



**CITY OF FAIR OAKS RANCH**  
**CITY COUNCIL REGULAR MEETING**

Thursday, March 21, 2024 at 6:30 PM

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

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

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## **AGENDA**

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### **OPEN MEETING**

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

### **CITIZENS and GUEST FORUM**

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

3. Citizens to be heard.

### **CONSENT AGENDA**

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

4. Approval of the February 27, 2024 Town Hall meeting minutes.

Christina Picioccio, TRMC, City Secretary

5. Approval of the March 7, 2024 Regular City Council meeting minutes.

Christina Picioccio, TRMC, City Secretary

6. Approval of Council Member Muenchow's absence from the June 20, 2024 Regular City Council meeting.

Chesley Muenchow, Council Member Place 6

### **CONSIDERATION/DISCUSSION ITEMS**

7. Consideration and possible action approving a resolution of the City of Fair Oaks Ranch, Texas authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and First Baptist Church at Fair Oaks Ranch for the reservation of water and other related matters, and authorizing the City Manager to execute the First Amendment.

Carole Vanzant, CPM, Assistant City Manager, Community Services

8. Consideration and possible action approving a resolution of the City of Fair Oaks Ranch, Texas approving a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Cibolo Creek Community Church, Inc. for the reservation of water and other related matters and authorizing the City Manager to execute the First Amendment.

Carole Vanzant, CPM, Assistant City Manager, Community Services

9. Consideration and possible action approving a resolution of the City of Fair Oaks Ranch, Texas authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Ralph Fair, LLC for the reservation of water and other related matters and authorizing the City Manager to execute the First Amendment.

Carole Vanzant, CPM, Assistant City Manager, Community Services

10. Consideration and possible action approving a resolution of the City of Fair Oaks Ranch, Texas authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Oak Bend Forest, L.C. for the reservation of water and other related matters; and authorizing the City Manager to execute the First Amendment.

Carole Vanzant, CPM, Asst City Manager, Community Services

11. Consideration and possible action approving a resolution of the City of Fair Oaks Ranch, Texas authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Green Land Ventures for the reservation of water and other related matters, and authorizing the City Manager to execute the First Amendment.

Carole Vanzant, CPM, Asst City Manager, Community Services

12. Consideration and possible action to approve a resolution amending the Planning and Zoning Rules of Procedure.

Christina Picioccio, TRMC, City Secretary

13. Approval of a resolution authorizing the submission of a grant application for the State and Local Cybersecurity Grant Program and authorizing the City Manager to execute all documents in connection therewith.

Brian Lejeune, IT Manager

14. Consideration and possible action accepting the FY 2022-23 Audit.

Summer Fleming, Director of Finance  
Michael Del Toro, ABIP, PC

## WORKSHOP

15. Dietz Elkhorn (East) Reconstruction Options.

Grant Watanabe, P.E., Director of Public Works and Engineering Services  
Steven Dean, P.E., CFM, Vice President for Water Resources, Pape-Dawson Engineers, Inc.  
Joel Mesa, P.E., CFM, Project Manager, Pape-Dawson Engineers, Inc.

[16.](#) Gateway Feature and Community Center Townhall Recap.

Joanna Merrill, IPMA-SCP, Director of HR & Communications  
Casey Parker, Multimedia Communications Officers

### REPORTS FROM STAFF AND COMMITTEES

[17.](#) Presentation of the Popular Annual Financial Report for the Fiscal Year Ended September 30, 2023.

Summer Fleming, Director of Finance

[18.](#) Presentation on the upcoming total eclipse set to occur on April 8, 2024.

Tim Moring, Chief of Police

### REQUESTS AND ANNOUNCEMENTS

19. Announcements and reports by Mayor and Council Members.

20. Announcements by the City Manager.

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

### CONVENE INTO EXECUTIVE SESSION

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

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

22. To receive legal advice from Special Counsel and the City Attorney regarding the City's ground water rights.

23. Case No. 22-090-451; Vincent A. Caldarola, MD vs. City of Fair Oaks Ranch, Texas.

24. Discussion related to possible terms and conditions necessary to resolve disputes that have been the subject of ongoing litigation with the development commonly known as Boerne Ranch Estates, LLC, aka Fair Oaks Meadows.

### **Sec. 551.072 (Deliberation regarding real property)**

25. The City Council will meet in closed session to deliberate the purchase, exchange, lease, or value of real property that may be considered for future location of water and wastewater system improvements.

**RECONVENE INTO OPEN SESSION**

*Discussion and possible action on items discussed in Executive Session.*

**ADJOURNMENT**

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**Signature of Agenda Approval:** s/Gregory C. Maxton

Gregory C. Maxton, Mayor

I, Christina Picioccio, TRMC, City Secretary, certify that the above Notice of Meeting was posted on the outside bulletin board at the Fair Oaks Ranch City Hall, 7286 Dietz Elkhorn, Fair Oaks Ranch, Texas, and on the City's website [www.fairoaksranchtx.org](http://www.fairoaksranchtx.org), both places being convenient and readily accessible to the general public at all times.

As per Texas Government Code 551.045, said Notice was posted by 6:30 PM, March 18, 2024 and remained so posted continuously for at least 72 hours before said meeting was convened. A quorum of various boards, committees, and commissions may attend the City Council meeting.

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



**CITY OF FAIR OAKS RANCH  
TOWN HALL MINUTES  
February 27, 2024, 6:30 PM  
Spring Creek United Methodist Church  
9200 Dietz Elkhorn Road  
Fair Oaks Ranch, TX 78015**

A Town Hall meeting regarding the Community Center and City Gateway Feature was held at the Spring Creek United Methodist Church. The following Council Members were present:

Mayor Gregory C. Maxton and Council Members Keith Rhoden, Ruben Olvera, Laura Koerner, and Scott Parker.

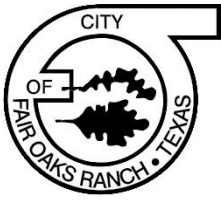
No discussion or action occurred.

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Gregory C. Maxton, Mayor

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Christina Picioccio, TRMC, City Secretary



**CITY OF FAIR OAKS RANCH  
CITY COUNCIL REGULAR MEETING**

Thursday, March 07, 2024 at 6:30 PM

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

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

**MINUTES**

**OPEN MEETING**

**1. Roll Call - Declaration of a Quorum**

Council Present: Mayor Maxton and Council Members: Stroup, Rhoden, Olvera, Koerner, Parker, and Muenchow

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

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

**CITIZENS and GUEST FORUM**

**3. Citizens to be heard**

There were no citizens to be heard.

**PRESENTATIONS**

**4. Presentation of a 5-Year Service Award to: Amanda Hinojosa, Police Corporal; Joanna Merrill, Director of Human Resources & Communications.**

Jennifer Hudson, IPMA-CP, HR Generalist, presented a 5-Year Service Award to Amanda Hinojosa, Police Corporal, and Joanna Merrill, Director of Human Resources & Communications.

**5. Recognition of the State Equipment Rodeo Competition Winner: Eloy Contreras, Maintenance Technician.**

Julio Colunga, Assistant Director of Public Works, recognized State Equipment Rodeo Competition Winner, Eloy Contreras, Maintenance Technician.

**CONSENT AGENDA**

**6. Approval of the February 8, 2024 Special City Council meeting minutes.**

**7. Approval of the February 15, 2024 Regular City Council meeting minutes.**

**8. Approval of a resolution authorizing the execution of a purchase order with Holt Cat for an emergency generator for Water Plant 4, expenditure of the required funds, and execution of all applicable documents by the City Manager.**

**9. Approval of a resolution authorizing the execution of a purchase order with Holt Cat for an emergency generator for Fire Station #3, expenditure of the required funds, and execution of all applicable documents by the City Manager.**

MOTION: Made by Council Member Muenchow, seconded by Council Member Parker, to approve the Consent Agenda.

VOTE: 7-0; Motion Passed.

**CONSIDERATION/DISCUSSION ITEMS**

- 10. **Presentation of the Certificate of Unopposed Candidates and consideration and possible action approving a resolution declaring unopposed candidates in the May 4, 2024 General Election elected to office and to cancel said General Election.**

MOTION: Made by Council Member Rhoden, seconded by Council Member Olvera, to accept the Certificate of Unopposed Candidates and to approve a resolution declaring the unopposed candidates in the May 4, 2024 General Election elected to office and to cancel said General Election.

VOTE: 7-0; Motion Passed.

- 11. **Consideration and possible action to approve a resolution updating an Interlocal Cooperation Contract (ICC) for the Failure to Appear (FTA) Program with the Texas Department of Public Safety.**

MOTION: Made by Council Member Stroup, seconded by Council Member Olvera, to approve a resolution updating an Interlocal Cooperation Contract for Failure to Appear (FTA) Program with the Texas Department of Public Safety.

VOTE: 7-0; Motion Passed.

**WORKSHOP**

- 12. **2024 4th of July Celebration.**

Clayton Hoelscher, Procurement Manager, led a workshop with Council regarding the 4<sup>th</sup> of July Celebration. Council provided staff direction to hold the event on July 4, 2024 and to plan a fireworks and laser show similar to that of last year’s event.

- 13. **Landscape Watering Management Compliance Policy.**

Carole Vanzant, CPM, Assistant City Manager, presented a proposed policy and led a discussion with Council. She explained the process and phases to promote compliance for residents who are violating the City’s landscape watering ordinance.

- 14. **Roadway General Obligation Bond.**

Grant Watanabe, Director of Public Works and Engineering Services, led a workshop with Council regarding the Roadway General Obligation Bond. The Council provided direction about the projects and expressed interest in seeing updated costs.

**REQUESTS AND ANNOUNCEMENTS**

- 15. **Announcements and reports by Mayor and Council Members.**

Council Member Stroup announced that FORHA would be hosting an Easter Egg Scramble on March 23, 2024 and encouraged residents to look for signs with more details.

Mayor Maxton reminded everyone that the Police Department will be hosting “Pictures with Easter Bunny Oakley” on March 16, 2024, from 3:00 PM – 5:00 PM at the Van Raub Old School House. Mayor

Maxton also announced that a Town Hall meeting will be held on April 9, 2024, at 6:30 PM at Spring Creek United Methodist Church to discuss the road projects for the Bond Election being held May 4, 2024. The Mayor also reminded everyone that the Bond Advisory Committee will soon begin a review of Water and Wastewater projects for recommendations to Council about their need, scope, timing, and financing. Residents are welcome to attend. On February 27, 2024, the City hosted a Town Hall meeting regarding the proposed Community Center and Gateway Feature. Surveys have been posted online for those who could not attend, and results will be presented at a future Council meeting and on the City’s website. Mayor Maxton reminded residents of rules restricting cutting, removing, or trimming oak trees between February 1 – June 30, 2024, as oak wilt can be more easily spread during this time. The Mayor announced that asphalt work on Post Oak Trail will begin next week and is expected to be completed by the end of March. He also reminded everyone of the Monday, April 8, 2024, total eclipse and urged people to prepare early with protective eyewear.

**16. Announcements by the City Manager.**

City Manager Scott Huizenga, ICMA-CM, announced that the City is aware that the live stream of tonight’s meeting has experienced connectivity problems. The meeting is being recorded and will be placed online by tomorrow, Friday, March 8, 2024. Mr. Huizenga also congratulated the Police Department for being recognized by the Department of Justice for their part in a high-profile conviction in the Christopher Pettit case.

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

None.

**CONVENE INTO EXECUTIVE SESSION**

City Council convened into closed session at 7:25 PM regarding:

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

**18. To receive legal advice from Special Counsel and the City Attorney regarding the City’s ground water rights.**

City Council did not convene into closed session regarding:

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

- 19. Case No. 22-090-451; Vincent A. Caldarola, MD vs. City of Fair Oaks Ranch, Texas.**
- 20. Discussion related to possible terms and conditions necessary to resolve disputes that have been the subject of ongoing litigation with the development commonly known as Boerne Ranch Estates, LLC, aka Fair Oaks Meadows.**

**Sec. 551.072 (Deliberation regarding real property)**

- 21. **The City Council will meet in closed session to deliberate the purchase, exchange, lease, or value of real property that may be considered for future location of water and wastewater system improvements.**

**RECONVENE INTO OPEN SESSION**

City Council reconvened into Open Session at 8:11 PM. No action was taken.

**ADJOURNMENT**

Mayor Maxton adjourned the meeting at 8:12 PM.

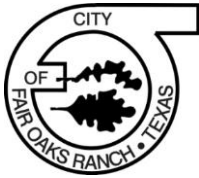
ATTEST:

\_\_\_\_\_

Gregory C. Maxton, Mayor

\_\_\_\_\_

Christina Picioccio, TRMC, City Secretary



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**CITY COUNCIL CONSENT ITEM  
CITY OF FAIR OAKS RANCH, TEXAS**

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AGENDA TOPIC: Approval of Council Member Muenchow’s absence from the June 20, 2024 Regular City Council meeting  
DATE: March 21, 2024  
DEPARTMENT: City Council  
PRESENTED BY: Consent Item – Chesley Muenchow, Council Member Place 6

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**INTRODUCTION/BACKGROUND:**

Council Member Muenchow requests approval from missing the June 20, 2024 Regular City Council meeting due to personal reasons.

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Complies with Section 3.09 of the Home Rule Charter.

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

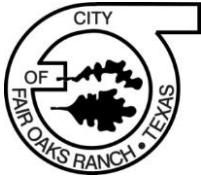
N/A

**LEGAL ANALYSIS:**

N/A

**RECOMMENDATION/PROPOSED MOTION:**

Consent Item – I move to approve Council Member Muenchow’s absence from the June 20, 2024 Regular City Council meeting.




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## CITY COUNCIL CONSIDERATION ITEM

### CITY OF FAIR OAKS RANCH, TEXAS

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**AGENDA TOPIC:** Consideration and possible action approving a resolution of the City of Fair Oaks Ranch, Texas authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and First Baptist Church at Fair Oaks Ranch for the reservation of water and other related matters, and authorizing the City Manager to execute the First Amendment

**DATE:** March 21, 2024

**DEPARTMENT:** Public Works

**PRESENTED BY:** Carole Vanzant, CPM, Asst City Manager, Community Services

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#### **INTRODUCTION/BACKGROUND:**

On July 20, 2006, the City of Fair Oaks Ranch, under Ordinance 153 accepted the City of San Antonio's release of 3,258 acres of its extraterritorial jurisdiction adjacent to the north, east, and southwest of Fair Oaks Ranch city limits. To ensure water reservation to the property owners in this area as they develop, the City entered into water supply agreements with various property owners in September 2008.

The 2008 Agreement with First Baptist Church at Fair Oaks Ranch, relative to term, states: *This Agreement shall become enforceable upon execution by the City and Owner. This Agreement shall terminate on the 15<sup>th</sup> anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.*

On August 17, 2023, City Council approved a resolution authorizing a six-month extension to review the current agreements, negotiate any changes, develop an agreement amendment, allow for legal review, and prepare for City Council approval.

On February 23, 2024, First Baptist Church agreed to a 15-year term extension. This amendment becomes enforceable upon execution by the City and Owner and shall terminate on the 15<sup>th</sup> anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.

#### **POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Further Priority 3.1 of the Strategic Action Plan – Enhance and ensure continuity of reliable water resources in accordance with CCN obligations.

#### **LONGTERM FINANCIAL & BUDGETARY IMPACT:**

1. Continued reservation and water capacity fees paid by the property owner.
2. Payment of the second installment of the Contribution in Aid toward construction of an elevated water storage tank.

**LEGAL ANALYSIS:**

Approved by First Baptist Church at Fair Oaks Ranch and approved as to form by the city attorney's office.

**RECOMMENDATION/PROPOSED MOTION:**

I move to approve a resolution authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and First Baptist Church at Fair Oaks Ranch.



**A RESOLUTION**

**A RESOLUTION OF THE CITY OF FAIR OAKS RANCH, TEXAS APPROVING A FIRST AMENDMENT TO THE 2008 WATER SUPPLY AGREEMENT (“AGREEMENT”) BETWEEN THE CITY OF FAIR OAKS RANCH (“CITY”) AND FIRST BAPTIST CHURCH AT FAIR OAKS RANCH (“OWNER”) FOR THE RESERVATION OF WATER AND OTHER RELATED MATTERS; AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIRST AMENDMENT; PROVIDING A SEVERABILITY AND REPEAL CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the Owner owns 10 acres of real property (“Property”) in the City of Fair Oaks Ranch more fully described in the 2008 Water Supply Agreement; and,

**WHEREAS**, on September 29, 2008, the Owner and City entered into an Agreement memorializing certain agreements and commitments by each party with respect to the Owners planned development of its Property, including the provision of water services; and,

**WHEREAS**, the Agreement between the Owner and City expired on September 29, 2023; and,

**WHEREAS**, on August 17, 2023, the City Council passed and approved resolution 2023-20 supporting the extension, by six months, the 2008 Agreement to secure long-term extensions; and,

**WHEREAS**, the Property is currently undeveloped which requires extending the term of the Agreement; and,

**WHEREAS**, the City Council finds that it is in the best interest of the City, and in furtherance of the general health, safety, and welfare of the public, to enter into the Amendment with Owner; and,

**WHEREAS**, City and the Owner now desire to amend the Agreement, as provided herein, by executing this Amendment.

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

- Section 1.** *A First Amendment* to the 2008 Water Supply Agreement for the reservation of water and other related matters to the Owner’s 10-acre tract of real property as further described in the 2008 Water Supply Agreement, upon execution, is hereby approved.
- Section 2.** The City Manager is hereby authorized, on behalf of the City, to execute the Amendment in substantial form as attached, and such other ancillary instruments and documents as may be reasonably necessary to effectuate the intent of this resolution.
- Section 3.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.
- Section 4.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.
- Section 5.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**Section 6.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

**Section 7.** It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and that public notice of the time, place and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required Chapter 551, Texas Government Code, as amended.

**Section 8.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.

**PASSED, APPROVED and ADOPTED** on the 21<sup>st</sup> day of March 2024.

\_\_\_\_\_  
Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Christina Picioccio, TRMC  
City Secretary

\_\_\_\_\_  
Denton Navarro Rodriquez Bernal Santee & Zech  
P.C., City Attorney

**FIRST AMENDMENT  
OF THE  
WATER SUPPLY AGREEMENT**

This **First Amendment** (“Amendment”), of that 2008 Water Supply Agreement, is entered into, by and among, **FIRST BAPTIST CHURCH AT FAIR OAKS RANCH** (“Owner”) and **THE CITY OF FAIR OAKS RANCH, TEXAS** (“City”), as of the “Effective Date” (as defined herein). The Owner and the City may be, collectively, referred herein as “Parties,” or in the singular, as “Party”.

**RECITALS**

**WHEREAS**, City, a home-rule municipality, and Owner executed that 2008 Water Supply Agreement (“Agreement”) on September 29, 2008 for a certain tract of real property of approximately 10 acres (“Property”), located in the corporate limits of the City and within Comal County, Texas, which Property is owned by the Owner and is more fully described in the Agreement, attached hereto as **Exhibit A** and incorporated herein for all purposes; and

**WHEREAS**, City and Owner executed the Agreement to memorialize certain agreements and commitments by the Owner with respect to its planned development of the Property and the provision of public water utility services to the Property; and

**WHEREAS**, the Property is currently undeveloped and Owner anticipates completing a Church development on the Property which requires extending the term of the Agreement; and

**WHEREAS**, the City Council finds that it is in the best interest of the City, and in furtherance of the general health, safety, and welfare of the public, to enter into the Amendment with Owner; and

**WHEREAS**, City and the Owner now desire to amend the Agreement, as provided herein, by executing this Amendment.

**NOW THEREFORE**, in consideration of the agreements set forth herein and for other reciprocal good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and stipulated by the Owner and City agree as follows:

**RECITALS; AUTHORITY; CONTROLLING EFFECT; TERM**

Article I (Authority and Term) of the Agreement shall be amended and replaced in its entirety as follows:

A **Recitals**. The recitals set forth above are hereby fully incorporated in and made a part of this Agreement as if set forth verbatim (which the Parties represent are true and correct and are bound thereby).

B. **Authority.** The City's execution of this Amendment is authorized by The City Council of the City of Fair Oaks Ranch and constitutes a valid and binding obligation of the City. Owner's execution and performance of this Agreement constitutes a valid and binding obligation of Owner as the Owner proceeds with the development of the Property. The City acknowledges that Owner is acting in reliance upon the City's performance of its obligations under this Agreement in making its decision to commit substantial resources and money to the development of the Property.

C. **Controlling Effect.** Unless otherwise stated herein, this Amendment (and the provisions hereof) shall amend and replace the referenced section of the Agreement as of the Effective Date, and the provisions of this Amendment shall control for all purposes. Any provision of the Agreement that is not amended herein shall remain in full force and effect.

D. **Term.** This Agreement shall become enforceable upon the Effective Date and shall continue in full force and effect for fifteen (15) years beginning on the Effective Date ("Term," as may be amended or extended). Any other amendments or extensions of the Term shall be at the mutual written agreement of the Parties and approved by City Council (unless otherwise provided by law or pursuant to the provisions herein).

**GENERAL PROVISIONS**

A. **Approval of Amendment.** The City Council has approved the execution and delivery of this Amendment, pursuant to its authority, under applicable laws, and the Owner represents and warrants that it has taken all necessary action to authorize its execution and delivery of this Amendment.

B. **Binding Effect.** This Amendment shall be binding upon and shall inure to the benefit of the Parties hereto and their successors and assigns.

C. **Counterparts.** Numerous copies of this Amendment may be executed by the handwritten signatures of the Parties hereto, either together or in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Handwritten signatures on counterparts of this Amendment that are transmitted by email shall be deemed original effective for all purposes.

D. **Third-Party Beneficiaries.** It is expressly agreed by the parties that this Amendment is for the sole benefit of the Parties hereto and shall not be construed or deemed made for the benefit of any third party or parties.

E. **Authority.** The person(s) executing this Amendment on behalf of the respective Parties, represent, warrant, assure, and guarantee that they have full legal authority to (i) execute this Amendment on behalf of the respective Party, and (ii) to bind the respective Party to all of the terms, conditions, provisions, and obligation herein contained.

F. **Final Agreement.** This Amendment embodies the final and entire agreement among the Parties hereto and may not be contradicted by evidence of prior,

contemporaneous, or subsequent oral agreements of any such Parties.

**[SIGNATURES ON THE FOLLOWING PAGES]**

**IN WITNESS HEREOF**, the Parties hereto have caused this instrument to be duly executed as of \_\_\_\_\_, 2024, the Effective Date.

**CITY:**

**CITY OF FAIR OAKS RANCH, TEXAS, a Texas home-rule municipality**

By: \_\_\_\_\_  
Scott M. Huizenga, City Manager

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Christina Picioccio, City Secretary

Date: \_\_\_\_\_

**ACKNOWLEDGEMENT**

**STATE OF TEXAS           §**

**§**

**COUNTY OF BEXAR       §**

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by Scott M. Huizenga, City Manager of the City of Fair Oaks Ranch, Texas, on behalf of said home-rule municipality and Texas political subdivision.

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires:\_\_\_\_\_

**OWNER:**

**FIRST BAPTIST CHURCH AT FAIR OAKS RANCH**

By: \_\_\_\_\_  
Lynn Williams, Business Manager

Date: \_\_\_\_\_

**ACKNOWLEDGEMENT**

**STATE OF TEXAS           §**  
  **§**  
**COUNTY OF \_\_\_\_\_ §**

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2024,  
by Lynn Williams, Business Manager of First Baptist Church at Fair Oaks Ranch, Texas.

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

**Exhibit A**

**WATER SUPPLY AGREEMENT INCLUDING LEGAL DESCRIPTION OF PROPERTY**



**WATER SUPPLY AGREEMENT**  
**CITY OF FAIR OAKS RANCH / HILL COUNTRY CHURCH AT FAIR OAKS RANCH**

This Water Supply Agreement (“Agreement”) is made and entered into by and between Hill Country Church at Fair Oaks Ranch, a Texas corporation (“Owner”) and the City Of Fair Oaks Ranch, Texas, a municipal corporation (“City”).

**RECITALS**

WHEREAS, Owner owns 10 acres of real property (the “Property”) more fully described in **Exhibit A** attached hereto and incorporated herein; and

WHEREAS, the Owner will request annexation into the corporate limits of the City prior to the delivery of water service; and

WHEREAS, the City has requested that Owner enter into this Agreement to memorialize certain agreements and commitments by the Owner with respect to its planned development of the Property and the provision of water services to the Property; and

WHEREAS, Owner has requested that the City enter into this Agreement to memorialize certain agreements and commitments by the City with respect to the development of the Property and the provision of water services to the Property; and

NOW, THEREFORE, in consideration of the mutual benefits and promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Owner agree as follows:

**I.**  
**AUTHORITY AND TERM**

A. **Authority.** The City’s execution of this Agreement is authorized by The City Council of the City of Fair Oaks Ranch and constitutes a valid and binding obligation of the City. Owner’s execution and performance of this Agreement constitutes a valid and binding obligation of Owner as the Owner proceeds with the development of the Property. The City acknowledges that Owner is acting in reliance upon the City’s performance of its obligations under this Agreement in making its decision to commit substantial resources and money to the development of the Property.

B. **Term.** This Agreement shall become enforceable upon execution by the City and Owner. This Agreement shall terminate on the earlier of (I) the 15th anniversary of its execution or (ii) upon conveyance by Owner of all of the Property to third parties (each a “Lot Owner” and collectively, the “Lot Owners”), unless extended by mutual agreement of the parties.

**II.**  
**LAND USE PLAN**

Consistent with the existing general land uses that exist within the City, it is the intent of Owner to design a Church Facility whereby the actual location and design of its roadway system will comprise local streets only.

A. **Lot Summarization.** As of the date hereof, it is anticipated that the Property will contain a Church Facility with lot(s) to be allocated to the various operations of that facility:

Church 1 lot 10 Acres

**III.**  
**OBLIGATIONS OF THE PARTIES**

For and in consideration of the mutual promises, covenants, obligations, and benefits described in this Water Supply Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Owner and the City agree as follows:

A. Potable Water Service. The City of Fair Oaks Ranch will provide treated water from the City’s Water Production, Storage, and Distribution system; as such system may be expanded or modified from time to time. The water to be delivered may be from any source or combination of sources that may be available to the City including, without limitation, water from Canyon Reservoir under the City’s Western Canyon Water supply contract and or from the City’s Trinity Aquifer well fields.

B. Extension of Utilities. Owner will extend utilities from the property line of adjacent property to the boundaries of the property at its sole expense and pay for any increase in size of all appurtenances necessary to provide utility service to the lots with the Property at the level required in the City of Fair Oaks Ranch Subdivision Ordinance.

C. Offsets and Credits. This Agreement shall constitute an application for offsets or credits for the Contributions in Aid of Construction, provided by the Owner to facilitate utility service to the Property, against impact fees due for the Property. The City shall credit the amount of the Contributions in Aid of Construction provided by the Owner against the amount of Impact Fees due for the Property

D. Water Service Capacity. The City agrees to reserve water service capacity to the Property for 3.5 Living Unit Equivalent (“LUEs”), to support the church facility. The City of Fair Oaks Ranch shall reserve 2 acre-feet of water to serve the Property (“Annual Reservation”). The City shall provide an initial annual commitment (“Capacity Reservation”) of .50 acre-feet of water. The annual commitment may be increased in January of each year up to a maximum total of 2 acre-feet.

E. Water Replacement Charge. Upon execution of this Agreement, Owner shall pay to the City of Fair Oaks Ranch a one-time charge (“Water Replacement Charge”) equal to the product of Water Reservation (2 acre-feet) times \$275, or Five hundred fifty dollars and no cents (\$550.00).

F. Contribution in Aid of Construction. Owner shall pay to the City of Fair Oaks Ranch a one-time charge (“Contribution in Aid of Construction”) equal to the product of Property’s total potential residential customers (3.5 LUE’s) times \$1,669.58, or Five thousand eight hundred forty-three dollars and fifty-three cents (\$5843.53). The Contribution in Aid of Construction shall be payable in two (2) equal installments of \$2,921.77 each as follows:

- (I) the first installment shall be due and payable within ten (10) days after execution of this Agreement; and
- (ii) the second installment shall be due and payable within ten (10) days after the City signs a contract to construct an elevated storage tank.

The Contribution in Aid of Construction shall be refunded to Owner prorata on a quarterly basis for each building permit issued with respect to a residential/commercial lot on the Property and receipt by the City of the impact fee in the amount of \$1,669.58 for each lot serviced.

G. Water Reservation fees. Owner shall, on or about the 30th day after the date of execution of this Agreement, begin paying the monthly water reservation fee. Such fee shall be the monthly rate the City of Fair Oaks Ranch pays for the reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City of Fair Oaks Ranch's cost for the reservation of water necessary to provide for the development of the Property. This fee is equal to the product of 1/12th of the Annual Reservation times the Firm Water Rate in effect during that month. The initial Water Reservation fee will be \$16.67 per month based on the current rate of \$100 per acre-foot per year and the Owner annual reservation of 2 acre-feet per year. Owner shall continue to pay said Water Reservation fee with respect to each lot comprising the Property until the earlier of sale of such lot to a lot owner or connection of the residence on such lot to the City's water system (water meter has been set) .

H. Capacity Reservation Fees. Owner shall, on or about the 30th day after the date of execution of this Agreement, begin paying the monthly Capacity Reservation fee. Such fee shall be the monthly rate the City of Fair Oaks Ranch pays for Capacity Reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City of Fair Oaks Ranch's cost for the reservation of water necessary to provide for the development of the Property. This fee is equal to the product of 1/12th of the annual Capacity Reservation times the Capacity Reservation Rate in effect during that month. The initial Capacity Reservation fee will be \$21.76 per month based on the current rate of \$522.41 per acre-foot per year and the Owner's annual Capacity Reservation of .50 acre-feet per year. Owner shall continue to pay said Capacity Reservation fee with respect to each lot comprising the Property until such time as one of the following events occurs:

- (I) Owner conveys one or more lots to new Lot Owner(s) and by such conveyance liability for payment of said reservation fee for the designated lot(s) transfers to the new Lot Owner(s); or
- (ii) Owner is granted a permit for connection of the lot(s) to the City's water system and Owner applies for building permits for construction of any kind on the lot(s).

I. Billing. The City will render bills to Owner once each month for the charges required to be paid by Owner pursuant to this Agreement. The City shall, until further notice, render such bills on or before the 10th day of each month and such bills shall be due and payable at the City's office indicated below by the 20th day of each month or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. The City may, however, by sixty (60) days written notice change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable ten (10) days after such date or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. Owner shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to the City of Fair Oaks Ranch at its office in the City of Fair Oaks Ranch, Texas, or at such other place as the City may from time to time designate by sixty (60) days written notice.

J. Delinquency in Payment. All amounts due and owing to the City by Owner shall, if not paid when due, bear interest at the maximum rate permitted by law, provided that such rate shall never be usurious. If any amount due and owing by Owner is placed with an attorney for collection by the City, Owner shall pay to the City, in addition to all other payments provided for by this Agreement, including interest, the City's collection expenses, including court costs and reasonable attorney's fees. Owner further agrees that the City may, at its option, discontinue taking some or all actions to fulfill its obligations under this Agreement until all amounts due and unpaid are paid in full with interest as herein specified.

K. Use of Groundwater Wells for Supplementary Supply. One well. The well will not be connected to the Public Water Supply from the City of Fair Oaks Ranch. The use of the well will be consistent with the Fair Oaks Ranch Conservation Ordinance.

L. Final Plat Fee Adjustment. If the property is subdivided, the City shall, upon receipt of the application for final plat, recalculate and adjust the Contribution in Aid of Construction, Water Reservation fees and the Capacity Reservation Fees to reflect the total number of LUE's to be platted on the Property. Owner shall pay the above mentioned adjustments to the City or the City shall refund such overpayments within 30 days of final plat approval by the City.

M. Cooperation. Both City and Owner agree to reasonably cooperate with the other party in meeting their respective obligations set forth herein and to assist the other party in preparing and entering into any and all instruments necessary to memorialize the future agreements of the parties pertaining to the development of the Property. The City agrees to use its best efforts and if necessary its power of condemnation, in order to acquire all necessary easements and/or right-of-way to facilitate the extension of City utilities to the boundary of the Property, and Owner agrees to provide all necessary easements and/or rights-of-way on the Property for such utilities.

**IV.  
DISANNEXATION**

It is expressly understood if Owner submits a request for disannexation of the Property described in **Exhibit A** and the City Council honors said request, this Water Supply Agreement shall become null and void, and in such event all amounts paid by Owner pursuant to this Agreement shall be non-refundable.

**V.  
MISCELLANEOUS**

A. Mutual Assistance. City and Owner will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions.

B. Representations and Warranties. The City represents and warrants to Owner that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Owner represents and warrants to City that it has the requisite authority to enter into this Agreement.

