY REGARDING FEMA FLOODPLAIN MANAGEMENT, AND EXECUTION OF ALL APPLICABLE DOCUMENTS BY THE CITY MANAGER

WHEREAS, the National Flood Insurance Program (NFIP), a program of the Federal Emergency Management Agency ("FEMA"), established by the National Flood Insurance Act of 1968, has several purposes: the most significant being to better indemnify individuals from losses through the availability of flood insurance; to reduce future flood damages through community floodplain management regulations; and to reduce costs for disaster assistance and flood control; and

WHEREAS, City, as a participating community in the NFIP, is required to designate a Floodplain Administrator to ensure proper enforcement of required floodplain management provisions; and

WHEREAS, the San Antonio River Authority ("SARA"), pursuant to its role as the Letter of Map Revision Review Partner for FEMA, will review, and provide recommendations to FEMA on all Conditional Letter of Map Revisions ("CLOMR"), Letter of Map Revisions ("LOMR"), and Physical Map Revisions ("PMR") submissions and thus has technical expertise to support the City in its review of requests for CLOMRs, LOMRs, and PMRs; and

WHEREAS, City and SARA are authorized by the Interlocal Cooperation Act, Government Code Chapter 791, to enter into agreements to increase the efficiency and effectiveness of Texas government to the greatest extent possible; and

WHEREAS, on May 13, 2025, Kendall County Commissioners Court approved an Interlocal Agreement authorizing SARA to provide technical reviews and recommendations for FEMA CLOMR, LOMR, and PMR; and

WHEREAS, on July 21, 2025, the City Council of the City of Boerne approved an Interlocal Agreement authorizing the SARA to provide technical reviews and recommendations for FEMA CLOMR, LOMR, and PMR; and

WHEREAS, entering into an interlocal agreement to collaboratively meet the requirements of the NFIP will mutually benefit SARA and the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1 The City Council hereby authorizes the City Manager to execute an agreement with San Antonio River Authority ("**EXHIBIT A**") to provide technical reviews and recommendations for FEMA CLOMR, LOMR, and PMRs within the Kendall County portion of the City limits and to execute any and all applicable documents to effectuate this resolution.

Section 2. That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

- Section 3.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.
- Section 4.** That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.
- Section 5.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.
- Section 6.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.
- Section 7.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 7^h day of August 2025.

Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Amanda Valdez, TRMC
Deputy City Secretary

Denton Navarro Rodriguez Bernal Santee & Zech
P.C., City Attorney

Exhibit A

**INTERLOCAL AGREEMENT BETWEEN
CITY OF FAIR OAKS RANCH AND THE SAN ANTONIO RIVER AUTHORITY
FOR FLOODPLAIN MANAGEMENT**

This Interlocal Agreement (“Agreement”) is entered into by and between the San Antonio River Authority, a conservation and reclamation district and political subdivision of the State of Texas domiciled in Bexar City, Texas (“River Authority”) and the City of Fair Oaks Ranch, a home rule municipal corporation in the State of Texas (“City”), both of which may be referenced herein as a “Party” and collectively as the “Parties” in this Agreement.

WHEREAS, the National Flood Insurance Program (NFIP), established by the National Flood Insurance Act of 1968, has several purposes, the most significant being to better indemnify individuals from losses through the availability of flood insurance; to reduce future flood damages through community floodplain management regulations; and to reduce costs for disaster assistance and flood control; and

WHEREAS, the NFIP is a program of the Federal Emergency Management Agency (FEMA), who invokes certain requirements of communities who participate in the NFIP as a condition of participation including designate a Floodplain Administrator to ensure proper enforcement of required floodplain management provisions; and

WHEREAS, the City is a participating community in the NFIP; and

WHEREAS, the River Authority, pursuant to its role as the LOMR Review Partner for FEMA, will review, and provide recommendations to FEMA on all Conditional Letter of Map Revisions (“CLOMR”), Letter of Map Revision (“LOMR”), and Physical Map Revisions (“PMR”) submissions and thus has technical expertise to support the City in its review of requests for CLOMRs, LOMRs, and PMRs; and

WHEREAS, City and River Authority are authorized by the Interlocal Cooperation Act, Government Code Chapter 791, to enter into agreements to increase the efficiency and effectiveness of Texas government to the greatest extent possible; and

WHEREAS, it is to the mutual benefit of the River Authority and the City to enter into an agreement to collaboratively meet the requirements of the NFIP; and

NOW, THEREFORE, the Parties, in consideration of the mutual covenants and agreements herein, do hereby agree as follows:

ARTICLE I PURPOSE

This agreement (the “Agreement”) outlines the roles and responsibilities of the Parties regarding future mutual cooperation of governmental functions and sharing of information to complete the services in a manner that will increase the efficient use and the effectiveness of the resources of both Parties.

Exhibit A

ARTICLE II INDIVIDUAL PARTY RESPONSIBILITIESA. River Authority will:

1. Provide *San Antonio River Basin Regional Modeling Standards for Hydrology and Hydraulic Modeling (Modeling Standards)* to be used for all requests for CLOMRs, LOMRs, and PMRs in City.
2. Maintain current and effective hydrologic and hydraulic models, along with supporting data, for the watersheds and studied streams in City. This includes updating the effective model set to include changes necessitated by FEMA issued LOMRs and PMRs as well as any other applicable laws, rules and regulations as updated from time to time.
3. Provide and maintain a website where the public can request copies of computer models and supporting data and provide these computer models and supporting data to the requestor in a timely fashion.
4. Maintain a GIS based dataset of ongoing Letter of map Change (“LOMC”) activity, and further coordination by informing affected parties of potential conflict due to concurrent activity.
5. Provide timely review and comment on all requests submitted to FEMA for CLOMRs, LOMRs, and PMRs – specifically to ensure that the request is in conformance with the *Modeling Standards*.
6. At the request of the City, provide timely technical review and consideration of requests for CLOMRs, LOMRs, and PMRs on behalf of the City.
7. Provide the City with an opportunity to review any studies performed by the River Authority within the City, and ensure all studies are in accordance with FEMA and City standards. Studies performed by the River Authority do not automatically have City endorsement until approved by City in writing.
8. Provide the City with any necessary revisions to CLOMRs, LOMRs, and PMRs conducted by the River Authority after these studies are endorsed by the City.
9. Designate a point of contact for the services hereunder, who is the LOMC administrator.

B. City will:

1. Review and approve all request for Conditional Letter of Map Revisions (“CLOMR”) and Letter of Map Revision (“LOMR”), request for Physical Map Revisions (“PMR”), Letter of Map Amendments (“LOMA”) and other map requests and forward these to county and/or FEMA all in accordance with the provisions of the NFIP.
2. Require all requests for CLOMR, LOMR, and PMR within the City adhere to the *Modeling Standards*.
3. Provide a copy of all requests for CLOMR, LOMR, and PMR within the City to the River Authority on a timely basis for review and comment prior to submitting to FEMA.
4. Provide the River Authority with copies of all revisions to the requests for CLOMRs, LOMRs, and PMRs necessitated as part of the FEMA review, along with a copy of all correspondence between FEMA and the City related to the request in a timely manner.
5. Designate a point of contact for the services hereunder, who is their designated flood plain administrator. Provide an updated email address for notifications.

Exhibit A**ARTICLE III NO FUNDS EXCHANGED**

There is no cost associated with the services herein and thus no funds are being exchanged by the parties pursuant to this Agreement.

ARTICLE IV FUNDING

It is expressly understood and agreed by the Parties, that the River Authority has not appropriated funds hereunder to fulfill any obligation created by the terms of this Agreement; that certain expenditures by the River Authority hereunder may be funded under one or more agreements between the River Authority and third parties; and that the River Authority may, but shall not be obligated to, from time to time budget and appropriate additional funds to fulfill any obligation created hereunder. If FEMA does not appropriate or expend funds or if the Board of Directors of the River Authority does not appropriate or expend funds necessary to perform any obligation hereunder, the sole remedy of the City shall be to terminate this Agreement in accordance with the terms herein.

ARTICLE V TERM

This Agreement becomes effective when fully executed by all Parties and will terminate as provided for herein. The Effective Date of this Agreement shall be the last date signed by all Parties. The Parties commit to reviewing how this Agreement is working on a regular basis.

ARTICLE VI TERMINATION

Notwithstanding anything to the contrary herein, either Party may terminate this Agreement upon thirty (30) days prior written notice to the other Party.

ARTICLE VII MISCELLANEOUS

- A. Records. The River Authority and City will maintain records resulting from this Agreement in compliance with the State of Texas Records Retention Policy. If this Agreement is terminated, the Parties agree to deliver to each other a copy of said records at the request of the other Party and at the receiving Party's expense. However, FEMA is the official record holder for certain of these records in which case federal law will apply to their retention and production.
- B. Relationship. The River Authority is performing governmental services for the City in accordance with Chapter 791, Texas Government Code. Nothing in this Agreement creates a partnership, joint venture or employee-employer relationship between the Parties. Neither Party is allowed to hold themselves out as an agent for the other Party in any way. There are no third-party beneficiaries to this Agreement.
- C. Notice. All notices and communications concerning CLOMR, LOMR and PMR shall be emailed to River Authority's designated LOMR Review Program Manager.

Exhibit A

All notices and communications concerning the terms and conditions of the Agreement shall be mailed by certified mail, return receipt requested, or delivered to the River Authority at the follow address:

San Antonio River Authority
Attn: Contracting
100 E. Guenther
San Antonio, Texas 78204

With a copy to: contracts@sariverauthority.org.

All notices and communications under this Agreement shall be mailed by certified mail, return receipt requested, or delivered to the City at the following address:

City Public Works Department
Attention: Floodplain Administrator
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015

- D. Force Majeure. Neither the River Authority nor the City shall be deemed to be in default in performance of the obligations required herein if such performance is delayed, disrupted or becomes impossible because of any act of God, war, earthquake, fire, strike, accident 'civil commotion, epidemic, act of government, regulatory change, pandemic, action by governing agency or office, or any other cause beyond the control of either Party ("Force Majeure"). Each Party agrees to mitigate losses as required by statute and common law.
- E. Applicable Law. This Agreement will be governed by the laws of the state of Texas.
- F. No Assignment. Neither Party may assign its interest in this Agreement without the prior written approval of the other Party.
- G. Severability. If any provision herein is to be invalid, unenforceable, or illegal in any respect, this invalidity, unenforceability, or illegality shall not operate to terminate the entire Agreement, and the other provisions shall remain effective, and the court shall declare the remaining provisions intact.
- H. No Waiver. No waiver(s) of any breach or default(s) by either Party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other Party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.
- I. Entire Agreement. This Agreement contains the entire understanding between the Parties relating to the rights herein granted and the obligations herein assumed. Any modification concerning this instrument will be of no force or effect, except a subsequent modification in writing signed by the Parties.

Exhibit A

This Agreement has been executed by authorized representatives of the Parties to be effective as of the last signature below.

SAN ANTONIO RIVER AUTHORITY

CITY OF FAIR OAKS RANCH

BY: _____
Derek E. Boese, JD, PMP
General Manager

BY: _____
Scott M. Huizenga
City Manager

DATE: _____

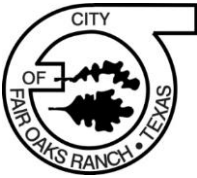
DATE: _____

Approved as to Form:

Approved as to Form:

BY: _____
Luis A. Garcia
General Counsel

BY: _____
Daniel Santee
City Attorney



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action to accept applications for vacancies on Boards, Committees, and Commissions, to reappoint incumbents, and to schedule interviews for new applicants

DATE: August 7, 2025

DEPARTMENT: City Secretary

PRESENTED BY: Amanda Valdez, TRMC, Deputy City Secretary

INTRODUCTION/BACKGROUND:

On June 5, 2025, the City Secretary reviewed the annual appointment process for Boards, Committees, and Commissions and presented a timeline for completing appointments (**Attachment A**).

A summary of the 15 possible vacancies is provided in **Attachment B**. All incumbents with terms expiring on September 30, 2025, were contacted and given the opportunity to request reappointment. Nine of the incumbents have requested reappointment.

To recruit new applicants, the City published vacancy notices on its website and social media. The application deadline was August 1, 2025. The City received eight applications from new individuals to volunteer their service on the City's Boards, Committees and Commissions. Several applicants expressed interest in multiple positions.

The staff is seeking the City Council's acceptance of the submitted applications and guidance on how to proceed. This includes:

- Interviewing all applicants; and,
- Reappointing incumbents and interviewing only new applicants; or
- Selecting any other method deemed appropriate.

Staff will schedule interviews on September 4 and September 18, as necessary, with the City Council's direction.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Provides a consistent and fair appointment process.
- Provides a fresh perspective for established committees.
- Supports Pillar 5 of the Strategic Action Plan - Operational Excellence by affording an opportunity for resident engagement and participation.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

N/A

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

I move to accept the Boards, Committees, and Commissions applications,

Option 1: and to reappoint all incumbents to their prospective Board, Committee, or Commission positions and set the following dates for interviews on new applicants:
_____.

Option 2: and to interview all applicants, incumbent and new, for the Board, Committee, and Commission positions and set the following dates for interviews:
_____.



BOARDS, COMMITTEES & COMMISSIONS SCHEDULE

Notify Incumbents	June 6, 2025
Post Open Positions on Website	June 6, 2025
Start Social Media Push	June 6, 2025
Application Deadline	August 1, 2025
City Council Considers Reappointing Incumbents & Determines Method of Appointment for Remaining Positions	August 7, 2025
Interviews (if necessary)	September 4 and 18, 2025
New Member Appointment Selection	September 18, 2025
Orientation – Training Session	September 22 – September 26, 2025
Term Begins	October 1, 2025

BOARD/COMMITTEE/COMMISSION SUMMARY OF POSSIBLE VACANCIES**Building Code Board of Appeals**

- 1 vacancy
- 1 applicant
- This board has never been convened; dual appointments may be considered

Capital Improvements Advisory Committee (CIAC)

- 3 vacancies
- New Senate Bill 1883 (effective Sept 1, 2025) raises required industry representation from 40% to 50% (5 of 9 members)
- 1 incumbent seeks reappointment & qualifies under industry requirement
- 1 open position for someone who fulfills the industry requirement
- 1 open position for a regular member (industry requirement not needed)
- 3 new applications received; all meet industry requirements

Municipal Development District (MDD) Board

- 4 vacancies
- 4 incumbents seek reappointment
- 2 positions shall be held by Council Members (currently occupied by incumbents)
- 1 position shall be held by a member of FORHA (currently occupied by incumbent)
- 4 new applications received; if incumbents are reappointed, no vacancies remain

Planning & Zoning Commission (P&Z)

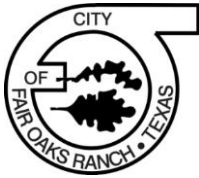
- 1 vacancy for an unexpired term ending September 30, 2026
- 4 applications received

Transportation Safety Advisory Committee (TSAC)

- 3 vacancies
- 2 incumbents seek reappointment
- 3 new applications received

Zoning Board of Adjustment (ZBOA)

- 3 vacancies (2 regular, 1 alternate)
- 1 regular and 1 alternate member seek reappointment



CITY COUNCIL WORKSHOP CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: FY 2025-26 Budget Workshop
 DATE: August 7, 2025
 DEPARTMENT: Finance
 PRESENTED BY: Summer Fleming, CGFO, Director of Finance

INTRODUCTION/BACKGROUND:

This is the fourth workshop for developing the FY 2025-26 Budget. This workshop covers the proposed budgets for all funds, capital projects, and related tax rate impacts. The purpose of these workshops is to keep both the City Council and the public informed and engaged in the budget process. They also provide an opportunity to refine budget proposals and adjust service priorities based on Council input.

This is the final workshop before the FY 2025-26 Proposed Budget is officially filed with the City Secretary on August 18, 2025. A Public Hearing on the proposed budget and tax rate will be held during a special meeting on September 15, 2025, followed by the first reading of the adopting ordinances. Final adoption is scheduled for the regularly scheduled City Council meeting on September 18, 2025.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Budget workshops encourage open discussion and collaboration between residents and officials, fostering a sense of ownership and trust in the budget process.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

General Fund Budget Overview:

The proposed FY 2025-26 General Fund budget projects total revenues of \$11.08 million, reflecting a 6.4% increase in property tax revenue and a 2.2% increase in sales tax revenue. Operating expenditures are proposed at \$10.62 million, an increase of 7.5% over the prior year. However, total expenditures—including capital and transfers—are increasing only 3.4%.

The proposed budget is balanced and sustains the high level of service our residents expect. It continues to build reserves for future capital replacements and maintains an operating reserve equivalent to six months of operating expenditures. Under this budget, the unassigned fund balance is projected to be \$2.47 million at the end of the year.

Strategic Projects Fund Budget Overview:

The proposed FY 2025-26 Strategic Projects Fund budget totals \$495,480 and includes funding for a City facilities master plan, fencing at Fire Station #3, a new strategic planning process, and completion of two ongoing drainage projects. No transfer from the General Fund is needed because

the Strategic Projects Fund has sufficient remaining balance from prior project savings and cancellations.

Combined Utility Fund Budget Overview:

The proposed Utility Fund budget includes \$6.24 million in operating revenues to support \$6.10 million in operating expenditures, resulting in an operating income of \$141,270 before depreciation. Non-operating revenues are projected at \$2.23 million, primarily from impact fees, capital reserve fees, debt service fees, and interest earnings. After accounting for capital expenditures and debt service, the proposed budget reflects a \$648,396 increase in the Utility Fund's net position.

Total operating expenses are increasing by 8% compared to last year's budget. The proposed budget includes new investments in utility infrastructure, one-time improvements to meet TCEQ requirements, continued contributions to reserves for future replacement of utility vehicles and equipment and maintains an operating reserve equal to 7 months of expenses.

Key budget additions include the following:

- Sewer manhole rehabilitation - \$100,000
- Replacement water plant flow meters - \$111,240
- Replacement firewall for SCADA system - \$35,000
- Replacement of three well pumps (if needed) - \$150,000
- Replacement mini excavator - \$62,698
- Continuation of projects in the Water CIP - \$7,070,241
- Continuation of projects in the Wastewater CIP - \$1,828,508

Governmental Funds

	General Fund	SAP	Equip Repl	Debt Service	Bond Capital Fund	TOTAL GOVERNMENTAL
Beginning Fund Balance Projected	8,069,139	816,914	1,536,604	29,475	3,154,789	13,606,921
<u>Revenues:</u>						
Taxes	8,942,496			790,950		9,733,446
Franchise Fees	766,780					766,780
Interest	450,000			7,500	120,000	577,500
Permits	144,200					144,200
Animal Control	1,495					1,495
Fines & Forfeitures	190,475					190,475
Fees & Services	377,893					377,893
Miscellaneous Income	211,500					211,500
Bond Proceeds					-	-
Utility Revenues						-
Transfers from other Funds	133,135	-	359,500			492,635
Total Revenues	11,217,974	-	359,500	798,450	120,000	12,495,924
<u>Expenditures:</u>						
Personnel	6,241,248					6,241,248
Supplies, Maintenance & Operations	1,359,493				-	1,359,493
Professional Services	2,725,959	135,000				2,860,959
Shared Services	297,671					297,671
Capital Outlay	234,103	360,480			423,555	1,018,138
Debt Service	-			798,450		798,450
Transfers & Non-Cash Adjustments	359,500		133,135			492,635
Total Expenditures	11,217,974	495,480	133,135	798,450	423,555	13,068,594
Revenues Over/(Under) Expenditures	0	(495,480)	226,365	-	(303,555)	(572,670)
Ending Fund Balance	8,069,140	321,434	1,762,969	29,475	2,851,234	13,034,252

GENERAL FUND PROJECTED FUND BALANCE					
Estimation of where Fund balances would be at 9/30/2026					
	FINAL 9/30/2024	2024-25 Projected closeout	9/30/2025 Projected Balance	2025-26 Budget Closeout	9/30/2026 Projected Balance
Non-spendable	85,344	-	85,344	-	85,344
Restricted					-
Court Technology	21,707	(7,073)	14,634	(1,125)	13,509
Court Security Building	17,531	1,680	19,211	(1,750)	17,461
Court Efficiency	1,681	250	1,931	450	2,381
Local Youth Diversion Fund	21,534	4,500	26,034	1,250	27,284
Court Jury Fund	281	100	381	150	531
Felony Forfeiture	43,275	-	43,275	(21,600)	21,675
Leose Training	20,239	1,189	21,428	(8,100)	13,328
PEG Fees	4,319	-	4,319	-	4,319
Total Restricted	130,566	646	131,212	(30,725)	100,487
Committed	-	-	-		
Assigned					
Tree Mitigation	149,600	(7,600)	142,000	(42,850)	99,150
Legal Reserve	-	-	-	-	-
Operating Reserve	4,738,119	110,000	4,848,119	464,000	5,312,119
	4,887,719	102,400	4,990,119	421,150	5,411,269
Unassigned					
Allocated	381,238	(381,238)	-	-	-
Unallocated	2,183,923	678,542	2,862,465	(390,425)	2,472,040
	2,565,161	297,304	2,862,465	(390,425)	2,472,040
General Fund Balance	7,668,789	400,350	8,069,139	0	8,069,140

STRATEGIC PROJECTS FUND					
	FINAL	2024-25	9/30/2025	2025-26	9/30/2026
	<u>9/30/2024</u>	Projected	Projected	Budget	Projected
		<u>closeout</u>	<u>Balance</u>	<u>Closeout</u>	<u>Balance</u>
Assigned	2,297,490	(1,480,576)	816,914	(495,480)	321,434

EQUIPMENT REPLACEMENT FUND					
	FINAL	2024-25	9/30/2025	2025-26	9/30/2026
	<u>9/30/2024</u>	Projected	Projected	Budget	Projected
		<u>closeout</u>	<u>Balance</u>	<u>Closeout</u>	<u>Balance</u>
Assigned	1,220,166	316,438	1,536,604	226,365	1,762,969

DEBT SERVICE FUND					
	FINAL	2024-25	9/30/2025	2025-26	9/30/2026
	<u>9/30/2024</u>	Projected	Projected	Budget	Projected
		<u>closeout</u>	<u>Balance</u>	<u>Closeout</u>	<u>Balance</u>
Restricted	104,949	(75,473)	29,475	-	29,475

BOND CAPITAL FUND					
	FINAL	2024-25	9/30/2025	2025-26	9/30/2026
	<u>9/30/2024</u>	Projected	Projected	Budget	Projected
		<u>closeout</u>	<u>Balance</u>	<u>Closeout</u>	<u>Balance</u>
Restricted	3,596,650	(441,861)	3,154,789	(303,555)	2,851,234

Revenue Type	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Projected	2025-26 Proposed	Budget vs Budget	Budget vs Budget %	Budget vs PY Projected
General Fund Revenue Detail								
Taxes								
General Property	6,410,186	6,744,102	6,557,107	6,635,745	6,977,224	420,117	6.4%	341,479
Delinquent Property	26,865	47,128	30,000	48,000	30,000	-	0.0%	(18,000)
Penalty & Interest	22,965	22,732	25,000	25,000	25,000	-	0.0%	-
Mixed Beverage	27,984	28,961	25,000	33,000	25,000	-	0.0%	(8,000)
Local Sales	1,104,090	1,192,216	1,230,148	1,213,767	1,256,848	26,700	2.2%	43,081
Street Maintenance	276,023	298,054	307,537	303,442	314,212	6,675	2.2%	10,770
Property Reduction	276,023	298,054	307,537	303,442	314,212	6,675	2.2%	10,770
Total Taxes	8,144,135	8,631,247	8,482,329	8,562,396	8,942,496	460,167	5.4%	380,100
Franchise Fees								
Time Warner Cable	64,073	59,395	60,900	60,900	60,900	-	0.0%	-
GVTC Cable/Telephone	64,222	60,270	65,000	60,000	60,000	(5,000)	-7.7%	-
AT&T Cable/Telephone	1,976	1,677	2,500	1,250	1,540	(960)	-38.4%	290
Miscellaneous	582	315	700	400	340	(360)	-51.4%	(60)
City Public Service	456,923	448,951	470,000	458,000	470,000	-	0.0%	12,000
Pedernales Electric Company	101,352	109,431	105,000	105,000	115,000	10,000	9.5%	10,000
Grey Forest Utilities	24,807	26,496	23,500	24,500	25,000	1,500	6.4%	500
Garbage Regular	34,465	36,696	34,000	57,000	34,000	-	0.0%	(23,000)
Garbage Recycling	-	-	750	-	-	(750)	-100.0%	-
Total Franchise Fees	748,401	743,231	762,350	767,050	766,780	4,430	0.6%	(270)
Interest								
Bank/Investment Interest	577,165	683,555	450,000	525,000	450,000	-	0.0%	(75,000)
Total Interest	577,165	683,555	450,000	525,000	450,000	-	0.0%	(75,000)

Revenue Type	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Projected	2025-26 Proposed	Budget vs Budget	Budget vs Budget %	Budget vs PY Projected
Permits								
New Residential Permits	146,456	145,757	80,000	90,000	60,000	(20,000)	-25.0%	(30,000)
New Commerical Permits	2,592	-	5,000	-	1,000	(4,000)	-80.0%	1,000
Remodeling/Additions	22,312	30,950	20,000	41,000	30,000	10,000	50.0%	(11,000)
Other BC and Permits	58,109	41,436	50,000	35,000	40,000	(10,000)	-20.0%	5,000
Contractor Registration	8,330	9,450	9,000	9,000	9,000	-	0.0%	-
Food/Health	3,875	4,545	4,200	4,400	4,200	-	0.0%	(200)
Total Permits Costs	241,674	232,138	168,200	179,400	144,200	(24,000)	-14.3%	(35,200)
Animal Control								
Pet Licenses	985	1,050	1,000	1,250	1,000	-	0.0%	(250)
Pet Impound/Quarantine	430	1,334	495	645	495	-	0.0%	(150)
Total Animal Control	1,415	2,384	1,495	1,895	1,495	-	0.0%	(400)
Fines & Forfeitures								
Municipal Court Fines	191,267	174,829	190,000	150,000	175,000	(15,000)	-7.9%	25,000
Municipal Court Security	5,737	5,665	6,000	4,500	5,250	(750)	-12.5%	750
Municipal Court Technology	4,714	4,648	5,000	3,750	4,375	(625)	-12.5%	625
Municipal Court Efficiency	408	603	450	250	450	-	0.0%	200
Local Youth Diversion Fund	5,793	5,725	5,700	4,500	5,250	(450)	-7.9%	750
Municipal Court Jury Fund	116	114	150	100	150	-	0.0%	50
Total Fines & Forfeitures	208,035	191,584	207,300	163,100	190,475	(16,825)	-8.1%	27,375
Fees & Services								
FORU Management	257,499	289,039	292,365	301,460	302,743	10,378	3.5%	1,283
Special Fees	11,888	30,749	25,000	63,000	35,000	10,000	40.0%	(28,000)
FORMDD Management	30,150	30,150	30,150	30,150	30,150	-	0.0%	-
Tree Mitigation Fees	-	159,600	-	-	-	-	0.0%	-
Credit Card Service Fee	9,707	9,682	12,900	9,000	10,000	(2,900)	-22.5%	1,000
Total Fees & Services	309,244	519,220	360,415	403,610	377,893	17,478	4.8%	(25,717)

