

NOTICE OF WORKSHOP & STATED MEETING OF THE MEADOWLAKES CITY COUNCIL

Notice is hereby given that a **WORKSHOP** of the Meadowlakes City Council will be held on Tuesday, the 9th of October, 2012 at **3:30 PM** followed by a Stated meeting of the Meadowlakes City Council at **5:00 PM** at Meadowlakes City Hall, 177 Broadmoor, Totten Hall, Meadowlakes, Texas, at which time the following subjects will be discussed, to wit:

~ WORKSHOP ~

- I. CALL TO ORDER AND QUORUM DETERMINATION
- II. WORKSHOP DISCUSSION
 - a. Meadowlakes Public Facility Corporation General Manager & Chief Operations Manager employment agreement.
 - b. Meadowlakes Directory.
 - c. Proposal for rezoning and selling of lots as presented by Mayor to Council.
 - d. Contract documents between the City and Meadowlakes Property Owners Association, Inc. for financing of a new potable water reservoir.
- III. ADJOURNMENT OF WORKSHOP

~ STATED MEETING ~

Notice is hereby given that a **STATED COUNCIL MEETING** of the Meadowlakes City Council will be held on Tuesday, the 9th of October, 2012 at **5:00 PM** at Meadowlakes City Hall, 177 Broadmoor, Totten Hall, Meadowlakes, Texas, at which time the following subjects will be discussed, to wit:

- I. CALL TO ORDER AND QUORUM DETERMINATION
- II. PLEDGE OF ALLEGIANCE AND PRAYER
- III. MONTHLY STANDARD LIVE REPORTS (*Progress & Status Reports Only - Recommendations or action discussions not allowed*)
 - City Manager Activity Report - Johnnie Thompson
 - Consent Items as listed below
- IV. CONSENT ITEMS (*The items listed are considered to be routine and non-controversial by the Council and may be approved by one motion. No separate discussion or action on any of the items is necessary unless desired by a Council Member; at which time select item(s) may be discussed separately under consent items and separate motion(s).*)
 - A. September 11th & 18th, 2012 Meeting Minutes –Stephanie Littleton, City Secretary
 - B. Ordinance Enforcement September 2012 Activity Report – Pat Preston
 - C. Animal Control September 2012 Activity Report - Robbie Galaway, Officer
 - D. Patrol Activity September 2012 Report - provided by Meadowlakes Patrol Officers
 - E. Vandalism/Incident September 2012 Activity Report – Stephanie Littleton, City Secretary
 - F. City Building Committee September 2012 Activity Report - Don Wheeler, Chairman
 - G. Public Works Department September 2012 Activity Report - Mike Williams, PWD
 - H. August 2012 Detailed Financials Report - Johnnie Thompson, City Manager
- V. CITIZEN COMMENTS (*Limited to 15 minutes total on general subjects and agenda items. Agenda Item specific comments should be made as part of agenda item council discussion.*)

VI. OLD BUSINESS

- A. Action/Discussion: Meadowlakes Public Facility Corporation General Manager & Chief Operations Manager employment agreement.- Williams/Thompson
- B. Action/Discussion : Authorizing City Manager to finalize contract documents between the City and Meadowlakes Property Owners Association, Inc. for financing of a new potable water reservoir.-Williams/Thompson

VII. NEW BUSINESS

- A. Action/Discussion: **Resolution 2012-10 Appointing Members to City of Meadowlakes Planning & Zoning Commission, Building Committee and the Meadowlakes Public Facility Corporation, establishing terms of office for each and appointment of chair to the Planning & Zoning Commission and Building Committee.** – Williams/Thompson
- B. Action/Discussion: **Resolution 2012-11 Re-adopting the City’s Investment Policy-** Thompson
- C. Action/Discussion: Authorization for City Manager to establish new accounts for Tax, Construction and I&S- Williams/Thompson
- D. Action/Discussion: City of Meadowlakes Directory- Williams/Thompson
- E. Action/Discussion: **Resolution 2012-12 Authorizing the filing with the Texas Comptroller of Public Accounts a letter stating that the City is authorized by the State to exercise the power of eminent domain-** Williams/Thompson
- F. Status Update:
 - a. Codification progress-Littleton

VIII. COUNCIL & MAYOR ANNOUNCEMENTS about items of Community Interest

(Announcements during this agenda item are limited to the following, as authorized under Section 551.0415, Tex. Gov’t Code.)

- *Expressions of thanks, congratulations, or condolence;*
- *An honorary or salutory recognition of a public official, public employee, or other citizen, except that a discussion regarding the change in the status of the person’s public employment is not an honorary or salutory recognition for the purposes of this subdivision;*
- *A reminder regarding a social, ceremonial, or community event organized or sponsored by an entity governing body or an official or employee of the municipality; and*
- *Announcements involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.*

- A. The next regularly scheduled meeting will be held November 13th, 2012 at 5:00 p.m.

IX. ADJOURNMENT

(The City Council of Meadowlakes reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by *Texas Government Code Section 551.*)

An agenda packet is available for public inspection at City Hall, 177 Broadmoor, Suite A, Meadowlakes, between the hours of 8:00 a.m. through 12:00 p.m. and 1:00 p.m. through 4:00 p.m. Monday through Friday.

THE PUBLIC IS INVITED TO CITY COUNCIL MEETINGS

We, the undersigned authorities, do certify that this Notice of Meeting was posted at Meadowlakes City Hall and on our website, convenient to the public, on or before October 5th, 2012 by 1:00 P.M. and remained so posted continuously for at least 72 hours immediately preceding the day of said meeting.

/s/Stephanie Littleton _____ /s/Don Williams _____
Stephanie Littleton, City Secretary Don Williams, Mayor

PERSONS WITH DISABILITIES WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED AUXILIARY AIDS OR SERVICES ARE REQUESTED TO CONTACT THE CITY SECRETARY'S OFFICE AT (830) 693-6840 FORTY-EIGHT (48) HOURS PRIOR TO THE MEETING TIME.

Posting Removed: _____ **at** _____ **by** _____
(Above to be recorded upon removal, document retention at City Hall, date of removal will not be reposted via website)

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City of Meadowlakes Stated Meeting Minutes September 11, 2012

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I. CALL TO ORDER AND QUORUM DETERMINATION: Mayor Don Williams called the meeting to order at 5:00 declaring that a quorum was present at the Meadowlakes Municipal Building in Totten Hall, 177 Broadmoor, Meadowlakes, Texas. Councilmembers present were Barry Cunningham, Mary Ann Raesener, Paul Sarcione, Franzella Jones and Gary Hammond. Also present was City Manager Johnnie Thompson and City Secretary Stephanie Littleton.

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II. PLEDGE OF ALLEGIANCE AND PRAYER: Don Williams led the Council and guests in the Pledge of Allegiance and Sherry Summers led the Council and guests in prayer.

III. MONTHLY STANDARD LIVE REPORTS:

City Manager Johnnie Thompson addressed the Council and citizens, summarizing the contents and major highlights of the monthly reports and financial condition of the various City funds. Public Works Director Mike Williams addressed the council regarding the falling lake levels and stated that he expects a formal request from the Lower Colorado River Authority to move from voluntary to mandatory water restrictions. Council and audience discussion ensued.

IV. CONSENT ITEMS:

A. August 14th 2012 Meeting Minutes –Stephanie Littleton, City Secretary

B. Ordinance Enforcement August 2012 Activity Report – Pat Preston

C. Animal Control August 2012 Activity Report - Robbie Galaway, Officer

D. Patrol Activity August 2012 Report - provided by Meadowlakes Patrol Officers

E. Vandalism/Incident August 2012 Activity Report – Stephanie Littleton, City Secretary

F. City Building Committee August 2012 Activity Report - Don Wheeler, Chairman

G. Public Works Department August 2012 Activity Report - Mike Williams, PWD

H. August 2012 Detailed Financials Report – Johnnie Thompson, City Manager

I. PFC Financials and Operation reports- Steve Hawkins, PFC President
After Council discussion, Councilmember Hammond made a motion to approve the consent items as presented. Councilmember Sarcione seconded the motion. It passed by a unanimous vote of the Councilmembers present.

47 **V. CITIZEN COMMENTS:** There were no citizen comments.

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50 **VI. OLD BUSINESS:**

51 **A.** There was no old business on the agenda

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VII. NEW BUSINESS

54 **A.** Action/discussion: Contract for fire protection services with the
55 Marble Falls Area Volunteer Fire Department, Inc. Mike Phillips,
56 president of Marble Falls Volunteer Fire Department and Fire Chief
57 Terry White addressed the Council to discuss the proposed 3-year
58 contract. Councilmember Raesener suggested a change in wording
59 from named insurer to named insured. Mayor Williams asked Mr.
60 Phillips and Mr. White for input on how the city can assist in some
61 fundraising ventures for the VFD. Councilmember Jones made a
62 motion to approve the contract, Councilmember Raesener seconded
63 with redlines. The motion passed by a unanimous vote of the
64 Councilmembers present.

65 **B.** Action/discussion: Appointment of an auditing firm to conduct the
66 City's Fiscal Year 2012 audit report, authorizing the Mayor and City
67 Manager to execute a contract with the selected firm for conducting
68 said audit. Mayor Williams spoke about the request for proposals that
69 were sent to various accounting firms and the results from same.
70 Council discussion ensued. Councilmember Raesener made a motion
71 to engage the services of Singleton, Clark & Company.
72 Councilmember Hammond seconded the motion and it passed by a
73 unanimous vote of the Councilmembers present.

74 **C.** Action/discussion: Commissions, Boards and Committees
75 Appointments and Procedures Policy interview status update: Mayor
76 Williams reviewed the committee openings and applications to date.
77 Mayor Williams also provided background on the uniform expiration
78 dates and the formation of the CBC selection committees.
79 Councilmember Hammond, Council representative for the Building
80 Committee, spoke about his meeting with representatives from the
81 Building Committee, and stated that they will be drafting a letter of
82 recommendation to reappoint the current members whose terms are
83 expiring. Councilmember Cunningham, Council representative for the
84 PFC, stated that he will be meeting with PFC Board members Zavala
85 and Wray to begin applicant interviews.

86 **D.** Action/discussion: Meadowlakes Public Facility Corporation:

87 1. Resolution 12-08 "**A RESOLUTION BY THE CITY OF**
88 **MEADOWLAKES, BURNET COUNTY, TEXAS ESTABLISHING**
89 **THE FISCAL YEAR 2013 ANNUAL REIMBURSEMENT COST**
90 **AGREEMENT (ARCA) BETWEEN THE CITY AND THE**
91 **MEADOWLAKES PUBLIC FACILITY CORPORATION;**
92 **APPROVING SAID CORPORATION'S FISCAL YEAR 2013**

93 **OPERATING BUDGET.”** Council discussion ensued regarding the
94 FY 2013 budget. Mayor Williams opined that the FY 2013 budget
95 looked workable. Councilmember Raesener asked for a list of
96 employees. Council and audience discussion ensued.
97 Councilmember Cunningham moved to approve Resolution 2012-
98 08 establishing the FY 2013 ARCA and budget. Councilmember
99 Hammond seconded and the motion passed by a unanimous vote
100 of the Councilmembers present.

- 101 2. General Manager & Chief Operations officer employment
102 agreement. No PFC Board member was present to ask any
103 questions. After Council discussion, Councilmember Hammond
104 moved to postpone taking any action on the contract until the
105 called meeting on Tuesday the 18th, provided that the PFC can send
106 a representative. Councilmember Raesener seconded the motion
107 and it passed by a unanimous vote of the Councilmembers
108 present.

109 **E.** Setting dates and times for Codification workshops

- 110 1. After Council discussion, a workshop was scheduled for 2 p.m.
111 on October 9th prior to the Stated meeting at 5 pm. No further
112 workshops were scheduled.
113

114 **VIII. COUNCIL & MAYOR ANNOUNCEMENTS:**

- 115 **A.** Upcoming Public Hearing and approval of FY 2013 Budget and vote
116 on the 2012 Ad Valorem Tax rate on September 18th at 1:00 p.m.
117 **B.** Flu shot clinic to be held September 20th at City Hall from 10 a.m. to
118 1 p.m.
119 **C.** The loan agreement between the City and the Meadowlakes POA for
120 the money to construct the new water storage tank is progressing
121 slowly and should be complete soon.
122 **D.** Burnet County Hazardous Waste collection event to be held on
123 September 29th at the Burnet County fairgrounds.
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126 **IX. ADJOURNMENT: 6:05**
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129 **Approved:**
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133 /s/ Don Williams **Date:** _____
134 Mayor, Don Williams
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138 **Attest:**

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140 /s/ Stephanie Littleton _____ **Date:** _____

141 City Secretary, Stephanie Littleton

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City of Meadowlakes

Called Meeting Minutes

September 18, 2012

I. CALL TO ORDER AND QUORUM DETERMINATION: Mayor Don Williams called the meeting to order at 1:05 declaring that a quorum was present at the Meadowlakes Municipal Building in Totten Hall, 177 Broadmoor, Meadowlakes, Texas. Councilmembers present were Barry Cunningham, Mary Ann Raesener, Paul Sarcione, and Gary Hammond. Also present was City Manager Johnnie Thompson and City Secretary Stephanie Littleton. Councilmember Jones was not in attendance.

II. COUNCIL ACTION

A. Action/discussion/adoption: **Ordinance 2012-07 - Adoption of the 2012-2013 fiscal year budget including increase in water rates** (*Local Gov't Code Sec. 102.007 (A and B)*) After Council discussion and redline corrections, Councilmember Sarcione moved to adopt Ordinance 2012-07. Councilmember Raesener seconded and the motion passed by a unanimous vote of the Councilmembers present.

B. Action/discussion/adoption: **Ordinance 2012-08 - Adoption of the 2012 Ad Valorem tax rate (Local Gov't Code Sec. 102.009)** After summary of the tax rate breakdown by Johnnie Thompson and Council discussion, Councilmember Raesener stated, "I move that the property tax rate be increased by the adoption of a tax rate of \$0.3159 per \$100 valuation, which is effectively a 3.7% increase in the tax rate. I also move that Ordinance 2012-08 hereby be adopted which establishes said rate." Councilmember Cunningham seconded the motion and it passed by a unanimous vote of the Councilmembers present.

C. Action/discussion/adoption: **Resolution 12-09 Authorizing transfer of funds to establish reserves** After Council discussion, Councilmember Cunningham moved to adopt Resolution 12-09. Councilmember Sarcione seconded the motion and it passed by a unanimous vote of the Councilmembers present.

D. Action/Discussion: Meadowlakes Public Facility Corporation General Manager & Chief Operations Manager employment contract. Council discussion ensued with PFC Board member Dale Fixsen regarding questions about the employment contract. Mayor Williams expressed his concerns regarding the payment of bonuses. Mr. Fixsen explained the incentive-based nature of the contract and the PFC board's review of the manager's performance and how that determines additional compensation. Council and audience discussion ensued. Councilmember Hammond made a motion to accept the employment contract with

45 redlines. Councilmember Cunningham seconded the motion.
46 Councilmembers Cunningham and Hammond voted in favor of the
47 motion, Councilmembers Raesener and Sarcione voted against the
48 motion to approve the employment contract. In the absence of
49 Councilmember Jones, the tie-breaking vote was cast by Mayor Williams,
50 who voted against approving the employment contract.
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52 **III. COUNCIL & MAYOR ANNOUNCEMENTS:**

53 A. October 9, 2012 - Stated council meeting at 5 p.m. with a 2 p.m.
54 workshop prior to the meeting.

55 B. Codification update, no new information.

56 C. No new information from the City Attorney regarding the contract
57 between the City and the POA.

58 D. Flu Clinic on the 20th.
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60 **IV. ADJOURNMENT: 1:46 P.M.**

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64 Approved:

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67 /s/ Don Williams _____ **Date:** _____
68 Mayor, Don Williams

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72 Attest:

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74 /s/ Stephanie Littleton _____ **Date:** _____
75 City Secretary, Stephanie Littleton

Ordinance Enforcement Report
September 2012
Summary

Calls Received: Ordinance line: 9
Security Gate: 1

46 warning letters or notices were issued during the month of September:

3 letters regarding Ordinance 92.02 – boat or trailer parked on drive over 72 hours in a 7 day period
1 letter regarding Ordinance 92.02 – jet skis or golf carts stored on driveway
23 letters regarding Ordinance 130.02 – trash containers visible from the street
1 letters regarding Ordinance 130.02 – inoperative vehicle on driveway over 30 days
3 letters regarding Ordinance 130.02 – limbs or yard debris at curbside over 10 days
15 letters regarding Ordinance 150.26 – trees need trimming over street

11 warning tickets were issued regarding Ordinance 92.02 – parking on the wrong side of street or in no parking area
13 verbal warnings were issued.

Submitted by:

Pat Preston

Pat Preston
Ordinance Enforcement Officer
October 1, 2012

Animal Control Report

Meadowlakes, Texas

September, 2012

- **One call was received for barking dog.**
- **One stray dog call was received.**
- **A stray cat was trapped by a resident. It was delivered to the Marble Falls Animal Control Facility because it had no tags and it was later picked up by the owner.**
- **A sick acting skunk was destroyed and delivered to the Burnet Co Vet for rabies testing. The test for rabies was not conclusive.**
- **A stray dog was delivered to the Marble Falls Animal Control Facility because it had no tags. It was later picked up by the owner.**
- **A stray dog was taken in by a homeowner and owner later claimed the dog.**
- **A trapped squirrel was removed from the city.**
- **Four trapped raccoons were removed from the city.**
- **Four trapped possums were removed from the city.**
- **A child was bitten by a dog that was on a leash. The dog was placed in home quarantine for ten days.**
- **A bat was taken to the Burnet Vet for rabies testing. Results came back negative for rabies.**

Robbie Galaway

Robbie Galaway

City of Meadowlakes

VANDALISM/INCIDENTS-September 2012

The resident at 202 Meadowlakes Dr. called on September 28th to report that around the first week of September and again around the 3rd week of September that some water toys, yard gadgets and a sprinkler were stolen. The resident did not want to call the Sherriff's department as the thefts were minor, but she did want the City to be aware.

BUILDING COMMITTEE REPORT
September 2012
Don Wheeler – Building Committee Chairman

ACTIVE BUILDING PERMITS (under construction or review)29

May 2012 Approved Permits

<i>Deck</i>	
<i>Concrete Slab</i>	
<i>Fence</i>	<i>4</i>
<i>Swimming Pool/Hot Tub</i>	
<i>Remodel</i>	
<i>Variance</i>	
<i>New Homes</i>	<i>1</i>
<i>Other</i>	
<i>Patio Cover</i>	<i>1</i>
<i>Arbor</i>	
<i>Plat Amendment</i>	
<i>Consultation</i>	
<i>Playscape</i>	
<i>Permit Revisions</i>	
<i>Applications denied:</i>	
<i>Arbor</i>	
<i>Fence</i>	
<i>New home</i>	
<i>Variance</i>	
<i>Remodel</i>	
<i>Patio Cover</i>	
<i>Playscape</i>	
<i>Detached Structure</i>	
<i>Carport</i>	
<i>Propane gas storage tank</i>	
<i>Roof replacement</i>	
<i>Other</i>	

MEMORANDUM

Date: October 3, 2012
To: Honorable Mayor and Council
From: Mike Williams, Public Works Director
Subject: Public Works Activity Report

To follow is a list of some of the activities of the PWD the past month:

1. Processed and treated 16.7 million gallons of drinking water compared to 23.4 million gallons for the same month in the previous year, for a decrease of 28.6%.
2. The construction of the add-on at the wastewater treatment plant has been completed with the installation of the gutters/downspouts and the completion of the wiring.
3. Tasks for the POA that were done this month include: Completed 1 round of mowing vacant lots, weekly mowing at the guard gate and parks, worked on the flower beds at the gate, replaced 15 stop signs and 5 no outlet signs, finished the wiring for the new lights at the rv storage area and rewired the existing lights for the covered spaces
4. Employee Carly Pack attended a basic water class at the fire station in Marble Falls and will be taking the Class D water exam at TCEQ in Austin in the near future.
5. Weekly brush pickup – we would like to remind our residents to please call city hall to be put on the weekly pickup list and to review the guidelines for the items that can and cannot be picked up.
6. Mike attended the annual Fall Floodplain conference in Dallas and brought back some useful information and tools to be used for floodplain determinations.
7. We have ordered a new pump control panel for our sewage lift station at Meadowlakes Drive and Deer Lick. We have been having electrical issues with the existing control panel. The new panel should be here within the next week and the installation has been scheduled with our electrician. At this same location, we will be installing a new alarm system that has the capabilities of sending text messages to on-call personnel when there is a problem. This alarm system will be installed with the new control panel.
8. Our employees assisted the golf course with a repair to a leak on the course irrigation system. The leak was at the edge of the concrete spillway on the pond in front of the tee box at #18. The leak was determined to be a 4" PVC elbow the had a small crack and was causing the pressure maintenance pump to cycle every 2-3 minutes. After the repair was made the pm pump was cycling about every 20-30 minutes, which is normal.
9. We have started a remodel project at our wastewater treatment plant. Our employees will be remodeling the lab at the plant and will be replacing the cabinets and countertop as well as repainting the inside of the room.

