



CITY OF FAIR OAKS RANCH
AGENDA – CITY COUNCIL REGULAR MEETING
October 15, 2015; 7:00 PM
FAIR OAKS RANCH CITY HALL, 7286 DIETZ ELKHORN

I. ROLL CALL – DECLARATION OF A QUORUM

II. OPEN MEETING

Pledge of Allegiance

III. CITIZENS and GUEST FORUM / PRESENTATIONS

To address the Council, please sign the Attendance Roster located on the table at the entrance of the Council Chamber. 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.

A. Citizens to be Heard

B. Presentation by Jessica Alderson, Urban Biologist at San Antonio Urban Wildlife Office on Managing Deer Populations. P1-P18

IV. 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.

- A. Approval of September 3, 2015 and September 17, 2015 Regular City Council Meeting Minutes. P19-P24
- B. Approval of September 11, 2015 and September 21, 2015 Special City Council Meeting Minutes. P25-P27
- C. Approval of Resolution approving the 2015 property tax levy roll. P28-P30
- D. Approval of the Quarterly Investment Report. P31

V. CONSIDERATION/DISCUSSION ITEMS

- A. Approval of Ordinance amending the Fair Oaks Ranch Code of Ordinances Chapter 3 "Building Regulations" Article 3.01; General Provisions, Article 3.03; Building Code, Article 3.04; Residential Code, Article 3.05; Energy Conservation Code, Article 3.06; Plumbing, Article 3.07; Electricity, Article 3.08; Mechanical Code, Article 3.09; Fuel Gas Code, Chapter 5 "Fire Prevention and Protection" Article 5.02; Fire Code, Providing for a penalty of not more than \$2000 per violation per day for noncompliance, and providing for severability and effective date. – Building Official P32-P35
- B. Discussion of the parameters of a future ordinance prohibiting school traffic/parking within the Chartwell Subdivision during designated times on school days. – Alderman Hartpence
- C. Discussion and approval to hold a town hall meeting on November 4, 2015, from 6-8 p.m., location to be determined, on the future management of the deer population. – Alderwoman Havard P36

- D. Approval of Repeal Resolution 64.6 and Subsequent Resolutions; Adopting the City's Financial Management Policy; Reaffirming the City of Fair Oaks Ranch Investment Policy; and Providing for an Effective Date. - Finance Officer P37-P66
- E. Approval of Setterfeld Estates Unit 3. P67-P70 - Public Works Director
- F. Approval of the updated Capital Improvements Advisory Committee Rules and Procedures. P71-P75 - Public Works Director
- G. Approval of Resolution nominating a candidate to Comal Appraisal Board of Directors as a Director. - Mayor P76-P77

VI. REPORTS FROM STAFF / COMMITTEES / COUNCIL

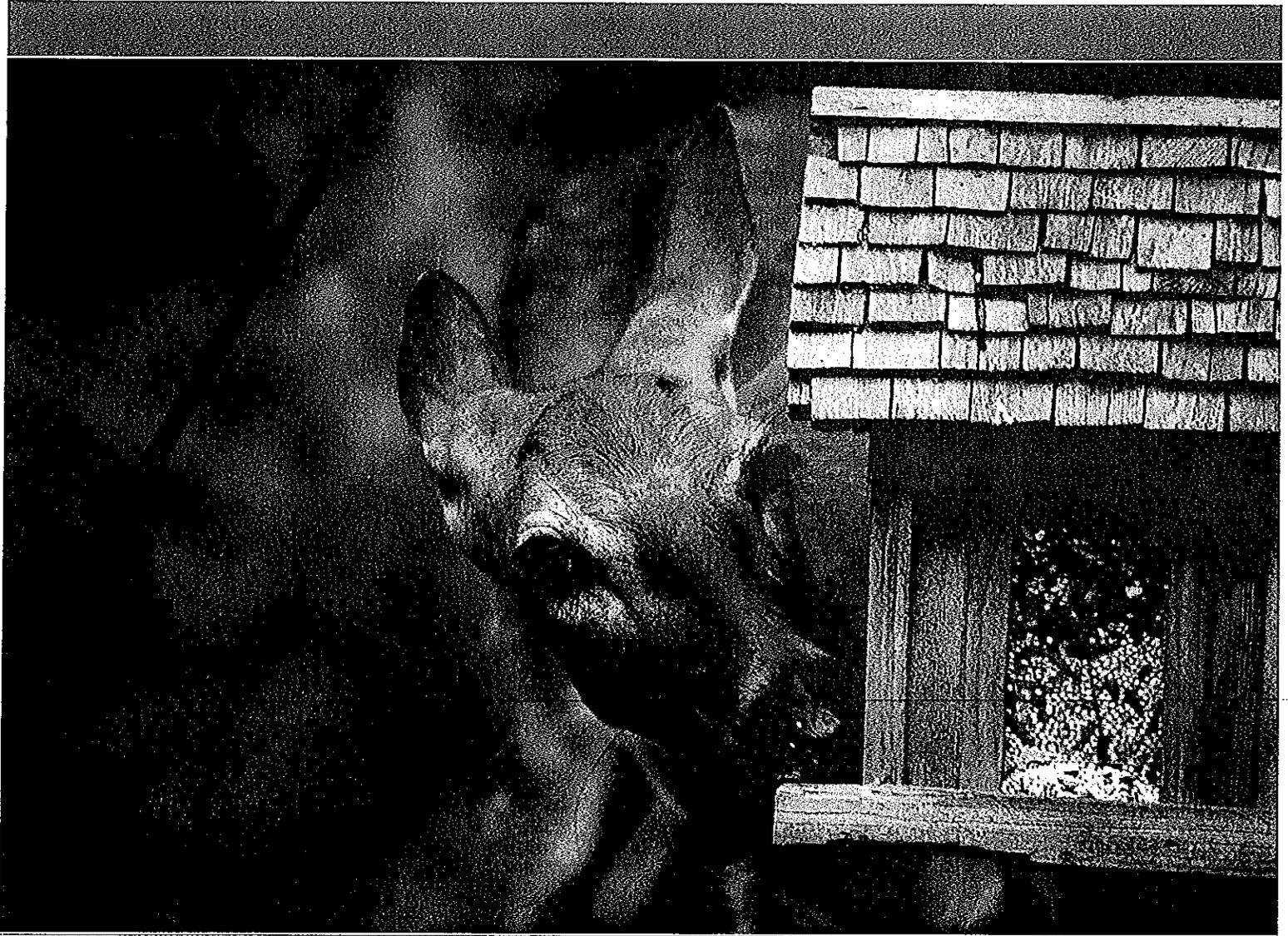
- 1) Project Manager - Update on the Public Safety Facility.
- 2) Deputy City Administrator - Personnel Updates. P78
- 3) City Administrator - Work Plan Status Report.
- 4) Alderman Damstra - Capital Improvement Advisory Committee Semiannual Progress Report. P79
- 5) Council - Requests from City Council members to place items on a future agenda.

VII. ADJOURNMENT

Signature of Agenda Approval: Cheryl Landman

I, Priscilla Abrego, 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. Said Notice was posted by 5:00 p.m., October 9, 2015 and remained so posted continuously for at least 72 hours before said meeting was convened.

The Fair Oaks Ranch City Hall is wheelchair accessible at the side 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 *Tex Gov't 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).



Managing Overabundant White-Tailed Deer

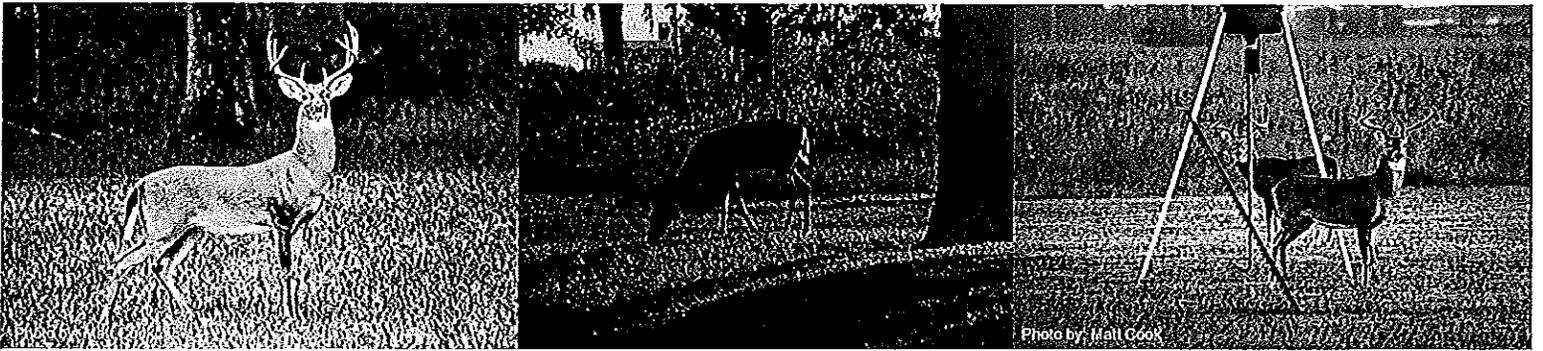
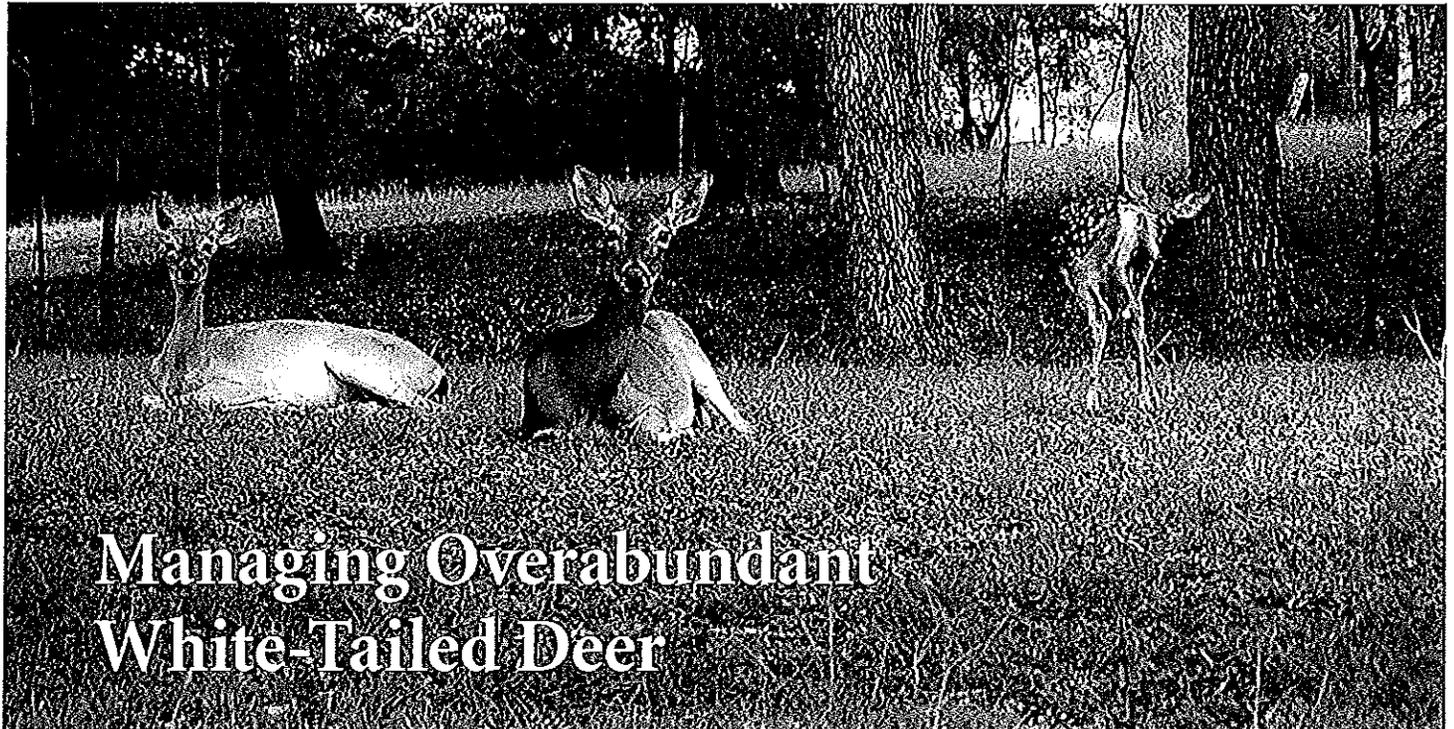


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White-tailed deer (*Odocoileus virginianus*) are one of the most recognizable and charismatic species of wildlife, but they are the cause of a growing urban wildlife management problem in many metropolitan areas throughout the United States.



Managing Overabundant White-Tailed Deer

Introduction

White-tailed deer (*Odocoileus virginianus*) are one of the most recognizable and charismatic species of wildlife, but they are the cause of a growing urban wildlife management problem in many metropolitan areas throughout the United States. As urban sprawl increases, the natural habitat required by many wildlife species disappears, but white-tailed deer are able to adapt to urban environments and human activity. White-tailed deer populations grow rapidly in these areas due to the lack of natural predators, patchy habitats, abundant food resources, and increased offspring survival.

When humans and wildlife live close to one another, an increase in human-wildlife conflict occurs. Although white-tailed deer are often viewed as an aesthetically pleasing addition to many homeowners in urban communities, they can cause several problems when they become overabundant and unmanaged. For example, white-tailed deer in urban communities can cause economic losses through consuming landscape and garden plants, and automobile repairs from deer-vehicle collisions.

A recent national survey, which included 204 respondents from State Departments of Natural Resources, representing 40 states and the District

of Columbia was conducted to assess the extent of human/white-tailed deer conflicts throughout the United States. Eighty percent of the respondents reported that some of the communities in their state were experiencing human/white-tailed deer conflicts.

Over the past ten years, most respondents (71%) reported an increase in the number of citizen and community complaints concerning human/white-tailed deer conflicts. However, less than half (42%) of the respondents could identify who was in charge of urban white-tailed deer management in their state. A respondent in Ohio suggested that any urban center in the state that had deer has human/white-tailed deer conflicts. As human populations continue to grow and communities expand, such sentiments are likely to be expressed across the United States. The overarching conclusion from this study was that any urban community within the zoogeographic range of white-tailed deer in America will, in time, probably have issues with overabundant urban deer herds (Figure 1). Dilemmas associated with high deer numbers can become the burden of individual residents, property owner associations, and city governments. However, few are equipped with the biological and regulatory knowledge to manage the problem. The goal of this



Figure 1. Zoogeographic range of white-tailed deer and states reporting white-tailed deer conflicts.

publication is to educate readers on the biology and ecology of urban white-tailed deer and to provide fundamental considerations required to develop an effective management plan.

History of Deer Abundance

White-tailed deer have an important place in our nation's history. Venison and other products from deer provided sustenance, clothing, and even served as currency for early Americans. White-tailed deer were once overhunted to the point where their very existence was threatened. In the early 1900s, deer populations were at their lowest which coincided with early conservation work and the development of ideas that established wildlife management as a profession.

In Texas, deer populations have been influenced through an evolving process ranging from a hands-off approach to intensive habitat and population management. Today management efforts are largely

centered around producing quality deer found on farms and ranches in rural Texas. Managing deer at or just below the land's biological carrying capacity is a common goal. Biological carrying capacity was naturally regulated by disease, predators, and scarcity of food. In rural areas, deer numbers can be managed by harvest to maintain balance with available resources, but in urban locales this task is more difficult.

In addition to deer, Texas also has an increasing urban human population that is predicted to swell from 23 million to 33 million by 2030. Consequently, as our population grows, habitat for white-tailed deer is converted, or lost completely through urbanization. Often, white-tailed deer habitat is inadvertently created. For instance, dramatically altered landscapes like urban yards are alternative habitats for white-tailed deer and their populations often become quite large (Figure 2).

Human Values Placed On Deer

The general public may view high deer numbers differently depending on a variety of factors. Some considerations include health and safety risks, fear of disease transmissions, concerns about animal health, and economic costs.

People attach dramatically different emotions and value systems to white-tailed deer. Some people view deer as an innocent, natural part of an unnatural setting that does not require intervention by people. Others view deer as ravenous ecological forces that must be removed from the landscape. Both opinions are to be respected, yet each is imperfect.



Many urban communities are experiencing overabundant deer populations, urban sprawl, and limited natural resources.

The fact remains that many urban communities are experiencing overabundant deer populations, urban sprawl, and limited natural resources. These scenarios are not completely natural. Consequently, some form of deer management becomes an absolute requirement, not an option.