Revenue Type	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Projected	2025-26 Proposed	Budget vs Budget	Budget vs Budget %	Budget vs PY Projected
Miscellaneous								
Miscellaneous	121,167	117,343	127,280	127,280	127,500	220	0.2%	220
City Event Sponsorships	850	1,480	1,200	-	-	(1,200)	-100.0%	-
Sale of Assets	16,931	-	-	-	-	-	0.0%	-
Other Sources - SBITAs	193,012	202,767	-	-	-	-	0.0%	-
Donations/Grants	310,696	141,826	88,600	303,440	68,600	(20,000)	-22.6%	(234,840)
School Guard Crossing Fund	12,391	15,729	13,500	15,000	13,500	-	0.0%	(1,500)
Lease Proceeds	1,576	4,234	1,900	4,189	1,900	-	0.0%	(2,289)
Police Seized Proceeds	54,677	-	-	-	-	-	0.0%	-
Total Miscellaneous	711,301	483,379	232,480	449,909	211,500	(20,980)	-9.0%	(238,409)
Transfers								
Project Allocations	-	-	98,585	-	-	(98,585)	-100.0%	-
Capital Replacement	303,067	222,254	56,700	56,700	133,135	76,435	134.8%	76,435
Total Transfers	303,067	222,254	155,285	56,700	133,135	76,435	49.2%	76,435
Total Resources	11,244,436	11,708,991	10,819,854	11,109,059	11,217,974	496,705	4.6%	108,915

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
General Fund								
Expenditure Summary								
Personnel								
Salaries	3,915,819	3,960,253	4,717,611	4,291,072	4,875,563	157,952	3.3%	584,491
Overtime	100,443	96,126	43,747	51,081	45,502	1,755	4.0%	(5,579)
Taxes - Social Security	239,701	243,932	293,933	261,725	303,665	9,732	3.3%	41,940
Taxes - Medicare	56,688	57,255	69,039	61,481	71,355	2,316	3.4%	9,874
Taxes SUTA/FUTA	568	7,307	7,325	7,325	3,945	(3,380)	-46.1%	(3,380)
Workers Compensation	108,385	106,300	78,598	68,290	73,271	(5,327)	-6.8%	4,981
Retirement	482,728	499,753	607,278	544,599	625,730	18,452	3.0%	81,131
Health Insurance	567,474	472,948	655,651	516,728	594,707	(60,944)	-9.3%	77,979
Uniform Allowance	23,500	20,500	28,000	21,000	-	(28,000)	-100.0%	(21,000)
Car Allowance	7,200	7,200	7,200	7,200	7,200	-	0.0%	-
Allowance for Vacancies	-	-	(260,628)	-	(249,690)	10,938	-4.2%	(249,690)
Project Allocation	-	-	-	(101,640)	(110,000)	(110,000)	0.0%	(8,360)
Total Personnel Costs	5,502,505	5,471,574	6,247,754	5,845,341	6,241,248	(6,506)	-0.1%	505,907
Supplies, Maintenance & Operations								
Supplies and Consumables	30,367	35,507	33,275	35,775	35,575	2,300	6.9%	(200)
Minor Equipment and Furniture	37,741	63,131	71,850	81,252	58,245	(13,605)	-18.9%	(23,007)
Fuel	74,201	72,884	66,500	65,000	66,500	-	0.0%	1,500
Uniforms	30,013	24,569	30,905	39,632	55,380	24,475	79.2%	15,748
Miscellaneous	-	-	-	-	-	-	0.0%	-
Vehicle Maintenance/Repairs	27,828	34,032	35,880	35,880	38,880	3,000	8.4%	3,000
Equipment Maintenance/Repairs	17,632	15,170	15,500	18,000	17,500	2,000	12.9%	(500)
Building Maintenance/Repairs	76,344	59,324	28,063	30,563	54,063	26,000	92.7%	23,500
Landscaping & Greenspace Maintenance	1,712	3,539	5,500	17,461	5,500	-	0.0%	(11,961)
Street Maintenance	894,353	792,144	930,000	951,257	945,000	15,000	1.6%	(6,257)
Drainage Work	4,940	5,919	20,000	15,000	20,000	-	0.0%	5,000
Committees - Communications	82	-	500	-	500	-	0.0%	500
Committees - Planning & Zoning	-	248	500	-	500	-	0.0%	500
Committee - Board of Adjustments	-	-	500	-	500	-	0.0%	500
Committee - Audit	-	-	500	-	500	-	0.0%	500
Urban Wildlife	-	720	500	500	500	-	0.0%	-

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Committee - Transportation Safety Advisory	-	-	-	500	500	500	0.0%	-
Court Technology	-	1,529	10,823	10,823	5,500	(5,323)	-49.2%	(5,323)
Court Security	-	43,658	4,500	4,500	7,000	2,500	55.6%	2,500
Local Youth Diversion Program	-	-	-	-	4,000	4,000	0.0%	4,000
Oak Wilt Program	-	-	15,000	15,000	25,000	10,000	66.7%	10,000
Tree and Landscape Protection	-	-	29,750	29,750	13,000	(16,750)	-56.3%	(16,750)
City Approved Events	-	-	4,850	4,850	4,850	-	0.0%	-
Emergency Response	436,482	-	500	500	500	-	0.0%	-
Total Supplies, Maintenance & Operations Costs	1,631,694	1,152,375	1,305,396	1,356,243	1,359,493	54,097	4.14%	3,250
Services								
Professional Services	1,298,848	1,398,312	1,371,499	1,488,775	2,038,682	667,182	48.6%	549,907
Dues/Subscriptions	16,482	17,053	19,466	19,987	26,168	6,702	34.4%	6,181
Training/Seminars & Related Travel	56,455	79,040	121,115	110,543	129,810	8,695	7.2%	19,267
Meetings and Related Travel	7,738	5,967	22,590	13,890	16,663	(5,927)	-26.2%	2,773
Elections	21,306	32,687	32,000	32,000	32,000	-	0.0%	-
Investigations	4,677	6,823	6,000	6,000	7,500	1,500	25.0%	1,500
Lease Training	-	-	3,000	3,000	10,000	7,000	233.3%	7,000
Asset Forfeiture	22,954	-	-	-	21,600	21,600	0.0%	21,600
Public Relations	50,927	52,166	69,100	23,400	30,250	(38,850)	-56.2%	6,850
Employee Appreciation	14,420	14,800	14,760	14,927	15,905	1,145	7.8%	978
Employment Costs	2,738	2,795	2,675	9,675	2,675	-	0.0%	(7,000)
Recording/Reporting/History	8,651	12,037	10,000	10,000	10,000	-	0.0%	-
Tech/Internet/Software	150,471	172,186	381,288	390,122	384,706	3,419	0.9%	(5,415)
Total Services Costs	1,655,667	1,793,865	2,053,493	2,122,319	2,725,959	672,466	32.75%	603,640
Shared Services								
Facility Contracts & Services	67,745	30,710	102,470	91,080	102,930	460	0.4%	11,850
Postage	2,434	3,445	4,125	4,125	4,125	-	0.0%	-
General Liability Insurance	58,066	88,746	90,000	90,000	100,085	10,085	11.2%	10,085
Electricity	41,173	38,585	44,000	43,000	44,000	-	0.0%	1,000
Phone/Cable/Alarms	33,334	35,985	32,996	32,996	46,531	13,535	41.0%	13,535
Total Shared Services Costs	202,752	197,471	273,591	261,201	297,671	24,080	8.80%	36,470

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Capital Outlay & Transfers								
Furniture, Fixtures, Equipment & Vehicles	519,820	807,635	226,975	482,108	234,103	7,128	3.1%	(248,005)
Leases and SBITA's	86,078	118,852	-	-	-	-	0.0%	-
Transfer to Debt Service Fund 06	-	-	-	-	-	-	0.0%	-
Transfer to SAP Fund 02	3,442,995	813,526	370,000	370,000	-	(370,000)	-100.0%	(370,000)
Transfer to Equip Repl Fund 31	354,495	301,945	373,138	373,138	359,500	(13,638)	-3.7%	(13,638)
Total Capital Outlay & Transfers Costs	4,403,388	2,041,958	970,113	1,225,246	593,603	(376,510)	-38.81%	(631,643)
Total Departmental Budget	13,396,006	10,657,243	10,850,347	10,810,350	11,217,974	367,627	3.39%	517,624

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Mayor & Council								
Supplies, Maintenance & Operations								
Supplies and Consumables	-	-	-	-	-	-	0.0%	-
Minor Equipment and Furniture	-	-	-	-	-	-	0.0%	-
Fuel	-	-	-	-	-	-	0.0%	-
Uniforms	266	284	350	350	350	-	0.0%	-
Miscellaneous	-	-	-	-	-	-	0.0%	-
Committees - Communications	82	-	500	-	500	-	0.0%	500
Committees - Planning & Zoning	-	248	500	-	500	-	0.0%	500
Committee - Board of Adjustments	-	-	500	-	500	-	0.0%	500
Committee - Audit	-	-	500	-	500	-	0.0%	500
Urban Wildlife	-	720	500	500	500	-	0.0%	-
Committee-Transportation Safety Advisory	-	-	-	500	500	500	0.0%	-
Total Supplies, Maintenance & Operations Costs	348	1,252	2,850	1,350	3,350	500	17.5%	2,000
Services								
Professional Services	-	-	-	-	-	-	0.0%	-
Dues/Subscriptions	3,068	2,716	3,245	3,280	3,300	55	1.7%	20
Training/Seminars & Related Travel	-	-	7,000	3,500	7,000	-	0.0%	3,500
Meetings and Related Travel	3,642	2,298	11,800	5,800	5,800	(6,000)	-50.8%	-
Public Relations	586	235	5,250	2,250	5,250	-	0.0%	3,000
Total Services Costs	7,295	5,249	27,295	14,830	21,350	(5,945)	-21.8%	6,520
Total Departmental Budget								
	7,643	6,500	30,145	16,180	24,700	(5,445)	-18.1%	8,520

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
City Administration								
Personnel								
Salaries	414,704	309,218	453,486	436,522	470,708	17,222	3.8%	34,186
Overtime	85	142	123	123	124	1	0.8%	1
Taxes - Social Security	23,236	18,155	26,853	25,410	27,752	899	3.3%	2,342
Taxes - Medicare	6,061	4,451	6,577	6,214	6,827	250	3.8%	613
Taxes SUTA/FUTA	35	399	398	398	214	(184)	-46.2%	(184)
Workers Compensation	1,462	1,260	982	853	942	(40)	-4.1%	89
Retirement	50,596	38,637	57,858	56,136	59,866	2,008	3.5%	3,730
Health Insurance	29,177	22,969	33,434	37,222	42,007	8,573	25.6%	4,785
Car Allowance	7,200	7,200	7,200	7,200	7,200	-	0.0%	-
Allowance for Vacancies	-	-	(6,023)	-	(6,000)	23	-0.4%	(6,000)
Total Personnel Costs	532,557	402,431	580,888	570,078	609,640	28,752	4.9%	39,562
Supplies, Maintenance & Operations								
Supplies and Consumables	375	513	850	850	650	(200)	-23.5%	(200)
Minor Equipment and Furniture	417	1,236	1,250	1,250	1,200	(50)	-4.0%	(50)
Fuel	25	61	150	150	150	-	0.0%	-
Uniforms	131	133	360	360	260	(100)	-27.8%	(100)
Total Supplies, Maintenance & Operations Costs	948	1,944	2,610	2,610	2,260	(350)	-13.4%	(350)
Services								
Professional Services	116,236	213,112	105,000	135,000	105,000	-	0.0%	(30,000)
Dues/Subscriptions	4,607	3,330	4,318	4,318	5,337	1,020	23.6%	1,020
Training/Seminars & Related Travel	3,475	8,181	16,375	13,875	16,050	(325)	-2.0%	2,175
Meetings and Related Travel	2,056	1,875	5,840	3,840	5,615	(225)	-3.9%	1,775
Employee Appreciation	575	-	300	300	300	-	0.0%	-
Tech/Internet/Software	-	-	-	-	774	774	0.0%	774
Total Services Costs	126,948	226,499	131,833	157,333	133,076	1,244	0.9%	(24,257)
						-		-
Total Departmental Budget	660,453	630,873	715,331	730,020	744,976	29,646	4.1%	14,956

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
City Secretary								
Personnel								
Salaries	152,779	161,133	167,674	168,722	175,879	8,205	4.9%	7,157
Taxes - Social Security	8,928	9,622	10,396	10,034	10,904	508	4.9%	870
Taxes - Medicare	2,088	2,250	2,431	2,346	2,550	119	4.9%	204
Taxes SUTA/FUTA	18	234	234	234	126	(108)	-46.2%	(108)
Workers Compensation	478	428	363	315	352	(11)	-3.0%	37
Retirement	18,202	19,807	21,387	21,449	22,363	976	4.6%	914
Health Insurance	19,738	14,928	18,315	17,630	22,268	3,953	21.6%	4,638
Allowance for Vacancies	-	-	-	-	-	-	0.0%	-
Total Personnel Costs	202,231	208,402	220,800	220,731	234,442	13,642	6.2%	13,711
Supplies, Maintenance & Operations								
Supplies and Consumables	1,162	953	950	950	850	(100)	-10.5%	(100)
Minor Equipment and Furniture	267	1,175	200	200	200	-	0.0%	-
Uniforms	87	100	100	100	100	-	0.0%	-
Total Supplies, Maintenance & Operations Costs	1,516	2,229	1,250	1,250	1,150	(100)	-8.0%	(100)
Services								
Professional Services	2,807	4,038	11,039	8,539	21,538	10,499	95.1%	12,999
Dues/Subscriptions	708	803	1,000	1,000	1,060	60	6.0%	60
Training/Seminars & Related Travel	6,052	5,421	6,400	6,400	8,485	2,085	32.6%	2,085
Meetings and Related Travel	432	325	1,500	800	1,548	48	3.2%	748
Elections	21,306	32,687	32,000	32,000	32,000	-	0.0%	-
Employee Appreciation	129	-	100	100	100	-	0.0%	-
Recording/Reporting/History	8,651	12,037	10,000	10,000	10,000	-	0.0%	-
Tech/Internet/Software	-	4,128	10,930	12,280	13,300	2,370	21.7%	1,020
Total Services Costs	40,085	59,440	72,969	71,119	88,031	15,062	20.6%	16,912
Total Departmental Budget	243,831	270,071	295,019	293,100	323,623	28,604	9.7%	30,523

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Human Resources								
Personnel								
Salaries	117,752	133,344	136,408	136,941	104,615	(31,793)	-23.3%	(32,326)
Taxes - Social Security	6,996	7,895	8,457	8,190	6,486	(1,971)	-23.3%	(1,704)
Taxes - Medicare	1,636	1,847	1,978	1,916	1,517	(461)	-23.3%	(398)
Taxes SUTA/FUTA	14	176	176	176	63	(113)	-64.2%	(113)
Workers Compensation	384	346	295	256	209	(86)	-29.2%	(47)
Retirement	14,022	16,380	17,399	17,410	13,302	(4,097)	-23.5%	(4,108)
Health Insurance	10,083	9,236	10,998	10,321	6,636	(4,362)	-39.7%	(3,685)
Allowance for Vacancies	-	-	-	-	-	-	0.0%	-
Total Personnel Costs	150,887	169,222	175,711	175,211	132,828	(42,883)	-24.4%	(42,383)
Supplies, Maintenance & Operations								
Supplies and Consumables	1,330	1,774	1,700	1,700	1,550	(150)	-8.8%	(150)
Minor Equipment and Furniture	1,414	1,755	1,600	1,600	1,200	(400)	-25.0%	(400)
Fuel	-	-	-	-	-	-	0.0%	-
Uniforms	143	118	150	150	100	(50)	-33.3%	(50)
Total Supplies, Maintenance & Operations Costs	2,887	3,647	3,450	3,450	2,850	(600)	-17.4%	(600)
Services								
Professional Services	520	540	1,625	1,858	7,675	6,050	372.3%	5,818
Dues/Subscriptions	2,269	4,755	2,175	2,175	1,454	(721)	-33.1%	(721)
Training/Seminars & Related Travel	3,874	11,343	10,775	9,275	7,300	(3,475)	-32.3%	(1,975)
Meetings and Related Travel	826	296	1,000	1,000	1,050	50	5.0%	50
Public Relations	43,667	43,551	51,250	8,550	-	(51,250)	-100.0%	(8,550)
Employee Appreciation	10,822	11,839	11,260	11,260	11,855	595	5.3%	595
Employment Costs	2,738	2,795	2,675	9,675	2,675	-	0.0%	(7,000)
Tech/Internet/Software	150	7,160	17,902	19,792	4,630	(13,272)	-74.1%	(15,162)
Total Services Costs	64,867	82,279	98,662	63,585	36,639	(62,023)	-62.9%	(26,946)
Total Departmental Budget	218,641	255,147	277,823	242,245	172,317	(105,506)	-38.0%	(69,928)

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Communications								
Personnel								
Salaries	-	-	-	-	38,011	38,011	0.0%	38,011
Taxes - Social Security	-	-	-	-	2,357	2,357	0.0%	2,357
Taxes - Medicare	-	-	-	-	551	551	0.0%	551
Taxes SUTA/FUTA	-	-	-	-	32	32	0.0%	32
Workers Compensation	-	-	-	-	76	76	0.0%	76
Retirement	-	-	-	-	4,833	4,833	0.0%	4,833
Health Insurance	-	-	-	-	4,314	4,314	0.0%	4,314
Total Personnel Costs	-	-	-	-	50,174	50,174	0.0%	50,174
Supplies, Maintenance & Operations								
Supplies and Consumables	-	-	-	-	200	200	0.0%	200
Minor Equipment and Furniture	-	-	-	-	300	300	0.0%	300
Fuel	-	-	-	-	-	-	0.0%	-
Uniforms	-	-	-	-	50	50	0.0%	50
Total Supplies, Maintenance & Operations Costs	-	-	-	-	550	550	0.0%	550
Services								
Professional Services	-	-	-	-	-	-	0.0%	-
Dues/Subscriptions	-	-	-	-	5,135	5,135	0.0%	5,135
Training/Seminars & Related Travel	-	-	-	-	4,150	4,150	0.0%	4,150
Meetings and Related Travel	-	-	-	-	-	-	0.0%	-
Public Relations	-	-	-	-	1,300	1,300	0.0%	1,300
Employee Appreciation	-	-	-	-	50	50	0.0%	50
Tech/Internet/Software	-	-	-	-	18,798	18,798	0.0%	18,798
Total Services Costs	-	-	-	-	29,433	29,433	0.0%	29,433
Total Departmental Budget	-	-	-	-	80,157	80,157	0.0%	80,157

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Finance								
Personnel								
Salaries	185,120	187,971	217,318	218,078	227,162	9,844	4.5%	9,084
Overtime	184	22	163	163	166	3	1.8%	3
Taxes - Social Security	10,797	10,794	13,484	12,752	14,094	610	4.5%	1,342
Taxes - Medicare	2,525	2,524	3,153	2,983	3,296	143	4.5%	313
Taxes SUTA/FUTA	26	293	293	293	158	(135)	-46.1%	(135)
Workers Compensation	699	580	470	408	455	(15)	-3.2%	47
Retirement	22,183	23,024	27,740	27,762	28,905	1,165	4.2%	1,143
Health Insurance	30,166	26,552	35,063	32,769	32,471	(2,592)	-7.4%	(298)
Allowance for Vacancies	-	-	-	-	-	-	0.0%	-
Total Personnel Costs	251,701	251,761	297,684	295,208	306,707	9,023	3.0%	11,499
Supplies, Maintenance & Operations								
Supplies and Consumables	714	1,206	1,300	1,300	1,300	-	0.0%	-
Minor Equipment and Furniture	661	286	500	500	500	-	0.0%	-
Uniforms	96	106	250	250	250	-	0.0%	-
Total Supplies, Maintenance & Operations Costs	1,471	1,598	2,050	2,050	2,050	-	0.0%	-
Services								
Professional Services	71,584	79,202	90,785	96,785	102,210	11,425	12.6%	5,425
Dues/Subscriptions	673	573	605	605	615	10	1.7%	10
Training/Seminars & Related Travel	4,096	4,558	6,350	5,350	5,100	(1,250)	-19.7%	(250)
Meetings and Related Travel	12	32	400	400	400	-	0.0%	-
Employee Appreciation	200	324	250	250	250	-	0.0%	-
Tech/Internet/Software	-	299	10,083	11,176	11,648	1,566	15.5%	472
Total Services Costs	76,565	84,988	108,473	114,566	120,223	11,751	10.8%	5,657
Total Departmental Budget	329,737	338,347	408,207	411,824	428,980	20,774	5.1%	17,156

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Information Technology								
Personnel								
Salaries	86,779	91,519	95,350	94,525	98,506	3,156	3.3%	3,981
Taxes - Social Security	5,039	5,250	5,912	5,492	6,107	195	3.3%	615
Taxes - Medicare	1,179	1,228	1,383	1,284	1,428	45	3.3%	144
Taxes SUTA/FUTA	9	117	117	117	63	(54)	-46.2%	(54)
Workers Compensation	274	243	206	179	197	(9)	-4.4%	18
Retirement	10,339	11,254	12,162	12,017	12,525	363	3.0%	508
Health Insurance	12,725	12,840	15,083	11,098	10,584	(4,499)	-29.8%	(514)
Total Personnel Costs	116,344	122,451	130,213	124,711	129,410	(803)	-0.6%	4,699
Supplies, Maintenance & Operations								
Supplies and Consumables	87	142	200	200	200	-	0.0%	-
Minor Equipment and Furniture	247	1,927	200	200	200	-	0.0%	-
Uniforms	92	-	100	100	100	-	0.0%	-
Total Supplies, Maintenance & Operations Costs	426	2,070	500	500	500	-	0.0%	-
Services								
Professional Services	909	440	2,000	100,500	2,000	-	0.0%	(98,500)
Dues/Subscriptions	88	175	388	388	430	43	11.0%	43
Training/Seminars & Related Travel	1,364	1,606	6,250	5,000	6,250	-	0.0%	1,250
Meetings and Related Travel	180	-	350	350	350	-	0.0%	-
Employee Appreciation	109	95	100	100	100	-	0.0%	-
Tech/Internet/Software	150,321	132,186	231,721	240,155	230,560	(1,161)	-0.5%	(9,595)
Total Services Costs	152,970	134,502	240,809	346,493	239,690	(1,118)	-0.5%	(106,802)
Shared Services								
Facility Contracts & Services	18,397	3,147	18,991	18,991	18,991	-	0.0%	-
Phone/Cable/Alarms	33,334	35,985	32,996	32,996	46,531	13,535	41.0%	13,535
Total Shared Services Costs	51,731	39,132	51,987	51,987	65,522	13,535	26.0%	13,535

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Capital Outlay & Transfers								
Furniture, Fixtures, Equipment & Vehicles	207,564	222,815	27,000	106,629	27,000	-	0.0%	(79,629)
Lease Principal	19,213	13,707	-	-	-	-	0.0%	-
Lease Interest	2,682	2,226	-	-	-	-	0.0%	-
SBITA Principal	59,762	95,160	-	-	-	-	0.0%	-
SBITA Interest	3,485	7,292	-	-	-	-	0.0%	-
Total Capital Outlay & Transfers Costs	292,706	341,200	27,000	106,629	27,000	-	0.0%	(79,629)
Total Departmental Budget	614,176	639,353	450,509	630,320	462,122	11,614	2.6%	(168,198)

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Municipal Court								
Personnel								
Salaries	102,498	108,130	112,693	113,694	118,960	6,267	5.6%	5,266
Overtime	-	181	360	179	368	8	2.2%	189
Taxes - Social Security	5,615	5,931	7,009	6,287	7,398	389	5.6%	1,111
Taxes - Medicare	1,314	1,387	1,639	1,470	1,730	91	5.6%	260
Taxes SUTA/FUTA	18	234	234	234	126	(108)	-46.2%	(108)
Workers Compensation	319	288	244	212	238	(6)	-2.5%	26
Retirement	12,212	13,308	14,420	14,479	15,173	753	5.2%	694
Health Insurance	27,723	24,749	29,484	28,063	29,198	(286)	-1.0%	1,135
Total Personnel Costs	149,698	154,207	166,083	164,618	173,191	7,108	4.3%	8,573
Supplies, Maintenance & Operations								
Supplies and Consumables	1,516	1,659	1,700	1,700	1,700	-	0.0%	-
Minor Equipment and Furniture	2,546	1,905	200	4,442	200	-	0.0%	(4,242)
Uniforms	32	129	150	150	150	-	0.0%	-
Court Technology	-	1,529	10,823	10,823	5,500	(5,323)	-49.2%	(5,323)
Court Security	-	43,658	4,500	4,500	7,000	2,500	55.6%	2,500
Local Youth Diversion Fund	-	-	-	-	4,000	4,000	0.0%	4,000
Total Supplies, Maintenance & Operations Costs	4,094	48,880	17,373	21,615	18,550	1,177	6.8%	(3,065)
Services								
Professional Services	94,197	63,068	73,040	58,640	66,740	(6,300)	-8.6%	8,100
Dues/Subscriptions	155	131	800	800	400	(400)	-50.0%	(400)
Training/Seminars & Related Travel	2,513	1,458	6,650	6,650	9,250	2,600	39.1%	2,600
Meetings and Related Travel	96	206	300	300	300	-	0.0%	-
Employee Appreciation	50	100	100	100	100	-	0.0%	-
Total Services Costs	97,012	64,962	80,890	66,490	76,790	(4,100)	-5.1%	10,300
Total Departmental Budget	250,804	268,049	264,346	252,724	268,531	4,185	1.6%	15,807