C. Default. If either the City or Owner should default in the performance of any obligations of this Agreement, the other party shall provide such defaulting party written notice of the default, and a period of thirty (30) days or such longer period specified in such written notice to cure such default, prior to instituting an action for breach or pursuing any other remedy for default.

D. Entire Agreement. This Agreement contains the entire agreement between the parties. This Agreement may only be amended, altered or revoked by written instrument signed by the City and Owner.

E. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns.

F. Assignment. Owner may assign all or part of its rights and obligations under this Agreement, without prior written approval of the City, to an entity in which Owner (or the principals of Owner)

has a 25% or more ownership interest, or a Lot Owner who by receipt and recording of a proper conveyance of the lot or other appropriate assignment document and who thereby assumes such assigned obligations, specifically including all fees due under Article III, Obligations of the Parties, Sections G and H herein. Upon such assignment, Hill Country Church at Fair Oaks Ranch shall be relieved of all future obligations with respect to the obligations so assigned.

G. Notice. Any notice and or statement required and permitted to be delivered shall be deemed delivered by actual delivery, facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses:

Owner: First Baptist Church of Fair Oaks Ranch  
Box 220  
28720 IH 10 West #300  
Boerne, Texas 78015  
Attn: Office Manager  
Email: info@hccfor.org

City: City Administrator  
City of Fair Oaks Ranch  
7286 Dietz Elkhorn  
Fair Oaks Ranch, TX 78015  
Email: [rthomas@ci.fair-oaks-ranch.tx.us](mailto:rthomas@ci.fair-oaks-ranch.tx.us)

Either party may designate a different address at any time upon written notice to the other party.

H. Interpretation. Each of the parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, however its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any party.

I. Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in Kendall County, Texas.

J. Severability. In the event any provisions of this Agreement are illegal, invalid or unenforceable under present or future laws, and in that event, it is the intention of the parties that the remainder of this Agreement shall not be affected. It is also the intention of the parties of this Agreement that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

K. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

L. No Joint Venture. It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The City, its past and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with the development of the Property.

M. Exhibits. The Exhibits attached hereto are incorporated by reference for all purposes.

EXECUTED in duplicate and to be effective on September 29, 2008.

**Owner:**

Hill Country Church at Fair Oaks Ranch, a Texas corporation

By: Lynn Williams  
MS. Lynn Williams

**CITY:**

CITY OF FAIR OAKS RANCH, TEXAS, a municipal corporation

By: Daniel E. Kasprowicz  
Daniel E. Kasprowicz, Mayor

APPROVED as to form:

Adolph D. Jacobson  
City Attorney

**EXHIBITS:**

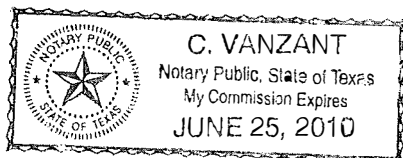
Exhibit A - Property Description (10 acres)

THE STATE OF TEXAS

COUNTY OF Bexar

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared L. Williams known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the Hill Country Church at Fair Oaks Ranch, and that 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 this the 29 day of Sept, 2008.



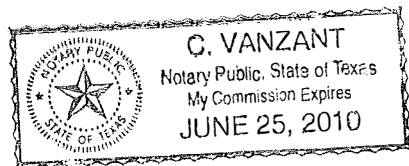
C. Vanzant  
Notary Public, The State of Texas

THE STATE OF TEXAS

COUNTY OF BEXAR

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Daniel E. Kasprowicz known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the CITY OF FAIR OAKS RANCH, and that 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 this the 29 day of Sept, 2008.



C. Vanzant  
Notary Public, The State of Texas

**Survey Associates**  
**2544 Boardwalk**  
**San Antonio, Texas 78217**  
**(210) 828-1102**

Exhibit A

Item #7.

STATE OF TEXAS  
COUNTY OF COMAL

F. M. ROAD No. 3351  
10.00 ACRE TRACT

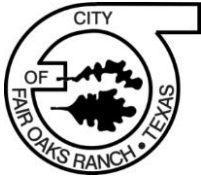
All that certain tract or parcel of land containing 10.00 acres in Comal County, Texas, out of the M. De La Guerra Survey No. 172, Abstract 173, County Block 4012, being a portion of a 29.000 acre tract (Parent Tract) described in Document Number 9806015680, Official Public Records of Comal County, Texas, and in Volume 7536, Page 1931, Real Property Records of Bexar County, Texas.

Said 10.00 acre tract, being more particularly described by metes and bounds as follows;

- BEGINNING:** at ½" iron pin found on the Northwest right-of-way line of F.M. Road 3351, at the South corner of Emmeline G. Whitworth tract, of record in Volume 283, Page 379-386, Deed Records of Comal County, Texas, at the East corner of said Parent Tract, for the East corner of this herein described tract;
- THENCE:** along with the Northwest right-of-way line of F.M. Road 3351 and same being the Southeast boundary line of said Parent Tract, the following courses and distances:  
South 42 deg. 10 min. 17 sec. West, 218.63 feet to a ½" iron pin found;  
South 43 deg. 54 min. 47 sec. West, 129.59 feet to a ½" iron pin found;  
South 38 deg. 14 min. 54 sec. West, 33.92 feet to a ½" iron pin set with cap stamped "Survey Associates", for the South corner of this herein described tract;
- THENCE:** North 51 deg. 55 min. 57 sec. West, a distance of 1403.75 feet across said Parent Tract to a metal spindle set on the North boundary line of Parent Tract and same being the South boundary line of Rueben Francis Klar tract, of record in Volume 283, Page 377, Deed Records of Comal County, Texas, for the Northwest corner of this herein described tract;
- THENCE:** South 86 deg. 41 min. 29 sec. East, a distance of 667.78 feet to a 2" metal corner post at an angle corner of said Klar tract, at the Northeast corner of said Parent Tract, for the Northeast corner of this herein described tract;
- THENCE:** South 51 deg. 56 min. 39 sec. East, a distance of 884.08 feet along with the Northeast boundary line of said Parent Tract to the POINT OF BEGINNING.

Bearing Basis – South 51 deg. 56 min. 39 sec. East – from the Northeast boundary line of said Parent Tract, of record in Document Number 9806015680, Official Public Records of Comal County, Texas, and in Volume 7536, Page 1931, Real Property Records of Bexar County, Texas.






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## CITY COUNCIL CONSIDERATION ITEM

### CITY OF FAIR OAKS RANCH, TEXAS

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**AGENDA TOPIC:** Consideration and possible action approving a resolution of the City of Fair Oaks Ranch, Texas authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Cibolo Creek Community Church, Inc. for the reservation of water and other related matters, and authorizing the City Manager to execute the First Amendment

**DATE:** March 21, 2024

**DEPARTMENT:** Public Works

**PRESENTED BY:** Carole Vanzant, CPM, Asst City Manager, Community Services

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#### **INTRODUCTION/BACKGROUND:**

On July 20, 2006, the City of Fair Oaks Ranch, under Ordinance 153 accepted the City of San Antonio's release of 3,258 acres of its extraterritorial jurisdiction adjacent to the north, east, and southwest of Fair Oaks Ranch city limits. To ensure water reservation to the property owners in this area as they develop, the City entered into water supply agreements with various property owners in September 2008.

The 2008 Agreement with Cibolo Creek Community Church, relative to term, states: *This Agreement shall become enforceable upon execution by the City and Owner. This Agreement shall terminate on the 15<sup>th</sup> anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.*

On August 17, 2023, City Council approved a resolution authorizing a six-month extension to review the current agreements, negotiate any changes, develop an agreement amendment, allow for legal review, and prepare for City Council approval.

On February 20, 2024, Cibolo Creek Community Church agreed to a 10-year term extension. This amendment becomes enforceable upon execution by the City and Owner and shall terminate on the 10th anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.

#### **POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Further Priority 3.1 of the Strategic Action Plan – Enhance and ensure continuity of reliable water resources in accordance with CCN obligations.

#### **LONGTERM FINANCIAL & BUDGETARY IMPACT:**

1. Continued reservation and water capacity fees paid by the property owner.
2. Payment of the second installment of the Contribution in Aid toward construction of an elevated storage tank.

**LEGAL ANALYSIS:**

Approved by Cibolo Creek Community Church and approved as to form by the city attorney's office.

**RECOMMENDATION/PROPOSED MOTION:**

I move to approve a resolution authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Cibolo Creek Community Church, Inc.

**A RESOLUTION**

**A RESOLUTION OF THE CITY OF FAIR OAKS RANCH CITY COUNCIL APPROVING A FIRST AMENDMENT TO THE 2008 WATER SUPPLY AGREEMENT (“AGREEMENT”) BETWEEN THE CITY OF FAIR OAKS RANCH (“CITY”) AND CIBOLO CREEK COMMUNITY CHURCH, INC. (“OWNER”) FOR THE RESERVATION OF WATER AND OTHER RELATED MATTERS; AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIRST AMENDMENT; PROVIDING A SEVERABILITY AND REPEAL CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the Owner owns 37.56+/- acre tract of real property (“Property”) in the City of Fair Oaks Ranch more fully described the 2008 Water Supply Agreement; and,

**WHEREAS**, on September 30, 2008, the Owner and City entered into an Agreement memorializing certain agreements and commitments by each party with respect to the Owners planned development of its Property, including the provision of water services; and,

**WHEREAS**, the Agreement between the Owner and City expired on September 30, 2023; and,

**WHEREAS**, on August 17, 2023, the City Council passed and approved resolution 2023-20 supporting the extension, by six months, the 2008 Agreement to secure long-term extensions; and,

**WHEREAS**, the Property is not fully developed which requires extending the term of the Agreement; and,

**WHEREAS**, the City Council finds that it is in the best interest of the City, and in furtherance of the general health, safety, and welfare of the public, to enter into the Amendment with Owner; and,

**WHEREAS**, City and Owner now desire to enter amend the Agreement, as provided herein, by executing this Amendment.

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

**Section 1.** *A First Amendment* to the 2008 Water Supply Agreement for the reservation of water and other related matters to the Owner’s 37.56+/- acre tract of real property as further described in the 2008 Water Supply Agreement, upon execution, is hereby approved.

**Section 2.** The City Manager is hereby authorized, on behalf of the City, to execute the Amendment in substantial form as attached, and such other ancillary instruments and documents as may be reasonably necessary to effectuate the intent of this resolution.

**Section 3.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

**Section 4.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the

provision of this resolution shall be and remain controlling as to the matters resolved herein.

**Section 5.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**Section 6.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

**Section 7.** It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and that public notice of the time, place and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required Chapter 551, Texas Government Code, as amended.

**Section 8.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.

**PASSED, APPROVED and ADOPTED** on the 21<sup>st</sup> day of March 2024.

\_\_\_\_\_  
Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Christina Picioccio, TRMC  
City Secretary

\_\_\_\_\_  
Denton Navarro Rodriquez Bernal Santee & Zech  
P.C., City Attorney

**FIRST AMENDMENT  
OF THE  
WATER SUPPLY AGREEMENT**

This **First Amendment** (“Amendment”), of that 2008 Water Supply Agreement, is entered into, by and among, **CIBOLO CREEK COMMUNITY CHURCH, INC.** (“Owner”), a Texas Corporation and **THE CITY OF FAIR OAKS RANCH, TEXAS** (“City ”), as of the “Effective Date” (as defined herein). The Owner and the City may be, collectively, referred herein as “Parties,” or in the singular, as “Party”.

**RECITALS**

**WHEREAS**, City, a home-rule municipality, and Owner executed that 2008 Water Supply Agreement (“Agreement”) on September 30, 2008 for a certain tract of real property of approximately 37.56 acres (“Property”), located in the corporate limits of the City and within Comal County, Texas, which Property is owned by the Owner and is more fully described in the Agreement, attached hereto as **Exhibit A** and incorporated herein for all purposes; and

**WHEREAS**, City and Owner executed the Agreement to memorialize certain agreements and commitments by the Owner with respect to its planned development of the Property and the provision of public water utility services to the Property; and

**WHEREAS**, the Property is currently undeveloped and Owner anticipates completing a Church development on the Property which requires extending the term of the Agreement; and

**WHEREAS** the City Council finds that it is in the best interest of the City, and in furtherance of the general health, safety, and welfare of the public, to enter into the Amendment with Owner; and

**WHEREAS**, City and the Owner now desire to amend the Agreement, as provided herein, by executing this Amendment.

**NOW THEREFORE**, in consideration of the agreements set forth herein and for other reciprocal good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and stipulated by the Owner and City agree as follows:

**RECITALS; AUTHORITY; CONTROLLING EFFECT; TERM**

Article I (Authority and Term) of the Agreement shall be amended and replaced in its entirety as follows:

A **Recitals**. The recitals set forth above are hereby fully incorporated in and made a part of this Agreement as if set forth verbatim (which the Parties represent are true and correct and are bound thereby).

B. **Authority.** The City's execution of this Amendment is authorized by The City Council of the City of Fair Oaks Ranch and constitutes a valid and binding obligation of the City. Owner's execution and performance of this Agreement constitutes a valid and binding obligation of Owner as the Owner proceeds with the development of the Property. The City acknowledges that Owner is acting in reliance upon the City's performance of its obligations under this Agreement in making its decision to commit substantial resources and money to the development of the Property.

C. **Controlling Effect.** Unless otherwise stated herein, this Amendment (and the provisions hereof) shall amend and replace the referenced section of the Agreement as of the Effective Date, and the provisions of this Amendment shall control for all purposes. Any provision of the Agreement that is not amended herein shall remain in full force and effect.

D. **Term.** This Agreement shall become enforceable upon the Effective Date and shall continue in full force and effect for ten (10) years beginning on the Effective Date ("Term," as may be amended or extended). Any other amendments or extensions of the Term shall be at the mutual written agreement of the Parties and approved by City Council (unless otherwise provided by law or pursuant to the provisions herein).

**GENERAL PROVISIONS**

A. **Approval of Amendment.** The City Council has approved the execution and delivery of this Amendment, pursuant to its authority, under applicable laws, and the Owner represents and warrants that it has taken all necessary action to authorize its execution and delivery of this Amendment.

B. **Binding Effect.** This Amendment shall be binding upon and shall inure to the benefit of the Parties hereto and their successors and assigns.

C. **Counterparts.** Numerous copies of this Amendment may be executed by the handwritten signatures of the Parties hereto, either together or in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Handwritten signatures on counterparts of this Amendment that are transmitted by email shall be deemed original effective for all purposes.

D. **Third-Party Beneficiaries.** It is expressly agreed by the parties that this Amendment is for the sole benefit of the Parties hereto and shall not be construed or deemed made for the benefit of any third party or parties.

E. **Authority.** The person(s) executing this Amendment on behalf of the respective Parties, represent, warrant, assure, and guarantee that they have full legal authority to (i) execute this Amendment on behalf of the respective Party, and (ii) to bind the respective Party to all of the terms, conditions, provisions, and obligation herein contained.

F. **Final Agreement.** This Amendment embodies the final and entire agreement among the Parties hereto and may not be contradicted by evidence of prior,

contemporaneous, or subsequent oral agreements of any such Parties.

**[SIGNATURES ON THE FOLLOWING PAGES]**

IN WITNESS HEREOF, the Parties hereto have caused this instrument to be duly executed as of \_\_\_\_\_, 2024, the Effective Date.

**CITY:**

**CITY OF FAIR OAKS RANCH, TEXAS, a Texas home-rule municipality**

By: \_\_\_\_\_  
Scott M. Huizenga, City Manager

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Christina Picioccio, City Secretary

Date: \_\_\_\_\_

**ACKNOWLEDGEMENT**

**STATE OF TEXAS           §**

**§**

**COUNTY OF BEXAR       §**

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by Scott M. Huizenga, City Manager of the City of Fair Oaks Ranch, Texas, on behalf of said home-rule municipality and Texas political subdivision.

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires:\_\_\_\_\_



**OWNER:**

**CIBOLO COMMUNITY CHURCH, INC., a Texas Corporation**

By: \_\_\_\_\_  
Janine Smithies, Executive Pastor

Date: \_\_\_\_\_

**ACKNOWLEDGEMENT**

**STATE OF TEXAS           §**  
  **§**  
**COUNTY OF \_\_\_\_\_ §**

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2024,  
by Janine Smithies, Executive Pastor of Cibolo Creek Community Church, Inc., Texas.

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

**Exhibit A**

**WATER SUPPLY AGREEMENT INCLUDING LEGAL DESCRIPTION OF PROPERTY**

**WATER SUPPLY AGREEMENT  
CITY OF FAIR OAKS RANCH / CIBOLO CREEK COMMUNITY CHURCH INC**

This Water Supply Agreement (“Agreement”) is made and entered into by and between Cibolo Creek Church Inc, a Texas corporation (“Owner”) and the City Of Fair Oaks Ranch, Texas, a municipal corporation (“City”).

**RECITALS**

WHEREAS, Owner owns 37.56+- acres of real property (the “Property”) more fully described in **Exhibit A** attached hereto and incorporated herein; and

WHEREAS, the Property was annexed into the corporate limits of the City on May 19, 2007; and

WHEREAS, the City has requested that Owner enter into this Agreement to memorialize certain agreements and commitments by the Owner with respect to its planned development of the Property and the provision of water services to the Property; and

WHEREAS, Owner has requested that the City enter into this Agreement to memorialize certain agreements and commitments by the City with respect to the development of the Property and the provision of water services to the Property; and

NOW, THEREFORE, in consideration of the mutual benefits and promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Owner agree as follows:

**I.  
AUTHORITY AND TERM**

A. **Authority.** The City’s execution of this Agreement is authorized by The City Council of the City of Fair Oaks Ranch and constitutes a valid and binding obligation of the City. Owner’s execution and performance of this Agreement constitutes a valid and binding obligation of Owner as the Owner proceeds with the development of the Property. The City acknowledges that Owner is acting in reliance upon the City’s performance of its obligations under this Agreement in making its decision to commit substantial resources and money to the development of the Property.

B. **Term.** This Agreement shall become enforceable upon execution by the City and Owner. This Agreement shall terminate on the earlier of (i) the 15th anniversary of its execution or (ii) upon conveyance by Owner of all of the Property to third parties (each a “Lot Owner” and collectively, the “Lot Owners”), unless extended by mutual agreement of the parties.

**II.  
LAND USE PLAN**

Consistent with the existing general land uses that exist within the City, it is the intent of Owner to design a Church Facility whereby the actual location and design of its roadway system will comprise local streets only.

A. **Lot Summarization.** As of the date hereof, it is anticipated that the Property when developed will contain the following approximate types and sizes of lots to be allocated to the various builders:

Church    1 lot    37.56 Acres

**III.**  
**OBLIGATIONS OF THE PARTIES**

For and in consideration of the mutual promises, covenants, obligations, and benefits described in this Water Supply Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Owner and the City agree as follows:

A. Potable Water Service. The City of Fair Oaks Ranch will provide treated water from the City’s Water Production, Storage, and Distribution system; as such system may be expanded or modified from time to time. The water to be delivered may be from any source or combination of sources that may be available to the City including, without limitation, water from Canyon Reservoir under the City’s Western Canyon Water supply contract and or from the City’s Trinity Aquifer well fields.

B. Extension of Utilities. Owner will extend utilities from the adjacent property line to the boundaries of the property at its sole expense and pay for any increase in size of all appurtenances necessary to provide utility service to the lots within the Property at the level required in the City of Fair Oaks Ranch Subdivision Ordinance.

C. Offsets and Credits. This Agreement shall constitute an application for offsets or credits for the Contributions in Aid of Construction, provided by the Owner to facilitate utility service to the Property, against impact fees due for the Property. The City shall credit the amount of the Contributions in Aid of Construction provided by the Owner against the amount of Impact Fees due for the Property

D. Water Service Capacity. The City agrees to reserve water service capacity to the Property for 15 Living Unit Equivalents (“LUEs”), to support the church facility. The City of Fair Oaks Ranch shall reserve 9 acre-feet of water to serve the Property (“Annual Reservation”). The City shall provide an initial annual commitment (“Capacity Reservation”) of 2 acre-feet of water. The annual commitment may be increased in January of each year up to a maximum total of 9 acre-feet.

E. Water Replacement Charge. Upon execution of this Agreement, Owner shall pay to the City of Fair Oaks Ranch a one-time charge (“Water Replacement Charge”) equal to the product of Water Reservation (9 acre-feet) times \$275, or Two thousand four hundred seventy-five dollars and no cents (\$2475.00).

F. Contribution in Aid of Construction. Owner shall pay to the City of Fair Oaks Ranch a one-time charge (“Contribution in Aid of Construction”) equal to the product of Property’s total potential residential customers (15 LUE’s) times \$1,669.58, or Twenty-five thousand forty-three dollars and seventy cents (\$25,043.70). The Contribution in Aid of Construction shall be payable in two (2) equal installments of \$12,521.85 each as follows:

- (I) the first installment shall be due and payable within ten (10) days after execution of this Agreement; and
- (ii) the second installment shall be due and payable within ten (10) days after the City signs a contract to construct an elevated storage tank.

The Contribution in Aid of Construction shall be refunded to Owner prorata on a quarterly basis for each building permit issued with respect to a residential/commercial lot on the Property and receipt by the City of the impact fee in the amount of \$1,669.58 for each lot serviced.

G. Water Reservation fees. Owner shall, on or about the 30th day after the date of execution of this Agreement, begin paying the monthly water reservation fee. Such fee shall be the monthly rate the City of Fair Oaks Ranch pays for the reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City of Fair Oaks Ranch's cost for the reservation of water necessary to provide for the development of the Property. This fee is equal to the product of 1/12th of the Annual Reservation times the Firm Water Rate in effect during that month. The initial Water Reservation fee will be \$75.00 per month based on the current rate of \$100 per acre-foot per year and the Owner annual reservation of 9 acre-feet per year. Owner shall continue to pay said Water Reservation fee with respect to each lot comprising the Property until the earlier of sale of such lot to a lot owner or connection of the residence on such lot to the City's water system (water meter has been set) .

H. Capacity Reservation Fees. Owner shall, on or about the 30th day after the date of execution of this Agreement, begin paying the monthly Capacity Reservation fee. Such fee shall be the monthly rate the City of Fair Oaks Ranch pays for Capacity Reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City of Fair Oaks Ranch's cost for the reservation of water necessary to provide for the development of the Property. This fee is equal to the product of 1/12th of the annual Capacity Reservation times the Capacity Reservation Rate in effect during that month. The initial Capacity Reservation fee will be \$87.07 per month based on the current rate of \$522.41 per acre-foot per year and the Owner's annual Capacity Reservation of 2 acre-feet per year. Owner shall continue to pay said Capacity Reservation fee with respect to each lot comprising the Property until such time as one of the following events occurs:

- (I) Owner conveys one or more lots to new Lot Owner(s) and by such conveyance liability for payment of said reservation fee for the designated lot(s) transfers to the new Lot Owner(s); or
- (ii) Owner is granted a permit for connection of the lot(s) to the City's water system and Owner applies for building permits for construction of any kind on the lot(s).

I. Billing. The City will render bills to Owner once each month for the charges required to be paid by Owner pursuant to this Agreement. The City shall, until further notice, render such bills on or before the 10th day of each month and such bills shall be due and payable at the City's office indicated below by the 20th day of each month or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. The City may, however, by sixty (60) days written notice change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable ten (10) days after such date or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. Owner shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to the City of Fair Oaks Ranch at its office in the City of Fair Oaks Ranch, Texas, or at such other place as the City may from time to time designate by sixty (60) days written notice.

J. Delinquency in Payment. All amounts due and owing to the City by Owner shall, if not paid when due, bear interest at the maximum rate permitted by law, provided that such rate shall never be usurious. If any amount due and owing by Owner is placed with an attorney for collection by the City, Owner shall pay to the City, in addition to all other payments provided for by this Agreement, including interest, the City's collection expenses, including court costs and reasonable attorney's fees. Owner further agrees that the City may, at its option, discontinue taking some or all actions to fulfill its obligations under this Agreement until all amounts due and unpaid are paid in full with interest as herein specified.

K. Use of Groundwater Wells for Supplementary Supply. None. There are no wells on the property and the Owner agrees not to drill any wells.

L. Final Plat Fee Adjustment. The City shall, upon receipt of the application for final plat, recalculate and adjust the Contribution in Aid of Construction, Water Reservation fees and the Capacity Reservation Fees to reflect the total number of LUE's to be platted on the Property. Owner shall pay the above mentioned adjustments to the City or the City shall refund such overpayments within 30 days of final plat approval by the City.

M. Cooperation. Both City and Owner agree to reasonably cooperate with the other party in meeting their respective obligations set forth herein and to assist the other party in preparing and entering into any and all instruments necessary to memorialize the future agreements of the parties pertaining to the development of the Property. The City agrees to use its best efforts and if necessary its power of condemnation, in order to acquire all necessary easements and/or right-of-way to facilitate the extension of City utilities to the boundary of the Property, and Owner agrees to provide all necessary easements and/or rights-of-way on the Property for such utilities.

**IV.  
DISANNEXTION**

It is expressly understood if Owner submits a request for disannexation of the Property described in Exhibit A and the City Council honors said request, this Water Supply Agreement shall become null and void, and in such event all amounts paid by Owner pursuant to this Agreement shall be non-refundable.

**V.  
MISCELLANEOUS**

A. Mutual Assistance. City and Owner will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions.

B. Representations and Warranties. The City represents and warrants to Owner that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Owner represents and warrants to City that it has the requisite authority to enter into this Agreement.

C. Default. If either the City or Owner should default in the performance of any obligations of this Agreement, the other party shall provide such defaulting party written notice of the default, and a period of thirty (30) days or such longer period specified in such written notice to cure such default, prior to instituting an action for breach or pursuing any other remedy for default.

D. Entire Agreement. This Agreement contains the entire agreement between the parties. This Agreement may only be amended, altered or revoked by written instrument signed by the City and Owner.

E. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns.

F. Assignment. Owner may assign all or part of its rights and obligations under this Agreement, without prior written approval of the City, to an entity in which Owner (or the principals of Owner) has a 25% or more ownership interest, or a Lot Owner who by receipt and recording of a proper

conveyance of the lot or other appropriate assignment document and who thereby assumes such assigned obligations, specifically including all fees due under Article III, Obligations of the Parties, Sections G and H herein. Upon such assignment, Cibolo Creek Church Inc shall be relieved of all future obligations with respect to the obligations so assigned.

G. Notice. Any notice and or statement required and permitted to be delivered shall be deemed delivered by actual delivery, facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses:

Owner: Cibolo Creek Community Church Inc  
30395 Ralph Fair Road  
Fair Oaks Ranch, Texas 78015  
Attn: Mr. Michael L. Vonderhaar  
E-mail: mvonderhaar@cibolocreek.com

City: City Administrator  
City of Fair Oaks Ranch  
7286 Dietz Elkhorn  
Fair Oaks Ranch, TX 78015  
Email: [rthomas@ci.fair-oaks-ranch.tx.us](mailto:rthomas@ci.fair-oaks-ranch.tx.us)

Either party may designate a different address at any time upon written notice to the other party.

H. Interpretation. Each of the parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, however its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any party.

I. Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in Kendall County, Texas.

J. Severability. In the event any provisions of this Agreement are illegal, invalid or unenforceable under present or future laws, and in that event, it is the intention of the parties that the remainder of this Agreement shall not be affected. It is also the intention of the parties of this Agreement that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

K. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

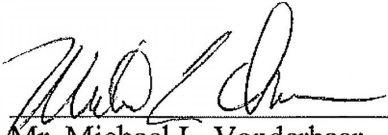
L. No Joint Venture. It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The City, its past and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with the development of the Property.

M. Exhibits. The Exhibits attached hereto are incorporated by reference for all purposes.

EXECUTED in duplicate and to be effective on Sept 30, 2008.

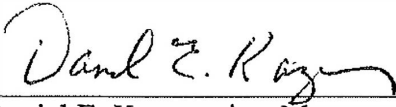
**Owner:**

Cibolo Creek Community Church Inc, a Texas corporation

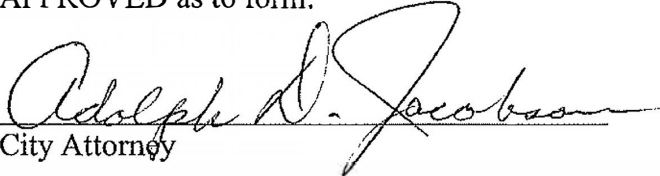
By:  9/30/08  
Mr. Michael L. Vonderhaar

**CITY:**

CITY OF FAIR OAKS RANCH, TEXAS, a municipal corporation

By:   
Daniel E. Kasproicz, Mayor

APPROVED as to form:

  
City Attorney

**EXHIBITS:**

Exhibit A - Property Description by metes and bounds (37.56 acres)



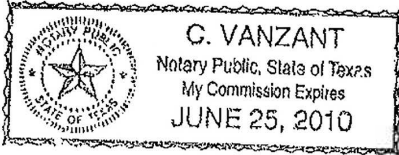
THE STATE OF TEXAS

COUNTY OF Bexar

*Community  
K  
@*

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Michael L. Vonderhaar known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the Cibolo Creek Church Inc, and that 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 this the 30 day of Sept, 2008.



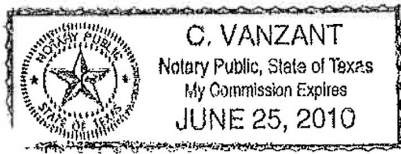
C. Vanzant  
Notary Public, The State of Texas

THE STATE OF TEXAS

COUNTY OF BEXAR

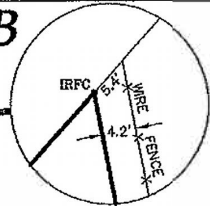
BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Daniel E. Kasprowicz known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the CITY OF FAIR OAKS RANCH, and that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 7 day of Oct, 2008.



C. Vanzant  
Notary Public, The State of Texas

SCALE 1" = 200'  
IRS = 1/2" IRON ROD SET  
WITH "ACES" CAP



DETAIL  
NOT TO SCALE

40.00 ACRES  
DOC# 200406027094

FM 3351 - RALPH FAIR ROAD.  
(VOL. 659, PG. 26-3)  
RIGHT OF WAY WAIVES  
N42°18'30"E IRF 213.72  
N47°39'10"E IRF 310.89  
N42°23'30"E 506.57  
N66°43'45"E 19.70  
N63°26'07"E 310.93  
N32°48'16"W 352.94  
N23°48'52"W 156.97  
N09°47'43"W 778.95

BEING: 37.56 ACRES OF LAND OUT OF THE MARIA DE LA LUZ GUERRA SURVEY No. 172, ABSTRACT 173 IN COMAL COUNTY, TEXAS AND CONSISTING OF ALL OF A CALLED 20.51 ACRE TRACT RECORDED IN DOC.#200306047908, A PORTION OF A CALLED 40.00 ACRE TRACT RECORDED IN DOC.# 200108031550 AND A PORTION OF THE REMAINDER OF A CALLED 239.48 ACRE TRACT RECORDED IN DOC.# 200406002305, ALL IN THE REAL PROPERTY RECORDS OF COMAL COUNTY, TEXAS.

37.56 AC.  
1,836,000 SQ. FT.

20.51 AC.  
893,350 SQ. FT  
DOC# 200306047908

15.46 AC.  
673,350 SQ. FT.  
DOC# 200108031550

1.59 AC.  
69,300 SQ. FT.  
DOC# 200406002305

REMAINING PORTION OF  
40.00 ACRES  
DOC# 200108031550

REMAINING PORTION OF  
283.3 ACRES  
DOC# 200406002305

EXIST. 10' GVTC TELE. ESMT.  
VOL. 774, PG. 658  
S80°00'53"W 1006.42

EXIST. 30' GAS PIPELINE ESMT.  
DOC# 200608027147



ALAMO CONSULTING  
ENGINEERING &  
SURVEYING, INC.

140 HEIMER RD. SUITE. 617  
SAN ANTONIO, TX. 78232  
(210) 828-0691

STATE OF TEXAS  
COUNTY OF BEXAR

I HEREBY CERTIFY THAT THE ABOVE PLAT REPRESENTS AN ACTUAL SURVEY MADE ON THE GROUND BY PEOPLE WORKING UNDER MY DIRECT SUPERVISION AND THIS DRAWING CONFORMS TO THE MINIMUM STANDARDS OF SURVEY PRACTICES AS SET OUT BY THE TEXAS BOARD OF PROFESSIONAL LAND SURVEYING AS OF THIS DATE.

THIS 11TH DAY OF JULY 2007 A.D.