City of Meadowlakes
Items for Consideration
City Council Meeting
October 9, 2012

Date: October 3, 2012, 2012
To: Honorable Mayor Williams and Council Persons
From: Johnnie Thompson, City Manager
Agenda Item: **IV-Consent Item H-Financial Statement Review**

Requested Council Agenda Date: October 9, 2012

1. **Contact Name & Number:** Johnnie Thompson, City Manager - 830-693-2951
 2. **Place On:** **Consent** **New Business** **Old Business**
 3. **Budget Impact Statement Attached:** **Yes** **No** **N/A**
 4. **Original Copies of Documents Approved to from by City Attorney?** **Yes**
 No **N/A**
-

6. Background:

Please find attached for your review and possible approval copies of the financial statements for all funds. Please note that these are based on a soft close and are subject to changed based on end-of-year adjustments. However they should provide a fairly accurate status of the revenues and expenditures of all funds. Below I will briefly review with you each of the funds:

Utility Fund-Public Works

Balance Sheet

In reviewing the balance sheet for the fund you will note that the fund has \$56,000 more on deposit than it did at this time last year. Operating cash has increased by \$61,000 while debt service cash has decreased by \$5,000. Approximately \$17,000 of the increase in cash is due to the transfer in of funds from the General Fund that established the Vehicle and Equipment Replacement Fund. The remaining cash was due to a positive operating cash flow.

The funds uncommitted cash (cash less current liabilities) stood at nearly \$315,000 at the end of the fiscal year compared to \$238,000 at the end of last fiscal year, about a \$77,000 increase in uncommitted funds.

Profit and Loss Statement

Overall the fund has performed quite well in FY12. The fund ended with a net gain of slightly more than \$74,000 compared to a budgeted loss of \$63,000. Revenues with the exception of pump fee were very near or exceed those amounts budgeted for the fiscal year. Total revenues for the year exceed those budgeted by \$44,000 if you back out the reserves that were budgeted for FY12 to be transferred into the fund to balance its FY12 budget.

Employee expenses should end the year about \$55,000 less than budgeted. This is mainly due to having a funded position open for a large part of the fiscal year (\$39,500), a less than anticipated increase in employee medical expense (\$8,700), employee retirement expense also being less than anticipated (\$5,800).

Administrative Expenses ended only slightly less than (\$3,600) its budgeted total with no major deviations being noted.

Operating Expenses also ended the year very near those budgeted. Total operating expenses should end the year about \$4,000 below the budgeted amount for the year. Water Treatment expenses were about \$21,000 less than budgeted, while wastewater operating expenses exceed those budgeted by \$107. Other operational expenses exceeded the budgeted amount by \$18,000, with \$10,000 of this overage due to drainage repairs as well as how capital items costing less than \$5,000 are handled; they are expensed instead of capitalized, thus the increase shown in Miscellaneous expenses. In FY13 we have a new line item expense to cover such purchases.

POA Contract Expenses ended the year below the amount budgeted due to fuel cost being less. This is also one of the reasons that fuel cost for operations exceed those budgeted. We have indicated a new method of tracking fuel cost for the POA contract that should provide a more accurate accounting of fuel cost for each.

Other Expenses deals mainly with solid waste collection and due to favorable contract negotiations with Allied Waste, our expenses are about \$10,000 less than those budgeted. The fund realized about \$24,000 in income from solid waste collection in FY12.

Capital Expenditures ended the year about \$19,000 less than budgeted due to not needing to purchase an additional raw water pump.

Transfers Out is as budgeted.

Net Income (Gain/(Loss)) as mentioned earlier stands at slightly more than \$74,000 which is compared to a budgeted net loss of \$63,000 that was anticipated to be transferred in to balance the budget.

General Fund

Balance Sheet reflects about \$8,000 more cash on deposit than at this time last year. This is fairly good based on the fact that the fund transferred nearly \$20,000 in cash to other funds during the fiscal year. The fund should experience about a \$3,300 net gain which is about \$34,000 less than last year. The Fund was budgeted to have a net loss of \$35,000, which like the PWD would have been made up from reserves transferred in to the fund.

Profit and Loss Statement

Total revenues for the fund should end the year about \$3,200 less than those budgeted for the year. This is mainly contributed to how Court Costs are being booked. In prior years they were booked as revenue then expensed out as an expense. The auditors recommended that they be booked as a payable so they are no longer booked as revenue. Tax income is expected to be slightly greater than those budgeted even though we experienced less than anticipated income from franchise fees. Total revenues are expected to be about \$8,500 greater than those in FY11.

In general all major expenses categories should end the fiscal year at or very near those budgeted.

- Traffic Control Expenses are expected to end the year about \$5,000 less
- Municipal Court Expenses are expected to end the year about \$5,500 less due to how court costs are being booked.
- Employee Expenses are expected to be about \$19,000 less mainly due to employee salary expense being less than budgeted.
- Administrative Expenses are expected to end the fiscal year about \$8,000 less due to a wide variety of line items being less than budgeted.
- Municipal Building operating expenses should be about \$3,000 less.
- Total Administrative Expenses should be about \$32,000 less than budgeted for the fiscal year.
- Capital Outlay expenses will be \$29,000 less than budgeted for the fiscal year, however this amount will be reflected in an overage in expenses transferred out. You may recall that we transferred this amount into the Facilities Replacement and Major Repair Fund in order to pay for the pending purchase of the lot adjacent to City Hall.

- Transfer Out as mentioned above is \$29,000 greater than the total budgeted amount.

Overall the fund is expected to have a net gain of slightly more than \$3,000 in comparison to a budgeted loss of \$35,000. I would say the fund performed very well during FY12.

Recreation & Country Club Fund

The Recreation and Country Club Fund (RCC) has an ending cash balance of \$5,163 of which \$4,142.51 is funds being held for golf course improvements. The net income indicated is somewhat confusing due to the how the equipment lease/purchase payments are made. The auditors booked the interest and principal payments as a balance sheet entry, thus the payments made are not actually shown as an expense to the fund. In reality fund had an actual loss of \$34,083 of which was the cash balance carryover in the lease/purchase account which reflects a net cash loss of \$700 for the year.

Debt Service Fund

The fund performed as expected even though it reflects a net loss of \$5,400. We carry an uncommitted fund balance over each year in the fund to be able to absorb such a loss, this year we should make up a portion of this loss. The loss is mainly due to the unpredictability of property tax income especially in the latter part of the fiscal year.

Cash Flow Analysis

Utility Fund (Public Works) had a positive cash flow for the both the month and the year. The month of September ended with a positive cash flow of nearly \$42,800, contributing to a net positive cash flow for the year of nearly \$62,000. Even though this is better than anticipated it is about one-half of that at this time last year. Contributing to last year's rather large positive cash flow was about \$50,000 more in water revenues than this year and about \$60,000 more in capital expense this year than last year.

Debt Service Fund as mentioned earlier did experience about a \$4,600 decrease in cash during the fiscal year. The fund ended the year with \$11,400 in uncommitted funds.

Should you have any questions regarding the financial statement please do not hesitate to give me a call.

City of Meadowlakes-Utility Fund
Balance Sheet
 As of September 30, 2012

	<u>Sep 30, 12</u>	<u>Sep 30, 11</u>
ASSETS		
Current Assets		
Checking/Savings		
1000 - Operating Cash		
1010 - Petty Cash	\$ 600	\$ 400
1020 - American Bk Operating Checking	\$ 22,090	\$ 9,065
1030 - American Bk - Operating MM	\$ 417,574	\$ 369,341
1340 - American Bank - I&S	\$ -	\$ 359
Total 1000 - Operating Cash	<u>\$ 440,264</u>	<u>\$ 379,164</u>
1100 - Construction Cash		
1110 - American Bank - Construction	\$ -	\$ 480
Total 1100 - Construction Cash	<u>\$ -</u>	<u>\$ 480</u>
1300 - Debt Service		
1341 - Series 2008 Debt Service Accoun	\$ 11,422	\$ 16,008
Total 1300 - Debt Service	<u>\$ 11,422</u>	<u>\$ 16,008</u>
Total Checking/Savings	<u>\$ 451,686</u>	<u>\$ 395,652</u>
Accounts Receivable		
1600 - Advances to other Funds		
1601 - Loan to RCC Division	\$ 289,394	\$ 293,394
Total 1600 - Advances to other Funds	<u>\$ 289,394</u>	<u>\$ 293,394</u>
Total Accounts Receivable	<u>\$ 289,394</u>	<u>\$ 293,394</u>
Other Current Assets		
1500 - Operating Receivables		
1510 - Service Receivables	\$ 102,132	\$ 101,927
1515 - General Fund Receivables	\$ (3)	\$ 5,274
1550 - Operating Maintenance Tax Rec.	\$ 3,147	\$ 3,147
1582 - PFC Receivable	\$ 4,495	\$ -
1584 - POA Receivables	\$ 1,917	\$ -
Total 1500 - Operating Receivables	<u>\$ 111,688</u>	<u>\$ 110,347</u>
1800 - Operating Inventories		
1810 - Meter Inventory	\$ 971	\$ 971
1820 - Materials & Supplies Inventory	\$ 28,330	\$ 28,330
Total 1800 - Operating Inventories	<u>\$ 29,301</u>	<u>\$ 29,301</u>
Total Other Current Assets	<u>\$ 140,989</u>	<u>\$ 139,649</u>
Total Current Assets	<u>\$ 882,069</u>	<u>\$ 828,695</u>
Fixed Assets		
Total 1900 - Fixed Assets	\$ 3,559,732	\$ 3,559,832
1983 - Golf Irrigation Improvements	\$ 272,352	\$ 272,352
Total Fixed Assets	<u>\$ 3,832,084</u>	<u>\$ 3,832,184</u>
TOTAL ASSETS	<u><u>\$ 4,714,153</u></u>	<u><u>\$ 4,660,879</u></u>

City of Meadowlakes-Utility Fund
Balance Sheet
 As of September 30, 2012

	<u>Sep 30, 12</u>	<u>Sep 30, 11</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 - Accounts Payable	\$ 33,364	\$ 69,679
3210 - Current Portion of Bonds Payabl	\$ 250,000	\$ 250,000
Total Accounts Payable	<u>\$ 283,364</u>	<u>\$ 319,679</u>
Other Current Liabilities		
3010 - Service Deposits Payable	\$ 73,796	\$ 70,190
3020 - Sales Tax Payable	\$ 950	\$ 936
3200 - Accrued Interest Payable	\$ 1,408	\$ 1,408
3560 - Deferred Operating Tax Rev.	\$ 3,147	\$ 3,147
3561 - Vehicle & Equipment Replacement	\$ 17,126	
3700 - Prior Period Adjustments	\$ 296,586	\$ 296,586
Total Other Current Liabilities	<u>\$ 393,013</u>	<u>\$ 372,267</u>
Total Current Liabilities	<u>\$ 676,376</u>	<u>\$ 691,946</u>
Long Term Liabilities		
3600 - Long Term Debt		
3612 - 2008 General Obligations Bonds	\$ 260,000	\$ 260,000
Total 3600 - Long Term Debt	<u>\$ 260,000</u>	<u>\$ 260,000</u>
Total Long Term Liabilities	<u>\$ 260,000</u>	<u>\$ 260,000</u>
Total Liabilities	\$ 936,376	\$ 951,946
Equity		
3900 - Retained Earnings	\$ 173,350	\$ (134,700)
4000 - General Fund Fund Balance	\$ 180,682	\$ 180,682
4010 - Reserved for Inventories	\$ 21,711	\$ 21,711
4020 - General Fund-Fixed Assets	\$ 3,316,343	\$ 3,316,343
4100 - Debt Service Fund	\$ 16,367	\$ 16,367
4200 - Capital Projects Fund	\$ 480	\$ 480
Net Income	\$ 68,844	#1 \$ 308,051
Total Equity	<u>\$ 3,777,777</u>	<u>\$ 3,708,933</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 4,714,154</u></u>	<u><u>\$ 4,660,879</u></u>

Net Gain consists of a \$74,309 net gain in PWD Operations and a net loss of \$5,465)

City of Meadowlakes-Utility Fund
Profit & Loss Budget vs. Actual
October 2011 through September 2012

	Oct '11 - Sep 12	Budgeted Oct '11-Sep'12	Oct '10 - Sep 11	Sep 12	Budgeted Sep 12
Ordinary Income/Expense					
Income					
5010 · Water Revenue	\$ 359,911	\$ 325,000	\$ 409,968	\$ 37,959	\$ 35,000
5020 · Sewer Revenues	\$ 449,381	\$ 447,500	\$ 448,604	\$ 37,624	\$ 37,295
5030 · Garbage Revenue	\$ 195,111	\$ 194,000	\$ 191,899	\$ 16,334	\$ 16,167
5040 · Pump Fee Revenue	\$ 2,985	\$ 6,000	\$ 7,331	\$ (201)	\$ -
5110 · Contract Services	\$ 80,000	\$ 80,000	\$ 80,000	\$ 6,666	\$ 6,666
5120 · Water Connect Fee Revenue	\$ 2,175	\$ 2,900	\$ 3,625	\$ -	\$ -
5130 · Sewer Connect Fee Revenue	\$ 2,175	\$ 2,900	\$ 3,625	\$ -	\$ -
5140 · Transfer Fee	\$ 2,850	\$ 2,500	\$ 2,925	\$ 300	\$ 210
5150 · Penalty & Interest Earned	\$ 6,610	\$ 6,250	\$ 6,615	\$ 660	\$ 521
5170 · Miscellaneous Revenues	\$ 12,106	\$ 1,750	\$ 16,816	\$ 96	\$ 145
5181 · Transfer in from Reserves	\$ -	\$ 63,325	\$ -	\$ -	\$ -
5200 · Interest earned on Investments	\$ 2,327	\$ 2,500	\$ 8,728	\$ -	\$ 210
Total Income	\$ 1,115,631	\$ 1,134,625	\$ 1,180,136	\$ 99,438	\$ 96,214
 Gross Profit	 \$ 1,115,631	 \$ 1,134,625	 \$ 1,180,136	 \$ 99,438	 \$ 96,214
Expense					
6100 · Employee Expenses					
6110 · Salaries & Wages					
6410 · Salaries Exempt Employees	\$ 58,434	\$ 61,600		\$ 3,950	\$ 4,744
6415 · Salaries & Wages-Non-Exempt	\$ 208,271	\$ 244,400		\$ 16,612	\$ 18,840
6416 · Overtime & Standby Pay	\$ 9,879	\$ 10,000		\$ 811	\$ 762
6417 · Longevity Pay-Exempt/Non-Exempt	\$ 3,925	\$ 4,000			
Total 6110 · Salaries & Wages	\$ 280,509	\$ 320,000	\$ 280,180	\$ 21,373	\$ 24,346
6111 · Other Employee Expenses					
6120 · FICA Expense	\$ 21,421	\$ 24,750	\$ 21,422	\$ 1,695	\$ 1,860
6140 · Worker's Compensation Insurance	\$ 5,037	\$ 5,000	\$ 3,418	\$ -	\$ -
6150 · Employee Insurance Expenses	\$ 37,342	\$ 46,000	\$ 35,236	\$ 3,230	\$ 3,835
6160 · Employee Retirement Expense	\$ 2,657	\$ 8,500	\$ 4,515	\$ 148	\$ 650
6170 · Employee Uniform Expense	\$ 3,434	\$ 3,500	\$ 3,354	\$ 248	\$ 290
6180 · Employee Training & Travel Exp	\$ 5,537	\$ 3,500	\$ 4,420	\$ 1,079	\$ 300
6560 · Payroll Expenses	\$ 292	\$ 150	\$ 89	\$ 25	\$ 10
Total 6111 · Other Employee Expenses	\$ 75,720	\$ 91,400	\$ 72,454	\$ 6,425	\$ 6,945
 Total 6100 · Employee Expenses	 \$ 356,229	 \$ 411,400	 \$ 352,634	 \$ 27,798	 \$ 31,291

City of Meadowlakes-Utility Fund
Profit & Loss Budget vs. Actual
October 2011 through September 2012

	Oct '11 - Sep 12	Budgeted Oct '11-Sep'12	Oct '10 - Sep 11	Sep 12	Budgeted Sep 12
6200 · Administrative Expenses					
6210 · Auditing Expense	\$ 5,193	\$ 6,000	\$ 5,000	\$ -	\$ -
6225 · Misc. Dues & Fees					
6226 · TECQ Fees	\$ 3,468	\$ 3,600	\$ 3,368	\$ 100	\$ -
6227 · Other Misc. Dues & Fees	\$ 1,492	\$ 1,900	\$ 1,888		
Total 6225 · Misc. Dues & Fees	\$ 4,960	\$ 5,500	\$ 5,256	\$ 100	\$ -
6235 · Computer/Office Equip R&M	\$ 2,695	\$ 2,000	\$ 2,386	\$ 91	\$ 150
6240 · Software Update	\$ 2,799	\$ 2,500	\$ 4,056	\$ 112	\$ -
6245 · Office Equipment Rental	\$ 1,058	\$ 1,200	\$ 1,250	\$ 96	\$ 100
6250 · Office Supplies	\$ 4,590	\$ 5,000	\$ 5,044	\$ 476	\$ 400
6255 · Postage Expense	\$ 3,661	\$ 4,500	\$ 4,602	\$ 615	\$ 400
6260 · Telephone Expense	\$ 5,274	\$ 6,000	\$ 5,543	\$ 570	\$ 500
6270 · Insurance - GL & Property	\$ 13,621	\$ 15,000	\$ 14,591	\$ -	\$ -
6280 · Bad Debts	\$ 2	\$ 500	\$ 79	\$ -	\$ 250
6282 · Miscellaneous	\$ 2,498	\$ 1,750	\$ 1,825	\$ 346	\$ 145
Total 6200 · Administrative Expenses	\$ 46,349	\$ 49,950	\$ 49,632	\$ 2,406	\$ 1,945
6300 · Operating Expenses					
6301 · Water Treatment Operational Exp					
6305 · Water Treatment Electrical	\$ 32,988	\$ 40,000	\$ 42,550	\$ 3,979	\$ 4,300
6310 · Heating Fuel-WTP	\$ 345	\$ 1,500	\$ 1,000	\$ -	\$ -
6313 · Raw Water Purchase-LCRA	\$ 10,696	\$ 5,175	\$ 5,175	\$ -	\$ -
6314 · R&M-Plant & Pump Station	\$ 5,227	\$ 15,000	\$ 11,408	\$ -	\$ 1,250
6316 · WTP Chemical Expense	\$ 18,469	\$ 17,500	\$ 19,601	\$ 756	\$ 3,000
6320 · Water Outside Testing Expense	\$ 2,357	\$ 2,000	\$ 2,158	\$ 99	\$ 167
6328 · Distribution Repair & Maint.	\$ 3,163	\$ 7,500	\$ 3,666	\$ -	\$ 500
6331 · Water Plant Repair & Maint.	\$ 13,804	\$ 20,000	\$ -	\$ 1,509	\$ -
6355 · Meter Purchased	\$ 6,289	\$ 3,500	\$ -	\$ 250	\$ -
6360 · Tap Materials-Water	\$ 54	\$ 2,500	\$ 85	\$ 54	\$ -
Total 6301 · Water Treatment Operational Exp	\$ 93,393	\$ 114,675	\$ 85,643	\$ 6,647	\$ 9,217
6302 · Wastewater Operational Expenses					
6304 · Wastewater Electrical	\$ 27,021	\$ 28,000	\$ 28,342	\$ 2,084	\$ 2,400
6311 · Propane-Wastewater	\$ 184	\$ 1,000	\$ -	\$ -	\$ -
6317 · WWTP Chemicals	\$ 6,262	\$ 9,000	\$ 9,752	\$ 180	\$ 750
6318 · Outside Testing Wastewater	\$ 1,082	\$ 3,000	\$ 3,000	\$ 99	\$ 1,000
6321 · Collection System R&M	\$ 1,994	\$ 2,500	\$ -	\$ -	\$ 200
6322 · Irrigation Maintenance Expense	\$ 6,244	\$ 5,000	\$ 6,902	\$ 3,225	\$ 400
6324 · Irrigation Electric Subsidy	\$ 6,875	\$ 7,500	\$ 8,125	\$ -	\$ 625
6327 · WWTP Repair & Maintenance	\$ 20,289	\$ 15,000	\$ 19,595	\$ 7,399	\$ 1,000
6361 · Tap Materials-Wastewater	\$ 156			\$ 118	
Total 6302 · Wastewater Operational Expenses	\$ 70,107	\$ 71,000	\$ 75,716	\$ 13,105	\$ 6,375