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Public Safety and Emergency Services								
Personnel								
Salaries	2,015,402	2,022,937	2,332,085	2,046,649	2,389,067	56,982	2.4%	342,418
Overtime	84,341	81,177	36,239	42,621	36,532	293	0.8%	(6,089)
Taxes - Social Security	128,063	128,790	146,836	128,453	150,387	3,551	2.4%	21,934
Taxes - Medicare	29,950	30,121	34,341	30,041	35,171	830	2.4%	5,130
Taxes SUTA/FUTA	281	3,529	3,510	3,510	1,890	(1,620)	-46.2%	(1,620)
Workers Compensation	80,113	80,098	55,697	48,392	52,911	(2,786)	-5.0%	4,519
Retirement	252,956	259,222	302,045	258,053	308,431	6,386	2.1%	50,378
Health Insurance	286,570	225,771	320,028	224,499	266,886	(53,142)	-16.6%	42,387
Uniform Allowance	23,500	20,500	28,000	21,000	-	(28,000)	-100.0%	(21,000)
Relocation Allowance	-	-	-	14,839	-	-	0.0%	(14,839)
Allowance for Vacancies	-	-	(205,105)	-	(194,190)	10,915	-5.3%	(194,190)
Total Personnel Costs	2,901,175	2,852,145	3,053,676	2,818,056	3,047,085	(6,591)	-0.2%	229,029
Supplies, Maintenance & Operations								
Supplies and Consumables	3,267	5,253	4,500	5,000	3,500	(1,000)	-22.2%	(1,500)
Minor Equipment and Furniture	14,684	37,777	40,150	43,150	38,445	(1,705)	-4.2%	(4,705)
Fuel	51,124	45,170	43,000	40,000	43,000	-	0.0%	3,000
Uniforms	20,383	14,773	18,750	27,477	43,500	24,750	132.0%	16,023
Vehicle Maintenance/Repairs	20,114	15,069	20,880	20,880	20,880	-	0.0%	-
Total Supplies, Maintenance & Operations Costs	109,572	118,042	127,280	136,507	149,325	22,045	17.3%	12,818
Services								
Professional Services	715,345	860,088	945,810	966,810	1,608,755	662,945	70.1%	641,945
Dues/Subscriptions	3,059	3,387	4,025	4,025	4,325	300	7.5%	300
Training/Seminars & Related Travel	21,098	24,000	27,300	27,300	23,300	(4,000)	-14.7%	(4,000)
Meetings and Related Travel	-	95	500	500	500	-	0.0%	-
Investigations	4,677	6,823	6,000	6,000	7,500	1,500	25.0%	1,500
Lease Training	-	-	3,000	3,000	10,000	7,000	233.3%	7,000
Asset Forfeiture	22,954	-	-	-	21,600	21,600	0.0%	21,600
Public Relations	6,674	8,380	12,600	12,600	8,200	(4,400)	-34.9%	(4,400)
Employee Appreciation	1,507	1,813	1,500	1,500	2,000	500	33.3%	500

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Tech/Internet/Software	-	10,202	74,158	74,158	66,604	(7,554)	-10.2%	(7,554)
Total Services Costs	775,314	914,789	1,074,893	1,095,893	1,752,784	677,891	63.1%	656,891
Capital Outlay & Transfers								
Furniture, Fixtures, Equipment & Vehicles	256,926	364,781	65,000	127,106	94,000	29,000	44.6%	(33,106)
Total Capital Outlay & Transfers Costs	256,926	364,781	65,000	127,106	94,000	29,000	44.6%	(33,106)
Total Departmental Budget	4,042,987	4,249,756	4,320,849	4,177,563	5,043,194	722,345	16.7%	865,631

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Maintenance								
Personnel								
Salaries	390,621	463,062	536,594	467,272	557,092	20,498	3.8%	89,820
Overtime	14,745	14,092	6,311	7,412	6,541	230	3.6%	(871)
Taxes - Social Security	23,847	28,686	33,660	28,713	34,945	1,285	3.8%	6,232
Taxes - Medicare	5,577	6,709	7,872	6,715	8,173	301	3.8%	1,458
Taxes SUTA/FUTA	90	1,427	1,287	1,287	693	(594)	-46.2%	(594)
Workers Compensation	22,176	21,015	18,352	15,945	15,975	(2,377)	-13.0%	30
Retirement	48,287	58,794	69,248	60,249	71,666	2,418	3.5%	11,417
Health Insurance	90,832	79,291	105,678	80,656	89,441	(16,237)	-15.4%	8,785
Allowance for Vacancies	-	-	(49,500)	-	(49,500)	-	0.0%	(49,500)
Project Allocation	-	-	-	-	-	-	0.0%	-
Total Personnel Costs	596,174	673,076	729,502	668,249	735,026	5,524	0.8%	66,777
Supplies, Maintenance & Operations								
Supplies and Consumables	6,985	9,174	8,050	8,050	8,050	-	0.0%	-
Minor Equipment and Furniture	14,613	13,645	18,300	20,460	13,950	(4,350)	-23.8%	(6,510)
Fuel	17,451	21,397	15,000	16,500	15,000	-	0.0%	(1,500)
Uniforms	8,082	7,638	8,225	8,225	8,150	(75)	-0.9%	(75)
Vehicle Maintenance/Repairs	7,713	18,963	15,000	15,000	18,000	3,000	20.0%	3,000
Equipment Maintenance/Repairs	17,632	15,170	15,500	18,000	17,500	2,000	12.9%	(500)
Building Maintenance/Repairs	76,344	59,324	28,063	30,563	28,063	-	0.0%	(2,500)
Landscaping & Greenspace Maintenance	1,712	3,539	5,500	17,461	5,500	-	0.0%	(11,961)
Street Maintenance	26,527	22,464	30,000	30,000	45,000	15,000	50.0%	15,000
Drainage	4,940	5,919	20,000	15,000	20,000	-	0.0%	5,000
Total Supplies, Maintenance & Operations Costs	181,999	177,235	163,638	179,259	179,213	15,575	9.5%	(46)
Services								
Professional Services	543	10,733	200	584	28,644	28,444	14222.0%	28,060
Dues/Subscriptions	189	164	932	932	932	-	0.0%	-
Training/Seminars & Related Travel	6,463	8,318	14,575	13,753	14,625	50	0.3%	872
Meetings and Related Travel	249	347	400	400	400	-	0.0%	-
Employee Appreciation	506	393	550	550	550	-	0.0%	-

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Tech/Internet/Software	-	11,331	24,821	16,990	25,061	240	1.0%	8,071
Total Services Costs	7,951	31,285	41,478	33,209	70,212	28,734	69.3%	37,003
Capital Outlay & Transfers								
Furniture, Fixtures, Equipment & Vehicles	49,300	213,023	134,975	248,373	73,968	(61,007)	-45.2%	(174,405)
Total Capital Outlay & Transfers Costs	49,300	213,023	134,975	248,373	73,968	(61,007)	-45.2%	(174,405)
Total Departmental Budget	835,424	1,094,619	1,069,593	1,129,089	1,058,418	(11,174)	-1.0%	(70,670)

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Building Codes and Permits								
Personnel								
Salaries	157,700	169,509	240,824	239,958	249,773	8,949	3.7%	9,815
Overtime	-	153	451	-	469	18	4.0%	469
Taxes - Social Security	9,417	10,030	14,959	14,504	15,515	556	3.7%	1,011
Taxes - Medicare	2,202	2,346	3,498	3,392	3,629	131	3.7%	237
Taxes SUTA/FUTA	36	405	468	468	252	(216)	-46.2%	(216)
Workers Compensation	1,228	928	984	855	942	(42)	-4.3%	87
Retirement	18,844	20,691	30,775	30,506	31,818	1,043	3.4%	1,312
Health Insurance	27,385	26,224	38,861	36,322	38,415	(446)	-1.1%	2,093
Total Personnel Costs	216,812	230,283	330,820	326,005	340,813	9,993	3.0%	14,808
Supplies, Maintenance & Operations								
Supplies and Consumables	476	599	675	675	675	-	0.0%	-
Minor Equipment and Furniture	328	1,877	2,300	2,300	700	(1,600)	-69.6%	(1,600)
Fuel	1,182	1,867	5,175	5,175	5,175	-	0.0%	-
Uniforms	213	458	770	770	770	-	0.0%	-
Total Supplies, Maintenance & Operations Costs	2,200	4,801	8,920	8,920	7,320	(1,600)	-17.9%	(1,600)
Services								
Professional Services	56,687	26,685	22,000	17,009	26,120	4,120	18.7%	9,111
Dues/Subscriptions	1,053	394	515	515	515	-	0.0%	-
Training/Seminars & Related Travel	2,317	5,513	6,200	6,200	6,200	-	0.0%	-
Meetings and Related Travel	-	15	100	100	100	-	0.0%	-
Employee Appreciation	111	65	200	200	200	-	0.0%	-
Tech/Internet/Software	-	144	155	154	155	-	0.0%	2
Total Services Costs	60,168	32,816	29,170	24,178	33,290	4,120	14.1%	9,113
Capital Outlay & Transfers								
Furniture, Fixtures, Equipment & Vehicles	-	-	-	-	39,135	39,135	0.0%	39,135
Total Capital Outlay & Transfers Costs	-	-	-	-	39,135	39,135	0.0%	39,135
Total Departmental Budget	279,180	267,900	368,910	359,103	420,558	51,648	14.0%	61,455

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Engineering and Planning								
Personnel								
Salaries	292,464	313,430	425,179	368,711	445,790	20,611	4.8%	77,079
Overtime	1,089	360	100	584	1,302	1,202	1202.0%	718
Taxes - Social Security	17,763	18,779	26,367	21,891	27,720	1,353	5.1%	5,829
Taxes - Medicare	4,155	4,392	6,167	5,120	6,483	316	5.1%	1,363
Taxes SUTA/FUTA	42	495	608	608	328	(280)	-46.1%	(280)
Workers Compensation	1,252	1,114	1,005	873	974	(31)	-3.1%	101
Retirement	35,088	38,638	54,244	46,538	56,848	2,604	4.8%	10,310
Health Insurance	33,074	30,389	48,707	38,148	52,487	3,780	7.8%	14,339
Project Allocation	-	-	-	(101,640)	(110,000)	(110,000)		
Total Personnel Costs	384,926	407,596	562,377	380,833	481,932	(80,445)	-14.3%	109,459
Supplies, Maintenance & Operations								
Supplies and Consumables	10,060	9,891	9,750	9,750	9,500	(250)	-2.6%	(250)
Minor Equipment and Furniture	2,564	1,547	7,150	7,150	1,350	(5,800)	-81.1%	(5,800)
Fuel	4,419	4,388	3,175	3,175	3,175	-	0.0%	-
Uniforms	488	830	1,700	1,700	1,600	(100)	-5.9%	(100)
Street Maintenance	867,826	769,680	900,000	921,257	900,000	-	0.0%	(21,257)
Oak Wilt Program	-	-	15,000	15,000	25,000	10,000	66.7%	10,000
Tree and Landscape Protection	-	-	29,750	29,750	13,000	(16,750)	-56.3%	(16,750)
City Approved Events	-	-	4,850	4,850	4,850	-	0.0%	-
Total Supplies, Maintenance & Operations Costs	885,358	786,336	971,375	992,632	958,475	(12,900)	-1.3%	(34,157)
Services								
Professional Services	240,020	140,407	120,000	103,050	70,000	(50,000)	-41.7%	(33,050)
Dues/Subscriptions	615	626	1,464	1,950	2,665	1,201	82.0%	715
Training/Seminars & Related Travel	5,201	8,642	13,240	13,240	22,100	8,860	66.9%	8,860
Meetings and Related Travel	244	477	400	400	600	200	50.0%	200
Employee Appreciation	411	172	400	567	400	-	0.0%	(167)
Tech/Internet/Software	-	6,736	11,518	15,418	13,177	1,659	14.4%	(2,242)

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Total Services Costs	246,492	157,058	147,022	134,625	108,942	(38,081)	-25.9%	(25,684)
Capital Outlay & Transfers								
Furniture, Fixtures, Equipment & Vehicles	6,030	7,016	-	-	-	-	0.0%	-
Total Capital Outlay & Transfers Costs	6,030	7,016	-	-	-	-	0.0%	-
Total Departmental Budget	1,522,806	1,358,006	1,680,774	1,508,090	1,549,349	(131,426)	-7.8%	49,618

Expenditure Type	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26	Budget v Adopted	Budget v Budget %	Budget v PY Projected
Non-Departmental and Shared								
Supplies, Maintenance & Operations								
Supplies and Consumables	4,395	4,342	3,600	5,600	7,400	3,800	105.6%	1,800
Building Maintenance/Repairs	-	-	-	-	26,000	26,000	0.0%	26,000
Emergency Response	436,482	-	500	500	500	-	0.0%	-
Total Supplies, Maintenance & Operations Costs	440,877	4,342	4,100	6,100	33,900	29,800	726.8%	27,800
Services								
Public Relations and Events	-	-	-	-	15,500	15,500	0.0%	15,500
Total Services Costs	-	-	-	-	15,500	15,500	0.0%	15,500
Shared Services								
Facility Contracts & Services	49,348	27,563	83,479	72,089	83,939	460	0.6%	11,850
Postage	2,434	3,445	4,125	4,125	4,125	-	0.0%	-
General Liability Insurance	58,066	88,746	90,000	90,000	100,085	10,085	11.2%	10,085
Electricity	41,173	38,585	44,000	43,000	44,000	-	0.0%	1,000
Total Shared Services Costs	151,021	158,339	221,604	209,214	232,149	10,545	4.8%	22,935
Capital Outlay & Transfers								
Transfer to SAP Fund 02	3,442,995	813,526	370,000	370,000	-	(370,000)	-100.0%	(370,000)
Transfer to Equip Repl Fund 31	354,495	301,945	373,138	373,138	359,500	(13,638)	-3.7%	(13,638)
Lease Principal	812	428	-	-	-	-	0.0%	-
Lease Interest	124	40	-	-	-	-	0.0%	-
Total Capital Outlay & Transfers Costs	3,798,426	1,115,939	743,138	743,138	359,500	(383,638)	-51.6%	(383,638)
Total Departmental Budget	4,390,324	1,278,620	968,842	958,452	641,049	(327,793)	-33.8%	(317,403)

Governmental Strategic Projects Fund

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26
Beginning Fund Balance	1,407,555	3,269,573	2,297,490	2,297,490	816,914
<u>Revenues:</u>					
Transfer from General Fund	3,442,995	813,526	370,000	370,000	-
Total Revenue	3,442,995	813,526	370,000	370,000	-
<u>Reliable and Sustainable Infrastructure</u>					
City Civic Center	17,748	140,875	-	67,000	-
City Hall Renovation	321,403	181,581	-	58,835	-
City Facilities Plan	-	-	-	-	100,000
Chartwell and Dietz Intersection	98,126	-	-	-	-
Post Oak Trail Widening	664,506	27,701	-	-	-
Dietz Elkhorn Reconstruction	100,721	277,003	-	175,426	-
Dietz Elkhorn Sidewalk	14,770	46,998	-	7,369	-
Battle Intense Sidewalk	48,912	-	-	-	-
Drainage CIP #5 Rolling Acres Trail	48,833	-	-	222,905	-
Drainage CIP #17 Silver Spur Trail	28,796	-	-	-	-
Drainage CIP #34 Tivoli Way	88,747	760,186	-	754,911	-
Drainage CIP #37 Turf Paradise Lane	93,770	-	-	-	-
Drainage CIP #61 Rockinghorse Lane	29,609	-	-	-	-
Bond Development Program	-	25,874	-	-	-
Drainage CIP #35 Chartwell Lane	-	238	-	64,592	-
Drainage CIP #15 Delta Dawn	-	238	-	-	-
Drainage CIP #2 8472 Rolling Acres Trail	-	-	67,600	67,600	162,240
Drainage CIP #4 8040 Rolling Acres Trail	-	-	67,600	67,600	162,240
Drainage CIP #42 Vestal Park Culvert	-	-	113,844	13,844	-
<u>Public Health, Safety, and Welfare</u>					
Fire Services Program Review	-	73,775	-	-	-
Fire Station #3 Upgrades	-	111,813	-	40,034	36,000

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26
<u>Operational Excellence</u>					
Compensation and Benefit Plan Study	-	-	60,000	30,500	-
Employee Handbook	-	-	10,000	5,189	-
Communications and Marketing Strategy	2,068	42,178	-	199,840	-
City Records Digitization Program	22,967	-	-	-	-
Fuel Station	-	97,150	-	-	-
3rd Party Scanning	-	-	-	-	-
IT Master Plan	-	-	50,000	74,931	-
Strategic Planning	-	-	-	-	35,000
Total Expenditures	1,580,977	1,785,609	369,044	1,850,576	495,480
Total Change in Fund Balance	1,862,018	(972,083)	956	(1,480,576)	(495,480)
Ending Fund Balance	3,269,573	2,297,490	2,298,446	816,914	321,434

Vehicle and Equipment Replacement Fund

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26
Beginning Fund Balance	1,089,047	1,140,475	1,220,166	1,220,166	1,536,604
<u>Revenues:</u>					
Transfer from General Fund	354,495	301,945	373,138	373,138	359,500
Total Revenue	354,495	301,945	373,138	373,138	359,500
<u>Transfers</u>					
Transfer to General Fund for Purchases	303,067	222,254	56,700	56,700	133,135
Total Expenditures	303,067	222,254	56,700	56,700	133,135
Revenue Over / (Under) Expenditures	51,428	79,691	316,438	316,438	226,365
Beginning Fund Balance	1,140,475	1,220,166	1,536,604	1,536,604	1,762,969

Scheduled Replacements:

Pickup Truck -Command	49,000
Pickup Truck - CID	45,000
Ford Ranger 4x4	39,135
	<u>133,135</u>

Bond Capital Fund					
	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26
Beginning Fund Balance	-	-	11,650	3,596,650	3,154,789
<u>Revenues:</u>					
Bond Proceeds	-	3,550,000	3,585,000	-	-
Bond Premium	-	181,669	-	-	-
Interest Income	-	11,650	17,000	147,000	120,000
Total Revenue	-	3,743,319	3,602,000	147,000	120,000
<u>Expenditures:</u>					
Bond Issuance Fees	-	146,669	-	-	-
Dietz Elkhorn Rdwy Incidentals	-	-	-	-	-
Dietz Elkhorn Rdwy Construction	-	-	2,093,922	-	-
Rolling Acres Rdwy Incidentals	-	-	-	-	-
Rolling Acres Rdwy Construction	-	-	-	-	315,000
Ammann Rdwy Incidentals	-	-	-	-	-
Ammann Rdwy Construction	-	-	439,699	430,000	108,555
Battle Intense Rdwy Incidentals	-	-	-	-	-
Battle Intense Rdwy Construction	-	-	420,000	158,861	-
Total Expenditures	-	146,669	2,953,621	588,861	423,555
Revenue Over / (Under) Expenditures	-	3,596,650	648,379	(441,861)	(303,555)
Ending Fund Balance	-	3,596,650	660,029	3,154,789	2,851,234

Debt Service Fund					
	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed 2025-26
Beginning Fund Balance	52,658	77,976	104,949	104,949	29,475
<u>Revenues:</u>					
General Property-I & S	568,287	556,341	890,117	900,792	784,450
Delinquent Property	2,728	4,363	4,000	4,000	4,000
Penalty & Interest	2,003	2,232	2,500	2,500	2,500
Interest Income on Investments	4,829	17,599	7,500	8,500	7,500
Total Revenue	577,848	580,535	904,117	915,792	798,450
<u>Expenditures:</u>					
Bond Principal	460,000	470,000	785,000	785,000	600,000
Bond Interest Payable	92,130	83,163	205,465	205,465	198,450
Bond Agent Fees	400	400	800	800	-
Total Expenditures	552,530	553,563	991,265	991,265	798,450
Revenue Over / (Under) Expenditures	25,318	26,973	(87,148)	(75,473)	-
Ending Fund Balance	77,976	104,949	17,801	29,475	29,475

Consolidated Utility Funds Budget by Division

Summary Budget

	Water	Wastewater	Equipment Replacement Fund	Utility Fund Total
Utility Operating Revenues	4,471,417	1,767,160	-	6,238,577
Utility Operating Expenses				
Personnel	1,048,631	1,075,894	-	2,124,525
Supplies, Maintenance & Operations	2,845,037	709,701	-	3,554,737
Services	339,791	78,255	-	418,045
Total Utility Operating Expenses	4,233,458	1,863,849	-	6,097,307
Operating Income/(Loss) Before Depreciation	237,959	(96,689)	-	141,270
Depreciation	(550,000)	(270,600)	-	(820,600)
Operating Income/(Loss) After Depreciation	(312,041)	(367,289)	-	(679,330)
Non-Operating Revenues (Expenses)				
Non-Operating Revenues	1,444,069	790,630	-	2,234,699
Capital Outlay	(7,390,830)	(1,898,857)	-	(9,289,687)
Asset Transfer for GAAP	6,640,830	1,898,857	-	8,539,687
Bond Interest Costs	(103,927)	(53,046)	-	(156,973)
Transfers Out	(7,169,155)	(1,422,000)	(62,698)	(8,653,853)
Transfers In	7,086,504	1,386,349	181,000	8,653,853
Total Non-Operating Revenue (Expenses)	507,491	701,933	118,302	1,327,726
Net Income/(Loss)	195,450	334,644	118,302	648,396

Utility Funds Net Position

	Projected 9/30/2025	Budget FY 2025-26	Projected 9/30/2026
Net investment in Capital Assets	13,447,601	270,175	13,717,776
<u>Unrestricted Net Position</u>			
Contribution in Aid - EST	(298,868)	-	(298,868)
Water Capital	493,430	(15,086)	478,344
Wastewater Capital	1,266,874	(473,508)	793,366
Operating Reserve	3,313,156	269,906	3,583,062
Debt Service Reserve	1,358,684	478,607	1,837,291
Equipment Replacement Fund	718,690	118,302	836,992
Total Unrestricted	6,851,966	378,221	7,230,187
Total Net Position	20,299,567	648,396	20,947,963

Water Utility Fund Summary

Proposed Budget

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget v PY Projected
Water Operating Revenues	4,373,143	4,247,141	4,296,696	4,390,639	4,471,417	174,721	4.1%	80,778
Water Operating Expenses								
Personnel	922,626	950,159	1,040,847	995,410	1,048,631	7,784	0.7%	53,221
Supplies, Maintenance & Operations	2,383,549	2,463,423	2,568,176	2,569,078	2,845,037	276,861	10.8%	275,959
Services	189,400	141,837	305,044	330,044	339,791	34,747	11.4%	9,747
Total Water Operating Expenses	3,495,574	3,555,419	3,914,066	3,894,532	4,233,458	319,392	8.2%	338,926
Depreciation	(547,243)	(592,159)	(550,000)	(650,000)	(550,000)	-	0.0%	100,000
Operating Income after Depreciation	330,325	99,563	(167,370)	(153,893)	(312,041)	(144,671)	86.4%	(258,148)
Non-Operating Revenues (Expenses)								
Non-Operating Revenues	785,414	1,004,361	1,440,889	1,508,089	1,444,069	3,180	0.2%	(64,020)
Capital Outlay	(451,166)	(852,999)	(3,254,305)	(5,080,198)	(7,390,830)	(4,136,526)	127.1%	(2,310,632)
Asset Transfer for GAAP	379,271	842,670	3,254,305	5,080,198	6,640,830	3,386,526	104.1%	1,560,632
Debt Service Expense	(16,141)	(119,656)	(37,446)	(96,191)	(103,927)	(66,481)	177.5%	(7,736)
Transfers Out	(394,794)	(552,985)	(3,503,835)	(3,473,535)	(7,169,155)	(3,665,320)	104.6%	(3,695,620)
Transfers In	429,000	644,951	3,389,835	3,397,035	7,086,504	3,696,669	109.1%	3,689,469
Total Non-Operating Revenues (Expenses)	731,584	966,341	1,289,443	1,335,398	507,491	(781,952)	-60.6%	(827,907)
Net Income/(Loss)	1,061,909	1,065,904	1,122,073	1,181,505	195,450	(926,623)	-82.6%	(1,086,055)

Water Utility Fund Revenue

Proposed Budget

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget v PY Projected
Water Operating Revenues								
Water Revenue Residential	3,754,870	3,752,222	3,736,048	3,886,048	3,910,769	174,721	4.7%	24,721
Water Revenue Commercial	175,338	147,704	180,094	150,094	180,094	-	0.0%	30,000
Water Contract Commercial	177,354	177,354	177,354	177,354	177,354	-	0.0%	-
Water Revenue Non Potable	65,998	39,986	74,000	55,000	74,000	-	0.0%	19,000
Water Service Connect Fees	18,975	28,965	30,000	25,000	30,000	-	0.0%	5,000
Water Penalties	47,840	48,426	48,000	38,000	48,000	-	0.0%	10,000
Water-Bad Debts	(1,848)	(5,609)	(4,000)	(4,000)	(4,000)	-	0.0%	-
Misc./Special Requests	90,640	145	500	1,843	500	-	0.0%	(1,343)
Third Party Reimbursement	8,300	963	3,500	1,000	3,500	-	0.0%	2,500
Permits/Variances	475	475	1,200	300	1,200	-	0.0%	900
Credit Card Service Fee	35,201	56,510	50,000	60,000	50,000	-	0.0%	(10,000)
Total Operating Revenues	4,373,143	4,247,141	4,296,696	4,390,639	4,471,417	174,721	4.1%	80,778
Water Non-Operating Revenues								
Water Debt Service	285,467	284,559	936,054	933,554	938,914	2,860	0.3%	5,360
Water Capital	258,188	285,723	104,835	104,535	105,155	320	0.3%	620
Water Impact Fees	69,871	217,396	200,000	170,000	200,000	-	0.0%	30,000
Water Interest Income	182,402	216,683	200,000	300,000	200,000	-	0.0%	(100,000)
Sale of Assets	(10,514)	-	-	-	-	-	0.0%	-
Total Non-Operating Revenues	785,414	1,004,361	1,440,889	1,508,089	1,444,069	3,180	0.2%	(64,020)
Total Water Revenues	5,158,557	5,251,502	5,737,585	5,898,728	5,915,486	177,901	3.1%	16,758

Water Utility Fund Operating Expense

Proposed Budget

Item #16.