*Henry C. Casal, Jr.*  
HENRY C. CASAL, JR. R.P.L.S. NO. 4905

JOB NO. 200021



BASIS OF BEARING IS DEED

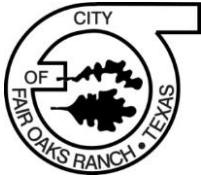
G.F.#0709432--SOSA

IRFC = FOUND 1/2" IRON ROD WITH  
"ACES" CAP

REFERENCE:

- DOC# 200306047908 - DEED
- DOC# 200108031550 - DEED
- DOC# 200406002305 - DEED
- VOL. 774, PG. 658 - TELEPHONE ESMT
- DOC# 200806027147 - PIPELINE ESMT

Jul 12, 2007, 8:23am ACES25 Layout - Model  
File: F:\PROJECT\200000\200021.dwg\37AC--BOUNDARY162807.dwg




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## CITY COUNCIL CONSIDERATION ITEM

### CITY OF FAIR OAKS RANCH, TEXAS

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**AGENDA TOPIC:** Consideration and possible action approving a resolution of the City of Fair Oaks Ranch, Texas authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Ralph Fair, LLC for the reservation of water and other related matters, and authorizing the City Manager to execute the First Amendment

**DATE:** March 21, 2024

**DEPARTMENT:** Public Works

**PRESENTED BY:** Carole Vanzant, CPM, Asst City Manager, Community Services

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#### **INTRODUCTION/BACKGROUND:**

On July 20, 2006, the City of Fair Oaks Ranch, under Ordinance 153 accepted the City of San Antonio's release of 3,258 acres of its extraterritorial jurisdiction adjacent to the north, east, and southwest of Fair Oaks Ranch city limits. To ensure water reservation to the property owners in this area as they develop, the City entered into water supply agreements with various property owners in September 2008.

The 2008 Agreement with Ralph Fair, LLC, relative to term, states: *This Agreement shall become enforceable upon execution by the City and Owner. This Agreement shall terminate on the 15<sup>th</sup> anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.*

On August 17, 2023, City Council approved a resolution authorizing a six-month extension to review the current agreements, negotiate any changes, develop an agreement amendment, allow for legal review, and prepare for City Council approval.

On February 19, 2024, Ralph Fair, LLC agreed to a 15-year term extension. This amendment becomes enforceable upon execution by the City and Owner and shall terminate on the 15<sup>th</sup> anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.

#### **POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Further Priority 3.1 of the Strategic Action Plan – Enhance and ensure continuity of reliable water resources in accordance with CCN obligations.

#### **LONGTERM FINANCIAL & BUDGETARY IMPACT:**

1. Continued monthly payments of reservation and water capacity fees.
2. Payment of the second installment of the Contribution in Aid toward construction of an elevated water storage tank.

**LEGAL ANALYSIS:**

Reviewed by Ralph Fair, LLC and approved as to form by the city attorney’s office.

**RECOMMENDATION/PROPOSED MOTION:**

I move to approve a resolution authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Ralph Fair, LLC.

**A RESOLUTION**

**A RESOLUTION OF THE CITY OF FAIR OAKS RANCH CITY, TEXAS APPROVING A FIRST AMENDMENT TO THE 2008 WATER SUPPLY AGREEMENT (“AGREEMENT”) BETWEEN THE CITY OF FAIR OAKS RANCH (“CITY”) AND RALPH FAIR, LLC (“OWNER”) FOR THE RESERVATION OF WATER AND OTHER RELATED MATTERS; AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIRST AMENDMENT; PROVIDING A SEVERABILITY AND REPEAL CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the Owner owns 19.02 acres of real property (“Property”) in the City of Fair Oaks Ranch more fully described in the 2008 Water Supply Agreement; and,

**WHEREAS**, on September 2, 2008, the Owner and City entered into an Agreement memorializing certain agreements and commitments by each party with respect to the Owners planned development of its Property, including the provision of water services; and,

**WHEREAS**, the Agreement between the Owner and City expired on September 2, 2023; and,

**WHEREAS**, on August 17, 2023, the City Council approved resolution 2023-20 supporting the extension, by six months, the 2008 Agreement to secure long-term extensions; and,

**WHEREAS**, the Property is not fully developed which requires extending the term of the Agreement; and,

**WHEREAS**, the City Council finds that it is in the best interest of the City, and in furtherance of the general health, safety, and welfare of the public, to enter into the Amendment with Owner; and,

**WHEREAS**, City and Owner now desire to amend the Agreement, as provided herein, by executing this Amendment.

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

- Section 1.** *A First Amendment* to the 2008 Water Supply Agreement for the reservation of water and other related matters to the Owner’s 19.02-acre tract of real property as further described in Exhibit A of the 2008 Water Supply Agreement, upon execution, is hereby approved.
- Section 2.** The City Manager is hereby authorized, on behalf of the City, to execute the Amendment in substantial form as attached, and such other ancillary instruments and documents as may be reasonably necessary to effectuate the intent of this resolution.
- Section 3.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.
- Section 4.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.
- Section 5.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**Section 6.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

**Section 7.** It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and that public notice of the time, place and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required Chapter 551, Texas Government Code, as amended.

**Section 8.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.

**PASSED, APPROVED and ADOPTED** on the 21<sup>st</sup> day of March 2024.

\_\_\_\_\_  
Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Christina Picioccio, TRMC  
City Secretary

\_\_\_\_\_  
Denton Navarro Rodriquez Bernal Santee & Zech  
P.C., City Attorney

**FIRST AMENDMENT  
OF THE  
WATER SUPPLY AGREEMENT**

This **First Amendment** ("Amendment"), of that 2008 Water Supply Agreement, is entered into, by and among, **RALPH FAIR, LLC** ("Owner"), and **THE CITY OF FAIR OAKS RANCH TEXAS** ("City"), as of the "Effective Date" (as defined herein). The Owner and the City may be, collectively, referred herein as "Parties," or in the singular, as "Party".

**RECITALS**

**WHEREAS**, City, a home-rule municipality, and Owner executed that 2008 Water Supply Agreement ("Agreement") on September 2, 2008 for a certain tract of real property of approximately 19.02 acres ("Property"), located in the corporate limits of the City and within Comal County, Texas which Property is owned by the Owner and is more fully described in the Agreement, attached hereto as **Exhibit A** and incorporated herein for all purposes; and

**WHEREAS**, City and Owner executed the Agreement to memorialize certain agreements and commitments by the Owner with respect to its planned development of the Property and the provision of public water utility services to the Property; and

**WHEREAS**, the Property is not currently fully developed and Owner anticipates completing the development on the Property which requires extending the term of the Agreement; and

**WHEREAS**, the City Council finds that it is in the best interest of the City, and in furtherance of the general health, safety, and welfare of the public, to enter into the Amendment with Owner; and

**WHEREAS**, City and the Owner now desire to amend the Agreement, as provided herein, by executing this Amendment.

**NOW THEREFORE**, in consideration of the agreements set forth herein and for other reciprocal good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and stipulated by the Owner and City agree as follows:

**RECITALS; AUTHORITY; CONTROLLING EFFECT; TERM**

Article I (Authority and Term) of the Agreement shall be amended and replaced in its entirety as follows:

**A. Recitals**. The recitals set forth above are hereby fully incorporated in and made a part of this Agreement as if set forth verbatim (which the Parties represent are true and correct and are bound thereby).

**B. Authority**. The City's execution of this Amendment is authorized by The City Council of the City of Fair Oaks Ranch and constitutes a valid and binding obligation of the City. Owner's execution and performance of this Agreement constitutes a valid and binding obligation of

Owner as the Owner proceeds with the development of the Property. The City acknowledges that Owner is acting in reliance upon the City's performance of its obligations under this Agreement in making its decision to commit substantial resources and money to the development of the Property.

C. **Controlling Effect.** Unless otherwise stated herein, this Amendment (and the provisions hereof) shall amend and replace the referenced section of the Agreement as of the Effective Date, and the provisions of this Amendment shall control for all purposes. Any provision of the Agreement that is not amended herein shall remain in full force and effect.

D. **Term.** This Agreement shall become enforceable upon the Effective Date and shall continue in full force and effect for fifteen (15) years beginning on the Effective Date ("Term," as may be amended or extended). Any other amendments or extensions of the Term shall be at the mutual written agreement of the Parties and approved by City Council (unless otherwise provided by law or pursuant to the provisions herein).

**GENERAL PROVISIONS**

A. **Approval of Amendment.** The City Council has approved the execution and delivery of this Amendment, pursuant to its authority, under applicable laws, and the Owner represents and warrants that it has taken all necessary action to authorize its execution and delivery of this Amendment.

B. **Binding Effect.** This Amendment shall be binding upon and shall inure to the benefit of the Parties hereto and their successors and assigns.

C. **Counterparts.** Numerous copies of this Amendment may be executed by the handwritten signatures of the Parties hereto, either together or in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Handwritten signatures on counterparts of this Amendment that are transmitted by email shall be deemed original effective for all purposes.

D. **Third-Party Beneficiaries.** It is expressly agreed by the parties that this Amendment is for the sole benefit of the Parties hereto and shall not be construed or deemed made for the benefit of any third party or parties.

E. **Authority.** The person(s) executing this Amendment on behalf of the respective Parties, represent, warrant, assure, and guarantee that they have full legal authority to (i) execute this Amendment on behalf of the respective Party, and (ii) to bind the respective Party to all of the terms, conditions, provisions, and obligation herein contained.

F. **Final Agreement.** This Amendment embodies the final and entire agreement among the Parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of any such Parties.

**[SIGNATURES ON THE FOLLOWING PAGES]**



**OWNER:**

**Ralph Fair, LLC**

By: \_\_\_\_\_

**George Atallah**

Date Signed: \_\_\_\_\_

**ACKNOWLEDGEMENT**

**STATE OF TEXAS           §**

**§**

**COUNTY OF \_\_\_\_\_ §**

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by George Atallah.

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

**IN WITNESS HEREOF**, the Parties hereto have caused this instrument to be duly executed as of \_\_\_\_\_, 2024, the Effective Date.

**CITY:**

**CITY OF FAIR OAKS RANCH, TEXAS, a Texas home-rule municipality**

By: \_\_\_\_\_  
Scott M. Huizenga, City Manager

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Christina Picioccio, City Secretary

Date: \_\_\_\_\_

**ACKNOWLEDGEMENT**

**STATE OF TEXAS           §**  
**§**  
**COUNTY OF BEXAR       §**

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by Scott M. Huizenga, City Manager of the City of Fair Oaks Ranch, Texas, on behalf of said home-rule municipality and Texas political subdivision.

\_\_\_\_\_  
Notary Public, State of Texas  
My commission expires: \_\_\_\_\_

**Exhibit A**

**WATER SUPPLY AGREEMENT INCLUDING LEGAL DESCRIPTION OF PROPERTY**

**CITY OF FAIR OAKS RANCH /RALPH FAIR LLC  
WATER SUPPLY AGREEMENT**

This Water Supply Agreement (“Agreement”) is made and entered into by and between Ralph Fair LLC, its successors and assigns (“Owner”) and the City Of Fair Oaks Ranch, Texas, a municipal corporation (“City”).

**RECITALS**

WHEREAS, Owner owns a certain 19.02+/- acre tract of real property (the “Property”) more fully described in Exhibit “A” attached hereto and incorporated herein; and

WHEREAS, Owner petitioned to have the Property annexed into the corporate limits of the City, and the City annexed the property on May 15, 2008; and

WHEREAS, the City has requested that Owner enter into this Agreement to memorialize certain agreements and commitments by the Owner with respect to its planned development of the Property and the provision of water services to the Property; and

WHEREAS, Owner has requested that the City enter into this Agreement to memorialize certain agreements and commitments by the City with respect to the development of the Property and the provision of water services to the Property; and

NOW, THEREFORE, in consideration of the mutual benefits and promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Owner agree as follows:

**I.  
AUTHORITY AND TERM**

A. Authority. The City’s execution of this Agreement is authorized by The City Council of the City of Fair Oaks Ranch and constitutes a valid and binding obligation of the City. Owner’s execution and performance of this Agreement constitutes a valid and binding obligation of Owner as the Owner proceeds with the development of the Property. The City acknowledges that Owner is acting in reliance upon the City’s performance of its obligations under this Agreement in making its decision to commit substantial resources and money to the development of the Property.

B. Term. This Agreement shall become enforceable upon execution by the City and Owner. This Agreement shall terminate on the 15<sup>th</sup> anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.

**II.  
LAND USE PLAN**

Consistent with the existing general land uses that exist within the City, it is the intent of Owner to design a large lot residential subdivision whereby the actual location and design of its roadway system will comprise local streets only.

A. Lot Summarization. As of the date hereof, it is anticipated that the Property when developed will contain the following approximate types and sizes of lots to be allocated to the various builders:

- |                   |                    |             |
|-------------------|--------------------|-------------|
| (1) Single Family | maximum of 13 lots | 19.02 Acres |
| (2) Commercial    | 2 lots             |             |

**III.**  
**OBLIGATIONS OF THE PARTIES**

For and in consideration of the mutual promises, covenants, obligations, and benefits described in this Water Supply Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Owner and The City agree as follows:

A. Potable Water Service. The City of Fair Oaks Ranch will provide treated water from the City’s Water Production, Storage, and Distribution system; as such system may be expanded or modified from time to time. The water to be delivered may be from any source or combination of sources that may be available to the City including, without limitation, water from Canyon Reservoir under the City’s Western Canyon Water supply contract and or from the City’s Trinity Aquifer well fields.

B. Extension of Utilities. Owner will extend utilities from their present locations to the boundaries of the property at its sole expense and pay for any increase in size of all appurtenances necessary to provide utility service to the lots within the Property at the level required in the City of Fair Oaks Ranch Subdivision Ordinance.

C. Offsets and Credits. This Agreement shall constitute an application for offsets or credits for the Contributions in Aid of Construction, provided by the owner to facilitate utility service to the Property, against impact fees due for the property. The City shall credit the amount of the Contributions in Aid of Construction provided by the Owner against the amount of Impact Fees due for the Property

D. Water Service Capacity. The City agrees to reserve water service capacity to the Property for 15 Living Unit Equivalents (“LUEs”), to support the Single Family and Commercial lots. The City of Fair Oaks Ranch shall reserve 9 acre-feet of water to serve this development (Annual Reservation). The City shall provide an initial annual commitment (Capacity Reservation) of 2 acre-feet of water. The annual commitment may be increased in January of each year up to a maximum total of 9 acre-feet.

E. Water Replacement Charge. Upon execution of this Agreement, Owner shall pay to City of Fair Oaks Ranch a one-time charge (“Owner’s Water Replacement Charge”) equal to the product of Owner’s Water Reservation (9 acre feet) times \$275, or Two Thousand Four Hundred Seventy-five Dollars (\$2,475.00).

F. Contribution in Aid of Construction. Upon execution of this Agreement, Owner shall pay to City of Fair Oaks Ranch a one-time charge (“Owners Contribution in Aid of Construction”) equal to the product of Property’s total potential residential customers (15 LUE’s) times \$1,669.58, or Twenty-five Thousand Forty-three Dollars and Seventy Cents (\$25,043.70). Owner will be refunded the fees quarterly for each building permit issued and, payment of \$1669.58 impact fee has been received by the City from the homebuilder.

G. Water Reservation fees. Owner shall, on or about the 30<sup>th</sup> day after the date of execution of this agreement, begin paying the monthly water reservation fee. Such fee shall be the monthly rate the City of Fair Oaks Ranch pays for the reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City of Fair Oaks Ranch’s cost for the reservation of water necessary to provide for the development of the Property. This fee is equal to the product of 1/12th of the annual Reservation times the Firm Water Rate in effect during that month. The initial Owner’s Water Reservation Charge will be \$75.00 per month based on the current rate of \$100 per acre-foot per year and the Owners annual reservation of 9 acre-feet per year. The Owner shall continue to pay said reservation fee until such time as all of the 15 LUE’s within the Property have

been developed and connected to the City's water system minus those LUE's which have been connected (water meter has been set for domestic use.) This shall continue until the development is complete.

H. Capacity Reservation Fees. Owner shall, on or about the 30<sup>th</sup> day after the date of execution of this agreement, begin paying the monthly Capacity Reservation fee. Such fee shall be the monthly rate the City of Fair Oaks Ranch pays for Capacity Reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City of Fair Oaks Ranch's cost for the reservation of water necessary to provide for the development of the Property. This fee is equal to the product of 1/12th of the annual Capacity Reservation times the Capacity Reservation Rate in effect during that month. The initial Owner's Capacity Reservation fee will be \$87.07 per month based on the current rate of \$522.41 per acre-foot per year and the Owners annual capacity reservation of 2 acre-feet per year. The Owner shall continue to pay said reservation fee until such time as all of the 15 LUE's within the Property have been developed and connected to the City's water system minus those LUE's which have been connected (water meter has been set for domestic use.) This shall continue until the development is complete.

I. Billing. The City will render bills to Owner once each month for the charges required to be paid by Owner pursuant to this Agreement. The City shall, until further notice, render such bills on or before the 10th day of each month and such bills shall be due and payable at the City's office indicated below by the 20th day of each month or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. The City may, however, by sixty (60) days written notice change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable ten (10) days after such date or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. Owner shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to the City of Fair Oaks Ranch at its office in the City of Fair Oaks Ranch, Texas, or at such other place as the City may from time to time designate by sixty (60) days written notice.

J. Delinquency in Payment. All amounts due and owing to the City by Owner shall, if not paid when due, bear interest at the maximum rate permitted by law, provided that such rate shall never be usurious. If any amount due and owing by Owner is placed with an attorney for collection by the City, Owner shall pay to the City, in addition to all other payments provided for by this Agreement, including interest, the City's collection expenses, including court costs and attorney's fees. Owner further agrees that the City may, at its option, discontinue taking some or all actions to fulfill its obligations under this Agreement until all amounts due and unpaid are paid in full with interest as herein specified.

K. Final Plat Fee Adjustment. The city shall, upon receipt of the application for final plat, recalculate and adjust the Contribution in Aid of Construction, Water Reservation fees and the Capacity Reservation Fees to reflect the total number of LUE's to be platted on the Property. The Owner shall pay the above mentioned adjustments to the City within 30 days of final plat approval by the City.

L. Cooperation. The City agrees to reasonably cooperate with Owner in Owner's efforts to meet Owner's obligations set forth above and to assist Owner in preparing and entering into any and all instruments necessary to memorialize the future agreements of the parties pertaining to the development of the Property. The City agrees to use its best efforts and if necessary its power of condemnation, at the Owner's expense, in order to facilitate serving City utilities to the boundary of this site.

**IV.**  
**DISANNEXATION**

It is expressly understood if the Owner submits a request for disannexation of the Property described in "Exhibit A" and the City Council honors said request, this Water Supply Agreement shall become null and void. All amounts paid by Owner pursuant to this Agreement shall be non-refundable.

**V.**  
**MISCELLANEOUS**

A. Mutual Assistance. City and Owner will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions.

B. Representations and Warranties. The City represents and warrants to Owner that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Owner represents and warrants to City that it has the requisite authority to enter into this Agreement.

C. Default. If either the City or Owner should default in the performance of any obligations of this Agreement, the other party shall provide such defaulting party written notice of the default, and a minimum period of thirty (30) days to cure such default, prior to instituting an action for breach or pursuing any other remedy for default.

D. Entire Agreement. This Agreement contains the entire agreement between the parties. This Agreement may only be amended, altered or revoked by written instrument signed by the City and Owner.

E. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns.

F. Assignment. Except as provided, Owner may not assign all or part of its rights and obligations under this Agreement to a third party without prior written approval of the City.

G. Notice. Any notice and or statement required and permitted to be delivered shall be deemed delivered by actual delivery, facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses:

Owner:                    Mr. George Atallah  
                                 Ralph Fair, LLC  
                                 1327 West Magnolia St.  
                                 San Antonio, Texas 78201

City:                      City Administrator  
                                 City of Fair Oaks Ranch  
                                 7286 Dietz Elkhorn  
                                 Fair Oaks Ranch, TX 78015

I. Interpretation. Each of the parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, however its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any party.

J. Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in Kendall County, Texas.

K. Severability. In the event any provisions of this Agreement are illegal, invalid or unenforceable under present or future laws, and in that event, it is the intention of the parties that the remainder of this Agreement shall not be affected. It is also the intention of the parties of this Agreement that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

L. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

M. No Joint Venture. It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The City, its past and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with the development of the Property.

N. Exhibits. The Exhibits attached hereto are incorporated by reference for all purposes.

EXECUTED in duplicate and, to be effective on 16<sup>th</sup> day of July, 2008.

Ralph Fair, LLC



GEORGE ATALLAH

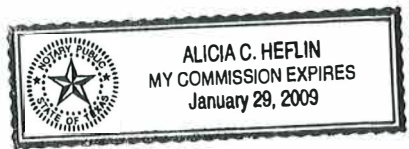
Printed Name

THE STATE OF TEXAS

COUNTY OF Bexar

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared George Atallah known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the Ralph Fair, LLC, and that 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 this the 16 day of July, 2008.



Alicia Hepler Smith  
Notary Public



City of Fair Oaks Ranch, Texas,  
a municipal corporation

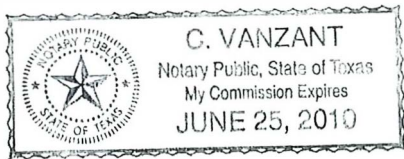
Daniel Kasproicz  
Daniel Kasproicz, Mayor

THE STATE OF TEXAS

COUNTY OF BEXAR

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Daniel Kasproicz known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the City of Fair Oaks Ranch, and that 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 this the 2 day of Sept, 2008.



C. Vanzant  
Notary Public

APPROVED as to form:

Adolph D. Jacobson  
Adolph Jacobson, City Attorney

Exhibit "A" - Metes and Bounds of 19.02 acre tract

STATE OF TEXAS #

COUNTY OF KENDALL #

Field notes of a 19.02 acre, more or less, tract of land out of the M. de la Luz Guerra Survey No. 172, Abstract No. 173 Comal County, Texas, being out of that 29.000 acre tract described in deed recorded in Document Number 98-06015680, Official Records of Comal County, Texas(ORCC); said 19.02 acre tract being more fully described as follows:

Beginning at an existing steel rod in a northwest line of F.M. 3351 for the south corner of this tract, said steel rod being the south corner of the above referenced 29.000 acre tract and being the east corner of the Neljmann Partners 149.00 acre tract as described in Document No. 2005-06009884, ORCC;

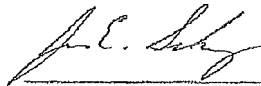
Thence, along a fence with the southwest line of this tract and the northeast line of the aforementioned 149.00 acre tract, N 51° 56' 17" W<sup>1</sup> 2,050.91 feet to an existing PK nail in stone, this PK nail being in a south line of the K Seven Ranches Ltd. 162.549 acre tract as described in Document No. 98-06021293, ORCC;

Thence, continuing along a fence with the north line of this tract and said south line of 162.549 acre tract, S 86° 41' 12" E 840.44 feet to an existing cotton spindle, this point being the west corner of the First Baptist Church at Fair Oaks 10.00 acre tract as described in Document No. 2003-06019442, ORCC;

Thence, with the northeast line of this tract and the southeast line of said 10.00 acre tract, S 51° 55' 57" E 1,403.75 feet a PK nail set in asphalt driveway in the aforementioned northwest line of F.M. 3351,<sup>2</sup> this steel rod being in a driveway easement as described in Document No. 2003-06019443, ORCC;

Thence, along a fence with said line of F.M. 3351, S 38° 17' 55" W 66.81 feet to an existing steel rod and S 44° 02' 11" W 414.34 feet to the place of beginning and containing 19.02 acres of land, more or less.<sup>3</sup>

I, James E. Schwarz, a Registered Professional Land Surveyor, hereby certify that the above field notes are of a survey made on the ground under my supervision on August 25 and 29, 2005.



James E. Schwarz  
Registered Professional  
Land Surveyor No. 4760  
Job No. 05-206

Schwarz Engineering & Surveying, Inc. 723 N. Main St., Boerne, TX 78006 830-249-8907

1. This bearing, used as the bearing basis for this survey, is from deed recorded in Document No. 98-06015680, Comal County Official Records.

2. F.M. 3351 established by deed recorded in Volume 657, Page 509, Comal County Deed Records

3. A plat of this tract has been prepared



**CITY COUNCIL CONSIDERATION ITEM  
CITY OF FAIR OAKS RANCH, TEXAS**

AGENDA TOPIC: Consideration and possible action approving a resolution of the City of Fair Oaks Ranch, Texas authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Oak Bend Forest, L.C. for the reservation of water and other related matters, and authorizing the City Manager to execute the First Amendment

DATE: March 21, 2024

DEPARTMENT: Public Works

PRESENTED BY: Carole Vanzant, CPM, Asst City Manager, Community Services

**INTRODUCTION/BACKGROUND:**

On July 20, 2006, the City of Fair Oaks Ranch, under Ordinance 153 accepted the City of San Antonio’s release of 3,258 acres of its extraterritorial jurisdiction adjacent to the north, east, and southwest of Fair Oaks Ranch city limits. To ensure water reservation to the property owners in this area as they develop, the City entered into water supply agreements with various property owners in September 2008.

On February 17, 2011, a subdivision plat of Oak Bend Estates was submitted and approved by the City Council creating 130 lots in compliance with the Agreement. To date, the proposed development remains unconstructed.

The 2008 Agreement with Oak Bend Forest, L.C., relative to term, states: *This Agreement shall become enforceable upon execution by the City and Owner. This Agreement shall terminate on the 15<sup>th</sup> anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.*

On August 17, 2023, City Council approved a resolution authorizing a six-month extension to review the current agreements, negotiate any changes, develop an agreement amendment, allow for legal review, and prepare for City Council approval.

On February 20, 2024, Oak Bend Forest, L.C., through its Attorney, agreed to a 15-year term extension and a reduction of 130 to 110 lots. The reduction allows for the protection of two valuable karst features, for improved alignment of streets, and provides a second exit as an emergency exit. This amendment becomes enforceable upon execution by the City and Owner and shall terminate on the 15<sup>th</sup> anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Further Priority 3.1 of the Strategic Action Plan – Enhance and ensure continuity of reliable water resources in accordance with CCN obligations.

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

- 1. Continued payments of reservation and water capacity fees by owner.
- 2. Payment of the second installment of the Contribution in Aid toward construction of an elevated water storage tank.

**LEGAL ANALYSIS:**

Amendment was submitted by Oak Bend Forest’s attorney and approved as to form by the city attorney’s office.

**RECOMMENDATION/PROPOSED MOTION:**

I move to approve a resolution authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Oak Bend Forest, L.C.

**A RESOLUTION**

**A RESOLUTION OF THE CITY OF FAIR OAKS RANCH CITY, TEXAS APPROVING A FIRST AMENDMENT TO THE 2008 WATER SUPPLY AGREEMENT (“AGREEMENT”) BETWEEN THE CITY OF FAIR OAKS RANCH (“CITY”) AND OAK BEND FOREST, L.C. (“OWNER”) FOR THE RESERVATION OF WATER AND OTHER RELATED MATTERS; AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIRST AMENDMENT; PROVIDING A SEVERABILITY AND REPEAL CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the Owner owns 149 acres of real property (“Property”) in the City of Fair Oaks Ranch more fully described in the 2008 Water Supply Agreement and on their 2011 recorded Subdivision Plat; and,

**WHEREAS**, on September 2, 2008, the Owner and City entered into an Agreement memorializing certain agreements and commitments by each party with respect to the Owners planned development of its Property, including the provision of water services; and,

**WHEREAS**, the Agreement between the Owner and City expired on September 2, 2023; and,

**WHEREAS**, on August 17, 2023, the City Council approved resolution 2023-20 supporting the extension, by six months, the 2008 Agreement to secure long-term extensions; and,

**WHEREAS**, the Property is currently undeveloped which requires extending the term of the Agreement; and,

**WHEREAS**, the City Council finds that it is in the best interest of the City, and in furtherance of the general health, safety, and welfare of the public, to enter into the Amendment with Owner; and,

**WHEREAS**, City and Owner now desire to amend the Agreement, as provided herein, by executing this Amendment.

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

- Section 1.** *A First Amendment* to the 2008 Water Supply Agreement for the reservation of water and other related matters to the Owner’s 149-acre tract of real property as further described in Exhibit A of the 2008 Water Supply Agreement, upon execution, is hereby approved.
- Section 2.** The City Manager is hereby authorized, on behalf of the City, to execute the Amendment in substantial form as attached, and such other ancillary instruments and documents as may be reasonably necessary to effectuate the intent of this resolution.
- Section 3.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.
- Section 4.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the

provision of this resolution shall be and remain controlling as to the matters resolved herein.

**Section 5.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**Section 6.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

**Section 7.** It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and that public notice of the time, place and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required Chapter 551, Texas Government Code, as amended.

**Section 8.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.

**PASSED, APPROVED and ADOPTED** on the 21<sup>st</sup> day of March 2024.

\_\_\_\_\_  
Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Christina Picioccio, TRMC  
City Secretary

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

**FIRST AMENDMENT  
OF THE  
WATER SUPPLY AGREEMENT**

This **FIRST AMENDMENT** (“Amendment”), of that 2008 Water Supply Agreement, is entered into, by and among, **OAK BEND FOREST, L.C.**, a Texas limited liability company, by its authorized representative (“Owner”) and the **CITY OF FAIR OAKS RANCH, TEXAS**, a Texas municipal corporation, by its authorized representative (“City”), as of the “Effective Date” (as defined herein). The Owner and the City may be, collectively, referred herein as “Parties,” or in the singular, as “Party”.

**RECITALS**

**WHEREAS**, City, a home-rule municipality, and Owner executed that 2008 Water Supply Agreement (“Agreement”) on September 2, 2008, for a certain tract of real property of approximately 149 acres (“Property”), located in the corporate limits of the City and within Comal County, Texas (“County”), which Property is owned by the Owner and is more fully described in **Exhibit A** attached hereto and incorporated herein for all purposes; and

**WHEREAS**, City and Owner executed the Agreement to memorialize certain agreements and commitments by the Owner with respect to its planned development of the Property and the provision of public water utility services to the Property; and

**WHEREAS**, the Property is currently undeveloped and Owner anticipates entering into a joint-venture with a residential developer to complete a detached, single-family residential development on the Property (“Project,” as further defined herein), which requires certain amendments to the Agreement, including, but not limited to, extending the term of the Agreement; and

**WHEREAS**, the City Council City (“Council”) finds that it is in the best interest of the City, and in furtherance of the general health, safety, and welfare of the public, to enter into the Amendment with Owner; and

**WHEREAS**, City and Owner now desire to amend the Agreement, as provided herein, by executing this Amendment.

**NOW THEREFORE**, in consideration of the agreements set forth herein and for other reciprocal good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and stipulated by the Parties, Owner and City agree as follows:

**1. RECITALS; AUTHORITY; CONTROLLING EFFECT; TERM**

Article I (Authority and Term) of the Agreement shall be amended and replaced in its entirety as follows:

A. **Recitals.** The recitals set forth above are hereby fully incorporated in and made a part of this Agreement as if set forth verbatim (which the Parties represent are true and correct and are bound thereby).

B. **Authority.** The City's execution of this Amendment is authorized by the Council and constitutes a valid and binding obligation of City. Owner's execution and performance of this Amendment constitutes a valid and binding obligation of Owner as the Owner proceeds with the development of the Project. The City acknowledges Owner is acting in reliance upon the City's performance of its obligations under this Amendment in making its decision to commit substantial resources and money to the development of the Project.

C. **Controlling Effect.** Unless otherwise stated herein, this Amendment (and the provisions hereof) shall amend and replace the referenced sections of the Agreement as of the Effective Date, and the provisions of this Amendment shall control for all purposes. Any provision of the Agreement that is not amended herein shall remain in full force and effect.

D. **Term.** This Amendment shall become enforceable upon the Effective Date and shall continue in full force and effect for fifteen (15) years beginning on the Effective Date (“Term,” as may be amended or extended). Any other amendments or extensions of the Term shall be at the mutual written agreement of the Parties and approved by Council, (unless otherwise provided by law or pursuant to the provisions herein).

**2. LAND USE PLAN; SINGLE-FAMILY LOTS**

Article II (Land Use Plan) of the Agreement shall be amended and replaced in its entirety as follows:

- A. **Oak Bend Estates Subdivision Project.**
  - i. Consistent with the existing general land uses that exist within the City, it is the intent of Owner to develop (or cause to be developed) detached, single-family residential Lots on the Property (“Project”). “Lot” or “Lots,” as used herein, shall mean and refer to platted lots containing suitable sites for building detached, single-family residential homes.
  - ii. The Project (and the Property) is further described in the “Current Plat,” recorded, under the Official Public Records of Comal County, Texas, as Document No. 201106015175. The Parties expressly acknowledge that the Current Plat will be amended or vacated (or otherwise revised) (“Final Plat”) to adjust the total number of Lots, as



described in Section B of this Article.

B. **Lot Use Summarization.** As of the Effective Date, it is anticipated that the Project will include approximately 106 total Lots (single-family). The total number of Lots for the Project shall be in accordance with, and determined by, the Final Plat. However, notwithstanding any provision herein to the contrary, the Parties expressly acknowledge and agree that the total number of Lots for the Project will not exceed 110 Lots (single-family).