Biological Carrying Capacity

Biological carrying capacity is a concept within wildlife science. It is defined as the maximum number of individuals that a given environment can support without detrimental effects. Biological carrying capacity for deer is a moving target in that it changes yearly and seasonally. For example, spring-

time typically provides more vegetation than winter, thereby potentially supporting a larger number of animals. Biological carrying capacities for an area should be based on the time when resources are lowest (i.e., winter) versus when resources are at their peak. Populations may exceed biological carrying capacity, but with detriment of the habitat. Supplemental

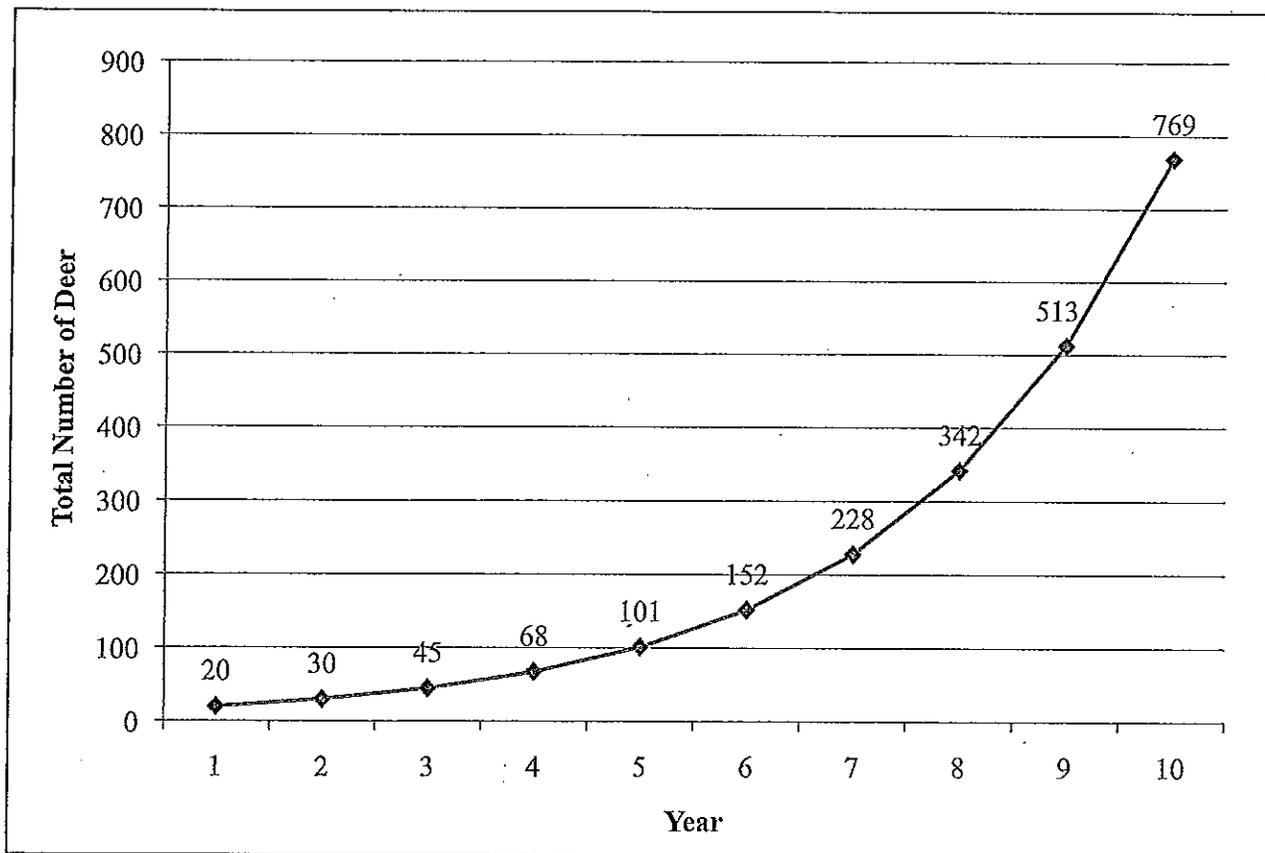
People attach dramatically different emotions and value systems to white-tailed deer.

food cannot increase the carrying capacity of an area. It can however, artificially sustain populations above the acceptable limits of the natural habitat. In supplementally fed habitats, populations are vulnerable to volatile and unstable population growth and crashes. The concept of biological carrying capacity is widely used for deer populations in natural habitats; however, it should be noted that carrying capacity is an immeasurable ecological concept.

A measurable variation of biological carrying capacity is the cultural carrying capacity of a community. Cultural carrying capacity is the maximum number of deer that society will accept within an area or similarly, the number of deer that can compatibly coexist with the local human population. The cultural carrying capacity can be exceeded without exceeding the biological carrying capacity for the area, because different communities have different tolerance levels of deer numbers. In most human-deer conflict situations however, both are exceeded and are correlated.

Problems Associated With Deer Overabundance

Deer-vehicle collisions have steadily increased across North America over the last two decades. State Farm Insurance estimates that 2.4 million deer-vehicle collisions occurred between July 1, 2007 and June 30, 2009. This number is an 18.3% increase from the previous five year period. The Insurance Institute for Highway Safety estimates that deer-vehicle collisions cause more than 150 fatalities per year, and the average property damage cost is \$3,050. In Texas, deer-vehicle collisions have jumped 33% in less than a decade and Texas drivers have a 1 in 416 likelihood of colliding with a deer over the next year.



Example of population growth

Figure 2. A deer population starting with 10 males and 10 females is projected for 10 years, assuming 50% fawn recruitment and 50% fawn mortality. Given none leave or others come into the population, a population beginning with 20 individuals will grow to 769, degrading and exhausting habitat resources.

Deer-vehicle collisions are often prominent in and around urban areas with high densities of deer. Urban areas associated with rapid increases in human population growth and increasing road density are more susceptible to increasing deer-vehicle collisions. Although several techniques (reflectors, whistles, warning signs, and reduced speed limits) have been evaluated to reduce deer-vehicle collisions, none have been consistently effective.

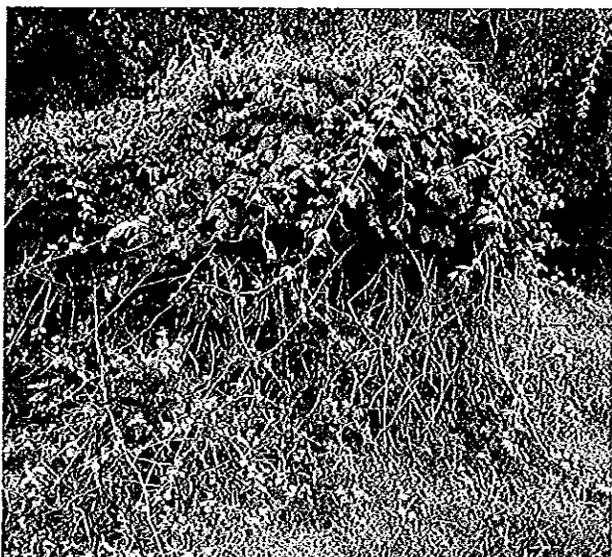
Disease transmission between deer and humans is a concern for many communities with overabundant white-tailed deer populations. White-tailed deer are a host for the black-legged tick (*Ixodes scapularis* and *Ixodes pacificus*). Black-legged ticks can transmit several tick-borne diseases. The most notable, Lyme disease, is primarily found in the northeastern and north-central United States in addition to some western states including Texas (Figure 3). The life cycle of black-legged ticks is complex; however, tick larvae typically contract the disease when feeding on



mice, birds, or other small animals. As adults, ticks can spread the disease to new hosts which can include humans. Deer do not become infected with Lyme disease although deer are a main food source for adult ticks and deer are important in transporting ticks and maintaining tick populations.

deer. Diversity of the overall plant community is reduced and regeneration of preferred plants is limited due to continued deer consumption.

The impact of deer on a plant community has a cascading effect on deer and other animal populations. Invertebrates, reptiles, amphibians, birds, small and large mammals rely on diverse plant communities for food and cover, especially within those zones easily reached by foraging deer. Recovery of habitat affected by deer is impacted not just by short-term deer numbers, but also by the history and severity of over-browsing, soil conditions, and climate. Some studies indicate that drastic reductions in deer numbers have little effect on increasing plant diversity over the short-term and vegetation recovery may only occur through extended periods of low deer densities.



The negative impact of deer can be seen by browse lines and by the presence of plants that show hedging.

Laws and Regulations Concerning Urban Deer

Who's In Charge of Managing Urban Deer?

Residents of communities with urban deer problems often ask "Who is charged with managing urban white-tailed deer?" The difference between regulation and management becomes important in this discussion. Regulation is the process of developing laws that govern the well-being of animal species. Management is the manipulation of habitat and populations to establish a sustainable balance within

an ecosystem. Responsibility for management is different for rural and urban locations. The sole responsibility of management on rural properties is the landowner whereas the responsibility of management in urban areas typically includes residents, city officials, and citizen organizations such as property owners associations.

Overabundant deer populations can consume large quantities of vegetation; eventually creating a void of both preferred and less preferred vegetation.

Who's In Charge of Regulating Urban Deer?

Texas Parks and Wildlife Department (TPWD) is mandated by law to protect the state's natural resources. They do so by establishing laws and regulations, and by providing permits and educational materials to the public. The public can use these tools and recommendations in their decision-making process. It is the responsibility of communities to take action on management decisions, and carry them out. This is the same strategy used on rural lands. Texas Parks and Wildlife Department is not responsible for making management decisions or implementing management strategies for white-tailed deer on private property.

Is Fertility Control a Management Option?

Currently, fertility control is not a management option in Texas. Fertility control is often a popular request from urban residents wishing to manage overabundant urban deer herds. Fertility control does not reduce the number of deer in a population, and it will not help in a situation where deer are already overpopulated. Fertility control can only be used to reduce a population's growth rate, and is therefore only appropriate to maintain a deer population at its current level. Fertility control is a viable option under certain conditions only; for example, in a geographically closed population with a small number of deer. Another limitation of fertility control is cost (ranging between \$350 and \$1,100 per treated female). In most cases, deer must be captured to administer the drug thereby dramatically increasing the costs. Capture places stress on the animal which on occasion may result in death. Some fertility control agents are

Table 1. Nonlethal techniques used to minimize human-deer conflicts.

Technique	Description
Fencing	
High Fence (8 ft tall)	A high fence is an effective method for keeping deer out of protected areas. Although expensive, high fences can be a long-term solution.
Electric Fence	Electric fencing is useful at keeping deer out of protected areas. It is less expensive than other fencing options however; some communities may have ordinances prohibiting electrical fencing. Effectiveness is dependent upon the size of the area and design of fence.
Habitat Modification	
Unpalatable Landscape Plants	Planting undesirable plant species or fake plants will cause deer to seek food elsewhere. This is an effective method although costs depend on the size of project.
Deterrent Techniques	
Visual	Scarecrows, shiny pans and other visual devices can be used to provoke caution in deer. Although inexpensive, overabundant deer quickly habituate to visual deterrent techniques and become less scared of them.
Auditory	Noise making devices can also stimulate caution in deer but again deer habituate quickly to noises. Auditory devices can be a nuisance to neighbors.
Olfactory	Odors can be used to repel deer. Several commercial repellants are available, but their efficacy is questionable. Their life span is short, lasting between a few days to 3-4 months in dry conditions.
Dogs	Dogs are effective, long-term stimuli to keep deer away.

single dose drugs that last several years whereas others require annual booster shots to remain effective and thus require recapture of individuals annually.

There is only one Environmental Protection Agency (EPA) approved immunocontraceptive (GonaCon™) which is only available to federal and state wildlife agencies. It has not been approved for use in Texas and is not expected to be practical for most urban communities. Time, labor, and equipment associated with deer capture are more costly than the drug (vaccine is \$1 per dose). Studies indicate that to maintain a population at a desired level, at least 50% of the females must be inoculated. Hands-on delivery of the drug is too cost prohibitive. Consequently passive delivery systems through supplemental feed must be developed, though currently, no such solution exists.

Management Options in Texas

There are both nonlethal and lethal options for managing deer in an urban landscape (Table 1). **Nonlethal methods** do not reduce the deer populations. They can modify the behavior of deer, restrict their movements and access to certain areas (e.g., greenbelts, park, vs. roads, gardens), or encourage deer to leave the immediate area. Some of the nonlethal methods provide only a short-term fix (repellants fade quickly) while others can be a long-

term solution (high fence can last many years) to human-deer conflicts. Regardless, nonlethal methods are best utilized in conjunction with a comprehensive deer management program.

Trap, Transport, and Transplant (TTT) is considered a nonlethal method, however, research shows that some deer die from capture stress. It should also be noted that in Texas, release sites that accept urban deer are or will become a hunted population.

Lethal methods directly or indirectly reduce the deer population in one of two ways: (1) trapping and processing deer, or (2) harvest of deer through regulated hunting. Each method has advantages and disadvantages, but it is important to remember that reduction methods often require an **initial treatment phase** (i.e., certain proportion of deer are removed) followed by **annual maintenance phases** (i.e., additional deer are removed). It is typically insufficient to implement a one-time management program for urban white-tailed deer. Maintenance phases usually require long-term efforts to achieve and maintain wildlife management goals.

Hunting is an effective method for controlling overabundant urban deer and can be conducted by hunters (a person holding a valid, state issued hunting license) or professional sharpshooters (trained marksmen). It is critical that deer harvest

Table 2. Comparison of methods to reduce urban white-tailed deer densities.

Nonlethal methods	Pros	Cons	Cost
High fence (8 Ft. tall)	Effective barrier, long-term.	Relatively expensive.	Varies by project
Electric fence	Effective barrier, long-term.	Prohibited in certain areas.	Varies by project
Unpalatable landscape plants	Somewhat effective, long-term.	Large plantings become expensive .	Varies by project
Visual deterrents	Inexpensive.	Deer habituate quickly.	Varies by project
Auditory deterrents	Inexpensive.	Nuisance to humans, deer habituate quickly.	Varies by project
Olfactory deterrents	Somewhat effective, relatively inexpensive.	Relatively short-term.	Varies by project
Dogs	Effective, long-term.	Medical and food expense.	Varies by project
Trap, Transport, and Translocation (capture and release)	More accepted by public. Can be used in areas where firearms are restricted. Receiving landowner may be willing to pay costs associated with relocation.	Must find suitable, approved deer habitat. Permit required. Limited number of release sites. Some mortality due to trapping stress. Time and labor intensive. Requires expensive equipment. Disease testing is required.	\$150 to 750/deer
Fertility control	Socially attractive.	Prohibitively expensive, ineffective for deterring or reducing deer populations.	\$350 to \$1100 per treated female
Lethal methods	Pros	Cons	Cost
Trap, Transport, and Process	Suitable release sites not necessary. Disease testing is not required. Can be used in areas where firearms are restricted. Meat is donated to charitable organizations to feed the needy.	Lethal means opposed by some. Time and labor intensive. Requires expensive equipment. Permit required.	\$175 to \$300/deer
Individual hunting	Local residents solving local problem. Expensive transporting equipment not required. Disease testing is not required. Increases outdoor recreation.	Lethal means opposed by some. Requires greater coordination among community and hunters. Additional security costs for law enforcement personnel. Requires large number of willing and proficient hunters. No sound suppression on firearms. Permit required. Limited in application.	\$85 to \$300/deer
Sharpshooters	Requires only a few individuals. Can be done discretely. Sound suppression on firearms.	Lethal means opposed by some. Must hire for this service. Additional security costs for law enforcement personnel. Permit required.	\$250+/deer

through hunting in urban communities is conducted to maximize human safety, humaneness, discretion, and efficiency. Existing city ordinances may prohibit the use of firearms but archery equipment is often a safe alternative. In consultation with TPWD and other wildlife professionals, city officials evaluate the location and size of common areas, greenbelts and

undeveloped areas in and around the community to determine if they can be safely hunted.

In communities where hunting is feasible, hunters should meet proficiency standards established by the community in order to participate. Hunters should also be evaluated to determine that they are responsible and ethical. In Texas, these standards are

conducted at the community level. Hunting zones within the community are identified to maximize human safety and promote ethical, humane, and efficient deer harvest. Deer are often baited into the area for a period of time and then hunters are placed at those locations. Meat from carcasses must be used by the hunter or donated to a designated charitable organization. Both hunters and non-hunting residents must recognize that urban deer hunting is a management tool designed to reduce the number of deer, with considerable emphasis on removing females. This is not a trophy buck hunt. Hunting in Texas can be done using traditional hunting license tags or through hunting permit programs offered by TPWD that allow individuals to harvest more than regular bag limits (Managed Lands Deer Permits or Landowner Assisted Management Permitting System).



High fencing can be a long-term solution to human-deer conflicts

Another type of hunting is done by hired sharpshooters. Sharpshooting uses trained professionals to harvest deer. Sharpshooters use baited sites to attract deer and take relatively short shots (<50 yards). Shooting is often done from an elevated position so that the shot's trajectory is towards the ground. Sharpshooters typically use sound suppression devices on their firearms to limit noise and disturbance. Sharpshooters often work at night and are capable of removing many deer by a few individuals as compared to an urban hunting program, which consists of daytime hunting by a larger number of individuals.

Laws Governing Trap, Transport, and Translocation (TTT) and/or Process (TTP)

Texas Parks and Wildlife Department has established rules governing two management options known as Trap, Transport, and Transplant (TTT) and Trap, Transport, and Process (TTP; Table 2). Specific language for each method can be found in the Texas Administrative Code, more specifically Section 65.101 – 65.119 and TPWD Code Title 5, Subtitle A, Chapter 43, Subchapter E, Sections 43.061-43.062.

Both hunters and non-hunting residents must recognize that urban deer hunting is a management tool.

In order to use these deer control methods, the landowner or governing body (property owners associations, city, and municipality) must obtain a permit from TPWD. If a rural landowner requests white-tailed deer for their property, the deer may be transported to their location, but only after meeting TPWD guidelines. For TTT methods, before deer are trapped, TPWD must inspect the release sites for suitable habitat; receive and approve a Wildlife Management Plan; and receive Site Information Forms for every release location. The state requires that 10% of deer (from the source herd) be tested for Chronic Wasting Disease before they are relocated. Testing is not required for deer trapped under a TTP. Processed deer meat is donated to approved charitable organizations like Hunters for the Hungry or local food banks.

Steps for Managing Urban Deer Populations

There are many communities that are in one of three biological/sociological stages in the urban deer management process. These three stages can be classified as:

Emerging – Biologically, deer are present and signs of browsing on landscape plants and garden vegetables start showing and the deer population is increasing each year. Sociologically, incidences of human-deer conflicts occur. This is the ideal time to initiate a proactive urban deer management program before the next stage becomes evident.

Crisis – Biologically, the problem of a growing urban deer herd has been ignored for so long that the



community is over-populated with deer. There are noticeable browse lines in the trees, hedging of shrubs, and loss of understory plants. Sociologically, incidence of human-deer conflicts is high with accelerated loss of landscape plants and garden vegetables, and increased human/deer conflicts. Development of an urban deer management plan is no longer an option, but an absolute necessity.

Managed – Biologically, deer numbers are more balanced with available habitat. Sociologically, human-deer conflicts are reduced. These are communities that have initiated an urban deer management program by completing the list of steps discussed below. Urban deer management is an ongoing process where a pre-determined number of deer are removed from the community on an annual basis.

There are several sequential steps that need to be taken to develop an effective urban deer program.

Timeline – Managing urban deer is a process and setting realistic goals is important. Expect each step in the process to take longer than initially anticipated. Each community is different and the process may take months or years before any action is taken. Conflict arises when actions are taken without the residents' knowledge or input, rushing through this process or failing to follow steps described below. We cannot stress the importance of communication enough, and the lack of communication or consideration of public input often results in the downfall of most urban deer conflicts.

Step 1: Form a Deer Management Action Committee

Urban deer management is a combination of managing both people and deer. The first form of action should be the establishment of a Deer Management Action Committee (DMAC). Some community entity, usually the city council, mayor's office, or property owner's association should announce the formation of the committee, invite residents to become members, and attend an organizational meeting. The DMAC should consist of three to seven residents of the community and their purpose is to examine the nature and extent of the urban deer problem and recommend solutions. Their first order of business is to determine the scope of the problem.