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget v PY Projected
Operating Expenses								
Service Salaries	231,245	238,706	292,771	265,115	285,070	(7,701)	-2.6%	19,955
Service Overtime	10,820	11,397	8,026	10,665	7,734	(292)	-3.6%	(2,931)
Service Taxes - FICA	14,264	15,310	18,649	16,068	18,154	(495)	-2.7%	2,086
Service Taxes - MEDICARE	3,336	3,581	4,362	3,758	4,246	(116)	-2.7%	488
Service Workers' Comp	9,614	9,215	7,167	6,227	6,410	(757)	-10.6%	183
Service Taxes - SUTA/FUTA	45	660	644	644	347	(297)	-46.1%	(297)
Service Retirement	39,392	34,321	38,367	33,968	37,230	(1,137)	-3.0%	3,262
Service Insurance	45,719	43,032	51,184	45,553	52,341	1,157	2.3%	6,788
Water Service OPEB	(131)	-	-	-	-	-	0.0%	-
Water Service Allowance for Vacancies	-	-	(20,000)	-	(20,000)	-	0.0%	(20,000)
Administration Salaries	414,212	456,889	117,283	109,783	122,177	4,894	4.2%	12,394
Administration Overtime	597	262	62	-	62	-	0.0%	62
Administration Taxes - FICA	24,603	26,377	7,205	6,517	7,499	294	4.1%	982
Administration Taxes - MEDICARE	5,787	6,181	1,702	1,539	1,772	70	4.1%	233
Administration Workers' Comp	1,527	1,278	254	221	244	(10)	-3.9%	23
Administration Taxes - SUTA/FUTA	58	657	181	181	98	(83)	-45.9%	(83)
Administration Retirement	68,289	55,075	14,967	13,791	15,543	576	3.8%	1,752
Administration Insurance	53,476	47,217	15,755	14,119	15,620	(135)	-0.9%	1,501
Administration OPEB	(227)	-	-	-	-	-	0.0%	-
Project Allocation	-	-	-	(89)	-	-	0.0%	89
HR & Communications Salaries	-	-	68,204	68,471	52,308	(15,896)	-23.3%	(16,163)
HR & Communications Overtime	-	-	-	-	-	-	0.0%	-
HR & Communications Taxes - FICA	-	-	4,229	4,095	3,243	(986)	-23.3%	(852)
HR & Communications Taxes - MEDICARE	-	-	989	958	758	(231)	-23.4%	(200)
HR & Communications Workers' Comp	-	-	148	129	105	(43)	-29.1%	(24)
HR & Communications Taxes - SUTA/FUTA	-	-	88	88	32	(56)	-63.6%	(56)
HR & Communications Retirement	-	-	8,699	8,542	6,651	(2,048)	-23.5%	(1,891)
HR & Communications Insurance	-	-	5,499	5,018	3,318	(2,181)	-39.7%	(1,700)
Finance Salaries	-	-	108,659	109,039	113,581	4,922	4.5%	4,542
Finance Overtime	-	-	81	-	83	2	2.5%	83
Finance Taxes - FICA	-	-	6,742	6,371	7,047	305	4.5%	676
Finance Taxes - MEDICARE	-	-	1,577	1,490	1,648	71	4.5%	158
Finance Workers' Comp	-	-	235	204	227	(8)	-3.4%	23
Finance Taxes - SUTA/FUTA	-	-	146	146	79	(67)	-45.9%	(67)

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget v Projected	Item #16.
Finance Retirement	-	-	13,870	13,610	14,452	582	4.2%	842	
Finance Insurance	-	-	17,531	16,147	16,235	(1,296)	-7.4%	88	
Information Technology Salaries	-	-	47,675	47,262	49,253	1,578	3.3%	1,991	
Information Technology Taxes - FICA	-	-	2,956	2,746	3,054	98	3.3%	308	
Information Technology Taxes - MEDICARE	-	-	691	642	714	23	3.3%	72	
Information Technology Workers' Comp	-	-	103	89	99	(4)	-3.9%	10	
Information Technology Taxes - SUTA/FUTA	-	-	59	59	32	(27)	-45.8%	(27)	
Information Technology Retirement	-	-	6,081	5,895	6,263	182	3.0%	368	
Information Technology Insurance	-	-	7,542	5,453	5,292	(2,250)	-29.8%	(161)	
Engineering & Planning Salaries	-	-	136,763	128,538	139,891	3,128	2.3%	11,353	
Engineering & Planning Overtime	-	-	50	472	651	601	1202.0%	179	
Engineering & Planning Taxes - FICA	-	-	8,482	8,311	8,714	232	2.7%	403	
Engineering & Planning Taxes - MEDICARE	-	-	1,984	1,944	2,038	54	2.7%	94	
Engineering & Planning Workers' Comp	-	-	338	294	321	(17)	-5.0%	27	
Engineering & Planning Taxes - SUTA/FUTA	-	-	181	181	98	(83)	-45.9%	(83)	
Engineering & Planning Retirement	-	-	17,451	17,353	17,870	419	2.4%	517	
Engineering & Planning Insurance	-	-	15,215	13,804	14,939	(276)	-1.8%	1,135	
Communications Salaries	-	-	-	-	19,006	19,006	0.0%	19,006	
Communications Taxes - FICA	-	-	-	-	1,178	1,178	0.0%	1,178	
Communications Taxes - MEDICARE	-	-	-	-	276	276	0.0%	276	
Communications Workers' Comp	-	-	-	-	38	38	0.0%	38	
Communications Taxes - SUTA/FUTA	-	-	-	-	16	16	0.0%	16	
Communications Retirement	-	-	-	-	2,417	2,417	0.0%	2,417	
Communications Insurance	-	-	-	-	2,157	2,157	0.0%	2,157	
Uniforms	6,453	6,386	6,718	6,718	6,718	1	0.0%	1	
Power	158,995	126,817	150,000	142,000	150,000	-	0.0%	8,000	
Maintenance of Plants/Lines	143,895	197,145	120,000	120,000	150,000	30,000	25.0%	30,000	
Analysis Fees	10,672	10,601	12,000	12,000	12,300	300	2.5%	300	
Chemicals	6,428	5,932	6,500	6,500	6,500	-	0.0%	-	
City Management Fee	208,678	205,872	208,375	213,425	217,111	8,736	4.2%	3,686	
Equipment Maintenance	6,235	7,768	17,100	17,100	16,400	(700)	-4.1%	(700)	
Equipment Gas & Oil	15,477	15,451	15,000	15,000	15,000	-	0.0%	-	
GBRA Water Fees	1,532,440	1,522,466	1,591,970	1,554,970	1,800,325	208,355	13.1%	245,355	
Equipment Lease	2,409	-	300	-	300	-	0.0%	300	
Tools & Minor Equipment	11,997	12,085	12,125	12,125	12,950	825	6.8%	825	
Training	10,774	14,908	25,563	25,563	25,500	(63)	-0.2%	(63)	
Utilities & Radio	21,171	24,728	30,600	30,600	36,750	6,150	20.1%	6,150	
Signal & Telemetry	34	-	-	-	585	585	0.0%	585	
Water Building Maintenance	6,627	4,686	11,380	8,880	9,900	(1,480)	-13.0%	1,020	
Supplies & Consumables	3,335	5,012	3,700	3,700	3,700	-	0.0%		

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget Projected	Item #16.
Vehicle Maintenance/Repair	6,165	4,944	6,500	6,500	7,000	500	7.7%	500	
Water Inventory Adjustment	-	-	-	-	-	-	0.0%	-	
Utilities & Telephone	9,494	8,757	9,189	9,189	8,565	(624)	-6.8%	(624)	
Dues & Publications	1,185	886	2,786	2,786	2,998	212	7.6%	212	
Water Professional Services	184,751	141,837	305,044	295,044	339,791	34,747	11.4%	44,747	
Permit & Licenses	8,227	8,437	8,936	8,737	8,936	-	0.0%	199	
General Liability Insurance	28,127	35,029	45,000	44,121	54,115	9,115	20.3%	9,994	
Office Supplies	2,539	2,339	3,244	3,244	4,084	840	25.9%	840	
Travel & Meetings	3,094	2,911	1,250	1,250	1,200	(50)	-4.0%	(50)	
Software & Computer	117,204	156,830	223,251	235,751	214,950	(8,301)	-3.7%	(20,801)	
Recording/Reporting	154	-	500	500	500	-	0.0%	-	
Postage	611	441	689	689	689	-	0.0%	-	
Building/Equip Maintenance	-	-	150	-	150	-	0.0%	150	
Conservation Ed & Newsletter	-	698	1,370	-	1,370	-	0.0%	1,370	
Billing Statement Charges	3,839	4,020	3,700	4,200	4,200	500	13.5%	-	
Billing Postage	10,462	10,758	10,000	11,000	11,000	1,000	10.0%	-	
Copier Lease	1,673	193	1,789	1,789	1,789	-	0.0%	-	
Public Relations	4,431	4,206	4,250	4,250	2,250	(2,000)	-47.1%	(2,000)	
Employment Costs	809	284	1,337	1,337	1,338	0	0.0%	0	
Employee Appreciation	5,062	4,196	5,155	5,155	5,615	460	8.9%	460	
Water Miscellaneous	-	-	250	-	250	-	0.0%	250	
Credit Card Service Fee	34,853	58,636	27,500	60,000	50,000	22,500	81.8%	(10,000)	
Total Operating Expenses	3,490,925	3,555,419	3,914,066	3,859,532	4,233,458	319,392	8.2%	373,926	

Water Utility Fund
Capital, Debt and Non-Cash Expenses
Proposed Budget

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget v PY Projected
Capital Outlays								
Operational Capital	78,788	289,454	60,000	255,379	289,240	229,240	382.1%	33,861
Water Vehicle and Equipment Purchases	107,160	197,106	7,938	160,246	31,349	23,412	294.9%	(128,897)
Total Capital Outlays	185,948	486,561	67,938	415,625	320,589	252,652	371.9%	(95,036)
Debt Service								
Bond Water Issuance Fees	-	97,200	-	-	-	-	0.0%	-
Bond Interest Cost	16,141	22,224	37,446	96,191	103,927	66,481	177.5%	7,736
Tax Exempt Lease Interest	-	232	-	-	-	-	0.0%	-
Total Debt Service	16,141	119,656	37,446	96,191	103,927	66,481	177.5%	7,736
Non-Cash Adjustments								
Transfer to Veh/Equip Replace Fund	66,735	49,866	114,000	114,000	114,000	-	0.0%	-
Transfer to Water Capital Fund	328,059	503,119	3,389,835	3,359,535	7,055,155	3,665,320	108.1%	3,695,620
Transfer from ERF	(100,941)	(141,832)	-	(37,500)	(31,349)	(31,349)	0.0%	6,151
Transfer of Assets to Balance Sheet	(379,271)	(842,670)	(3,254,305)	(5,080,198)	(6,640,830)	(3,386,526)	104.1%	(1,560,632)
Water Service Depreciation	547,243	592,159	550,000	650,000	550,000	-	0.0%	(100,000)
Total Non-Cash Adjustments	461,825	160,643	799,531	(994,163)	1,046,976	247,446	30.9%	2,141,139
Total Non-Operating Expenses	663,914	766,859	904,914	(482,347)	1,471,492	566,578	62.6%	2,053,839

Water Strategic and Capital Funds Proposed Budget

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26
Beginning Fund Balance	1,339,728	1,397,919	1,534,600	1,534,600	194,562
<u>Resources:</u>					
Transfer from Utility Fund	328,059	503,119	3,389,835	3,359,535	7,055,155
Total Transfers	328,059	503,119	3,389,835	3,359,535	7,055,155
<u>Capital Projects</u>					
Elevated Storage Tank	14,480	-	-	705,462	4,367,901
Plant 2 Hydro Tank & Variable Drives	7,065	-	-	-	-
Creek Crossing West Waterline	146,112	-	-	-	-
Plant 5 Expansion	5,856	17,214	1,320,800	1,527,229	-
Willow Wind/Red Bud Hill	35,836	10,702	879,807	903,974	-
Old Fredericksburg Rd	25,858	4,883	270,400	599,853	-
Rolling Acres Trail Rehab	30,011	10,104	610,941	637,619	-
Well 27 Upgrades	-	30,000	-	30,000	-
Well 31 Upgrades	-	30,000	-	30,000	-
Well 25 Upgrades	-	30,000	-	30,000	-
Well 28 Upgrades	-	30,000	-	30,000	-
Cibola Creek Waterline Relocation	-	203,537	-	36,375	-
Upgrade Plant 3 Electrical	-	-	74,419	74,419	100,000
SAWS Emergency Interconnect	-	-	30,000	59,642	352,340
Dietz Elkhorn Road Waterline	-	-	-	-	1,500,000
<u>Non-Capital Projects</u>					
Water Rate Study	4,649	-	-	-	-
Impact Rate Study	-	-	-	35,000	-
GBRA Waterline	-	-	-	-	750,000
Total Expenditures	269,867	366,439	3,186,367	4,699,573	7,070,241
Total Change in Fund Balance	58,192	136,680	203,468	(1,340,038)	(15,086)
Ending Fund Balance	1,397,919	1,534,600	1,738,068	194,562	179,476

Wastewater Utility Fund Summary

Proposed Budget

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget v PY Projected
Wastewater Operating Revenues	990,913	1,692,909	1,713,153	1,780,213	1,767,160	54,007	3.2%	(13,052)
Wastewater Operating Expenses								
Personnel	931,809	1,019,992	1,072,837	1,029,885	1,075,894	3,057	0.3%	46,009
Supplies, Maintenance & Operations	588,059	580,608	596,898	586,783	709,701	112,803	18.9%	122,918
Services	51,229	40,170	63,508	88,508	78,255	14,747	23.2%	(10,253)
Total Wastewater Operating Expenses	1,571,098	1,640,770	1,733,243	1,705,176	1,863,849	130,606	7.5%	158,674
Depreciation	(259,967)	(315,658)	(270,600)	(360,000)	(270,600)	-	0.0%	89,400
Operating Income After Depreciation	(840,153)	(263,519)	(290,690)	(284,963)	(367,289)	(76,599)	26.4%	(171,726)
Non-Operating Revenues (Expenses)								
Non-Operating Revenues	364,567	515,851	790,630	663,830	790,630	-	0.0%	126,800
Capital Outlay	(1,152,186)	(414,241)	(657,938)	(891,354)	(1,898,857)	(1,240,920)	188.6%	(1,007,503)
Asset Transfer for GAAP	1,074,201	406,022	657,938	891,354	1,898,857	1,240,920	188.6%	1,007,503
Debt Service Expense	(3,075)	(26,203)	(16,629)	(47,919)	(53,046)	(36,417)	219.0%	(5,127)
Transfers Out	(191,994)	(291,310)	(892,000)	(767,000)	(1,422,000)	(530,000)	59.4%	(655,000)
Transfers In	132,754	395,210	825,000	805,070	1,386,349	561,349	68.0%	581,279
Total Non-Operating Revenues (Expenses)	224,267	585,329	707,001	653,981	701,933	(5,068)	-0.7%	47,952
Net Income/(Loss)	(615,886)	321,810	416,311	369,018	334,644	(81,667)	-19.6%	(123,774)

Wastewater Utility Fund Revenue

Proposed Budget

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget v PY Projected
Wastewater Operating Revenues								
Sewer Revenue Residential	971,993	1,626,221	1,641,971	1,702,872	1,674,810	32,839	2.0%	(28,061)
Sewer Revenue Commercial	4,418	37,120	37,832	57,832	59,000	21,168	56.0%	1,168
Sewer Service Connect Fee	7,700	18,200	25,000	10,000	25,000	-	0.0%	15,000
Sewer Penalties	7,211	12,113	9,000	10,000	9,000	-	0.0%	(1,000)
Sewer Bad Debt	(492)	(744)	(1,000)	(1,000)	(1,000)	-	0.0%	-
Sewer Grant Revenue	-	-	-	-	-	-	0.0%	-
Misc/Special Requests	83	-	350	509	350	-	0.0%	(159)
Third Party Reimbursement	-	-	-	-	-	-	0.0%	-
Total Operating Revenues	990,913	1,692,909	1,713,153	1,780,213	1,767,160	54,007	3.2%	(13,052)
Wastewater Non-Operating Revenues								
Sewer Debt Service	54,911	54,502	415,630	413,830	415,630	-	0.0%	1,800
Sewer Capital	98,362	108,764	-	-	-	-	0.0%	-
Sewer Impact Fee	34,392	141,614	175,000	50,000	175,000	-	0.0%	125,000
Sewer Interest Income	176,193	210,971	200,000	200,000	200,000	-	0.0%	-
Sale of Assets	708	-	-	-	-	-	0.0%	-
Total Non-Operating Revenues	364,567	515,851	790,630	663,830	790,630	-	0.0%	126,800
Total Wastewater Revenues	1,355,479	2,208,760	2,503,783	2,444,043	2,557,790	108,015	4.3%	100,695

Wastewater Utility Fund Operating Expense

Item #16.

Proposed Budget

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget v PY Projected
Operating Expenses								
Service Salaries	260,093	312,795	334,540	303,170	322,765	(11,775)	-3.5%	19,595
Service Overtime	12,031	12,872	9,231	9,044	8,800	(431)	-4.7%	(244)
Service Taxes - FICA	16,082	19,461	21,314	18,939	20,557	(757)	-3.6%	1,618
Service Taxes - Medicare	3,761	4,551	4,985	4,429	4,808	(177)	-3.6%	379
Service Workers' Comp	9,808	9,543	8,159	7,089	7,238	(921)	-11.3%	149
Service Taxes - SUTA/FUTA	49	718	702	702	378	(324)	-46.2%	(324)
Service Retirement	43,367	44,078	43,848	39,520	42,158	(1,690)	-3.9%	2,638
Service Insurance	40,267	45,446	56,259	52,375	57,169	910	1.6%	4,794
Sewer Service OPEB	(144)	-	-	-	-	-	0.0%	-
Sewer Service Allowance for Vacancies	-	-	(20,000)	-	(20,000)	-	0.0%	(20,000)
Administration Salaries	396,754	438,125	117,283	109,783	122,177	4,894	4.2%	12,394
Administration Overtime	597	262	62	-	62	-	0.0%	62
Administration Taxes - FICA	23,517	25,233	7,205	6,516	7,499	294	4.1%	983
Administration Taxes - Medicare	5,531	5,910	1,702	1,538	1,772	70	4.1%	234
Administration Workers' Comp	1,470	1,230	254	221	244	(10)	-3.9%	23
Administration Taxes - SUTA/FUTA	55	622	181	181	98	(83)	-45.9%	(83)
Administration Retirement	65,425	52,799	14,967	13,522	15,543	576	3.8%	2,021
Administration Insurance	53,361	46,345	15,755	12,633	15,620	(135)	-0.9%	2,987
Administration OPEB	(217)	-	-	-	-	-	0.0%	-
Administration Allowance for Vacancies	-	-	-	-	-	-	0.0%	-
Project Allocation	-	-	-	(89)	-	-	0.0%	89
HR & Communications Salaries	-	-	68,204	68,471	52,308	(15,896)	-23.3%	(16,163)
HR & Communications Overtime	-	-	-	-	-	-	0.0%	-
HR & Communications Taxes - FICA	-	-	4,229	4,094	3,243	(986)	-23.3%	(851)
HR & Communications Taxes - MEDICARE	-	-	989	957	758	(231)	-23.4%	(199)
HR & Communications Workers' Comp	-	-	148	129	105	(43)	-29.1%	(24)
HR & Communications Taxes - SUTA/FUTA	-	-	88	88	32	(56)	-63.6%	(56)
HR & Communications Retirement	-	-	8,699	8,541	6,651	(2,048)	-23.5%	(1,890)
HR & Communications Insurance	-	-	5,499	5,580	3,318	(2,181)	-39.7%	(2,262)
Finance Salaries	-	-	108,659	109,039	113,581	4,922	4.5%	4,542
Finance Overtime	-	-	81	-	83	2	2.5%	83
Finance Taxes - FICA	-	-	6,742	6,371	7,047	305	4.5%	676
Finance Taxes - MEDICARE	-	-	1,577	1,489	1,648	71	4.5%	159
Finance Workers' Comp	-	-	235	204	227	(8)	-3.4%	89

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget v Projected	Item #16.
Finance Taxes - SUTA/FUTA	-	-	146	146	79	(67)	-45.9%	(67)	
Finance Retirement	-	-	13,870	13,610	14,452	582	4.2%	842	
Finance Insurance	-	-	17,531	16,146	16,235	(1,296)	-7.4%	89	
Information Technology Salaries	-	-	47,675	47,262	49,253	1,578	3.3%	1,991	
Information Technology Overtime	-	-	-	-	-	-	0.0%	-	
Information Technology Taxes - FICA	-	-	2,956	2,746	3,054	98	3.3%	308	
Information Technology Taxes - MEDICARE	-	-	691	642	714	23	3.3%	72	
Information Technology Workers' Comp	-	-	103	89	99	(4)	-3.9%	10	
Information Technology Taxes - SUTA/FUTA	-	-	59	59	32	(27)	-45.8%	(27)	
Information Technology Retirement	-	-	6,081	5,895	6,263	182	3.0%	368	
Information Technology Insurance	-	-	7,542	5,453	5,292	(2,250)	-29.8%	(161)	
Engineering & Planning Salaries	-	-	117,484	117,675	121,221	3,737	3.2%	3,546	
Engineering & Planning Overtime	-	-	50	472	651	601	1202.0%	179	
Engineering & Planning Taxes - FICA	-	-	7,287	7,007	7,556	269	3.7%	549	
Engineering & Planning Taxes - MEDICARE	-	-	1,704	1,638	1,767	63	3.7%	129	
Engineering & Planning Workers' Comp	-	-	297	258	283	(14)	-4.7%	25	
Engineering & Planning Taxes - SUTA/FUTA	-	-	146	146	79	(67)	-45.9%	(67)	
Engineering & Planning Retirement	-	-	14,991	14,715	15,496	505	3.4%	781	
Engineering & Planning Insurance	-	-	12,627	11,389	12,391	(236)	-1.9%	1,002	
Communications Salaries	-	-	-	-	19,006	19,006	0.0%	19,006	
Communications Overtime	-	-	-	-	-	-	0.0%	-	
Communications Taxes - FICA	-	-	-	-	1,178	1,178	0.0%	1,178	
Communications Taxes - MEDICARE	-	-	-	-	276	276	0.0%	276	
Communications Workers' Comp	-	-	-	-	38	38	0.0%	38	
Communications Taxes - SUTA/FUTA	-	-	-	-	16	16	0.0%	16	
Communications Retirement	-	-	-	-	2,417	2,417	0.0%	2,417	
Communications Insurance	-	-	-	-	2,157	2,157	0.0%	2,157	
Uniforms	5,745	6,755	4,955	4,955	4,955	-	0.0%	-	
Power	41,204	40,350	40,000	40,000	40,000	-	0.0%	-	
Maintenance Of Plant/ Lines	40,587	163,350	60,000	68,418	160,000	100,000	166.7%	91,582	
Sludge Hauling	187,193	-	25,000	5,000	10,000	(15,000)	-60.0%	5,000	
Analysis Fees	27,608	31,838	27,000	27,000	27,000	-	0.0%	-	
Chemicals	23,532	31,112	33,600	33,600	33,600	-	0.0%	-	
City Management Fee	48,821	83,167	83,990	88,035	85,632	1,642	2.0%	(2,403)	
Equipment Maintenance	6,262	8,295	9,790	9,790	16,790	7,000	71.5%	7,000	
Equipment Gas & Oil	11,699	14,092	11,875	11,875	11,875	-	0.0%	-	
Equipment Lease	2,699	1,454	300	-	300	-	0.0%	300	
Tools & Minor Equipment	12,390	9,606	7,125	7,125	7,950	825	11.6%		

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget v Projected	Item #16.
Training	10,717	9,731	24,450	24,450	24,450	-	0.0%	-	
Utilities & Radios	19,654	24,862	28,900	28,900	36,750	7,850	27.2%	7,850	
Signal & Telemetry	159	-	-	-	2,385	2,385	0.0%	2,385	
Building Maintenance	5,855	6,213	10,900	8,400	10,900	-	0.0%	2,500	
Supplies & Consumables	3,735	5,392	5,200	5,200	5,200	-	0.0%	-	
Vehicle Maintenance & Repairs	7,406	7,805	5,000	5,000	5,000	-	0.0%	-	
Inventory Adjustment	-	-	-	-	-	-	0.0%	-	
Utilities/Telephone	8,684	7,567	8,130	8,130	7,330	(800)	-9.8%	(800)	
Dues & Publications	1,044	886	2,821	2,821	3,219	398	14.1%	398	
Professional Fees	42,407	40,170	63,508	53,508	78,255	14,747	23.2%	24,747	
Permits & Licenses	1,730	1,762	3,443	3,443	3,443	-	0.0%	-	
Liability Insurance	28,127	35,029	45,000	44,121	34,925	(10,075)	-22.4%	(9,196)	
Office Supplies	2,146	4,023	2,244	2,244	3,084	840	37.4%	840	
Travel & Meetings	1,388	920	1,250	1,250	1,200	(50)	-4.0%	(50)	
Software & Computers	64,332	62,386	128,308	128,308	146,135	17,828	13.9%	17,828	
Recording/Reporting	-	-	350	350	350	-	0.0%	-	
Sewer Postage	611	532	686	686	686	-	0.0%	-	
Adm Bldg/Equip. Maintenance	-	-	150	-	150	-	0.0%	150	
Billing Statement Charges	3,839	4,020	3,700	4,200	4,200	500	13.5%	-	
Billing Postage	10,462	10,758	10,000	11,000	11,000	1,000	10.0%	-	
Copier Lease	1,673	193	1,789	1,789	1,789	-	0.0%	-	
Public Relations	4,429	4,200	4,250	4,250	2,250	(2,000)	-47.1%	(2,000)	
Employment Costs	821	284	1,337	1,337	1,338	0	0.0%	0	
Employee Appreciation	3,510	4,028	5,105	5,105	5,565	460	9.0%	460	
Miscellaneous	-	-	250	-	250	-	0.0%	250	
Total Operating Expenses	1,562,276	1,640,770	1,733,243	1,670,176	1,863,849	130,606	7.5%	193,674	