C. **Project Completion.** For purposes of this Amendment, the Project shall be deemed complete upon the date of the last Lot, of the Final Plat, receiving a building permit from the City (“Project Completion”).

D. **Established Rights.** The Parties acknowledge that the Agreement constitutes a permit in accordance with Chapter 245 of the Texas Local Government Code, and the Agreement (dated September 2, 2008) shall serve as a basis for vested rights for the Project. Vested rights letter, dated October 17, 2022, attached as **Exhibit B**. Additionally, the Parties further acknowledge and agree that the minimum lot size, as established in the Current Plat, shall be one (1) acre.

**3. OBLIGATIONS OF THE PARTIES**

The following sections of Article III (Obligations of the Parties) of the Agreement shall be amended and replaced in their entirety as follows. Sections not included shall remain as written in the Agreement.

D. **Water Service Capacity.** The City expressly agrees to reserve water service capacity in a sufficient amount to serve the Project on the Property up to 110 Living Unit Equivalents (“LUEs”). The City shall reserve 75 acre-feet of water to serve this Project development (Annual Reservation). The City shall provide an *initial* annual commitment (Capacity Reservation) of 15 acre-feet of water; provided, however, the annual commitment/Capacity Reservation may be increased in January of each calendar year up to a maximum total of 75 acre-feet.

F. **Contribution in Aid of Construction.** The Agreement estimated 130 potential residential customers (130 LUEs), and required the Owner pay \$1,669.58 times 130 for a total payment of \$217,045.40 (“Contribution in Aid of Construction”). The Contribution in Aid of Construction shall be paid in two (2) equal installments of \$108,522.70. The first installment has been paid by the Owner to the City. The second installment has not been paid and shall be due within thirty (30) days after the City has awarded a contract to construct the elevated storage tank. The amount of the second installment shall be reduced based on the total number of LUEs platted with the Final Plat in accordance with Agreement Article III, Section L. For purposes of clarity, for example, if the final number of LUEs is 106, the original Contribution in Aid of Construction should have been \$176,975.48. Since the Owner has already made the first installment payment of \$108,522.70, the second installment payment shall be \$68,452.78. The Contribution in Aid of Construction shall

be refunded to the Owner pro rata on a quarterly basis for each building permit issued and receipt by the City of the \$1,669.58 impact fee for such Lot until all fees pursuant to this section are paid to Owner by City.

G. **Water Reservation Fees.** On or about the 30th day after the date of execution of the Agreement, Owner began paying the City’s monthly “Water Reservation Fee” (as customarily and ordinarily defined). Upon execution of this Amendment, Owner shall continue to pay the City the Water Reservation Fee in accordance with this Amendment. Such fee shall be the monthly rate the City pays for the reservation of an acre foot of water for that calendar year and shall be adjusted annually to be equal to the City’s cost for the reservation of water necessary to provide for the development of the Project on the Property. This fee is equal to the product of 1/12th of the Annual Reservation times the City’s “Firm Water Rate” (as customarily and ordinarily defined) in effect during that calendar month. The *initial* Owner's Water Reservation Fee will be \$625 per calendar month based on the current rate of \$100 per acre foot per calendar year and the Annual Reservation of 75 acre-feet per calendar year. The Owner shall continue to pay the Water Reservation Fee until such time as all of the 110 LUE’s within the Property have been developed and connected to the City’s Water system minus those LUE’s which have been connected (water meter has been set for domestic use). The obligations, pursuant to this section, shall continue until Project Completion.

H. **Capacity Reservation Fees.** On or about the 30th day after the date of execution of the Agreement, Owner began paying the monthly Capacity Reservation fee. Upon execution of this Amendment, Owner shall continue to pay to the City the Capacity Reservation fee in accordance with this Amendment. Such fee shall be the monthly rate the City pays for Capacity Reservation of an acre foot of water for that calendar year and shall be adjusted annually to be equal to the City’s cost for the reservation of water necessary to provide for the development of the Project on the Property. Such fee is equal to the product of 1/12th of the annual Capacity Reservation times the “Capacity Reservation Rate” (as customarily and ordinarily defined) in effect during that calendar month. The *initial* Owner's Capacity Reservation fee will be \$653.01 per calendar month based on the current rate of \$522.41 per acre-foot per calendar year and the Owner’s Capacity Reservation of 15 acre- feet per calendar year. The Owner shall continue to pay the said Capacity Reservation Fee until such time as all of the 110 LUE’s within the Property have been developed and connected to the City’s Water system minus those LUE’s which have been connected (water meter has been set for domestic use). The obligations, pursuant to this section, shall continue until Project Completion.

L. **Final Plat Fee Adjustment.** The City shall, upon approval of the Final Plat, recalculate and adjust all applicable fees and payments due hereunder by the Owner to the City, specifically, including the Contribution in Aid of Construction amount, the Water Reservation Fees, and the Capacity Reservation fees to reflect the total number of Applicable LUEs platted for the Project. In accordance with this section, the City shall provide written notice to the Owner of such updated fees and payments; provided, however, that such updated fees and payments shall take effect on

the date of the County recordation of the Final Plat and, as applicable, be reflected on the next applicable invoice, as described in Article III, Section I of the Agreement.

**4. MISCELLANEOUS**

The following sections of Article V (Miscellaneous) of the Agreement shall be amended and replaced in their entirety as follows. Sections of the Agreement not included below shall remain as written in the Agreement.

F. **Assignment.** Except as otherwise provided in this Article, the Owner may not assign all or part of its rights and obligations under this Amendment without the prior written consent of the City. However, no prior written consent and approval are required by the City for the following: (i) Owner’s assignment of all or part of its rights and obligations under this Amendment to a newly-formed entity as a result of the Owner’s joint venture with a residential developer (e.g., Sitterle Homes, Ltd., or similar developer), such entity being expected to be registered under the State of Texas as Oak Bend, LLC (or named substantially similar thereto); and (ii) Owner’s assignment of all or part of its rights and obligations under this Amendment to an Owner Affiliate; provided, however, no such assignment by the Owner shall be enforceable against the City until the Owner has provided a written copy of any such assignment to the City, which copy shall be provided no later than fifteen (15) days after the effective date of the assignment. “Affiliate,” as used in this Amendment, shall mean and refer to an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit. Any other assignment requires prior written approval of Council. Notwithstanding the foregoing, any and all assignments, pursuant to this section, shall be evidenced by documentation ensuring any such assignee assumes all liabilities and obligations under this Agreement. Upon such assignment and assumption, pursuant to this section, the assignor shall be relieved of all liabilities and obligations from and after such assignment and assumption. This section shall survive the termination of this Amendment.

**5. GENERAL PROVISIONS**

A. **Approval of Amendment.** The City has approved the execution and delivery of this Amendment, pursuant to its authority, under applicable laws, and the Owner represents and warrants that it has taken all necessary action to authorize its execution and delivery of this Amendment.

B. **Binding Effect.** This Amendment shall be binding upon and shall inure to the benefit of the Parties hereto and their successors and assigns.

C. **Counterparts.** Numerous copies of this Amendment may be executed by the handwritten signatures of the Parties hereto, either together or in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Handwritten

signatures on counterparts of this Amendment that are transmitted by email shall be deemed original effective for all purposes.

D. **Third-Party Beneficiaries.** It is expressly agreed by the parties that this Amendment is for the sole benefit of the Parties hereto and shall not be construed or deemed made for the benefit of any third party or parties.

E. **Authority.** The person(s) executing this Amendment on behalf of the respective Parties, represent, warrant, assure, and guarantee that they have full legal authority to (i) execute this Amendment on behalf of the respective Party, and (ii) to bind the respective Party to all of the terms, conditions, provisions, and obligation herein contained.

F. **Final Agreement.** This Amendment embodies the final and entire agreement among the Parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of any such Parties.

**[SIGNATURES ON THE FOLLOWING PAGES]**

IN WITNESS HEREOF, the Parties hereto have caused this instrument to be duly executed as of \_\_\_\_\_, 2024, the Effective Date.

**CITY:**

**CITY OF FAIR OAKS RANCH, TEXAS**, a Texas home-rule municipality

By: \_\_\_\_\_  
Scott M. Huizenga  
City Manager

Date: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Christina Picioccio  
City Secretary

Date: \_\_\_\_\_

**ACKNOWLEDGEMENT**

**STATE OF TEXAS**                   §  
  §  
**COUNTY OF \_\_\_\_\_**       §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_ 2024, by Scott M. Huizenga, City Manager of the City of Fair Oaks Ranch, Texas, on behalf of said home-rule municipality and Texas political subdivision.

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

**OWNER:**

**OAK BEND FOREST, L.C.**, a Texas limited liability company

By: \_\_\_\_\_  
James M. Grona

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ACKNOWLEDGEMENT**

**STATE OF TEXAS** §  
§  
**COUNTY OF \_\_\_\_\_** §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_ 2024, by James M. Grona, \_\_\_\_\_, of Oak Bend Forest, L.C., a Texas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

**EXHIBIT A**  
**WATER SUPPLY AGREEMENT INCLUDING LEGAL DESCRIPTION OF  
PROPERTY**

**EXHIBIT B**  
**VEST RIGHTS LETTER**



**WATER SUPPLY AGREEMENT**

**CITY OF FAIR OAKS RANCH / OAK BEND ESTATES**

This Water Supply Agreement (“Agreement”) is made and entered into by and between Oak Bend Forest, LC, its successors and assigns (“Owner”) and the City of Fair Oaks Ranch, Texas, a municipal corporation (“City”).

**RECITALS**

WHEREAS, Owner owns a certain 149+/- acre tract of real property (the “Property”) more fully described in Exhibit “A” attached hereto and incorporated herein; and

WHEREAS, Owner petitioned to have the Property annexed into the corporate limits of the City, and the City annexed the property on October 19, 2006; and

WHEREAS, the City has requested that Owner enter into this Agreement to memorialize certain agreements and commitments by the Owner with respect to its planned development of the Property and the provision of water services to the Property; and

WHEREAS, Owner has requested that the City enter into this Agreement to memorialize certain agreements and commitments by the City with respect to the development of the Property and the provision of water services to the Property; and

NOW, THEREFORE, in consideration of the mutual benefits and promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Owner agree as follows:

**I.**  
**AUTHORITY AND TERM**

A. Authority. The City’s execution of this Agreement is authorized by The City Council of the City of Fair Oaks Ranch and constitutes a valid and binding obligation of the City. Owner’s execution and performance of this Agreement constitutes a valid and binding obligation of Owner as the Owner proceeds with the development of the Property. The City acknowledges that Owner is acting in reliance upon the City’s performance of its obligations under this Agreement in making its decision to commit substantial resources and money to the development of the Property.

B. Term. This Agreement shall become enforceable upon execution by the City and Owner. This Agreement shall terminate on the 15<sup>th</sup> anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.

**II.**  
**LAND USE PLAN**

Consistent with the existing general land uses that exist within the City, it is the intent of Owner to design a large lot residential subdivision whereby the actual location and design of its roadway system will comprise local streets only.

A. Lot Use Summarization. As of the date hereof, it is anticipated that the Property when developed will contain the following approximate types and sizes of lots to be allocated to the various builders:

(1) Single Family	130 Lots	149 Acres
(2) Multi Family	0	0
(3) Office	0	0
(4) Commercial	0	0

**III.**  
**OBLIGATIONS OF THE PARTIES**

For and in consideration of the mutual promises, covenants, obligations, and benefits described in this Water Supply Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Owner and the City agree as follows:

A. Potable Water Service. The City will provide treated water from the City’s Water Production, Storage, and Distribution system; as such system may be expanded or modified from time to time. The water to be delivered may be from any source or combination of sources that may be available to the City including, without limitation, water from Canyon Reservoir under the City’s Western Canyon Water supply contract and or from the City’s Trinity Aquifer well fields.

B. Extension of Utilities. Owner will extend utilities from their present locations to the boundaries of the property at its sole expense and pay for any increase in size of all appurtenances necessary to provide utility service to the lots within the Property at the level required in the City of Fair Oaks Ranch Subdivision Ordinance.

C. Offsets and Credits. This Agreement shall constitute an application for offsets or credits for the Contributions in Aid of Construction, provided by the owner to facilitate utility service to the Property, against impact fees due for the property. The City shall credit the amount of the Contributions in Aid of Construction provided by the Owner against the amount of Impact Fees due for the Property.

D. Water Service Capacity. The City agrees to reserve water service capacity to the Property for 130 Living Unit Equivalents (“LUEs”), to support the Single Family lots. The City shall reserve 75 acre-feet of water to serve this development (Annual Reservation). The City shall provide an initial annual commitment (Capacity Reservation) of 15 acre-feet of water. The annual commitment may be increased in January of each year up to a maximum total of 75 acre-feet.

E. Water Replacement Charge. Upon execution of this Agreement, Owner shall pay to the City of Fair Oaks Ranch a one-time charge (“Owner’s Water Replacement Charge”) equal to the product of Owner’s Water Reservation (75 acre-feet) times \$275, or Twenty Thousand Six Hundred Twenty-five Dollars (\$20,625).

F. Contribution in Aid of Construction. Upon execution of this Agreement, Owner shall pay to City of Fair Oaks Ranch a one-time charge (“Owners Contribution in Aid of Construction”) equal to the product of Property’s total potential residential customers (130 LUE’s) times \$1,669.58, or Two Hundred Seventeen Thousand Forty-five Dollars and Forty Cents (\$217,045.40). The Construction in Aid shall be payable in two (2) equal installments of \$108,522.70 each as follows:

The first installment shall be due and payable within ten (10) days after execution of this agreement, and, the second installment shall be due and payable within ten (10) days after the City awards a contract to construct the elevated storage tank.

The Contribution in Aid of Construction shall be refunded to the Owner pro rata on a quarterly basis for each building permit issued and receipt by the City of the \$1,669.58 impact fee for such lot.

G. Water Reservation Fees. Owner shall, on or about the 30th day after the date of execution of this agreement, begin paying the monthly Water Reservation Fee. Such fee shall be the monthly rate the City of Fair Oaks Ranch pays for the reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City of Fair Oaks Ranch’s cost for the reservation of water necessary to provide for the development of the Property. This fee is equal to the product of 1/12th of the annual Reservation times the Firm Water Rate in effect during that month. The initial Owner’s Water Reservation Fee will be \$625 per month based on the current rate of \$100 per acre-foot per year and the Owners annual reservation of 75 acre-feet per year. The Owner shall continue to pay the Water Reservation fee until such time as all of the 130 LUE’s within the Property have been developed and connected to the City’s water system minus those LUE’s which have been connected (water meter has been set for domestic use.) This shall continue until the development is complete.

H. Capacity Reservation Fees. Owner shall, on or about the 30th day after the date of execution of this agreement, begin paying the monthly Capacity Reservation Fee. Such fee shall be the monthly rate the City of Fair Oaks Ranch pays for Capacity Reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City of Fair Oaks Ranch’s cost for the reservation of water necessary to provide for the development of the Property. This fee is equal to the product of 1/12th of the annual Capacity Reservation times the Capacity Reservation Rate in effect during that month. The initial Owner’s Capacity Reservation Fee will be \$653.01 per month based on the current rate of \$522.41 per acre-foot per year and the Owners annual capacity reservation of 15 acre-feet per year. The Owner shall continue to pay said Capacity Reservation Fee until such time as all of the 130 LUE’s within the Property have been developed and connected to the City’s water system minus those LUE’s which have been connected (water meter has been set for domestic use.) This shall continue until the development is complete.

I. Billing. The City will render bills to Owner once each month for the charges required to be paid by Owner pursuant to this Agreement. The City shall, until further notice, render such bills on or

before the 10th day of each month and such bills shall be due and payable at the City's office indicated below by the 20th day of each month or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. The City may, however, by sixty (60) days written notice change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable ten (10) days after such date or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. Owner shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to the City of Fair Oaks Ranch at its office in the City of Fair Oaks Ranch, Texas, or at such other place as the City may from time to time designate by sixty (60) days written notice.

J. Delinquency in Payment. All amounts due and owing to the City by Owner shall, if not paid when due, bear interest at the maximum rate permitted by law, provided that such rate shall never be usurious. If any amount due and owing by Owner is placed with an attorney for collection by the City, Owner shall pay to the City, in addition to all other payments provided for by this Agreement, including interest, the City's collection expenses, including court costs and attorney's fees. Owner further agrees that the City may, at its option, discontinue taking some or all actions to fulfill its obligations under this Agreement until all amounts due and unpaid are paid in full with interest as herein specified.

K. Use of Groundwater Wells for Supplementary Supply. Owner owns three groundwater wells located on the Property. Owner agrees to plug and abandon the water wells following the guidelines established by the Trinity Groundwater Conservation District and the Texas Groundwater Protection Committee.

L. Final Plat Fee Adjustment. The City shall, upon receipt of the applicatoin for final plat, recalculate and adjust the Contribution in Aid of Construction, Water Reservation fees and the Capacity Reservation fees to reflect the total number of LUE's to be platted on the Property.

M. Cooperation. The City agrees to reasonably cooperate with Owner in Owner's efforts to meet Owner's obligations set forth above and to assist Owner in preparing and entering into any and all instruments necessary to memorialize the future agreements of the parties pertaining to the development of the Property. The City agrees to use its best efforts and if necessary its power of condemnation, at the Owner's expense, in order to facilitate extending City utilities to the boundary of this site

**IV.  
DISANNEXATION**

It is expressly understood if the Owner submits, a request for disannexation of the Property described in "Exhibit A" and the City Council honors that request, this Water Supply Agreement shall become null and void. All amounts paid by Owner pursuant to this Agreement shall be non-refundable.

V.  
**MISCELLANEOUS**

A. Mutual Assistance. City and Owner will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions.

B. Representations and Warranties. The City represents and warrants to Owner that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Owner represents and warrants to City that it has the requisite authority to enter into this Agreement.

C. Default. If either the City or Owner should default in the performance of any obligations of this Agreement, the other party shall provide such defaulting party written notice of the default, and a minimum period of thirty (30) days to cure such default, prior to instituting an action for breach or pursuing any other remedy for default.

D. Entire Agreement. This Agreement contains the entire agreement between the parties. This Agreement may only be amended, altered or revoked by written instrument signed by the City and Owner.

E. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns.

F. Assignment. Except as provided, Owner may not assign all or part of its rights and obligations under this Agreement to a third party without prior written approval of the City.

G. Notice. Any notice and or statement required and permitted to be delivered shall be deemed delivered by actual delivery, facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party:

Owner:                      Oak Bend Forest, LC  
                                    PO BOX 790645  
                                    San Antonio TX 78279

City:                         City Administrator  
                                    City of Fair Oaks Ranch  
                                    7286 Dietz Elkhorn  
                                    Fair Oaks Ranch, TX 78015

H. Interpretation. Each of the parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, however its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any party.

I. Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in Kendall County, Texas.

J. Severability. In the event any provisions of this Agreement are illegal, invalid or unenforceable under present or future laws, and in that event, it is the intention of the parties that the remainder of this Agreement shall not be affected. It is also the intention of the parties of this Agreement that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

K. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

L. No Joint Venture. It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The City, its past and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with the development of the Property

M. Exhibits. The Exhibits attached hereto are incorporated by reference for all purposes.

EXECUTED in duplicate and, to be effective on 2 day of Sept, 2008.  
16 day of June, 2008.

**Oak Bend Forest, LC:**

By: Hayden Grona

Printed Name: Hayden Grona

Date: 6/16/08

**City of Fair Oaks Ranch, Texas, a municipal corporation:**

By: Dan E. Kasproicz

Printed Name: Daniel E. Kasproicz

Date: 2 Sept. 2008

APPROVED as to form:

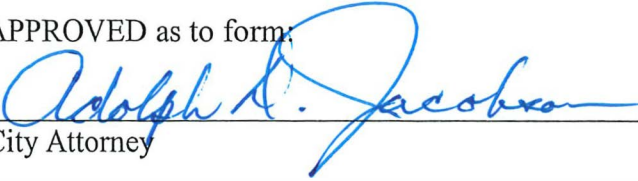
  
\_\_\_\_\_  
City Attorney

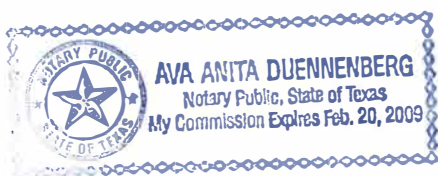
Exhibit "A" - Metes and Bounds of 149 acre tract

THE STATE OF TEXAS

COUNTY OF BEXAR

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Hayden Grona known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the OAK BEND FOREST, LC, and that 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 this the 16th day of June, 2008, 2008.



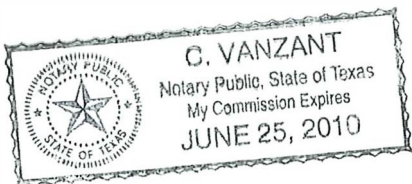
Ava Anita Duennenberg  
Notary Public  
The State of Texas

THE STATE OF TEXAS

COUNTY OF BEXAR

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Daniel E. Kasprovicz known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the CITY OF FAIR OAKS RANCH, and that 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 this the 2 day of Sept, 2008.



C. Vanzant  
Notary Public  
The State of Texas



EXHIBIT "A"

STATE OF TEXAS #  
COUNTY OF KENDALL #

Field notes of a 149.000 acre, more or less, tract of land out of the M. De La Luz Guerra Survey No. 172, Abstract No. 173, Comal County, Texas, being the western portion of a 178.000 acre tract as described in deed recorded in Document No. 9806000756, Official Records of Comal County and being more fully described as follows:

Beginning at an existing iron pin in a fence for the northwest corner of this tract, said pin being S 01° 31' 58" W 19.13 feet from the north corner of Lot 8, Fair Oaks Ranch, Comal County, Unit 1 as shown on a plat recorded in Volume 5, Page 55, Plat Records of Comal County, Texas, said pin also being the northwest corner of said 178.000 acre tract and this tract;

Thence, along a fence and with the north line of said 178.000 acre tract, S 86° 42' 28" E 1,451.97 feet to an existing PK nail for the northeast corner of this tract, said iron pin being the northwest corner of the Leo A. Kahane and Doris A. Schimpf, 29.000 acre tract, described in deed recorded in Document No. ~~9806015680~~ Official Records of Comal County;

Thence, through the interior of said 178.000 acre tract and with the southwest line of said 29.000 acre tract, S 51° 56' 17" E 2049.94 feet to an existing iron pin in a fence on a northwestern line of F.M. 3351;

Thence, with said line of F.M. 3351 as follows:

- S 43° 59' 41" W 1,078.28 feet to an existing concrete monument
- S 46° 33' 15" W 201.96 feet to an existing iron pin
- S 51° 40' 50" W 194.70 feet to an existing iron pin
- S 56° 40' 50" W 194.70 feet to an existing iron pin
- S 61° 40' 45" W 194.75 feet to an existing iron pin
- S 67° 11' 19" W 231.80 feet to an existing iron pin
- S 70° 06' 16" W 793.46 feet to an existing concrete monument

and

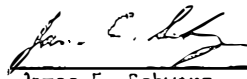
S 68° 00' 14" W 67.05 feet to an existing iron pin, this pin being the east corner of Lot 2, Saur Subdivision as shown on a plat recorded in Volume 11, Page 4, Plat Records of Comal County, Texas;

Thence, with a south line of this tract and the north line of said Lot 2, N 83° 36' 50" W 424.13 feet to an existing iron pin and S 85° 26' 05" W 320.79 feet to an existing iron pin for the southwest corner of this tract;

Thence, with fence on the west line of this tract and an east line of the

aforementioned Fair Oaks Ranch, Comal County Unit 1, N 01° 24' 56" E 893.98 feet to an existing iron pin, N 01° 45' 42" E 1,283.10 feet to an existing iron pin and N 01° 31' 58" E 769.30 feet to the place of beginning and containing 149.000 acres of land, more or less.<sup>3</sup>

I, James E. Schwarz, a Registered Professional Land Surveyor, hereby certify that the above field notes are of a survey made on the ground under my supervision on January 4 - 5, 1996, November 5 - 6, 1997 and June 29, 1998 and recertified on March 8, 1999.

  
James E. Schwarz  
Registered Professional  
Land Surveyor #4760  
Job No. 99-23

- 1. F.M.3351 established by deed recorded in Volume 657, Page 509; Deed Records of Comal County, Texas.
- 2. This hearing, used as the bearing basis of this survey, is from deed recorded in Volume 283, Pages 381-383; Deed Records of Comal County, Texas.
- 3. See plat of this tract dated January 4 - 5, 1996, November 5 - 6, 1997, June 29, 1998 and March 8, 1999 for more information.



7286 Dietz Elkhorn  
Fair Oaks Ranch, TX 78015  
Bus: 210-698-0900  
www.fairoaksranchtx.org

October 17, 2022

Ashley Farrimond  
Killen, Griffin & Farrimond, PLLC  
10101 Reunion Place, Suite 250  
San Antonio, Texas 78216

Subject: Application for Vested Rights Determination for Approximately 149 Acres Located at the Northwest Corner of Ralph Fair Road and Meadow Creek Trail within the City of Fair Oaks Ranch, dated September 27, 2022.

Dear Ms. Farrimond,

The City of Fair Oaks Ranch Public Works Director has reviewed and evaluated the Vested Rights Determination Application for Approximately 149 Acres Located at the Northwest Corner of Ralph Fair Road and Meadow Creek Trail within the City of Fair Oaks Ranch (the "Project"), including the supporting information submitted. The determination of vested rights for the Project is hereby granted as follows:

To the best of my knowledge, a vested right does exist for the "Project". Based on such administrative determination, the rights to develop the Project pursuant to applicable City of Fair Oaks Ranch, Texas governmental regulations that apply to development of the "Project" are vested as of September 2, 2008, other than those governmental regulations exempted by Local Government Code Chapter 245.

In the event you have any questions or concerns please feel free to contact me.

Sincerely,

Grant Watanabe  
Director of Public Works & Engineering Services  
City of Fair Oaks Ranch

cc: Dan Santee, City Attorney  
Tobin Maples, AICP, City Manager  
City Secretary Files



**CITY COUNCIL CONSIDERATION ITEM  
CITY OF FAIR OAKS RANCH, TEXAS**

**AGENDA TOPIC:** Consideration and possible action approving a resolution of the City of Fair Oaks Ranch, Texas authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Green Land Ventures for the reservation of water and other related matters, and authorizing the City Manager to execute the First Amendment

**DATE:** March 21, 2024

**DEPARTMENT:** Public Works

**PRESENTED BY:** Carole Vanzant, CPM, Asst City Manager, Community Services

**INTRODUCTION/BACKGROUND:**

On July 20, 2006, the City of Fair Oaks Ranch, under Ordinance 153 accepted the City of San Antonio’s release of 3,258 acres of its extraterritorial jurisdiction adjacent to the north, east, and southwest of Fair Oaks Ranch city limits. To ensure water reservation to the property owners in this area as they develop, the City entered into water supply agreements with various property owners in September 2008.

Since the execution of the agreement, Green Land Ventures has been developing the Stone Creek subdivision located on Ammann Road. The Agreement anticipated 238 single family water connections of one acre or larger lots. In February 2022, Green Land Ventures notified the City that the final plat of the undeveloped portion of the subdivision will depict more lots than reserved in the Agreement.

The 2008 Agreement with Green Land Ventures, relative to term, states: *This Agreement shall become enforceable upon execution by the City and Owner. This Agreement shall terminate on the 15<sup>th</sup> anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.*

On August 17, 2023, City Council approved a resolution authorizing a six-month extension to review the current agreements, negotiate any changes, develop an agreement amendment, allow for legal review, and prepare for City Council approval.

On February 29, 2024, Green Land Ventures agreed to a 15-year term extension and requested an increase of lots from 138 to 147 to address the undeveloped portion of their subdivision. The additional lots will be one acre or larger for construction of single-family homes. This amendment becomes enforceable upon execution by the City and Owner and shall terminate on the 15<sup>th</sup> anniversary of its execution unless extended by mutual agreement of the parties, or upon full build-out of the property.

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Furtheres Priority 3.1 of the Strategic Action Plan – Enhance and ensure continuity of reliable water resources in accordance with CCN obligations.

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

- 1. Continued payments of reservation and water capacity fees by owner.
- 2. Payment of the second installment of the Contribution in Aid toward construction of an elevated water storage tank.

**LEGAL ANALYSIS:**

Agreed by Green Land Ventures and approved as to form by the city attorney's office.

**RECOMMENDATION/PROPOSED MOTION:**

I move to approve a resolution authorizing a First Amendment to the 2008 Water Supply Agreement between the City of Fair Oaks Ranch and Green Land Ventures.

**A RESOLUTION**

**A RESOLUTION OF THE CITY OF FAIR OAKS RANCH CITY, TEXAS APPROVING A FIRST AMENDMENT TO THE 2008 WATER SUPPLY AGREEMENT (“AGREEMENT”) BETWEEN THE CITY OF FAIR OAKS RANCH (“CITY”) AND GREEN LAND VENTURES (“OWNER”) FOR THE RESERVATION OF WATER AND OTHER RELATED MATTERS; AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIRST AMENDMENT; PROVIDING A SEVERABILITY AND REPEAL CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the Owner owns 358.625 acres of real property (“Property”) in the City of Fair Oaks Ranch more fully described in the 2008 Water Supply Agreement; and,

**WHEREAS**, on September 2, 2008, the Owner and City entered into an Agreement memorializing certain agreements and commitments by each party with respect to the Owners planned development of its Property, including the provision of water services; and,

**WHEREAS**, the Agreement between the Owner and City expired on September 2, 2023; and,

**WHEREAS**, on August 17, 2023, the City Council passed and approved resolution 2023-20 supporting the extension, by six months, the 2008 Agreement to secure long-term extensions; and,

**WHEREAS**, the Property is currently undeveloped which requires extending the term of the Agreement; and,

**WHEREAS**, the City Council finds that it is in the best interest of the City, and in furtherance of the general health, safety, and welfare of the public, to enter into the Amendment with Owner; and,

**WHEREAS**, City and Owner now desire to amend the Agreement, as provided herein, by executing this Amendment.

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

- Section 1.** *A First Amendment* to the 2008 Water Supply Agreement for the reservation of water and other related matters to the Owner’s 358.625-acre tract of real property as further described in Exhibit A of the 2008 Water Supply Agreement, upon execution, is hereby approved.
- Section 2.** The City Manager is hereby authorized, on behalf of the City, to execute the Amendment in substantial form as attached, and such other ancillary instruments and documents as may be reasonably necessary to effectuate the intent of this resolution.
- Section 3.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.
- Section 4.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.

**Section 5.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**Section 6.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.

**Section 7.** It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and that public notice of the time, place and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required Chapter 551, Texas Government Code, as amended.

**Section 8.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.

**PASSED, APPROVED and ADOPTED** on the 21<sup>st</sup> day of March 2024.

\_\_\_\_\_  
Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Christina Picioccio, TRMC  
City Secretary

\_\_\_\_\_  
Denton Navarro Rodriquez Bernal Santee & Zech  
P.C., City Attorney

**FIRST AMENDMENT  
OF THE  
WATER SUPPLY AGREEMENT**

This **First Amendment** (“Amendment”), of that 2008 Water Supply Agreement, is entered into, by and among, **GREEN LAND VENTURES** (“Owner”) and **THE CITY OF FAIR OAKS RANCH, TEXAS**, a Texas municipal corporation, by its authorized representative (“City ”), as of the “Effective Date” (as defined herein). The City and the Owner may be, collectively, referred herein as “Parties,” or in the singular, as “Party”.