City of Meadowlakes-Utility Fund
Profit & Loss Budget vs. Actual
October 2011 through September 2012

	Oct '11 - Sep 12	Budgeted Oct '11-Sep'12	Oct '10 - Sep 11	Sep 12	Budgeted Sep 12
6303 · Other Operational Expenses					
63031 · Repair & Maintenance-Other					
6329 · R&M-Building/Misc	\$ 6,540	\$ 5,000	\$ 13,148	\$ 480	\$ 400
63291 · Drainage Repair & Maintenance	\$ 10,001			\$ 17	
Total 63031 · Repair & Maintenance-Other	\$ 16,541	\$ 5,000	\$ 13,148	\$ 497	\$ 400
6330 · Vehicle Repair & Maintenance	\$ 5,042	\$ 5,000	\$ 4,135	\$ 1,036	\$ 400
6332 · Mahan Property Upkeep	\$ 874	\$ 750	\$ 120	\$ 6	\$ -
6335 · Machinery Repair & Maintenance	\$ 5,838	\$ 8,000	\$ 8,059	\$ 332	\$ 670
6340 · Vehicle & Machinery Fuel					
6341 · Vehicle Fuel	\$ 10,100	\$ 8,000	\$ 9,655	\$ 988	\$ 660
6342 · Machinery Fuel	\$ 3,951	\$ 3,000	\$ 3,665	\$ -	
Total 6340 · Vehicle & Machinery Fuel	\$ 14,052	\$ 11,000	\$ 13,320	\$ 988	\$ 660
6345 · Equipment Lease/Rental	\$ 275	\$ 600	\$ 355	\$ -	\$ -
6350 · Miscellaneous Operational Exp.	\$ 6,785	\$ 2,000	\$ 1,947	\$ 140	\$ 150
6365 · Small Tools	\$ 1,823	\$ 1,000	\$ 8,891	\$ 150	\$ -
6303 · Other Operational Expenses - Other	\$ 142			\$ 142	\$ -
Total 6303 · Other Operational Expenses	\$ 51,372	\$ 33,350	\$ 49,975	\$ 3,291	\$ 2,280
Total 6300 · Operating Expenses	\$ 214,871	\$ 219,025	\$ 211,334	\$ 23,043	\$ 17,872
6400 · POA Contract Mowing Expense					
6420 · POA Equipment R&M	\$ 3,501	\$ 3,000	\$ 759	\$ -	\$ 100
6430 · Consumable Supplies - POA	\$ 286	\$ 250	\$ 70	\$ -	\$ -
6450 · Fuel - POA	\$ 972	\$ 4,000	\$ 1,358	\$ -	\$ 500
6460 · Small Tools - POA	\$ 879	\$ 1,000	\$ 157		
Total 6400 · POA Contract Mowing Expense	\$ 5,638	\$ 8,250	\$ 2,344	\$ -	\$ 600
6500 · Other Expenses-Garbage					
6510 · Garbage Service Expense	\$ 170,986	\$ 181,000	\$ 170,629	\$ 14,267	\$ 15,083
6550 · Assets Purchased	\$ 1,200				
Total 6500 · Other Expenses-Garbage	\$ 172,186	\$ 181,000	\$ 170,629	\$ 14,267	\$ 15,083
6650 · Capital Expenditures					
6651 · TX Water Dev Board Grant - MF	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -
6652 · Assets Purchased - Other	\$ 17,956	\$ 15,000	\$ -	\$ -	\$ -
6654 · Engineering Study	\$ 25,993	\$ 26,000	\$ -	\$ -	\$ -
6655 · Raw Water Pump	\$ -	\$ 25,000	\$ -	\$ -	\$ -
6656 · SCADA Upgrades / Replacement	\$ 38,100	\$ 35,000	\$ -	\$ -	\$ -
Total 6650 · Capital Expenditures	\$ 87,049	\$ 106,000	\$ -	\$ -	\$ -
8200 · Total Transfers Out	\$ 159,000	\$ 159,000	\$ 186,227	\$ -	\$ 13,250
Total Expense	\$ 1,041,322	\$ 1,134,625	\$ 972,800	\$ 67,514	\$ 80,041
Net Ordinary Income	\$ 74,309	\$ -	\$ 207,336	\$ 31,924	\$ 16,173

City of Meadowlakes
General Fund Balance Sheet
As of September 30, 2012

	<u>Sep 30, 12</u>	<u>Sep 30, 11</u>
ASSETS		
Current Assets		
Checking/Savings		
05-1015 · American Bank of Texas-Checking	\$ 13,301	\$ 11,307
05-1025 · American Bank of Texas - MM	\$ 190,723	\$ 185,295
05-1050 · Petty Cash	\$ 150	\$ 150
05-1055 · Wells Fargo MM	\$ 54,579	\$ 54,579
05-1070 · Am Bnk CD matures 1010/12 .35%	\$ 50,647	\$ 50,410
Total Checking/Savings	<u>\$ 309,399</u>	<u>\$ 301,741</u>
Other Current Assets		
05-1046 · Texas Dept of Transp Escrow Dep	\$ 200	\$ 200
05-1360 · Property Taxes Receivable	\$ 11,712	\$ 11,712
Total Other Current Assets	<u>\$ 11,912</u>	<u>\$ 11,912</u>
Total Current Assets	<u>\$ 321,311</u>	<u>\$ 313,652</u>
TOTAL ASSETS	<u><u>\$ 321,311</u></u>	<u><u>\$ 313,652</u></u>

City of Meadowlakes
General Fund Balance Sheet
 As of September 30, 2012

	<u>Sep 30, 12</u>	<u>Sep 30, 11</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
05-1900 · Accounts Payable		
05-1930 · Accounts Payable Other	\$ 2,730	\$ 5,072
05-1941 · State Court Costs Payable	\$ 515	\$ 515
Total 05-1900 · Accounts Payable	<u>\$ 3,245</u>	<u>\$ 5,587</u>
Total Accounts Payable	\$ 3,245	\$ 5,587
Other Current Liabilities		
05-2020 · Deferred Revenue	\$ 11,712	\$ 11,712
05-2150 · Discretionary Fund-Judicial		
05-2151 · Security Fund	\$ 150	\$ 63
05-2152 · Technical Fund	\$ 200	\$ 84
Total 05-2150 · Discretionary Fund-Judicial	<u>\$ 350</u>	<u>\$ 147</u>
05-2160 · Special Restricted Funds		
05-2164 · Facilities Replacement & Major	\$ 36,345	\$ 7,345
05-2165 · Insurance - Vehicle	\$ -	\$ 15,443
Total 05-2160 · Restrictive Funds	<u>\$ 36,345</u>	<u>\$ 22,788</u>
05-2250 · Time Payment Plan	\$ 1,092	\$ 172
05-2300 · Building Committee Deposits		
05-2320 · Deposits-Clean-up	\$ 3,000	\$ 4,000
05-2340 · Inspection Fees	\$ 1,765	\$ 1,640
Total 05-2300 · Building Committee Deposits	<u>\$ 4,765</u>	<u>\$ 5,640</u>
05-2450 · Garage Sale/Raffle-Patio Cover	\$ -	\$ 7,198
Total Other Current Liabilities	<u>\$ 54,264</u>	<u>\$ 47,657</u>
Total Current Liabilities	<u>\$ 57,509</u>	<u>\$ 53,245</u>
Total Liabilities	\$ 57,509	\$ 53,245
Equity		
05-3100 · Opening Balance Equity	\$ 83,493	\$ 83,493
05-3140 · Retained Earnings	\$ 176,914	\$ 139,782
Net Income	\$ 3,394	\$ 37,133
Total Equity	<u>\$ 263,802</u>	<u>\$ 260,408</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 321,311</u></u>	<u><u>\$ 313,652</u></u>

City of Meadowlakes
General Fund Profit & Loss
 October 2011 through September 2012

	<u>Oct '11 - Sep 12</u>	<u>Budgeted Oct'11 -Sep 12</u>	<u>Oct '10 - Sep 11</u>	<u>Sep 12</u>	<u>Sep 11</u>
Income					
05-4100 · Taxes					
05-4120 · Ad Valorem Tax	\$ 594,455	\$ 589,280	\$ 573,879	\$ 489	\$ 2,242
05-4140 · PEC Franchise Tax	\$ 37,147	\$ 39,000	\$ 37,660	\$ -	
05-4160 · Cable Franchise Tax	\$ 8,638	\$ 9,500	\$ 8,918	\$ -	
05-4170 · Telephone Franchise Tax	\$ 7,079	\$ 8,500	\$ 8,113	\$ -	
05-4180 · Liquor Tax	\$ 1,165	\$ 1,000	\$ 1,587	\$ -	
Total 05-4100 · Taxes	\$ 648,484	\$ 647,280	\$ 630,157	\$ 489	\$ 2,242
05-4200 · City Bldg Permits					
05-4220 · Home Permits	\$ 600	\$ 1,200	\$ 1,850	\$ -	\$ -
05-4221 · Commercial Permit	\$ -	\$ -	\$ 75	\$ -	\$ -
05-4240 · Remodeling Permits	\$ 1,000	\$ 750	\$ 900	\$ -	\$ 350
05-4260 · Fence & Decks Permits	\$ 1,450	\$ 1,000	\$ 1,060	\$ 350	\$ 50
05-4280 · Pool Permits	\$ 455	\$ 300	\$ 405	\$ -	
05-4285 · Replats	\$ 300	\$ 100	\$ 100	\$ -	
Total 05-4200 · City Bldg Permits	\$ 3,805	\$ 3,350	\$ 4,390	\$ 350	\$ 400
05-4300 · Judicial					
05-4320 · Court Costs	\$ 32	\$ 4,000	\$ 251	\$ 90	\$ (3,446)
05-4340 · Court Fines	\$ 3,099	\$ 4,000	\$ 4,232	\$ 110	\$ 350
05-4380 · Administrative Fee	\$ 10	\$ 100	\$ 40		
Total 05-4300 · Judicial	\$ 3,141	\$ 8,100	\$ 4,523	\$ 200	\$ (3,096)
05-4400 · Interest Earned					
05-4440 · Money Market	\$ 973	\$ 1,000	\$ 962	\$ 44	\$ 62
05-4460 · Interest - Investments	\$ 192	\$ 250	\$ 568	\$ 45	\$ 15
05-4400 · Interest Earned - Other	\$ 44	\$ 250	\$ 266		
Total 05-4400 · Interest Earned	\$ 1,210	\$ 1,500	\$ 1,795	\$ 89	\$ 77
05-4600 · Other					
05-4620 · Pet Registration Fee	\$ 1,555	\$ 1,300	\$ 1,975	\$ 155	\$ 180
05-4671 · Misc	\$ 94	\$ -	\$ (174)	\$ -	\$ (174)
05-4675 · POA Contribution	\$ -	\$ -	\$ 7,140	\$ -	\$ 7,140
05-4680 · City Directory	\$ 68	\$ 50	\$ 100	\$ 16	\$ 50
05-4690 · Open Records Request	\$ 3	\$ 50	\$ 27	\$ -	
Total 05-4600 · Other	\$ 1,720	\$ 1,400	\$ 9,068	\$ 171	\$ 7,196
Total Income	\$ 658,359	\$ 661,630	\$ 649,932	\$ 1,299	\$ 6,819

City of Meadowlakes
General Fund Profit & Loss
October 2011 through September 2012

	<u>Oct '11 - Sep 12</u>	<u>Budgeted Oct'11 -Sep 12</u>	<u>Oct '10 - Sep 11</u>	<u>Sep 12</u>	<u>Sep 11</u>
Expense					
05-5000 · BCAD					
05-5020 · Quarterly Expense	\$ 11,464	\$ 12,000	\$ 11,413	\$ 2,866	\$ 2,853
05-5040 · Collection Expense	\$ 1,735	\$ 1,500	\$ 1,181	\$ 269	\$ 13
05-5060 · Tax Hearing	\$ -	\$ -	\$ 425	\$ -	\$ 425
05-5080 · Income & Interest Credit	\$ (880)	\$ 500	\$ (501)	\$ -	
Total 05-5000 · BCAD	\$ 12,319	\$ 14,000	\$ 12,517	\$ 3,135	\$ 3,292
05-5100 · City Building Committee					
05-5120 · Deposits-Clean-up	\$ -	\$ -	\$ -	\$ -	\$ -
05-5140 · Bldg Inspections	\$ -	\$ -	\$ -	\$ -	\$ -
05-5160 · Membership	\$ 125	\$ 200	\$ 100	\$ -	\$ -
05-5180 · Supplies	\$ 72	\$ 300	\$ 99	\$ -	\$ -
Total 05-5100 · City Building Committee	\$ 197	\$ 500	\$ 199	\$ -	\$ -
05-5200 · Ordinance Enf/Public Safety					
05-5225 · Ordinance Employee	\$ 6,437	\$ 6,500	\$ 5,801	\$ 515	\$ 516
05-5226 · Ordinance FICA/Med	\$ 492	\$ 500	\$ 446	\$ 39	\$ 39
05-5228 · Insurance - Worker's Comp	\$ -	\$ 300	\$ 225	\$ -	\$ -
05-5230 · Communications	\$ 281	\$ -	\$ 247	\$ 18	\$ 18
05-5274 · Mileage	\$ 2,148	\$ 1,800	\$ -	\$ 211	\$ -
05-5275 · Vehicle Maintenance	\$ -	\$ -	\$ 423		\$ 88
05-5276 · Motor Vehicle Inquiries	\$ 196	\$ -	\$ 280	\$ (154)	\$ 23
05-5277 · Insurance - Auto Liability	\$ 170	\$ -	\$ 282		
05-5280 · Supplies	\$ 80	\$ 525	\$ -		
Total 05-5200 · Ordinance Enf/Public Safety	\$ 9,804	\$ 9,625	\$ 7,704	\$ 629	\$ 684
05-5300 · Animal Control					
05-5320 · Contract Agreement	\$ 7,200	\$ 8,000	\$ 7,200	\$ 600	\$ 600
05-5340 · Ins-Worker's Comp	\$ 80	\$ 250	\$ 150	\$ -	\$ -
05-5360 · Pet Holding Fee/Rabies	\$ 558	\$ 200	\$ 330	\$ (40)	\$ -
05-5370 · Communications	\$ 244	\$ -	\$ 303	\$ 19	\$ 26
05-5380 · Supplies	\$ 71	\$ 750	\$ 233	\$ -	\$ 85
Total 05-5300 · Animal Control	\$ 8,153	\$ 9,200	\$ 8,216	\$ 579	\$ 711
05-5400 · Emergency Management					
05-5410 · Salary & Wages	\$ -	\$ -	\$ 30	\$ -	\$ -
Total 05-5400 · Emergency Management	\$ -	\$ -	\$ 30	\$ -	\$ -

City of Meadowlakes
General Fund Profit & Loss
October 2011 through September 2012

	<u>Oct '11 - Sep 12</u>	<u>Budgeted Oct'11 -Sep 12</u>	<u>Oct '10 - Sep 11</u>	<u>Sep 12</u>	<u>Sep 11</u>
05-5500 · Flood Plain Administrator					
Training & Travel	\$ -	\$ 800			
05-5520 · Membership	\$ 585	\$ 300	\$ 585		
05-5530 · Expense	\$ 130	\$ 250	\$ -	\$ 130	\$ -
Total 05-5500 · Flood Plain Administrator	\$ 715	\$ 1,350	\$ 585	\$ 130	\$ -
05-5600 · Traffic Control					
05-5610 · Salary & Wages	\$ 21,669	\$ 25,000	\$ 20,866	\$ 2,110	\$ 4,158
05-5611 · POA Contribution	\$ -	\$ -	\$ -	\$ -	\$ 7,140
05-5615 · FICA/Med	\$ 1,447	\$ 1,925	\$ 1,426	\$ 161	\$ 148
05-5620 · Ins-Worker's Comp	\$ 300	\$ 500	\$ 275	\$ -	\$ -
05-5625 · Ins-Auto Liability	\$ -	\$ -	\$ 285	\$ -	\$ -
05-5630 · Ins-Law Enf Liability	\$ 1,010	\$ 1,000	\$ 489	\$ -	\$ -
05-5632 · Insurance-Auto Damage	\$ -	\$ -	\$ 58	\$ -	\$ -
05-5635 · Vehicle Main & Repair	\$ -	\$ -	\$ 123	\$ -	\$ -
Misc.	\$ -	\$ 500		\$ -	\$ -
05-5640 · Unemployment Expense	\$ -	\$ 500	\$ 1,058	\$ -	\$ -
Total 05-5600 · Traffic Control	\$ 24,426	\$ 29,425	\$ 24,581	\$ 2,271	\$ 11,446
05-5700 · Municipal Court					
05-5705 · Education	\$ 341	\$ 500	\$ 852	\$ -	\$ -
05-5710 · Membership	\$ -	\$ -	\$ 85	\$ -	\$ -
05-5715 · State Court Costs	\$ -	\$ 3,000	\$ -	\$ -	\$ (3,164)
05-5720 · Prosecuting Attorney	\$ 125	\$ 2,000	\$ 1,344	\$ -	\$ -
05-5725 · Bailiff Services	\$ -	\$ 500	\$ 329	\$ -	\$ -
05-5726 · Child Safety & Seat Belt Fine	\$ -	\$ 100	\$ 75	\$ -	\$ -
05-5727 · Office Lease - Judge	\$ 2,400	\$ 2,400	\$ 1,600	\$ 200	\$ 200
05-5730 · Administrative Expense	\$ 749	\$ 600	\$ 393	\$ -	\$ 21
Total 05-5700 · Municipal Court	\$ 3,614	\$ 9,100	\$ 4,678	\$ 200	\$ (2,944)
05-5800 · Legal					
05-5810 · City Attorney-General	\$ 4,859	\$ 7,500	\$ 4,299	\$ 1,134	\$ 1,625
05-5830 · Legal - Ordinance P & Z	\$ -	\$ -	\$ 309		
05-5840 · Codification	\$ 2,114	\$ -	\$ -		
Total 05-5800 · Legal	\$ 6,973	\$ 7,500	\$ 4,608	\$ 1,134	\$ 1,625

City of Meadowlakes
General Fund Profit & Loss
October 2011 through September 2012