Wastewater Utility Fund
Capital, Debt, and Non-Cash Expenses
Proposed Budget

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26	Budget v Budget	Budget v Budget %	Budget v PY Projected
Capital Outlays								
Operational Capital	-	26,713	-	2,440	39,000	39,000	0.0%	36,560
Wastewater Equipment Purchases	21,860	254,513	7,938	122,816	31,349	23,412	294.9%	(91,467)
Total Capital Outlays	21,860	281,226	7,938	125,256	70,349	62,412	786.3%	(54,907)
Debt Service								
Bond Water Issuance Fees	-	18,676	-	-	-	-	0.0%	-
Bond Interest Cost	3,075	7,295	16,629	47,919	53,046	36,417	219.0%	5,127
Tax Exempt Lease Interest	-	232	-	-	-	-	0.0%	-
Total Debt Service	3,075	26,203	16,629	47,919	53,046	36,417	219.0%	5,127
Non-Cash Adjustments								
Transfer To Vehicle Repl. Fund	59,240	40,933	67,000	67,000	67,000	-	0.0%	-
Transfer to Wastewater Capital Fund	132,754	250,377	825,000	700,000	1,355,000	530,000	64.2%	655,000
Transfer from ERF	-	(144,833)	-	(105,070)	(31,349)	(31,349)	0.0%	73,721
Asset Transfers to Balance Sheet	(1,074,201)	(406,022)	(657,938)	(891,354)	(1,898,857)	(1,240,920)	188.6%	(1,007,503)
Sewer Service Depreciation	259,967	315,658	270,600	360,000	270,600	-	0.0%	(89,400)
Total Non-Cash Adjustments	(622,240)	56,113	504,663	130,576	(237,606)	(742,269)	-147.1%	(368,182)
Total Capital, Debt, and Non-Cash	(597,305)	363,542	529,229	303,751	(114,211)	(643,440)	-121.6%	(417,962)

Wastewater Strategic and Capital Funds Proposed Budget

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26
Beginning Fund Balance	2,257,004	1,250,609	1,367,972	1,367,972	1,266,874
<u>Transfers:</u>					
Transfer from Utility Fund	132,754	250,377	825,000	700,000	1,355,000
Total Transfers	132,754	250,377	825,000	700,000	1,355,000
<u>Capital Projects</u>					
Solids Handling	1,052,341	(18,141)	-	-	-
Wastewater Treatment Plant Expansion	77,985	151,155	-	766,098	1,714,987
Cojak Circle Sewer Upgrade	-	-	650,000	-	-
Install Sewer Line and Decommission Falls Lift Station	-	-	-	-	113,521
<u>Non-Capital Projects</u>					
Wastewater Rate Study	8,822	-	-	-	-
Impact Fee Study	-	-	-	35,000	-
Total Expenditures	1,139,149	133,015	650,000	801,098	1,828,508
Total Change in Fund Balance	(1,006,394)	117,363	175,000	(101,098)	(473,508)
Ending Fund Balance	1,250,609	1,367,972	1,542,972	1,266,874	793,366

Utility Equipment and Vehicle Replacement Fund Proposed Budget

	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Projected 2024-25	Proposed Budget 2025-26
Beginning Fund Balance	851,091	876,126	680,260	680,260	718,690
<u>Transfers In:</u>					
Transfer from Water Division	66,735	49,866	114,000	114,000	114,000
Transfer from Wastewater Division	59,240	40,933	67,000	67,000	67,000
Total Transfers In	125,975	90,799	181,000	181,000	181,000
<u>Transfers Out:</u>					
Transfer to Water for Purchases	100,941	141,832	-	37,500	31,349
Transfer to Wastewater for Purchases	-	144,833	-	105,070	31,349
Total Transfers Out	100,941	286,665	-	142,570	62,698
Total Change in Fund Balance	25,035	(195,866)	181,000	38,430	118,302
Ending Fund Balance	876,126	680,260	861,260	718,690	836,992



FY 2025-26 Budget Overview

August 7, 2025



Summer Fleming, CGFO
Director of Finance

Budget Process Next Steps



Date	Action
August 7	• Submit calculated tax rates to City Council • Approve a resolution setting maximum tax rate and Public Hearing date • Budget Workshop with tax rate impacts • Funding decision package
August 18	• City Manager officially files the Proposed Budget with the City Secretary
September 15 Special Meeting	• Public Hearing for Proposed Budget and Tax Rate • First reading of an ordinance adopting the Proposed Budget • First reading of an ordinance adopting the Tax Rate
September 18 Regular Meeting	• Second reading of an ordinance adopting the Proposed Budget • Second reading of an ordinance adopting the Tax Rate • Approve a resolution ratifying the Tax Rate

General Fund Budget Highlights

- Property tax growth at 6.4% over prior year budget
- Sales tax growth at 2.2% over the prior year budget
- Operating expenditures increasing 7.5%, total expenditures including capital and transfers increasing 3.4%
- Personnel costs include 4.5% increase
- Transfer to Equipment Replacement Fund for future capital needs
- Maintains 6 months operating reserve

Changes to the Budget Since Last Workshop

Category	Amount
Revenues	
Property Tax Revenue	\$107,786
Expenditures	
Public Safety Contract	\$371,748
Net Change	(\$263,962)

General Fund Summary



Category	Amount
Revenues	\$11,084,839
Expenditures	(\$10,624,371)
Operating surplus/(deficit)	\$460,468
Capital Outlay	(\$234,103)
Net transfer (to)/from Equipment Replacement Fund	(\$226,365)
Transfer (to)/from Strategic Projects Fund	\$-
Total surplus/(deficit)	\$-

Fund Balance Summary



Category	FY 2024-25 Ending	FY 2025-26 Budget	FY 2025-26 Ending
Court Technology	\$14,634	(\$1,125)	\$13,509
Court Security	19,211	(1,750)	17,461
Public Safety	64,702	(29,700)	35,002
Other Restricted	32,664	1,850	34,514
Non-spendable	85,344	-	85,344
Tree Mitigation	142,000	(42,850)	99,150
Operating Reserve	4,848,119	464,000	5,312,119
Unassigned	2,862,465	(390,425)	2,472,040
Total Fund Balance	\$8,069,139	\$-	\$8,069,139

Funded items



Item	Total Cost
Zen City Software (split with Utility)	\$10,000
Recodification Contract	12,449
Cell phones for Police Officers	5,265
6 radar signs	21,000
Asphalt patching machine	47,968
Red dot sights (restricted funds)	21,600
Carpet replacement in Public Safety Building	26,000
Total	\$144,282

Unfunded items



Item	Total Cost
IT Master Plan Initiatives (split with Utility)	\$496,507



Strategic and Capital Projects

Strategic Projects Fund

Reliable and Sustainable Infrastructure

- City facilities master plan - \$100,000
- Drainage CIP – completion of two projects in process
 - 8472 Rolling Acres Trail (#2) - \$162,240
 - 8040 Rolling Acres Trail (#4) - \$162,240

Public Health, Safety and Welfare

- Fire Station #3 Fence - \$36,000

Operational Excellence

- Strategic Planning Workshop - \$35,000

Bond Capital Fund - Roadway CIP



	Prior	2026	2027	2028	2029	Total
Dietz Elkhorn Roadway Reconstruction	\$2,704,072	\$-	\$1,581,078	\$625,000	\$-	\$4,910,150
Battle Intense near Trailside	158,861	-	-	-	-	158,861
Rolling Acres Trail Reconstruction		315,000	315,000	1,260,000	1,260,000	3,150,000
Ammann Road Reconstruction	700,838	108,555	2,769,375	2,769,375	-	6,348,143
Roadway Total	\$3,563,771	\$423,555	\$4,665,453	\$4,654,375	\$1,260,000	\$14,567,154



Utility Fund

Utility Fund Budget Highlights



- Personnel costs include 4.5% increase
- Total operating expenditures increasing 8%
- Includes new investment in utility infrastructure and one-time improvements to meet TCEQ requirements
- Includes transfer to Equipment Replacement Fund for future capital needs
- Maintains an operating reserve equal to 7 months of operating expense

Utility Fees



Water Fees			
	FY 2025	FY 2026	Change
Surface Water Fee	\$15.90	\$18.50	\$2.60
TCEQ Fee	0.19	0.20	0.01
Debt Service Fee	23.85	23.89	0.04
Capital Reserve Fee	2.67	2.67	-
Total Fees	\$42.61	\$45.26	\$2.65

Wastewater Fees			
	FY 2025	FY 2026	Change
TCEQ Fee	\$0.05	\$0.05	\$-
Debt Service Fee	17.03	16.91	(0.12)
Capital Reserve Fee	-	-	-
Total Fees	\$17.08	\$16.96	(\$0.12)

Operating Budget



Operating Revenue and Expenses



Category	Water Utility	Wastewater Utility	Total
Operating Revenue	\$4,471,417	\$1,767,160	\$6,238,577
Operating Expenses			
Personnel	1,048,631	1,075,894	2,124,525
Supplies, Maintenance, and Operations	2,845,037	709,701	3,554,738
Services	339,791	78,255	418,046
Total Operating Expenses	4,233,459	1,863,850	6,097,309
Operating Income / (Loss)	\$237,958	(\$96,690)	\$141,268
Depreciation & Amortization	(550,000)	(270,600)	(820,600)
Operating Income / (Loss) after Depreciation	(\$312,042)	(\$367,290)	(\$679,332)

Non-Operating Revenue and Expenses



Category	Water Utility	Wastewater Utility	Equipment Replacement	Total
Non-Operating Revenues				
Impact, Capital and Debt Fees	\$1,244,069	\$590,630	-	\$1,834,699
Interest Earnings	200,000	200,000	-	400,000
Non-Operating Expenses				
Capital Contribution (GBRA waterline)	(750,000)	-	-	(750,000)
Debt Service Costs	(103,927)	(53,046)	-	(156,973)
Transfers In/(Out)	(82,651)	(35,651)	118,302	-
Non-Operating Revenue (Expenses)	\$507,491	\$701,933	\$118,302	\$1,327,726

Combined Net Position



Category	Projected 9/30/2025	FY 2025-26 Change	Projected 9/30/2026
Net Investment in Capital Assets	\$13,447,601	\$270,175	\$13,717,776
Unrestricted Net Position			
Water Capital Fund	194,562	(15,086)	179,476
Wastewater Capital Fund	1,266,874	(473,508)	793,366
Equipment Replacement Fund	718,690	118,302	836,992
Operating Reserve	3,313,156	269,906	3,583,062
Debt Service Reserve	1,358,684	478,607	1,837,291
Total Unrestricted Net Position	6,851,966	378,221	7,230,187
Total Net Position	\$20,299,567	\$648,396	\$20,947,963

*

*Operating Reserve equal to 7 months of operating expense.

Water CIP Projects



	Prior	2025	2026	2027	Total
Willow Wind Dr./Red Bud Hill Waterline (29R)	\$70,705	\$879,807	\$-	\$-	\$950,512
Elevated Storage Tank (2W)	496,950	-	4,367,901	3,914,527	8,779,378
Rolling Acres Trail Waterline Rehabilitation (28R)	66,794	610,941	-	-	677,735
Expand Plant No. 5 (5W)	229,499	1,320,800	-	-	1,550,299
Old Fredericksburg Rd. Waterline (21W)	291,920	270,400	-	-	562,320
Upgrade Electrical at Plant No. 3 Pump Station (5R)	-	74,419	100,000	-	174,419
SAWS Emergency Interconnect	-	30,000	352,340	-	382,340
Ground Storage Tank at Plant No. 4	-	-	-	400,000	400,000
NEW Dietz Elkhorn Road Waterline	-	-	1,500,000	-	1,500,000
NEW GBRA Waterline	-	-	750,000	-	750,000
Water Total	\$1,155,868	\$3,186,367	\$7,070,241	\$4,314,527	\$15,727,003

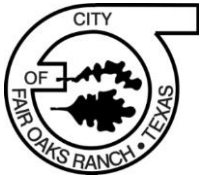
Wastewater CIP Projects



	Prior	2025	2026	2027	Total
Wastewater Treatment Plant Phase 1 Expansion (2S)	\$1,211,249	\$-	\$1,714,987	\$2,387,530	\$5,313,766
Install Sewer Line/Decommission Falls Lift Station (1S)	-	-	113,521	811,763	925,284
Wastewater Total	\$1,211,249	\$-	\$1,828,508	\$3,199,293	\$6,239,050



Questions?



CITY COUNCIL REPORT

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Financial and Investment Report for the Quarter Ended June 30, 2025

DATE: August 7, 2025

DEPARTMENT: Finance

PRESENTED BY: Summer Fleming, CGFO, Director of Finance

INTRODUCTION/BACKGROUND:

Best practices in financial transparency and reporting recommend at least quarterly reporting on the financial position of the City relative to the budget. The quarterly report provides a comprehensive update on the implementation of the budget and includes an updated projection of the budget outcome for the fiscal year.

Pursuant to Texas Government Code Section 2256.023 and the City's Investment Policy Section 12, the Investment Officer is required, on a quarterly basis, to prepare and submit to the City Council a written report of investment transactions that have occurred since the previous report, and the market value of current investments. The attached report is being made to comply with the reporting requirements for the quarter that ended June 30, 2025.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Priority 1.5 of the Strategic Action Plan is to ensure continuity and excellence of financial reporting reliability. Frequent review and reporting of the City's investments is both prudent and necessary to confirm the City's investment portfolio is being managed according to the Investment Policy. Fiscal transparency informs City Council and citizens how the City spent tax revenues and is a critical element of effective public financial management.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Projections have been updated through the end of the third quarter, June 30, 2025, showing continued strength in the general fund's financial position compared to the prior quarter. Year-to-date revenues total \$9.36 million, with full-year projections reaching \$11.11 million, exceeding the adopted budget of \$11.04 million. Expenditures are projected at \$10.71 million, resulting in a \$400,000 surplus added to the fund balance.

The positive variance is driven by:

- Increased property tax collections
- Higher-than-anticipated interest earnings
- A secured Municipal Development District grant for the gateway monument
- Personnel savings from vacancies and reduced associated costs

The projected ending fund balance is \$8.07 million, which includes the required 6-month operating reserve of \$4.8 million.

As of the FY 2024-25 year-end projection, the Utility Fund reflects a mixed financial performance. Operating revenues are expected to total \$6.17 million, exceeding the budget by \$161,003. Operating expenditures are projected to be \$138,000 under budget, indicating continued cost efficiency. However, after accounting for depreciation, a non-cash expense representing the wear and tear on the utility's infrastructure, the Utility is projected to show an operating loss of approximately \$439,000.

Non-operating revenues are estimated at \$2.17 million, about \$60,000 below budget. Despite the operating loss, the utility is still expected to increase its net position by \$1.59 million, driven largely by investment in capital assets that support long-term infrastructure.

By year-end, the utility's net position is projected at \$20.3 million, including \$13.4 million invested in capital assets. The remaining balance includes \$3.3 million in operating reserves, representing 7 months of operating expenses, as well as reserves for debt service, future capital projects, and asset replacement.

The City currently has funds in Frost Bank and three local government investment pools: TexPool, TexPool Prime, and Texas CLASS. Investments earned \$292,543 in interest during the quarter and totaled \$26.94 million on June 30, 2025.



Fiscal Year 2024-25 Financial Report

As of June 30, 2025

Prepared by
Finance Department
July 26, 2025

City of Fair Oaks Ranch
General Fund
Statement of Revenues & Expenditures
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	6,628,607	7,668,789	7,668,789	7,668,789	
<u>Revenue</u>					
Taxes	8,631,247	8,482,329	7,746,389	8,562,396	80,067
Franchise Fees	743,231	762,350	418,070	767,050	4,700
Permits	232,138	168,200	148,850	179,400	11,200
Fines & Fees	191,584	207,300	103,199	163,100	(44,200)
Fees & Services	521,604	361,910	302,808	405,505	43,595
Interest Earnings	683,555	450,000	402,661	525,000	75,000
Grants & Contributions	141,826	313,440	67,527	303,440	(10,000)
Other Revenues	358,645	143,880	136,052	146,469	2,589
Transfers from other funds	222,254	155,285	30,000	56,700	(98,585)
Total Revenue	<u>11,726,083</u>	<u>11,044,694</u>	<u>9,355,554</u>	<u>11,109,059</u>	<u>64,365</u>
<u>Expenditures</u>					
Personnel	5,478,855	6,247,754	4,080,975	5,743,700	504,054
Supplies, Maintenance & Operations	1,162,375	1,351,581	519,701	1,356,243	(4,662)
Services	1,793,865	2,182,664	1,471,147	2,122,319	60,345
Shared Services	197,471	271,701	213,394	261,201	10,500
Capital Outlay	937,864	492,304	363,652	482,108	10,196
Transfers to other funds	1,115,471	743,138	743,138	743,138	-
Total Expenditures	<u>10,685,901</u>	<u>11,289,142</u>	<u>7,392,008</u>	<u>10,708,709</u>	<u>580,432</u>
Revenue over/(under) Expenditures	1,040,182	(244,448)	1,963,547	400,350	644,797
Ending Fund Balance	7,668,789	7,424,342	9,632,336	8,069,139	

City of Fair Oaks Ranch
General Fund
Fund Balance Detail
For the fiscal year ended September 30, 2025

	Actual 9/30/2024	Projected FY 2024-25	Projected 9/30/2025
<u>Non-spendable</u>	85,344	-	85,344
<u>Restricted</u>			
Court Technology	21,707	(7,073)	14,634
Court Security Building	17,531	1,680	19,211
Court Efficiency	1,681	250	1,931
Court Truancy Prevention Fund	21,534	4,500	26,034
Municipal Court Jury Fund	281	100	381
Felony Forfeiture	43,275	-	43,275
LEOSE Funds	20,239	1,189	21,427
PEG Fees	4,319	-	4,319
Total Restricted	130,566	646	131,212
<u>Committed</u>	-	-	-
<u>Assigned</u>			
Tree Mitigation	149,600	(7,600)	142,000
Operating Reserve	4,738,119	110,000	4,848,119
Total Assigned	4,887,719	102,400	4,990,119
<u>Unassigned</u>			
Total Unassigned	2,565,161	297,304	2,862,465
General Fund Balances	7,668,789	400,350	8,069,139

City of Fair Oaks Ranch
General Fund
Statement of Revenues
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Taxes					
General Property	6,744,102	6,557,107	6,568,004	6,635,745	78,638 ¹
Delinquent Property	47,128	30,000	41,323	48,000	18,000
Penalty & Interest	22,732	25,000	20,307	25,000	-
Mixed Beverage	28,961	25,000	20,685	33,000	8,000
Local Sales	1,192,216	1,230,148	730,713	1,213,767	(16,381)
Street Maintenance	298,054	307,537	182,678	303,442	(4,095)
Property Reduction	298,054	307,537	182,678	303,442	(4,095)
Total Taxes	8,631,247	8,482,329	7,746,389	8,562,396	80,067
Franchise Fees					
Time Warner Cable	59,395	60,900	29,522	60,900	-
GVTC Cable/Telephone	60,270	65,000	29,349	60,000	(5,000)
AT&T Cable/Television	1,677	2,500	755	1,250	(1,250)
Miscellaneous Telecom	315	700	163	400	(300)
City Public Service	448,951	470,000	225,929	458,000	(12,000)
Pedernales Electric	109,431	105,000	56,871	105,000	-
Grey Forest Utility	26,496	23,500	21,249	24,500	1,000
Garbage	36,696	34,000	54,233	57,000	23,000
Recycling	-	750	-	-	(750)
Total Franchise Fees	743,231	762,350	418,070	767,050	4,700
Interest Earnings					
Bank/Investment Interest	683,555	450,000	402,661	525,000	75,000 ²
Total Interest Earnings	683,555	450,000	402,661	525,000	75,000
Permits					
New Residential	145,757	80,000	75,430	90,000	10,000
New Commercial	-	5,000	-	-	(5,000)
Remodeling/Additions	30,950	20,000	32,759	41,000	21,000
Other	41,436	50,000	28,575	35,000	(15,000)
Contacting Registration	9,450	9,000	7,730	9,000	-
Food/Health	4,545	4,200	4,355	4,400	200
Total Permits	232,138	168,200	148,850	179,400	11,200
Fines & Fees					
Municipal Court Fines	174,829	190,000	93,556	150,000	(40,000) ³
Municipal Court Security	5,665	6,000	3,322	4,500	(1,500)
Municipal Court Technology	4,648	5,000	2,740	3,750	(1,250)
Municipal Court Efficiency	603	450	180	250	(200)
Municipal Court Truancy Prevention	5,725	5,700	3,335	4,500	(1,200)
Municipal Court Jury	114	150	67	100	(50)
Total Fines & Fees	191,584	207,300	103,199	163,100	(44,200)

City of Fair Oaks Ranch
General Fund
Statement of Revenues
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Fees & Services					
FORU Management Fee	289,039	292,365	210,765	301,460	9,095
Special Fees	30,749	25,000	55,086	63,000	38,000 ⁴
FORMDD Management Fee	30,150	30,150	30,150	30,150	-
Tree Mitigation Fees	159,600	-	-	-	-
Credit Card Service Fee	9,682	12,900	5,096	9,000	(3,900)
Pet Licenses	1,050	1,000	1,090	1,250	250
Pet Impound	1,334	495	621	645	150
Total Fees & Services	521,604	361,910	302,808	405,505	43,595
Other					
Miscellaneous	117,343	127,280	120,769	127,280	-
City Event Sponsorship	1,480	1,200	-	-	(1,200)
Sale of Assets	-	-	-	-	-
School Guard Crossing Fund	15,729	13,500	11,095	15,000	1,500
LEOSE Proceeds	4,234	1,900	4,189	4,189	2,289
Police Seized Proceeds	-	-	-	-	-
Other Sources - SBITA's	202,767	-	-	-	-
Other Sources - Leases	17,092	-	-	-	-
Total Other	358,645	143,880	136,052	146,469	2,589
Grants & Contributions					
Donations/Grants	141,826	313,440	67,527	303,440	(10,000) ⁵
Total Grants & Contributions	141,826	313,440	67,527	303,440	(10,000)
Transfers					
Project Allocations	-	98,585	-	-	(98,585) ⁶
Capital Replacement Fund	222,254	56,700	30,000	56,700	-
Total Transfers	222,254	155,285	30,000	56,700	(98,585)
Total Revenue	11,726,083	11,044,694	9,355,554	11,109,059	64,365

(1) Increase is due to an increase in the tax levy after appraisal protests have settled.

(2) Increase in investment earnings based on current earnings and rates.

(3) Decreased court fines is due to a decrease in citations issued.

(4) Increase in special fees for PID application fee.

(5) Grant revenue decreased because the City received less in Disabled Veterans Exemption Relief Funds than anticipated.

(6) Project allocation for the Project Manager will post as a contra-expense in Engineering Department.

General Fund Expenditures by Department
Mayor & Council
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	-	-	-	-	-
Overtime	-	-	-	-	-
Taxes - Social Security	-	-	-	-	-
Taxes - Medicare	-	-	-	-	-
Taxes SUTA/FUTA	-	-	-	-	-
Workers' Compensation Insurance	-	-	-	-	-
Retirement	-	-	-	-	-
Health Insurance	-	-	-	-	-
Uniform Allowance	-	-	-	-	-
Allowance for Vacancies	-	-	-	-	-
Total Personnel	-	-	-	-	-
Supplies, Maintenance & Operations					
Supplies and Consumables	-	-	-	-	-
Minor Equipment and Furniture	-	-	-	-	-
Fuel	-	-	-	-	-
Uniforms	284	350	-	350	-
Committee - Branding	-	500	-	-	500
Committee - Planning & Zoning	248	500	-	-	500
Committee - Board of Adj	-	500	-	-	500
Committee - Audit	-	500	-	-	500
Committee - TSAC	-	-	266	500	(500)
Committee - Urban Wildlife	720	500	-	500	-
Donations & Grants	-	-	-	-	-
Total Supplies, Maintenance & Operations	1,252	2,850	266	1,350	1,500
Services					
Professional Services	-	-	-	-	-
Dues/Subscriptions	2,716	3,245	3,280	3,280	(35)
Training/Seminars & Related Travel	-	7,000	770	3,500	3,500 ¹
Meetings and Related Travel	2,298	11,800	1,122	5,800	6,000 ²
Public Relations	235	5,250	411	2,250	3,000 ³
Employee Appreciation	-	-	-	-	-
Recording/Reporting/History	-	-	-	-	-
Total Services	5,249	27,295	5,584	14,830	12,465
Total Mayor & Council	6,500	30,145	5,849	16,180	13,965

¹ Decreased projection for trainings and seminars.

² Decreased projection for budgeted Strategic Planning Workshop.

³ Decreased projection for Volunteer Appreciation Event.