**RECITALS**

**WHEREAS**, City, a home-rule municipality, and Owner executed that 2008 Water Supply Agreement (“Agreement”) on September 2, 2008 for a certain tract of real property of approximately 358.625 acres (“Property”), located on Ammann Road and within Kendall County, Texas, which Property is owned by the Owner and is more fully described in the Agreement, attached hereto as **Exhibit A** and incorporated herein for all purposes; and

**WHEREAS**, City and Owner executed the Agreement to memorialize certain agreements and commitments by the Owner with respect to its planned development of the Property and the provision of public water utility services to the Property; and

**WHEREAS**, the Property is currently not fully developed and Owner anticipates completing a single-family residential development on the Property which requires certain amendments to the Agreement, including, but not limited to, extending the term of the Agreement; and

**WHEREAS**, the City Council finds that it is in the best interest of the City, and in furtherance of the general health, safety, and welfare of the public, to enter into the Amendment with Owner; and

**WHEREAS**, City and the Owner now desire to amend the Agreement, as provided herein, by executing this Amendment.

**NOW THEREFORE**, in consideration of the agreements set forth herein and for other reciprocal good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and stipulated by the City and Owner agree as follows:

**1. RECITALS; AUTHORITY; CONTROLLING EFFECT; TERM**

Article I (Authority and Term) of the Agreement shall be amended and replaced in its entirety as follows:



- A. **Recitals.** The recitals set forth above are hereby fully incorporated in and made a part of this Agreement as if set forth verbatim (which the Parties represent are true and correct and are bound thereby).
- B. **Authority.** The City's execution of this Amendment is authorized by The City Council of the City of Fair Oaks Ranch and constitutes a valid and binding obligation of the City. Owner's execution and performance of this Agreement constitutes a valid and binding obligation of Owner as the Owner proceeds with the development of the Property. The City acknowledges that Owner is acting in reliance upon the City's performance of its obligations under this Agreement in making its decision to commit substantial resources and money to the development of the Property.
- C. **Controlling Effect.** Unless otherwise stated herein, this Amendment (and the provisions hereof) shall amend and replace the referenced section of the Agreement as of the Effective Date, and the provisions of this Amendment shall control for all purposes. Any provision of the Agreement that is not amended herein shall remain in full force and effect.
- D. **Term.** This Agreement shall become enforceable upon the Effective Date and shall continue in full force and effect for fifteen (15) years beginning on the Effective Date (“Term,” as may be amended or extended). Any other amendments or extensions of the Term shall be at the mutual written agreement of the Parties and approved by City Council (unless otherwise provided by law or pursuant to the provisions herein).

**2. LAND USE PLAN; SINGLE-FAMILY LOTS**

Article II (Land Use Plan) of the Agreement shall be amended and replaced in its entirety as follows:

- A. **Stone Creek Subdivision Project.** Consistent with the existing general land uses that exist within the City, it is the intent of Owner to develop (or cause to be developed) detached, single-family residential Lots on the Property (“Project”). “Lot” or “Lots,” as used herein, shall mean and refer to platted lots containing suitable sites for building detached, single-family residential homes.
- B. **Lot Use Summarization.** As of the Effective Date, it is anticipated that the Project will include approximately 247 total Lots (single-family). The total number of Lots for the Project shall be in accordance with, and determined by, the Final Plat of the subdivision.
- C. **Project Completion.** For purposes of this Amendment, the Project shall be deemed complete upon the date of the last Lot, of the Final Plat of the subdivision, receiving a building permit from the City (“Project Completion”).

**3. GENERAL PROVISIONS**

- A. **Approval of Amendment.** The City Council has approved the execution and delivery of

this Amendment, pursuant to its authority, under applicable laws, and the Owner represents and warrants that it has taken all necessary action to authorize its execution and delivery of this Amendment.

- B. Binding Effect.** This Amendment shall be binding upon and shall inure to the benefit of the Parties hereto and their successors and assigns.
- C. Counterparts.** Numerous copies of this Amendment may be executed by the handwritten signatures of the Parties hereto, either together or in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Handwritten signatures on counterparts of this Amendment that are transmitted by email shall be deemed original effective for all purposes.
- D. Third-Party Beneficiaries.** It is expressly agreed by the parties that this Amendment is for the sole benefit of the Parties hereto and shall not be construed or deemed made for the benefit of any third party or parties.
- E. Authority.** The person(s) executing this Amendment on behalf of the respective Parties, represent, warrant, assure, and guarantee that they have full legal authority to (i) execute this Amendment on behalf of the respective Party, and (ii) to bind the respective Party to all of the terms, conditions, provisions, and obligation herein contained.
- F. Final Agreement.** This Amendment embodies the final and entire agreement among the Parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of any such Parties.

[SIGNATURES ON THE FOLLOWING PAGES]

**IN WITNESS HEREOF**, the Parties hereto have caused this instrument to be duly executed as of \_\_\_\_\_, 2024, the Effective Date.

**CITY:**

**CITY OF FAIR OAKS RANCH, TEXAS, a Texas home-rule municipality**

By: \_\_\_\_\_  
Scott M. Huizenga, City Manager

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Christina Picioccio, City Secretary

Date: \_\_\_\_\_

**ACKNOWLEDGEMENT**

**STATE OF TEXAS            §**  
  §  
**COUNTY OF BEXAR        §**

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by Scott M. Huizenga, City Manager of the City of Fair Oaks Ranch, Texas, on behalf of said home-rule municipality and Texas political subdivision.

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

**OWNER:**

**GREEN LAND VENTURES**

By: \_\_\_\_\_  
Dana Green

Date: \_\_\_\_\_

**ACKNOWLEDGEMENT**

**STATE OF TEXAS**                    §  
   §  
**COUNTY OF** \_\_\_\_\_       §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by Dana Green.

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

**Exhibit A**

**WATER SUPPLY AGREEMENT INCLUDING LEGAL DESCRIPTION OF PROPERTY**

**Exhibit A to 1st Amendment**

**WATER SUPPLY AGREEMENT**

**CITY OF FAIR OAKS RANCH / GREEN LAND VENTURES**

This Water Supply Agreement (“Agreement”) is made and entered into by and between Green Land Ventures, its successors and assigns (“Owner”) and the City of Fair Oaks Ranch, Texas, a municipal corporation (“City”).

**RECITALS**

WHEREAS, Owner owns a certain 358.625+/- acre tract of real property (the “Property”) more fully described in Exhibit “A” attached hereto and incorporated herein; and

WHEREAS, Owner petitioned to have the Property annexed into the corporate limits of the City, and the City annexed the property on January 18, 2007 and March 15, 2007; and

WHEREAS, the City has requested that Owner enter into this Agreement to memorialize certain agreements and commitments by the Owner with respect to its planned development of the Property and the provision of water services to the Property; and

WHEREAS, Owner has requested that the City enter into this Agreement to memorialize certain agreements and commitments by the City with respect to the development of the Property and the provision of water services to the Property; and

NOW, THEREFORE, in consideration of the mutual benefits and promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Owner agree as follows:

**I.**  
**AUTHORITY AND TERM**

A. Authority. The City’s execution of this Agreement is authorized by The City Council of the City of Fair Oaks Ranch and constitutes a valid and binding obligation of the City. Owner’s execution and performance of this Agreement constitutes a valid and binding obligation of Owner as the Owner proceeds with the development of the Property. The City acknowledges and agrees that Owner is acting in reliance upon the City’s performance of its obligations under this Agreement in making its decision to commit substantial resources and money to the development of the Property.

B. Term. This Agreement shall become enforceable upon execution by the City and Owner. This Agreement shall terminate on the earlier of (i) the 15<sup>th</sup> anniversary of its execution or (ii) upon conveyance by Owner of all of the Property to third parties (each a “Lot Owner” and collectively, the “Lot Owners”), unless extended by mutual agreement of the parties.

## **II. LAND USE PLAN**

Consistent with the existing general land uses that exist within the City, it is the intent of Owner to design a large lot residential subdivision whereby the actual location and design of its roadway system will comprise local streets only.

A. Lot Use Summarization. As of the date hereof, it is anticipated that the Property when developed will contain the following approximate types and sizes of lots to be allocated to the various builders:

(1) Single Family                          maximum of 238 Lots                          358.625 Acres

## **III. OBLIGATIONS OF THE PARTIES**

For and in consideration of the mutual promises, covenants, obligations, and benefits described in this Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Owner and the City agree as follows:

A. Potable Water Service. The City will provide treated water from the City’s Water Production, Storage, and Distribution system; as such system may be expanded or modified from time to time. The water to be delivered may be from any source or combination of sources that may be available to the City including, without limitation, water from Canyon Reservoir under the City’s Western Canyon Water supply contract and or from the City’s Trinity Aquifer well fields.

B. Extension of Utilities. Owner will extend utilities from their present locations to the boundaries of the Property at its sole expense and pay for any increase in size of all appurtenances necessary to provide utility service to the lots within the Property at the level required in the City of Fair Oaks Ranch Subdivision Ordinance.

C. Offsets and Credits. This Agreement shall constitute an application for offsets or credits for the Contributions in Aid of Construction, provided by the owner to facilitate utility service to the Property, against impact fees due for the property. The City shall credit the amount of the Contributions in Aid of Construction provided by the Owner against the amount of Impact Fees due for the Property. Impact fee is the cost allocated to the property owner by the City to provide water service to that lot.

D. Water Service Capacity. Upon execution of this Agreement, the City shall reserve water service capacity to the Property for 238 Living Unit Equivalent (‘‘LUEs’’), to support the development of the Property. The City shall also reserve 135 acre-feet of water to serve this development (Annual Reservation). The City shall provide an initial annual commitment (Capacity Reservation) of 27 acre-feet of water. If necessary, the annual Reservation shall be increased in January of each year up to a maximum total of 135 acre-feet.

E. Water Replacement Charge. Upon execution of this Agreement, Owner shall pay, within 30 calendar days, to the City a one-time charge (“Owner’s Water Replacement Charge”) equal to the product of Owner’s Water Reservation (135 acre-feet) times \$275, or Thirty Seven Thousand One Hundred Twenty Five Dollars (\$37,125.00).

F. Contribution in Aid of Construction. Upon execution of this Agreement, Owner shall pay to City a one-time charge (“Owners Contribution in Aid of Construction”) equal to the product of Property’s total potential residential customers (238 LUE’s) times \$1,669.58, or Three Hundred Ninety-Seven Thousand Three Hundred Sixty Dollars and Four Cents (\$397,360.04). The Contribution in Aid shall be payable in two (2) equal payments of \$198,680.02. The first installment shall be due and payable within ten (10) days after execution of this Agreement, and the second installment shall be due and payable within ten (10) days after the City awards a contract to construct the elevated storage tank. The Contribution in Aid of Construction shall be refunded to the Developer pro rata on a quarterly basis for each building permit issued with respect to a residential lot on the Property and receipt by the City of the Impact Fee in the amount of \$1,669.58 for such lot.

G. Water Reservation fees. Upon the execution of the Agreement, Owner shall within 30 calendar days begin paying the monthly Water Reservation Fee. Such fee shall be the monthly rate the City pays for the reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City of Fair Oaks Ranch’s cost for the reservation of water necessary to provide for the development of the Property. The Water Reservation Fee will be equal to the product of 1/12th of the annual Reservation times the Firm Water Rate in effect during that month. The initial Owner’s Water Reservation Fee will be \$1,125 per month based on the current rate of \$100 per acre-foot per year and the Owners annual reservation of 135 acre-feet per year. The Owner shall continue to pay the Water Reservation fee until such time as all of the 238 LUE’s within the Property have been developed and connected to the City’s water system minus those LUE’s which have been connected (water meter has been set for domestic use.) This shall continue until the development is complete.

H. Capacity Reservation Fees. Upon execution of this Agreement, Owner shall, within 30 calendar days begin paying the monthly Capacity Reservation Fee. Such fee shall be the monthly rate the City pays for Capacity Reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City’s cost for the reservation of water necessary to provide for the development of the Property. This fee is equal to the product of 1/12th of the annual Capacity Reservation times the Capacity Reservation Rate in effect during that month. The initial Owner’s Capacity Reservation Fee will be \$1,175.42 per month based on the current rate of \$522.41 per acre-foot per year and the Owner’s annual capacity reservation of 27 acre-feet per year. The Owner shall continue to pay said Capacity Reservation Fee until such time as all of the 238 LUE’s within the Property have been developed and connected to the City’s water system minus those LUE’s which have been connected (water meter has been set for domestic use.) Developer shall continue to pay said Capacity Reservation Fee with respect to each lot comprising the Property until such time as one of the following events occurs:



1. Developer conveys one or more lots to new lot Owner(s) and by such conveyance liability for said Reservation Fee for the designated lot(s) transfers to the new Lot Owner(s): or
2. Developer is granted a permit for connection of the lot(s) to the City's water system and developer applies for a building permit for construction of any kind on the lots.

I. Billing. The City will render bills to Owner once each month for the charges required to be paid by Owner pursuant to this Agreement. The City shall, until further notice, render such bills on or before the 10th day of each month and such bills shall be due and payable at the City's office indicated below by the 20th day of each month or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. The City may, however, by sixty (60) days written notice change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable ten (10) days after such date or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. Owner shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to the City of Fair Oaks Ranch at its office in the City of Fair Oaks Ranch, Texas, or at such other place as the City may from time to time designate by sixty (60) days written notice.

J. Delinquency in Payment. All amounts due and owing to the City by Owner shall, if not paid when due, bear interest at the maximum rate permitted by law, provided that such rate shall never be usurious. If any amount due and owing by Owner is placed with an attorney for collection by the City, Owner shall pay to the City, in addition to all other payments provided for by this Agreement, including interest, the City's collection expenses, including court costs and attorney's fees. Owner further agrees that the City may, at its option, discontinue taking some or all actions to fulfill its obligations under this Agreement until all amounts due and unpaid are paid in full with interest as herein specified.

K. Use of Groundwater Wells for Supplementary Supply. Owner owns one groundwater well, which is located on the Property. Owner agrees to donate this groundwater well and surrounding sanitary easement to the City at no cost. The groundwater well will be utilized for supplementary supply of water.

L. Elevated Storage Tank Site. The Owner shall, at Owner's sole cost and expense, secure a suitable one-half acre tract of land within one-half mile of the Property for the future location and construction of an elevated water storage tank. Owner agrees to donate this elevated storage tank site and surrounding sanitary easement to the City at no cost.

M. Cooperation. The City agrees to reasonably cooperate with Owner in Owner's efforts to meet Owner's obligations set forth above and to assist Owner in preparing and entering into any and all instruments necessary to memorialize the future agreements of the parties pertaining to the development of the Property. The City agrees to use its best efforts and if necessary its power of condemnation, at the Owner's reasonable expense, in order to facilitate serving City-owned utilities to the boundary of the Property.

**IV.  
DISANNEXATION**

It is expressly understood if the Owner submits, a request for disannexation of the Property described in "Exhibit A" and the City Council honors that request, this Agreement shall become null and void. All amounts paid by Owner pursuant to this Agreement shall be non-refundable.

**V.  
MISCELLANEOUS**

A. Mutual Assistance. City and Owner will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions.

B. Representations and Warranties. The City represents and warrants to Owner that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Owner represents and warrants to City that it has the requisite authority to enter into this Agreement.

C. Default. If either the City or Owner should default in the performance of any obligations of this Agreement, the other party shall provide such defaulting party written notice of the default, and a minimum period of thirty (30) days to cure such default, prior to instituting an action for breach or pursuing any other remedy for default. Both parties agree that if either party should default on any of the conditions and covenants hereunder, the party found to be responsible for said default agree to pay to the prevailing party a reasonable amount for the prevailing party's reasonable costs, litigation expenses and attorney's fees.

D. Entire Agreement. This Agreement contains the entire agreement between the parties. This Agreement may only be amended, altered or revoked by written instrument signed by the City and Owner.

E. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns.

F. Assignment. Except as provided, Owner may not assign all or part of its rights and obligations under this Agreement to a third party without prior written approval of the City. Such approval shall not be unreasonably withheld or denied.

G. Notice. Any notice and or statement required and permitted to be delivered shall be deemed delivered by actual delivery, facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party:

Owner: Green Land Ventures  
505 Madison Oak Drive  
San Antonio TX 78258

City: City Administrator  
City of Fair Oaks Ranch  
7286 Dietz Elkhorn  
Fair Oaks Ranch, TX 78015

H. Interpretation. Each of the parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, however its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any party.

I. Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in Kendall County, Texas.

J. Severability. In the event any provisions of this Agreement are illegal, invalid or unenforceable under present or future laws, and in that event, it is the intention of the parties that the remainder of this Agreement shall not be affected. It is also the intention of the parties of this Agreement that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

K. ADR. The City and the Owner agree that they shall first submit any and all unsettled claims, counterclaims, disputes and other matter in question between them arising out of or relating to this Agreement or breach thereof to an alternate dispute resolution process before filing suit concerning this agreement. A mediator shall be selected by mutual agreement of the Parties and the cost of said mediator shall be paid equally by both parties.

L. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

M. No Joint Venture. It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The City, its past and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with the development of the Property

N. Exhibits. The Exhibits attached hereto are incorporated by reference for all purposes.

O. Force Majeure. If performance by either Party hereunder is prevented by reason of any act of God, strike, governmental restriction or regulation or interference, terrorist acts, fire, tornado, embargoes, unusually severe weather, shortages of supplies of raw materials, or components or finished goods, or other casualty, unreasonable delay in any necessary governmental approval, or any other force majeure beyond the control of the Parties, the other Party agrees to grant the non-performing Party a reasonable time to take action to overcome the force majeure and resume performance of the duties hereunder.

EXECUTED in duplicate and, to be effective on 16<sup>2</sup> day of Sept, 2008.

**Green Land Ventures:**

By: Dana Green

Printed Name: Dana Green

Date: 6-16-2008

**City of Fair Oaks Ranch, Texas, a municipal corporation:**

By: Daniel E. Kasrowicz

Printed Name: Daniel E. Kasrowicz

Date: \_\_\_\_\_

APPROVED as to form:

Adolph N. Jacobson  
City Attorney

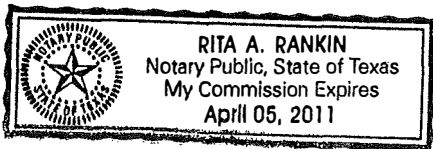
Exhibit "A" - Metes and Bounds of 358.625 acre tract

THE STATE OF TEXAS

COUNTY OF BEXAR

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Dana Green known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the GREEN LAND VENTURES, and that 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 this the 16 day of June, 2008.



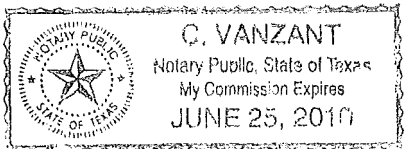
Rita A. Rankin  
Notary Public  
The State of Texas

THE STATE OF TEXAS

COUNTY OF BEXAR

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Daniel E. Kasprovicz known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the CITY OF FAIR OAKS RANCH, and that 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 this the 2 day of Sept, 2008.



C. Vanzant  
Notary Public  
The State of Texas

**FIELD NOTES FOR ANNEXATION  
INTO THE CITY OF FAIR OAKS RANCH**

**BEING** all of the called 215.251 acres in the William D. Lusk Survey No. 211, Abstract 306 in Kendall County, Texas described in deed recorded in Volume 978, Page 1021 of the Real Property Records of Kendall County, Texas said tract of land being described in said deed of record as follows:

**BEGINNING** at a point in a fence on the west line of Ammann Road for the southeast corner of this tract, said point being N 00° 06' E 1,949.4', N 00° 12' E 158.0' and N 00° 07' E 227.8' from the southeast corner of the Wm. D. Lusk Survey No. 211;

**THENCE** N 86° 14' W 5,285.9' to a point in a fence;

**THENCE** with fence as follows:

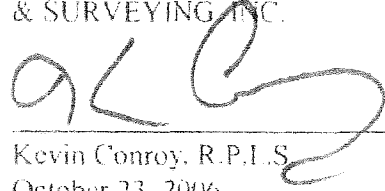
- N 02° 08' W 166.9'
- N 02° 15' W 561.0'
- N 02° 19' W 706.0'
- N 01° 41' W 154.2' and
- N 02° 30' W 183.5' to the northwest corner of this tract;

**THENCE** S 86° 14' E 5,353.3' (with the south line of Ammann Farms Subdivision as shown on plat recorded in Volume 2, Page 76 of the Records of Deeds and Plats of Kendall County, Texas) to a 1/2" iron rod in a fence on the west line of Ammann Road;

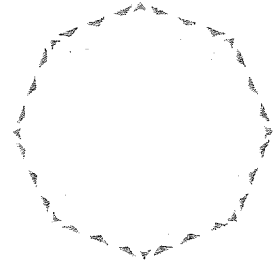
**THENCE** with fence on this line of road S 00° 07' E 1,386.4' and S 00° 07' W 330.5' to the place of beginning and containing 215.251 acres of land according to a Survey made on the ground on January 28 and 29 and April 11, 1978 by Edgar Schwartz, Jr., Registered Professional Engineer.

This document was prepared under 22 TAC Section 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

ALAMO CONSULTING ENGINEERING  
& SURVEYING, INC.



Kevin Conroy, R.P.L.S.  
October 23, 2006  
Job No. 50100.58



DOC. # W01011N, 2006, 10/23/06, 10

**FIELD NOTES FOR ANNEXATION  
INTO THE CITY OF FAIR OAKS RANCH**

**BEING** all of the called 143.374 acres in the William D. Lusk Survey No. 211, Abstract 306 in Kendall County, Texas described in deed recorded in Volume 978, Page 1021 of the Real Property Records of Kendall County, Texas said tract of land being described in said deed of record as follows:

**BEGINNING** at a 1/2" iron rod in a fence on the west line of Ammann Road for the southeast corner of this tract, said pin being N 00° 06' E 1,148.7' from the southeast corner of this Wm. D. Lusk Survey No. 211;

**THENCE** N 86° 14' W 5,283.0' (with the north line of a called 10.0 acre tract recorded in Volume 986, Page 221, a called 70.52 acre tract shown on survey plat recorded in Volume 751, Page 424 and the remainder of a called 143.434 acre tract recorded in Volume 130, Page 161, all in the Real Property Records of Kendall County, Texas) to the southwest corner;

**THENCE** with fence N 02° 21' E 626.6' and N 02° 08' W 567.1' to the northwest corner of this tract;

**THENCE** S 86° 14' E 5,285.9' to a point in a fence on the west line of Ammann Road;

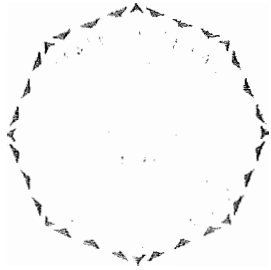
**THENCE** with fence on this line of road S 00° 07' W 227.8', S 00° 12' W 158.0' and S 00° 06' W 800.7' to the place of beginning and containing 143.374 acres of land, according to a Survey made on the ground on January 28 and 29 and April 11, 1978 by Edgar Schwartz, Jr., Registered Professional Engineer.

This document was prepared under 22 TAC Section 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

ALAMO CONSULTING ENGINEERING  
& SURVEYING, INC.



Kevin Conroy, R.P.L.S.  
October 23, 2006  
Job No. 50100.58



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**CITY COUNCIL CONSIDERATION ITEM  
CITY OF FAIR OAKS RANCH, TEXAS**

AGENDA TOPIC: Consideration and possible action to approve a resolution amending the Planning and Zoning Rules of Procedure  
DATE: March 21, 2024  
DEPARTMENT: City Secretary  
PRESENTED BY: Christina Picioccio, TRMC, City Secretary

**INTRODUCTION/BACKGROUND:**

The Planning & Zoning Commission (P&Z) met on March 14, 2024, and approved staff’s recommendation to amend Rule 2.2 and 10.3 of its Rules of Procedure.

The language in Rule 2.2 of the Rules of Procedure was written when the Planning and Zoning Commission was originally created. It outlined the original start-up plan to stagger the terms of its members. This is no longer necessary, and staff recommends removing this language from this document.

Rule 10.3 stipulates changes in P&Z meeting dates or times be ratified by the City Council. There are scenarios in which a meeting may need to be cancelled or rescheduled, such as there being no action items on which the P&Z needs to meet, or if the Commission is unable to confirm a quorum.

Staff seeks to eliminate the City Council ratification step because the Council generally meets only twice a month and sufficient advanced notice would be required to fulfill this step. The Open Meetings Act requirement of 72-hour notification further impacts the timeline for placing the ratification request on the City Council agenda. This does not afford the Commission the independence to manage its meetings based on its agenda or based on member availability.

A resolution and amended Rules of Procedure 2.2 and 10.3 are provided in **Exhibit A**.

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

This amendment will allow for schedule flexibility of P&Z meetings by eliminating possible delays pending the City Council ratification step.

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

N/A

**LEGAL ANALYSIS:**

Resolution approved as to form.



**RECOMMENDATION/PROPOSED MOTION:**

I move to approve a resolution amending the P&Z Rules of Procedure as follows by: removing the original staggered term language in Rule 2.2 and removing the requirement that City Council ratify P&Z meeting date changes in Rule 10.3.

**A RESOLUTION**

**A RESOLUTION OF THE CITY OF FAIR OAKS RANCH, TEXAS AMENDING THE RULES OF PROCEDURE OF THE FAIR OAKS RANCH PLANNING AND ZONING COMMISSION; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Fair Oaks Ranch City Council, under resolution 2018-03, established a Planning and Zoning Commission as required by the City of Fair Oaks Ranch Charter Section 7.14 and Local Government Code, Chapter 211; and,

**WHEREAS**, on March 19, 2018, City Council adopted resolution 2018-05 instituting Rules of Procedure for the Commission that provide an effective and efficient administration of the Planning and Zoning Commission duties; and,

**WHEREAS**, on January 21, 2021, the City Council amended the Rules of Procedure; and,

**WHEREAS**, the City Council deems it is necessary to amend these Rules of Procedures to improve efficiencies.

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

- Section 1. The Fair Oaks Ranch Planning and Zoning Commission Rules of Procedure shall be amended as set forth in the attached, as **“Exhibit A.”**
- Section 2. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.
- Section 3. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.
- Section 4. This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.
- Section 5. If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.
- Section 6. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and that public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required Chapter 551, Texas Government Code, as amended.
- Section 7. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

**PASSED, APPROVED and ADOPTED on this 21<sup>st</sup> day of March 2024.**

---

Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

---

Christina Picioccio, TRMC  
City Secretary

---

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

**EXHIBIT A**

Rule 2.2 and 10.3 of the Planning Zoning Rules of Procedure is hereby amended as follows:

[Deletions shown as strikethroughs]

2.2 The Commission shall consist of seven (7) regular members who will serve for terms of three (3) years, staggered. Members will be resident citizens, real property owners, and qualified voters of the City. Each member shall occupy a place on the Commission, such places being numbered 1 through 7. ~~In order to provide a smooth start-up of the initial Planning and Zoning Commission, appointees will draw for Place Number (1-7) at the first Regular Business Meeting of the Planning and Zoning Commission.~~ City Council will appoint ~~subsequent~~ members of the Planning and Zoning Commission by Place.

	2018	2019	2020	2021
Place 1	3			3
Place 2	3			3
Place 3	3			3
Place 4	3			3
Place 5	2		3	
Place 6	2		3	
Place 7	2		3	

10.3 Under special circumstances, the Commission may reschedule the second Thursday regular meeting date and/or time ~~subject to ratification by the City Council.~~ The new date and/or time should be announced at a regularly scheduled meeting, and agendas posted accordingly.



**CITY COUNCIL CONSIDERATION ITEM  
CITY OF FAIR OAKS RANCH, TEXAS**

**AGENDA TOPIC:** Approval of a resolution authorizing the submission of a grant application for the State and Local Cybersecurity Grant Program and authorizing the City Manager to execute all documents in connection therewith

**DATE:** March 21, 2024

**DEPARTMENT:** Information Technology

**PRESENTED BY:** Brian LeJeune, IT Manager

**INTRODUCTION/BACKGROUND:**

On January 15, 2024, the Office of the Governor (OOG) opened acceptance of grant submissions under the State and Local Cybersecurity Grant Program (SLCGP). The City was made aware of this grant February 27, 2024 and was able to complete the submission by the deadline of March 14, 2024. The City committed to a 20% match (\$21,900) with funds appropriated in the FY 2023-24 Adopted Budget while the OOG would provide the remaining 80% (\$87,600) of costs associated with the Project totaling \$109,500.

According to the SLCGP web site, the FY23 total was \$20,901,732 available to be spent on cybersecurity projects. A minimum of 80% of allocations must be passed through to local governments. In addition, at least 25% of the total funds made available under the grant must be passed through to rural communities.

Eligibility requirements of the SLCGP include:

- Completion of the Nationwide Cybersecurity Review (NCSR); completed on February 29, 2024.
- Participation in the Cybersecurity & Infrastructure Security Agency (CISA) free services, such as the Web Application Scanning and Vulnerability Scanning (external only); subscribed March 1, 2024.
- Confirmation of fulfilling cybersecurity training and state submission according to HB-3834; submitted to State on August 30, 2023.
- Joining the Texas Information Sharing and Analysis Organization (TX-ISA0); member since April 2021.

Certain conditions of funding were established by the Office of the Governor which requires the governing body of the requesting agency to pass a resolution that must contain the following:

- Authorization by the governing body for the submission of the application to the OOG that clearly identifies the name of the project for which funding is requested.
- A commitment to provide all applicable matching funds.
- A designation of the name and/or title of an authorized official who is given the authority to apply for, accept, reject, alter, or terminate a grant; and

- A written assurance that, in the event of loss or misuse of grant funds, the governing body will return all funds to the OOG.

If selected by the OOG, the City of Fair Oaks Ranch would delay security assessments already planned until the beginning of FY 2024-25 as SLCGP funds could not be utilized until September 1, 2024.

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

This grant award will supplement the department’s current budget by allowing the purchase of needed cybersecurity services and not cause additional expenditures from the general fund. These services will allow City IT to identify and mitigate potential gaps towards further protecting City data and resources for our residents. The security assessments are comprised of several services including:

- Vulnerability Assessment
- Penetration Test
- Dark web scan
- Table top exercise

The City will purchase the security assessments using the Texas Department of Information Resources (DIR) Purchasing Cooperative. Utilizing DIR fulfills our competitive requirements.

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

There is no budgetary impact as the funds allocated for the cybersecurity assessments were already budgeted.

**LEGAL ANALYSIS:**

Approved as to form.

**RECOMMENDATION/PROPOSED MOTION:**

I move to approve the resolution authorizing the submission of a grant application for the State and Local Cybersecurity Grant Program and authorizing the City Manager to execute all documents in connection therewith.

**A RESOLUTION**

**A RESOLUTION AUTHORIZING THE SUBMISSION OF A GRANT APPLICATION FOR AND ACCEPTANCE OF THE PAYMENT FOR OFFICE OF THE GOVERNOR FUNDS RELATED TO THE STATE AND LOCAL CYBERSECURITY GRANT PROGRAM AND AUTHORIZING THE CITY MANAGER TO EXECUTE DOCUMENTS AND TAKE ACTIONS TO FACILITATE SUCH ACCEPTANCE.**

**WHEREAS**, the City has appropriated funds in the FY 2023-24 Adopted Budget for the cybersecurity actions including penetration testing; and

**WHEREAS**, the City Council finds it in the best interest of the citizens of Fair Oaks Ranch that the City, if awarded, participates in the Governor’s Office State and Local Cybersecurity Grant Program be operated for the FY 2024-25; and

**WHEREAS**, the City Council agrees to provide applicable matching funds for the said project as required by the State and Local Cybersecurity Grant Program grant application; and

**WHEREAS**, the City Council agrees that in the event of loss or misuse of the Office of the Governor funds, the City Council assures that the funds will be returned to the Office of the Governor in full; and

**WHEREAS**, the City Council designates the City Manager as the City’s designated official and is authorized to apply for, accept, reject, alter, or terminate the grant on behalf of the City; and

**WHEREAS**, the City Council finds and determines that submission of the grant application for the State and Local Cybersecurity Grant Program, Grant Number 5184101, to the Office of the Governor is in the best interest of the health, safety and welfare of the City.

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

- SECTION 1.** The foregoing recitals are hereby found to be true and correct and are hereby adopted by the City Council of the City of Fair Oaks Ranch, Texas and made a part of this resolution for all purposes as findings of fact.
- SECTION 2.** That the City Council hereby authorizes and approves the submission of the grant application for the State and Local Cybersecurity Grant Program, Grant Number 5184101, to the Office of the Governor for and on behalf of the City.
- SECTION 3.** That the City Council designates the City Manager as the City’s designated official and is authorized to apply for, accept, reject, alter, or terminate the grant on behalf of the City.
- SECTION 4.** That the City will comply with the grant requirements of the Office of the Governor and the grant funds will be used only for the purpose for which they are intended under Grant No. 5184101.

**SECTION 5.** That the City, in the event of loss or misuse of the State and Local Cybersecurity Grant Program funds assures that the funds will be returned to the Office of the Governor in full.

**SECTION 6.** That after all required fund balance allocations are made, any remaining unassigned General Fund balance is to be remain unassigned until further Council action is taken.

**SECTION 7.** That the Director of Finance is hereby authorized to carry forward continuing appropriations to FY 2024-25.

**SECTION 8.** All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provisions of this resolution shall be and remain controlling as to the matters resolved herein.

**SECTION 9.** It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

**SECTION 10.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.

**PASSED, APPROVED, and ADOPTED on this 21st day of March 2024.**

\_\_\_\_\_  
Gregory C. Maxton, Mayor

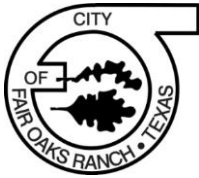
ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Christina Picioccio, TRMC, City Secretary

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





**CITY COUNCIL CONSIDERATION ITEM  
CITY OF FAIR OAKS RANCH, TEXAS**

AGENDA TOPIC: Consideration and possible action accepting the FY 2022-23 Audit  
DATE: March 21, 2024  
DEPARTMENT: Finance  
PRESENTED BY: Summer Fleming, Director of Finance  
Michael Del Toro, ABIP, PC

**INTRODUCTION/BACKGROUND:**

As required by Texas Local Government Code Section 103.101, cities in Texas are required to conduct an independent annual audit of their financial statements. Accordingly, the City of Fair Oaks Ranch retained the firm of ABIP, PC to prepare said audit services.