	<u>Oct '11 - Sep 12</u>	<u>Budgeted Oct'11 -Sep 12</u>	<u>Oct '10 - Sep 11</u>	<u>Sep 12</u>	<u>Sep 11</u>
05-5900 · Administration-General Fund					
05-6000 · Employee Expenditures					
05-6010 · Salary - Exempt	\$ 89,250	\$ 89,250	\$ 90,966	\$ 6,865	\$ 6,865
05-6015 · Salary - Non-exempt Employees	\$ 45,030	\$ 52,500	\$ 53,484	\$ 3,403	\$ 3,312
Reserve Payroll	\$ -	\$ 4,000		\$ -	\$ -
05-6025 · FICA/Medicare	\$ 10,440	\$ 11,325	\$ 11,050	\$ 786	\$ 779
05-6027 · Longevity Pay	\$ 2,257	\$ 4,200	\$ -	\$ -	\$ -
05-6040 · Retirement	\$ 1,328	\$ 3,000	\$ 2,323	\$ 69	\$ 178
05-6045 · Health Insurance	\$ 12,529	\$ 13,500	\$ 10,916	\$ 974	\$ 799
05-6046 · Disability	\$ 1,016	\$ 1,500	\$ 976	\$ 97	\$ 73
05-6047 · Other Benefits	\$ 315	\$ 250	\$ 295	\$ 79	\$ 74
05-6050 · Insurance - Worker's Comp	\$ 178	\$ 700	\$ -	\$ -	\$ -
05-6052 · Misc. Expense	\$ 178	\$ 650	\$ 171	\$ 16	\$ 13
05-6071 · Training & Travel	\$ 450	\$ 1,000	\$ -	\$ -	\$ -
05-6072 · Dues and Memberships	\$ 190	\$ 500	\$ 385	\$ -	\$ 192
05-6074 · Mileage Allowance	\$ -	\$ 350	\$ 57	\$ -	\$ -
Total 05-6000 · Employee Expenditures	\$ 163,161	\$ 182,725	\$ 170,623	\$ 12,289	\$ 12,285
05-6200 · Insurance					
05-6210 · Liability	\$ 629	\$ 2,200	\$ 926	\$ -	\$ -
05-6220 · Crime	\$ 164	\$ 450	\$ 194	\$ -	\$ -
05-6225 · Refund Worker's Comp	\$ -	\$ -	\$ (173)	\$ -	\$ -
05-6230 · Errors & Omissions	\$ 926	\$ 200	\$ 1,242	\$ -	\$ -
05-6240 · Ins - Workers' Comp	\$ -	\$ -	\$ 194	\$ -	\$ -
Total 05-6200 · Insurance	\$ 1,719	\$ 2,850	\$ 2,383	\$ -	\$ -
05-6300 · Administrative Expenditures					
05-6310 · Election	\$ 638	\$ 1,400	\$ 502	\$ -	\$ -
05-6320 · Office Supplies	\$ 1,744	\$ 4,000	\$ 4,945	\$ 383	\$ 1,883
05-6321 · Misc.	\$ 338	\$ 1,200	\$ 247	\$ -	\$ -
05-6322 · Neighborhood Watch	\$ 121	\$ 750	\$ 400	\$ -	\$ -
05-6325 · Lease-Copier	\$ 1,637	\$ 2,000	\$ 2,126	\$ 197	\$ 296
05-6330 · Postage	\$ 733	\$ 350	\$ 287	\$ 113	\$ 44
05-6340 · TML Membership	\$ 487	\$ 600	\$ 487	\$ -	\$ -
05-6345 · MF/Lake LBJ Chamber of Comr	\$ 60	\$ 100	\$ 60	\$ -	\$ -
05-6350 · Telephone	\$ 652	\$ 750	\$ 1,180	\$ 13	\$ 52
05-6361 · Email Service	\$ 1,121	\$ 2,000	\$ -	\$ 785	
Office Equipment R&M	\$ -	\$ 500		\$ -	

City of Meadowlakes
General Fund Profit & Loss
October 2011 through September 2012

	<u>Oct '11 - Sep 12</u>	<u>Budgeted Oct'11 -Sep 12</u>	<u>Oct '10 - Sep 11</u>	<u>Sep 12</u>	<u>Sep 11</u>
City Directory	\$ -	\$ 1,500	\$ 753	\$ -	
05-6366 · Codification Expense	\$ 9,800	\$ 10,000	\$ -	\$ 1,960	
Total 05-6300 · Administrative Expenditures	\$ 17,331	\$ 25,150	\$ 10,986	\$ 3,451	\$ 2,275
05-6305 · Audit	\$ 3,115	\$ 3,500	\$ 3,000	\$ -	\$ -
05-6400 · Municipal Building					
05-6360 · Office Maintenance-Cleaning	\$ 3,360	\$ 4,000	\$ 3,380	\$ 260	\$ 260
05-6410 · Maintenance & Repair	\$ 802	\$ 2,500	\$ 2,059	\$ -	\$ (189)
05-6420 · Electric Service	\$ 2,806	\$ 3,500	\$ 2,743	\$ 307	\$ 316
05-6430 · Ins-Real Estate & Pers Prop	\$ 826	\$ 1,000	\$ 862	\$ -	
05-6435 · PA System & Projector	\$ -	\$ -	\$ 708		\$ 708
Total 05-6400 · Municipal Building	\$ 7,795	\$ 11,000	\$ 9,752	\$ 567	\$ 1,094
Total 05-5900 · Administration-General Fund	\$ 193,120	# \$ 225,225	# \$ 196,745	\$ 16,307	\$ 15,654
05-6600 · Contract Services-1					
05-6610 · Marble Falls EMS	\$ 33,500	\$ 33,500	\$ 33,500	\$ 2,792	\$ 2,792
05-6620 · Marble Falls Fire	\$ 28,119	\$ 27,300	\$ 28,119	\$ 2,343	\$ 2,343
Total 05-6600 · Contract Services-1	\$ 61,619	\$ 60,800	\$ 61,619	\$ 5,135	\$ 5,135
05-6700 · Capital Outlay					
05-6710 · Office Accessories	\$ -	\$ 5,000	\$ 4,499	\$ -	\$ (1,984)
05-6740 · Land Acquisition	\$ 1,000	\$ 25,000	\$ -	\$ -	
Total 05-6700 · Capital Outlay	\$ 1,000	\$ 30,000	\$ 4,499	\$ -	\$ (1,984)
05-6900 · Transfers Out					
05-6910 · Debt Service Payment	\$ 294,025	\$ 290,000	\$ 286,819	\$ 3,867	\$ 1,404
05-6911 · Transfer to RCC	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -
05-6911 · Transfer to Reserves	\$ 29,000	\$ -	\$ -	\$ 29,000	\$ -
Total 05-6900 · Transfers Out	\$ 333,025	# \$ 300,000	# \$ 286,819	\$ 32,867	\$ 1,404
Total Expense	\$ 654,966	# \$ 696,725	# \$ 612,800	\$ 62,387	\$ 35,022
Net Ordinary Income	\$ 3,393	# \$ (35,095)	# \$ 37,132	\$ (61,088)	\$ (28,204)

Recreation & Country Club Division
Balance Sheet
As of September 30, 2012

	<u>Sep 30, 12</u>
ASSETS	
Current Assets	
Checking/Savings	
03-1000 - RCC Operating Cash	
03-1005 - Operating Cash	
03-1010 - Petty Cash Checking Account	5,163.27
Total 03-1005 - Operating Cash	<u>5,163.27</u>
Total 03-1000 - RCC Operating Cash	<u>5,163.27</u>
Total Checking/Savings	5,163.27
Other Current Assets	
03-1825 - Utility Deposits	200.00
Total Other Current Assets	<u>200.00</u>
Total Current Assets	5,363.27
Fixed Assets	
03-1900 - Fixed Asset	
03-1930 - Golf Carts Purchased	266,466.90
03-1935 - Furniture & Fixtures	
03-1940 - Pro Shop	2,904.08
Total 03-1935 - Furniture & Fixtures	<u>2,904.08</u>
03-1960 - Machinery & Equipment-Maint	1,739.27
03-1990 - Accumulated Depreciation	-118,400.77
Total 03-1900 - Fixed Asset	<u>152,709.48</u>
Total Fixed Assets	<u>152,709.48</u>
TOTAL ASSETS	<u><u>158,072.75</u></u>

Recreation & Country Club Division
Balance Sheet
As of September 30, 2012

Sep 30, 12

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

03-3215 · Capital Lease Payable-Current 584.92

Total Accounts Payable 584.92

Other Current Liabilities

03-2024 · Golf Course Improvement Fund 4,142.51

03-3200 · Accrued Interest Payable 1,237.08

Total Other Current Liabilities 5,379.59

Total Current Liabilities 5,964.51

Total Liabilities 5,964.51

Equity

03-3700 · Prior Period Adjustments 99,677.11

03-4000 · Retained Earnings -100,504.31

03-4020 · Invested in Fixed Assets 76,084.00

03-4100 · Restricted for Debt Service 33,375.00

32000 · Retained Earnings QB 2,756.26

Net Income 40,720.18

Total Equity 152,108.24

TOTAL LIABILITIES & EQUITY 158,072.75

Recreation & Country Club Division
Profit & Loss
October 2011 through September 2012

	<u>Oct '11 - Sep 12</u>
Ordinary Income/Expense	
Income	
03-5000 · Revenue	
03-5100 · Donation-Property Owners Assoc.	28,820.04
03-5110 · General Fund Transfer In	10,000.00
Total 03-5000 · Revenue	<u>38,820.04</u>
03-5091 · Revenue-Public Facilities Corp.	
03-5090 · Interest Earned	12.53
03-5092 · Lease Income	10,130.30
03-5094 · Reimbursement-Equip Lease/Purch	12,666.38
03-5096 · Miscellaneous Income	17.66
03-5091 · Revenue-Public Facilities Corp. - Other	1,886.45
Total 03-5091 · Revenue-Public Facilities Corp.	<u>24,713.32</u>
Total Income	63,533.36
Expense	
03-6000 · Adminstrative Expenditures	
03-6068 · House Maintenance Expenses	
03-6102 · Building Repair & Maintenance	245.94
Total 03-6068 · House Maintenance Expenses	<u>245.94</u>
03-6000 · Adminstrative Expenditures - Other	12.00
Total 03-6000 · Adminstrative Expenditures	<u>257.94</u>
03-6900 · Building Repairs & Maint.	
03-6095 · Pro-Shop Bathrrrom Renovations	17,247.86
03-6910 · Club Building R&M	5,307.38
Total 03-6900 · Building Repairs & Maint.	<u>22,555.24</u>
Total Expense	<u>22,813.18</u>
Net Ordinary Income	<u>40,720.18</u>
Net Income	<u><u>40,720.18</u></u>

**City of Meadowlakes-Debt Service
 Profit & Loss Budget vs. Actual
 October 2011 through September 2012**

	Oct '11 - Sep 12	Budgeted Oct '11-Sep'12	Oct '10 - Sep 11	Sep 12	Budgeted Sep 12
Other Income/Expense					
Other Income					
9000 · Debt Service Rev. (Transfers)					
9001 · Transfer in from Operating	\$ 159,000	\$ 159,000	\$ 186,227	\$ -	\$ 13,250
9002 · Transfer in from General	\$ 294,025	\$ 290,000	\$ 285,638	\$ 3,867	\$ 200
Total 9000 · Debt Service Rev. (Transfers)	\$ 453,025	\$ 449,000	\$ 471,865	\$ 3,867	\$ 13,450
Total Other Income	\$ 453,025	\$ 449,000	\$ 471,865	\$ 3,867	\$ 13,450
Other Expense					
9010 · Debt Service Expenses					
9020 · 2008 Certificate of Obligations					
9025 · 2008 CO's- Interest	\$ 170,640	\$ 170,640	\$ 171,360	\$ -	\$ -
9027 · 2008 CO's-Principal	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	\$ -
Total 9020 · 2008 Certificate of Obligations	\$ 185,640	\$ 185,640	\$ 186,360	\$ -	\$ -
9030 · 2008 General Obligations Bonds					
9035 · 2008-GO's-Interest	\$ 17,850	\$ 13,300	\$ 26,600	\$ -	\$ -
9037 · 2008-GO's-Principal	\$ 255,000	\$ 250,000	\$ 250,000	\$ -	\$ -
Total 9030 · 2008 General Obligations Bonds	\$ 272,850	\$ 263,300	\$ 276,600	\$ -	\$ -
Total 9010 · Debt Service Expenses	\$ 458,490	\$ 448,940	\$ 462,960	\$ -	\$ -
Total Other Expense	\$ 458,490	\$ 448,940	\$ 462,960	\$ -	\$ -
Net Other Income	\$ (5,465)	\$ 60	\$ 8,905	\$ 3,867	\$ 13,450

City of Meadowlakes

Items for Consideration

City Council Meeting

October 9, 2012

Date: October 3, 2012, 2012

To: Honorable Mayor Williams and Council Persons

From: Johnnie Thompson, City Manager

Agenda Item: **VI-A-Approval of the Meadowlakes Public Facility Corporations General Manager & Chief Operations Manager employment agreement**

Requested Council Agenda Date: October 9, 2012

- 1. Contact Name & Number:** Johnnie Thompson, City Manager - 830-693-2951
 - 2. Place On:** Consent New Business Old Business
 - 3. Budget Impact Statement Attached:** Yes No N/A
 - 4. Original Copies of Documents Approved to from by City Attorney?** Yes No N/A
-

5. Background:

This item was tabled from your September 11th, 2012 meeting for additional review. Mayor Williams, Councilman Cunningham and I met with Mr. Steve Hawkins, President of the Meadowlakes Public Facility Corporation (PFC) and its Treasurer Mr. Dale Fixsen to discuss the concerns that were raised at the Council meeting regarding the proposed employment agreement with the PFC's General Manager (GM) and Chief Operations Manager (COM).

The PFC held a special meeting on Monday October 1st, to discuss the requested changes to the GM and COM employment agreement. At this meeting it is my understanding that the PFC Board did make some changes which are reflected in the attached modified employment agreement.

Per the terms and conditions of the operating agreement between the City and the PFC the Council must approve any contract that exceeds one year or carries over into the next fiscal year.

Employment Agreement

Job Description:**General Manager & Chief Operations Officer****CLASS NO.****EEOC CATEGORY:** 001 - 043
Executive/Senior Level Officials and Managers.**PAY GROUP:****FLSA:** Exempt**SUMMARY OF POSITION:**

Incumbent is an employee of the Meadowlakes Public Facility Corporation (MPFC), responsible to manage and direct all aspects of the Hidden Falls Golf Course (HFGC) operations including day-to-day planning and execution of all retail operations and maintenance of the golf course. Serves as manager of the HFGC Operations Division, with overall management responsibility of HFGC, enterprise (including food and beverage, swimming pool and tennis), organization and staff including HFGC Division Department organizations and staff. Serves as the Chief Operations Officer (COO) of the Meadowlakes Public Facilities Corporation (MPFC).

JOB TITLE: General Manager (GM) HFGC and Chief Operations Officer (COO)**ORGANIZATIONAL RELATIONSHIPS:**

1. Reports to: MPFC Board of Directors (the "Board")
2. Directs: This is an **executive** level **supervisory** position.
3. Other: Has daily contact with HFGC customers, the general public, area wide public officials, various local organizations/associations, and local Meadowlakes officials.

CATEGORY OF EMPLOYMENT:

This position is a **REGULAR FULL-TIME** position as defined in the "MPFC Personnel Manual".

Section I - Job Responsibilities, Duties & Authority:

1. **General** - Serves as the General Manager of Hidden Falls Golf Course, with responsibility and authority to plan and execute all day-to-day operations with authority to establish same within framework of guidelines and policies as established by the Board.
2. **MPFC Officer** - Serves as the Chief Operations Officer of the Meadowlakes Public Facility Corporation (MPFC) with duties and responsibilities as defined in MPFC bylaws, and as further defined by the MPFC Board.
3. **HFGC Focal Point** - Serves as focal point and executive level single point of contact for the HFGC business enterprise.
4. **Managing and Directing** - Incumbent is responsible to perform all aspects of managing and directing HFGC personnel and staff.
5. **Budget and Resource Planning** - Incumbent is responsible for budget plans, including revenue projections, expenses, equipment and staffing requirements for HFGC. Responsible

to develop and provide proposed budget requirements to MPFC Treasurer and Board for review and adoption.

6. **Plans and Procedures** - Consistent with, and responsive to Board established policies, incumbent is responsible to develop and put in place necessary operating plans and procedures used in the day-to-day operations of the HFGC to effect standard, efficient and repeatable execution by all management staff and employees Incumbent is responsible to periodically brief the Board on implemented plans and procedures as a means of keeping the Board informed; providing recommendations on policies, and changes thereto for Board consideration and adoption.
7. **Management Systems** - Incumbent is responsible to develop and put in place a management system that defines the responsibilities and authorities of all HFGC managers and their respective organizations and/or major functions, including appropriate and formal internal controls.
8. **Organization & Structure** - Incumbent is responsible to develop and put in place an organizational structure, allocating duties and responsibilities to organizational units.
9. **Training of Personnel** - Incumbent is responsible to develop training requirements and ensure that all employees are trained and sufficiently proficient to perform their respective duties.
10. **Marketing and Promotion** - Incumbent is responsible to aggressively market and promotes the HFGC as a public recreational facility with the objective of increasing revenue.
11. **Financials and Accounting** - Incumbent is responsible to establish and operate a financial accounting system that tracks and accounts for all revenue, expenses, receivables and payables for the HFGC. Incumbent's accounting system shall be established subservient to, and jointly executed in concert with, the Corporation Treasurer's accounting system The Corporation's Treasurer will, in conjunction with the incumbent, provide the "**checks and balances**" function consistent with HFGC and MPFC "**Internal Controls**" policies and procedures as adopted by the Board.
12. **Forecasting and Cash Flow Analysis** - Based on actuals, trends and predictions, incumbent is responsible, on a near continuous basis, to forecast the near-term and future financial position of the HFGC enterprise, taking corrective actions as necessary to maintain a posture of financial solvency, and make recommendations to the Board for all corrective actions that may lay outside the authority of the incumbent.
13. **Collection of Fees and Related Losses** - Incumbent is responsible to establish explicit plans and procedures associated with all aspects of HFGC retail operations, and to ensure that fees are levied uniformly and always collected.
14. **Setting of Fees** - The incumbent shall review, develop and maintain an appropriate HFGC customer "fee schedule" which meets the financial objectives of the HFGC enterprise. Incumbent shall recommend such "fee schedule" for adoption by the Board, and once adopted, fee schedule shall be formally documented and posted.
15. **Payroll Processing** - Incumbent is responsible to perform processing of payroll including all aspects of HFGC employee payroll processing including time cards, withholdings (including taxes and benefits), filing tax reports, paycheck signing and distribution to employees; utilizing documented procedures based on Board established policies.
16. **Management of HFGC Operations Departments** - Incumbent is responsible for management and oversight of the Departments, department policies, responsibilities, performance expectations, and direct supervision of department heads.
17. **Pro Shop Merchandizing** - The incumbent is responsible to provide MPFC the service of retailing pro shop merchandise, as a separate and partitioned business enterprise. The details terms and conditions are defined in section V in this agreement.
18. **Golf Course Retail** - Incumbent is responsible to plan, manage, and execute retail operations of the golf course as determined necessary by the incumbent in order to meet the objectives

of the successful retail operations. Incumbent shall be responsible to maintain the Pro Shop neat and orderly in appearance.