Step 2: Determine the scope of the problem

The first steps in determining the scope of the problem is to evaluate citizen knowledge and opinions of white-tailed deer ecology and management. It is critical to invite the professional input of TPWD urban wildlife biologists, private sector biologists, and extension wildlife specialists. The citizen survey determines community residents' opinions on deer numbers, desire to implement management options, feasible and acceptable management options, and who is in charge of developing and implementing a deer management plan. The citizen survey can also determine the level of knowledge that residents have about urban deer ecology and management options which provides guidance in the development of relevant educational materials. It is strongly suggested that communities

seek out survey research professionals to design, administer, analyze, and report the results of citizen surveys. Once the citizen survey has been completed, the community can move to the third step if justified.

Step 3: Hold a Town Hall Meeting

The first consideration in Step 3 is to identify the relevant stakeholders that might participate. Some examples are community residents, city and state government officials, property owners associations, law enforcement, and others that might be identified from the results of the citizen's survey. The second consideration is who will call the meeting to order. Some communities have chosen their property owner's associations, while others have utilized the infrastructure of their city council. Texas Parks and Wildlife Department has its own unique role in urban deer management as discussed above and they should not chair the meeting. It is during the town hall meeting that the results of the citizen's survey will be presented. Additional information may be provided by wildlife professionals. Expect the first meeting to be a venting and even contentious session given the attendance of residents who are likely to present opposite and emotional opinions concerning deer management. Subsequent meetings tend to be less contentious. The whole purpose of the town hall meeting(s) is to provide as much relevant information as possible so the citizens can participate in the development of an urban deer management plan that is acceptable and, more importantly, effective.

Step 4: Develop an Urban Deer Management Plan

Prior to developing an urban deer management plan, it is instructive to understand those factors that contribute to deer abundance in North America. Deer are superbly adapted to exploit the resources in urban areas, and can easily develop exponential growth patterns (Figure 2) because of the following conditions:

1. Lack of hunting in urban areas, and regulatory protection at the city governmental level.
2. Abundant alternative food resources in the form of ornamental shrubs, garden plants, succulent grasses, small plants, and supplemental feed.
3. Low abundance of natural predators. Large predators are the first species eliminated during urban sprawl.

4. Tolerance of urban disturbances including human presence and their activities.
5. High production and survival rates of offspring.
6. Longer life spans in the city when compared to the country.

In general, management plans should be focused on reduction and control of deer populations and to reduce related damage. Different communities will need different plans that best fit existing conditions. There are three urban deer management approaches.

Management plans should be focused on reduction and control of deer populations and to reduce related damage.

Approach 1 – Planning for Wildlife: This is a proactive management strategy that involves urban development that integrates rather than excludes nature. It involves community designs that conserves the natural habitat, are sustainable in the use of natural resources, and reconnect human society with the natural world in which they live. Smart Growth, Design with Nature, and Conservation Design are three examples of existing urban development alternatives that avoid the problem of deer (wildlife) overabundance in urban communities.

Approach 2 - Getting at the Root Cause: Getting at the root causes of deer overabundance in urban areas requires an analysis of factors (see the above list of 6 factors) that promote deer presence in a "typical" urban community. The most common management actions required to get at the root cause are to foster an environment that does not encourage the overabundance of deer. The prohibition of feeding deer is critical to solving overabundance. Some communities have enacted feeding bans for many wildlife populations (to include raccoons, coyotes, foxes, etc), and some just for white-tailed deer. Enforcement of these feeding bans is just as critical. Additionally, encouraging residents to landscape with native, deer-resistant plants helps to alleviate resident complaints, slow financial losses resulting from damage, and restore native plant diversity. Reintroduction of predators is not feasible in urban areas, but naturally occurring urban predators, such

Table 3. Survey response by 256 residents of Hollywood Park and Lakeway, TX, concerning urban deer ecology and management (2008).

Statement	Answer	% Correct
1. The size of urban habitats prevents deer herds from growing too large.	False	60
2. Urban deer can carry diseases that affect humans.	True	59
3. Urban deer can destroy habitat used by other animals.	True	52
4. In order to survive, urban deer rely heavily on supplemental food sources.	True	36
5. Urban deer can begin to produce fawns when they are six months old.	True	17
6. Twins are a common result from urban deer reproduction.	True	52
7. More deer per acre means the deer will be physically larger in size.	False	86
8. The most common cause of death in urban deer herds is predators.	False	75
9. The least common cause of death in urban deer herds is disease and starvation.	False	49
10. Deer are an endangered species in Texas.	False	91
11. Deer live in urban areas because they have adapted to living near people.	True	55
12. People can help urban deer the most by letting nature take its course.	False	41
13. Deer live in urban areas because human development has pushed them out of their natural habitat.	True	81
14. People have done more harm than good for urban deer.	True	60
15. People can help urban deer the most by managing them.	True	69
16. Fertility control techniques for managing urban deer are cost effective and easy to implement.	False	10

as coyotes and bobcats, can help buffer exponential population growth, as long as human habituation by predators is not permitted.

Approach 3 - Do Nothing: There are groups of stakeholders that advocate a “live and let live (or die)” or “let nature take its course” philosophies of management regardless of population size. Advocates of this urban deer management option will need to prepare themselves and other community residents for increased loss of vegetation, increased deer-vehicle accidents, potential deer starvation, and subsequent exclusion of many songbirds, reptiles, amphibians, and other mammals. A do nothing approach to urban white-tailed deer management is unlikely to resolve problems and will likely lead to emotional and political escalation of existing problems.

Step 5: Implement the Plan and Monitor Results

Some communities have adopted urban deer management plans that are a combination of addressing immediate problems and planning for long-term implementation and monitoring. First, the DMAC should process the information from town hall meetings and wildlife professionals. The DMAC must then come to a solution for their community. This should be an open process that allows residents to

voice concern/support, but in the end it is the DMAC that makes the final management decisions and conveys these openly to the community.

Once the plan has been implemented it is important to monitor the results. The effectiveness of the management plan may be monitored in terms of reduced plant damage, deer-vehicle collisions, and human-deer conflicts. It may also be monitored in the number of deer present in the community. This can be monitored with annual population surveys conducted by TPWD or other wildlife professionals. Expect annual additions to the deer herd from prolific reproduction and possible immigrations. The bottom line for communities is to accept the fact that their urban deer management plan will be an ongoing obligation as long as there are deer in the neighborhood. These case studies that follow provides evidence of this management obligation.

Case Studies

Two Texas communities were chosen to determine what residents knew about the ecology and management of urban white-tailed deer. Lakeway, Texas is located northwest of Austin, and Hollywood Park, Texas is located in the north central area of

San Antonio. Based on the United States Census Bureau's 2006 estimates, San Antonio is the 2nd largest city and Austin is the 4th largest city in Texas. Both communities have similar geographic, ecologic, and socioeconomic characteristics, which include:

1. High density of urban white-tailed deer populations.
2. Relatively abundant green space and lot sizes.
3. Potential for white-tailed deer population growth.

Since the 1990s, urban deer herds have impacted Lakeway and Hollywood Park through increased deer-vehicle collisions, defined browse lines throughout the community, and negative human-deer encounters. For example, these communities have Deer Control Committees that decide, with input from TPWD, strategies for managing urban deer herds. The measure of success in these communities is determined not by annual deer counts, but by changes in the number of deer-vehicle collisions, human-deer encounters, deer found injured or dead, and fence-related accidents. Early on, strong differences of opinion between stakeholder groups in Hollywood Park led to a more contentious urban deer management environment than is the case in Lakeway.

Both communities have implemented programs to influence resident behavior and control deer numbers. City ordinances which prohibit the feeding of deer, restrict public access to deer control areas during control activities, and assign penalties for damage or destruction of deer control equipment. Violators can be charged with a Class C misdemeanor punishable by a fine of not to exceed \$500, when enforced by the local police department.

Need For Educational Program Development

A recent research project used a series of 16 knowledge and belief questions to determine what Hollywood Park and Lakeway residents knew about urban deer ecology and management (Table 3). Scores ranged from five to a perfect score of 16. The average score for residents of both communities was ten correct answers. The majority were unaware how urban deer feed, breed, and die, and the consequences and effectiveness of management options. A sixteen-point examination does not provide all of the information required for developing comprehensive educational programs on urban deer ecology and management,

but it did help leaders identify development needs for educational programs on:

- (1) deer population control methods,
- (2) basic deer biology and ecology,
- (3) management alternatives, and
- (4) long-term strategies to solve human-deer conflicts.

Today, Lakeway deals with less controversy from their residents regarding urban deer management practices than in the 1990s when deer management first began. Although not as intense, Hollywood Park continues to deal with protesting residents who oppose deer

The current deer management programs in Lakeway and Hollywood Park seem to be effectively managing the deer population.

management. Public education throughout these communities is an ongoing process. As residents move into communities with urban deer management plans, they too will need to be educated about urban deer ecology and management in their community. The current deer management programs in Lakeway and Hollywood Park seem to be effectively managing the deer population. Lakeway is currently using the TTP method and Hollywood Park is practicing a combination of TTT and TTP methods to manage urban deer in their communities. In the past, Lakeway and Hollywood Park have removed an excess of 250 deer a year in order to sustain a healthy deer population and ecosystem within their cities.

Final Thoughts

Often, urban residents do not recognize that if deer management stopped, populations would soon exceed the biological carrying capacity again. Residents would then experience more economic loss and increased deer-human encounters. It is important for managers to understand that when dealing with the public, a variety of issues will arise from different stakeholder groups. It is best to address issues before management programs are implemented in order to reduce the potential conflict between managers and residents.

Appendices

White-Tailed Deer Biology

General Description

- Adult coat color: brown (winter coat), reddish (summer coat)
- Fawn coat color: brown with white spots
 - Pelage color serves to break-up the body's outline and blend with habitat.
 - Bright white hairs under the tail serve as a visual alarm to others.
- Size
 - Male ~ 150 lbs.
 - Female ~100 lbs.
 - Fawn – 4-8 lbs. at birth
- Distribution
 - Found throughout Texas.
- Scent Marking
 - Used for communication.
 - Scrapes - shallow depressions dug by the hooves.
 - Rubs - shrubs and trees are sometimes damaged when removing velvet from antlers.
- Antlers
 - One of the fastest growing tissues.
 - Only found in deer family.
 - Found only on males for white-tailed deer.
 - Produced and shed annually.
 - Growth begins in mid-March.
 - Hardened, polished antlers by September.
 - Antlers are weapons used both for offense and defense.
- Habitat
 - Food
- Require 4-6 lbs of food per day; that is 2,000 lbs per year.
- Ruminants (4-chambered stomach) require a highly nutritious diet.
- Forbs (weeds), browse (leaves and woody stems), and only ~10% grass.
 - Water
- $\frac{3}{4}$ -1.5 quarts per day.
 - Cover
- Need vegetation of diverse heights, thickness, and species to escape predators, hide fawns, and maintain body temperature.
 - Space
- Varies depending on habitat quality.
- Breeding Season
 - Known as the rut.
 - Generally occurs between October and December.
 - Males are often more aggressive.
 - Males movements encompass a larger area.
- Reproduction
 - White-tailed deer are highly reproductive.
 - Females are reproductively capable at 6-8 months old.
 - Males are reproductively capable typically at 1.5 years old.
 - Pregnancy lasts 187-222 days.
 - Fawning
- First attempt typically produces 1 fawn.
- Thereafter, females annually produce twins (triplets are rare).
- Longevity
 - 10-13 years.
- Mortality
 - actors
- Predators (coyotes, bobcats, mountain lions, and humans)
- Diseases and parasites
- Automobile collisions
- Starvation
- Inclement weather
- Trauma (combat, injuries, infected wounds)
- Changing land uses (population level)
 - Mortality is highest among fawns and it affects age classes at different rates.



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MINUTES, SEPTEMBER 3, 2015; 9:30 AM
CITY OF FAIR OAKS RANCH
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015

I. ROLL CALL - DECLARATION OF A QUORUM

Council Members Present: Alderman Damstra, Alderman Manitzas, Mayor Pro Tem Schmidt, Alderman Hartpence, and Alderwoman Havard.

Having a quorum present, Mayor Landman called the regular City Council meeting to order at 9:30 a.m.

II. OPEN MEETING

Pledge of Allegiance was led by Charlan Beal, FORHA President.

B. Presentation and discussion of water availability study.

This item was moved up on the agenda at the request of the Interim City Administrator. Grant Snyder, Hydrogeologist the City has 29 active wells producing 3,000 plus gallons of water per minute. Mr. Snyder utilized several sources for which provided computer/numerical models that have cells in different areas where you can define your data perimeters. Mr. Snyder concluded water will be available for the next 50 years and Canyon Lake should be used as the main water source with ground water only being used during peaking lows.

III. PUBLIC HEARINGS A

A. 1st Public Hearing on the proposed FY2015/16 budgets.

OPENED: 9:56 a.m.

HEARING: Rina Grona, 8445 Rolling Acres supports Public Safety due to children's safety, the need of adequate officer staffing, and for police officers to stop picking up deer.

Joseph Bowles, 31908 Sunland supports Public Safety due to the need of adequate officer staffing.

Doug Burford, 28927 Chartwell Lane supports Public Safety and the need of additional officers to control Chartwell's traffic due to school.

CLOSED: 10:07 a.m.

B. 1st Public Hearing on the 2015 property tax rate of \$.3073 per \$100 valuation.

OPENED: 10:08 a.m.

HEARING: No one requested to be heard.

CLOSED: 10:09 a.m.

IV. BUDGET WORK SESSION A

Direction to staff regarding changes to the final FY 2015-16 proposed Budget to be adopted on September 21, 2015 at 9:30 a.m.

Council supports the funding of two additional Police Officers and reclassifying Police Corporals to Sergeants. Alderman Manitzas requested \$50,000 in Capital Reserves to conclude the deer study. Alderman Hartpence stated the projected City Administrator salary needs to be lowered. Council stated water rate increases should effect commercial customer's not residential customers.

V. CITIZENS and GUEST FORUM

Teal Harris, 7709 Timber Top Drive supports a conclusion to the deer study and would like the Owens development to abide by the Night Sky Ordinance.

Joe Hatem, 29720 Cojak Circle is opposed to the Owens development due to population density, increased traffic, lighting issues, wastewater plant/schools at capacity, and police/fire issues.

Mary McConnell, 31036 Post Oak Trail is hesitant on commercial developments unless they are considered light and tasteful. She would like Scott Felder Homes (Owens Development) to deed the 90 acre Nature Preserve to FORHA.

Dedie Manitzas, 30850 Man O War Drive stated she would like the recharge to have the SWCA environment study completed and the City to have access to the 90 acre Nature Preserve proposed by Scott Felder Homes (Owens Development).

Alison Leonard, 8705 Calvary Drive requested clarification from Council on when the new Elementary School will be built and which school district it will fall under. Mayor Landman responded approximately Fall 2018 and it will be considered part of the Boerne Independent School District.

Rich Nichols, 8115 Windmill Circle advised Council to consider a better way to handle proposed development agreements. Such as establishing a set of rules or ordinance detailing the City's vision. In addition, he recommended Council form a committee to review items and meet with developers.

VI. DISCUSSION ITEMS

A. Presentation and discussion of the proposed Owens Property Development by Scott Felder Homes.

Marcus Moreno, Vice President of Scott Felder Homes presented a proposed development plan off Ralph Fair Road (Owens Property). He highlighted the location (adjacent to Camp Stanley), key property factors (145 acres), land use, conservation communities/nature communities (90 acre Nature Preserve), Owens community features (gated, 8-12 home plans, 83 homes total) and a background on Scott Felder Homes.

C. Presentation and discussion on Federal Stormwater Mandates.

Joe DuMenil discussed the Texas pollutant discharge elimination system (TPDES), legal basis, regulatory background, permit coverage, storm water management plan, status of Fair Oaks Ranch compliance, year 2 and beyond, storm water utility, legal requirements, storm water program costs, process framework, billing determinants options, residential charges, non-residential charges and evaluation criteria. He stated an ordinance needs to be in place on Federal Stormwater mandates that cover the five minimum control measures submitted to TCEQ which are public education/outreach/involvement, Illicit discharge detection/elimination, construction site storm water runoff control, post construction storm water management, and pollution prevention/good housekeeping.

D. Presentation and discussion of Proposed Capital Improvement Projects 2015-2020.

Ron Emmons, Public Works Director presented a five year Capital Improvement Project (CIP) Plan which included present and future proposed projects that are currently scheduled and proposed to be scheduled for fiscal years 2015-2020. The four categories of projects include Bond Projects, Tax Funded Projects, Water, and Wastewater improvement projects. He provided Council with a detailed explanation of each project and closed by stating all project costs are estimates and subject to change.

VII. RECESS FOR LUNCH

Recessed for lunch at 12:08 p.m.

VIII. RECONVENE

Reconvene from lunch at 1:09 p.m.

Mayor Pro Tem Schmidt was not present when the meeting reconvened.

IX. PUBLIC HEARINGS B

C. 1st Public Hearing on the proposed FY2015/16 budgets.

OPENED: 1:10 p.m.

HEARING: Carole Willoughby, 7207 Chartwell Circle requested additional funds be placed in the budget for a traffic study to be completed on Chartwell due to the school traffic impacting their neighborhood.

CLOSED: 1:13 p.m.

D. 1st Public Hearing on the 2015 property tax rate of \$.3073 per \$100 valuation.

OPENED: 1:13 p.m.

HEARING: No one requested to be heard.

CLOSED: 1:14 p.m.

Mayor Landman reconfirmed the 2015 property tax rate will be voted on September 21, 2015 at 9:30 a.m.

X. BUDGET WORK SESSION B

Council had no additional comments.

XI. REQUESTS TO PLACE ITEMS ON A FUTURE AGENDA

Alderwoman Havard requested a Councilmember become a Boerne Independent School District liaison to help disburse information and assist with influence.

XII. ADJOURNMENT

Mayor Landman adjourned the meeting at 1:31 p.m.

Cheryl Landman, Mayor

ATTEST:

P. Abrego, City Secretary

MINUTES, SEPTEMBER 17, 2015; 7:00 PM
CITY OF FAIR OAKS RANCH
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015

I. ROLL CALL – DECLARATION OF A QUORUM

Council Members Present: Alderman Damstra, Alderman Manitzas, Mayor Pro Tem Schmidt, Alderman Hartpence, and Alderwoman Havard.

Having a quorum present, Mayor Landman called the Regular City Council meeting to order at 7:00 p.m.

II. OPEN MEETING

Pledge of Allegiance by Albert (Al) Gordon.

III. CEREMONIAL EVENT

Mayor Landman presented a recognition award to Bill Hennigan honoring his service with the Capital Improvement Advisory Committee (CIAC).