Representatives from ABIP, PC will attend the meeting to present the Fiscal Year 2022-23 audit and answer questions.

The entire audited annual comprehensive financial report (ACFR) can be found on the City’s website on the Finance Departmental Page:

<https://www.fairoaksranchtx.org/513/Financial-Reports>

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Compliance with state law, citizen transparency and best practice in financial management.

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

The City budgeted \$25,200 for the annual audit and final costs were \$25,114 for the standard audit services, with additional costs of \$3,710 for the one-time implementation of GASB 96. The audit resulted in an unmodified (“clean”) audit opinion.

**LEGAL ANALYSIS:**

N/A

**RECOMMENDATION/PROPOSED MOTION:**

I move to accept the Fiscal Year 2022-23 annual audit as presented by ABIP, PC.

To the Honorable Mayor and  
Members of the City Council  
City of Fair Oaks Ranch, Texas

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fair Oaks Ranch, Texas for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 9, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in note 1 to the financial statements. The City adopted Statement of Governmental Accounting Standards No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023 related to the recognition of right-to-use assets and liabilities. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements include the net pension liability, deferred inflow and outflow related to the Texas Municipal Retirement System (TMRS), accumulated depreciation, and depreciation expense. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 21, 2024.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

We applied certain limited procedures to management’s discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and TMRS related ratios, schedule of contributions on net pension liability, schedule of changes in the other postemployment benefit (OPEB) liability and TMRS related ratios, and schedule of contributions on OPEB liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Other Comment*

*Compliance with Public Funds Investment Act*

The Public Funds Investment Act (the Act) requires that we include, as part of our audit, procedures to determine if the City complied with the provisions of the Act. We found, as a result of our tests, that the City complied, in all material respects, with the provisions of the Act.

*Restriction on Use*

This information is intended solely for the information and use of the Mayor, City Council, and management of the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by the personnel of City of Fair Oaks Ranch, Texas during the course of our audit.

ABIP, PC

San Antonio, Texas  
March 21, 2024



# City of Fair Oaks Ranch Audit Report

Fiscal Year Ended  
September 30, 2023

**abip**

CPAs | ADVISORS

**Summer Fleming, Director of Finance**

Michael Del Toro, Managing Partner, ABIP

# Audit Process

- August – November
  - Auditor review of internal processes and policies
  - Interviews with key personnel
  - Data testing
- November – January
  - Review year-end financials for recording accuracy
  - Review asset additions and deletions
  - Implementation of GASB 96 (new in FY 2023)
- February
  - ACFR creation



# Important Notes

- Annual Comprehensive Financial Report (ACFR) does not reflect information identical to the budget
- Government Finance Officers Association (GFOA) and Government Accounting Standards Board (GASB) set guidelines for ACFR presentation
- Financials in ACFR include fund groupings larger than the budget
  - Government-wide activity includes all City funds
  - Business-type activity includes all enterprise funds



# Important Notes continued

- ACFR includes items not seen in the budget
  - Long-term payables such as GASB 87 and GASB 96 leases
  - Depreciation
  - Pension and OPEB liabilities
  - Outstanding expense to include long-term leases, debt, etc.
- Audit Committee has met to review the final report





# Council Action

- Receive Management Letter from Audit Firm
- Motion to accept the audited Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023



# City of Fair Oaks Ranch

Fair Oaks Ranch, Texas

**Annual Comprehensive Financial Report  
For Fiscal Year Ended September 30, 2023**



CITY OF FAIR OAKS RANCH, TEXAS

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CITY OF FAIR OAKS RANCH, TEXAS

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CITY OF FAIR OAKS RANCH, TEXAS

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## **INTRODUCTORY SECTION**







7286 Dietz Elkhorn · Fair Oaks Ranch, Texas 78015 · 210-698-0900 · 866-258-2505 · Fax 210-698-3565 · [www.fairoaksranchtx.org](http://www.fairoaksranchtx.org)

March 21, 2024

To the Honorable Mayor, Members of City Council and Citizens of the City of Fair Oaks Ranch:

The City of Fair Oaks Ranch, Texas is required to publish each year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Fair Oaks Ranch (the City) for the fiscal year ended September 30, 2023.

This report consists of management’s representations concerning the finances of the City. Management deems the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of all City activities and funds. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The City also acknowledges all disclosures that are necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The City’s financial statements have been audited by ABIP, PC, a firm of licensed public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor has concluded, based on the audit, that there was a reasonable basis for rendering an unmodified (“clean”) opinion that the financial statements for the year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

As required by GAAP, management has provided a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management’s Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF THE CITY

Fair Oaks Ranch was created by a group of visionaries who had both the foresight and the political courage to dream of a special community and make it a reality. The ability to make the city a reality was enhanced by having a single development company for many years and working with a family that had a desire for their ranch to become a unique community. This commonality of vision was the glue that held the development process together and created such a unique city.

The City was incorporated in 1988 and became a home rule city in 2017. The City is located 27 miles northwest of downtown San Antonio, has a land area of approximately 8.5 square miles and an estimated population of 11,104. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City has adopted a Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council that is composed of a Mayor and six Council Members. The Mayor and Council Members are all elected at large for three-year terms. Elections are staggered with the Mayor and one Council Member elected together, three Council Members the following year, and the remaining two Council Members the year after that. The City Manager is appointed by the Council and is responsible for implementing council policy and day-to-day operations of the City.

The City provides a full range of municipal services including public safety, water and wastewater services, public improvements, repair and maintenance of infrastructure, and general administrative services. The City provides water service to most of the area, with the San Antonio Water System providing water service to the remaining portion of the City.

The annual budget serves as the foundation for the City's financial planning and control. The budget process includes multiple phases, each of which requires a joint effort by City Council and staff. The City Manager provides to the City Council the proposed budget before filing with the City Secretary and making available for public inspection. Upon receipt of the budget, the City Council sets a date for a public hearing at which time citizens may express their opinions regarding the proposed budget. City Council considers and adopts the budget in accordance with Texas Local Government Code and Truth-in-Taxation Laws.

The City of Fair Oaks Ranch Municipal Development District (MDD) meets the criteria of a component unit; therefore, it has been included in the report as a discretely presented component unit. The MDD is governed by a seven-member board, consisting of two Council Members and four other members appointed by City Council. The MDD is funded through a half-cent Section 4B sales tax. The City is financially accountable for the MDD because the City appoints the governing body, and the City is obligated to finance any deficits that may occur.

## LOCAL ECONOMY

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Fair Oaks Ranch operates.

The City is located near one of the state's most active growth areas. It is adjacent to the City of San Antonio, the second largest city in Texas and seventh largest city in the nation. The City has proximity to major airports and major military bases. The City is also close to one of the busiest intersections in the San Antonio area, the Interstate 10 and Loop 1604 intersection. Because the City is adjacent to the City of San Antonio, the local economy is heavily influenced by the San Antonio Metropolitan Statistical Area. This area enjoys the benefit of a diversified economy. Major anchors of the economy in this area are the medical/biomedical industry, the military institutions, tourism, telecommunications, insurance, finance, and manufacturing.

Property taxes and sales taxes constitute most of the general fund revenues. The City’s economic outlook remains positive as evidenced by a significant increase in tax appraisal values and continued sales tax growth. Other economic indicators such as the unemployment rate and housing permits have remained positive in this area as compared to the national level.

Data from the U.S. Census Bureau shows the City’s median household income is \$150,237, which is noticeably higher than the \$73,035 median income for the State of Texas. According to this same data, the City’s residents are well-educated with 67.6% of adults aged 25 years and older having a bachelor’s degree or higher level of education, compared to 32.3% for Texas.

The quality of life found in Fair Oaks Ranch is especially attractive to retirees with its golf courses, walking trails and quiet hometown atmosphere, while the top-ranked school district draws families to the City. Many other cultural and recreational facilities are within a short drive south to the San Antonio area, and a 90-minute drive north will take you to Austin, the capital city and cultural hub of Texas. The City is also close to New Braunfels, Canyon Lake and the Guadalupe River, all popular recreational areas. As continued growth is expected, the City will continue managing that growth and work toward enhancing the quality of life for its residents.

**LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 75% of total general fund operating expenditures. This amount represents an operating reserve of 50% per policy guidelines, and an additional 25% available for future budgetary uses.

Long term financial planning is essential to the stability and sustainability of every city. As part of its strategic plan, the Council has approved five-year Capital Improvement Plans for Drainage, Roadways, and Utility Improvements to enable the City to forecast and prioritize maintenance and construction needs of the City’s infrastructure. In March 2023 staff presented to Council a five-year financial plan that was developed to provide outcomes given certain sets of assumptions. The financial plan is a “living document” and is intended to be enhanced consistently with updated assumptions based on policy direction and new information. The plan provides residents, City Council, and staff the analysis and direction to make informed decisions regarding long-term financial policies for operations and capital improvements.

Drainage Projects

In June 2021, a review of the Master Drainage Plan and project prioritization efforts were included as part of the general fund budgeting process. Six projects, which began design in FY 2022, continued into final design phase or began construction in FY 2023. This fiscal year the City expended \$289,755 on the projects, completing four with two projects scheduled to be completed in FY 2024.

Roadway Projects

The City budgeted for and began work on four roadway projects as identified in the five-year roadway capital improvement plan. One of the projects qualified for funding through the Highway Safety Improvement Program (HSIP), administered by the Texas Department of Transportation (TxDOT). In September 2022, the City Council entered into an Advance Funding Agreement with TxDOT for the Post Oak Trail widening project, leveraging federal and state funding to reduce the cost impact on the City’s residents. This fiscal year the City expended \$664,506 on the project and anticipates the completion of the project in the second quarter of FY 2024.

Another major roadway project initiated during the fiscal year is the Dietz Elkhorn Road reconstruction project. The project will reconstruct a portion of Dietz Elkhorn Road while incorporating drainage improvements and adding potential transportation alternatives and pedestrian facilities. In April 2023 City staff and the General Engineering Consultant completed scope and fee negotiations for the first half of engineering services, and the City expended a total of \$100,721 on the project. In accordance with the City’s five-year roadway capital improvement plan, the second half of engineering services is scheduled for FY 2024 with construction to begin in FY 2025.

City Hall Renovation Project

The COVID-19 pandemic put a spotlight on the City’s growing issues with adequate office space needed for its 81 full-time employees. Further, the adoption of the home rule charter in 2017 expanded the City Council from six to seven members; however, the council dais was only built for six. In January 2021, the City entered into an agreement with Waterman Construction LLC as Construction Manager at Risk, and in March 2022, Council approved a Guaranteed Maximum Price amendment for the final cost and construction of the City Hall renovation project. Construction started in April 2022 and was staggered into three phases. During the fiscal year the City expended \$321,403 of the contract totaling \$952,945. The project is estimated to be completed in the second quarter of FY 2024.

Community Center

Bringing together the City’s public services and public spaces, a community center will create a balance between meeting the community’s service needs at one location and providing a space for civic pride and engagement. The overall objective is a building that provides space for the City’s administrative and public meetings while also providing a welcoming environment for Fair Oaks Ranch residents to host their own meetings and events.

In June 2023 the City entered into a professional services agreement with Lopez Salas Architects, Inc. for facility planning, design and construction phase services for the community center project. During the fiscal year, \$17,748 was expended on the contract totaling \$272,219. The design phase will continue into FY 2024 and construction is expected to begin in FY 2025.

Wastewater Treatment Plant Expansion

The City owns and operates a Wastewater Treatment Plant (WWTP) with a current permitted capacity of 0.5 million gallons per day. Although the plant has four sludge drying beds, their use is labor intensive. They become less effective during winter and rainy weather, and they are the source of numerous nuisance odor and insect complaints due to proximity to the surrounding neighborhood. This fiscal year the City contracted with Udelhoven, Inc. for construction of a volute dewatering press at the WWTP to address these issues, and \$1,052,341 was expended on the project. A ribbon cutting ceremony was held in July 2023 to commemorate the completion of the project.

The City is also conducting a WWTP feasibility study to build upon previous work done in the development of the City’s Master Plan. Study objectives include field investigation, Master Plan validation and evaluation of alternatives to expand treatment capacity to meet build-out requirements. The City completed the study with Garver LLC and expended \$65,527 this year for a total contract cost of \$251,931.

Utility Rate Study

In early 2021, the City engaged a consultant to conduct a water and wastewater rate study for the Fair Oaks Ranch Utility. Rate studies are conducted as a best practice to ensure the utility’s financial health is maintained and that the utility is prepared to meet its future financial needs. Over the course of the study, multiple meetings were held with the consultant and a Council-appointed volunteer Rate Advisory Panel. The study was completed in June 2023 and resulted in a new rate structure and rates for the wastewater utility effective in October 2024. During the fiscal year, the final payment of \$13,471 was expended on the contract totaling \$153,522.

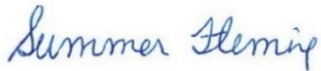
## AWARDS AND ACKNOWLEDGEMENTS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fair Oaks Ranch for its annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the sixth consecutive year that the City has achieved this prestigious award.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible by the efficient and dedicated service of the entire staff of the finance and administration departments. We appreciate the efforts of everyone involved. We wish to also express our appreciation to the Mayor and all City Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Summer Fleming, Director of Finance





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Fair Oaks Ranch  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Morill*

Executive Director/CEO



**CITY OF FAIR OAKS RANCH, TEXAS**

**PRINCIPAL OFFICIALS**

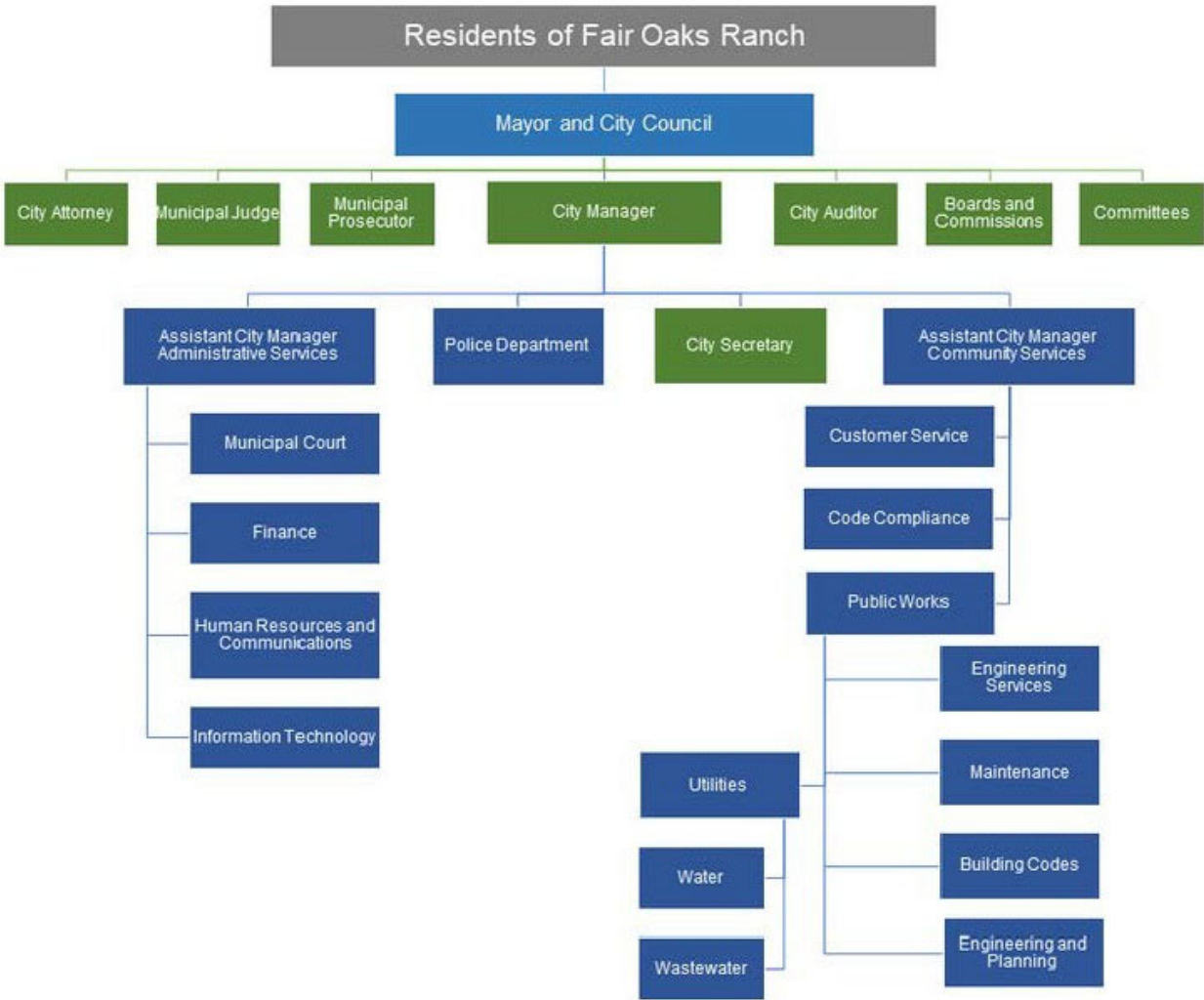
**September 30, 2023**

MAYOR	GREG MAXTON
MAYOR PRO TEM – PLACE 4	LAURA KOERNER
CITY COUNCIL MEMBERS	
PLACE 1	EMILY STROUP
PLACE 2	KEITH RHODEN
PLACE 3	MICHELLE BLISS
PLACE 5	SCOTT PARKER
PLACE 6	CHESLEY MUENCHOW
CITY MANAGER	SCOTT M. HUIZENGA
ATTORNEY	DENTON, NAVARRO, ROCHA, BERNAL, HYDE AND ZECH, PC
AUDITOR	ABIP, PC

CITY OF FAIR OAKS RANCH, TEXAS

ORGANIZATIONAL CHART

September 30, 2023





**FINANCIAL SECTION**



**INDEPENDENT AUDITOR’S REPORT**

To the Honorable Mayor and  
Members of the City Council  
City of Fair Oaks Ranch, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fair Oaks Ranch, Texas (the “City”) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, General Fund Budgetary Comparison Information, and the Texas Municipal Retirement System Net Pension Liability and Other Postemployment Benefits Liability required schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

ABIP, PC

San Antonio, Texas  
March 21, 2024





# CITY OF FAIR OAKS RANCH, TEXAS

## MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

This section of the City of Fair Oaks Ranch (the “City”) annual comprehensive financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2023. This discussion and analysis is intended to assist readers in focusing on significant financial issues and changes in the City’s financial position and identifying any significant variances from the adopted budget. Please read it in conjunction with the City’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

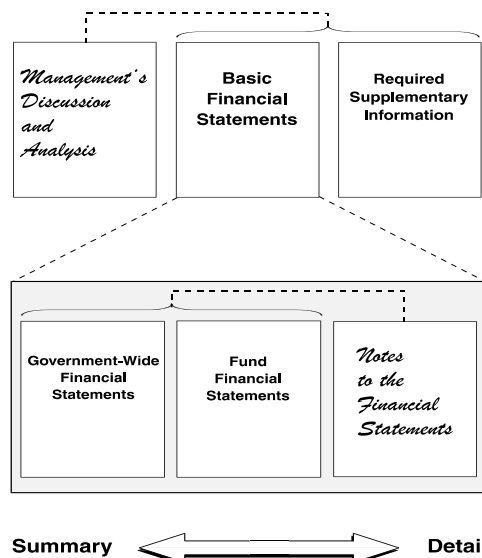
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2023, by total combined net position of \$36,591,503. Of this amount, \$18,711,601 (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors.
- During the year, the City’s total net position increased by \$608,178 or 1.67% after the restatement. The net position of governmental activities increased by \$186,309 or 0.98% after the restatement. The net position of business-type activities increased by \$421,869, or 2.43%.
- At the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$11,116,630. Of this amount, \$77,024 is non-spendable, \$192,536 is restricted in use, \$8,965,369 is assigned and \$1,881,701 is unassigned.
- The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management. At the end of the current fiscal year, \$4,505,321 is assigned to the Operating Reserve. The City’s governmental reserve policy is to maintain at least six months’ worth of operating expenses in unrestricted reserves. The City currently has six months of operating expenses in the Operating Reserve at September 30, 2023.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like* businesses.

Figure A-1, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

<b>Figure A-2, Major Features of the City's Government-Wide and Fund Financial Statements</b>			
Fund Statements			
Type of Statements	Government-Wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: water and wastewater services
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>● Statement of Net Position</li> <li>● Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>● Balance Sheet</li> <li>● Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>● Statement of Net Position</li> <li>● Statement of Revenues, Expenses and Changes in Net Position</li> <li>● Statement of Cash Flows</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**Government-Wide Financial Statements**

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets, deferred outflows of resources, liabilities and deferred inflow of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net position and how they have changed. Net position, the difference between the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one way to measure the City’s financial health or *position*.

Over time, increases or decreases in the City’s net position is an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City’s tax base.

The government-wide financial statements of the City include the *Governmental Activities*. Most of the City’s basic services are included here, such as general government, public safety, public works, building codes, municipal

court, and engineering and planning. Property taxes, franchise fees and charges for services finance most of these activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the City’s most significant *funds* – not the City as a whole. Funds are accounting devices the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has the following kinds of funds:

- *Governmental funds* – Most of the City’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide statements.
- *Proprietary funds* – Proprietary funds are generally used to account for services for which the City charges customers a fee. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City maintains one type of proprietary fund called an enterprise fund, which accounts for the operation of the City’s water and wastewater utility.
- *Fiduciary funds* - Fiduciary funds are used to account for resources held for the benefit of parties outside the primary government. Fiduciary funds are not reflected in government-wide financial statements as the resources of those funds are not available to support the City’s programs and operations. With the exception of agency funds, the accounting for fiduciary funds is much like that used for the proprietary funds. The City maintains a private-purpose trust fund for certain employee health benefits.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City’s progress in funding its obligation to provide pension benefits to its employees and a budgetary comparison schedule.

**GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS**

As of September 30, 2023, total assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$36,951,503 (see Table A-1). Investment in capital assets representing a large portion of the City’s net position, \$18,047,366, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets. The restricted portion of the total net position, totaling \$192,536, represents resources that are subject to external restrictions on how they may be used. The remaining amount of net position, \$18,711,601, is unrestricted and may be used to meet the government’s ongoing obligations to citizens and creditors.

TABLE A-1

## CITY OF FAIR OAKS RANCH'S NET POSITION

	Governmental		Business-Type		Total		Total Percentage Change 2023-2022
	Activities		Activities				
	2023	2022	2023	2022	2023	2022	
<b>Current assets:</b>							
Cash and cash equivalents	\$ 11,365,102	\$ 12,054,128	\$ 7,978,124	\$ 8,477,166	\$ 19,343,226	\$ 20,531,294	-5.8%
Receivables	1,037,879	720,069	787,539	680,341	1,825,418	1,400,410	30.3%
Inventories and prepaids	77,024	25,328	279,632	183,701	356,656	209,029	70.6%
Total current assets	12,480,005	12,799,525	9,045,295	9,341,208	21,525,300	22,140,733	-2.8%
<b>Non-current assets:</b>							
Land	116,798	116,798	53,600	53,600	170,398	170,398	0.0%
Building and land improvements	4,037,292	4,037,292	-	-	4,037,292	4,037,292	0.0%
Utility plant and easements	-	-	19,453,243	18,568,667	19,453,243	18,568,667	4.8%
Vehicles and equipment	2,538,109	2,390,697	1,306,453	1,213,879	3,844,562	3,604,576	6.7%
Infrastructure	10,148,595	10,148,595	-	-	10,148,595	10,148,595	0.0%
Right to use asset - leases	104,176	104,176	-	-	104,176	104,176	0.0%
Right to use asset - SBITA	206,114	-	271,518	-	477,632	-	100.0%
Construction in progress	679,451	372,035	1,649,487	1,241,495	2,328,938	1,613,530	44.3%
Less accumulated depreciation	(5,585,655)	(5,042,054)	(11,203,855)	(10,389,719)	(16,789,510)	(15,431,773)	8.8%
Total non-current assets	12,244,880	12,127,539	11,530,446	10,687,922	23,775,326	22,815,461	4.2%
Total assets	24,724,885	24,927,064	20,575,741	20,029,130	45,300,626	44,956,194	0.8%
<b>Deferred outflows of resources:</b>							
Deferred OPEB related outflows	26,406	31,969	8,682	10,454	35,088	42,423	100.0%
Deferred pension related outflows	1,290,232	472,841	453,950	195,855	1,744,182	668,696	160.8%
Total deferred outflows of resources	1,316,638	504,810	462,632	206,309	1,779,270	711,119	150.2%
<b>Liabilities:</b>							
Current liabilities	985,568	1,202,509	636,887	437,823	1,622,455	1,640,332	-1.1%
<b>Non-current liabilities:</b>							
Due within one year	634,601	576,410	416,150	348,715	1,050,751	925,125	13.6%
Due in more than one year	3,455,090	3,884,326	1,681,428	1,881,147	5,136,518	5,765,473	-10.9%
OPEB liability	83,716	119,932	27,365	43,236	111,081	163,168	-31.9%
Net pension liability	1,617,125	121,881	506,802	18,046	2,123,927	139,927	1417.9%
Total liabilities	6,776,100	5,905,058	3,268,632	2,728,967	10,044,732	8,634,025	16.3%
<b>Deferred inflows of resources:</b>							
Deferred OPEB related inflows	13,734	8,515	4,446	2,708	18,180	11,223	62.0%
Deferred pension related inflows	49,393	502,314	16,088	176,426	65,481	678,740	-90.4%
Total deferred outflows of resources	63,127	510,829	20,534	179,134	83,661	689,963	-87.9%
<b>Net position:</b>							
Net investment in capital assets	8,496,444	8,025,653	9,550,922	8,572,922	18,047,366	16,598,575	8.7%
Restricted	192,536	166,961	-	-	192,536	166,961	15.3%
Unrestricted	10,513,316	10,823,373	8,198,285	8,754,416	18,711,601	19,577,789	-4.4%
Total net position	\$ 19,202,296	\$ 19,015,987	\$ 17,749,207	\$ 17,327,338	\$ 36,951,503	\$ 36,343,325	1.7%

Table A-2 provides a detail of the changes to the City’s net position.

The City’s total revenues were \$17,950,468. Revenues from governmental activities totaled \$11,436,434 (63.7%) and revenues from business-type activities totaled \$6,514,034 (36.3%). Expenses for the City totaled \$17,365,000; governmental activity expenses totaled \$11,261,480 (64.9%) and business-type activity expenses totaled \$6,103,520 (35.1%).

TABLE A-2

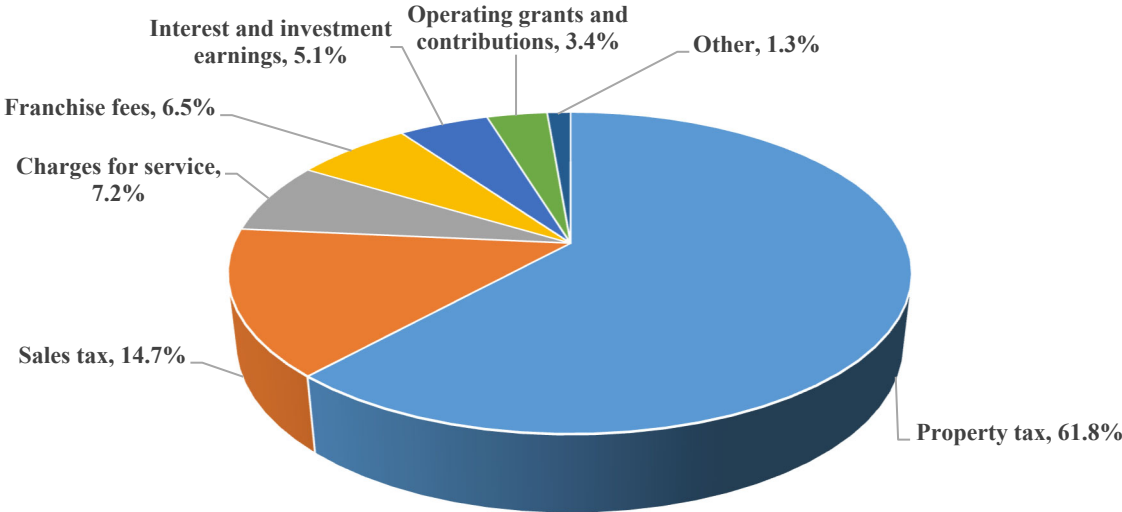
CITY OF FAIR OAKS RANCH’S CHANGES IN NET POSITION

	Governmental		Business-Type		Total		Total Percentage Change 2023-2022
	Activities		Activities				
	2023	2022	2023	2022	2023	2022	
Revenues:							
Program revenues:							
Charges for services	\$ 829,500	\$ 968,001	\$ 6,165,245	\$ 6,497,720	\$ 6,994,745	\$ 7,465,721	-6.3%
Operating grants and contributions	379,340	1,283,952	-	1,244,133	379,340	2,528,085	-85.0%
General revenues:							
Property taxes	7,062,241	6,614,489	-	-	7,062,241	6,614,489	6.8%
Non property taxes	2,432,520	2,365,342	-	-	2,432,520	2,365,342	2.8%
Investment earnings	581,995	80,336	358,595	55,063	940,590	135,399	594.7%
Gain (loss) on sale of capital assets	16,931	674	(9,806)	-	7,125	674	957.1%
Miscellaneous	133,907	27,720	-	-	133,907	27,720	383.1%
Total revenues	<u>11,436,434</u>	<u>11,340,514</u>	<u>6,514,034</u>	<u>7,796,916</u>	<u>17,950,468</u>	<u>19,137,430</u>	<u>-6.2%</u>
Expenses:							
Mayor and council	7,643	7,268	-	-	7,643	7,268	5.2%
City administration	749,366	1,121,778	-	-	749,366	1,121,778	-33.2%
City secretary	277,612	197,308	-	-	277,612	197,308	40.7%
HR and communications	228,388	168,913	-	-	228,388	168,913	35.2%
Finance	341,093	292,851	-	-	341,093	292,851	16.5%
Municipal court	256,851	206,843	-	-	256,851	206,843	24.2%
Public safety	4,147,473	3,456,846	-	-	4,147,473	3,456,846	20.0%
Engineering and planning	1,529,149	1,493,654	-	-	1,529,149	1,493,654	2.4%
Public works	2,366,969	920,678	-	-	2,366,969	920,678	157.1%
Building codes and permits	280,890	273,015	-	-	280,890	273,015	2.9%
Information technology	391,185	403,168	-	-	391,185	403,168	100.0%
Non-departmental	684,861	252,706	-	-	684,861	252,706	171.0%
Utility	-	-	6,103,520	5,904,286	6,103,520	5,904,286	3.4%
Total expenses	<u>11,261,480</u>	<u>8,795,028</u>	<u>6,103,520</u>	<u>5,904,286</u>	<u>17,365,000</u>	<u>14,699,314</u>	<u>18.1%</u>
Increases (decreases) in net position before transfers	<u>174,954</u>	<u>2,545,486</u>	<u>410,514</u>	<u>1,892,630</u>	<u>585,468</u>	<u>4,438,116</u>	<u>-86.8%</u>
Change in net position	174,954	2,545,486	410,514	1,892,630	585,468	4,438,116	-86.8%
Net position - beginning	<u>19,015,987</u>	<u>16,470,501</u>	<u>17,327,338</u>	<u>15,434,708</u>	<u>36,343,325</u>	<u>31,905,209</u>	<u>13.9%</u>
Prior period adjustment	<u>11,355</u>	<u>-</u>	<u>11,355</u>	<u>-</u>	<u>22,710</u>	<u>-</u>	<u>-100.0%</u>
Net position - ending	<u>\$ 19,202,296</u>	<u>\$ 19,015,987</u>	<u>\$ 17,749,207</u>	<u>\$ 17,327,338</u>	<u>\$ 36,951,503</u>	<u>\$ 36,343,325</u>	<u>1.7%</u>

**Governmental Activities**

Overall governmental activities increased the City’s net position by \$186,309 after the restatement. General revenues such as property taxes, sales taxes, and franchise fees are used to support all governmental activities. Property taxes are the largest source of governmental revenues, followed by sales tax.