19. **Golf Practice Facility** - The golf practice facility consists of a golf driving range, chipping range, practice putting green and associated golf ball collection and dispensing equipment. Practice facility fees shall be processed through the HFGC POS system and reported as revenue.
20. **Golf Cart Rental Retail** - Incumbent shall be responsible to perform retail operations associated with City owned golf carts and shall ensure that carts and cart barn are neat and orderly in appearance.
21. **Teaching and Clinics** - Incumbent shall provide the services of golf instruction to individuals, and/or groups. The practice range is provided at “no charge” for accommodating instruction; however, use of golf course shall be “fee bearing” and reported as Corporate revenue consistent with posted rates for golf play.
22. **Swimming Pool** - Incumbent is responsible to manage the retail operations of the swimming pool facility, including collection of fees, controlling access, compliance with established rules of operation for users, routine surveillance of swimming facility when in use and keeping of facility in a neat and orderly appearance.
23. **Tennis Courts** - Incumbent is responsible to manage retail operation of the tennis court facility, including collection of fees, controlling access, compliance to use rules, routine surveillance when in use and keeping of facility in a neat and orderly appearance.
24. **Golf Course Play Management** - Incumbent shall be responsible for managing golf course play to at least a level that ensures that all on-course players have paid appropriate fees.
25. **Golf Handicap Maintenance** - Incumbent shall be responsible to manage a service to golf members to provide golf handicap maintenance Handicap maintenance fees shall be processed through the HFGC POS system and reported as revenue.
26. **Golf Course Maintenance (GCM)** - Incumbent shall be responsible for management oversight of the Golf Course Maintenance Department. Incumbent is responsible to ensure the department is provided adequate resources, including capable management, and necessary staff and expertise, consumables, and supplies.
27. **Food and Beverage (F&B)** - Incumbent shall serve as the F&B Department Manager and as such shall be responsible for establishing the plans, procedures, internal controls and staff to provide food and beverage retail services, in a manner that provides the required services as defined by Board policy, accompanied with management execution that ensures F&B services are operated with high efficiency and as a profitable enterprise.

The incumbent’s F&B responsibilities defined above assume that F&B services are provided as an in-house enterprise performed by “hands-on” Corporation employees. In the event that F&B services are subleased to a third party lessee, the incumbent’s duties and responsibility shall consist of third party lessee subcontract management and coordination activities related to integrating F&B support with golf special event and tournament activities.

Section II – Status and Reporting

Incumbent shall report routinely to President and to the Board regarding the status of activities, identifying issues and areas of concerns and pending changes anticipated in required operations that may affect the users of the HFGC facility, the Corporation and community.

Section III - Incumbent Compensation

The compensation provided to incumbent shall be composed of a combination of incentive earnings and base pay of \$60,000.00 (fiscal year).

A. Incentive Earnings: - Incentive earnings shall be awarded to the incumbent based on the following:

<u>Item</u>	<u>Incumbent Incentive Share</u>
1. Membership Revenue	10% of Revenue Exceeding \$400,000.00 each fiscal year
2. Green Fees/Cart Rental	10% of Revenue Exceeding \$230,000.00 each fiscal year
3. Net Profit	5% of Net Profit each fiscal year*
4. Handicap Services	100% of Net Profit
5. Range Fees	20% of Revenue

*In calculating Net Profit, Capital Expenditures will not be included as costs. If GM/COO shall terminate employment in the middle of a fiscal year, merchandise from the Pro Shop is the only item that would require settlement.

B. Compensation Payment Schedule - Incumbent shall be paid every two weeks based on base pay of \$60,000.00 fiscal year earnings. Proceeds from Pro Shop merchandise sales are defined in Section V herein. At completion of the fiscal year the incumbent will be credited for incentive earnings earned for that fiscal year. Incumbent will be paid for credits as a lump sum payment in the month of October. The projected annual earnings for an up-coming year shall be set prior to start of each fiscal year, by mutual consent of the Board and incumbent. For **Fiscal Years 2013 and 2014**, the every two weeks base pay payment shall be set at **\$2307.69**. In addition, reimbursement for Pro Shop merchandise sales will be paid to incumbent every two weeks for merchandise sales of prior weeks, save and except 2 percent of total sales that were charged to credit cards will be deducted and retained by the Corporation for payment of associated credit card processing fees.

Section IV – Agreement Period of Performance

A. This employment agreement by and between the incumbent (Jeffery J. Wilson) and MPFC (the “parties”) shall be binding for a period of performance of twenty-four months, commencing on October 1, 2012 and ending on September 30, 2014 (the “Term”) subject to early termination as provided herein and Section IX(1).

B. The parties agree to an option for extending this agreement, or an agreement of similar form, for two additional two-year increments, with the provision that terms and conditions are mutually agreeable. With each additional increment of employment, the MPFC or incumbent shall have the right to require renegotiation of employment terms, with mutually successful renegotiation as a condition of executing employment extension. Provisions for early termination shall be provided with terms and conditions as follows:

The MPFC and/or incumbent is hereby granted the right to request and be granted early termination of this employment agreement for the following conditions:

1. MPFC fails to fund the incumbent per the terms of this agreement.
2. MPFC determines the HFGC shall be closed due to continued lack of profitability.
3. Incumbent’s performance is determined to be unsatisfactory by MPFC Board.
4. MPFC terminates incumbent’s At-Will employment with or without cause.
5. City of Meadowlakes dissolves the MPFC.

Section V – Pro Shop Merchandise Retail

Pro Shop Merchandise - Incumbent is authorized, as part of and concurrent with this agreement, to operate as a private retail business, the sale of golf related merchandise using the HFGC Pro Shop as the place of business. As a provision of the original agreement, the then current stock of MPFC owned merchandise as of October 1, 2009 was \$34,168.62. Upon expiration or early termination of this employment agreement, the incumbent is responsible to reimburse the MPFC based on the initial value of inventory, with provision that reimbursement value is adjusted to account for credit due incumbent as defined below. Reimbursement may be in the form of cash or merchandise at the discretion of the incumbent. Golf customer unredeemed credits that exist at time of expiration of this agreement, shall be totaled and associated value reimbursed to the Corporation in the form of cash. The Incumbent is responsible to fund all purchases required to maintain incumbent's required inventory after initial handover of merchandise by the MPFC with responsibility continuing for the Term of the agreement.

The incumbent's liability for the initial value of inventory shall be reduced to account for golf customer un-redeemed credits which existed on the City's books at the time of handover, with the provision that incumbent shall honor redemption of all such credits and at full value, subsequent to initial handover of the pro shop merchandizing business operations to the incumbent.

Section VI - Acceptable Experience and Training:

PGA Class A Professional with at least three years experience as a Golf Course General Manager, plus at least a bachelor of arts or bachelor of science degree, or any equivalent combination of experience and training which provides the required knowledge, skills, and abilities.

Section VII - Certificates and Licenses Required:

Certification as a Professional Golfers Association, Class A Professional, with requirement that certification be maintained and that incumbent maintains a good standing with the PGA as a PGA Class A Pro.

Section VIII - Work Environment:

Duties are performed in an office sedentary and light duty outdoor activities environment related to golf recreation, golf instruction, light duty maintenance, and inspection activities.

Section IX – General Provisions

1. **At-Will Employment** -Incumbent understands and acknowledges that his/her employment with the MPFC is for an unspecified duration and constitutes "AT-WILL" employment notwithstanding any term or provision contained herein to the contrary. The incumbent also understands that any representation to the contrary is unauthorized and not valid unless obtained in writing and approved by the Board of Directors of the MPFC. The incumbent acknowledges that this employment relationship may be terminated at any time, with or without good cause or for any or no cause, at the option either of the MPFC or the incumbent, with or without notice.
2. **Approval by City** - This agreement is entered into subject to the approval of the City Council of the City of Meadowlakes and does not become binding on either party until it has final approval by said City Council.

- 3. **Operation in Accordance With Applicable Laws and Agreements** - The incumbent will ensure that the Hidden Falls Golfing Complex is operated in accordance with applicable laws and any and all agreements between the Meadowlakes Public Facility Corporation and the City of Meadowlakes.
- 4. **Complete Agreement** - This Agreement sets forth and establishes the entire understanding between the MPFC and the General Manager/Chief Operations Officer relating to the employment his/her employment by the MFPC. Any prior discussions or representations by or between the parties are merged into and rendered null and void by this Agreement. The parties by mutual written signed agreement may amend any provision of this Agreement during the term of this Agreement; such amendments shall be incorporated and made a part of this Agreement.
- 5. **Binding Effect** - This Agreement shall be binding on the MPFC and the General Manager/Chief Operations Officer as well as their heirs, assigns, executors, personal representatives and successors in interest.
- 6. **Savings Clause** - If any term or provision of this Agreement, as applied to any party or to any circumstance, is declared by a court of competent jurisdiction hereof to be illegal, unenforceable or void in any situation and in any jurisdiction, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending provision in any other situation or in any other jurisdiction. The parties agree that the court or arbitrator making such determination shall have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases or to replace any illegal, unenforceable or void term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.
- 7. **Conflicts** - In the event of any conflict between the terms, conditions and provisions of this Agreement and the Applicable Laws and Authorities, then, unless otherwise prohibited by law, the terms of this Agreement shall take precedence over the contrary provisions of the Applicable Laws and Authorities during the term of this Agreement.
- 8. **Controlling Law** - This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas and shall be performable in Burnet County, Texas, unless otherwise provided by law.
- 9. **Multiple Originals** - This contract is executed in two (2) originals, each of which constitutes but one and the same instrument.

APPROVED BY:

Employee Incumbent Date

MPFC Board President Date

Attest:

MPFC Board Secretary Date

City of Meadowlakes

Items for Consideration

City Council Meeting

October 9, 2012

Date: October 3, 2012, 2012

To: Honorable Mayor Williams and Council Persons

From: Johnnie Thompson, City Manager

Agenda Item: VI-B-Update on financing of new potable water storage tank

Requested Council Agenda Date: October 9, 2012

1. Contact Name & Number: Johnnie Thompson, City Manager - 830-693-2951

2. Place On: Consent New Business Old Business

3. Budget Impact Statement Attached: Yes No N/A

4. Original Copies of Documents Approved to from by City Attorney? Yes
 No N/A

5. Background:

Please find attached for your review draft copies of the following legal documents regarding the pending funding of the new potable water storage tank project.

1. Draft Ordinance
2. Lease-Purchase Agreement
3. Escrow Agreement

I received these today from our legal counsel and have not reviewed them in detail yet but will before your meeting on Tuesday. I requested a few items be changed and/or reworded in the first drafts and my concerns appear to have been resolved.

Mayor Williams and I plan to have a meeting with representatives of the POA as soon as possible to discuss these documents and I anticipate formal action will be requested at our November 13th meeting.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF MEADOWLAKES, TEXAS, APPROVING A LEASE PURCHASE AGREEMENT AND ESCROW AGREEMENT WITH THE MEADOWLAKES PROPERTY OWNERS ASSOCIATION; DESIGNATING SUCH LEASE AS A QUALIFIED TAX EXEMPT OBLIGATION; ESTABLISHING AN INTEREST AND SINKING FUND; AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT AND ANY RELATED DOCUMENTS; PROVIDING OPEN MEETINGS AND EFFECTIVE DATE CLAUSES; AND PROVIDING FOR RELATED MATTERS.

Whereas, the City Council of the City of Meadowlakes, Texas (the “City”) desires to enter into a Lease Purchase Agreement with the Meadowlakes Property Owners Association, Inc. (the “Agreement”) for the purpose of financing a water storage tank;

Whereas, the City desires to designate the Agreement as a “qualified tax exempt obligation” of the City;

Whereas, the acquisition and installation of a water storage tank is necessary to provide a safe and adequate water supply to the citizens of Meadowlakes; and

Whereas, it is in the public interest to create an interest and sinking fund and levy taxes to fund and pay the sums and amounts to be paid by the City pursuant to the Agreement;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MEADOWLAKES, TEXAS, THAT:

Section 1. Approval of Agreement. The City Council hereby approves and agrees to enter into the Lease Purchase Agreement (the “Agreement”) and Escrow Agreement with the Meadowlakes Property Owners Association, Inc. spread upon the minutes of this meeting for the purpose of financing a water storage tank. The City Manager is authorized to execute the Agreement, the Escrow Agreement, and such other documents as authorized by the Agreement.

Section 2. Qualified Tax Exempt Obligation. The Agreement is designated by the City as a “qualified tax exempt obligation” for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

But no debt for any purpose shall ever be incurred in any manner by any city or county unless provision is made, at the time of creating the same, for levying and collecting a sufficient tax to pay the interest thereon and provide at least two per cent (2%) as a sinking fund; and the condemnation of the right of way for the erection of such works shall be fully provided for.

Section 3. Interest in Sinking Fund. (a) During each year while there is any liability by reason of the terms and provisions of the Agreement, including the fiscal year in which the Agreement is first approved and executed, the City Council of the City shall compute and

ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and costs of tax collection, which will be sufficient to raise and produce the money required to pay any sums which may be or become due during any such year, in no instance to be less than two (2%) per cent of such obligation, together with all interest thereon, because of the obligation herein assumed and undertaken, taking into account all other sources of revenue and funds that may be used to satisfy the obligations under the Agreement. Said rate and amount of ad valorem tax is hereby ordered to be levied and is hereby levied against all taxable property in said City for each year while any liability exists by reason of the obligation undertaken by the Agreement, and said ad valorem tax shall be assessed and collected each such year until all of the obligations incurred by the City in the Agreement shall have been discharged and all liability under the Agreement is discharged.

(b) The City Council hereby establishes an interest and sinking fund (the "I & S Fund"), which shall be maintained by the City as long as any Lease Payments under the Agreement are unpaid. The City Council hereby pledges the I & S Fund for the exclusive purpose of securing the payment of the Lease Payments and all other financial and contractual obligations of City under the Agreement, and shall apply the funds therein to the payment of Lease Payments as such payments come due.

(c) As the City receives collections of such ad valorem tax levied under this ordinance, it shall deposit such tax collections into the I & S Fund as provided in this ordinance. Lessee from time to time may deposit any other lawfully available funds into the I&S Fund.

Section 4. Effective Date. This Ordinance shall take effect immediately from and after its passage.

Section 5. Open Meetings. It is hereby officially found and determined that the meeting at which this Ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

PASSED AND APPROVED on this the ____ day of _____, 2012.

CITY OF MEADOWLAKES

Don Williams, Mayor

ATTEST:

Stephanie Littleton, City Secretary

LEASE-PURCHASE AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF BURNET §

This Lease - Purchase Agreement (the "Lease" or "Agreement") is made and entered into as of the ___ day of ____ 2012, by and between the **Meadowlakes Property Owners Association, Inc.**, a Texas non-profit corporation, (the "Lessor") and the **City of Meadowlakes, Texas**, a general law municipal corporation and political subdivision of the State of Texas, (the "Lessee").

Lessor hereby demises, leases and lets to Lessee and Lessee hereby rents, leases and hires from Lessor, the Property described in Exhibit A now or hereafter attached hereto (the "Property") in accordance with the following terms and conditions of this Lease Purchase Agreement (the "Lease"). The terms "Exhibit A" (Property Description), "Exhibit B" (Payment Schedule and Option to Purchase Price), and "Exhibit C" (Acceptance Certificate) as used herein shall mean all such consecutively numbered Exhibits that are or may be in the future attached as exhibits to and be governed by the terms of this Lease.

1. Term. This Lease shall become effective upon the execution by Lessee and Lessor. The term of this Lease ("Lease Term") shall commence upon the dated date of this Lease and the Lease Term shall continue until the end of the Lessee's current fiscal year and shall continue thereafter for such additional fiscal periods as are necessary to complete the anticipated total lease term as set forth in Exhibit B, unless earlier terminated, as provided herein.

2. Lease Payments. Lessee agrees to pay to Lessor or its assignee the Lease Payments, including the interest portion, equal to the amounts specified in Exhibit B (the "Lease Payments"). The Lease Payments will be payable without notice or demand at the office of the Lessor or such other place as Lessor or its assignee may from time to time designate in writing), and will commence on the date as set forth in Exhibit B and thereafter in accordance with Exhibit B and this Lease, provided that Lessor has funded the escrow account as provided in the Escrow Agreement between the parties for this Lease (the "Escrow Agreement"). Except as specifically provided in Section 5 hereof, Lessee's obligation to make Lease Payments is absolute and conditional in all events and is not subject to any setoff, defense, counterclaim, or recoupment for any reason whatsoever including, without limitation, any failure of the Property to be delivered or installed, any defects, malfunctions, breakdowns or infirmities in the Property or any accident, condemnation or unforeseen circumstances. If Lessee fails to pay any lease specified in Exhibit B hereof within ten (10) days after the due date thereof, Lessee shall pay to Lessor interest on such delinquent payment from the due date until paid at the highest lawful rate.

3. Delivery and Acceptance. Lessee will cause the Property to be delivered to Lessee at the location specified in Exhibit A ("Property Location"). Lessee will pay all transportation and other costs, if any, incurred in connection with the delivery of the Property. Lessee will accept the Property as soon as it has been delivered and is operational. Lessee will evidence its acceptance of the Property by executing and delivering to Lessor an Acceptance Certificate in the form provided by

Lessor and attached hereto as Exhibit C.

4. Disclaimer of Warranties. Lessee acknowledges and agrees that the Property is of a size, design and capacity selected by Lessee, that Lessor is neither a manufacturer nor a vendor of such Property, and that LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR USE, OR SUITABILITY OF THE PROPERTY IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY, OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND LESSOR SHALL NOT BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL, OR OTHER DAMAGES OF OR TO LESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE PROPERTY AND THE MAINTENANCE THEREOF.

Lessor hereby assigns to Lessee during the Lease Term, so long as no Event of Default has occurred hereunder and is continuing, all manufacturer's warranties, if any, expressed or implied with respect to the Property, and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's expense. Lessee's sole remedy for the breach of any such manufacturer's warranty shall be against the manufacturer of the Property, and not against Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of Lessor with respect to this Lease, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the availability of such warranties of the manufacturer of the Property.

5. Pledge of Ad Valorem Taxes. Upon this Agreement taking effect the Lessee shall establish an interest and sinking fund (the "I & S Fund"), which shall be maintained by the Lessee as long as any Lease Payments are unpaid. The Lessee hereby pledges the I & S Fund for the exclusive purpose of securing the payment of the Lease Payments and all other financial and contractual obligations of Lessee under this Agreement, and shall apply the funds therein to the payment of Lease Payments as such payments come due.

The Lessee has levied an ad valorem tax (and each year in which Lease Payments come due, the Lessee shall levy an ad valorem tax) within the limits prescribed by law, that is sufficient (together with any other funds lawfully available to the Lessee for the purpose) to pay the Lease Payments coming due in such year. As Lessee receives collections of such ad valorem tax, it shall deposit such tax collections into the I & S Fund. Lessee from time to time may deposit any other lawfully available funds into the I & S Fund. To the extent permitted by law, the Lessee hereby pledges its ad valorem tax as security for this obligation.

The I & S Fund shall be depleted at least once a year except for a carryover amount not to exceed one twelfth (1/12) of the amount of the Lease Payments expected to come due in the following year.

6. Certification and Authorization. Lessee represents, covenants and warrants that it is

a state, or a political subdivision thereof, or that Lessee's obligation under this Lease constitutes an obligation issued on behalf of a state or political subdivision thereof, such that any interest derived under this Lease will qualify for exemption from Federal income taxes under Section 103 of the Internal Revenue Code. Lessee further warrants that it has the legal capacity to enter into this Lease, and is not in contravention of any City, District, County, or State statute, rule, regulation, or other governmental provision. Lessee further represents that the use of the Property is essential to its proper, efficient and economic operation of the City and its water system. Lessee agrees that (i) there are no circumstances presently affecting the Lessee that could reasonably be expected to alter its foreseeable need for the Property or adversely affect its ability or willingness to budget funds for the payments of sums due hereunder; (ii) it has complied with all bidding requirements where necessary and by the due notification presented this Lease for approval and adoption as a valid obligation on its part; (iii) it has sufficient appropriations or other funds available to pay all amounts due hereunder for the current fiscal period; (iv) no lease, rental agreement or contract for purchase to which Lessee has been a party at any time during the last five years has been terminated by Lessee as a result of insufficient funds being appropriated in any fiscal period; (v) during the term of this Lease, the Property will be used by Lessee only for the purpose of performing one or more governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority and not be used in a trade or business of any person or entity other than the Lessee; (vi) Lessee will take no action that will cause the Interest portion of any Lease Payment to become includable in gross income of the recipient for purposes of federal income taxation under the Internal Revenue Code of 1986, as amended, and Lessee will take, and will cause its officers, employees and agents to take, all affirmative action legally within its power to prevent such Interest from being includable in gross income for purposes of federal income taxation under the Code.