IV. CITIZENS and GUEST FORUM / PRESENTATIONS

Carole Willoughby, 7207 Chartwell Circle, HOA President expressed concerns about the traffic driving through Chartwell and the safety of the neighborhood children. She pleaded with Council to consider some low cost solutions that she will present to them in the future.

V. PUBLIC HEARINGS

A. 2nd Public Hearing on the proposed FY2015/16 budget.

OPENED: 7:09 p.m.

HEARING: Ken Nichols, 30143 Cibolo Run requested for Council to consider in the budget wireless internet access for guest to utilize while inside City Hall.

CLOSED: 7:10 p.m.

B. 2nd Public Hearing on the 2015 property tax rate of \$.3073 per \$100 valuation.

OPENED: 7:10 p.m.

HEARING: No one requested to be heard.

CLOSED: 7:11 p.m.

C. Mayor Landman confirmed the 2015 property tax rate will be adopted on September 21, 2015 at 9:30 a.m.

D. Consideration of amending the proposed budget and confirming the adoption date of the proposed FY2015/16 budget until September 21, 2015 at 9:30 a.m.

Marcus Jahns, Interim City Administrator asked Council if they had any additional items they would like to be considered in the budget. Mr. Jahns stated that the money for Werling and Associates is in the budget but will not be implemented until Council approves and adopts the proposed new compensation/pay plan. Alderman Hartpence stated he feels the Werling plan is incorrect and some of the employees are paid incorrectly. Alderman Manitzas agreed. Alderman Damstra would like to make the plan, if adopted retroactive to October 1, 2015.

MOTION: Made by Alderwoman Havard, seconded by Alderman Damstra to approve amending the proposed budget and confirming the adoption date of the proposed FY2015/16 budget until September 21, 2015 at 9:30 a.m.
DISCUSSION: None.
VOTE: 5-0; Motion Passed.

VI. CONSENT AGENDA

MOTION: Made by Alderman Manitzas, seconded by Alderman Hartpence to approve the August 6, 2015 and August 20, 2015 regular city council meeting minutes, August 25, 2015 special city council meeting minutes, and Ordinance creating the position of a City Administrator and delineating the duties and responsibilities of said.
VOTE: 5-0; Motion Passed.

VII. CONSIDERATION ITEMS

A. Approval of authorizing technology purchases including servers, computers, backup system, and appropriate software for no more than \$38,000.

Carole Vanzant, Deputy City Administrator introduced Vernon Alexander, Efrain Contreras, and Ivan Clayton from RRG Services, Inc. who discussed the enhanced technology plans for the City Hall building. Alderman Manitzas asked if the server room could be located in the new Police Facility as it would offer an added level of security and solve the a/c issues City Hall is currently facing. Mr. Contreras responded it could be relocated but the cost would be extensive.

MOTION: Made by Alderman Hartpence, seconded by Alderman Manitzas to approve authorizing technology purchases including servers, computers, backup system, and appropriate software for no more than \$38,000.

DISCUSSION: Ken Nichols, 30143 Cibolo Run feels that the servers could be moved to the new Police Facility. Mr. Nichols has extensive experience with servers and Information Technology and offered a second opinion should Council like him to review the situation and get with RRG.

VOTE: 5-0; Motion Passed

B. Approval of Resolution repealing Resolution 64.6 and subsequent Resolutions; adopting the City's Financial Management Policy; reaffirming the City of Fair Oaks Ranch Investment Policy; and providing for an effective date.

Marcus Jahns, Interim City Administrator announced he would like to postpone this item and asked Council to submit their recommendations by next week so the item can be brought back in the future. With that recommendation Mayor Landman pulled the item.

C. Approval of Front Gate Unit 2A final subdivision plat.

Adrian Garcia, Engineer In Training provided a historical summary on the subdivision plat and recommended approval.

MOTION: Made by Alderman Manitzas, seconded by Alderman Damstra to approve Front Gate Unit 2A final subdivision plat.

DISCUSSION: None

VOTE: 5-0; Motion Passed

D. Approval of Resolution nominating Bud Paulson for an additional two-year term to the Kendall Appraisal Board of Directors as a Director.

Mayor Landman stated that Bud Paulson has asked to be re-nominated to the Kendall Appraisal Board of Directors and that his accomplishments were enclosed in the packet.

MOTION: Made by Alderwoman Havard, seconded by Mayor Pro Tem Schmidt to approve Resolution nominating Bud Paulson for an additional two-year term to the Kendall Appraisal Board of Directors as a Director.

DISCUSSION: None

VOTE: 5-0; Motion Passed

VIII. REPORTS FROM STAFF / COMMITTEES / COUNCIL

Staff:

- 1) Ralph Wiesepape, Project Manager provided an update on the public safety facility announcing the sewer line was rerouted, the storm drain is in the process of being built and he is waiting on a quote from CPS for electrical work.
- 2) Carole Vanzant, Deputy City Administrator reported on personnel updates.
- 3) Marcus Jahns, Interim City Administrator provided an update on his Work Plan Status Report and mentioned that staff received a CCN option out letter from Mr. Russell W. Pfeiffer.

Mayor:

- 1) Mayor Landman announced that National Night Out will be held on Tuesday, October 6, 2015, provided an update on the TXDOT/Ralph Fair Road (3351) project, and announced the upcoming water conservation workshops.

Council:

- 1) Alderman Hartpence would like to have a discussion with Chartwell regarding traffic safety and pass an appropriate Ordinance.
- 2) Alderman Manitzas would like for the Boerne ISD to compensate the City for the expenses in dealing with the traffic issues at the school.
- 3) Mayor Pro Tem Schmidt would like a presentation from Pape Dawson on the priority of the streets.
- 4) Mayor Pro Tem Schmidt would like to review the San Antonio water study results.

IX. ADJOURNMENT

Mayor Landman adjourned the meeting at 8:10 p.m.

Cheryl Landman, Mayor

ATTEST:

P. Abrego, City Secretary

MINUTES, SEPTEMBER 11, 2015; 1:30 PM
CITY OF FAIR OAKS RANCH
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015

I. ROLL CALL – DECLARATION OF A QUORUM

Council Members Present: Alderman Damstra, Alderman Manitzas, Mayor Pro Tem Schmidt, Alderman Hartpence, and Alderwoman Havard.

Having a quorum present, Mayor Landman called the Special City Council meeting to order at 1:30 p.m.

II. DISCUSSION/CONSIDERATION ITEMS

A. Presentation and discussion of Classification and Pay Plan conducted by Werling Associates, Inc.

Mayor Landman provided a historical background on the current classification system and expressed the compensation challenges. Marcus Jahns, Interim City Administrator explained the process on how Werling and Associates, Inc. was selected. Steve Werling, President/CEO discussed the base pay plan design, background, pay system guidelines, overall recommendations, modified market based pay system, job information, pay structure, competitive market estimates, survey sources, pay grade assignments, pay analysis, pay model, and continuing activities.

B. Consideration of accepting and implementing the Werling Classification and Pay Plan beginning FY2015/16.

Mayor Landman pulled this item from the agenda as Council requested individual pay information and Mr. Werling stated he thought this was the first meeting and others would follow.

C. Discussion of ordinance creating the position of a City Administrator and delineating the duties and responsibilities of said.

Marcus Jahns, Interim City Administrator, stated after extensive research the proposed ordinance was written to meet the legal requirements of a general law city. Marcus asked Council for any revisions they would like to add to the ordinance. Mayor Pro Tem Schmidt recommended in Article 1B to add the word "to" and in Article 4A add "*written and oral evaluation*".

III. ADJOURNMENT

Mayor Landman adjourned the meeting at 3:13 p.m.

Cheryl Landman, Mayor

ATTEST:

P. Abrego, City Secretary

**MINUTES, SEPTEMBER 21, 2015; 9:30 AM
CITY OF FAIR OAKS RANCH
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015**

I. ROLL CALL - DECLARATION OF A QUORUM

Council Members Present: Alderman Damstra, Alderman Manitzas, Mayor Pro Tem Schmidt, Alderman Hartpence, and Alderwoman Havard.

Having a quorum present, Mayor Landman called the special City Council meeting to order at 9:31 a.m.

II. OPEN MEETING

Pledge of Allegiance was led by Scott Rubin, Fair Oaks Ranch Chief of Police.

III. CITIZENS and GUEST FORUM / PRESENTATIONS

No one requested to be heard.

IV. CONSIDERATION ITEMS

A. Approval of Ordinance adopting the city budget for fiscal year beginning October 1, 2015 and ending September 30, 2016.

Mayor stated the proposed budgets have been available for public viewing/review since August 18, 2015 and two public hearings were held September 3, 2015 and September 17, 2015. There were a couple of amendments made to the budget which included two additional Police Officers, reclassification of Police Corporals to Police Sergeants, and a \$50,000 white tail deer study.

MOTION: Made by Mayor Pro Tem Schmidt, seconded by Alderman Manitzas to approve an Ordinance adopting the FY2015/16 City budgets as proposed.

VOTE: Alderman Hartpence: Aye Alderman Damstra: Aye
Mayor Pro Tem Schmidt: Aye Alderman Manitzas: Aye
Alderwoman Havard: Aye

B. Approval of Ordinance levying a property tax rate of \$.3073 on each \$100 taxable valuation on all property in the City of Fair Oaks Ranch for the 2015 tax year; determining due and delinquent payment dates; and providing for early payment discounts.

MOTION: Made by Alderman Manitzas, seconded by Alderwoman Havard to move that the property tax rate be increased by the adoption of a total tax rate of \$.3073 which is effectively an 8.19 percent increase in the maintenance and operations tax rate.

VOTE: Alderman Hartpence: Aye Alderman Damstra: Aye
Mayor Pro Tem Schmidt: Aye Alderman Manitzas: Aye
Alderwoman Havard: Aye

C. Approval of Ordinance authorizing property tax exemptions for the 2015 tax year.

MOTION: Made by Alderwoman Havard, seconded by Alderman Hartpence to approve an Ordinance authorizing tax exemptions that is required by law for disabled veterans, \$5,000 for a homestead, and \$20,000 for 65 and over, if the owner is a full time resident in the homestead.

VOTE: Unanimous; 5-0

D. Approval of Resolution adopting the City of Fair Oaks Ranch 2015/2016 Staffing, Compensation, and Benefits Package.

Mayor Landman noted the package authorizes two new police officers, public works superintendent, GIS technician, longevity pay, certification/degree pay, and a monthly allowance for work performed on behalf of the Fair Oaks Ranch MDD. No change in benefits and no new employee programs have been added at this time. In 2015/16 it is expected that Council will consider the Werling pay plan.

MOTION: Made by Alderman Damstra, seconded by Alderwoman Havard to approve a Resolution adopting the FY2015/16 staffing, compensation and benefits package.

VOTE: Unanimous; 5-0

E. Approval of Resolution approving one year contracts.

Mayor Landman removed item d "heating and A/C maintenance by San Antonio Air Service Experts" from the Resolution.

MOTION: Made by Alderwoman Havard, seconded by Alderman Manitzas to approve a Resolution engaging in contractual agreements for services for one year beginning October 1, 2015 and ending September 30, 2016.

VOTE: Unanimous; 5-0

F. Approval of Resolution approving two year contracts.

MOTION: Made by Alderman Manitzas, seconded by Alderman Hartpence to approve a Resolution engaging in contractual agreements for services for two years beginning October 1, 2015 and ending September 30, 2017.

VOTE: Unanimous; 5-0

G. Approval of Resolution reappointing Municipal Court Personnel for a two year term.

MOTION: Made by Alderman Damstra, seconded by Alderman Hartpence to approve a Resolution reappointing the Fair Oaks Ranch Municipal Court Judge, Alternate Judge, Prosecutor and Alternate Prosecutor for judicial services for two years beginning October 1, 2015 and ending September 30, 2017.

VOTE: Unanimous; 5-0

V. ADJOURNMENT

Mayor Landman adjourned the meeting at 9:59 a.m.

Cheryl Landman, Mayor

ATTEST:

P. Abrego, City Secretary

RESOLUTION NO. 2015-xx
APPROVING THE 2015 PROPERTY TAX LEVY ROLL FOR CITY OF FAIR OAKS RANCH, TEXAS

WHEREAS, pursuant to Texas Property Tax Code, Vernon's Texas Codes Annotated, Section 26.09(e) the City Council of the City of Fair Oaks Ranch, Texas, must officially approve the tax levy roll of the City of Fair Oaks Ranch, Texas for the year 2015.

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

1. The City Council of the City of Fair Oaks Ranch hereby officially approves the 2015 property tax levy roll as required by the Property Tax Code, Vernon's Texas Codes Annotated, Section 26.09(e) in the amount of \$3,861,722.36 based on a tax rate of \$0.3073 per \$100 valuation of a total net taxable value of \$1,256,661,399.
2. A signed copy of this Resolution shall be submitted, by the City Secretary, to the city's property tax collector, Kendall Appraisal District.
3. This Resolution shall be in full force and effect from and after its passage and approval.

PASSED AND APPROVED this 15th day of October, 2015.

Mayor Cheryl Landman

ATTEST:

City Secretary P. Abrego

2015 LEVY TOTALS

CFO - FAIR OAKS RANCH

Grand Totals

Property Count: 3,862

9/24/2015

11:42:50AM

Land		Value			
Homesite:		270,352,554			
Non Homesite:		67,301,161			
Ag Market:		21,507,549			
Timber Market:		0	Total Land	(+)	359,161,264
Improvement		Value			
Homesite:		899,483,357			
Non Homesite:		82,790,693	Total Improvements	(+)	982,274,050
Non Real		Count	Value		
Personal Property:	175		12,563,648		
Mineral Property:	0		0		
Autos:	0		0		
			Total Non Real	(+)	12,563,648
			Market Value	=	1,353,998,962
Ag		Non Exempt	Exempt		
Total Productivity Market:	21,507,549		0		
Ag Use:	53,510		0	Productivity Loss	(-) 21,454,039
Timber Use:	0		0	Appraised Value	= 1,332,544,923
Productivity Loss:	21,454,039		0	Homestead Cap	(-) 10,830,674
				Assessed Value	= 1,321,714,249
				Total Exemptions Amount	(-) 65,052,850
				(Breakdown on Next Page)	
				Net Taxable	= 1,256,661,399

Levy Info			
M&O Rate:	0.261500	M&O Tax:	3,286,170.52
I&S Rate:	0.045800	I&S Tax:	575,551.84
Protected I&S Rat:	0.000000	Protected I&S Tax:	0.00
		Ag Penalty:	0.00
		PP Late Penalty:	0.00

Tax Increment Finance Value:	0	Total Levy	3,861,722.36
Tax Increment Finance Levy:	0.00		

2015 LEVY TOTALS

CFO - FAIR OAKS RANCH

Grand Totals

9/24/2015

11:42:50AM

Exemption Breakdown

Exemption	Count	Local	State	Total
DP	21	0	0	0
DV1	27	0	221,000	221,000
DV1S	6	0	30,000	30,000
DV2	24	0	216,000	216,000
DV2S	2	0	15,000	15,000
DV3	28	0	286,000	286,000
DV4	126	0	1,116,000	1,116,000
DV4S	19	0	192,000	192,000
DVHS	52	0	21,305,792	21,305,792
DVHSS	3	0	1,500,730	1,500,730
EX-XG	1	0	76,440	76,440
EX-XV	39	0	5,307,860	5,307,860
EX366	39	0	4,968	4,968
HS	2,390	11,670,000	0	11,670,000
LVE	15	1,896,090	0	1,896,090
OV65	1,083	21,030,000	0	21,030,000
OV65S	11	180,000	0	180,000
PPV	2	4,970	0	4,970
Totals		34,781,060	30,271,790	65,052,850

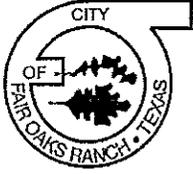
City of Fair Oaks Ranch
Investment Inventory Report
7/1/15-9/30/15

General Fund	Security	Yield	Beg Bal	Transfers	Ending Bal	Ending Market	Earnings	Accrued Interest	Maturity	Notes
	Pool (Texpool 004)	0.073%	4,899,854.52	-684,488.67	4,236,200.55	4,236,200.55	834.70	0.00	-	
	Pool (Texpool 006)	0.073%	7,016,047.66	0.00	7,017,339.95	7,017,339.95	1,292.29	0.00	-	
	Certificate of Deposit (711)	0.15%	62,319.23	0.00	62,319.23	62,319.23	0.00	23.13	10/09/2016	
	Certificate of Deposit (254)	0.15%	63,362.51	0.00	63,362.51	63,362.51	0.00	24.24	10/09/2016	
	TOTAL		12,041,583.92	-684,488.67	11,379,222.24	11,379,222.24	2,126.99	47.37		

Utility Fund	Security	Yield	Beg Bal	Transfers	Ending Bal	Ending Market	Earnings	Accrued Interest	Maturity	Notes
	Pool (Texpool 001)	0.073%	1,183,545.72	-13,000.00	1,170,761.60	1,170,761.60	215.88	0.00	-	
	Pool (Texpool 002)	0.073%	576,877.27	0.00	576,983.52	576,983.52	106.25	0.00	-	
	Pool (Texpool 003)	0.073%	269,430.51	0.00	269,480.16	269,480.16	49.65	0.00	-	
	Pool (Texpool 005)	0.073%	6,629.65	-789.02	5,842.01	5,842.01	1.38	0.00	-	
	Certificate of Deposit (222)	0.710%	208,113.39	0.00	208,113.39	208,113.39	0.00	373.97	12/28/2015	
	TOTAL		2,244,596.54	-13,789.02	2,231,180.68	2,231,180.68	373.16	373.97		

This report is in compliance with the City's Investment Policy Section 9 and 11 and Texas Government Code Section 2255.023.

Kristina Akers
Investment Officer



CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Approval of Ordinance amending the Fair Oaks Ranch Code of Ordinances Chapter 3 "Building Regulations" Article 3.01; General Provisions, Article 3.03; Building Code, Article 3.04; Residential Code, Article 3.05; Energy Conservation Code, Article 3.06; Plumbing, Article 3.07; Electricity, Article 3.08; Mechanical Code, Article 3.09; Fuel Gas Code, Chapter 5 "Fire Prevention and Protection" Article 5.02; Fire Code, Providing for a penalty of not more than \$2000 per violation per day for noncompliance, and providing for severability and effective date.