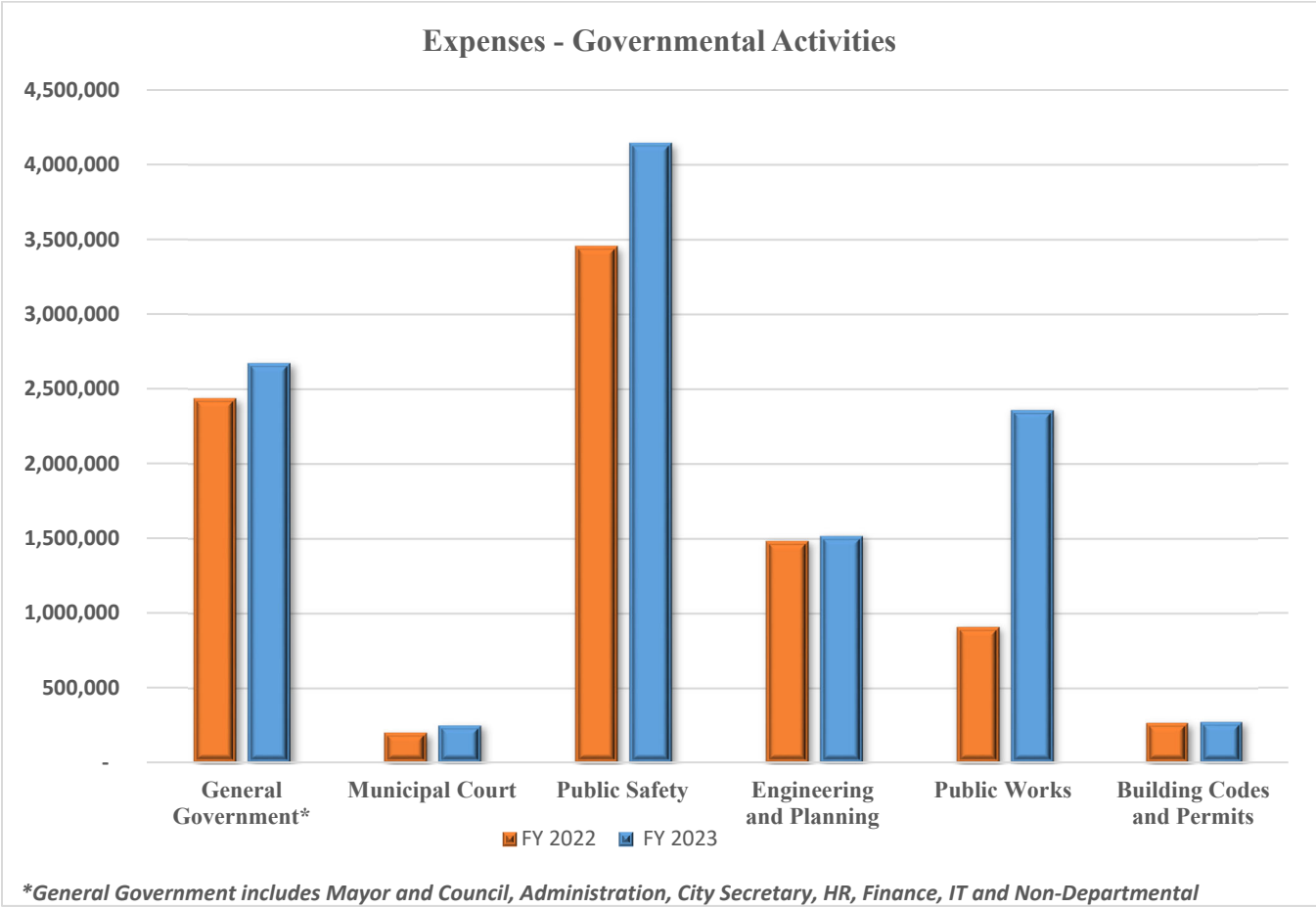
**Government-wide Revenues by Source - Governmental Activities**



Revenues for governmental activities were \$11,436,434 compared to the prior year’s revenues of \$11,340,514. The increase of \$95,920 is largely attributable to an increase in ad valorem taxes and investment earnings, offset with an \$894,905 decrease in operating grants.

Expenses for governmental activities were \$11,261,480 compared to prior year’s expenses of \$8,795,028. The increase of \$2,466,452 is due to the following:

- Expenses for public works increased \$1,466,291 due to the advancement of multiple roadway and drainage projects from the approved Capital Improvement Plan.
- Expenses for public safety increased by \$690,627, largely in personnel costs. The department added two School Resource Officer positions for a total staff of 30 full-time employees, all of which are eligible for annual merit increases and cost-of-living adjustments.
- Non-departmental expenses increased \$432,155 for costs associated with a winter storm in February 2023. As a result of the damaging ice storm, approximately 43,000 cubic yards of downed tree limbs and other vegetative debris had to be removed. The City was able to secure grant funding from FEMA for partial reimbursement of the storm clean-up costs.



**Business-Type Activities**

The City’s business-type activities consist solely of water and wastewater services. These activities have rates and spending plans established by the City Council. Business-type activities increased the City’s net position by \$421,869, or 69.4% after the restatement.

Revenues for business-type activities totaled \$6,514,034 compared to prior year’s revenues of \$7,796,916. The decrease of \$1,282,882 is largely attributable to a \$1,244,133 decrease in operating grants. Other notable changes in revenue include the following:

- Investment earnings increased \$303,532 due to increasing yields over the period.
- Water and wastewater impact fee revenue decreased \$382,969 due to a decrease in development of new residential homes within the City.



Expenses for business-type activities were \$6,103,520 compared to prior year expenses of \$5,904,286. The increase of \$199,234 is due largely to the following:

- Personnel costs increased \$113,199 due to fewer vacancies throughout the year and the addition of a mechanic position.
- The water utility had an increase of \$327,421 in water reservation fees paid to Guadalupe-Blanco River Authority (GBRA). The rates charged to the City by GBRA change annually and are based on the number of gallons purchased each month. The City purchased approximately 90.5 million more gallons in FY 2023 than the prior year.
- The wastewater utility had a \$136,258 decrease in sludge hauling costs after the construction of a dewatering press was completed in May 2023 eliminating the need to pay a vendor to remove sludge.
- Professional services decreased \$179,929 due to a decrease in legal fees associated with water well settlements that took place in the prior year.

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

Activities of the primary government’s General Fund, Debt Service Fund, and Capital Projects Funds are considered general government functions. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. Unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$11,116,630, a net decrease of \$212,807 or 1.9%.

The total decrease is shown by fund below.

General Fund	\$ (2,151,569)
Debt Service Fund	25,316
Capital Projects Funds	<u>1,913,446</u>
Combined fund balance change	<u>\$ (212,807)</u>

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported a total fund balance of \$6,628,607. The fund balance is categorized as follows: \$77,024 in nonspendable, \$114,561 in restricted, \$4,555,321 in assigned, and \$1,881,701 in unassigned. The unassigned fund balance includes \$1,049,228 allocated for appropriations and encumbrances in FY 2024 budget.

The fund balance of the General Fund decreased by \$2,151,569 during the fiscal year. This decrease in fund balance is due largely to an interfund transfer of \$3.8 million dollars to the Capital Projects Fund for the advancement of multiple roadway and drainage projects as part of the approved Capital Improvement Plans. The City continues to show strong earnings in tax revenues and had unprecedented investment and interest earnings.

The total fund balance of the City’s Capital Projects Funds at year-end was \$4,410,048. These funds are assigned for strategic and capital projects and replacement of capital equipment. The fund balance increased by \$1,913,446 during the fiscal year due to continued savings for future capital purchases and on-going projects spanning multiple fiscal years.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

<b>Variations in Budget Appropriations</b> <b>Year-Ended September 30, 2023</b> <b>(Budgetary Basis)</b> <b>General Fund</b>					
	Original Budget	Final Budget	Actual Results	Variances	
				Budget	Final to Actual
<b>Resources (Inflows):</b>					
Taxes	\$ 7,963,116	\$ 7,963,116	\$ 8,144,135	-	\$ 181,019
Franchise Fees	692,050	692,050	748,401	-	56,351
Permits	309,075	309,075	241,674	-	(67,401)
Animal Control	1,135	1,135	1,415	-	280
Fines & Forfeitures	176,300	176,300	208,035	-	31,735
Other Fees and Services	277,903	277,903	309,244	-	31,341
Grant Revenue	3,600	3,600	310,696	-	307,096
Miscellaneous	119,420	119,420	207,593	-	88,173
Investment Earnings	72,000	72,000	577,165	-	505,165
Other Financing Sources - SBITA	-	-	193,012	-	193,012
Transfers from Other Funds	125,000	353,924	303,067	228,924	(50,857)
<b>Total</b>	<b>\$ 9,739,599</b>	<b>\$ 9,968,523</b>	<b>\$ 11,244,437</b>	<b>\$ 228,924</b>	<b>\$ 1,275,914</b>
<b>Charges to Appropriations (Outflows):</b>					
General Government*	\$ 2,293,204	\$ 2,575,503	\$ 2,667,316	\$ 282,299	\$ 91,813
Public Safety	3,852,476	4,178,635	4,042,987	326,159	(135,648)
Public Works	884,108	935,034	835,424	50,926	(99,610)
Engineering and Planning	1,638,950	1,564,811	1,522,806	(74,139)	(42,005)
Building Codes and Permits	322,479	330,021	279,180	7,542	(50,841)
Municipal Court	283,126	296,142	250,804	13,016	(45,338)
Transfers to Other Funds	3,797,490	3,797,490	3,797,490	-	-
<b>Total</b>	<b>\$ 13,071,833</b>	<b>\$ 13,677,636</b>	<b>\$ 13,396,007</b>	<b>\$ 605,803</b>	<b>\$ (281,629)</b>

\* General Government includes Mayor & Council, Administration, City Secretary, HR & Communications, Finance, IT and Non-departmental.

Over the course of the year, the City did amend its budget. Changes from the adopted budget to the final amended budget resulted in a net increase of \$228,924 in budgeted revenue for a transfer from the equipment replacement fund.

Final budgeted revenue appropriations for the General Fund were \$9,968,523 while actual revenues on a budgetary basis were \$11,244,437 creating a favorable variance of \$1,275,914. Substantial variance explanations are listed below:

- Property tax revenues were higher than final budgeted amount due to an increase in the property tax levy after appraisal review board adjustments were finalized.
- Grant revenue was higher than final budgeted amounts due to funds received from FEMA for costs associated with brush removal after a winter storm in February 2023. Other grants received included funds from the State Comptroller for local governments disproportionately affected by disabled veterans' exemption, and grants received from the Office of the Governor for public safety.
- Investment earnings was significantly higher than budget due to high yields that were maintained throughout the fiscal year.
- The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA's)*, that records SBITA's as financing of the right to use an underlying asset. This is shown as a favorable variance in the Other Financing Sources category of revenue. A corresponding capital expenditure has been recorded in General Government charges to appropriations.

Changes in original expenditure budget appropriations to the final amended budget appropriations resulted in a net \$605,803 increase in appropriations. Variances are explained as follows:

- General Government increased \$282,299 largely due to brush removal costs associated with the winter storm in February 2023.
- Public safety and public works final budgeted appropriations increased a combined \$377,085 to capture prior year encumbrances.

Final budgeted appropriations for the General Fund were \$13,677,636 while actual expenditures on a budgetary basis were \$13,396,007, creating a favorable variance of \$281,629. Variance explanations are listed below:

- General government appropriations were higher than budget largely due to the implementation of GASB Statement No. 96 which recorded \$193,012 in capital expenditures for SBITA’s. This overage is partially offset with a \$118,101 savings in personnel due to vacancies.
- Public safety had \$135,647 savings in budgeted capital not purchased due to supply chain issues.
- Public works, engineering and planning, and building codes departments had combined personnel savings of \$111,202 due to routine vacancies. Other savings include \$55,129 in budgeted capital not purchased due to supply chain issues, and \$40,945 savings in street maintenance costs.
- Municipal court had \$58,724 savings in court security costs related to budgeted security upgrades that have been pushed to fiscal year 2024. These savings are offset with overages in personnel, judge and prosecutor costs.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2023 amounts to \$23,775,326 (net of accumulated depreciation). This investment includes land, buildings, vehicles and equipment, right to use assets, infrastructure and construction in progress (see Table A-3). The net increase in the City’s capital assets for the fiscal year was \$959,865, which is comprised of a \$117,341 increase in governmental activities and an increase of \$842,524 in business-type activities.

TABLE A-3

CITY OF FAIR OAKS RANCH’S CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2023-2022
	2023	2022	2023	2022	2023	2022	
Capital assets - not depreciated							
Land	\$ 116,798	\$ 116,798	\$ 53,600	\$ 53,600	\$ 170,398	\$ 170,398	0.0%
Construction in progress	679,451	372,035	1,649,487	1,241,495	2,328,938	1,613,530	44.3%
Capital assets - not depreciated							
Buildings and land improvements	4,037,292	4,037,292	-	-	4,037,292	4,037,292	0.0%
Vehicles and equipment	2,538,109	2,390,697	1,306,453	1,213,879	3,844,562	3,604,576	6.7%
Infrastructure	10,148,595	10,148,595	-	-	10,148,595	10,148,595	0.0%
Right to use asset - Lease	104,176	104,176	-	-	104,176	104,176	0.0%
Right to use asset - SBITA	206,114	-	271,518	-	477,632	-	100.0%
Utility plant	-	-	19,453,243	18,568,667	19,453,243	18,568,667	4.8%
Totals at historical cost	17,830,535	17,169,593	22,734,301	21,077,641	40,564,836	38,247,234	6.1%
Total accumulated depreciation	(5,585,655)	(5,042,054)	(11,203,855)	(10,389,719)	(16,789,510)	(15,431,773)	8.8%
Net capital assets	<u>\$ 12,244,880</u>	<u>\$ 12,127,539</u>	<u>\$ 11,530,446</u>	<u>\$ 10,687,922</u>	<u>\$ 23,775,326</u>	<u>\$ 22,815,461</u>	<u>4.2%</u>

Additional detail regarding capital assets can be found in note 5 on page 44-45 of the financial statements.

**Long-Term Debt**

At the end of the current fiscal year, the City had a total of \$5,320,000 in bonds outstanding. The City had no new debt issuances during the fiscal year. More detailed information about the City’s long-term liabilities can be found in note 7 on pages 45-47.

TABLE A-4

CITY OF FAIR OAKS RANCH’S LONG-TERM DEBT

	Governmental		Business-Type		Total		Total Percentage Change 2023-2022
	Activities		Activities				
	2023	2022	2023	2022	2023	2022	
Bonds payable	\$ 3,525,000	\$ 3,985,000	\$ 1,795,000	\$ 2,115,000	\$ 5,320,000	\$ 6,100,000	-12.8%

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

The City’s elected officials considered many factors when setting the fiscal year 2024 budget, tax rates, and fees that will be charged for the business-type activities. The City adopted an ad valorem tax rate of \$0.3005 per \$100 of assessed values for fiscal year 2024, which is a decrease from \$0.3291 in fiscal year 2023. Due to growth and increased valuations, property tax revenue is expected to increase approximately 3.5% compared to fiscal year 2023.

Sales tax revenue in fiscal year 2023 fell 5% short to budget but increased 5% from fiscal year 2022. The City budgeted a 3% decrease in sales tax revenue for fiscal year 2024 as we begin to see sales falling off and online sales continuing to move toward pre-pandemic levels.

For fiscal year 2024, water volumetric rates remain unchanged; however, the wastewater utility has adopted a new rate structure and volumetric rates. This change is expected to increase revenues to cover the cost of service and encourages conservation by charging low-volume users less and high-volume users more. The City has budgeted lower water revenues in fiscal year 2024 to align with pre-drought revenues, while increasing budgeted wastewater revenue based on the new volumetric rates.

Priorities for fiscal year 2024 focus on the continued development and implementation of the City’s Strategic Plan and Capital Improvement Plans while managing inflationary pressures with no change to service levels.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall, 7286 Dietz Elkhorn, Fair Oaks Ranch, Texas 78015 (210-698-0900) or (866-258-2505).



## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF FAIR OAKS RANCH, TEXAS

STATEMENT OF NET POSITION

September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Municipal Development District
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,365,102	\$ 7,978,124	\$ 19,343,226	\$ 2,623,523
Receivables (net of allowance for uncollectibles):				
Taxes	177,865	-	177,865	77,739
Accounts	860,014	787,539	1,647,553	-
Inventories	-	219,209	219,209	-
Prepays	77,024	60,423	137,447	-
Capital assets, net:				
Land	116,798	53,600	170,398	-
Buildings and land improvements	2,483,257	-	2,483,257	-
Utility plant and easements	-	9,149,962	9,149,962	-
Vehicles and equipment	627,698	463,149	1,090,847	-
Infrastructure	8,138,402	-	8,138,402	-
Right to use asset - leases	40,619	-	40,619	-
Right to use asset - SBITA	158,655	214,248	372,903	-
Construction in progress	679,451	1,649,487	2,328,938	-
Total capital assets	<u>12,244,880</u>	<u>11,530,446</u>	<u>23,775,326</u>	<u>-</u>
 Total assets	<u>24,724,885</u>	<u>20,575,741</u>	<u>45,300,626</u>	<u>2,701,262</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to OPEB	26,406	8,682	35,088	-
Deferred outflows related to pensions	<u>1,290,232</u>	<u>453,950</u>	<u>1,744,182</u>	<u>-</u>
Total deferred outflows of resources	<u>1,316,638</u>	<u>462,632</u>	<u>1,779,270</u>	<u>-</u>

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF FAIR OAKS RANCH, TEXAS

STATEMENT OF NET POSITION

September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Municipal Development District
<b>LIABILITIES</b>				
Accounts payable and other	\$ 852,024	\$ 445,199	\$ 1,297,223	\$ 175
Accrued liabilities	130,059	33,987	164,046	-
Other liabilities	3,485	11,989	15,474	-
Unearned revenue	-	145,712	145,712	-
Noncurrent liabilities:				
Due within one year	634,601	416,150	1,050,751	-
Due in more than one year	3,455,090	1,681,428	5,136,518	-
OPEB liability	83,716	27,365	111,081	-
Net pension liability	1,617,125	506,802	2,123,927	-
Total liabilities	<u>6,776,100</u>	<u>3,268,632</u>	<u>10,044,732</u>	<u>175</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	13,734	4,446	18,180	-
Deferred inflows related to OPEB	49,393	16,088	65,481	-
Total deferred inflows of resources	<u>63,127</u>	<u>20,534</u>	<u>83,661</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	8,496,444	9,550,922	18,047,366	-
Restricted for:				
Court technology	18,587	-	18,587	-
Court security building	15,322	-	15,322	-
Court efficiency and felony forfeiture	44,353	-	44,353	-
Other court restrictions	15,975	-	15,975	-
PEG fees	4,319	-	4,319	-
Public safety	16,005	-	16,005	-
Debt service	77,975	-	77,975	-
Unrestricted	<u>10,513,316</u>	<u>8,198,285</u>	<u>18,711,601</u>	<u>2,701,087</u>
Total net position	<u>\$ 19,202,296</u>	<u>\$ 17,749,207</u>	<u>\$ 36,951,503</u>	<u>\$ 2,701,087</u>



**CITY OF FAIR OAKS RANCH, TEXAS**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2023**

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
Mayor and council	\$ 7,643	\$ -	\$ -	\$ -
Administration	749,366	297,356	101,694	-
City secretary	277,612	-	-	-
HR and communications	228,388	-	-	-
Finance	341,093	-	-	-
Municipal court	256,851	289,055	-	-
Public safety	4,147,473	1,415	118,176	-
Engineering and planning	1,529,149	-	-	-
Public works	2,366,969	-	159,470	-
Building codes and permits	280,890	241,674	-	-
Information technology	391,185	-	-	-
General government	684,861	-	-	-
Total governmental activities	<u>11,261,480</u>	<u>829,500</u>	<u>379,340</u>	<u>-</u>
Business-type activities:				
Water/sewer utility	<u>6,103,520</u>	<u>6,165,245</u>	-	-
Total business-type activities	6,103,520	6,165,245	-	-
Total primary government	<u>\$ 17,365,000</u>	<u>\$ 6,994,745</u>	<u>\$ 379,340</u>	<u>\$ -</u>
Component unit:				
Municipal Development District	<u>\$ 38,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues				
Taxes:				
Property taxes				
Sales taxes				
Mixed beverage taxes				
Franchise taxes				
Interest and investment earnings				
Gain on sale of capital assets				
Miscellaneous				
Total general revenues				
Change in net position				
Net position - beginning				
Prior period adjustment				
Net position - ending				

The accompanying notes are an integral part of these financial statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u>
<u>Primary Government</u>			
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Municipal Development District</u>
\$ (7,643)	\$ -	\$ (7,643)	
(350,316)	-	(350,316)	
(277,612)	-	(277,612)	
(228,388)	-	(228,388)	
(341,093)	-	(341,093)	
32,204	-	32,204	
(4,027,882)	-	(4,027,882)	
(1,529,149)	-	(1,529,149)	
(2,207,499)	-	(2,207,499)	
(39,216)	-	(39,216)	
(391,185)	-	(391,185)	
(684,861)	-	(684,861)	
<u>(10,052,640)</u>	<u>-</u>	<u>(10,052,640)</u>	
-	61,725	61,725	
-	61,725	61,725	
<u>(10,052,640)</u>	<u>61,725</u>	<u>(9,990,915)</u>	
			<u>\$ (38,195)</u>
7,062,241	-	7,062,241	-
1,656,135	-	1,656,135	453,885
27,984	-	27,984	-
748,401	-	748,401	-
581,995	358,595	940,590	109,462
16,931	(9,806)	7,125	-
<u>133,907</u>	<u>-</u>	<u>133,907</u>	<u>-</u>
<u>10,227,594</u>	<u>348,789</u>	<u>10,576,383</u>	<u>563,347</u>
174,954	410,514	585,468	525,152
<u>19,015,987</u>	<u>17,327,338</u>	<u>36,343,325</u>	<u>2,175,935</u>
<u>11,355</u>	<u>11,355</u>	<u>22,710</u>	<u>-</u>
<u>\$ 19,202,296</u>	<u>\$ 17,749,207</u>	<u>\$ 36,951,503</u>	<u>\$ 2,701,087</u>

CITY OF FAIR OAKS RANCH, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2023

	Major Funds			Other	Total
	General Fund	Strategic Projects Fund	Equipment Replacement Fund	Governmental Fund Debt Service Fund	Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,742,323	\$ 3,405,627	\$ 1,140,475	\$ 76,677	\$ 11,365,102
Receivables (net of allowance for uncollectibles):					
Property taxes	162,967	-	-	14,898	177,865
Accounts receivable	860,014	-	-	-	860,014
Prepaid items	77,024	-	-	-	77,024
<b>Total assets</b>	<u>\$ 7,842,328</u>	<u>\$ 3,405,627</u>	<u>\$ 1,140,475</u>	<u>\$ 91,575</u>	<u>\$ 12,480,005</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 744,780	\$ 107,244	\$ -	\$ -	\$ 852,024
Accrued expenditures	101,249	28,810	-	-	130,059
Other liabilities	3,485	-	-	-	3,485
<b>Total liabilities</b>	<u>849,514</u>	<u>136,054</u>	<u>-</u>	<u>-</u>	<u>985,568</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	364,207	-	-	13,600	377,807
<b>Total deferred inflows of resources</b>	<u>364,207</u>	<u>-</u>	<u>-</u>	<u>13,600</u>	<u>377,807</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	77,024	-	-	-	77,024
Restricted for:					
Court technology	18,587	-	-	-	18,587
Court security building	15,322	-	-	-	15,322
Court efficiency and felony forfeiture	44,353	-	-	-	44,353
Other court restrictions	15,975	-	-	-	15,975
PEG fees	4,319	-	-	-	4,319
Public safety	16,005	-	-	-	16,005
Debt service	-	-	-	77,975	77,975
Assigned for:					
Strategic expenditures	-	3,269,573	-	-	3,269,573
Capital equipment	-	-	1,140,475	-	1,140,475
Legal issues	50,000	-	-	-	50,000
Six month operating reserve	4,505,321	-	-	-	4,505,321
Unassigned	1,881,701	-	-	-	1,881,701
<b>Total fund balances</b>	<u>6,628,607</u>	<u>3,269,573</u>	<u>1,140,475</u>	<u>77,975</u>	<u>11,116,630</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 7,842,328</u>	<u>\$ 3,405,627</u>	<u>\$ 1,140,475</u>	<u>\$ 91,575</u>	<u>\$ 12,480,005</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FAIR OAKS RANCH, TEXAS

RECONCILIATION OF BALANCE SHEET-  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

September 30, 2023

Total fund balances - total governmental funds \$ 11,116,630

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 12,244,880

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 377,807

Accrued vacation leave payable is not due and payable in the current period and, therefore, is not reported in the funds. (341,255)

Long-term liabilities, including bonds and capital leases are not due and payable in the current period and, therefore, not reported in the governmental funds.

Bonds payable (3,525,000)

Right to use liability (176,730)

Unamortized bond premium (46,706)

Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.

Net pension liability (1,617,125)

Pension related deferred inflows (13,734)

Pension related deferred outflows 1,290,232

OPEB liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.

OPEB liability (83,716)

OPEB related deferred inflows (49,393)

OPEB related deferred outflows 26,406

Total net position of governmental activities \$ 19,202,296

The accompanying notes are an integral part of these financial statements.

CITY OF FAIR OAKS RANCH, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended September 30, 2023

	Major Fund			Other Governmental Fund Debt Service Fund	Total Governmental Funds
	General Fund	Strategic Projects Fund	Equipment Replacement Fund		
<b>REVENUES</b>					
Taxes	\$ 8,144,135	\$ -	\$ -	\$ 573,016	\$ 8,717,151
Franchise fees	748,401	-	-	-	748,401
Permits	241,674	-	-	-	241,674
Animal control	1,415	-	-	-	1,415
Fines and forfeits	208,035	-	-	-	208,035
Utility management fee	257,499	-	-	-	257,499
Other fees and services	51,745	-	-	-	51,745
Interest	577,165	-	-	4,830	581,995
Grant revenue	310,696	-	-	-	310,696
Miscellaneous	190,663	-	-	-	190,663
<b>Total revenues</b>	<b>10,731,428</b>	<b>-</b>	<b>-</b>	<b>577,846</b>	<b>11,309,274</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Mayor and council	7,643	-	-	-	7,643
Administration	660,453	31,735	-	-	692,188
City secretary	243,832	22,967	-	-	266,799
HR and communications	218,641	2,068	-	-	220,709
Finance	329,737	-	-	-	329,737
Municipal court	250,804	-	-	-	250,804
Public safety	3,786,061	-	-	-	3,786,061
Engineering and planning	1,516,776	-	-	-	1,516,776
Public works	786,124	1,216,791	-	-	2,002,915
Building codes and permits	279,180	-	-	-	279,180
Information technology	321,470	-	-	-	321,470
Non-departmental	591,897	-	-	-	591,897
Capital projects/outlay	519,820	307,416	-	-	827,236
<b>Debt service:</b>					
Principal	79,788	-	-	460,000	539,788
Interest and fiscal charges	6,291	-	-	92,530	98,821
<b>Total expenditures</b>	<b>9,598,517</b>	<b>1,580,977</b>	<b>-</b>	<b>552,530</b>	<b>11,732,024</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,132,911</b>	<b>(1,580,977)</b>	<b>-</b>	<b>25,316</b>	<b>(422,750)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of assets	16,931	-	-	-	16,931
Proceeds from SBITAs	193,012	-	-	-	193,012
Transfers in	303,067	3,442,995	354,495	-	4,100,557
Transfers out	(3,797,490)	-	(303,067)	-	(4,100,557)
<b>Total other financing sources (uses)</b>	<b>(3,284,480)</b>	<b>3,442,995</b>	<b>51,428</b>	<b>-</b>	<b>209,943</b>
<b>Net change in fund balances</b>	<b>(2,151,569)</b>	<b>1,862,018</b>	<b>51,428</b>	<b>25,316</b>	<b>(212,807)</b>
Fund balance - beginning	8,780,176	1,407,555	1,089,047	52,659	11,329,437
Fund balance - ending	\$ 6,628,607	\$ 3,269,573	\$ 1,140,475	\$ 77,975	\$ 11,116,630

The accompanying notes are an integral part of these financial statements.

CITY OF FAIR OAKS RANCH, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2023

Net change in fund balances - total governmental funds \$ (212,807)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report all capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.

Current year additions 634,224
Current year depreciation (655,298)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Ad valorem revenue 29,209
Court citations 81,020

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments 466,673
Lease liability payments (214)
SBITA liability payments 14,050

Governmental funds report required contributions to employee pension as expenditures. However, in the statement of activities, the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded the actuarially determined pension expense.

(189,273)

Governmental funds report required contributions to employee OPEB as expenditures. However, in the statement of activities, the cost of the OPEB is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded the actuarially determined OPEB expense.

(10,225)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences 17,595

Change in net position - governmental activities \$ 174,954

The accompanying notes are an integral part of these financial statements.

CITY OF FAIR OAKS RANCH, TEXAS

STATEMENT OF NET POSITION –  
PROPRIETARY FUND

September 30, 2023

	Business-Type Activities
	<u>Water/Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 7,978,124
Receivables (net of allowances for uncollectibles):	
Accounts	787,539
Inventories	219,209
Prepays	<u>60,423</u>
Total current assets	<u>9,045,295</u>
Capital assets:	
Land	53,600
Construction in progress	1,649,487
Utility plant and easements	19,453,243
Vehicles and equipment	1,577,971
Accumulated depreciation	<u>(11,203,855)</u>
Total capital assets, net of accumulated depreciation	<u>11,530,446</u>
Total assets	<u>20,575,741</u>
Deferred outflows of resources	
Deferred OPEB related outflows	8,682
Deferred pension related outflows	<u>453,950</u>
Total deferred outflows of resources	<u>462,632</u>
Liabilities	
Current liabilities:	
Accounts payable	445,199
Accrued liabilities	33,987
Other liabilities	11,989
Unearned revenue	145,712
Due within one year	<u>416,150</u>
Total current liabilities	<u>1,053,037</u>
Noncurrent liabilities:	
Due in more than one year	1,681,428
OPEB liability	27,365
Net pension liability	<u>506,802</u>
Total noncurrent liabilities	<u>2,215,595</u>
Total liabilities	<u>3,268,632</u>
Deferred inflows of resources	
Deferred pension related inflows	4,446
Deferred OPEB related inflows	<u>16,088</u>
Total deferred inflows of resources	<u>20,534</u>
Net position	
Net investment in capital assets	9,550,922
Unrestricted	<u>8,198,285</u>
Total net position	<u>\$ 17,749,207</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF FAIR OAKS RANCH, TEXAS**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUND**

**For the year ended September 30, 2023**

	Business-Type Activities
	<u>Water/Sewer Fund</u>
Operating revenues	
Charges for utility service	\$ 6,165,245
Operating expenses	
Personnel services	1,876,836
Contractual services	10,199
Maintenance	379,150
Equipment lease	8,454
Supplies	140,444
Office supplies	186,221
Postage	22,145
Utilities	259,202
Management fee	257,499
Professional fees	227,158
Permits and licenses	9,956
Water reservation fees	1,532,440
Insurance	56,253
Sludge disposal	187,193
Miscellaneous	<u>63,401</u>
Total operating expenses	<u>5,216,551</u>
Operating income (loss) before depreciation	<u>948,694</u>
Depreciation	<u>862,733</u>
Operating income (loss)	<u>85,961</u>
Nonoperating revenues (expenses)	
Interest income	358,595
Interest and fiscal charges	(24,236)
Gain/loss	<u>(9,806)</u>
Total nonoperating revenues (expenses)	<u>324,553</u>
Income before transfers	<u>410,514</u>
Change in net position	410,514
Total net position - beginning	<u>17,327,338</u>
Prior period adjustment	<u>11,355</u>
Total net position - ending	<u>\$ 17,749,207</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF FAIR OAKS RANCH, TEXAS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

**For the year ended September 30, 2023**

	Business-Type Activities
	<u>Water/Sewer Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 6,058,047
Cash paid for employee wages and benefits	(1,814,590)
Cash paid for suppliers for goods and services	(2,983,367)
Cash paid to general fund for management fee	(257,499)
Net cash provided (used) in operating activities	<u>1,002,591</u>
Cash flows from noncapital financing activities	
Cash received from grant revenue	<u>-</u>
Cash flows from capital and related financing activities	
Purchase/construction of capital assets	(1,711,888)
Proceeds from sale of assets	8,180
Principal payments on long-term debt	(132,284)
Interest and fiscal charges paid	(24,236)
Net cash provided (used) by capital and related financing activities	<u>(1,860,228)</u>
Cash flows from investing activities	
Investment interest received	<u>358,595</u>
Net cash provided (used) by investing activities	<u>358,595</u>
Net increase (decrease) in cash and investments	(499,042)
Cash and investments at beginning of year	<u>8,477,166</u>
Cash and investments at end of year	<u>\$ 7,978,124</u>
Reconciliation of net operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 85,961
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	862,733
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(107,198)
(Increase) decrease in inventories	(59,852)
(Increase) decrease in prepaids	(36,079)
Increase (decrease) in accounts payable	182,791
Increase (decrease) in accrued liabilities	4,284
Increase (decrease) in other liabilities	69,951
Net cash provided (used) by operating activities	<u>\$ 1,002,591</u>
<u>SCHEDULE OF NONCASH CAPITAL ACTIVITIES</u>	
Actuarially determined change in net pension liability	\$ 15,152
Other postemployment benefit liability	430,075

The accompanying notes are an integral part of these financial statements.