7. Title to Property; Security Interest. During the term of this Lease, and so long as no Event of Default (as defined in Section 18) has occurred, title to the Property and any and all additions, repairs, replacements or modifications thereof, will rest in the Lessee, subject to the rights of Lessor under this Lease. In the Event of Default as set forth in Paragraph 18 or a termination as set forth in Paragraph 19 or 21, Lessee will peaceably surrender possession of the Property to Lessor. At the expiration of the Lease Term, when all Lease Payments have been made, Lessor will release any security interest it has in the Property. Lessor shall have and retain a security interest under the Uniform Commercial Code in the Property, the proceeds thereof and any and all repairs, replacements, substitutions and modifications thereto, in order to secure Lessee's payment of all Lease Payments and the performance of all other obligations of lessee under this Lease, and Lessee hereby grants to Lessor, and its successors, a security interest in the Property, all accessions thereto and proceeds therefrom, and, in addition to Lessor's rights hereunder, all of the rights and benefits of secured party under the Uniform Commercial Code as in effect from time to time hereafter in the State in which the Property is located or any other State which may have jurisdiction over the Property. If requested by Lessor, Lessee agrees to execute such additional documents including financing statements, affidavits, notices and similar instruments, in form satisfactory to Lessor which Lessor deems necessary or appropriate to protect its interest in the Property and in this Lease. In the event of default by the Lessee, the Lessor agrees to look first to Lessee's tax pledge. In the event the tax pledge is found to be insufficient to satisfy the default, then and only then will Lessor foreclose upon the perfected security interest in the Property.

8. Filings. Lessee authorizes Lessor to make the Lessor's security interest a matter of

public record by filings of any documents Lessor deems necessary for that purpose, and agrees to be responsible for any costs associated therewith. Lessee agrees to sign or execute such documents at its expense to evidence its consent to filings.

9. Alterations. Lessee may, at its own expense, install or place in or on, or attach or affix to, the Property such equipment or accessories as may be necessary or convenient to use the Property for its intended purposes provided that such equipment or accessories do not impair the value or utility of the Property. All such equipment and accessories shall be removed by Lessee upon termination of this Agreement, provided that any resulting damage shall be repaired at Lessee's expense. Any such equipment or accessories not removed shall become the property of Lessor.

Without the written consent of Lessor, Lessee shall not make any other alterations, modifications or improvements to the Property except as required or permitted hereunder. Any other alterations, modifications or improvements to the Property shall immediately become part of the Property, subject to the provisions hereof. Without the prior written consent of Lessor, Lessee shall not affix or attach any of the Property to any real property. Lessor acknowledges and understands that the Property will sit on a concrete foundation and will be connected to underground pipes and electrical wiring, and Lessor hereby consents to such connections. The Property shall remain personal property regardless of whether it becomes affixed or attached to real property or permanently rests upon any real property or any improvement thereon.

10. Location; Inspection. The Property will not be removed from, or if the Property consists of rolling stock, its permanent base will not be changed from the Property location without Lessor's prior written consent which will not be unreasonably withheld. Lessor will be entitled to enter upon the Property Location or elsewhere during reasonable business hours to inspect the Property or observe its use and operation.

11. Liens and Taxes. Lessee shall keep the Property free and clear of all levies, liens and encumbrances except those created under this Lease. Lessee shall pay, when due, all charges and taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Property, excluding however, all taxes on or measured by Lessor's income. If Lessee fails to pay said charges and taxes when due, Lessor shall have the right, but shall not be obligated, to pay said charges of taxes, Lessee shall reimburse Lessor therefor.

12. Personal Property. The Property is and will remain personal property and will not be deemed to be affixed or attached to real estate or any building thereon. If requested by Lessor, Lessee will, at Lessee's expense, furnish a waiver of any interest in the Property from any party having an interest in any such real estate or building.

13. Risk of Loss; Damage; Destruction. Lessee assumes all risk of loss of or damage to the Property from any cause whatsoever, and no such loss of or damage to the Property nor unfitness or obsolescence thereof shall relieve Lessee of the obligation to make lease Payments or to perform any other obligation under this lease.

In the event of damage to any item of Property, Lessee will immediately place the same in

good repair with the proceeds of any insurance recovery applied to the cost of such repair.

If Lessor determines that any item of Property is lost, stolen, condemned, confiscated, destroyed or damaged beyond repair, Lessee, at the option of Lessor, will either (a) replace the same with like property in good repair, or (b) on the next Lease Payment date, pay Lessor: (i) all amounts then owed by Lessee to Lessor under this Lease, including the Lease Payment due on such date, and (ii) an amount equal to the applicable Purchase Option Amount set forth in Exhibit B. In the event that Lessee is obligated to make payment with respect to less than all of the Property, Lessor will provide Lessee with the pro rata amount of the Lease Payment and the Purchase Option Amount to be made by Lessee with respect to the Property which has suffered the event of loss and the Lease shall remain in full force and effect for all remaining Property.

14. Insurance. Lessee, will, at its expense, maintain at all times during the Lease Term, fire and extended coverage, public liability and property damage insurance with respect to the Property in such amounts, covering such risks and obligations set forth in Section 13, and with risk pool insurance coverage, or, with Lessor's prior written consent, may self-insure against any or all such risks. In no event will the insurance limits be less than the amount of the then applicable Purchase Option with respect to such Property. If insurance policies are provided with respect to the Property, all insurance policies shall be with insurers authorized to do business in the State where the Property is located. Each insurance policy will contain a clause requiring the insurer to give Lessor at least thirty (30) days prior written notice of any alterations in the terms of such policy or the cancellation thereof. The proceeds of any such policies will be payable to Lessee and Lessor or its assigns as their interests may appear.

Upon acceptance of the Property and upon each insurance renewal date, Lessee will deliver to Lessor a certificate evidencing such insurance. If at any time during the Lease Term, Lessee shall not have provided Lessor with such certificate, Lessor may obtain the above described insurance, and lessee will reimburse Lessor upon demand for the costs thereof including interest at the overdue rate from the date that Lessor incurred such cost to the date of reimbursement by Lessee. In the event that Lessee has been permitted to self-insure against the risks and obligations set forth in Section 13, Lessee will furnish Lessor with a letter of certificate to such effect. In the event of any loss, damage, injury or accident involving the Property, Lessee will promptly provide Lessor with written notice thereof and make available to Lessor all information and documentation relating thereto.

Lessee shall also carry and require any other person or entity working on, in or about the Property to carry workmen's compensation insurance covering employees on, in or about the Property. In the event Lessee fails, for any reason, to comply with the requirements of this Section, Lessee, to the extent authorized by law, shall indemnify, save harmless and, at Lessee's sole expense, defend Lessor and its agents, employees, officers and directors and the Property against all risk of loss not covered by insurance.

15. Indemnification. To the extent permitted by law, Lessee shall indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, proceedings, expenses, damages or liabilities, including attorney's fees and court costs, arising in connection with the Property, including, but not limited to, its selection, purchase, delivery, installation, possession, use, operation, rejection, or return and the recovery of claims under insurance policies thereon. The indemnification

arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of the Lease Term for any reason.

16. Assignment. Without Lessor's prior written consent, Lessee will not either (i) assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Lease or the Property or any interest in this Lease or the Property or (ii) sublet or lend the Property or permit it to be used by anyone other than Lessee or Lessee's employees for the governmental purposes of Lessee. Lessor may assign its rights, title and interest in and to this Lease, the Property and any documents executed with respect to this Lease and/or grant or assign a security interest in this Lease and the Property. Any such assignees shall have all of the rights of Lessor under this Lease. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. Lessee covenants and agrees not to assert against the assignees any claims or defenses by way of abatement setoff, counterclaim, recoupment or the like which Lessee may have against Lessor. Upon assignment of Lessor's interests herein, Lessor will cause written notice of such assignment to be sent to Lessee which will be sufficient if it discloses the name of the assignee and address to which further payments hereunder should be made. During the term of this Agreement, Lessee shall keep a complete and accurate record of all such assignments in form necessary to comply with the United States Internal Revenue Code of 1986, Section 149 (a), and the regulations, proposed or existing, from time to time promulgated thereunder.

17. Advances. If Lessee shall fail to pay any Lease Payment or any other amounts due hereunder or perform any of its obligations under this Lease, Lessor or its assignee may, at its option pay such amounts or perform such obligation, and Lessee shall reimburse Lessor the amount of such payment or cost of performance upon demand, together with interest at the highest lawful rate, from the due date on the amount of any Lease Payment or other payment not made when due under this Lease from the date due until the date on which such payment is received by Lessor.

18. Event of Default. The term "Event of Default," as used herein, means the occurrence of any one or more of the following events; (i) Lessee fails to make any Lease Payment (or any other payment) as it becomes due in accordance with the terms of the Lease, and any such failure continues for ten (10) days after the due date thereof; (ii) Lessee fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure is not cured within twenty (20) days after written notice thereof by Lessor; (iii) the discovery by Lessor that any statement, representation, or warranty made by Lessee in this Lease or in writing ever delivered by Lessee pursuant hereto or in connection herewith is false, misleading, or erroneous in any material respect; (iv) proceedings under any bankruptcy, insolvency, reorganization or similar legislation shall be instituted against or by Lessee, or a receiver or similar officer shall be appointed for Lessee or any of its property, and such proceedings or appointments shall not be vacated, or fully stayed, within sixty (60) days after the institution or occurrence thereof, or (v) an attachment, levy or execution is threatened or levied upon or against the Property.

19. Remedies. Upon the occurrence of an Event of Default, and as long as such Event of Default is continuing, Lessor may, at its option, exercise any one or more of the following remedies;

(i) By written notice to Lessee, declare an amount equal to all amounts then due

under the Lease, and all remaining Lease payments due during the Lease Term to be immediately due and payable, whereupon the same shall become immediately due and payable;

(ii) Enforce this Agreement by appropriate action to collect amounts due or to become due hereunder, by acceleration of otherwise, or to cause Lessee to perform its other obligations hereunder in which event Lessee shall be liable for all costs and expenses incurred by Lessor;

(iii) Take possession of the Property, without demand or notice and without court order or any process of law, and remove and relet the same for Lessee's account, in which event Lessee waives any and all damages resulting therefrom and shall be liable for all costs and expenses incurred by Lessor in connection therewith and the difference, if any, between the amounts to be paid pursuant to Exhibit B hereof and the amounts received and to be received by Lessor in connection with any such reletting;

(iv) Terminate this Agreement and repossess the Property, in which event Lessee shall be liable for any amounts payable hereunder through the date of such termination and all costs and expenses incurred by Lessor in connection therewith;

(v) Sell the Property or any portion thereof for Lessor's account at public or private sale, for cash or credit, without demand on notice to Lessee of Lessor's intention to do so, or relet the Property for a term and a rental which may be equal to, greater than or less than the rental and term provided herein. If the proceeds from any such sale or rental payments received under a new agreement made for the periods prior to the expiration of this Agreement are less than the sum of (i) the costs of such repossession, sale, relocation, storage, reconditioning, reletting and reinstallation (including but not limited to reasonable attorneys' fees), (ii) the unpaid principal balance derived from Exhibit B as of the last preceding Lease Payment Date specified in Exhibit B, and (iii) any past due amounts hereunder (plus interest on such unpaid principal balance at the rate specified in Section 17 hereof, prorated to the date of such sale), all of which shall be paid to Lessor, Lessor shall retain all such proceeds and Lessee shall remain liable for any deficiency; or

(iv) Pursue and exercise any other remedy available at law or in equity, in which event Lessee shall be liable for any and all costs and expenses incurred by Lessor in connection therewith. "Costs and expenses," as such term is used in this Section 19, shall mean, to the extent allowed by law: (a) reasonable attorneys' fees if this Agreement is referred for collection to an attorney not a salaried employee of Lessor or the holder of this Agreement; (b) court costs and disbursements including such costs in the event of any action necessary to secure possession of the Property; and (c) actual and reasonable out-of-pocket expenses incurred in connection with any repossession or foreclosure, including costs of storing, reconditioning and reselling the Property, subject to the standards of good faith and commercial reasonableness set by the applicable Uniform Commercial Code. Lessee waives all rights under all exemption laws.

In addition, Lessee will remain liable for all covenants and indemnities under this Lease and for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

20. Purchase Option. Provided Lessee has complied with the terms and conditions of this Agreement, Lessee shall have the option to purchase not less than all of the Property which is then subject to this Agreement, "as is" at the payment date, for the Option to Purchase Values set forth in Exhibit B. Upon Lessee's timely payment of all Lease Payments specified in Exhibit B, Lessee shall be deemed to have properly exercised its option to purchase the Property and shall be

deemed to have acquired all of Lessor's right, title and interest in and to the Property, free of any lien, encumbrance or security interest except such liens, encumbrances or security interest as may be created, or permitted and not discharged, by Lessee but without other warranties. Payment of the applicable Option to Purchase Value shall occur on the applicable Lease Payment Date specified in Exhibit B hereto, at which time Lessor shall, unless not required hereunder, deliver to Lessee a quitclaim bill of sale transferring Lessor's interest in the Property to Lessee free from any lien, encumbrance or security interest except such as may be created, or permitted and not discharged, by Lessee but without other warranties. Upon Lessee's actual or constructive payment of the Option to Purchase Value and Lessor's actual or constructive delivery of a quitclaim bill of sale covering the Property, this Agreement shall terminate except as to obligations or liabilities accruing hereunder prior to such termination.

21. Termination. Unless Lessee has properly exercised its option to purchase pursuant to Section 20 hereof, Lessee shall, upon the expiration of the term of this Agreement or any earlier termination hereof pursuant to Section 19 hereof, deliver the Property to Lessor unencumbered and in at least as good condition and repair as when delivered to Lessee, ordinary wear and tear resulting from proper use alone excepted, by loading the Property, at Lessee's sole expense, on such carrier, or delivering the Property to such location, as Lessor shall provide or designate at or within a reasonable distance from the general location of the Property. If Lessee fails to deliver the Property to Lessor, as provided in this Section 21, on or before the date of termination of this Agreement, Lessee shall pay to Lessor upon demand, for the hold-over period, a portion of the total payment for the applicable period as set forth in Exhibit B prorated from the date of termination of this Agreement to the date Lessee either redelivers the Property to Lessor or Lessor repossesses the Property. Lessee hereby waives any right which it now has or which may be acquired or conferred upon it any law or order of any court or other governmental authority to terminate this Agreement or its obligations hereunder, except in accordance with the express provisions hereof.

22. Section Headings. All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

23. Governing Law. This Lease shall be construed in accordance with, and governed by the laws of the State of Texas.

24. Delivery of Related Documents. Lessee will execute or provide, as requested by Lessor, such other documents and information as are reasonably necessary with respect to the transaction contemplated by this Lease.

25. Severability. Any provision of this Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of the Lease.

26. Use of Property; Maintenance. Lessee shall pay and discharge all operating expenses and shall cause the Property to be operated by competent persons only. Lessee shall use the Property only for its proper purposes and will not install, use, operate or maintain the Property improperly, carelessly, or in violation of any applicable law, ordinance, rule or regulation of any governmental authority, or in a manner contrary to the nature of the Property or the use contemplated by its manufacturer. Lessee shall obtain, at its expense, all registrations, permits and

licenses, if any, required by law for the installation and operation of the Property.

Lessor shall not be obligated to make any repairs or replacements. At its own expense, Lessee shall service, repair and maintain the Property in as good condition, repair, appearance and working order as when delivered to Lessee hereunder, ordinary wear and tear from proper use alone excepted, and shall replace any and all parts thereof which may from time to time become worn out, lost, stolen, destroyed, or damaged beyond repair or rendered unfit for intended use, for any reason whatsoever, all of which replacements shall be free and clear of all liens, encumbrances and claims of others and shall become part of the Property and subject to this Agreement. Lessor may, at its option, discharge such costs, expenses and insurance premiums necessary for the repair, maintenance and preservation of the Property, and all sums so expended shall be due from Lessee in addition to rental payments hereunder.

27. Taxes and Other Governmental Charges. In the event the Property is found to be subject to taxation in any form, the Lessee will pay as the same respectively become due, all taxes and governmental charges of any kind whatsoever together with any interest and penalties that may at any time be lawfully assessed or levied against or with respect to the Property including but not limited to the ownership, leasing, rental, sale, purchase, or possession thereof (excluding however, all taxes on or measured by the Lessor's or its assigns' income) and any equipment or other property acquired by the Lessee in substitution for, as a renewal or replacement of, or as a modification, improvement, or addition to the Property, as well as all other charges incurred in the operation, maintenance, use and upkeep of the Property; provided that with respect to any governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term. Upon the expiration or earlier termination of this Lease, the Lessee shall pay to the Lessor or its assigns any ad valorem, personal property or excise taxes assessed but not yet due and payable.

28. Notices. Any notices to be given or to be served upon any party hereto in connection with this Lease must be in writing and may be given by certified or registered mail, and shall be deemed to have been given and received forty-eight (48) hours after a registered or certified letter containing such notice, postage prepaid, is deposited in the United States mail, and if given otherwise shall be deemed to have been given when delivered to and received by the party to whom it is addressed. Such notice shall be given to the parties at their respective addresses designated on the signature page of this Agreement or at such other address as either party may hereafter designate.

29. Miscellaneous. Lessee shall, whenever requested, advise Lessor of the exact location and condition of the Property and shall give the Lessor immediate notice of any attachment or other judicial process affecting the Property, and indemnify and save Lessor harmless from any loss or damage caused thereby to the extent authorized by law. Lessor may, for the purpose of inspection, at all reasonable times enter upon any job, building or place where the Property and the books and records of the Lessee with respect thereto are located.

Lessee agrees to equitably adjust the payments payable under this Agreement if there is a determination for any reason that the interest payable pursuant to this Agreement (as incorporated within the schedule of payments) is not excludable from income in accordance with

the Internal Revenue Code of 1986, as amended, such as to make Lessor and its assigns whole.

Time is of the essence. No covenant or obligations hereunder to be performed by Lessee may be waived except by the written consent of Lessor, and a waiver of any such covenant or obligation or a forbearance to invoke any remedy on any occasion shall not constitute or be treated as a waiver of such covenant or obligation as to any other occasion and shall not preclude Lessor from invoking such remedy at any later time prior to Lessee's cure of the condition giving rise to such remedy. Lessor's rights hereunder are cumulative and not alternative.

This Agreement and the Escrow Agreement constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, altered or changed in any respect except by a written document signed by both Lessor and Lessee.

The Lessor hereunder shall have the right at any time or times, by notice to Lessee, to designate or appoint any person or entity to act as agent or trustee for Lessor for any purposes hereunder.

All transportation charges shall be borne by Lessee. Lessee will immediately notify Lessor of any change occurring in or to the Property, of a change in Lessee's address, or in any fact or circumstance warranted or represented by Lessee to Lessor, or if any Event of Default occurs.

Use of the neuter gender herein is for purposes of convenience only and shall be deemed to mean and include the masculine or feminine gender whenever and wherever appropriate

The captions set forth herein are for the convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Executed and Approved effective as of the date first above written.

Meadowlakes Property Owners Association, Inc.