START/END DATE: October 15, 2015

DEPARTMENT: Building Codes

PRESENTED BY: Building Official

INTRODUCTION/BACKGROUND:

The City of Fair Oaks Ranch has from time to time updated the codes adopted by Ordinance. The current codes in effect are the International Building Codes 2009 edition and National Electric Code 2008 edition. It is suggested we adopt the 2015 and 2014 editions respectively.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

1. Improved safety of buildings.
2. Better ISO insurance rating.
3. Increased resale value of buildings.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Negligible – Price of new code books \$609.96

LEGAL ANALYSIS:

The attached proposed ordinance has been approved to form by the City Attorney.

RECOMMENDATION/PROPOSED MOTION:

Approve Ordinance amending the Fair Oaks Ranch Code of Ordinances Chapter 3 "Building Regulations" Article 3.01; General Provisions, Article 3.03; Building Code, Article 3.04; Residential Code, Article 3.05; Energy Conservation Code, Article 3.06; Plumbing, Article 3.07; Electricity, Article 3.08; Mechanical Code, Article 3.09; Fuel Gas Code, Chapter 5 "Fire Prevention and Protection" Article 5.02; Fire Code, Providing for a penalty of not more than \$2000 per violation per day for noncompliance, with an effective date of October 15, 2015.

ORDINANCE 2015-XX

AMENDING THE FAIR OAKS RANCH CODE OF ORDINANCES CHAPTER 3 "BUILDING REGULATIONS" ARTICLE 3.01; GENERAL PROVISIONS, ARTICLE 3.03; BUILDING CODE, ARTICLE 3.04; RESIDENTIAL CODE, ARTICLE 3.05; ENERGY CONSERVATION CODE, ARTICLE 3.06; PLUMBING, ARTICLE 3.07; ELECTRICITY, ARTICLE 3.08; MECHANICAL CODE, ARTICLE 3.09; FUEL GAS CODE, CHAPTER 5 "FIRE PREVENTION AND PROTECTION" ARTICLE 5.02; FIRE CODE, PROVIDING FOR A PENALTY OF NOT MORE THAN \$2000 PER VIOLATION PER DAY FOR NONCOMPLIANCE, AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE

WHEREAS, it is the desire of the City of Fair Oaks Ranch, Texas, to adopt, in all respects, the various International Codes relating to buildings, residential, energy conservation, plumbing, mechanical, and gas, and to adopt the National Electrical Code, and;

WHEREAS, the adoption of these Codes is done to facilitate proper inspection activities by the City of Fair Oaks Ranch, Texas relating to construction and to maintenance of buildings within the corporate city limits and relating to public safety, health and general welfare, and;

WHEREAS, from time to time, it is necessary to update the city's Building Regulations, found in the Fair Oaks Ranch Code of Ordinances Chapter 3 and the city's Fire Prevention, found in Chapter 5 of same Code.

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

SECTION I. Amendments

A. Chapter 3 "Building Regulations"

1. Article 3.03 "Building Code" is hereby amended as follows:

Section 3.03.001(a) "Adopted" -International Building Code, 2015 edition.
International Existing Building Code, 2015 edition. (Including Appendix B attached hereto)

2. Article 3.04 "Residential Code" is hereby amended as follows:

Section 3.04.001(a) "Adopted" -International Residential Code for One- and Two-Family Dwellings, 2015 edition, including appendixes A, B, C, D, G, H, and J but excluding Sections R313 and P2904.

3. Article 3.05 "Energy Conservation Code" is hereby amended as follows:

Section 3.05.001(a) "Adopted" -International Energy Conservation Code, 2015 edition.

4. Article 3.06 "Plumbing" is hereby amended as follows:

Section 3.06.031(a) "Adopted" -International Plumbing Code, 2015 edition.

5. Article 3.07 "Electricity" is hereby amended as follows:

Section 3.07.031(a) "Adopted" -National Electric Code, 2014 edition.

6. Article 3.08 "Mechanical Code" is hereby amended as follows:

Section 3.08.001(a) "Adopted" -International Mechanical Code, 2015 edition.

7. Article 3.09 "Fuel Gas Code" is hereby amended as follows:

Section 3.09.001(a) "Adopted" -International Fuel Gas Code, 2015 edition.

B. Chapter 5 "Fire Prevention and Protection"

1. Article 5.02 "Fire Code" is hereby amended as follows:

Section 5.02.001(a) "Adopted" -International Fire Code, 2015 edition.

SECTION II. Amendments

All existing amendments to the International Residential Code 2009 edition, International Plumbing Code 2009 edition, and National Electric Code 2008 edition, shall remain in effect and be considered amendments to the appropriate codes adopted herein.

SECTION III. Violation

Any person, firm, corporation, or association violating the provision of this ordinance shall, upon conviction, be fined in any sum consistent with Section 1.01.009 of the Code of Ordinances.

SECTION IV. Continuing Effect

That nothing in this ordinance or in the codes adopted herein shall be construed to affect any suit or proceeding impending in any court, or any rights acquired, or liability incurred, or any cause or causes of action acquired or existing, under any act or ordinance hereby repealed as cited in Section 3 of this ordinance; nor shall any just or legal right or remedy of any character be lost, impaired or affected by this ordinance.

SECTION V. Severability and Effective Date

If for any reason any section, paragraph, subsection, clause, phrase, word, or provision of this Ordinance shall be held invalid or unconstitutional by final judgment of a Court of competent jurisdiction it shall not affect any other section, paragraph, subsection, clause, phrase, work or provision of this Ordinance, for it is the definite intent of this City Council that every section, paragraph, subsection, clause, phrase, work, or provision hereof be given full force and effect for its purpose.

This Ordinance shall take effect immediately upon its passage, approval and publication as required by law.

Passed and approved this the 15th day of October, 2015.

Cheryl Landman, Mayor

ATTEST:

APPROVED AS TO FORM:

P. Abrego, City Secretary

C. Zech, City Attorney

APPENDIX B
BOARD OF APPEALS

SECTION B101 – GENERAL

B101.01 Application. The application for appeal shall be filed on a form obtained from the building official within 20 days after the notice was served.

B101.2 Membership of board. The board of appeals shall consist of persons appointed by the chief appointing authority as follows:

1. One for 3 years; one for 2 years; and one for 1 year.
2. Thereafter, each new member shall serve for 3 years or until a successor has been appointed.

The building official shall be an ex officio member of said board but shall have no vote on any matter before the board.

B101.2.1 Alternate members. The chief appointing authority shall appoint one alternate member who shall be called by the board chairperson to hear appeals during the absence or disqualification of a member. The alternate member shall possess the qualifications required for board membership and shall be appointed for 3 years, or until a successor has been appointed.

B101.2.2 Qualifications. The board of appeals shall consist of members who are qualified by experience and training to pass on matters pertaining to building construction and are not employees of the jurisdiction.

B101.2.3 Rules and Procedures. The board is authorized to establish policies and procedures necessary to carry out its duties.

B101.2.4 Chairperson. The board shall annually select one of its members to serve as chairperson.

B101.2.5 Disqualification of member. A member shall not hear an appeal in which that member has a personal, professional or financial interest.

B101.2.6 Secretary. The chief administrative officer shall designate a qualified clerk to serve as secretary to the board. The secretary shall file a detailed record of all proceedings in the office of the chief administrative officer.

B101.3 Notice of meeting. The board shall meet upon notice from the chairperson, within 10 days to the filing of an appeal or at stated periodic meetings.

B101.3.1 Open hearing. All hearings before the board shall be open to the public. The appellant, the appellant's representative, the building official and any person whose interests are affected shall be given an opportunity to be heard.

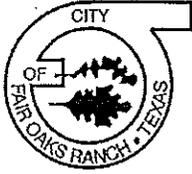
B101.3.2 Procedure. The board shall adopt and make available to the public through the secretary procedures under which a hearing will be conducted. The procedures shall not require compliance with strict rules of evidence, but shall mandate that only relevant information be received.

B101.3.3 Postponed hearing. When three members are not present to hear an appeal, either the appellant or the appellant's representative shall have the right to request a postponement of the hearing.

B101.4 Board decision. The board shall modify or reserve the decision of the building official by a concurring vote of two-thirds of its members.

B101.4.1 Resolution. The decision of the board shall be by resolution. Certified copies shall be furnished to the appellant and to the building official.

B101.4.2 Administration. The building official shall take immediate action in accordance with the decision of the board.



CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Approval to hold a town hall meeting on November 4, 2015, from 6-8 p.m., location to determine, on the future management of the deer population.

START/END DATE: October 15, 2015

DEPARTMENT: Council

PRESENTED BY: Alderwoman Havard

INTRODUCTION/BACKGROUND:

Over the past several years ago a citizen survey regarding deer was completed, a deer committee was formed at direction of the Council, a multi-year study was completed by Texas A&M University, a deer damage report mechanism was placed on the City's website for use by citizens, and a second citizen survey was conducted in March 2015. No action has been taken to date by City Council to bring this agenda item to closure.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

1. Increased communication and transparency.
2. Increased confidence in Council actions.
3. Movement towards Closure of this issue.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

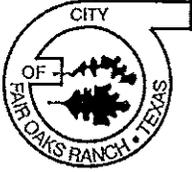
Budgetary impact on the City of Fair Oaks Ranch is unknown at this time.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

I move to approve a town hall meeting on November 4, 2015, from 6-8 p.m., location to determine, on the future management of the deer population.



CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Repeal Resolution 64.6 and Subsequent Resolutions; Adopting the City's Financial Management Policy; Reaffirming the City of Fair Oaks Ranch Investment Policy; and Providing for an Effective Date.

START/END DATE: October 15, 2015

DEPARTMENT: Administration

PRESENTED BY: Kristin Akers, Finance Officer

INTRODUCTION/BACKGROUND:

Section 2256.005 of the Texas Public Funds Investment Act requires the governing body to adopt by rule, order, ordinance, or resolution, as appropriate, a written Investment Policy regarding the investment of public funds. The investment policy was first adopted in October 1995.

The investment policy must be reviewed on an annual basis. The last review was on September 18, 2014.

Recommend to repeal Resolution 64.6 and subsequent Resolutions; adopt the City's Financial Management Policy with changes noted in strikeouts and or italics and reaffirm the Investment Policy.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

1. The City will be in compliance with the State of Texas Public Funds Investment Act
2. Financial Management Policy and Investment Policy provide guidance to staff

LONGTERM FINANCIAL & BUDGETARY IMPACT:

There is no direct financial or budgetary impact.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

Recommend to repeal Resolution 64.6 and subsequent Resolutions; adopt the City's Financial Management Policy with changes noted in strikeouts and or italics and reaffirm the Investment Policy.

**CITY OF FAIR OAKS RANCH
FINANCIAL MANAGEMENT POLICY**

64.0	Adopt Investment Policy	October 1995
64.1	Adopt Investment Policy	January 1996
64.2	Adopt Investment Policy	October 1998
64.3	Reaffirm Investment Policy	December 2004
64.4	Amend Investment Policy	February 2006
64.5	Amend Investment Policy	April 2007
64.6	Adopt Financial/Investment/Capitalization Policy	March 2008
64.7	Amend Financial Policy to adopt Identity Theft Prevention Program	May 2009
64.8	Amend Investment Policy	June 2009
R2011-12	Amend Financial Policy to adopt GASB54 Standards	August 2011
R2011-13	Amend Financial Policy and Reaffirm Investment Policy	August 2011
R2012-09	Reaffirm Investment Policy	September 2012
R2013-11	Amend Financial Policy and Reaffirm Investment Policy	September 2013
R2014-14	Reaffirm Investment Policy	September 2014

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I. PURPOSE STATEMENT

These policies are developed by the City Council to guide the City Staff in financial matters. The overriding goal of the Financial Management Policy is to enable the city to achieve a long-term stable and positive financial condition while conducting its operations consistent with state laws. The watchwords of the city's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The purpose of the Financial Management Policy is to provide guidelines for the management staff in planning and directing the city's day-to-day financial affairs and in developing recommendations to the City Administrator. It should be noted the responsibilities and authority granted for individuals, whose titles are covered in this document, may not match the job description and explicit duties of their job. In such instances, those individuals are expected to perform their duties as outlined in their job descriptions, in accordance with agreements and job expectations of their reporting lines of authority.

The scope of these policies span accounting, investments, auditing, financial reporting, internal controls, budgeting, capital program including capitalization, revenue and cash management, expenditure control, debt management, and identity theft prevention.

II. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

- A. **ACCOUNTING** - The Finance Officer is responsible for establishing the chart of accounts, and for properly recording financial transactions.
- B. **FUNDS** - Self-balancing groups of accounts are used to account for financial transactions in accordance with generally accepted accounting principles. Each fund is created for a specific purpose except for the Governmental Fund, which is used to account for all transactions not accounted for in other funds. Funds are created and fund names are changed by City Council approval either during the year or in the City Council's approval of the annual operating budget Ordinance.
- C. **EXTERNAL AUDITING** - The city will be audited annually by an outside independent auditor. The auditor must be a CPA, and must demonstrate that they have the breadth and depth of staff to conduct the city's audit in accordance with generally accepted auditing standards, generally accepted government auditing standards and contractual requirements. The auditor's report on the city's financial statements including federal grants single audit will be completed within 120 days of the city's fiscal year end, and the auditor's management letter will be presented to the city secretary within 150 days after the city's fiscal year end. An interim management letter will be issued prior to this date if any materially significant internal control weaknesses are discovered. The city staff and auditor will jointly review the management letter with the City Council.
- D. **EXTERNAL AUDITORS RESPONSIBLE TO CITY COUNCIL** - The external auditor is accountable to the City Council and will have access to direct communication with the City Council if the city staff is unresponsive to auditor recommendations or if the auditor considers such communication necessary to fulfill their legal and professional responsibilities.

- E. **EXTERNAL AUDITOR ROTATION** - The city will not require external auditor rotation, but may circulate requests for proposal for audit services, periodically.
- F. **INTERNAL AUDITING** - The City Administrator, with the assistance of the Finance Officer, is responsible for establishing and performing an internal audit function. The internal auditor work plan includes compliance test work and performance auditing. The City Administrator, in written format, will establish the time and function of internal audit to be performed by the Finance Officer.
- G. ~~**EXTERNAL FINANCIAL REPORTING**—A city council member working with the Public Works Director will prepare and publish a comprehensive annual financial report (CAFR). The CAFR will be prepared in accordance with generally accepted accounting principles, be published and presented to the City Council within 150 days after the end of the fiscal year. Limitations may preclude such timely reporting; in such case, the City Administrator will inform City Council of the delay.~~
- H. **INTERNAL FINANCIAL REPORTING** - The accounting department will prepare internal financial reports sufficient for management to plan, monitor, and control the city's financial affairs.

III. INTERNAL CONTROLS

- A. **WRITTEN PROCEDURES** - The Finance Officer and ~~City Secretary~~ *Deputy City Administrator* are responsible for developing city-wide written guidelines on accounting, cash handling, and other financial matters which will be approved by the City Administrator.
- B. ~~**INTERNAL AUDIT**—The City Administrator will conduct reviews of the departments to determine if they are following the written guidelines as they apply to their departments. The City Administrator will also review the written guidelines on accounting, cash handling, and other financial matters. Based on these reviews the City Administrator will recommend internal control improvements as needed. An internal audit program will be maintained by the Finance Officer to ensure compliance with City policies and procedures and to prevent the potential for fraud.~~
- C. **DEPARTMENT HEADS RESPONSIBLE** - Each department head is responsible to the City Administrator to ensure that good internal controls are followed throughout their department, that all guidelines on accounting and internal controls are implemented, and that all independent and internal auditor internal control recommendations are addressed

IV. OPERATING BUDGET

- A. **PREPARATION** - The city's "operating budget" is the city's annual financial operating plan and the Mayor is the Budget Officer. It consists of governmental and enterprise funds. The budget is prepared by the ~~City Secretary~~ *Deputy City Administrator* with the cooperation of all city departments, and is submitted to the City Administrator who makes any necessary changes and transmits the document to City Council. The budget

should be presented to the City Council no later than six weeks prior to fiscal year end, and shall be enacted by the City Council prior to the fiscal year end.

- B. **BALANCED BUDGETS** - ~~The operating budgets will be balanced, with the total revenues equaling total expenditures or balanced by the use of unrestricted reserves.~~ *The City's goal is to have a balanced operating budget.*
- C. **PLANNING** - The budget process will be coordinated so as to identify major policy issues for City Council consideration several months prior to the budget approval date. ~~The city secretary~~ *Deputy City Administrator* will prepare an annual budget calendar to assist the Council and staff with the legal requirements of the budget process.
- D. **REPORTING** - Periodic financial reports will be prepared to enable the department heads to manage their budgets and to enable the City Administrator to monitor and control the budget as authorized by the City Council. Financial reports will be presented to the City Council each month to include current year revenue and expenditures.
- E. **CONTROL** - Operating Expenditure Control is addressed in Section VIII.
- F. **RECORD KEEPING** - All permanent historical budget documents will be filed with the city secretary for record keeping pursuant to State law, City Code, and Resolution 46.0.

V. FUND BALANCE/RESERVES POLICY

- A. **GOVERNMENTAL FUND** - Fund balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet. The City Council shall report governmental fund balances per GASB54 definitions on the balance sheet as follows:
 1. *Non-spendable* - Portion of total fund balance that is not in spendable form or required to be maintained intact. Example: Prepaids
 2. *Restricted* - Portion of total fund balance constrained for specific purposes by such grantors, bondholders, higher level of government or by law. Example: Court Technology Fund
 3. *Committed* - Portion of total fund balance constrained to specific purposes and amounts by City Council. Only Council can unconstraint. The commitment must be in a form of formal Council action taken prior to fiscal year end. Example: One-time Contracts extending beyond the approving fiscal year
 4. *Assigned* - Portion of total fund balance the City designates for specific purposes as expressed by the City Administrator. Example: Capital Expenditure for equipment
 5. *Unassigned* - Portion of total fund balance not identified in one of the above categories.

City Council will utilize funds in the following spending order: restricted, committed, assigned and unassigned.

The fund balance will be managed carefully, keeping in mind a desired goal of at least six months of operating expenses. City should strive to replenish the capital fund balance since this was recommended by Standard and Poor during the rating process in 2015.

B. ENTERPRISE FUND - ~~The City Council shall report enterprise reserves on the balance sheet as follows:~~ The fiscal year surplus will be distributed according to the needs of the enterprise fund as determined by the Public Works Director, and with the concurrence of the City Administrator.

1. *Operating Expense* - A reserve with a goal of at least one (1) year operating expense.
2. *Bond Debt(s)* - A reserve with a minimum of the fiscal year's Principal and Interest on the bond debt(s).
3. *Water and Wastewater Capital Projects* - Two (2) reserves, respectively, to be used for major capital outlay, unplanned projects, and any government mandates for water and wastewater capital projects.
4. *Infrastructure Improvements* - Two (2) reserves, respectively, to be used for water and wastewater rehabilitation and replacement, unplanned projects, and any government mandates.