General Fund Expenditures by Department
Administration
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	309,218	453,486	306,122	436,522	16,964
Overtime	142	123	-	123	-
Taxes - Social Security	18,155	26,853	18,168	25,410	1,443
Taxes - Medicare	4,451	6,577	4,520	6,214	363
Taxes SUTA/FUTA	399	398	185	398	-
Workers' Compensation Insurance	1,260	982	853	853	129
Retirement	38,637	57,858	40,638	56,136	1,722
Health Insurance	22,969	33,434	26,386	37,222	(3,788)
Uniform Allowance	-	-	-	-	-
Car Allowance	7,200	7,200	5,261	7,200	-
Allowance for Vacancies	-	(6,023)	-	-	(6,023)
Total Personnel	402,431	580,888	402,135	570,078	10,810
Supplies, Maintenance & Operations					
Supplies and Consumables	513	850	18	850	-
Minor Equipment and Furniture	1,236	1,250	50	1,250	-
Fuel	61	150	116	150	-
Uniforms	133	360	246	360	-
Total Supplies, Maintenance & Operations	1,944	2,610	430	2,610	-
Services					
Professional Services	213,112	105,000	94,808	135,000	(30,000) ¹
Dues/Subscriptions	3,330	4,318	3,417	4,318	-
Training/Seminars & Related Travel	8,181	16,375	2,304	13,875	2,500
Meetings and Related Travel	1,875	5,840	1,025	3,840	2,000
Employee Appreciation	-	300	-	300	-
Tech/Internet/Software	-	-	-	-	-
Total Services	226,499	131,833	101,553	157,333	(25,500)
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay Costs	-	-	-	-	-
Total Administration	630,873	715,331	504,119	730,020	(14,690)

¹ Increased projection for legal fees.

General Fund Expenditures by Department
City Secretary
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	161,133	167,674	118,881	168,722	(1,048)
Overtime	-	-	-	-	-
Taxes - Social Security	9,622	10,396	7,324	10,034	362
Taxes - Medicare	2,250	2,431	1,713	2,346	85
Taxes SUTA/FUTA	234	234	126	234	-
Workers' Compensation Insurance	428	363	315	315	48
Retirement	19,807	21,387	15,626	21,449	(62)
Health Insurance	14,928	18,315	13,009	17,630	685
Uniform Allowance	-	-	-	-	-
Total Personnel	208,402	220,800	156,994	220,731	69
Supplies, Maintenance & Operations					
Supplies and Consumables	953	950	308	950	-
Minor Equipment and Furniture	1,175	200	127	200	-
Fuel	-	-	-	-	-
Uniforms	100	100	-	100	-
Total Supplies, Maintenance & Operations	2,229	1,250	435	1,250	-
Services					
Professional Services	4,038	11,039	4,751	8,539	2,500
Dues/Subscriptions	803	1,000	783	1,000	-
Training/Seminars & Related Travel	5,421	6,400	4,910	6,400	-
Meetings and Related Travel	325	1,500	165	800	700
Elections	32,687	32,000	1,660	32,000	-
Employee Appreciation	-	100	30	100	-
Recording/Reporting/History	12,037	10,000	5,153	10,000	-
Tech/Internet/Software	4,128	10,930	6,314	12,280	(1,350)
Total Services	59,440	72,969	23,766	71,119	1,850
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay Costs	-	-	-	-	-
Total City Secretary	270,071	295,019	181,195	293,100	1,919

General Fund Expenditures by Department
Human Resources and Communications
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	133,344	136,408	96,541	136,941	(533)
Overtime	-	-	-	-	-
Taxes - Social Security	7,895	8,457	5,985	8,190	267
Taxes - Medicare	1,847	1,978	1,400	1,916	63
Taxes SUTA/FUTA	176	176	95	176	-
Workers' Compensation Insurance	346	295	256	256	39
Retirement	16,380	17,399	12,691	17,410	(11)
Health Insurance	9,236	10,998	7,521	10,321	677
Uniform Allowance	-	-	-	-	-
Total Personnel	169,222	175,711	124,489	175,211	500
Supplies, Maintenance & Operations					
Supplies and Consumables	1,774	1,700	764	1,700	-
Minor Equipment and Furniture	1,755	1,600	277	1,600	-
Fuel	-	-	-	-	-
Uniforms	118	150	-	150	-
Total Supplies, Maintenance & Operations	3,647	3,450	1,041	3,450	-
Services					
Professional Services	540	1,625	1,858	1,858	(233)
Dues/Subscriptions	4,755	2,175	1,764	2,175	-
Training/Seminars & Related Travel	11,343	10,775	3,678	9,275	1,500
Meetings and Related Travel	296	1,000	193	1,000	-
Public Relations	43,551	51,250	7,967	8,550	42,700 ¹
Employee Appreciation	11,839	11,260	8,600	11,260	-
Employment Costs	2,795	2,675	5,260	9,675	(7,000) ²
Recording/Reporting/History	-	-	-	-	-
Tech/Internet/Software	7,160	17,902	17,711	19,792	(1,890)
Total Services Costs	82,279	98,662	47,030	63,585	35,078
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay Costs	-	-	-	-	-
Total Human Resources & Communications	255,147	277,823	172,559	242,245	35,578

¹ Decreased projection for July 4 event cancellation.

² Increased costs of employment postings and testing.

General Fund Expenditures by Department
Finance
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	187,971	217,318	153,718	218,078	(760)
Overtime	22	163	-	163	-
Taxes - Social Security	10,794	13,484	9,322	12,752	732
Taxes - Medicare	2,524	3,153	2,180	2,983	170
Taxes SUTA/FUTA	293	293	158	293	-
Workers' Compensation Insurance	580	470	408	408	62
Retirement	23,024	27,740	20,222	27,762	(22)
Health Insurance	26,552	35,063	23,817	32,769	2,294
Uniform Allowance	-	-	-	-	-
Allowance for Vacancies	-	-	-	-	-
Total Personnel	251,761	297,684	209,826	295,208	2,476
Supplies, Maintenance & Operations					
Supplies and Consumables	1,206	1,300	833	1,300	-
Minor Equipment and Furniture	286	500	201	500	-
Fuel	-	-	-	-	-
Uniforms	106	250	-	250	-
Total Supplies, Maintenance & Operations	1,598	2,050	1,034	2,050	-
Services					
Professional Services	79,202	96,785	95,636	96,785	-
Dues/Subscriptions	573	605	416	605	-
Training/Seminars & Related Travel	4,558	6,350	2,322	5,350	1,000
Meetings and Related Travel	32	400	108	400	-
Employee Appreciation	324	250	114	250	-
Tech/Internet/Software	299	11,583	11,176	11,176	407
Total Services	84,988	115,973	109,772	114,566	1,407
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay Costs	-	-	-	-	-
Total Finance	338,347	415,707	320,632	411,824	3,883

General Fund Expenditures by Department
Information Technology
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	91,519	95,350	66,623	94,525	825
Taxes - Social Security	5,250	5,912	4,026	5,492	420
Taxes - Medicare	1,228	1,383	942	1,284	99
Taxes SUTA/FUTA	117	117	63	117	-
Workers' Compensation Insurance	243	206	179	179	27
Retirement	11,254	12,162	8,757	12,017	145
Health Insurance	12,840	15,083	7,839	11,098	3,985
Uniform Allowance	-	-	-	-	-
Total Personnel	122,451	130,213	88,429	124,711	5,502
Supplies, Maintenance & Operations					
Supplies and Consumables	142	200	-	200	-
Minor Equipment and Furniture	1,927	200	82	200	-
Uniforms	-	100	-	100	-
Total Supplies, Maintenance & Operations	2,070	500	82	500	-
Services					
Professional Services	440	114,000	43,260	100,500	13,500 ¹
Dues/Subscriptions	175	388	223	388	-
Training/Seminars & Related Travel	1,606	6,250	1,817	5,000	1,250
Meetings and Related Travel	-	350	154	350	-
Employee Appreciation	95	100	-	100	-
Tech/Internet/Software	132,186	240,155	199,591	240,155	-
Total Services	134,502	361,243	245,044	346,493	14,750
Shared Services					
Facility Contracts & Services	3,147	18,991	12,315	18,991	-
Phone/Cable/Alarms	35,985	32,996	24,384	32,996	-
Total Shared Services	39,132	51,987	36,699	51,987	-
Capital Outlay					
Furniture, Equipment & Vehicles	222,815	115,050	106,629	106,629	8,421
Lease Principal	13,707	-	-	-	-
Lease Interest	2,226	-	-	-	-
SBITA Principal	95,160	-	-	-	-
SBITA Interest	7,292	-	-	-	-
Total Capital Outlay	341,200	115,050	106,629	106,629	8,421
Total Information Technology	639,353	658,993	476,883	630,320	28,673

¹ Decreased projection for Vulnerability Assessment savings.

General Fund Expenditures by Department
Municipal Court
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	108,130	112,693	79,962	113,694	(1,001)
Overtime	181	360	29	179	181
Taxes - Social Security	5,931	7,009	4,580	6,287	722
Taxes - Medicare	1,387	1,639	1,071	1,470	169
Taxes SUTA/FUTA	234	234	126	234	-
Workers' Compensation Insurance	288	244	212	212	32
Retirement	13,308	14,420	10,519	14,479	(59)
Health Insurance	24,749	29,484	20,581	28,063	1,421
Uniform Allowance	-	-	-	-	-
Total Personnel	154,207	166,083	117,079	164,618	1,465
Supplies, Maintenance & Operations					
Supplies and Consumables	1,659	1,700	1,527	1,700	-
Minor Equipment and Furniture	1,905	4,600	4,442	4,442	158
Fuel	-	-	-	-	-
Uniforms	129	150	-	150	-
Court Technology	1,529	10,823	5,800	10,823	-
Court Security Building	43,658	6,180	-	4,500	1,680
Total Supplies, Maintenance & Operations	48,880	23,453	11,769	21,615	1,838
Services					
Professional Services	63,068	68,640	41,053	58,640	10,000 ¹
Dues/Subscriptions	131	800	131	800	-
Training/Seminars & Related Travel	1,458	6,650	4,823	6,650	-
Meetings and Related Travel	206	300	40	300	-
Employee Appreciation	100	100	-	100	-
Tech/Internet/Software	-	-	-	-	-
Total Services	64,962	76,490	46,046	66,490	10,000
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-
Total Municipal Court	268,049	266,026	174,895	252,724	13,302

¹ Projected savings for municipal prosecution costs.

General Fund Expenditures by Department
Public Safety
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	2,022,937	2,332,085	1,396,933	2,046,649	285,436
Overtime	81,177	36,239	33,884	42,621	(6,382)
Taxes - Social Security	128,790	146,836	91,828	128,453	18,383
Taxes - Medicare	30,121	34,341	21,476	30,041	4,300
Taxes SUTA/FUTA	3,529	3,510	1,712	3,510	-
Workers' Compensation Insurance	80,098	55,697	48,392	48,392	7,305
Retirement	259,222	302,045	181,143	258,053	43,992
Health Insurance	225,771	320,028	156,286	224,499	95,529
Uniform Allowance	20,500	28,000	10,000	21,000	7,000
Relocation Allowance	7,281	-	14,839	14,839	(14,839)
Allowance for Vacancies	-	(205,105)	-	-	(205,105)
Total Personnel	2,859,426	3,053,676	1,956,492	2,818,056	235,620 ¹
Supplies, Maintenance & Operations					
Supplies and Consumables	5,253	4,500	4,626	5,000	(500)
Minor Equipment and Furniture	37,777	40,150	20,473	43,150	(3,000)
Fuel	45,170	43,000	30,324	40,000	3,000
Uniforms	14,773	23,477	18,938	27,477	(4,000)
Vehicle Maintenance/Repairs	15,069	20,880	11,358	20,880	-
Total Supplies, Maintenance & Operations	118,042	132,007	85,719	136,507	(4,500)
Services					
Professional Services	860,088	966,810	685,855	966,810	-
Dues/Subscriptions	3,387	4,025	3,718	4,025	-
Training/Seminars & Related Travel	24,000	27,300	10,747	27,300	-
Meetings and Related Travel	95	500	65	500	-
Investigations	6,823	6,000	1,182	6,000	-
Lease Training	-	3,000	-	3,000	-
Public Relations	8,380	12,600	7,308	12,600	-
Employee Appreciation	1,813	1,500	296	1,500	-
Tech/Internet/Software	10,202	74,158	60,521	74,158	-
Total Services	914,789	1,095,893	769,693	1,095,893	-
Capital Outlay					
Furniture, Equipment & Vehicles	364,781	126,881	73,829	127,106	(225)
Lease Principal	10,517	-	-	-	-
Lease Interest	860	-	-	-	-
Total Capital Outlay	376,158	126,881	73,829	127,106	(225)
Total Public Safety	4,268,415	4,408,457	2,885,734	4,177,563	230,895

¹ Projected savings due to vacancies.

General Fund Expenditures by Department
Maintenance
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	463,062	536,594	332,645	467,272	69,322
Overtime	14,092	6,311	6,144	7,412	(1,101)
Taxes - Social Security	28,686	33,660	21,272	28,713	4,947
Taxes - Medicare	6,709	7,872	4,975	6,715	1,157
Taxes SUTA/FUTA	1,427	1,287	882	1,287	-
Workers' Compensation Insurance	21,015	18,352	15,945	15,945	2,407
Retirement	58,794	69,248	44,359	60,249	8,999
Health Insurance	79,291	105,678	54,849	80,656	25,022
Allowance for Vacancies	-	(49,500)	-	-	(49,500)
Total Personnel	673,076	729,502	481,071	668,249	61,253 ¹
Supplies, Maintenance & Operations					
Supplies and Consumables	9,174	8,050	4,957	8,050	-
Minor Equipment and Furniture	13,645	20,460	13,368	20,460	-
Fuel	21,397	15,000	13,544	16,500	(1,500)
Uniforms	7,638	8,225	6,883	8,225	-
Vehicle Maintenance/Repairs	18,963	15,000	12,066	15,000	-
Equipment Maintenance/Repairs	15,170	18,000	16,607	18,000	-
Building Maintenance/Repairs	59,324	30,563	18,074	30,563	-
Landscaping & Greenspace Maintenance	3,539	17,461	12,328	17,461	-
Street Maintenance	22,464	30,000	17,595	30,000	-
Drainage Work	5,919	15,000	4,005	15,000	-
Total Supplies, Maintenance & Operations	177,235	177,759	119,426	179,259	(1,500)
Services					
Professional Services	10,733	200	584	584	(384)
Dues/Subscriptions	164	932	405	932	-
Training/Seminars & Related Travel	8,318	13,753	2,304	13,753	-
Meetings and Related Travel	347	400	125	400	-
Employee Appreciation	393	550	472	550	-
Tech/Internet/Software	11,331	16,821	16,990	16,990	(169)
Total Services	31,285	32,656	20,880	33,209	(553)
Capital Outlay					
Furniture, Equipment & Vehicles	213,023	250,373	183,194	248,373	2,000
Total Capital Outlay	213,023	250,373	183,194	248,373	2,000
Total Maintenance	1,094,619	1,190,290	804,572	1,129,089	61,201

¹ Projected savings due to vacancies.

General Fund Expenditures by Department
Building Codes
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	169,509	240,824	169,198	239,958	866
Overtime	153	451	-	-	451
Taxes - Social Security	10,030	14,959	10,603	14,504	455
Taxes - Medicare	2,346	3,498	2,480	3,392	106
Taxes SUTA/FUTA	405	468	252	468	-
Workers' Compensation Insurance	928	984	855	855	129
Retirement	20,691	30,775	22,240	30,506	269
Health Insurance	26,224	38,861	26,500	36,322	2,539
Uniform Allowance	-	-	-	-	-
Car Allowance	-	-	-	-	-
Relocation Allowance	-	-	-	-	-
Total Personnel	230,283	330,820	232,128	326,005	4,815
Supplies, Maintenance & Operations					
Supplies and Consumables	599	675	213	675	-
Minor Equipment and Furniture	1,877	2,300	1,764	2,300	-
Fuel	1,867	5,175	2,800	5,175	-
Uniforms	458	770	120	770	-
Total Supplies, Maintenance & Operations	4,801	8,920	4,898	8,920	-
Services					
Professional Services	26,685	23,509	11,694	17,009	6,500
Dues/Subscriptions	394	515	405	515	-
Training/Seminars & Related Travel	5,513	6,200	4,076	6,200	-
Meetings and Related Travel	15	100	31	100	-
Employee Appreciation	65	200	-	200	-
Employment Costs	-	-	-	-	-
Recording/Reporting/History	-	-	-	-	-
Tech/Internet/Software	144	155	154	154	2
Total Services	32,816	30,679	16,359	24,178	6,502
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-
Total Building Codes	267,900	370,419	253,385	359,103	11,316

General Fund Expenditures by Department
Engineering and Planning
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	313,430	425,179	241,567	368,711	56,468
Overtime	360	100	584	584	(484)
Taxes - Social Security	18,779	26,367	14,957	21,891	4,476
Taxes - Medicare	4,392	6,167	3,498	5,120	1,047
Taxes SUTA/FUTA	495	608	211	608	-
Workers' Compensation Insurance	1,114	1,005	873	873	132
Retirement	38,638	54,244	31,685	46,538	7,706
Health Insurance	30,389	48,707	25,915	38,148	10,559
Project Allocation	-	-	(6,960)	(101,640)	101,640
Total Personnel	407,596	562,377	312,331	380,833	181,544 ¹
Supplies, Maintenance & Operations					
Supplies and Consumables	9,891	9,750	9,256	9,750	-
Minor Equipment and Furniture	1,547	7,150	1,878	7,150	-
Fuel	4,388	3,175	1,990	3,175	-
Uniforms	830	1,700	685	1,700	-
Street Maintenance	769,680	921,257	254,560	921,257	-
Oak Wilt Program	10,000	15,000	15,000	15,000	-
Tree and Landscaping Protection	-	29,750	6,645	29,750	-
City Approved Events	-	4,850	25	4,850	-
Total Supplies, Maintenance & Operations	796,336	992,632	290,038	992,632	-
Services					
Professional Services	140,407	108,050	65,818	103,050	5,000
Dues/Subscriptions	626	1,464	1,923	1,950	(486)
Training/Seminars & Related Travel	8,642	13,240	9,221	13,240	-
Meetings and Related Travel	477	400	240	400	-
Employee Appreciation	172	400	567	567	(167)
Employment Costs	-	-	-	-	-
Recording/Reporting/History	-	-	-	-	-
Tech/Internet/Software	6,736	15,418	7,651	15,418	-
Total Services	157,058	138,972	85,420	134,625	4,347
Capital Outlay					
Furniture, Equipment & Vehicles	7,016	-	-	-	-
Total Capital Outlay	7,016	-	-	-	-
Total Engineering and Planning	1,368,006	1,693,981	687,789	1,508,090	185,891

¹ Projected savings due to vacancies.

General Fund Expenditures by Department
Non-departmental
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	-	-	-	-	-
Total Personnel	-	-	-	-	-
Supplies, Maintenance & Operations					
Supplies and Consumables	4,342	3,600	4,563	5,600	(2,000)
Miscellaneous	-	-	-	-	-
Emergency Response	-	500	-	500	-
Total Supplies, Maintenance & Operations	4,342	4,100	4,563	6,100	(2,000)
Shared Services					
Facility Contracts & Services	27,563	81,589	57,413	72,089	9,500
Tech/Internet/Software Maintenance	-	-	-	-	-
Postage	3,445	4,125	2,305	4,125	-
General Liability Insurance	88,746	90,000	89,797	90,000	-
Electricity	38,585	44,000	27,180	43,000	1,000
Phone/Cable/Alarms	-	-	-	-	-
Total Shared Services	158,339	219,714	176,695	209,214	10,500
Capital Outlay					
Lease Principal	428	-	-	-	-
Lease Interest	40	-	-	-	-
Total Capital Outlay	468	-	-	-	-
Transfers & Non-Cash Adjustments					
Transfer to Cap Improv Fund 02	813,526	370,000	370,000	370,000	-
Transfer to GF Veh/Equip Fund 31	301,945	373,138	373,138	373,138	-
Total Transfers & Non-Cash Adjustments	1,115,471	743,138	743,138	743,138	-
Total Non-departmental	1,278,620	966,952	924,397	958,452	8,500

City of Fair Oaks Ranch
Strategic and Capital Projects Fund
Statement of Revenues and Expenditures
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	3,269,573	2,297,490	2,297,490	2,297,490	
Revenue					
Transfer from General Fund	813,526	370,000	370,000	370,000	-
Total Revenue	<u>813,526</u>	<u>370,000</u>	<u>370,000</u>	<u>370,000</u>	<u>-</u>
Reliable & Sustainable Infrastructure					
Community Center	140,875	254,192	58,958	67,000	187,192
City Hall Renovation	181,581	133,835	46,851	58,835	75,000
Rolling Acres Trail Project #5	-	222,905	150,810	222,905	-
Tivoli Way Project #34	760,186	755,028	754,911	754,911	117
Bond Development Program	25,874	-	-	-	-
Post Oak Trail Widening	27,701	116,766	-	-	116,766
Dietz Elkhorn Reconstruction	277,003	232,426	168,198	232,426	-
Dietz Elkhorn Sidewalk	46,998	388,232	7,369	7,369	380,863
Chartwell Lane Project #35	238	64,592	3,030	64,592	-
Delta Dawn Project #15	238	-	-	-	-
Rolling Acres Trail Project #2	-	67,600	125	67,600	-
Rolling Acres Trail Project #4	-	67,600	2,380	67,600	-
Vestal Park Culvert Project #42	-	113,844	5,852	13,844	100,000
Total Reliable & Sustainable Infrastructure	<u>1,460,692</u>	<u>2,417,020</u>	<u>1,198,485</u>	<u>1,557,082</u>	<u>859,938</u>
Public Health, Safety and Welfare					
Fire & EMS Services Program Review	73,775	-	-	-	-
Fire Station #3 Upgrades	111,813	40,034	40,034	40,034	0
Total Public Health, Safety and Welfare	<u>185,588</u>	<u>40,034</u>	<u>40,034</u>	<u>40,034</u>	<u>0</u>
Operational Excellence					
Compensation & Benefit Plan Study	-	60,000	14,250	30,500	29,500
Employee Handbook	-	10,000	5,189	5,189	4,811
Comms Plan / Gateway Monument	42,178	199,840	2,600	199,840	-
City Fleet Fuel Station	97,150	-	-	-	-
3rd Party Scanning	-	40,000	-	40,000	-
IT Master Plan	-	75,000	63,012	74,931	69
Total Operational Excellence	<u>139,328</u>	<u>384,840</u>	<u>85,051</u>	<u>350,460</u>	<u>34,380</u>
Total Expenditures	1,785,609	2,841,894	1,323,570	1,947,576	894,318
Ending Fund Balance	2,297,490	(174,404)	1,343,920	719,914	

City of Fair Oaks Ranch
Capital Replacement Fund
Statement of Revenues and Expenditures
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	1,140,475	1,220,166	1,220,166	1,220,166	
Transfers In					
Transfer from General Fund	301,945	373,138	373,138	373,138	-
Total Transfers In	<u>301,945</u>	<u>373,138</u>	<u>373,138</u>	<u>373,138</u>	<u>-</u>
Transfers Out					
Transfer to General Fund	222,254	56,700	30,000	56,700	-
Total Transfers Out	<u>222,254</u>	<u>56,700</u>	<u>30,000</u>	<u>56,700</u>	<u>-</u>
Total Transfers In/(Out)	79,691	316,438	343,138	316,438	
Ending Fund Balance	1,220,166	1,536,604	1,563,304	1,536,604	

City of Fair Oaks Ranch
Bond Capital Project Fund
Statement of Revenues and Expenditures
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	-	-	3,596,650	3,596,650	
Revenue					
Bond Proceeds	3,550,000	3,585,000	-	-	(3,585,000) ¹
Bond Premium	181,669	-	-	-	-
Bank/Investment Interest	11,650	17,000	124,846	147,000	130,000 ²
Total Revenue	<u>3,743,319</u>	<u>3,602,000</u>	<u>124,846</u>	<u>147,000</u>	<u>(3,455,000)</u>
Expenditures					
Bond Issuance Costs	146,669	-	-	-	-
Dietz Elkhorn Construction	-	2,093,922	-	-	2,093,922 ³
Ammann Road Construction	-	699,699	167,960	430,000	269,699 ⁴
Battle Intense Roadway	-	160,000	158,861	158,861	1,139
Total Expenditures	<u>146,669</u>	<u>2,953,621</u>	<u>326,821</u>	<u>588,861</u>	<u>2,364,760</u>
Ending Fund Balance	3,596,650	648,379	3,394,674	3,154,789	

¹ Bond proceeds were received at the end of FY 2024.

² Increased projection for increased investment earnings.

³ Dietz Elkhorn construction project will begin in FY 2026. Appropriations will rollover to next fiscal year.

⁴ Ammann Road construction project will continue into FY 2026. Appropriations will rollover to next fiscal year.