City of Meadowlakes, Texas

Name: _____
Title: _____
Address: _____

Facsimile: _____

Don Williams, Mayor
177 BroadMoor St., Ste. A
Meadowlakes, Texas 78654
Facsimile: (830) 693-2124

Attest:

Attest:

Corporate Secretary

Stephanie Littleton, City Secretary

EXHIBIT "A"

PROPERTY DESCRIPTION

Lease Purchase Agreement Between the Meadowlakes Property Owner's Association, Inc. (Lessor)
and the City of Meadowlakes (Lessee) dated _____, 2012

<u>Quantity</u>	<u>Description</u>
1	250,000 gallon welded steel tank with internal baffling curtains, and installation of said tank

Property Location: 1119 Cedar Drive, Marble Falls, Texas 78654

EXHIBIT "B"

PAYMENT SCHEDULE AND OPTION TO PURCHASE PRICE

Lease Purchase Agreement Between the Meadowlakes Property Owner's Association, Inc. (Lessor)
and the City of Meadowlakes (Lessee) dated _____, 2012

Pymt #	Pymt Date	Principal Paid	Interest Paid	Total Payment	Option to Purchase After Payment on this Line
1	6/01/13	\$19,741.54	\$3,750.00	\$23,491.54	\$280,258.46
2	12/01/13	\$19,988.31	\$3,503.23	\$23,491.54	\$260,270.14
3	6/01/14	\$20,238.17	\$3,253.38	\$23,491.54	\$240,031.98
4	12/01/14	\$20,491.14	\$3,000.40	\$23,491.54	\$219,540.83
5	6/01/15	\$20,747.28	\$2,744.26	\$23,491.54	\$198,793.55
6	12/01/15	\$21,006.62	\$2,484.92	\$23,491.54	\$177,786.92
7	6/01/16	\$21,269.21	\$2,222.34	\$23,491.54	\$156,517.72
8	12/01/16	\$21,535.07	\$1,956.47	\$23,491.54	\$134,982.64
9	6/01/17	\$21,804.26	\$1,687.28	\$23,491.54	\$113,178.38
10	12/01/17	\$22,076.81	\$1,414.73	\$23,491.54	\$91,101.57
11	6/01/18	\$22,352.77	\$1,138.77	\$23,491.54	\$68,748.79
12	12/01/18	\$22,632.18	\$859.36	\$23,491.54	\$46,116.61
13	6/01/19	\$22,915.08	\$576.46	\$23,491.54	\$24,201.52
14	12/01/19	\$23,201.58	\$290.02	\$23,491.54	0.00

Total Principal: \$300,000.00
Total Interest: \$28,881.62
Grand Total: \$328,881.62

EXHIBIT "C"

ACCEPTANCE CERTIFICATE

Lease Purchase Agreement Between the Meadowlakes Property Owner's Association, Inc. (Lessor) and the City of Meadowlakes (Lessee) dated _____, 2012

In accordance with the Lease, Lessee hereby certifies that all of the Property described herein (i) has been received by Lessee, (ii) has been thoroughly examined and inspected to the complete satisfaction of Lessee, (iii) has been found by Lessee to be in good operating order, repair, and condition, (iv) has been found to be of the size, design, quality, type and manufacture specified by Lessee, (v) has been found to be and is wholly suitable for Lessee's purposes, and (vi) is hereby unconditionally accepted Lessee, in condition received, for all purposes of this Agreement.

Property: 250,000 gallon welded steel tank with internal baffling curtains, and installation of said tank

The primary use of this property is: water storage tank for municipal water system

Location: 1119 Cedar Drive, Marble Falls, Texas 78654

Invoices shall be sent to the following address, including to whose attention invoices should be directed:

Attn: City Manager
177 Broadmoor Street, Suite A
Meadowlakes, Texas 78654

Essential Use Certification

The undersigned hereby certifies that the Property, to be leased to the undersigned under that certain Lease Agreement between the Meadowlakes Property Owners Association, Inc. (Lessor) and the City of Meadowlakes (Lessee) dated _____, 2012, will be used by the undersigned Lessee for the primary purpose set forth above. The undersigned further represents the use of the Property is essential to its proper, efficient, and economic operation.

By Lessee:

Johnny Thompson, City Manager
City of Meadowlakes

Accepted this the ____ day of _____, _____

ESCROW AGREEMENT

Lease Purchase Agreement Between the Meadowlakes Property Owner's Association, Inc. (the "POA") and the City of Meadowlakes (the "City") dated _____, 2012

THIS ESCROW AGREEMENT (the "Agreement") is made and entered into as of _____, 2012, ("Agreement Date") by and between the Meadowlakes Property Owners Association, Inc., a Texas non-profit corporation ("POA"), a general law municipal corporation and political subdivision of the State of Texas ("The City").

WHEREAS, the POA and the City have entered into a certain Lease-Purchase Agreement dated as of _____, 2012, (the "Lease") pursuant to which the property more particularly described therein (the "Property") will be leased to the City under the terms stated in the Lease;

WHEREAS, the POA and the City desire to make funding arrangements for the acquisition of the Property;

NOW THEREFORE, in consideration of the mutual agreements and covenant herein contained and for other valuable consideration, the parties hereby agree as follows:

1. The POA shall deliver to the City the sum of \$300,000.00 ("Escrow Amount") for deposit to a dedicated account with the City (the "Escrow Fund") within [redacted] days of the date of this Agreement, and no later than [redacted] days from the effective date of the Lease. The Fund will be administered by the City pursuant to the terms of this Agreement.

Comment [PS1]: I need deadlines for the escrow account to be funded by the POA.

3. Deposits in the Fund shall be used solely to pay for the acquisition and installation of the Property. The Property may be acquired and installed as individual items or as groups of items. The City shall make disbursements from the Escrow Fund in payment for the acquisition and installation of each item or group of items of the Property promptly upon receipt of a properly executed Payment Request Form, in the form attached hereto as Exhibit "A", for that portion of the acquisition and/or installation of the Property for which payment is requested and which is supported by invoices. Upon full acquisition and/or installation of an item or group of items of the Property, any remaining cost of such item or group of items shall be disbursed promptly by the City upon receipt of a properly executed Acceptance Certificate and a corresponding Payment Request Form in the form attached hereto as Exhibit "A", for that portion of the Property for which payment is requested. Payment by the City shall be to the payee shown on the Payment Request Form.

4. Upon execution of one or more Certificates of Acceptance by the City and payment of acquisition and installation costs for all the Property, this Agreement and the Escrow Fund shall terminate, and the City shall transfer to POA all remaining sums in the Escrow Fund. If not terminated earlier, this Agreement and the Escrow Fund shall terminate on December 31, 2013 ("Termination Date"). In this latter event, the remaining balance in the Fund shall be transferred

by the City to the POA; Exhibit "A" attached to the Lease shall thereupon be revised to delete any non-acquired portions of the Property and to substitute an amended amortization payment schedule to reflect the reduced acquisition costs.

5. The POA shall be entitled, during normal business hours, to audit the invoices, payment requests, and other records related to the acquisition and installation of the Property and the City's disbursements from the Escrow Fund.

6. All notices to be given under the Agreement shall be made in writing and sent by overnight delivery service, or by facsimile with original to follow by mail to the other party at its address set forth herein at the signature blocks or at such address as the party may provide in writing from time to time. Any such notice shall be deemed to have been received when sent.

7. This Agreement may be amended by written agreement executed by all the parties.

8. This Agreement may be executed in several counterparts, each of which shall be an original.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Meadowlakes Property Owners Association, Inc., a Texas non-profit corporation

By: _____
Title: _____
Address: _____

Facsimile: _____

City of Meadowlakes, Texas

Don Williams, Mayor
177 BroadMoor St., Ste. A
Meadowlakes, Texas 78654
Facsimile: (830) 693-2124

EXHIBIT "A"

PAYMENT REQUEST FORM

Payment Request

To: City of Meadowlakes
Meadowlakes Property Owner's Association

FROM: _____ ("Contractor")

SUBJECT: _____ (insert name of project)

Capitalized words not defined herein shall have the meaning given in the Agreement.

This represents Requisition Certificate No. ___ in the total amount of \$_____ for payment of those Costs of the Work detailed in the attached documentation and payment instructions. *The documentation attached shows as completely as practicable the total value of the actual work performed by the Contractor and accepted by the City up to and including the last day of the preceding month. The documentation also includes the value of all equipment and materials not previously submitted for payment which have been delivered to the site or stored off-site pursuant to the Agreement, but have not yet been incorporated into the work. The Contractor, by its signature below, represents that the documentation accurately shows the percentage of the Work completed.*

Amount: _____

Description of Equipment/Installation: _____

Dated: _____

Indicate Method for Payment Disbursement:

_____ Overnight Check _____ Regular Mail Check _____ Wire Funds

Mailing Address: _____ Wire Instructions: _____

The undersigned Contractor certifies that:

1. All of the costs and expenditures for which moneys are requested hereby represent proper Costs of the Work, have not been included in a previous Progress Payment Requisition Certificate and such Costs of the Work are properly owing and payable based on the percentage of the Work completed.
2. The moneys requested hereby are not greater than those necessary to meet obligations due and payable for fees, funds or expenses actually expended for Costs of the Work, and are properly payable as a progress payment based on the percentage of the Work completed. The moneys requested do not include moneys that are not due and payable based on the progress and percentage of completion of the Work.

3. After payment of moneys hereby requested, there will remain available a sufficient amount of the Contract Amount, as defined in the Agreement, to complete the construction of the Work.

4. All work for which Payment Requisition Certificates have been previously issued and payment received is free and clear of any liens, claims, security interests or encumbrances of any kind, and all sums received pursuant to this application will be applied so as to assure that no liens, security interest or encumbrances attach to the work to which this application applies.

5. All subcontractors, labor, equipment and materials suppliers for the Work have been paid.

6. An Affidavit for Debts and Liens in the form attached hereto as Exhibit B is included, if this is a final payment request.

The undersigned Contractor and its representatives represent and agree that the above statements are, to the best of their knowledge are true and correct.

EXECUTED this _____ day of _____, 20__.

[Contractor]

By: _____
Name:
Title:

THE STATE OF TEXAS §

COUNTY OF _____ §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____, Contractor herein, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged that [s]he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of 200__.

(SEAL)

Notary Public-State of Texas

APPROVED FOR PAYMENT:

Meadowlakes Property Owners Association, Inc., a Texas non-profit corporation

By: _____
Title: _____
Address: _____

Facsimile: _____

Date: _____

City of Meadowlakes, Texas

Don Williams, Mayor
177 BroadMoor St., Ste. A
Meadowlakes, Texas 78654
Facsimile: (830) 693-2124

Date: _____

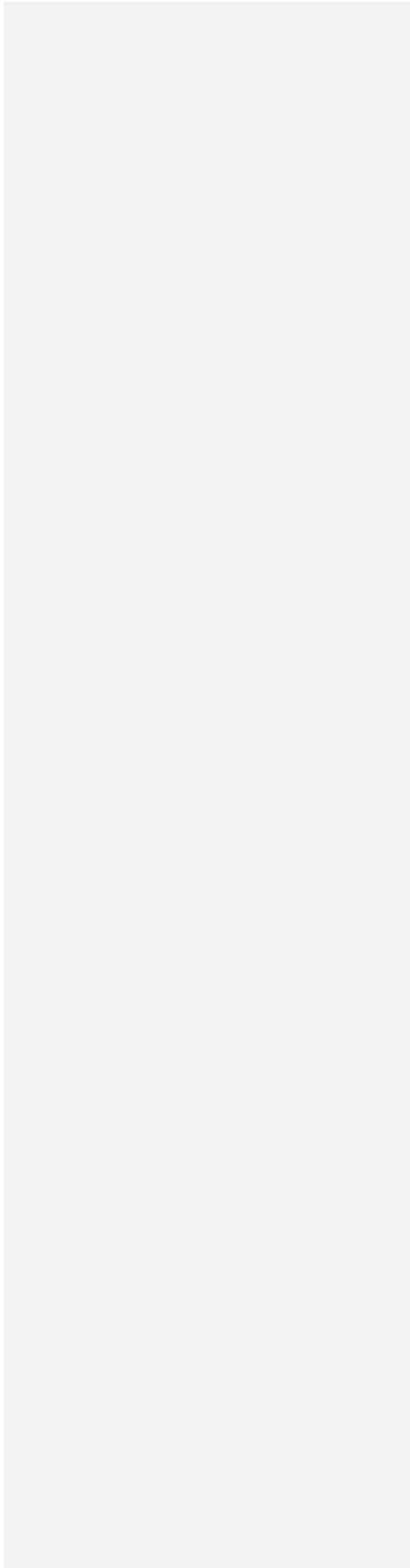


EXHIBIT B

Affidavit of Debts and Liens

TO: City of Jonestown, Texas
% _____, City Representative ("Owner")

FROM: _____ ("Contractor")

SUBJECT: _____ (*insert name of project*)

Capitalized words not defined herein shall have the meaning given in the Agreement.

The undersigned Contractor certifies that:

1. The Project is Finally Complete in accordance with the Agreement and I request that the City accept the Project as Finally Complete.
2. All bills for labor, materials, and incidentals submitted by subcontractors, materialmen or third parties and included in any prior application for payment have been paid in full.
3. The Project is free and clear of any liens, claims, security interests or encumbrances of any kind.
4. Any claims from manufacturers, materialmen, and subcontractors have been released, and there are no claims pending related to the Project of which the Contractor has been notified.

EXECUTED this _____ day of _____, 200__.

[Contractor]

By: _____
Name:
Title:

THE STATE OF TEXAS §

COUNTY OF _____ §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____, Contractor herein, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged that [s]he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of 200__.

(SEAL)

Notary Public-State of Texas

Payee: _____

Amount: _____

Description of Equipment/Installation: _____

Dated: _____

Indicate Method for Payment Disbursement:

_____ Overnight Check _____ Regular Mail Check _____ Wire Funds

Mailing Address: _____ Wire Instructions: _____

EXECUTED this _____ day of _____, 2012.

APPROVED:

Meadowlakes Property Owners Association, Inc., a Texas non-profit corporation

By: _____

Title: _____

Address: _____

Facsimile: _____

City of Meadowlakes, Texas

Don Williams, Mayor
177 BroadMoor St., Ste. A
Meadowlakes, Texas 78654
Facsimile: (830) 693-2124

City of Meadowlakes

Items for Consideration

City Council Meeting

October 9, 2012

Date: October 3, 2012

To: Honorable Mayor Williams and Council Persons

From: Stephanie Littleton

Agenda Item: VII-A-Resolution 2012-10-Committee Appointments

1. **Requested Council Agenda Date:** October 9, 2012
 2. **Contact Name & Number:** Johnnie Thompson, City Manager
 3. **Place On:** Consent New Business Old Business
 4. **Budget Impact Statement Attached:** Yes No N/A
 5. **Original Copies of Documents Approved to Form By City Attorney:** Yes
 No N/A
-

6. Background:

Please find attached a draft copy of Resolution 2012-10 which appoints various members to the city's standing committees. Also attached please find some supporting documentation with regards to these appointments. Please note that Steve Hawkins has requested to be re-appointed to Place #4 on the PFC Board, which is the unexpired term being vacated by the resignation of Donnie Zavala.

7. Recommendation

Staff recommends that the Resolution be adopted.

City of Meadowlakes

RESOLUTION 2012-010

October 9, 2012

A RESOLUTION BY THE CITY OF MEADOWLAKES, BURNET COUNTY, TEXAS APPOINTING MEMBERS TO CITY OF MEADOWLAKES PLANNING AND ZONING COMMISSION, BUILDING COMMITTEE AND THE MEADOWLAKES PUBLIC FACILITY CORPORATION, ESTABLISHING TERMS OF OFFICE FOR EACH AND APPOINTMENT OF CHAIR TO THE PLANNING AND ZONING COMMISSION AND BUILDING COMMITTEE.

WHEREAS, the City of Meadowlakes, previously established the Planning and Zoning Commission and Building Committee; and

WHEREAS, the City of Meadowlakes established the creation of the Meadowlakes Public Facility Corporation; and

WHEREAS, the terms of several members of said Commissions, Boards and Committees will expire on October 31st, 2012 and the City Council has the sole responsibility of appointing said members; and

WHEREAS, one member of the Public Facility Corporation has submitted his resignation effective October 31st, 2012; and

WHEREAS, the City Council of the City of Meadowlakes adopted on July 10, 2012 Ordinance 2012-03 which established the “City Commissions, Boards and Committees Appointment Policy”; and

WHEREAS, said Policy established a means of establishment of a selection committee for each Commission, Board and Committee, and the appointment of a chair of the said selection committee; and

WHEREAS, said selection committees have reviewed the applicants whom have expressed a desire to serve on the various Commissions, Boards and Committees and have submitted their recommendations to the City Council.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MEADOWLAKES, TEXAS;

Section 1 Finding:

The above and foregoing recitals are hereby found to be true and correct and are incorporated herein as findings of fact.

Section 2 Appointments and Terms of Office:

The City Council of the City of Meadowlakes hereby appoints the following citizens of the City of Meadowlakes to the said Commissions, Boards and Committees and that said appointees shall take office on November 1st, 2012:

MEADOWLAKES PUBLIC FACILITY CORPORATION

Name	New/Re-appointed	Term
Steve Hawkins, Place #4	Re-appointment unexpired term	11/12 to 10/31/14
Lowell Dale Fixsen, Place #3	Re-appointment	11/1/12 to 10/31/15
Rob Paul, Place #1	New appointment	11/1/12 to 10/31/15
Mike Thelen, Place #2	New appointment	11/1/12 to 10/31/15

CITY OF MEADOWLAKES PLANNING AND ZONING COMMISSION

Name	New/Re-appointed	Term
John Sopol, Place #2	Re-appointment	11/1/12 to 10/31/14
Sherri Miller, Place #4	New appointment	11/1/12 to 10/31/14

CITY OF MEADOWLAKES BUILDING COMMITTEE

Name	New/Re-appointed	Term
Tony Sosinski, Place #2	Re-appointment	11/1/12 to 10/31/14
Georgina Christy, Place #4	Re-appointment	11/1/12 to 10/31/14
Barbara Kast, Place #6	Re-appointment	11/1/12 to 10/31/14

Section 3 Severability:

The invalidity of any part of this Resolution shall not invalidate any other part thereof. The terms and provisions of this Resolution shall be deemed to be severable, and if any section, subsection, sentence, clause or phrase of this Resolution should be declared to be invalid, the same shall not affect the validity of any other section, subsection, sentence, clause or phrase of this Resolution.

Section 4 Public Notices and Open Meeting:

It is hereby officially found and determined that the meeting at which this resolution is passed was open to the public as required and that public notice of the time, place, and

purpose of said meeting was given as required by the Texas Open Meetings Act, Chapter 551, Tex. Gov't Code.

Section 5 Effective Date:

This resolution shall take effect immediately from and after its passage.

PASSED AND APPROVED this the 9th day of October, 2012.

ATTEST:

SIGNED:

Stephanie Littleton, City Secretary

Don Williams, Mayor

City of
Meadowlakes

Date: September 27, 2012
To: Honorable Mayor Don Williams and Council Members
From: Paul Sarcione, Council Representative
Subject: Appointment of Members to Planning & Zoning Commission

With the passage of Ordinance 2012-03 the process of selection and appointment of members to the Planning & Zoning Commission was changed. An individual wishing to serve on the committee must file an application and be interviewed by a selection committee. Present committee members that wish to be reappointed and are in good standing may be reappointed for additional terms with majority consent of the Council.

The following applicants for the Planning & Zoning Commissions are seeking appointments:

John Sopel, seeking reappointment to Place 2
Sherri Miller, seeking appointment to Place 4

The selection committee recommends reappointment of the above individuals to the Planning & Zoning Commission for terms expiring on 10/31/2014.

Paul Sarcione, Council Representative

City of
Meadowlakes
177 Broadmoor Street
Meadowlakes, Texas 78654-6111
830-693-2951 830-693-6840

Date: September 20, 2012

To: Honorable Mayor Don Williams and Council Members

From: Gary Hammond, Council Representative

Subject: Appointment of Members to Building and Architectural Committee

With the passage of Ordinance No. 2012-03 the process of selection and appointment of members to the Building and Architectural Committee was changed. An individual wishing to serve on the committee must file an application and be interviewed by a selection committee. Present committee members that wish to be reappointed and are in good standing may be reappointed for additional terms with majority consent of the City Council.

The following current members of the Building and Architectural Committee have submitted applications and are requesting to be reappointed:

Tony Sosinski
Georgina Christy
Barbara Kast

The selection committee recommends reappointment of the above individuals to the Meadowlakes Building and Architectural Committee for terms extending through October, 2014.

Gary Hammond Committee Chair and Council Representative



Bobby Burgess Building Committee Member



Joe Summers Building Committee Member



Johnnie Thompson

From: BARRY CUNNINGHAM <jancunningham11@msn.com>
Sent:
To:

Subject: RE: Meadowlakes Public Facility Corporation board applicants
Attachments: image001.png

During this past week applicants Mike Tepper and John Wagner have requested that their application for the upcoming PFC vacancies be withdrawn which will thereby eliminate the need to conduct interviews to narrow the field. The remaining four applicants for the four open positions commencing in October (Steve Hawkins, Dale Fixen, Rob Paul and Mike Thelen) will be recommended by our committee to the city council for approval. All four are well known members of the community and strong supporters of the city and its facilities so we see no need for a further vetting, and the return of Steve, Dale and Patti provide the continuity and leadership which is so important for the PFC and the city. Thanks to all of you.