VI. CAPITAL EXPENDITURES AND PROGRAM

- A. **PREPARATION** - The city's capital fund expenditure accounts will include all capital expenses and projects costing over ~~\$5,000~~ \$50,000. A detailed list of expenses and projects will be prepared annually on a fiscal year basis by the City Administrator as part of the fiscal year budget. All required departments will be involved in preparing their required capital expenses.
- B. **CONTROL** - Governmental Fund capital expenditures must be appropriated in the operating budget *if less than \$50,000 or in the capital fund if more than \$50,000.*
- C. **ALTERNATE RESOURCES** - Where applicable, assessments, impact fees, or other user-based fees should be used to fund capital projects.
- D. **DEBT FINANCING** - Recognizing that debt is usually a more expensive financing method, alternative financing sources will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives which equal or exceed the average life of the debt issue. The exceptions to this requirement are the traditional costs of marketing and issuing the debt, capitalized labor for design and

construction of capital projects, and small component parts which are attached to major equipment purchases.

- E. **STREET MAINTENANCE** - The city has an 8-year street maintenance program which will continue on the purpose of pay-as-you-go basis to perform street maintenance at the lowest possible cost to avoid base failure. ~~and, to attempt to avoid a bond issue.~~

VII. REVENUE MANAGEMENT

- A. ~~SIMPLICITY~~ - ~~The city will strive to keep the revenue system simple which will result in a decrease of compliance costs for the taxpayer or service recipient. The city will rely on ad valorem taxes as its main source of revenue.~~
- B. **CERTAINTY** - An understanding of the revenue source increases the reliability of the revenue system. The city will try to understand its revenue sources, and enact consistent collection policies so that assurance can be provided that the revenue base will materialize according to budgets and plans.
- C. **EQUITY** - The city will strive to maintain equity in the revenue system structure. That is, the city will seek to minimize or eliminate all forms for subsidization between entities, funds, services, utilities, and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances, e.g., senior citizen property tax exemptions.
- D. **ADMINISTRATION** - The benefits of a revenue will exceed the cost of producing the revenue. The cost of collection will be reviewed annually for cost effectiveness as a part of the indirect cost, and cost of services analysis. Where appropriate, the city will use the administrative processes of State or Federal collection agencies in order to reduce administrative costs.
- E. **REVENUE ADEQUACY** - The city will require that there be a balance in the revenue system. That is, the revenue base will have the characteristics of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.
- F. **COST/BENEFIT OF ABATEMENT** - The city will use due caution in the analysis of any tax, fee, or water and wastewater incentives that are used to encourage development.
- G. **NON-RECURRING REVENUES** - One-time revenues will not be used for ongoing operations. Non-recurring revenues will be used for only non-recurring expenditures.
- H. **PROPERTY TAX REVENUES** - Property shall be assessed at 100% of the fair market value as appraised by the appropriate Appraisal District. Reappraisal and reassessment shall be done regularly as required by State law. A 97% collection rate will serve as a minimum for tax collections, with a delinquency rate of 3%. All delinquent taxes will be aggressively pursued by the city's Delinquent Tax Attorney. A penalty will be assessed to compensate the attorney as allowed by state law, and in accordance with the attorney's contract.

- I. **USER-BASED FEES** - For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be an annual review of fees and charges to ensure that fees provide adequate coverage of costs of services.
- J. **IMPACT FEES** - Impact fees will be imposed for water and wastewater in accordance with the requirements of state law. The Public Works Director working with the Capital Improvements Advisory Committee shall prepare a bi-annual report on the capital improvement plans and fees. Additionally, impact fees will be re-evaluated at least every five years as required by law.
- K. **ADMINISTRATIVE CHARGES** - A method will be maintained whereby the Governmental Fund can impose a management fee to the Enterprise Fund for indirect costs performed on the Enterprise Funds' behalf.
- L. **WATER/WASTEWATER RATES** - The City Council will review water/wastewater rates and, if necessary, adopt new rates that will generate revenue required to cover operating expenditures *and will consider inflation*, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital needs.
- M. **INTEREST INCOME** - Interest earned from investment of available monies, whether pooled or not, will be distributed to the funds in accordance with the operating budgets which, wherever possible, will be in accordance with the equity balance of the fund from which monies were provided to be invested.
- N. **REVENUE MONITORING** - Revenues actually received will be regularly compared to budgeted revenues and variances will be investigated.

VIII. EXPENDITURE CONTROL

- A. **APPROPRIATIONS** - The level of budgetary control is the department level budget in the Governmental Fund, and the fund level in all other funds. Budget adjustments (i.e., amendments) among departments and/or funds must be approved by the City Council. Budget appropriation amendments at lower levels of control shall be made in accordance with the applicable administrative procedures.
- B. **PURCHASING** - The City will only pay from receipts, invoices and disbursement vouchers that have the appropriate authorizing signature, ~~date of approval~~, total dollar amount (excluding tax), and general ledger account code. Supervisors can authorize invoices up to \$1,000. The City Administrator and Department Heads can authorize up to ~~\$5,000~~ \$25,000 in addition to annual and Council approved contracts, recurring charges, and prior approved budgetary items. All other disbursements exceeding ~~\$5,000~~ \$25,000 require ~~Council~~ City Administrator or Deputy City Administrator approval. All credit card purchases shall be in accordance with the credit card policies as defined in the Personnel Policy Manual
- C. **PROFESSIONAL SERVICES** - Professional services will be processed through a request for qualifications as defined by the Texas local government code. The City Administrator

may execute any professional services contract, except for insurance, less than \$25,000 provided there is an appropriation for such contract.

- D. **PROMPT PAYMENT** – All invoices will be paid 30 days of receipt in accordance with the prompt payment requirements of State law. Procedures will be used to take advantage of all purchase discounts where considered cost effective. However, payments will also be reasonably delayed in order to maximize the city's investable cash, where such delay does not violate the agreed upon payment terms.
- E. **EMPLOYEE REIMBURSEMENTS/ADVANCES** - Policy set forth in the city's Policies and Procedures Manual; Reimbursement of Expenses.

IX. ASSET MANAGEMENT

- A. **INVESTMENTS** - Investments will be conducted in accordance with the Investment Policy attached as Appendix A.
- B. **CASH MANAGEMENT** - The city's cash flow will be managed to maximize the cash available to invest.
- C. **FIXED ASSETS AND INVENTORY** - The assets will be reasonably safeguarded and properly accounted for, and prudently insured.
- D. **CAPITALIZATION OF CAPITAL ASSETS** - The capitalization of capital assets will be conducted in accordance with the Capitalization of Capital Assets Policy attached as Appendix B.

X. FINANCIAL CONDITION

- A. **NO OPERATING DEFICITS** - Current expenditures will be paid with current revenues. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques.
- B. **RISK MANAGEMENT PROGRAM** - ~~The city will aggressively pursue every opportunity to provide for the public's and city employee's safety and to manage its risk.~~ The City's approach to risk management is to identify and control risks to the City. Department heads are responsible for conducting safety training as needed. Human Resources handles workers' compensation claims, and the Finance Officer handles property and liability coverage and claims.
- C. **ENTERPRISE FUND SELF-SUFFICIENCY** - ~~The Enterprise Funds' resources will be sufficient to fund their operating and capital expenditures. The Funds pay their fair share of general and administrative expenses incurred by the governmental fund as defined in the city's Code of Ordinances. The goal of the Enterprise Fund is to be self-sufficient. Indirect administrative cost and direct personnel costs performed by General Fund should be charged to Enterprise fund. Revenue should be sufficient to cover operating expenditures.~~

XI. DEBT MANAGEMENT

- A. **GENERAL** - The city's borrowing practices will be conducted in accordance with the City Council's approval.
- B. **SELF-SUPPORTING DEBT** - When appropriate, self-supporting revenues will pay debt service in lieu of tax revenues.
- C. **ANALYSIS OF FINANCING ALTERNATIVES** - The city will explore all financing alternatives in addition to long-term debt including leasing, grants and other aid, developer contributions, impact fees, and use of reserves or current monies.
- D. **VOTER AUTHORIZATION** - The city shall obtain voter authorization before issuing General Obligation Bonds as required by law. Voter authorization is not required for the issuance of Revenue Bonds.

XII. STAFFING AND TRAINING

- A. **ADEQUATE STAFFING** - Staffing levels will be adequate for the fiscal functions of the city to function effectively.
- B. **TRAINING** - The city will support the continuing education efforts of all financial staff including the investment time and materials for maintaining a current perspective concerning financial issues. Staff will be held accountable for communicating, training, and sharing with other staff members all information and training materials acquired from seminars, conferences, and related education efforts. The ~~City Treasurer,~~ *Investment Officer* as required by law, will attend one training session of 10 hours of instruction relating to the Treasurer's responsibilities within 12 months after assuming their duties and, thereafter attend one investment training session every two years consisting of not less than 10 hours of investment instruction.

XIII. GRANT FINANCIAL MANAGEMENT

- A. **GRANT SOLICITATION** - The city will stay informed about available grants and will apply for any which would be cost beneficial and meet the city's objectives.
- B. **RESPONSIBILITY** - Department Heads will oversee the day-to-day operations of grant programs, will monitor performance and compliance, and will also keep the accounting department informed of significant grant-related plans and activities. The Finance Officer will serve as liaison with grantor financial management personnel, will prepare invoices, and will keep the books of account for all grants.

XIV. ANNUAL REVIEW

The Financial Management Policy will be reviewed annually by the Finance Officer. Recommended amendments, with the concurrence of the City Administrator, will be presented to the City Council for approval. The City Council, pursuant to Government Code §2256.005, shall adopt, annually, a resolution stating the Investment Policy has been reviewed and, record any changes made thereof.

*Appendix A***INVESTMENT POLICY****I. Policy**

It is the policy of the City to invest public funds in a manner which will provide the highest, reasonable investment return with the maximum security of principal while meeting the daily cash flow demands of the City and conforming to all federal, state, and local statutes governing the investment of public funds. It is also the policy of the City that the administration of its funds and the investment of those funds shall be handled as its highest public trust.

The Investment Policy shall be adopted by Resolution as part of the Financial Management Policies. The policy shall be reviewed and adopted by Resolution annually by the City Council.

II. Purpose

The purpose of this policy is to comply with Chapters 2256 and 2257 of the Texas Government Code, which requires City Council to adopt a written investment policy regarding the investment of its funds and funds under its control. The investment policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the City's funds.

III. Scope

This investment policy applies to all financial assets and funds of the City. Funds are defined in the City's audited Annual Financial Report. Funds are created by the City unless specifically exempted by the City Council and this policy.

IV. General Objectives

The primary objectives, in priority order, of the City's investment activities shall be safety, liquidity, diversification, and yield.

Safety - Safety of the principal is the foremost objective of the city. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

Liquidity - The investment portfolio will remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated.

Diversification - Diversification of the portfolio will include diversification by maturity and market sector.

Yield - The investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account the investment risk constraints and liquidity needs. Market rate of return may be defined as the average yield of the current six month US Treasury Bill. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

Effective cash management is recognized as essential to good fiscal management. Cash Management is defined as process of managing monies in order to ensure maximum cash availability. The City will effectively collect account receivables, practice prudent investment of its available cash, disburse payments in accordance with invoice terms and manage banking services.

V. Prudence

The standard of prudence to be used by investing officials shall be the "prudent person" rule and shall be applied in the context of managing an overall portfolio. This rule states that "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived."

Limitation of Personal Liability - Investment officials acting in accordance with this policy and in accord with the Prudent Person Rule, shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific security's credit risk or market price change is reported in a timely fashion and the appropriate action is taken to control unfavorable developments.

Ethics and Conflicts of Interest - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions that conduct business with the City. An investment official who has a personal business relationship with an organization seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An investment official who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing the relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and City Council.

VI. Delegation of Authority

The city's Finance Officer, acting on behalf of the city, is designated as the Investment Officer of the city. Responsibility for the operation of the investment program is hereby delegated to the investment officer, who shall act in accordance with established procedures and internal controls for the operation of the investment program consistent with this investment policy. The Investment Officer shall be responsible for all investment transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. No person may engage in an investment transaction except as provided under the terms of this policy and established written procedures.

Training - Investment officials must complete at least 10 hours of investment training within 12 months of taking office or assuming duties, and shall attend an investment training session not less than once in a two year period and receive not less than 10 hours of instruction relating to investment responsibilities.

VII. Internal Controls

The City Administrator and Investment Officer are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived and (b) the valuation of costs and benefits requires estimates and judgments by management.

VIII. Safekeeping and Custody

Authorized Financial Dealers and Institutions - The Investment Officer will maintain a list of financial institutions and security broker/dealers authorized to provide investment/depository services.

Those firms that request to become qualified bidders for securities transactions must provide one or more of the following as applicable: audited financial statements, proof of National Association of Security Dealers certification, trading resolution, proof of state registrations, certification of having read the entity's investment policy and depository contracts.

Depository Agreement - The City shall follow Section 105 of the Local Government Code when entering into a depository agreement for normal banking services including disbursements, collections, and safekeeping. Other banking institutions from which the City may purchase certificates of deposit will also be designated as a depository.

Delivery vs Payment - All trades with the exception of investment pools and mutual funds will be executed by delivery vs payment to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities and collateral will be held in the City's name by a third-party custodian as evidenced by safekeeping receipts of the institution with which the securities are deposited.

IX. Authorized and Suitable Investments

Eligible Investments - Assets of the City may be invested in the following instruments as authorized by the Public Funds Investment Act (Section 2256). Only those instruments listed in this section are authorized and will be used as needed to maintain an appropriate diversified portfolio:

1. Local Government Investment Pools which meets the requirements of Chapters 2256.016-2256.019 of the Public Funds Act and are rated no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service.
2. Obligations of the United States or its agencies and instrumentalities.
3. Certificates of Deposit issued by a depository institution that has its main office or a branch in Texas. The CD must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor and secured by obligations in a manner and amount as provided by law.
4. No-load Money Market Mutual Funds that 1) are registered and regulated by the Securities and Exchange Commission, 2) have a dollar weighted average stated maturity of 90 days or fewer, 3) seek to maintain a net asset value of \$1 for share, and 4) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The City may not invest in money market mutual funds in the aggregate more than 80 percent of its monthly average fund balance.

Collateralization - Collateralization will be required on all funds on deposits with a depository bank, other than investments. In order to anticipate market changes and provide a level of security, the collateralization level will be one hundred two percent (102%) of market value of principal and accrued interest.

X. Investment Parameters

Diversification - See Section IV; General Objectives

Maximum Maturities - To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than 13 months from the date of purchase. Reserve funds may be invested in securities up to 2 years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

XI. Investment Strategies

The City maintains separate portfolios for individual funds that are managed according to the terms of this Policy. The investment strategy for portfolios established after the annual Investment Policy review and adoption will be managed to ensure that it will meet all the requirements established by the City's investment policy and the Public Funds Investment Act.

The City maintains a pooled fund group that is an aggregation of the majority of City funds including tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, and grants. This portfolio is maintained to meet anticipated daily cash needs for City operations, capital projects and debt service. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the investment portfolio shall not exceed one (1) year. The objectives of this portfolio are to ensure safety of principal; ensure adequate investment liquidity; limit market and credit risk through diversification; and attain the best feasible yield in accordance with the objectives and restrictions set for in this Policy.

XII. Reporting

Methods - As required by Government Code 2256.023, on a quarterly basis, the Investment Officer shall 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.

Performance Standards - The investment portfolio shall be managed in accordance with the objectives specified in this policy (safety, liquidity, diversification, and yield). The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The investment officer shall determine whether market yields are being achieved by comparing the portfolio market yield to the three (3) month U.S. Treasury Bill, the six (6) month U.S. Treasury Bill and the two (2) year U.S. Treasury Note.

CAPITALIZATION POLICY FOR CAPITAL ASSETS

The purpose of this policy is to establish a capitalization policy for auditing purposes and, to set standards of accounting for City of Fair Oaks Ranch assets according to Government Accounting Standards Board Statement 34 with regard to categories and threshold amounts to be capitalized.

SECTION 1. Capital assets categories and thresholds are:

Land/land improvement	Any amount
Buildings/building improvements	\$25,000.00
Infrastructure	\$25,000.00
Personal property	\$ 5,000.00
Leasehold improvements	\$25,000.00

SECTION 2. For clarification purposes the above items are generally defined as, but not expressly limited to the following definitions:

Land is the purchase price or fair market value at time of gift, any commissions, professional fees, land excavation, fill, grading, drainage, demolition of existing building (less salvage), property removal (relocation or reconstruction) of others (railroad, telephone, and power lines), date of purchase accrued mortgage interest and any unpaid taxes and right of way cost. Land improvements are considered to be fencing, landscaping structure(s), parking lots, driveway, recreation areas, septic systems, and pavilions.

A building is a structure that is permanently attached to the land, has a roof, and is partially or completely enclosed by walls. A building improvement must extend the life of the building or increase the value of the building. Examples of capitalized building improvements are structural changes & installation or upgrade of roofing, heating & cooling systems, electrical, etc.

Infrastructure is usually considered stationary and can be preserved for a significantly greater number years than most capital assets. They are often linear and continuous in nature. Infrastructure improvements should extend the useful life and /or increase the value by 25% of the original cost or life period. Examples of infrastructure are streets, curbs, gutters, sidewalks, fire hydrants, bridges, dam, drainage facility, radio tower, water main and distribution lines, light systems and signage.

Personal property is fixed or movable tangible assets to be used for operations that has a life beyond one year. Examples of personal property are vehicles, other motor vehicles, furnishings & equipment.

Leasehold improvements are the construction of new buildings or improvements made to existing structures by the lessee, who has the right to use these leasehold improvements over the term of the lease.

*Appendix C***Identity Theft Prevention Program****Purpose**

To establish an Identity Theft Prevention Program designed to detect, prevent and mitigate identity theft in connection with the opening of a covered account or an existing covered account and to provide for continued administration of the Program in compliance with Part 681 of Title 16 of the Code of Federal Regulations implementing Sections 114 and 315 of the Fair and Accurate Credit Transactions Act (FACTA) of 2003.

Definitions

Covered account means:

1. An account that a financial institution or creditor offers or maintains, primarily for personal, family, or household purposes that involves or is designed to permit multiple payments or transactions. Covered accounts include credit card accounts, mortgage loans, automobile loans, margin accounts, cell phone accounts, utility accounts, checking accounts and savings accounts; and
2. Any other account that the financial institution or creditor offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the financial institution or creditor from identity theft, including financial, operational, compliance, reputation or litigation risks.