City of Fair Oaks Ranch
Debt Service Fund
Statement of Revenues and Expenditures
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	77,976	104,949	104,949	104,949	
Revenue					
General Property - I&S	556,341	890,117	891,597	900,792	10,675
Delinquent Property - I&S	4,363	4,000	3,497	4,000	-
Penalty & Interest - I&S	2,232	2,500	2,236	2,500	-
Bank/Investment Interest	17,599	7,500	3,821	8,500	1,000
Total Revenue	580,535	904,117	901,150	915,792	11,675
Expenditures					
Bond Principal	470,000	785,000	785,000	785,000	-
Bond Interest Payable	83,163	205,465	103,729	205,465	-
Bond Agent Fees	400	800	200	800	-
Total Expenditures	553,563	991,265	888,929	991,265	-
Ending Fund Balance	104,949	17,801	117,170	29,475	

City of Fair Oaks Ranch
Combined Utilities
Statement of Revenues and Expenses
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Operating Revenues	5,940,050	6,009,849	4,348,482	6,170,852	161,003
Operating Expenses					
Personnel	1,970,151	2,113,684	1,432,979	2,025,295	88,389
Supplies, Maintenance & Operations	3,026,832	3,164,557	2,181,981	3,134,425	30,132
Services	199,206	459,986	379,616	439,986	20,000
Total Operating Expenses	5,196,189	5,738,227	3,994,576	5,599,707	138,521
Depreciation & Amortization	972,902	820,600	505,000	1,010,000	(189,400)
Operating Income after depreciation	<u>(229,041)</u>	<u>(548,978)</u>	<u>(151,094)</u>	<u>(438,855)</u>	<u>110,123</u>
Non-Operating Revenues (Expenses)					
Non-Operating Revenues	1,520,212	2,231,519	1,638,216	2,171,919	(59,600)
Capital Outlay	(1,267,240)	(6,620,786)	(2,114,950)	(5,971,552)	649,234
Asset transfer for GAAP	1,248,692	6,620,786	-	5,971,552	(649,234)
Debt Service Costs	(153,431)	(54,075)	(76,928)	(144,110)	(90,035)
Utility transfers out	(1,130,960)	(4,395,835)	(4,162,805)	(4,383,105)	12,730
Utility transfers in	1,130,960	4,395,835	4,162,805	4,383,105	(12,730)
Total Non-Operating Revenues (Expenses)	<u>1,348,232</u>	<u>2,177,444</u>	<u>(553,661)</u>	<u>2,027,809</u>	<u>(149,635)</u>
Net Income/(Loss)	1,119,192	1,628,466	(704,755)	1,588,954	(39,512)

City of Fair Oaks Ranch
Combined Utilities
Net Position Detail
For the period ended June 30, 2025

	Actual	Projected	Projected
	9/30/2024	FY 2024-25	9/30/2025
Net Investment in Capital Assets	10,043,345	3,404,256	13,447,601
Unrestricted Net Position			
Water Capital	1,534,600	(1,340,038)	194,562
Wastewater Capital	1,367,972	(101,098)	1,266,874
Operating Reserve	4,747,921	(1,434,765)	3,313,156
Debt Service Reserve	336,514	1,022,170	1,358,684
Equipment Replacement Fund	680,260	38,430	718,690
Unassigned	-	-	-
Total Unrestricted	8,667,267	(1,815,301)	6,851,966
Total Net Position	18,710,612	1,588,955	20,299,567

City of Fair Oaks Ranch
Water Utility Summary
Statement of Revenues and Expenses
For the period ended June 30, 2025

	FY 2024	FY 2025	FY 2025	FY 2025	12-Month Variance
	12-Month	Amended	9-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Water Operating Revenues	4,247,141	4,296,696	2,999,970	4,390,639	93,943 ¹
Water Operating Expenses					
Personnel	950,159	1,040,847	702,692	995,410	45,437
Supplies, Maintenance & Operations	2,454,736	2,569,933	1,745,957	2,558,335	11,598
Services	150,524	350,786	306,462	340,786	10,000
Total Water Operating Expenses	3,555,419	3,961,566	2,755,112	3,894,531	67,035
Depreciation & Amortization	631,888	550,000	325,000	650,000	(100,000) ²
Operating Income after depreciation	59,833	(214,870)	(80,142)	(153,893)	60,978
Water Non-Operating Revenues (Expenses)					
Non-Operating Revenues	1,004,361	1,440,889	1,137,223	1,508,089	67,200 ³
Capital Outlay	(852,999)	(5,080,975)	(1,823,859)	(5,080,198)	776
Asset Transfer for GAAP	842,670	5,080,975	-	5,080,198	(776)
Debt Service Costs	(124,880)	(37,446)	(51,071)	(96,191)	(58,745) ⁴
Transfers Out	(552,985)	(3,503,835)	(3,400,462)	(3,473,535)	30,300
Transfers In	644,951	3,389,835	3,301,462	3,397,035	7,200
Total Non-Operating Revenues (Expenses)	961,118	1,289,443	(836,707)	1,335,398	45,955
Water Net Income/(Loss)	1,020,951	1,074,573	(916,849)	1,181,505	106,933

¹ Positive variance to budget is mostly due to drought surcharges for residential customers.

² Increased depreciation expense for new assets placed into service.

³ Positive variance to budget in interest earnings due to higher rates than anticipated.

⁴ Increased debt service costs for interest on newly issued certificates of obligation.

City of Fair Oaks Ranch
Water Utility
Statement of Revenues and Expenses
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Water Operating Revenues					
Water Revenue Residential	3,752,222	3,736,048	2,643,775	3,886,048	150,000 ¹
Water Revenue Commercial	147,704	180,094	101,764	150,094	(30,000)
Water Contract Commercial	177,354	177,354	133,015	177,354	-
Water Revenue Non Potable	39,986	74,000	29,911	55,000	(19,000)
Water Service Connect Fees	28,965	30,000	19,940	25,000	(5,000)
Water Penalties	48,426	48,000	27,922	38,000	(10,000)
Water-Bad Debts	(5,609)	(4,000)	(2,758)	(4,000)	-
Misc./Special Requests	145	500	1,843	1,843	1,343
Third Party Reimbursement	963	3,500	-	1,000	(2,500)
Permits/Variations	475	1,200	-	300	(900)
Credit Card Service Fee	56,510	50,000	44,558	60,000	10,000
Total Water Operating Revenues	4,247,141	4,296,696	2,999,970	4,390,639	93,943
Water Non-Operating Revenues					
Water Debt Service	284,559	936,054	700,731	933,554	(2,500)
Water Capital	285,723	104,835	78,407	104,535	(300)
Water Impact Fees	217,396	200,000	123,054	170,000	(30,000)
Water Interest Income	216,683	200,000	235,031	300,000	100,000 ²
Sale of Assets	-	-	-	-	-
Total Water Non-Operating Revenues	1,004,361	1,440,889	1,137,223	1,508,089	67,200

¹ Positive variance to budget is mostly due to drought surcharges for residential customers.

² Positive variance to budget in interest earnings due to higher rates than anticipated.

City of Fair Oaks Ranch
Water Utility
Statement of Revenues and Expenses
For the period ended June 30, 2025

	FY 2024	FY 2025	FY 2025	FY 2025	12-Month Variance
	12-Month	Amended	9-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Operating Expenses					
Water Service Personnel	356,223	401,170	269,444	381,998	19,172
Administration Personnel	593,936	157,409	102,585	146,061	11,348
HR & Communications Personnel	-	87,856	62,102	87,299	557
Finance Personnel	-	148,841	104,675	147,007	1,834
Information Technology Personnel	-	65,107	44,119	62,147	2,960
Engineering & Planning Personnel	-	180,464	119,769	170,897	9,567
Uniforms	6,386	6,718	4,311	6,718	-
Power	126,817	150,000	99,715	142,000	8,000
Maintenance of Plants/Lines	197,145	120,000	107,706	120,000	-
Analysis Fees	10,601	12,000	5,614	12,000	-
Chemicals	5,932	6,500	4,393	6,500	-
City Management Fee	205,872	208,375	144,014	213,425	(5,050)
Equipment Maintenance	7,768	17,100	11,472	17,100	-
Equipment Gas & Oil	15,451	15,000	12,798	15,000	-
GBRA Water Fees	1,522,466	1,591,970	1,009,793	1,554,970	37,000
Equipment Lease	-	300	-	-	300
Tools & Minor Equipment	12,085	12,125	6,365	12,125	-
Training	14,908	25,563	12,326	25,563	-
Utilities & Radio	24,728	30,600	19,728	30,600	-
Water Building Maintenance	4,686	11,380	1,213	8,880	2,500
Supplies & Consumables	5,012	3,700	3,087	3,700	-
Vehicle Maintenance/Repair	4,944	6,500	3,475	6,500	-
Utilities & Telephone	8,757	9,189	6,052	9,189	-
Dues & Publications	886	2,786	1,887	2,786	-
Water Professional Services	141,837	305,044	266,698	295,044	10,000
Permit & Licenses	8,437	8,936	8,737	8,737	199
General Liability Insurance	35,029	45,000	44,121	44,121	879
Office Supplies	2,339	3,244	2,626	3,244	-
Travel & Meetings	2,911	1,250	145	1,250	-
Software & Computer	156,830	235,751	178,809	235,751	-
Recording/Reporting	-	500	380	500	-
Postage	441	689	507	689	-
Building/Equip Maintenance	-	150	-	-	150
Conservation Ed & Newsletter	698	1,370	-	-	1,370
Billing Statement Charges	4,020	3,700	3,207	4,200	(500)
Billing Postage	10,758	10,000	9,517	11,000	(1,000)
Copier Lease	193	1,789	1,118	1,789	-

City of Fair Oaks Ranch
Water Utility
Statement of Revenues and Expenses
For the period ended June 30, 2025

	FY 2024	FY 2025	FY 2025	FY 2025	12-Month Variance
	12-Month	Amended	9-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Public Relations	4,206	4,250	1,411	4,250	-
Employment Costs	284	1,337	754	1,337	-
Employee Appreciation	4,196	5,155	4,157	5,155	-
Water Miscellaneous	-	250	-	-	250
Credit Card Service Fee	58,636	27,500	42,840	60,000	(32,500) ¹
Total Operating Expenses	3,555,419	3,926,566	2,721,669	3,859,531	67,035
Capital Outlays					
Operational Capital	289,454	255,258	203,034	255,379	(121)
Water Equipment Purchases	197,106	161,144	20,660	160,246	898
Total Capital Outlays	486,561	416,402	223,694	415,625	776
Debt Service					
Bond Water Issuance Fees	97,200	-	-	-	-
Bond Interest Cost	22,224	37,446	51,071	96,191	(58,745) ²
SBITA Interest	5,224	-	-	-	-
Lease Interest	232	-	-	-	-
Total Debt Service	124,880	37,446	51,071	96,191	(58,745)
Non-Cash Expenses					
Water Depreciation	592,159	550,000	325,000	650,000	(100,000) ³
Water Amortization - SBITAs	38,193	-	-	-	-
Water Amortization - Leases	1,536	-	-	-	-
Transfer to Veh/Equip Replace Fund	49,866	114,000	114,000	114,000	-
Transfer from ERF	(141,832)	-	(15,000)	(37,500)	37,500
Transfer to Water Capital Fund	503,119	3,389,835	3,286,462	3,359,535	30,300
Transfer of Assets to Balance Sheet	(842,670)	(5,080,975)	-	(5,080,198)	(776)
Total Non-Cash Expenses	200,372	(1,027,140)	3,710,462	(994,163)	(32,976)

¹ Negative variance to budget due to increased costs of credit card service fees paid by the City. These are off-set with increased credit card fee revenues charged for credit card payments.

² Increased debt service costs for interest on newly issued certificates of obligation.

³ Increased depreciation expense for new assets placed into service.

City of Fair Oaks Ranch
Water Strategic and Capital Projects Fund
Statement of Revenues and Expenditures
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	1,397,919	1,534,600	1,534,600	1,534,600	
Transfers In					
Transfer from Utility Fund	503,119	3,389,835	3,286,462	3,359,535	(30,300)
Total Transfers In	503,119	3,389,835	3,286,462	3,359,535	(30,300)
Capital Projects					
Elevated Storage Tank	-	705,462	550,557	705,462	-
Elmo Davis Upgrades	-	-	-	-	-
Plant 5 Expansion	17,214	1,527,229	286,365	1,527,229	-
Willow Wind/Red Bud Hill	10,702	903,974	24,463	903,974	-
Old Fredericksburg Rd	4,883	599,853	548,725	599,853	-
Rolling Acres Trail Rehab	10,104	637,619	21,267	637,619	-
Well 27 Upgrades	30,000	30,000	30,000	30,000	-
Well 31 Upgrades	30,000	30,000	30,000	30,000	-
Well 25 Upgrades	30,000	30,000	30,000	30,000	-
Well 28 Upgrades	30,000	30,000	30,000	30,000	-
Cibolo Creek Waterline Relocation	203,537	36,375	-	36,375	-
Upgrade Plant 3 Electrical	-	74,419	38,960	74,419	-
SAWS Emergency Interconnect	-	59,642	9,830	59,642	-
Total Capital Projects	366,439	4,664,573	1,600,165	4,664,573	-
Non-Capital Projects					
Impact Rate Study	-	35,000	33,443	35,000	-
Total Non-Capital Projects	-	35,000	33,443	35,000	-
Total Expenditures	366,439	4,699,573	1,633,608	4,699,573	-
Total transfer to/(from) fund balance	136,680	(1,309,738)	1,652,853	(1,340,038)	
Ending Fund Balance	1,534,600	224,862	3,187,453	194,562	

City of Fair Oaks Ranch
Wastewater Utility Summary
Statement of Revenues and Expenses
For the period ended June 30, 2025

	FY 2024	FY 2025	FY 2025	FY 2025	12-Month Variance
	12-Month	Amended	9-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Wastewater Operating Revenues	1,692,909	1,713,153	1,348,513	1,780,213	67,060 ¹
Wastewater Operating Expenses					
Personnel	1,019,992	1,072,837	730,286	1,029,885	42,952
Supplies, Maintenance & Operations	572,096	594,624	436,024	576,090	18,533
Services	48,682	109,200	73,154	99,200	10,000
Total Wastewater Operating Expenses	1,640,770	1,776,661	1,239,465	1,705,175	71,486
Depreciation & Amortization	341,013	270,600	180,000	360,000	(89,400) ²
Operating Income	<u>(288,874)</u>	<u>(334,108)</u>	<u>(70,952)</u>	<u>(284,963)</u>	<u>49,145</u>
Wastewater Non-Operating Revenues (Expenses)					
Wastewater Non-Operating Revenues	515,851	790,630	500,994	663,830	(126,800) ³
Capital Outlay	(414,241)	(1,539,812)	(291,090)	(891,354)	648,458 ⁴
Asset Transfer for GAAP	406,022	1,539,812	-	891,354	(648,458)
Debt Service Costs	(28,551)	(16,629)	(25,857)	(47,919)	(31,290)
Transfers Out	(291,310)	(892,000)	(747,343)	(767,000)	125,000 ⁵
Transfers In	395,210	825,000	680,343	805,070	(19,930) ⁶
Total Non-Operating Revenues (Expenses)	<u>582,980</u>	<u>707,001</u>	<u>117,046</u>	<u>653,981</u>	<u>(53,020)</u>
Wastewater Net Income/(Loss)	294,106	372,893	46,094	369,018	(3,875)

¹ Increased residential revenues.

² Increased depreciation expense for new assets placed into service.

³ Decreased impact fees collected.

⁴ The budgeted capital improvement for Cojak Circle manhole rehab will be funded by a new development pursuant to a Utility Service Agreement. Appropriated funds will become unallocated and available for other approved wastewater projects.

⁵ Decreased transfer to Wastewater Capital Fund due to decreased impact fees collected.

⁶ Increased transfers in from the Equipment Replacement Fund for encumbered replacement vehicles from prior fiscal year.

City of Fair Oaks Ranch
Wastewater Utility
Statement of Revenues and Expenses
For the period ended June 30, 2025

	FY 2024	FY 2025	FY 2025	FY 2025	12-Month Variance
	12-Month	Amended	9-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Wastewater Operating Revenues					
Sewer Revenue Residential	1,626,221	1,641,971	1,292,472	1,702,872	60,901 ¹
Sewer Revenue Commercial	37,120	37,832	42,484	57,832	20,000
Sewer Service Connect Fee	18,200	25,000	4,200	10,000	(15,000)
Sewer Penalties	12,113	9,000	9,650	10,000	1,000
Sewer Bad Debt	(744)	(1,000)	(803)	(1,000)	-
Sewer Grant Revenue	-	-	-	-	-
SECO EECBG	-	-	-	-	-
Misc/Special Requests	-	350	509	509	159
Third Party Reimbursement	-	-	-	-	-
Total Wastewater Operating Revenues	1,692,909	1,713,153	1,348,513	1,780,213	67,060
Wastewater Non-Operating Revenues					
Sewer Debt Service	54,502	415,630	310,552	413,830	(1,800)
Sewer Capital	108,764	-	-	-	-
Sewer Impact Fee	141,614	175,000	30,343	50,000	(125,000) ²
Sewer Interest Income	210,971	200,000	160,099	200,000	-
Sale of Assets	-	-	-	-	-
Total Wastewater Non-Operating Revenues	515,851	790,630	500,994	663,830	(126,800)

¹ Increased residential revenues.

² Decreased impact fees collected.

City of Fair Oaks Ranch
Wastewater Utility
Statement of Revenues and Expenses
For the period ended June 30, 2025

	FY 2024	FY 2025	FY 2025	FY 2025	12-Month Variance
	12-Month	Amended	9-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Operating Expenses					
Wastewater Service Personnel	449,464	459,038	309,215	435,267	23,771
Administration Personnel	570,527	157,409	101,096	144,305	13,104
HR & Communications Personnel	-	87,856	62,100	87,860	(4)
Finance Personnel	-	148,841	104,673	147,004	1,837
Information Technology Personnel	-	65,107	44,118	62,147	2,960
Engineering & Planning Personnel	-	154,586	109,084	153,302	1,284
Uniforms	6,755	4,955	4,094	4,955	-
Power	40,350	40,000	27,231	40,000	-
Maintenance Of Plant/ Lines	163,350	68,418	50,227	68,418	-
Sludge Hauling	-	25,000	2,200	5,000	20,000
Analysis Fees	31,838	27,000	22,615	27,000	-
Chemicals	31,112	33,600	25,618	33,600	-
City Management Fee	83,167	83,990	66,750	88,035	(4,045)
Equipment Maintenance	8,295	9,790	6,855	9,790	-
Equipment Gas & Oil	14,092	11,875	8,989	11,875	-
Equipment Lease	1,454	300	-	-	300
Tools & Minor Equipment	9,606	7,125	6,569	7,125	-
Training	9,731	24,450	11,785	24,450	-
Utilities & Radios	24,862	28,900	19,926	28,900	-
Building Maintenance	6,213	10,900	1,970	8,400	2,500
Supplies & Consumables	5,392	5,200	4,025	5,200	-
Vehicle Maintenance & Repairs	7,805	5,000	2,987	5,000	-
Utilities/Telephone	7,567	8,130	5,246	8,130	-
Dues & Publications	886	2,821	1,375	2,821	-
Professional Fees	40,170	63,508	33,415	53,508	10,000
Permits & Licenses	1,762	3,443	1,588	3,443	-
Liability Insurance	35,029	45,000	44,121	44,121	879
Office Supplies	4,023	2,244	2,230	2,244	-
Travel & Meetings	920	1,250	145	1,250	-
Software & Computers	62,386	128,308	105,130	128,308	-
Recording/Reporting	-	350	-	350	-
Sewer Postage	532	686	507	686	-
Adm Bldg/Equip. Maintenance	-	150	-	-	150
Billing Statement Charges	4,020	3,700	3,207	4,200	(500)
Billing Postage	10,758	10,000	9,517	11,000	(1,000)
Copier Lease	193	1,789	1,118	1,789	-
Public Relations	4,200	4,250	1,411	4,250	-
Employment Costs	284	1,337	764	1,337	-
Employee Appreciation	4,028	5,105	4,121	5,105	-
Miscellaneous	-	250	-	-	250
Total Operating Expenses	1,640,770	1,741,661	1,206,022	1,670,175	71,486

City of Fair Oaks Ranch
Wastewater Utility
Statement of Revenues and Expenses
For the period ended June 30, 2025

	FY 2024	FY 2025	FY 2025	FY 2025	12-Month Variance
	12-Month	Amended	9-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Capital Outlays					
Operational Capital	26,713	-	2,440	2,440	(2,440)
Wastewater Equipment Purchases	254,513	123,714	20,660	122,816	898
Total Capital Outlays	<u>281,226</u>	<u>123,714</u>	<u>23,100</u>	<u>125,256</u>	<u>(1,543)</u>
Debt Service					
Bond Water Issuance Fees	18,676	-	-	-	-
Bond Interest Cost	7,295	16,629	25,857	47,919	(31,290) ¹
SBITA Interest	2,349	-	-	-	-
Tax Exempt Lease Interest	232	-	-	-	-
Total Debt Service	<u>28,551</u>	<u>16,629</u>	<u>25,857</u>	<u>47,919</u>	<u>(31,290)</u>
Non-Cash Expenses					
Wastewater Depreciation	315,658	270,600	180,000	360,000	(89,400) ²
Wastewater Amortization - SBITAs	23,819	-	-	-	-
Wastewater Amortization - Leases	1,536	-	-	-	-
Transfer To Vehicle Repl. Fund	40,933	67,000	67,000	67,000	-
Transfer from ERF	(144,833)	-	-	(105,070)	105,070 ³
Transfer to Wastewater Capital Fund	250,377	825,000	680,343	700,000	125,000 ⁴
Asset Transfers to Balance Sheet	(406,022)	(1,539,812)	-	(891,354)	(648,458) ⁵
Total Non-Cash Expenses	<u>81,469</u>	<u>(377,212)</u>	<u>927,343</u>	<u>130,576</u>	<u>(507,788)</u>

¹ Increased debt service costs for interest on newly issued certificates of obligation.

² Increased depreciation expense for new assets placed into service.

³ Increased transfers in from the Equipment Replacement Fund for encumbered replacement vehicles from prior fiscal year.

⁴ Decreased transfer to Wastewater Capital Fund due to decreased impact fees collected.

⁵ The budgeted capital improvement for Cojak Circle manhole rehab will be funded by a new development pursuant to a Utility Service Agreement. Appropriated funds will become unallocated and available for other approved wastewater projects.

City of Fair Oaks Ranch
Wastewater Strategic and Capital Projects Fund
Statement of Revenues and Expenditures
For the period ended June 30, 2025

	FY 2024	FY 2025	FY 2025	FY 2025	12-Month Variance
	12-Month	Amended	9-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Beginning Fund Balance	1,250,609	1,367,972	1,367,972	1,367,972	
Transfers In					
Transfer from Utility Fund	250,377	825,000	680,343	700,000	(125,000) ¹
Total Transfers In	<u>250,377</u>	<u>825,000</u>	<u>680,343</u>	<u>700,000</u>	<u>(125,000)</u>
Capital Projects					
Solids Handling	(18,141)	-	-	-	-
Wastewater Treatment Plant Expansion	151,155	766,098	267,990	766,098	-
Cojak Circle Sewer Upgrade	-	650,000	-	-	650,000 ²
Total Capital Projects	<u>133,015</u>	<u>1,416,098</u>	<u>267,990</u>	<u>766,098</u>	<u>650,000</u>
Non-Capital Projects					
Impact Fee Study	-	35,000	33,443	35,000	-
Total Non-Capital Projects	<u>-</u>	<u>35,000</u>	<u>33,443</u>	<u>35,000</u>	<u>-</u>
Total Expenditures	<u>133,015</u>	<u>1,451,098</u>	<u>301,433</u>	<u>801,098</u>	<u>650,000</u>
Total transfer to/(from) fund balance	117,363	(626,098)	378,910	(101,098)	
Ending Fund Balance	1,367,972	741,874	1,746,882	1,266,874	

¹ Decreased transfer from Wastewater Utility due to decreased impact fees collected.

² The budgeted capital improvement for Cojak Circle manhole rehab will be funded by a new development pursuant to a Utility Service Agreement. Appropriated funds will become unallocated and available for other approved wastewater projects.

City of Fair Oaks Ranch
Utility Capital Replacement Fund
Statement of Revenues and Expenses
For the period ended June 30, 2025

	FY 2024 12-Month Actual	FY 2025 Amended Budget	FY 2025 9-Month Actual	FY 2025 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	876,126	680,260	680,260	680,260	
Transfers In					
Transfer from Water Division	49,866	114,000	114,000	114,000	-
Transfer from Wastewater Division	40,933	67,000	67,000	67,000	-
Total Transfers In	90,799	181,000	181,000	181,000	-
Transfers Out					
Transfer to Water Utility	141,832	-	15,000	37,500	(37,500)
Transfer to Wastewater Utility	144,833	-	-	105,070	(105,070)
Total Transfers Out	286,665	-	15,000	142,570	(142,570)
Total transfers to/(from) fund balance	(195,866)	181,000	166,000	38,430	
Ending Fund Balance	680,260	861,260	846,260	718,690	

¹ Increased transfers to the Water and Wastewater Funds for encumbered replacement vehicles/equipment from prior fiscal year.



City of Fair Oaks Ranch

To: Mayor and City Council
From: Summer Fleming, Director of Finance
Re: 3rd Quarter FY 2024-25 Investment Report
Date: August 7, 2025

This report complies with the City's investment policy Section 9 and 11 and Texas Government Code Section 2256.023 ("Public Funds Investment Act").

ACTIVITIES FOR THE QUARTER

During the quarter, all City operating funds were held in three investment categories: (a) 5.4% was invested in Frost Bank checking accounts, (b) 33.6% in TexPool and TexPool Prime, government investment pools created on behalf of Texas entities consistent with the Public Funds Investment Act and are rated AAAm by Standard and Poor's, and (c) 61.0% in Texas CLASS, a local government investment pool that is rated AAAm. All investment categories comply with the City's investment policy.

Overall : For the quarter, the City earned \$292,543 in interest.

Bank Checking Accounts : The City earns traditional interest paid in cash on checking account balances. Traditional interest paid to the City totaled \$80.

The bank must secure ("collateralize") all City funds over \$250,000 by pledging certain of its own assets for the City and have such held by an independent third party custodian. The custodian sends evidence of this to the City monthly. The following summarizes collateralization activity as of the end of this quarter:

Total Deposits	Collateral Market Value	Collateral Percentage
\$1,475,493	\$1,507,015	102.136

The City's financial management policy requires a minimum of 102% on such balances.

TexPool and TexPool Prime : Earnings on the City's funds totaled \$112,571 for this portion of the portfolio. During the quarter, TexPool shares were valued at \$1 per share.

Texas CLASS: Earnings on the City's funds totaled \$179,891 for this portion of the portfolio. During the quarter, Texas CLASS shares were valued at \$1 per share.