I, and I am sure Patti and Donnie, are pleased that we can move this to the council before the end of the month for action at their next council meeting. Thanks to John and Mike for applying and their offer to withdraw and stand ready to help down the road as needed. I am sure that the PFC members welcome and will call on their support.

Best regards,
Barry Cunningham

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2012.0.2221 / Virus Database: 2441/5281 - Release Date: 09/20/12

City of Meadowlakes
Items for Consideration
City Council Meeting
October 9, 2012

Date: October 3, 2012, 2012

To: Honorable Mayor Williams and Council Persons

From: Johnnie Thompson, City Manager

Agenda Item: VII-B-Resolution 2012-11-Investment Policy

Requested Council Agenda Date: October 9, 2012

1. Contact Name & Number: Johnnie Thompson, City Manager - 830-693-2951
 2. Place On: Consent New Business Old Business
 3. Budget Impact Statement Attached: Yes No N/A
 4. Original Copies of Documents Approved to from by City Attorney? Yes No N/A
-

6. Background:

Please find attached for your review and possible approval Resolution 2012-11 which re-adopts the City's investment policy. The City is to review and adopt its investment policy annually. Last year, due to my error it was not done.

The attached investment policy has not been changed from the one previously adopted with the exception of the adoption date. The investment policy as proposed is generic in nature. Currently all City funds are invested in banking institutions with both FDIC protection as well as securities pledged in our name and held by a third party bank. The securities cannot be released without prior approval of the City. We have about \$900,000 in securities pledged as well as about \$500,000 in FDIC coverage. On deposit now we have slightly more than \$600,000 which increases to around \$1.2 million in the January-March time frame.

7. Recommendation:

I would recommend the adoption of Resolution 2012-11.

City of Meadowlakes

RESOLUTION 2012-011

October 9, 2012

A RESOLUTION BY THE CITY OF MEADOWLAKES, BURNET COUNTY, TEXAS, RE-ADOPTING THE CITY'S INVESTMENT POLICY.

WHEREAS, Chapter 2256 of the Government Code, commonly known as the "Public Funds Investment Act," requires the city to adopt an investment policy by rule, order, ordinance, or resolution; and

WHEREAS, the Public Funds Investment Act requires the treasurer; the chief financial officer, if not the treasurer; and the investment officer of the city to attend investment training; and

WHEREAS, the City of Meadowlakes appoints the City Manager as Investment Officer of the city; and

WHEREAS, the City of Meadowlakes has approved investment training courses sponsored by the Texas Municipal League, the Government Finance Officers Association, the Government Finance Officers Association of Texas, the Government Treasurer's Organization of Texas, the Association of Public Treasurers of the United States and Canada, the University of North Texas Center for Public Management, the Texas State University, and the Houston-Galveston Council of Governments; and

WHEREAS, the treasurer; the chief financial officer, if not the treasurer; and the investment officer of the city have attended investment training courses; and

WHEREAS, the City Council has reviewed the attached investment policy and investment strategy, and the incorporated revisions comply with the Public Funds Investment Act, as amended, authorize the investments of city funds in safe and prudent investments.

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

That the City of Meadowlakes has complied with the requirements of the Public Funds Investment Act, and the Investment Policy, as amended, attached hereto as "Exhibit A," is hereby adopted as the investment policy of the city effective the 9th day of October, 2012.

PASSED, ADOPTED AND APPROVED by the City Council of the City of Meadowlakes this the 9th day of October, 2012.

APPROVED:

ATTEST:

Don Williams, Mayor

Stephanie Littleton, City Secretary

EXHIBIT "A"
RESOLUTION NO. 12-011
INVESTMENT POLICY

ADOPTED THE 9th DAY OF October, 2012

I. POLICY STATEMENT

It is the policy of the City of Meadowlakes (City) that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the City and conforming to all applicable state statutes governing the investment of public funds.

The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. It is the intent of the City to be in complete compliance with local law and the Texas Public Funds Investment Act (the "Act"). The earnings from investments will be used in a manner that best serves the interests of the City.

II. SCOPE

This investment policy applies to all the financial assets and funds of the City and any new funds created by the City unless specifically exempted by the City Council and this policy. The City commingles its funds into one pooled investment fund for investment purposes for efficiency and maximum investment opportunity. These funds are defined in the City's Comprehensive Annual Financial Report (CAFR) as the General Fund.

III. OBJECTIVES AND STRATEGY

It is the policy of the City that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity by market sector, credit and maturity. The choice of high-grade government investments and high-grade money market instruments is designed to assure the marketability of those investments should liquidity needs arise. To match anticipated cash flow requirements the maximum weighted average maturity of the overall portfolio may not exceed six months.

Safety of Principal

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

Liquidity

The City's investment portfolio will be based on a cash flow analysis of needs and will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated.

Diversification

Diversification of the portfolio will include diversification by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding will be used on each sale and purchase.

Yield

The City's investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account the City's risk constraints and the cash flow needs of the portfolio. "Market rate of return" may be defined as the average yield of the current six month U.S. Treasury bill.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as a process of managing monies in order to ensure maximum cash availability. The City shall maintain a comprehensive cash management program which includes prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

IV. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public funds deposits. All investments will be made in accordance with these statutes.

V. DELEGATION OF INVESTMENT AUTHORITY

The City Manager, acting on behalf of the City, is designated as the Investment Officer of the City and is responsible for investment management, decisions and activities. The City Manager is also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. Procedures will include reference to safekeeping, require and include the "Bond Market Master Repurchase Agreements" (as applicable), wire transfer agreements, banking services contracts, and other investment related activities.

The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. The Investment Officer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer is not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

Authorization Resolution

A Trading Resolution is established with this investment policy and attached hereto, authorizing the Investment Officer to engage in investment transactions on behalf of the City. The persons authorized by the Trading Resolution to transact business for the City are also authorized to approve wire transfers used in the process of investing.

VI. PRUDENCE

The standard of prudence to be used in the investment function shall be the “prudent person” standard and shall be applied in the context of managing the overall portfolio. The standard states:

“Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived.”

Limitation of Personal Liability

The Investment Officer and those delegated as investment authority under this Policy, when acting in accordance with the written procedures and 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 or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

VII. INTERNAL CONTROLS

The Investment Officer shall establish a system of written internal controls which will be reviewed annually with the independent auditor of the City. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the City. All trade transactions shall be reviewed for compliance with the investment policy by a separate government official as assigned by procedures prior to the officer executing the trade.

Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of the City. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

VIII. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the instruments listed below and as further described by the Public Funds Investment Act.

- A. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed two years to stated maturity, excluding collateralized mortgage obligations (CMO’s).
- B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas and under the terms of the written depository agreement with that bank, not to exceed one year to stated maturity.
- C. Repurchase agreement and reverse repurchase agreements as defined by the Act, not to exceed 180 days to stated maturity, provided an executed Bond Market Master Repurchase Agreement is on file with the City and the counterparty bank or primary dealer. Flex repurchase agreements used specifically for capital projects may extend beyond two years but only to match the expenditure plan of the projects.

D. No-load, SEC registered money market funds, each approved specifically before use by the City.

E. Constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act; and

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the City until this policy has been amended and the amended version approved by the City Council.

Competitive Bidding Requirement

All securities, including certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that the City is receiving fair market value/price for the investment.

Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by the City, shall be conducted on a delivery versus payment (DVP) basis.

IX. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

All investments made by the City will be made through either the City’s banking services bank or a primary dealer. The Investment Committee will review the list of authorized broker/dealers annually. A list of at least three broker/dealers will be maintained in order to assure competitive bidding.

Securities broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:

- provision of an audited financial statement each year
- proof of certification by the National Association of Securities Dealers (NASD) and provision of CRD number
- proof of current registration with the State Securities Commission, and
- completion of a City questionnaire

Every broker/dealer and bank with which the City transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. A representative of the firm will be required to return a signed certification stating that the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to the City.

X. DIVERSIFICATION AND MATURINTY LIMITATIONS

It is the policy of the City to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

Security Type	Max % of Portfolio
U.S. Treasury obligations	100%

U.S. Government agencies and instrumentalities	not to exceed 50%
Fully insured or collateralized CDs	not to exceed 30%
Repurchase Agreements	100%
Money Market Funds	100%
For Bond Funds	80%
Local Government Investment Pools	
Liquidity Pools	100%
Maximum percent ownership of pool	not to exceed 20%
For Bond Funds	not authorized

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investment with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than one (1) year. Unless matched to a specific requirement, the Investment Officer may not invest any portion of the portfolio for a period greater than two (2) years.

XI. SAFEKEEPING AND COLLATERALIZATION

The laws of the State and prudent treasury management require that all purchased securities be bought on a deliver versus payment basis and be held in safekeeping by either the City, an independent third party financial institution, or the City's designated banking services depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third party custodian shall be required to issue safekeeping receipts to the City listing each specific security, rate, description, maturity, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for the City or pledged to the City.

All securities pledged to the City of certificates of deposit or demand deposits shall be held by an independent third party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

Collateralization

Collateralization will be required on two types of investments: (1) certificates of deposits (over and above the FDIC coverage) and (2) repurchase agreements.

In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest. Collateral will be held by an independent third party safekeeping agent.

XII. PERFORMANCE EVALUATION AND REPORTING

The Investment Officer shall submit quarterly reports to the City Council containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program and consistent with statutory requirements. All reports shall be in compliance with the Act. Market prices for market evaluations will be obtained from an independent source.

XIII. DEPOSITORIES

The City will designate one banking institution through a competitive process as its central banking services provider at least every three years. This institution will be used for normal banking services including disbursements, collections, and safekeeping of securities. Other banking institutions from which the City may purchase certificates of deposit will also be designated as a depository after they provide their latest audited financial statements to the City.

XIV. INVESTMENT POLICY ADOPTION BY COUNCIL

The City's Investment Policy shall be adopted annually by the Board. The policy and strategies shall be reviewed on an annual basis by the Council or a designated Committee of the Council. A written resolution approving the review and changes to the policy from the review will be passed and recorded by the Board.

City of Meadowlakes

Items for Consideration

City Council Meeting

October 9, 2012

Date: October 3, 2012, 2012
To: Honorable Mayor Williams and Council Persons
From: Johnnie Thompson, City Manager

Agenda Item: VII-C-Establishing New Bank Accounts

Requested Council Agenda Date: October 9, 2012

1. **Contact Name & Number:** Johnnie Thompson, City Manager - 830-693-2951
 2. **Place On:** ___ Consent ___ New Business ___ Old Business
 3. **Budget Impact Statement Attached:** ___ Yes ___ No ___ N/A
 4. **Original Copies of Documents Approved to from by City Attorney?** ___ Yes ___ No ___ N/A
-

5. Background:

I am requesting authorization to establish several new banking accounts. The Tax account will be utilized as a clearing house for all tax revenues collected. This is needed in order to provide complete transparency in how the tax funds are collected and distributed. Once funds are collected they will be distributed based on the property tax rate established for Maintenance and Operation (General Fund) and Debt Service Funds. The account should have a very minimum balance at the beginning of each fiscal year.

The two other requested accounts will be required in order to administer the water storage tank project. The Construction Account will serve as the administration of the funding for the new water storage tank. Once the project is complete the account will be closed. The Interest & Sinking account is a requirement of the lease/purchase agreement with the POA. By the terms of the agreement we must deposit funds into the account on a schedule that will provide the needed funds required to meet the semi-annual principal and interest payments to the POA. I plan on making monthly transfers into the account beginning in January.

In order to establish these accounts you will be asked to pass a standardized banking resolution provided by the bank. I will have them available for review by your meeting date.

6. Recommendation:

I would recommend that you authorize the establishment of these accounts at the American Bank of Texas.

City of Meadowlakes

Items for Consideration

City Council Meeting

October 9, 2012

Date: October 3, 2012

To: Honorable Mayor Williams and Council Persons

From: Johnnie Thompson, City Manager

Agenda Item: VII-D-Phone Book

1. **Requested Council Agenda Date:** October 9, 2012
 2. **Contact Name & Number:** Johnnie Thompson, City Manager
 3. **Place On:** Consent New Business Old Business
 4. **Budget Impact Statement Attached:** Yes No N/A
 5. **Original Copies of Documents Approved to Form By City Attorney:** Yes
 No N/A
-

6. Background:

As we have discussed in the past, we mailed a questionnaire to all residents in June with the annual water quality report requesting permission to publish their phone numbers in a new Meadowlakes phone directory. We received a total of 332 responses to our request with 321 giving us permission and 11 wished that their phone numbers remain unpublished.

If you so desire we can publish a directory with occupants name and address and phone numbers of those who have authorized the publication of their phone numbers. The last published directory was in 2007/2008 time frame.

I believe we can publish the directory in-house, saving some money from having it out sourced to a printer; this would allow us to print as needed and also allow the directory it to be updated more often.

Note from Stephanie:

The other advantage to publishing in-house is that as new residents move in, as part of the process for obtaining water service, Renee can ask new residents if they would like their information published. I can also envision a scenario wherein after we publish the initial directory with the 321 phone numbers, people who didn't respond to the initial survey will suddenly realize they do want that information available

City of Meadowlakes
Items for Consideration
City Council Meeting
October 9, 2012

Date: October 3, 2012, 2012
To: Honorable Mayor Williams and Council Persons
From: Johnnie Thompson, City Manager
Agenda Item: VII-E-Resolution 2012-12-Eminent Domain

Requested Council Agenda Date: October 9, 2012

1. Contact Name & Number: Johnnie Thompson, City Manager - 830-693-2951
 2. Place On: Consent New Business Old Business
 3. Budget Impact Statement Attached: Yes No N/A
 4. Original Copies of Documents Approved to from by City Attorney? Yes
 No N/A
-

5. Background:

Please find accompanying this MEMO a copy of an email received from our City Attorney addressing the need to pass the attached resolution in order for the City to have eminent domain authority. The resolution and filing with the Comptroller must be done by December 31st of this year in order to protect the City's eminent domain powers.

6. Recommendation:

Staff recommendation is to approve the resolution as recommended by the City Attorney.

Johnnie Thompson

From: Paige Saenz [Redacted]
Sent: Wednesday, October 03, 2012 1:23 PM
To: Johnnie Thompson
Subject: Eminent Domain Authority
Attachments: Resolution.Eminent.Domain.docx; Comptroller.Form.pdf; Statute List.doc; Comptroller.Letter.doc; _Certification_.htm

Johnnie,

Attached please find the resolution declaring the City's condemnation authority and authorizing filing of a letter with Comptroller's Office declaring that authority and listing the statutes granting that authority.

The relevant attachments include the following:

1. Resolution
2. PDF version of the Comptroller's Form
3. Attachment A to form (list of statutes)
4. Form letter to Comptroller

Following Council action, I recommend the form be filled out and sent to the Comptroller with Attachment A included to address question #8 on the form. Council action needs to take place and the letter filed with the Comptroller prior to December 31, 2012, or the City will lose its eminent domain authority.

If you have any questions, please advise.

Paige

City of Meadowlakes

RESOLUTION 2012-012

October 9, 2012

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MEADOWLAKES, TEXAS, AUTHORIZING THE FILING WITH THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS A LETTER STATING THAT THE CITY IS AUTHORIZED BY THE STATE TO EXERCISE THE POWER OF EMINENT DOMAIN AND PROVIDING A LIST OF ALL AUTHORITIES FOR THE USE OF EMINENT DOMAIN; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, Senate Bill 18 of the 82nd Legislative Session requires entities authorized by the State to exercise the power of eminent domain to send a letter to the Texas Comptroller of Public Accounts stating that the entity is authorized by the State to exercise the power of eminent domain and listing specifically all of the entity's authority to exercise the power of eminent domain; and

WHEREAS, Senate Bill 18 provides severe penalties for not timely filing with the Texas Comptroller of Public Accounts this list of authorities by December 31, 2012.

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

SECTION 1 The City of Meadowlakes is authorized by the State to exercise the power of eminent domain. The City Manager, or such person designated by him, is authorized and directed to file a listing of authority to exercise the power of eminent domain with the Texas Comptroller of Public Accounts on behalf of the City of Meadowlakes.

SECTION 2 That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

PASSED AND APPROVED this the 9th day of October, 2012.

CITY OF MEADOWLAKES, TEXAS

ATTEST:

Don Williams, Mayor

Stephanie Littleton, City Secretary

ATTACHMENT "A"

Response to Question #8 of the Required Documentation of Eminent Domain Authority in Texas. If "yes" to question 7, please identify all of the applicable provisions of state law that grant eminent domain authority to this entity. Please cite as Title of Code or Article, Section Number/Name (for example, Texas Government Code, Section 43.136 or Article 7849, Auxiliary Water Laws).

TEX. LOC. GOV'T CODE § 251.001, Right of Eminent Domain

TEX. LOC. GOV'T CODE § 43.136, Authority of Special-Law Municipality to Annex for Limited Purposes Along Navigable Stream

TEX. LOC. GOV'T CODE § 214.136, Condemnation of Property

TEX. LOC. GOV'T CODE § 241.903, Acquisition of Air Rights or Other Property

TEX. LOC. GOV'T CODE § 273.001, Acquisition of Property; Exercise of Police Power

TEX. LOC. GOV'T CODE § 280.001, Land for Use of United States

TEX. LOC. GOV'T CODE § 331.001, General Authority

TEX. LOC. GOV'T CODE § 331.003, Eminent Domain

TEX. LOC. GOV'T CODE § 374.015, General Municipal Powers Relating to Urban Renewal

TEX. LOC. GOV'T CODE § 552.002, Certain Public Services & Utility Systems in Home-Rule Municipality

TEX. LOC. GOV'T CODE § 552.011, Use of Eminent Domain Power

TEX. LOC. GOV'T CODE § 552.012, Municipalities in or Contracting With a Water District

TEX. LOC. GOV'T CODE § 552.013, Water System in Municipalities With Population of More Than 1,000

TEX. LOC. GOV'T CODE § 552.102, Eminent Domain by Municipal Sewer Providers

TEX. LOC. GOV'T CODE § 552.123, Authority of Board of Trustees

TEX. LOC. GOV'T CODE § 571.004, Acquisition of Property; Eminent Domain

TEX. LOC. GOV'T CODE § 572.013, Use of Eminent Domain

TEX. GOV'T CODE § 1505.114, Eminent Domain

TEX. GOV'T CODE § 1506.060, Eminent Domain

TEX. TRANSP. CODE § 22.011, General Powers Regarding Airports & Air Navigation Facilities

TEX. TRANSP. CODE § 171.155, Municipal Limit on District's Power of Eminent Domain

TEX. TRANSP. CODE § 224.002, Acquisition by County or Municipality Generally

TEX. TRANSP. CODE § 311.032, Establishment of Freeway

TEX. TRANSP. CODE § 311.092, Assessment for Opening, Extending, or Widening of Street or Alley in Home-Rule Municipality

TEX. TRANSP. CODE § 314.011, Acquisition of Property for Highway Improvements by Municipality

TEX. TRANSP. CODE § 317.007, Eminent Domain

TEX. UTIL. CODE § 186.054, Construction and Maintenance of Utility, Common Carrier, Cable Operator, and Energy Transporter Facilities

TEX. WATER CODE § 11.033, Eminent Domain

**Charles W. Rowland
City Attorney**

Via CMRRR & First Class Mail

Comptroller of Public Accounts
P.O. Box 13942
Austin, Texas 78711

Re: City of Meadowlakes, Texas Documentation of Eminent Domain Authority

Dear Sir or Madam:

In accordance with Senate Bill 18 enacted by the 82nd Legislature, enclosed herein please find the City of Meadowlakes' Documentation of Eminent Domain Authority in Texas with attachments.

If you should have any questions or require additional information, please contact me.

Sincerely,

CWR:ddh
Enclosure

cc: City Council