Customer means a person that has a covered account with a financial institution or creditor.

Identity theft means fraud committed or attempted using the identifying information of another person without authority.

Red flag means a pattern, practice or specific activity that indicates the possible existence of identity theft.

Service provider means a person that provides a service directly to the financial institution or creditor.

Utility means Fair Oaks Ranch Utilities

Establishment of an Identity Theft Prevention Program Requirements

The City of Fair Oaks Ranch establishes an Identity Theft Prevention Program to detect, prevent and mitigate identity theft in connection with the opening of a covered account or any existing covered account. The Program shall include reasonable policies and procedures to Identify Red Flags, to Detect Red Flags, to respond appropriately to Red Flags, to ensure the Program is updated as needed to reflect changes in risks to customers and to the safety and soundness of Fair Oaks Ranch Utilities from identity theft.

Administration of the Program

1. City Council approved written Program;
2. The City Administrator or his designee shall be responsible for the development, implementation, oversight and continued administration of the Program;
3. Staff shall be trained, as necessary, to effectively implement the Program; and

4. Appropriate and effective oversight of service provider arrangements shall be made.

Guidelines

A. The Program

The Utility shall incorporate, as appropriate, its existing policies, procedures, and other arrangements that control reasonably foreseeable risks to customers or to the safety and soundness of the financial institution or creditor from identity theft.

B. Identifying Red Flags

1. Consider the following *risk factors* in identifying relevant red flags for covered accounts:
 - a. The types of covered accounts offered or maintained;
 - b. The methods provided to open covered accounts;
 - c. The methods provided to access covered accounts; and
 - d. Its previous experience with identity theft.
2. Incorporate relevant red flags from the following *sources*:
 - a. Incidents of identity theft previously experienced;
 - b. Methods of identity theft that reflect changes in risk; and
 - c. Applicable supervisory guidance.
3. *Identify* relevant red flags for covered accounts it offers or maintains:
 - a. Alerts, notifications, or other warnings received from consumer reporting agencies or service providers, such as fraud detection services;
 - b. The presentation of suspicious documents;
 - c. The presentation of suspicious personal identifying information;
 - d. The unusual use of, or other suspicious activity related to, a covered account; and
 - e. Notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with covered accounts.

C. Detecting Red Flags

Detect red flags in connection with the opening of covered accounts and existing covered accounts by:

1. Obtaining identifying information about, and verifying the identity of, a person opening a covered account; and
2. Authenticating customers, monitoring transactions, and verifying the validity of change of address requests in the case of existing covered accounts.

D. Preventing and Mitigating Identity Theft

The Program shall provide for appropriate responses to detect red flags to prevent and mitigate identity theft. Appropriate responses may include:

1. Monitoring a covered account for evidence of identity theft;
2. Contacting the customer;
3. Changing any passwords, security codes or other security devices that permit access to a covered account;
4. Reopening a covered account with a new account number;
5. Not opening a new covered account;
6. Closing an existing covered account;

7. Not attempting to collect on a covered account or not selling a covered account to a debt collector;
8. Notifying law enforcement; or
9. Determining no response is warranted under the particular circumstances.

E. Updating the Program

The Program shall be updated as needed to reflect changes in risks to customers and to the safety and soundness of the Utility from identity based on factors such as:

1. The experiences of the Utility with identity theft;
2. Changes in methods of identity theft;
3. Changes in methods to detect, prevent and mitigate identity theft;
4. Changes in the types of accounts that the Utility offers or maintains;
5. Changes in the business arrangements of the Utility, including mergers, acquisitions, alliances, joint ventures and service provider arrangements

F. Methods for Administrating the Program

Oversight shall include:

1. The City Administrator or his designee responsible for the development, implementation, oversight and continued administration of the Program;
2. Staff trained, as necessary, to effectively implement the Program;
3. Exercising appropriate and effective oversight of service provider arrangements;
4. Review of reports prepared by staff regarding compliance; and
5. Approving of material changes to the Program as necessary to address changing risks of identity theft.

Reports shall be prepared by the City Administrator, annually:

1. On compliance; and
2. Address material matters related to the Program and evaluate issues such as:
 - a. The effectiveness of the policies and procedures in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered accounts;
 - b. Service provider agreements;
 - c. Significant incidents involving identity theft and management's response; and
 - d. Recommendations for material changes to the Program.

Oversight of Service Provider Arrangements

Steps shall be taken to ensure that the activity of a service provider is conducted in accordance with reasonable policies and procedures designed to detect, prevent and mitigate the risk of identity theft whenever the Utility engages a service provider to perform an activity in connection with one or more covered accounts.

Duties Regarding Address Discrepancies**A. Reasonable Belief**

The Utility shall develop and implement reasonable policies and procedures designed to enable them to form a reasonable belief that a credit report relates to the consumer for whom it was requested if the Utility receives a notice of address discrepancy from a nationwide consumer reporting agency indicating the address given by the consumer differs from the address contained in the consumer report.

B. Consumer's Address

The Utility may reasonably confirm that an address is accurate by any of the following means:

1. Verification of the address with the consumer;
2. Review of the Utility's records;
3. Verification of the address through third-party sources; or
4. Other reasonable means.

If an accurate address is confirmed, the Utility shall furnish the consumer's address to the consumer reporting agency from which it received the notice of address discrepancy if:

1. The Utility establishes a continuing relationship with the consumer; and
2. The Utility, regularly and in the ordinary course of business, furnishes information to the consumer reporting agency.

TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. Capitalized words and terms used in this Compliance Procedure have the following meanings:

“Annual Compliance Checklist” means a questionnaire and/or checklist described in Section 6.1 hereof that is completed each year for the Tax-Exempt Bonds.

“Bond Compliance Officer” means the Issuer’s Finance Officer or, if the position of Finance Officer is vacant, the person filling the responsibilities of the Finance Officer for the Issuer.

“Bond Counsel” means a law firm selected by the Issuer to provide a legal opinion regarding the tax status of interest on the Tax-Exempt Bonds as of the issue date or the law firm selected to advise the Issuer on matters referenced in this Compliance Procedure.

“Bond Restricted Funds” means the funds, accounts, and investments that are subject to arbitrage rebate and/or yield restriction rules that have been identified in the Tax Compliance Agreement for the Tax-Exempt Bonds.

“Bond Transcript” means the “transcript of proceedings” or other similarly titled set of transaction documents assembled by Bond Counsel following the issuance of the Tax-Exempt Bonds.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compliance Procedure” means this Tax-Exempt Financing Compliance Procedure.

“Cost” or **“Costs”** means all costs and expenses paid for the acquisition, design, construction, equipping or improvement of a Project Facility or costs of issuing Tax-Exempt Bonds for a Project Facility.

“Final Written Allocation” means the Final Written Allocation of Tax-Exempt Bond proceeds prepared pursuant to Section 5.4 of this Compliance Procedure.

“Financed Assets” means that part of a Project Facility treated as financed with Tax-Exempt Bond proceeds as reflected in a Final Written Allocation or, if no Final Written Allocation was prepared, the accounting records of the Issuer and the Tax Compliance Agreement for the Tax-Exempt Bonds.

“Governing Body” means the City Council of the Issuer.

“Intent Resolution” means a resolution of the Issuer stating (1) the intent of the Issuer to finance all or a portion of the Project Facility, (2) the expected maximum size of the financing and (3) the intent of the Issuer to reimburse Costs of the Project Facility paid by the Issuer from proceeds of the Tax-Exempt Bonds.

"IRS" means the Internal Revenue Service.

"Issuer" means the City of Fair Oaks Ranch, Texas.

"Placed In Service" means that date (as determined by the Bond Compliance Officer) when the Project Facility is substantially complete and in operation at substantially its design level.

"Project Facility" means all tangible or intangible property financed in whole or in part with Tax-Exempt Bonds that are (1) functionally related or integrated in use, (2) located on the same physical site or proximate sites, and (3) expected to be Placed In Service within a one-year period of each other.

"Rebate Analyst" means the rebate analyst for the Tax-Exempt Bonds selected pursuant to the Tax Compliance Agreement.

"Regulations" means all regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to tax-exempt obligations.

"Tax Compliance Agreement" means the Federal Tax Certificate, Tax Compliance Agreement, Arbitrage Agreement, or other written certification or agreement of the Issuer setting out representations and covenants for satisfying the post-issuance tax compliance requirements for the Tax-Exempt Bonds.

"Tax-Exempt Bonds" means any bond, note, installment sale agreement, lease or certificate intended to be a debt obligation of the Issuer or another political subdivision or government instrumentality, the proceeds of which are to be loaned or otherwise made available to the Issuer, and the interest on which is excludable from gross income for federal income tax purposes. A list of all Tax-Exempt Bonds outstanding (or to be outstanding after the completion of the lease purchase agreement to finance installation of energy savings improvements) and subject to this Compliance Procedure as of March __, 2014, is attached as Exhibit A.

"Tax-Exempt Bond File" means documents and records which may consist of paper and electronic medium, maintained for the Tax-Exempt Bonds. Each Tax-Exempt Bond File will include the following information if applicable:

- (a) Intent Resolution.
- (b) Bond Transcript.
- (c) Final Written Allocation and/or all available accounting records related to the Project Facility showing expenditures allocated to the proceeds of the Tax-Exempt Bonds and expenditures (if any) allocated to other sources of funds.
- (d) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing the calculations.
- (e) Forms 8038-T together with proof of filing and payment of rebate.
- (f) Investment agreement bid documents (unless included in the Bond Transcript) including:
 - (1) bid solicitation, bid responses, certificate of broker;
 - (2) written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
 - (3) copies of the investment agreement and any amendments.

(g) Any item required to be maintained by the terms of the Tax Compliance Agreement involving the use of the Project Facility or expenditures related to tax compliance for the Tax-Exempt Bonds.

(h) Any opinion of Bond Counsel regarding the Tax-Exempt Bonds not included in the Bond Transcript.

(i) Amendments, modifications or substitute agreements to any agreement contained in the Bond Transcript.

(j) Any correspondence with the IRS relating to the Tax-Exempt Bonds including all correspondence relating to an audit by the IRS of the Tax-Exempt Bonds or any proceedings under the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP).

(k) Any available questionnaires or correspondence substantiating the use of the Project Facility in accordance with the terms of the Tax Compliance Agreement for the Tax-Exempt Bonds.

(l) For refunding bond issues, the Tax-Exempt Bond File for the refunded Tax-Exempt Bonds.

ARTICLE II PURPOSE AND SCOPE

Section 2.1. Purpose of Compliance Procedure.

(a) Issuer's Use of Tax-Exempt Bonds. The Issuer uses Tax-Exempt Bonds to fund Costs of a Project Facility. The Issuer understands that in exchange for the right to issue Tax-Exempt Bonds at favorable interest rates and terms, the Code and Regulations impose ongoing requirements related to the proceeds of the Tax-Exempt Bonds and the Project Facility financed by the Tax-Exempt Bonds. These requirements focus on the investment, use and expenditure of proceeds of the Tax-Exempt Bonds and related funds as well as restrictions on the use of the Project Facility.

(b) IRS Recommends Separate Written Procedures. The Issuer recognizes that the IRS has stated that all issuers of Tax-Exempt Bonds should have separate written procedures regarding ongoing compliance with the federal tax requirements for Tax-Exempt Bonds.

Section 2.2. Scope of Compliance Procedure; Conflicts. This Compliance Procedure applies to all Tax-Exempt Bonds currently outstanding and all Tax-Exempt Bonds issued in the future. If the provisions of this Compliance Procedure conflict with a Tax Compliance Agreement or any other specific written instructions of Bond Counsel, the terms of the Tax Compliance Agreement or specific written instructions of Bond Counsel will supersede and govern in lieu of this Compliance Procedure. Any exception to this Compliance Procedure required by Bond Counsel as part of a future issue of Tax-Exempt Bonds will be incorporated in the Tax Compliance Agreement for the future issue. Any requirements imposed on the Issuer in the Tax Compliance Agreement, will be noted by the Bond Compliance Officer and incorporated into the Annual Compliance Checklist.

Section 2.3. Amendments and Publication of Compliance Procedure. This Compliance Procedure may be amended from time-to-time by the Governing Body. Copies of this Compliance Procedure and any amendments will be included in the permanent records of the Issuer.

ARTICLE III
BOND COMPLIANCE OFFICER; TRAINING

Section 3.1. Bond Compliance Officer Duties. The Bond Compliance Officer is responsible for implementing this Compliance Procedure. The Bond Compliance Officer will work with other employees that use the Project Facility to assist in implementing this Compliance Procedure. The Bond Compliance Officer will consult with Bond Counsel, legal counsel to the Issuer, accountants, tax return preparers and other outside experts to the extent necessary to carry out the purposes of this Compliance Procedure. The Bond Compliance Officer will report to the Governing Body as necessary, and at least annually, regarding implementation of this Compliance Procedure and any recommended changes or amendments to this Compliance Procedure.

Section 3.2. Training.

(a) Training Programs. When appropriate, the Bond Compliance Officer and/or other employees of the Issuer under the direction of the Bond Compliance Officer will attend training programs offered by the IRS or other industry professionals regarding Tax-Exempt Bonds that are relevant to the Issuer.

(b) Change in Bond Compliance Officer. Any time an individual acting as the Bond Compliance Officer passes the responsibilities for carrying out the provisions of this Compliance Procedure to another individual, the Issuer will ensure the incoming individual acting as Bond Compliance Officer is trained on how to implement the policies and procedures included in this Compliance Procedure to ensure the Issuer's continued compliance with the provisions of this Compliance Procedure and all Tax Compliance Agreements for any outstanding Tax-Exempt Bonds.

ARTICLE IV
TAX-EXEMPT BONDS CURRENTLY OUTSTANDING

Section 4.1. Tax-Exempt Bonds Covered by Article IV Procedures. This Article IV applies to all Tax-Exempt Bonds issued prior to the date of this Compliance Procedure that are currently outstanding as of March __, 2014 (including the lease purchase agreement to finance energy savings improvements by the Issuer to be hereinafter completed); these Tax-Exempt Bonds are listed on **Exhibit A**.

Section 4.2. Tax-Exempt Bond File. As soon as practical, the Bond Compliance Officer will attempt to assemble as much of the Tax-Exempt Bond File as is available for the Tax-Exempt Bonds listed on **Exhibit A**.

Section 4.3. Annual Compliance Checklists. As soon as practical following the adoption of this Compliance Procedure, the Bond Compliance Officer will work with Bond Counsel and/or legal counsel to the Issuer and cause Annual Compliance Checklists to be completed for all outstanding Tax-Exempt Bonds and will follow the procedures specified in **Article VI** to complete the Annual Compliance Checklists and thereafter include each completed Annual Compliance Checklist in the Tax-Exempt Bond File. A sample Annual Compliance Checklist is attached hereto as **Exhibit B**.

Section 4.4. Correcting Prior Deficiencies in Compliance. In the event the Bond Compliance Officer determines any deficiency in compliance with a Tax Compliance Agreement for an outstanding Tax-Exempt Bond listed on **Exhibit A**, the Bond Compliance Officer will follow the procedures described in

the Regulations or the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP) to remediate the noncompliance. If remediation of the noncompliance requires the Issuer to submit a request under VCAP, the Bond Compliance Officer will undertake this step only after reporting the violation to the Governing Body and obtaining its approval.

ARTICLE V
COMPLIANCE PROCEDURE FOR NEW TAX-EXEMPT BOND ISSUES

Section 5.1. Application. This Article V applies to Tax-Exempt Bonds issued on or after the date of this Compliance Procedure.

Section 5.2. Prior to Issuance of Tax-Exempt Bonds.

(a) Intent Resolution. The Governing Body will authorize and approve the issuance of Tax-Exempt Bonds. Prior to or as a part of the authorizing resolution or ordinance, the Governing Body may adopt an Intent Resolution.

(b) Directions to Bond Counsel. The Bond Compliance Officer will provide a copy of this Compliance Procedure to Bond Counsel with directions for Bond Counsel to structure the documentation and procedural steps taken prior to issuing the Tax-Exempt Bonds so that they conform to the requirements of this Compliance Procedure, except to the extent Bond Counsel determines that different procedures are required. The Bond Compliance Officer will consult with Bond Counsel so that appropriate provisions are made to fund or reimburse the Issuer's costs and expenses incurred to implement this Compliance Procedure.

(c) Tax Compliance Agreement. For each issuance of Tax-Exempt Bonds, a Tax Compliance Agreement will be signed by the Bond Compliance Officer. The Tax Compliance Agreement will (1) describe the Project Facility and the anticipated Financed Assets, (2) identify all Bond Restricted Funds and provide for arbitrage and rebate compliance, (3) for new money financings, require a Final Written Allocation, and (4) contain a form of the Annual Compliance Checklist for the Tax-Exempt Bonds. The Bond Compliance Officer will confer with Bond Counsel and the Issuer's counsel regarding the meaning and scope of each representation and covenant contained in the Tax Compliance Agreement.

(d) Preliminary Cost Allocations. For each issuance of Tax-Exempt Bonds, the Bond Compliance Officer, in consultation with Bond Counsel, will prepare a preliminary cost allocation plan for the Project Facility. The preliminary cost allocation plan will identify the assets and expected costs for the Project Facility, and when necessary, will break-out the portions of Costs that are expected to be financed with proceeds of the Tax-Exempt Bonds (the "Financed Assets") and the portions, if any, expected to be financed from other sources.

(e) Tax Review with Bond Counsel. Prior to the sale of Tax-Exempt Bonds, the Bond Compliance Officer and Bond Counsel will review this Compliance Procedure together with the draft Tax Compliance Agreement to ensure that any tax compliance issues in the new financing are adequately addressed by this Compliance Procedure and/or the Tax Compliance Agreement. If Bond Counsel determines that this Compliance Procedure conflicts with the Tax Compliance Agreement, or must be supplemented to account for special issues or requirements for the Tax-Exempt Bonds, the Bond Compliance Officer will ask Bond Counsel to include the written modifications or additions in the final Tax Compliance

Agreement. The Bond Compliance Officer will request Bond Counsel to prepare a form of Annual Compliance Checklist for use in monitoring the ongoing compliance requirements for the Tax-Exempt Bonds.

Section 5.3. Accounting and Recordkeeping.