Signed:

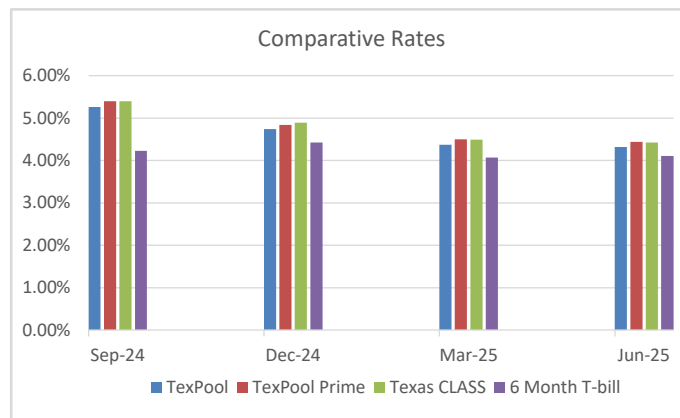
Summer Fleming
Summer Fleming, Director of Finance

Fair Oaks Ranch
Investment Report
For the Quarter Ended June 30, 2025

Description	Beginning Balance	Net Transfers In/(Out)	Interest Earnings	Ending Balance	Market Value	Avg Yield	Weighted Avg Maturity
Frost Bank	\$ 643,265	\$ 806,915	\$ 80	\$ 1,450,260	\$ 1,450,260	N/A	N/A
Total Checking Account	\$ 643,265	\$ 806,915	\$ 80	\$ 1,450,260	\$ 1,450,260		
TexPool - General Account	560,072	-	6,044	566,116	566,116	4.32%	39 Days
TexPool - 2024 GO Bonds	3,671,778	(235,000)	40,461	3,477,239	3,477,239	4.32%	39 Days
TexPool - Debt Service	6,553	-	71	6,624	6,624	4.32%	39 Days
TexPool - Utility	13,858	-	150	14,008	14,008	4.32%	39 Days
TexPool - Water Capital	2,207,285	(537,599)	22,870	1,692,556	1,692,556	4.32%	39 Days
TexPool - Sewer Capital	661,492	-	7,139	668,631	668,631	4.32%	39 Days
Total TexPool	7,121,038	(772,599)	76,735	6,425,174	6,425,174		
TexPool Prime - General Account	3,443,277	(1,737,796)	25,917	1,731,399	1,731,399	4.44%	49 Days
TexPool Prime - Utility	893,214	-	9,919	903,133	903,133	4.44%	49 Days
Total TexPool Prime	4,336,491	(1,737,796)	35,836	2,634,531	2,634,531		
Texas CLASS - General	8,523,815	-	94,341	8,618,156	8,618,156	4.42%	40 Days
Texas CLASS - Utility	7,729,667	-	85,551	7,815,218	7,815,218	4.42%	40 Days
Total Texas CLASS	16,253,483	-	179,891	16,433,374	16,433,374		
Grand Total	<u>\$ 28,354,276</u>	<u>\$ (1,703,480)</u>	<u>\$ 292,543</u>	<u>\$ 26,943,339</u>	<u>\$ 26,943,339</u>		

Interest Rate Comparison (Quarterly Average)

Qtr Ended	TexPool	TexPool Prime	Texas CLASS	3 Month T-bill	6 Month T-bill	2 Year Treasury Note	CDARS 6 month CD
Sep-24	5.26%	5.40%	5.40%	4.52%	4.23%	3.66%	3.74%
Dec-24	4.74%	4.84%	4.89%	4.51%	4.42%	4.25%	3.65%
Mar-25	4.37%	4.50%	4.49%	4.20%	4.07%	3.87%	3.65%
Jun-25	4.32%	4.44%	4.42%	4.24%	4.11%	3.78%	3.50%





Quarterly Financial Update & Investment Report

August 7, 2025

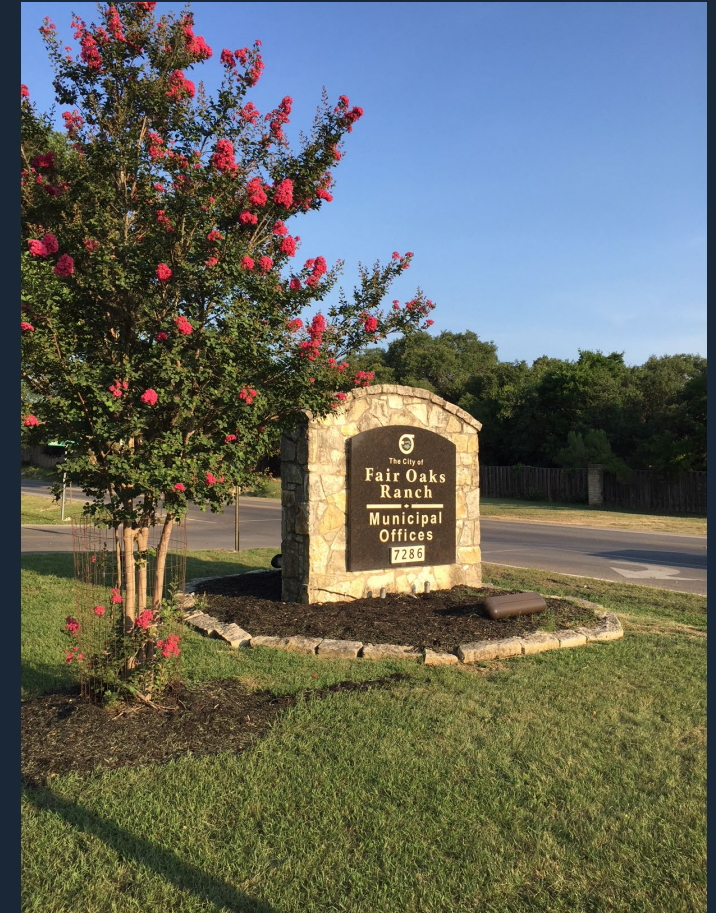


Summer Fleming, CGFO
Director of Finance

Financial Highlights



- Updated projections through the third quarter
- General fund expenditures are projected at \$10.7 million, \$580,000 under budget
- Projecting to add approximately \$400,000 to fund balance by year-end
- Maintains a 6-month operating reserve
- Approximately \$700,000 projected fund balance in the Strategic Projects Fund available for FY 2025-26 initiatives
- Utility expected to add \$1.59 million to net position due to capital investment.

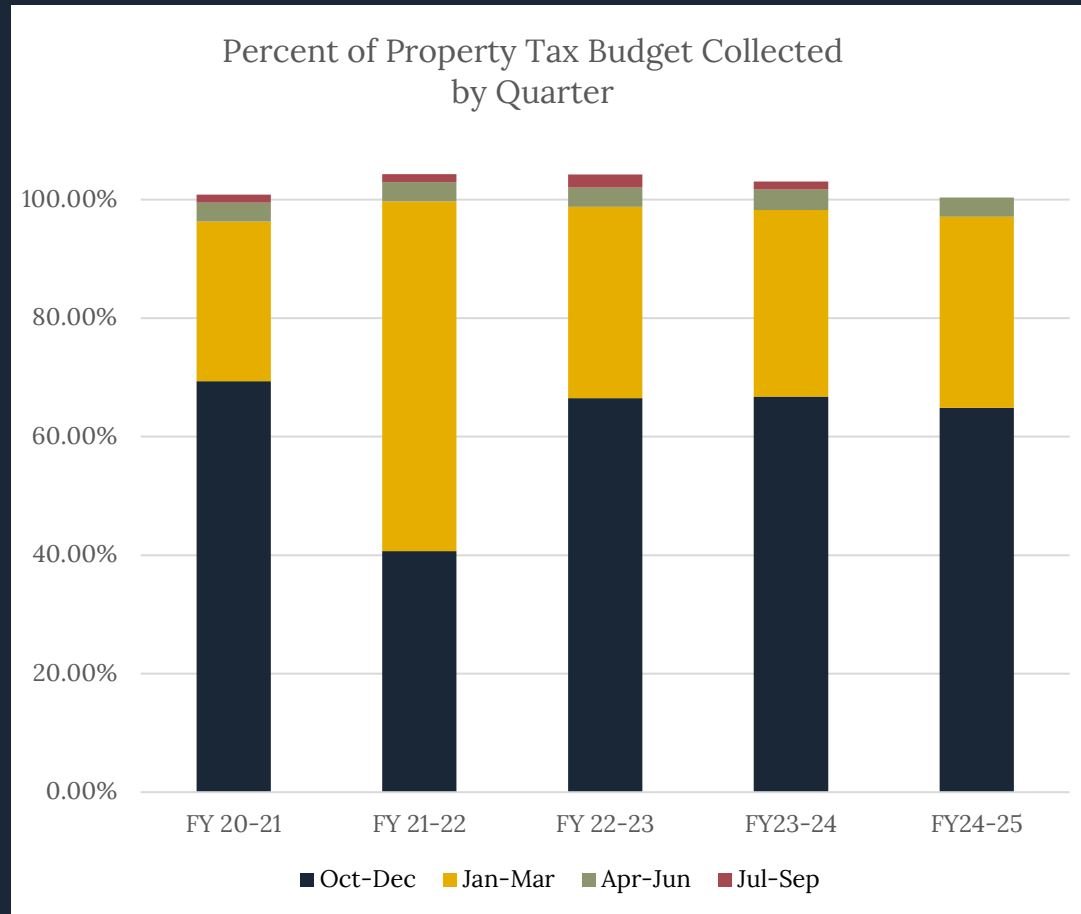


General Fund Revenues



Type	FY 2023-24 Actual	FY 2024-25 Budget	9-Month Actual	12-Month Projected	12-Month Variance
Property Tax	\$6,813,962	\$6,612,107	\$6,629,634	\$6,708,745	\$96,638
Sales Tax	1,788,324	1,845,222	1,096,070	1,820,651	(24,571)
Franchise Fees	743,231	762,350	418,070	767,050	4,700
Permits	232,138	168,200	148,850	179,400	11,200
Court Fines & Fees	191,584	207,300	103,199	163,100	(44,200)
Fees & Services	521,604	361,910	302,808	405,505	43,595
Interest Earnings	683,555	450,000	402,661	525,000	75,000
Grants & Contributions	141,826	313,440	67,527	303,440	(10,000)
Other	609,860	324,165	186,736	236,169	(87,996)
Total	\$11,726,084	\$11,044,694	\$9,355,554	\$11,109,059	\$64,365

Property Tax Highlights

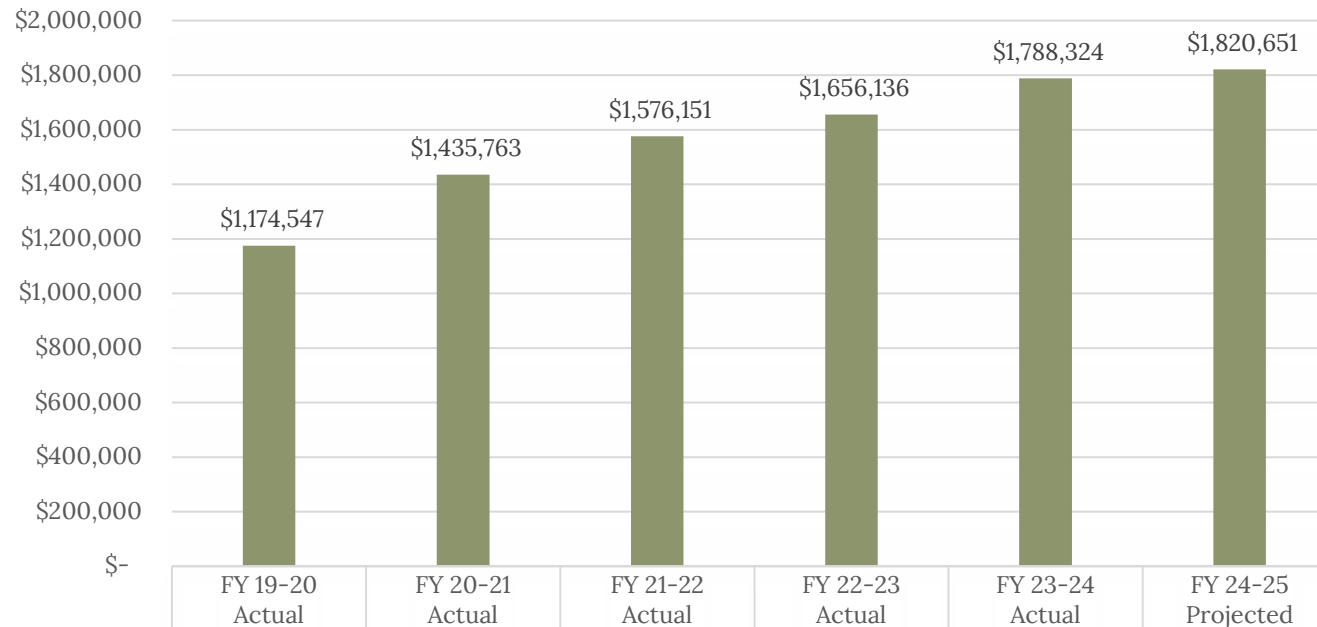


- 2024 Tax Levy is \$7.6 million
- Collected 98% of the levy
- Projecting surplus to budget of \$96,638 including delinquent taxes

Sales Tax Highlights



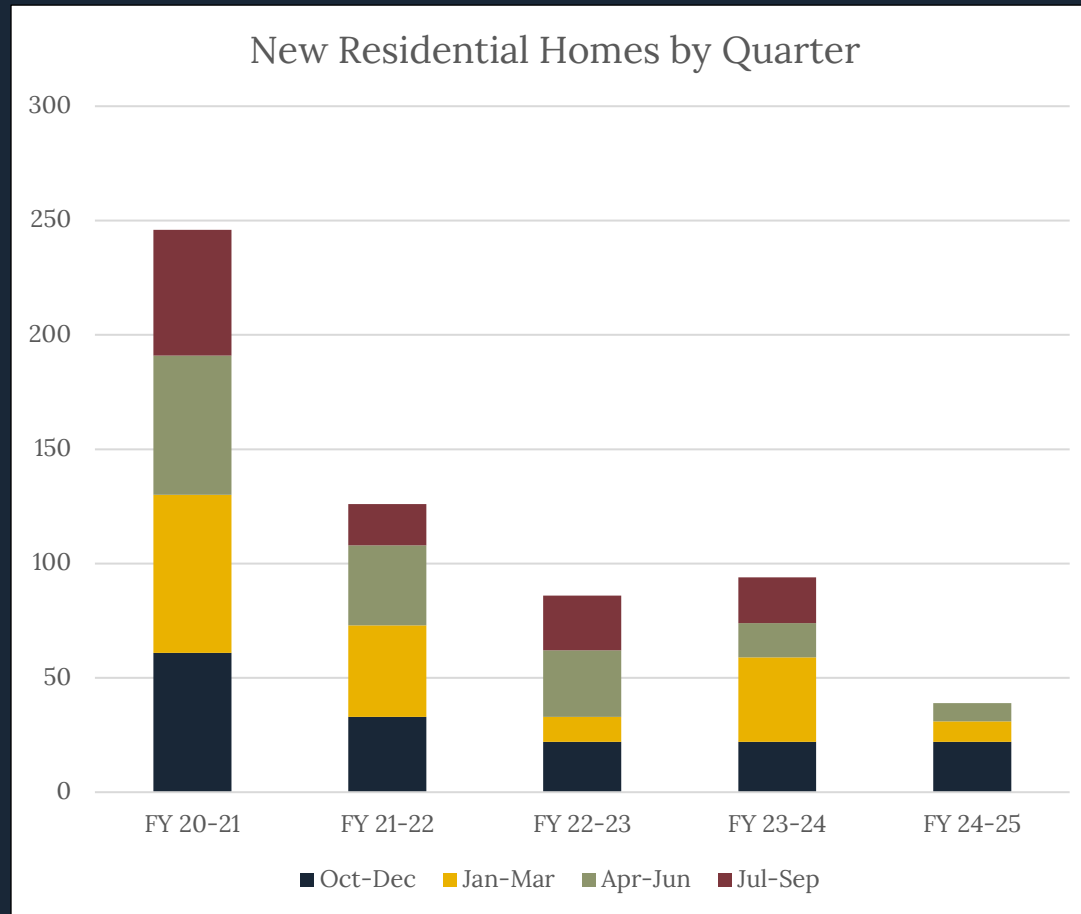
City Of Fair Oaks Ranch, Texas
Annual Sales Tax Revenue Received for Fiscal Years 2020-2025



■ Sales Tax	\$1,174,547	\$1,435,763	\$1,576,151	\$1,656,136	\$1,788,324	\$1,820,651
\$ Inc from Prior Year	\$319,965	\$261,216	\$140,388	\$79,985	\$132,188	\$32,327
% Inc from Prior Year	37.44%	22.24%	9.78%	5.07%	7.98%	1.81%

- Sales tax revenue totaled \$1.1 million to date
- Sales tax receipts were \$22,000 or 2% more than same time last year
- Projecting \$1.82 million this fiscal year

Residential Permits



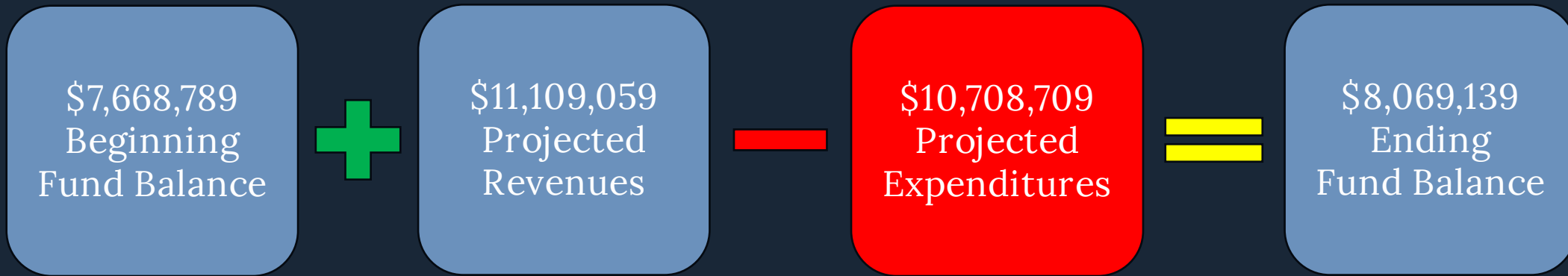
- 39 New Residential Home permits issued through June 30
- Total permits revenue projecting to exceed budget approximately \$11,000

General Fund Expenditures



Type	FY 2023-24 Actual	FY 2024-25 Budget	9-Month Actual	12-Month Projected	12-Month Variance
Personnel	\$5,478,855	\$6,247,754	\$4,080,975	\$5,743,700	\$504,054
Supplies, Maint., Ops	1,162,375	1,351,581	519,701	1,356,243	(4,662)
Professional Services	1,793,865	2,182,664	1,471,147	2,122,319	60,345
Shared Services	197,471	271,701	213,394	261,201	10,500
Capital Outlay	937,864	492,304	363,652	482,108	10,196
Transfers	1,115,471	743,138	743,138	743,138	-
Total	\$10,685,901	\$11,289,142	\$7,392,007	\$10,708,709	\$580,433

Fund Balance Projection



- Maintains \$4.85 million operating reserve (equal to six months of operating expenditures)
- Projects \$2.8 million unassigned fund balance
- The increase is attributable to increased property tax collections, strong interest earnings, and a secured grant for the Gateway Monument, combined with savings in personnel due to vacancies.

Strategic Projects Fund



Reliable & Sustainable Infrastructure	FY 2024-25 Budget	FY 2024-25 Projected	Savings
Community Center	\$254,192	\$67,000	\$187,192
City Hall Renovation	\$133,835	\$58,835	\$75,000
Rolling Acres Trail Drainage Project #5	\$222,905	\$222,905	\$-
Tivoli Way Drainage Project #34	\$755,028	\$754,911	\$117
8472 Rolling Acres Trail Drainage Project #2	\$67,600	\$67,600	\$-
8040 Rolling Acres Trail Drainage Project #4	\$67,600	\$67,600	\$-
Vestal Park Culvert Drainage Project #42	\$113,844	\$13,844	\$100,000
Post Oak Trail Widening	\$116,766	\$-	\$116,766
Dietz Elkhorn Reconstruction	\$232,426	\$232,426	\$-
Dietz Elkhorn Sidewalk	\$388,232	\$7,369	\$380,863
Chartwell Lane Project #35	\$64,592	\$64,592	\$-

Strategic Projects Fund



Public Health, Safety & Welfare and Operational Excellence	FY 2024-25 Budget	FY 2024-25 Projected	Savings
Fire Station #3 Upgrades	\$40,034	\$40,034	\$-
Compensation & Benefit Plan Study	\$60,000	\$30,500	\$29,500
Personnel Manual Update	\$10,000	\$5,189	\$4,811
Gateway Monument	\$199,840	\$199,840	\$-
Records Retention - Third Party Scanning	\$40,000	\$40,000	\$-
IT Master Plan	\$75,000	\$74,931	\$69

Utility Revenues



Type	FY 2023-24 Actual	FY 2024-25 Budget	9-Month Actual	12-Month Projected	12-Month Variance
Water Operating	\$4,247,141	\$4,296,696	\$2,999,970	\$4,390,639	\$93,943
Wastewater Operating	1,692,909	1,713,153	1,348,513	1,780,213	67,060
Total Operating Revenues	\$5,940,050	\$6,009,849	\$4,348,483	\$6,170,852	\$161,003
Water Non-Operating	\$1,004,361	\$1,440,889	\$1,137,223	\$1,508,089	\$67,200
Wastewater Non-Operating	515,851	790,630	500,994	663,830	(126,800)
Total Non-Operating Revenues	\$1,520,212	\$2,231,519	\$1,638,217	\$2,171,919	(\$59,600)
Total Utility Revenues	\$7,460,262	\$8,241,368	\$5,986,700	\$8,342,771	\$101,403

Utility Expenditures



Type	FY 2023-24 Actual	FY 2024-25 Budget	9-Month Actual	12-Month Projected	12-Month Variance
Personnel	\$1,970,151	\$2,113,684	\$1,432,979	\$2,025,295	\$88,389
Supplies, Maint., & Ops.	3,026,832	3,164,557	2,181,981	3,134,425	30,132
Services	199,206	459,986	379,616	439,986	20,000
Total Operating Expenditures	\$5,196,189	\$5,738,227	\$3,994,576	\$5,599,706	\$138,521
Capital Purchases	\$767,787	\$540,116	\$246,794	\$540,881	(\$767)
Capital Projects	\$499,454	\$6,080,671	\$1,868,155	\$5,430,671	\$650,000

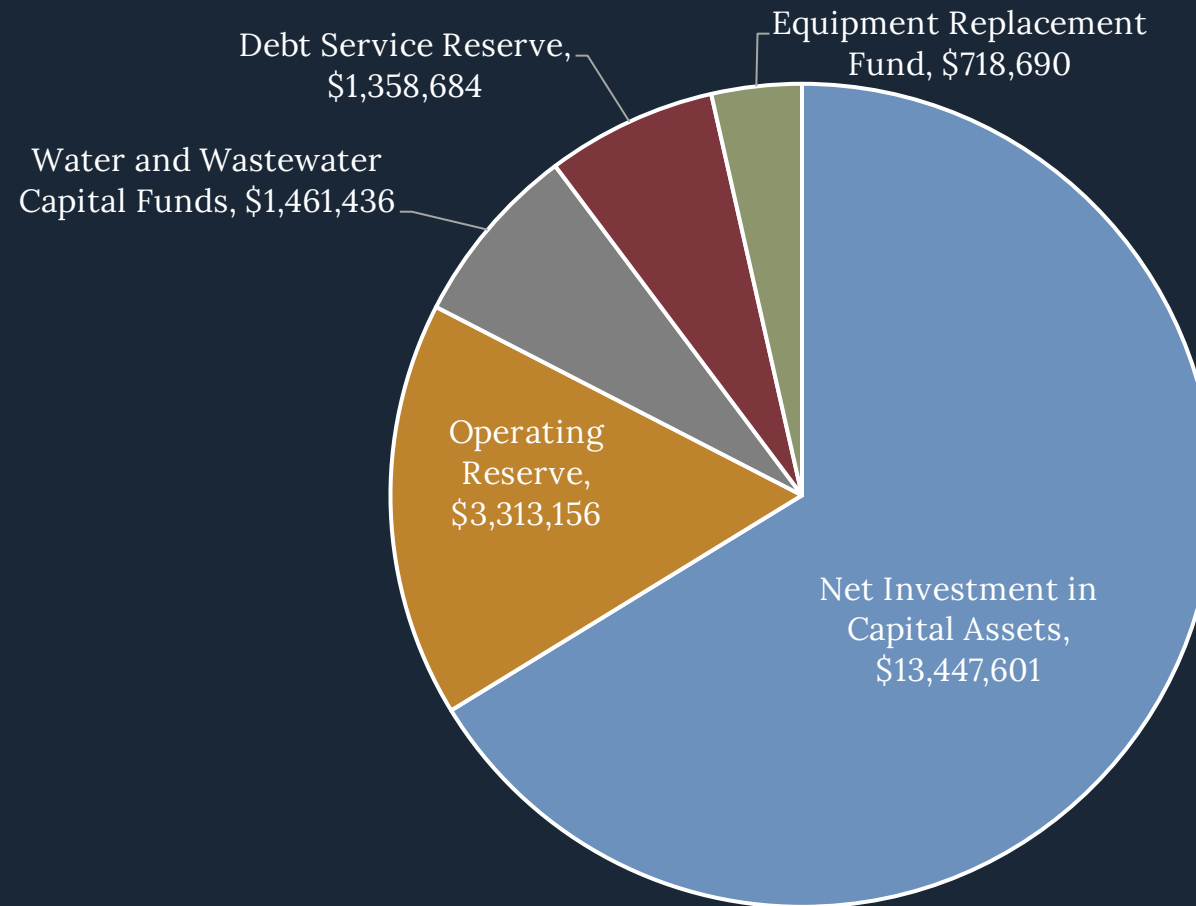
Operating Income After Depreciation



	FY 2023-24 Actual	FY 2024-25 Budget	12-Month Projected	12-Month Variance
Operating Revenues	\$5,940,050	\$6,009,849	\$6,170,852	\$161,003
Operating Expenses				
Personnel	1,970,151	2,113,684	2,025,295	88,389
Supplies, Maint., & Operations	3,026,832	3,164,557	3,134,425	30,132
Services	199,206	459,986	439,986	20,000
Total Operating Expenses	5,196,189	5,738,227	5,599,706	138,521
Depreciation & Amortization	972,902	820,600	1,010,000	(189,400)
Operating Income After Depreciation	(\$229,041)	(\$548,978)	(\$438,855)	\$110,124

Projected Net Position

\$20,299,567





Investment Update

Investment Inventory



Item #17.

Investment	Beginning Balance	Deposits / (Withdrawals)	Interest Earned	Ending Balance
Frost Bank	\$643,265	\$806,915	\$80	\$1,450,260
TexPool	7,121,038	(772,599)	76,735	6,425,174
TexPool Prime	4,336,491	(1,737,796)	35,836	2,634,531
Texas CLASS	16,253,483	-	179,891	16,433,374
Total Investments	\$28,354,277	(\$1,703,480)	\$292,542	\$26,943,339



Questions?