(a) Accounting for New Money Projects. The Bond Compliance Officer will be responsible for accounting for the investment and allocation of proceeds of the Tax-Exempt Bonds. The Bond Compliance Officer will establish separate accounts or subaccounts to record expenditures for Costs of the Project Facility. Where appropriate, the Bond Compliance Officer may use accounts established as part of the Issuer's financial records for this purpose. In recording Costs for the Project Facility, the Bond Compliance Officer will ensure that the accounting system will include the following information: (1) identity of person or business paid, along with any other available narrative description of the purpose for the payment, (2) date of payment, (3) amount paid, and (4) invoice number or other identifying reference.

(b) Accounting for Refunded Bonds and Related Refunded Bond Accounts. For Tax-Exempt Bonds that are issued to refund prior Tax-Exempt Bonds, the Tax Compliance Agreement will set out special accounting and allocation procedures for the proceeds of the financing, and if necessary proceeds of the refinanced Tax-Exempt Bonds.

(c) Tax-Exempt Bond File. The Bond Compliance Officer will be responsible for assembling and maintaining the Tax-Exempt Bond File.

Section 5.4. Final Allocation of Bond Proceeds.

(a) Preparation of Final Written Allocation; Timing. The Bond Compliance Officer is responsible for making a written allocation of proceeds of Tax-Exempt Bonds to expenditures and identifying the Financed Assets. This process will be memorialized in the Final Written Allocation. For a new money financing, the Bond Compliance Officer will commence this process as of the earliest of (1) the requisition of all Tax-Exempt Bond proceeds from any segregated Tax-Exempt Bond funded account, (2) the date the Project Facility has been substantially completed or (3) four and one-half years following the issue date of the Tax-Exempt Bonds. For Tax-Exempt Bonds issued only to refund a prior issue of Tax-Exempt Bonds, the Bond Compliance Officer will work with Bond Counsel to prepare and/or document the Final Written Allocation for the Project Facility financed by the refunded Tax-Exempt Bonds and include it in the Tax Compliance Agreement.

(b) Contents and Procedure. The Bond Compliance Officer will consult the Tax Compliance Agreement and, if necessary, contact Bond Counsel to seek advice regarding any special allocation of Tax-Exempt Bond proceeds and other money of the Issuer to the Costs of the Project Facility. If no special allocation is required or recommended, the Bond Compliance Officer will allocate Costs of the Project Facility to the proceeds of the Tax-Exempt Bonds in accordance with the Issuer's accounting records. Each Final Written Allocation will contain the following: (1) a reconciliation of the actual sources and uses to Costs of the Project Facility, (2) the percentage of the cost of the Project Facility financed with proceeds of the Tax-Exempt Bonds (sale proceeds plus any investment earnings on those sale proceeds), (3) the Project Facility's Placed in Service date, (4) the estimated economic useful life of the Project Facility, and (5) any special procedures to be followed in completing the Annual Compliance Checklist (e.g., limiting the Annual Compliance Checklist to specific areas of the Project Facility that the

Final Written Allocation or the Tax Compliance Agreement treats as having been financed by Tax-Exempt Bonds).

(c) Finalize Annual Compliance Checklist. As part of the preparation of the Final Written Allocation, the Bond Compliance Officer will update the draft Annual Compliance Checklist contained in the Tax Compliance Agreement. The Bond Compliance Officer will include reminders for all subsequent arbitrage rebate computations required for the Tax-Exempt Bonds in the Annual Compliance Checklist.

(d) Review of Final Written Allocation and Annual Compliance Checklist. Each Final Written Allocation and Annual Compliance Checklist will be reviewed by legal counsel to the Issuer or Bond Counsel for sufficiency and compliance with the Tax Compliance Agreement and this Compliance Procedure. Following the completion of the review, the Bond Compliance Officer will execute the Final Written Allocation.

ARTICLE VI ONGOING MONITORING PROCEDURES

Section 6.1. Annual Compliance Checklist. An Annual Compliance Checklist will be completed by the Bond Compliance Officer each year following completion of the Final Written Allocation. Each Annual Compliance Checklist will be designed and completed for the purpose of identifying potential noncompliance with the terms of the Tax Compliance Agreement or this Compliance Procedure and obtaining documents (such as investment records, arbitrage calculations, or other documentation for the Project Facility) that are required to be incorporated in the Tax-Exempt Bond File. The Bond Compliance Officer will refer any responses indicating a violation of the terms of the Tax Compliance Agreement to legal counsel to the Issuer or Bond Counsel and, if recommended by counsel, will follow the procedure set out in Section 4.4 hereof to remediate the non-compliance.

Section 6.2. Arbitrage and Rebate Compliance. The Bond Compliance Officer will monitor the investment of Bond Restricted Funds and provide investment records to the Rebate Analyst on a timely basis. The Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation of and the timing of rebate or yield reduction computations.

EXHIBIT A

LIST OF TAX-EXEMPT BONDS COVERED BY THIS COMPLIANCE PROCEDURE

1. Leasing Schedule #280-0002457-001 to Master Lease Purchase Agreement between the City of Fair Oaks Ranch, Texas, as lessee, and Siemens Public, Inc., as lessor (Proposed—March __, 2014 Estimated Closing Date).
2. *General Obligation Bond, Series 2015 \$7,000,000 – Roadway Reconstruction*

EXHIBIT B

NOTE THIS SAMPLE ANNUAL COMPLIANCE CHECKLIST IS INTENDED ONLY AS AN ILLUSTRATION AND SHOULD BE MODIFIED TO ACCOUNT FOR SPECIAL CIRCUMSTANCES OF EACH GOVERNMENTAL TAX-EXEMPT BOND ISSUE. FOR EXAMPLE, IF THE PROJECT FACILITY IS TO BE MANAGED UNDER A QUALIFIED MANAGEMENT

AGREEMENT THAT BOND COUNSEL HAS APPROVED, ONLY CHANGES TO THAT MANAGEMENT AGREEMENT SHOULD TRIGGER BOND COUNSEL REVIEW, ETC.

SAMPLE
ANNUAL COMPLIANCE CHECKLIST FOR GOVERNMENTAL TAX-EXEMPT BONDS

Name of tax-exempt bonds ("Bonds") financing	
Financed Asset:	
Issue Date of Bonds:	
Name of Bond Compliance Officer:	
Period covered by request ("Annual Period"):	

Description of Project Facility

(Note: in lieu of completing the table below, the Issuer may attach a copy of the Preliminary Cost Allocation or Final Written Allocation, as may be updated from time to time)

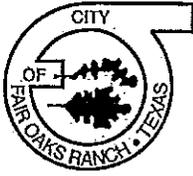
Description	Actual Date Placed in Service	Estimated Useful Life	Actual Total Cost	Actual Amount Financed From Bonds

Item	Question	Response
1 Ownership	Was the entire Project Facility owned by the Issuer during the entire Annual Period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "No," was an Opinion of Bond Counsel obtained prior to the transfer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If Yes, include a copy of the Opinion in the Tax-Exempt Bond File.	
	If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	

Item	Question	Response
2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Project Facility leased at any time pursuant to a lease or similar agreement for more than 50 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the lease or other arrangement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3 Management or Service Agreements	During the Annual Period, has the management of all or any part of the operations of the Financed Asset been assumed by or transferred to another entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the management agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Asset?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
5 Arbitrage & Rebate	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If No, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Exempt Bond File.	

Bond Compliance Officer: _____

Date Completed: _____



CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Approval of Setterfeld Estates Unit 3
START/END DATE: August 2015/ October 2015
DEPARTMENT: Public Works
PRESENTED BY: Ronald Emmons

INTRODUCTION/BACKGROUND:

On August 13, 2015 a Preliminary Plat, subdividing Setterfeld Estates Unit 3, was submitted to the Public Works Department by Alamo Consulting Engineering and Surveying (ACES), Inc. Setterfeld Estates Unit 3 is to consist of 48 residential lots, 3 greenbelt lots, and 1 lot for a private street. After review and comments, ACES updated the Preliminary Plat and submitted a Final Plat on October 1, 2015 for consideration. As of October 5, 2015 ACES has fulfilled all of the requirements of the Subdivision Ordinance.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Article II Section 5 of the subdivision ordinance states: The Fair Oaks Ranch Public Works Department shall forward its recommendation for approval or disapproval to the City Council for action at its next scheduled meeting. Final plats shall be considered filed with the City Council (The Municipal Approving Authority) on the date that the agenda is posted for the meeting that City Council shall initially consider approval of the final plat.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

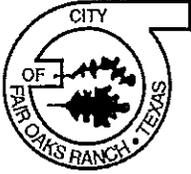
None

LEGAL ANALYSIS:

None

PROPOSED MOTION:

I move to grant approval of the final plat that subdivides Setterfeld Unit 3.



CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Approval of the updated Capital Improvements Advisory Committee Rules and Procedures.

START/END DATE: Upon approval

DEPARTMENT: City Council

PRESENTED BY: Ronald C. Emmons, Public Works Director

INTRODUCTION/BACKGROUND:

The Capital Improvements Advisory Committee (CIAC) serves in an advisory capacity and is established to follow the duties and functions set forth in Local Government Code § 395.058 (c) and of the City of Fair Oaks Ranch Capital Improvements Advisory Committee Rules and Procedures. Recently, the committee has reviewed the Rules and Procedures and has some proposed modifications for Council consideration. The rules must be approved by the governing municipality to be initiated.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

N/A

LONGTERM FINANCIAL & BUDGETARY IMPACT:

N/A

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

Move to approve the updated Capital Improvements Advisory Committee Rules and Procedures.

CITY OF FAIR OAKS RANCH

CAPITAL IMPROVEMENTS ADVISORY COMMITTEE

RULES AND PROCEDURES

Adopted March 16, 2006

~~Revised May 21, 2009~~ Revised September 14, 2015

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CAPITAL IMPROVEMENTS ADVISORY COMMITTEE RULES AND PROCEDURES

INTRODUCTION

The City of Fair Oaks Ranch Capital Improvements Advisory Committee (CIAC) is established to comply with Section 395.058 Texas Local Government Code – Chapter 395, “Financing Capital Improvements Required by New Development in Municipalities, Counties, and Certain Other Local Governments”.

MISSION STATEMENT

The CIAC is responsible for advising and assisting the City in the following:

- a. in development of Land Use Assumptions and regular update;
- b. by reviewing proposed Capital Improvement Plans;
- c. by providing written comments on those plans;
- d. by monitoring and evaluating implementation of approved plans;
- e. by filing semiannual reports regarding plan progress;
- f. by reporting any perceived inequities in plan implementation;
- g. by reporting any inequities in imposing impact fees; and
- h. by reporting the need to update or revise the land use assumptions, capital improvement plans, and impact fees.

SECTION 1 – MEMBERS

Chapter 395 – Section 395.058 (b) specifies that the CIAC be composed of no fewer than five (5) members, and no fewer than 40 percent of the members must be representatives of the real estate, development, or building industries, and the membership must include a representative from the extraterritorial jurisdiction. None shall be an employee or official of a political subdivision or governmental entity.

Committee members shall be appointed by a majority vote of the City Council by Resolution.

The Chairman of the CIAC shall be appointed, by Resolution, by a majority vote of the City Council and, shall serve until the appointment is rescinded or member resigns.

The Vice Chairman of the CIAC shall be appointed, by Resolution, by a majority vote of the City Council and, shall serve until the appointment is rescinded or member resigns.

~~An appointed, by Resolution, City Councilman and the Public Works Director shall attend the meetings and present reports/data on behalf of the City.~~

By Resolution, an appointed City Alderman and the Public Works Director will attend the meetings and present reports/data on behalf of the City.

SECTION II – CHAIRMAN COMMITTEE ROLES

~~The chairman of the CIAC shall be appointed, by Resolution, by a majority vote of the City Council and, shall serve until the appointment is rescinded.~~

Chairman: Reviews proposed agenda, approves and/or makes recommendations for changes. Chairman will lead meetings and ensure all agenda items have been addressed. Chairman signs approved minutes and semi-annual reports.

Vice-Chairman: Assumes Chairman's role when the Chairman is unable to preside over meeting.

Committee Members: Uphold duties of CIAC in accordance to Mission Statement and in compliance with Section 395.058 Texas Local Government Code.

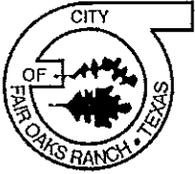
City Alderman: Reviews proposed agenda, approves and/or makes recommendations for changes. Serves as a liaison between the City and the CIAC. Provides meeting update to City Council.

Public Works Director: Proposes agenda for concurrence by Chairman and City Alderman. Shall provide information and support documentation as it relates to set agenda items.

Administrative Assistant: Maintains and updates the following data pertinent to CIAC: land use assumption, building permit issuance, new home valuation, and impact fee payments. Posts agenda according to the rules specified by the Texas Open Meeting Act. Takes meeting minutes to be approved by committee and signed by Chairman at next committee meeting. Prepares Semi-Annual report for Chairman's signature. Prepares annual certification letter in compliance with Chapter 395.082 for Mayor's signature to the State of Texas Attorney General.

SECTION III - MEETINGS

1. **Regular Meetings** – The CIAC shall meet a day in March and September each year or at the call of the Chairman, unless postponed or canceled for valid reason(s). ~~The Public Works Director with the concurrence of the Chairman and appointed City Council representative shall set the agenda.~~
2. **Special Meetings** – Special meetings may be held on any business day of the week to consider items that require action prior to the next regularly scheduled meeting and may be called upon the request of the committee Chairman.
3. **Work Sessions** – Work sessions will be held as needed and will begin as decided upon by a majority of the committee or unless held as part of a regular or special meeting.
4. **Meeting Rules** – All meetings will be conducted according to Robert's Rules of Order.
5. **Quorum** – All meetings of the CIAC will require a quorum – defined herein as a majority of committee members.
5. **Meeting Notices** – Committee meeting agendas will be posted ~~by the Deputy City Secretary and/or Utility Billing Clerk.~~ according to the rules specified by the Texas Open Meeting Act. ~~Citizens and visitors are welcome to attend all public meetings of the CIAC.~~
6. **Attendees** – Citizens and visitors are welcome to attend all public meetings of the CIAC.
6. ~~**Meeting minutes** – Committee meeting minutes will be taken by the Deputy City Secretary and/or Utility Billing Clerk. Minutes shall be approved and signed at the next Committee meeting and shall be retained permanently according to the City's records retention schedule.~~



CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Approval of Resolution nominating a Candidate for Director to the Comal Appraisal District Board

START/END DATE: Current Vacancy on Board

DEPARTMENT: Executive

PRESENTED BY: Mayor Cheryl Landman

INTRODUCTION/BACKGROUND:

According to the law, Comal Appraisal District informs the property taxing units (city, school, etc.) within the county for nominations to fulfill BOD terms. Currently, City of Fair Oaks Ranch has a resident Board member on both Bexar Appraisal and Kendall Appraisal Districts. A candidate must have no less than 2 years residency in Comal County. Board members are elected by the County's taxing entities.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

1. Provides information consistency on appraisal issues and changes to City Hall
2. Keeps the City's presence active in the appraisal district(s)
3. Board of Directors set policy for the Appraisal District

LONGTERM FINANCIAL & BUDGETARY IMPACT:

There is no direct City financial / budget item for revenue or expenses.

LEGAL ANALYSIS:

Comal Appraisal District must obey the state laws; again, there is no direct legal concerns to the City.

RECOMMENDATION/PROPOSED MOTION:

Recommend to approve the Resolution nominating a resident of FOR/Comal County as a candidate for the current Comal Appraisal District Board of Director vacancy.

**RESOLUTION 2015-xx
NOMINATING A CANDIDATE FOR DIRECTOR TO THE COMAL
APPRAISAL DISTRICT BOARD OF DIRECTORS**

WHEREAS, the City of Fair Oaks Ranch, is required by Texas Tax Code Section 6.03(g) to file, by October 15, 2015, with the Chief Appraiser a nomination by resolution for positions on the Appraisal District Board of Directors; and,

WHEREAS, a portion of the City of Fair Oaks Ranch is serviced by the Comal Appraisal District.

NOW, THEREFORE, be it resolved that the City Council of Fair Oaks Ranch hereby nominates to the Comal Appraisal District Board of Directors the following candidate for the position of Director for 2015 and 2016:

FOR/Comal County Resident

PASSED and APPROVED this 15th day of October, 2015

Cheryl Landman, Mayor

Attest:

P. Abrego, City Secretary



CITY OF FAIR OAKS RANCH
PERSONNEL UPDATES

A. PERSONNEL CHANGES THAT HAVE OCCURED

1. Fulltime Administrative Clerk, Claudia Kousky, hired October 7, 2015.
2. Fulltime Utility Technician, Gabriel Galindo, hired October 7, 2015.
3. Internal transfer of Water/Wastewater Operator II, Ernie Martinez to GIS Technician October 5, 2015.

B. CURRENTLY RECRUITING FOR THE FOLLOWING OPEN POSITIONS

1. Utility Technician
2. Public Works Superintendent

To: Honorable Mayor Cheryl Landman and City Council Members
City of Fair Oaks Ranch

**Capital Improvements Advisory Committee Semiannual Progress Report
September 2015**

Overview:

A Capital Improvements Plan is required by LGC §395, Financing Capital Improvements Required by New Development in Municipalities, Counties and Certain other Local Governments; to identify capital improvement or facility expansions required by new service units projected; and to include a description of the service area and projection of changes in land uses, densities, intensities, and population in the service area over a 10-year period. Since the City imposes an impact fee, a periodic review shall be performed at least every five years to determine the need of updating the plans and/or impact fees.

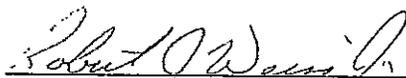
Land use assumptions and projects to support proposed growth were evaluated and a Water and Wastewater Impact Fee report was prepared by Freese and Nichols. On December 18, 2014, City Council issued Ordinance No. 2014-18 which increased the water impact fees to \$5,400.00 and wastewater impact fees to \$1,550.00.

Progress Report:

The Capital Improvements Advisory Committee and Staff met at 8:30 AM on Monday, September 14, 2015 and reviewed and evaluated the current land use assumptions and capital improvements plan and determined that no update is required at this present time.

The Committee reviewed the current Rules and Procedures and unanimously voted to present updated Rules and Procedures to Council for approval. Updates include: clarification of committee member roles, the addition of a Vice Chairman – John Merritt is willing to fulfill this position. The committee will also accept recommendation for the ETJ representative position on the committee. This position is required by LGC #395

The next LUA/CIP/Impact Fee CIAC Meeting is scheduled for Monday, March 7, 2016 at 8:30 am.

Signed: 
Bob Weiss, CIAC Interim Chairman

Date: 10-6-15