**CITY OF FAIR OAKS RANCH, TEXAS**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND**

**September 30, 2023**

	<u>Private-Purpose Trust Fund</u>
Assets	
Cash and cash equivalents	\$ 5,559
Other receivable	<u>599</u>
 Total assets	 <u>6,158</u>
 Liabilities	
Due to local government	 <u>599</u>
 Net position	
Restricted for individuals	 <u><u>\$ 5,559</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF FAIR OAKS RANCH, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND

For the year ended September 30, 2023

	<u>Private-Purpose Trust Fund</u>
Additions	
Contributions from employees	\$ 24,297
Deductions	
Benefit payments	<u>20,770</u>
Net change in fiduciary net position	3,527
Net position - beginning	<u>2,032</u>
Net position - ending	<u><u>\$ 5,559</u></u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**



**CITY OF FAIR OAKS RANCH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

(1) Summary of significant accounting policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below:

Reporting entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2023, the City had one component unit that is discretely presented in these financial statements:

City of Fair Oaks Ranch Municipal Development District

The City of Fair Oaks Ranch Municipal Development District (“MDD”) was organized in accordance with Chapter 377 of the Texas Local Government Code for the purpose of developing and financing projects beneficial to the City. The MDD collects a ½ cent sales tax to finance projects that promote the economic growth in the City. The City Council appoints the governing Board of the MDD and approves annual budgets. The MDD meets the criteria of a discretely presented component unit, described as above, and is presented in the government-wide financial statements. Complete financial statements for the Fair Oaks Ranch Municipal Development District may be obtained at City Hall.

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(1) Summary of significant accounting policies (continued)

Measurement focus and basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants, interest, and miscellaneous income not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unearned revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The *general fund* is the general operating fund of the City and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public works, public health, capital acquisition and municipal court.

*Strategic projects fund* is used to account for the funds assigned for various capital projects.

*Equipment replacement fund* is used to account for funds assigned for capital equipment additions.

*Proprietary fund level financial statements* are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's proprietary fund is the water/sewer fund (used to account for the provision of water and sewer services to residents).

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(1) Summary of significant accounting policies (continued)

Measurement focus and basis of accounting and financial statement presentation (continued)

The proprietary fund is accounted for using the accrual basis of accounting as follows:

- 1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- 2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations.

*Fiduciary fund* is used to account for resources held in trust for employees to pay for employee medical expenses. Contributions into the fund come from the employees.

Cash and cash equivalents

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

Investments

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (ii) secured by obligations that are described by (a)-(d); or, (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City has all its monies in interest bearing checking accounts and public funds investment pools. Earnings from these investments are added to each account monthly or quarterly.

Accounts receivable

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2022 and past due after January 31, 2023. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year’s levy are shown net of an allowance for uncollectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.



**CITY OF FAIR OAKS RANCH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

(1) Summary of significant accounting policies (continued)

Accounts receivable (continued)

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Inventories and prepaid items

Inventories of repair and replacement parts for the utility system are valued at cost, which approximates market, using the moving average cost method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted net position

Certain proceeds of General Obligation Bonds, as well as certain resources set aside for their repayment, and revenues received with constraints to specific purposes by their providers, through constitutional provisions, or by enabling legislation are classified as restricted net position on the balance sheet because their use is limited.

Capital assets

Capital assets, which include land, buildings and improvements, equipment, infrastructure, and construction in progress assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Construction in progress assets include infrastructure assets which are not yet complete and in use. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(1) Summary of significant accounting policies (continued)

Capital assets (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Land improvements	5 to 10 years
Building and improvements	20 to 40 years
Utility system in service	20 to 40 years
Infrastructure	5 to 40 years
Machinery and equipment	5 to 10 years

Deferred inflows/outflows of resources

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS’s fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefits payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits

The other postemployment benefit liability of the Texas Municipal Retirement System (TMRS) Supplemental Death Benefit Plan (SDBF) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the other postemployment benefit (OPEB) liability and deferred outflows of resources related to the other postemployment benefits, (OPEB) expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. Contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

The statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

The statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**CITY OF FAIR OAKS RANCH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

(1) Summary of significant accounting policies (continued)

Compensated absences

The City allows employees who are eligible for vacation and sick leave (compensated absences) to accumulate and carry over the accumulation to subsequent years within certain limitations. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

Sick leave days are not paid when an employee leaves City employment; therefore a liability is not reported for unpaid sick leave.

Unearned revenue

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts, are amortized over the life of the discount. Bond issuance costs are reported as expenses in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity

Fund balances in governmental funds are classified as follows:

Nonspendable – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed – represents amounts that can only be used for a specific purpose determined by a formal action of the government’s highest level of decision making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

# CITY OF FAIR OAKS RANCH, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (1) Summary of significant accounting policies (continued)

#### Fund equity (continued)

Assigned – represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council and the City Administrator are the only entities that may make assignments at this time.

Unassigned – represents the residual balance that may be spent on any other purpose of the City. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second, assigned third, and unassigned fourth.

#### Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

#### Interfund transactions

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

The City charges the utility (proprietary) fund a management fee for administrative costs associated with the utility fund. During the year ended September 30, 2023, management fees totaled \$257,499.

#### Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for water and sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

#### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## CITY OF FAIR OAKS RANCH, TEXAS

### NOTES TO FINANCIAL STATEMENTS

**September 30, 2023**

#### (1) Summary of significant accounting policies (continued)

##### New accounting policy

As of October 1, 2022, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA's)*. The objectives of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for SBITAs by governments. The statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were classified as operating agreements. It establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the right to use an underlying asset. A government is required to recognize a SBITA liability and an intangible right to use asset.

#### (2) Cash and cash equivalents

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

##### Cash and cash equivalents

*Custodial credit risk – deposits.* At September 30, 2023, the carrying amount of the City's deposits in the bank was \$625,882 and the bank balance was \$767,418. Of the bank balance, \$250,000 was covered by federal deposit insurance and the City's depository had pledged securities having a market value of \$1,289,998 as collateral for the City's deposits. All of the City's cash was fully collateralized. The City maintains \$1,175 of cash-on-hand at September 30, 2023.

At September 30, 2023, the carrying amount of the Municipal Development District's deposits in the bank was \$98,830 and the bank balance was the same. The bank balance was fully covered by federal deposit insurance. All of the District's cash was fully collateralized.

##### Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowance investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statement disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City has adhered to the requirements of the Act. Investment practices of the City were in accordance with local policies. The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) money market mutual funds, and 4) eligible public funds investment pools.

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(2) Cash and cash equivalents (continued)

Investments (continued)

The City’s investments at September 30, 2023 were as shown below:

	<u>Rating</u>	<u>Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool (valued at amortized cost)	AAAm	\$ 3,689,600	24
Texas Class (valued at net asset value)	AAAm	\$ 15,032,129	49

The Municipal Development District’s investments at September 30, 2023 were as shown below:

	<u>Rating</u>	<u>Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool (valued at amortized cost)	AAAm	\$ 460,407	24
Texas Class (valued at net asset value)	AAAm	\$ 2,064,285	49

Custodial credit risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All of the City’s investments are held by its agents in the City’s name.

Interest rate risk

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its operating investment portfolio to less than 13 months. The City’s investment policy limits the final stated maturity of any security to no more than two years. As a matter of policy, the City holds all investments to maturity.

Credit risk

The City’s investment policy states that investments in local government pools will be no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service.

Investment accounting policy

The City’s general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**CITY OF FAIR OAKS RANCH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

(2) Cash and cash equivalents (continued)

Public funds investment pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. TexPool is an investment pool that meets these criteria.

TexPool is an investment pool in which the Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company (The Trust Company). The Trust Company is authorized to operate the pool. Federated Investors, Inc. manages the assets under an agreement with the Comptroller, acting on behalf of the Trust Company. TexPool is reported at amortized cost and it does not have any limitations or restrictions on participants’ withdrawals.

The City is invested in Texas Cooperative Liquid Assets Securities System (Texas CLASS) Trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Public Trust Advisors, LLC with Wells Fargo Bank Texas, NA as the Custodian and is supervised by a Board of Trustees who are elected by the participants. The District does not have any unfunded commitments related to the pool. Each investment pool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool’s liquidity. The fair value of the investments in each pool have been determined using the NAV per share of investments. The redemption frequency is daily and there is not a redemption notice period for the pool.

(3) Property tax

Taxes were levied on and payable as of January 1. The City contracts with the Bexar County Tax Assessor-Collector to collect taxes on its behalf. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action.

For fiscal year 2023, the assessed tax rate for the City was \$.3291 per \$100 on an assessed valuation of \$2,137,859,177. The tax rate is split \$.3023 for general maintenance and operations and \$.0268 for interest and sinking. Total tax levy for fiscal year 2023 is \$7,036,602. As of September 30, 2023, the delinquent taxes were \$119,285.

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(3) Property tax (continued)

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2023, was \$.3291 per \$100 of assessed value, which means that the City has a tax margin of \$2.1709 for each \$100 value and could increase its annual tax levy by approximately \$46,410,785 based upon the present assessed valuation of \$2,137,859,177 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding two public hearings. The Property Tax Code subjects an increase in the proposed tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than three and a half percent (3.5%) of the previous year's maintenance and operations tax rate.

(4) Interfund balances and transfers

Interfund balances represent reimbursements for expenditures paid or cash received on behalf of other funds and are expected to be liquidated in the next fiscal year. At September 30, 2023, the City did not have any due to/due from balances outstanding.

Transfers between City funds during the year ended September 30, 2023 consist of the following:

Transfer Out	Transfer In	Amount	Purpose
General Fund	Strategic Projects Fund	\$ 3,442,995	Capital Improvement Plan
General Fund	Equipment Replacement Fund	354,495	Capital Equipment Replacement
Equipment Replacement Fund	General Fund	303,067	Capital Replacement
	Total	<u>\$ 4,100,557</u>	



CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(5) Capital assets

Capital asset activity in the governmental fund for the year ended September 30, 2023, was as follows:

	Balance October 1, 2022	Additions	Disposals	Balance September 30, 2023
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 116,798	\$ -	\$ -	\$ 116,798
Construction in progress	372,035	307,416	-	679,451
Capital assets being depreciated				
Buildings and land improvements	4,037,292	-	-	4,037,292
Vehicles and equipment	2,390,697	326,808	(179,396)	2,538,109
Infrastructure	10,148,595	-	-	10,148,595
Right to use asset - lease	104,176	-	-	104,176
Right to use asset - SBITA	13,102	193,012	-	206,114
Total capital assets	<u>17,182,695</u>	<u>827,236</u>	<u>(179,396)</u>	<u>17,830,535</u>
Less accumulated depreciation				
Buildings and land improvements	(1,441,881)	(112,154)	-	(1,554,035)
Vehicles and equipment	(1,620,136)	(290,275)	-	(1,910,411)
Infrastructure	(1,936,720)	(252,869)	179,396	(2,010,193)
Right to use asset - lease	(43,317)	(20,240)	-	(63,557)
Right to use asset - SBITA	(1,747)	(45,712)	-	(47,459)
Total accumulated depreciation	<u>(5,043,801)</u>	<u>(721,250)</u>	<u>179,396</u>	<u>(5,585,655)</u>
Governmental capital assets, net	<u>\$ 12,138,894</u>	<u>\$ 105,986</u>	<u>\$ -</u>	<u>\$ 12,244,880</u>

Capital asset activity in the proprietary fund for the year ended September 30, 2023, was as follows:

	Balance October 1, 2022	Additions	Disposals	Balance September 30, 2023
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 53,600	\$ -	\$ -	\$ 53,600
Construction in progress	1,241,495	1,092,679	(684,687)	1,649,487
Capital assets being depreciated				
Utility plant and easements	18,568,667	910,272	(25,696)	19,453,243
Vehicles and equipment	1,213,879	135,209	(42,635)	1,306,453
Right to use asset - SBITA	13,102	258,416	-	271,518
Totals capital assets	<u>21,090,743</u>	<u>2,396,576</u>	<u>(753,018)</u>	<u>22,734,301</u>
Less accumulated depreciation				
Utility plant and easements	(9,600,664)	(710,326)	7,709	(10,303,281)
Vehicles and equipment	(789,055)	(96,884)	42,635	(843,304)
Right to use asset - SBITA	(1,747)	(55,523)	-	(57,270)
Total accumulated depreciation	<u>(10,391,466)</u>	<u>(862,733)</u>	<u>50,344</u>	<u>(11,203,855)</u>
Business-type capital assets, net	<u>\$ 10,699,277</u>	<u>\$ 1,533,843</u>	<u>\$ (702,674)</u>	<u>\$ 11,530,446</u>

**CITY OF FAIR OAKS RANCH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

(5) Capital assets (continued)

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 82,945
Public safety	231,227
Information technology	65,136
Public works	341,126
Non-departmental	<u>816</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 721,250</u></u>

(6) Unearned revenue

*Water Supply Agreements*

The City has entered into agreements with certain developers to provide water and sewer services to planned future developments. The City has agreed to provide treated water from the City’s water production, storage and distribution system and to provide sewer service from the City’s wastewater treatment plant, both of which may require expansion or modifications. The developers have agreed to extend utilities from their present locations to the boundaries of the developed properties and to provide for offsets and/or credits toward “Contributions in Aid of Construction”. The City will credit the contributions in aid provided by the developers against impact fees due upon development of the property. Impact fees are collected at the time a building permit is issued for a particular lot. Therefore, the contributions in aid are unearned until such time as the lots are permitted for construction. The City received \$0 contributions in aid during the year ended September 30, 2023. The City has received \$622,528 in contributions in aid to date and has earned a total of \$476,816 in fees. The remaining \$145,712 of contributions are reported as unearned revenue accordingly.

(7) Long-term liabilities

Primary government

At September 30, 2023, the City’s long-term debt consisted of the following:

	Range of Interest Rates	Unpaid Principal	Current Maturities	Long-Term Maturities
<b>Governmental activities:</b>				
General Obligation Bond, Series 2015	1.0 - 3.0%	\$ 3,525,000	\$ 470,000	\$ 3,055,000
Business-type activities	Range of Interest Rates	Unpaid Principal	Current Maturities	Long-Term Maturities
Certificate of Obligation Bond Series 2020	1.01%	\$ 1,795,000	\$ 320,000	\$ 1,475,000

**CITY OF FAIR OAKS RANCH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

(7) Long-term liabilities (continued)

Primary government (continued)

On April 16, 2015 the City issued general obligations bonds, series 2015 for \$7,000,000. The proceeds were used for designing, acquiring, constructing, renovating, improving and equipping City streets, curbs, sidewalks, and gutter improvements, demolition, repair, and rebuilding of existing streets, completing necessary or incidental utility relocation and drainage in connection with the foregoing and the purchase of land, easements, and right-of-way.

On September 23, 2020 the City issued tax and limited pledge revenue certificate of obligation bonds, series 2020 for \$2,660,000. The proceeds were used to refinance capital equipment purchased through capital lease agreements and acquire other equipment and materials for City water projects.

Changes in the City’s long-term liabilities during the fiscal year ended September 30, 2023:

	Original Amount	Balance Outstanding Oct. 1, 2022	Current Additions	Current Reductions	Balance Outstanding Sept. 30, 2023	Due Within One Year
<u>Governmental activities:</u>						
Long-term debt:						
GO Bonds, Series 2015	\$ 7,000,000	\$ 3,985,000	\$ -	\$ (460,000)	\$ 3,525,000	\$ 470,000
Premium on bonds		53,379	-	(6,673)	46,706	6,673
Total long-term debt		4,038,379	-	(466,673)	3,571,706	476,673
Other long-term liabilities:						
Right to use lease liability		63,507	-	(20,027)	43,480	18,051
Right to use SBITA liability		-	193,012	(59,762)	133,250	54,563
Compensated absences		358,850	72,117	(89,712)	341,255	85,314
Total governmental activities		<u>\$ 4,460,736</u>	<u>\$ 265,129</u>	<u>\$ (636,174)</u>	<u>\$ 4,089,691</u>	<u>\$ 634,601</u>
<u>Business-type activities:</u>						
Long-term debt:						
CO Bonds, Series 2020	\$ 2,660,000	\$ 2,115,000	\$ -	\$ (320,000)	\$ 1,795,000	\$ 320,000
Other long-term liabilities:						
Right to use SBITA liability		-	258,416	(73,892)	184,524	66,636
Compensated absences		114,862	31,907	(28,715)	118,054	29,514
Total business-type activities		<u>2,229,862</u>	<u>290,323</u>	<u>(422,607)</u>	<u>2,097,578</u>	<u>416,150</u>
Total changes in long-term liabilities		<u>\$ 6,690,598</u>	<u>\$ 555,452</u>	<u>\$ (1,058,781)</u>	<u>\$ 6,187,269</u>	<u>\$ 1,050,751</u>

The compensated absences attributable to the governmental activities will be liquidated primarily by the general fund. The compensated absences attributable to the business-type activities will be liquidated by the water/sewer fund. The net and total pension liabilities and the OPEB liability will be liquidated primarily from the general fund, approximately 77%, with the remaining amounts from the water and sewer fund.

**CITY OF FAIR OAKS RANCH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

(7) Long-term liabilities (continued)

The annual requirements to amortize all long-term bonded debt outstanding as of September 30, 2023, including principal and interest payments, are as follows:

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 470,000	\$ 83,163	\$ 553,163	\$ 320,000	\$ 16,513	\$ 336,513
2025	480,000	72,475	552,475	325,000	13,256	338,256
2026	490,000	60,950	550,950	325,000	9,974	334,974
2027	500,000	48,575	548,575	330,000	6,666	336,666
2028	515,000	35,888	550,888	335,000	3,308	338,308
2029 - 2030	<u>1,070,000</u>	<u>30,925</u>	<u>1,100,925</u>	<u>160,000</u>	<u>808</u>	<u>160,808</u>
	<u>\$ 3,525,000</u>	<u>\$ 331,976</u>	<u>\$ 3,856,976</u>	<u>\$ 1,795,000</u>	<u>\$ 50,525</u>	<u>\$ 1,845,525</u>

Right to use lease liability

At September 30, 2023, the City was obligated under the right to use leases for apple ipads (\$2,895), copier leases (\$57,888), and postage meter (\$2,724). The ipads were leased for a term of 2 years at a fixed interest rate of 5.25%. The monthly payments are \$732. The copiers were leased for a term of 5 years at a fixed interest rate of 5.25%. The monthly payments are \$1,581. The postage meter was leased for a term of 63 months at a fixed interest rate of 5.25%. The monthly payments are \$78. The leases are not renewable and the City will not acquire the equipment at the end of the terms. Future minimum lease payments on these leases are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 18,051	\$ 1,853	\$ 19,904
2025	19,022	882	19,904
2026	<u>6,407</u>	<u>70</u>	<u>6,477</u>
	<u>\$ 43,480</u>	<u>\$ 2,805</u>	<u>\$ 46,285</u>

Right to use SBITA liability

At September 30, 2023, the City was obligated under the right to use SBITAs for general administrative subscription agreements. These agreements included contracts for the City’s budget and financial software, antivirus and other IT software, as well as the City’s website and Microsoft 365. Future minimum payments on the SBITA agreements are as follows:

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 54,563	\$ 5,199	\$ 59,762	\$ 66,636	\$ 7,256	\$ 73,892
2025	56,667	3,095	59,762	69,224	4,668	73,892
2026	10,787	910	11,697	23,847	1,979	25,826
2027	<u>11,233</u>	<u>464</u>	<u>11,697</u>	<u>24,817</u>	<u>1,009</u>	<u>25,826</u>
	<u>\$ 133,250</u>	<u>\$ 9,668</u>	<u>\$ 142,918</u>	<u>\$ 184,524</u>	<u>\$ 14,912</u>	<u>\$ 199,436</u>

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(8) Employees' retirement systems

Texas Municipal Retirement System

Plan description

The City of Fair Oaks Ranch participates as one of 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report that can be obtained at [www.tmr.com](http://www.tmr.com)

Benefits provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the State statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contribution and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement dates, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	51
Active employees	<u>73</u>
Total	<u>146</u>

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(8) Employees' retirement systems (continued)

Texas Municipal Retirement System (continued)

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the entry age normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The City matches 2 to 1. The contribution rates for the City were 11.72% and 11.67% in calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023 and 2022 were \$628,870 and \$568,318, which were equal to the required contributions.

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31st
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years (longest amortization ladder)
Asset valuation method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(8) Employees' retirement systems (continued)

Texas Municipal Retirement System (continued)

Actuarial assumptions (continued)

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the general employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimate of real rates of return for each major asset class in fiscal year 2023 are summarized in the following tables:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other public and private markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	<u>100.00%</u>	

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(8) Employees' retirement systems (continued)

Texas Municipal Retirement System (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability

The schedule below presents the changes in the net pension liability (asset) as of December 31, 2022:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2021	\$ 11,513,316	\$ 11,373,389	\$ 139,927
Changes for the year:			
Service cost	836,697	-	836,697
Interest	796,374	-	796,374
Changes of benefit terms	-	-	-
Difference between expected and actual experience	433,116	-	433,116
Changes of assumptions	-	-	-
Contributions - employer	-	571,343	(571,343)
Contributions - employee	-	342,708	(342,708)
Net investment income	-	(833,252)	833,252
Benefit payments, including refunds of employee contributions	(267,066)	(267,066)	-
Administrative expenses	-	(7,184)	7,184
Other changes	-	8,572	(8,572)
Net changes	<u>1,799,121</u>	<u>(184,879)</u>	<u>1,984,000</u>
Balance at 12/31/2022	<u>\$ 13,312,437</u>	<u>\$ 11,188,510</u>	<u>\$ 2,123,927</u>



**CITY OF FAIR OAKS RANCH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

(8) Employees' retirement systems (continued)

Texas Municipal Retirement System (continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
Net pension liability (asset)	\$ <u>4,499,589</u>	\$ <u>2,123,927</u>	\$ <u>235,589</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the schedule of changes in fiduciary net position, by participant city. The report may be obtained at [www.tmr.com](http://www.tmr.com).

Pension expense and deferred outflows/inflows of resources related to pensions

For the year ended September 30, 2023, the City recognized pension expense of \$876,823.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 478,490	\$ 18,180
Changes in actuarial assumptions	11,724	-
Difference between projected and actual investment earnings	769,956	-
Contributions made subsequent to the measurement date	<u>484,012</u>	<u>-</u>
Total	<u>\$ 1,744,182</u>	<u>\$ 18,180</u>

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(8) Employees' retirement systems (continued)

Texas Municipal Retirement System (continued)

Pension plan fiduciary net position (continued)

The City reported \$484,012 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amortization Expense
2024	\$ 218,909
2025	334,187
2026	324,910
2027	363,984
2028	-
Thereafter	-
	\$ 1,241,990

(9) Other postemployment benefits

Plan description

The City participates in a single-employer defined benefit plan, which operates like a group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits provided

The death benefit for active members provides a lump-sum payment approximately equal to the member's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired members are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB. As the SDBF covers both active and retiree members, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one year delay between the actuarial valuation that serves as the basis for the City's contribution rate and the calendar year when the rate goes into effect. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(9) Other postemployment benefits (continued)

Contributions (continued)

The contribution rate for the City was 0.24% and 0.14% for calendar years 2023 and 2022. The City's contributions to TMRS for the SDBF program for the year ended September 30, 2023 and 2022 were \$11,649 and \$6,833 and were equal to the required contributions.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement dates, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	9
Active employees	<u>73</u>
Total	<u>97</u>

Other postemployment benefits (OPEB) liability

The City's total OPEB liability of \$111,081 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.50% to 11.5% including inflation
Discount rate *	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022. The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**CITY OF FAIR OAKS RANCH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

(9) Other postemployment benefits (continued)

Changes in the total OPEB liability

Balance at 12/31/2021	\$ 163,168
Changes for the year:	
Service cost	13,219
Interest on total OPEB liability	3,106
Changes of benefit terms	-
Difference between expected and actual experience	(3,252)
Changes of assumptions	(63,202)
Benefit payments	<u>(1,958)</u>
Net changes	<u>(52,087)</u>
 Balance at 12/31/2022	 <u>\$ 111,081</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City’s total OPEB liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Current Single Rate Assumption (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
Total OPEB liability (asset)	\$ <u>134,943</u>	\$ <u>111,081</u>	\$ <u>92,704</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$12,248.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 2,925	\$ 9,200
Changes in actuarial assumptions	26,263	56,281
Difference between projected and actual investment earnings	-	-
Contributions made subsequent to the measurement date	<u>5,900</u>	<u>-</u>
Total	<u>\$ 35,088</u>	<u>\$ 65,481</u>

CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

(9) Other postemployment benefits (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

The City reported \$5,900 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amortization Expense
2024	\$ (4,077)
2025	(4,645)
2026	(4,632)
2027	(5,661)
2028	(8,224)
Thereafter	(9,054)
	<u>\$ (36,293)</u>

(10) Risk management

The City is exposed to various risks of loss related to torts; theft of and damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2023 were \$208,414 for property and casualty and workers compensation coverage.

(11) Restatement of fund balance and net position

During the fiscal year ended September 30, 2023, the City recognized a restatement to increase beginning governmental activities net position by \$11,355 and to increase the water and sewer fund's beginning net position by \$11,355 due to the adoption of GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability and Related Ratios
- Schedule of Contributions – Net Pension Liability
- Schedule of Changes – OPEB Liability and Related Ratios
- Schedule of Contributions – OPEB
- Notes to Required Supplementary Information



**CITY OF FAIR OAKS RANCH, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL**

**For the year ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 7,963,116	\$ 7,963,116	\$ 8,144,135	\$ 181,019
Franchise fees	692,050	692,050	748,401	56,351
Permits	309,075	309,075	241,674	(67,401)
Animal control	1,135	1,135	1,415	280
Fines and forfeits	176,300	176,300	208,035	31,735
Utility management fee	210,003	210,003	257,499	47,496
Other fees and services	67,900	67,900	51,745	(16,155)
Interest	72,000	72,000	577,165	505,165
Grant revenue	3,600	3,600	310,696	307,096
Miscellaneous	119,420	119,420	190,663	71,243
<b>Total revenues</b>	<b>9,614,599</b>	<b>9,614,599</b>	<b>10,731,428</b>	<b>1,116,829</b>
<b>Expenditures</b>				
<b>Mayor and council:</b>				
Supplies and maintenance	2,850	2,850	348	2,502
Services	26,850	7,582	7,295	287
<b>Total mayor and council</b>	<b>29,700</b>	<b>10,432</b>	<b>7,643</b>	<b>2,789</b>
<b>Administration:</b>				
Personnel	581,726	598,432	532,557	65,875
Maintenance and supplies	2,000	2,000	948	1,052
Services	118,475	95,075	126,948	(31,873)
Capital outlay	-	-	-	-
<b>Total administration</b>	<b>702,201</b>	<b>695,507</b>	<b>660,453</b>	<b>35,054</b>
<b>City secretary:</b>				
Personnel	197,250	202,729	202,231	498
Supplies, maintenance and operations	1,680	1,680	1,516	164
Services	50,431	39,431	40,085	(654)
<b>Total city secretary</b>	<b>249,361</b>	<b>243,840</b>	<b>243,832</b>	<b>8</b>
<b>Human resources and communications:</b>				
Personnel	151,588	155,984	150,887	5,097
Supplies, maintenance and operations	3,350	3,350	2,887	463
Services	77,565	77,565	64,867	12,698
<b>Total human resources and communications</b>	<b>232,503</b>	<b>236,899</b>	<b>218,641</b>	<b>18,258</b>
<b>Finance:</b>				
Personnel	290,995	298,391	251,701	46,690
Supplies, maintenance and operations	2,075	2,075	1,471	604
Professional services	77,845	77,845	76,565	1,280
<b>Total finance</b>	<b>370,915</b>	<b>378,311</b>	<b>329,737</b>	<b>48,574</b>

(continued)



CITY OF FAIR OAKS RANCH, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE – BUDGET AND ACTUAL

For the year ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Expenditures (continued)				
Municipal court:				
Personnel	\$ 141,972	\$ 145,635	\$ 149,698	\$ (4,063)
Supplies, maintenance and operations	61,974	61,974	4,094	57,880
Services	79,180	88,533	97,012	(8,479)
Capital outlay	-	-	-	-
Total municipal court	<u>283,126</u>	<u>296,142</u>	<u>250,804</u>	<u>45,338</u>
Public safety:				
Personnel	2,816,482	2,887,790	2,901,175	(13,385)
Supplies, maintenance and operations	113,100	101,684	109,572	(7,888)
Services	772,944	796,588	775,314	21,274
Capital outlay	149,950	392,573	256,926	135,647
Total public safety	<u>3,852,476</u>	<u>4,178,635</u>	<u>4,042,987</u>	<u>135,648</u>
Engineering and planning:				
Personnel	388,820	399,880	384,926	14,954
Supplies, maintenance and operations	1,016,050	924,821	885,358	39,463
Services	234,080	234,080	246,492	(12,412)
Capital outlay	-	6,030	6,030	-
Total engineering and planning	<u>1,638,950</u>	<u>1,564,811</u>	<u>1,522,806</u>	<u>42,005</u>
Public works:				
Personnel	637,046	651,543	596,174	55,369
Supplies, maintenance and operations	174,790	168,311	181,999	(13,688)
Services	40,272	10,751	7,951	2,800
Capital outlay	32,000	104,429	49,300	55,129
Total public works	<u>884,108</u>	<u>935,034</u>	<u>835,424</u>	<u>99,610</u>
Building codes and permits:				
Personnel	270,149	257,691	216,812	40,879
Supplies, maintenance and operations	5,255	5,255	2,200	3,055
Services	47,075	67,075	60,168	6,907
Total building codes and permits	<u>322,479</u>	<u>330,021</u>	<u>279,180</u>	<u>50,841</u>
Information technology:				
Personnel	113,138	116,285	116,344	(59)
Supplies, maintenance and operations	500	500	426	74
Services	6,875	6,875	2,649	4,226
Shared services	251,958	279,429	202,051	77,378
Lease principal	-	-	19,213	(19,213)
Lease interest	-	-	2,682	(2,682)
SBITA principal	-	-	59,762	(59,762)
SBITA interest	-	-	3,485	(3,485)
Capital outlay	15,000	15,000	207,564	(192,564)
Total information technology	<u>387,471</u>	<u>418,089</u>	<u>614,176</u>	<u>(196,087)</u>

(continued)

**CITY OF FAIR OAKS RANCH, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL**

**For the year ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Non-departmental and shared services:				
Personnel	\$ 145,194	\$ -	\$ -	\$ -
Supplies, maintenance and operations	4,150	420,716	440,877	(20,161)
Shared services	171,709	171,709	151,020	20,689
Lease principal	-	-	813	(813)
Lease interest	-	-	124	(124)
Capital outlay	-	-	-	-
Total non-departmental and shared services	<u>321,053</u>	<u>592,425</u>	<u>592,834</u>	<u>(409)</u>
Total expenditures	<u>9,274,343</u>	<u>9,880,146</u>	<u>9,598,517</u>	<u>281,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>340,256</u>	<u>(265,547)</u>	<u>1,132,911</u>	<u>1,398,458</u>
Other financing sources (uses)				
Sale of assets	-	-	16,931	16,931
Proceeds from SBITAs	-	-	193,012	193,012
Transfers in (out)	(3,797,490)	(3,797,490)	(3,797,490)	-
Transfers in (out)	125,000	353,924	303,067	(50,857)
Total other financing sources (uses)	<u>(3,672,490)</u>	<u>(3,443,566)</u>	<u>(3,284,480)</u>	<u>159,086</u>
Net change in fund balance	(3,332,234)	(3,709,113)	(2,151,569)	1,557,544
Fund balance, beginning	<u>8,780,176</u>	<u>8,780,176</u>	<u>8,780,176</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,447,942</u>	<u>\$ 5,071,063</u>	<u>\$ 6,628,607</u>	<u>\$ 1,557,544</u>

CITY OF FAIR OAKS RANCH, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND  
 TEXAS MUNICIPAL RETIREMENT SYSTEM RELATED RATIOS

For the measurement year ended December 31,

	2022	2021	2020	2019
<b>Total pension liability</b>				
Service cost	\$ 836,697	\$ 747,891	\$ 687,662	\$ 648,430
Interest (on the total pension liability)	796,374	700,139	618,696	550,195
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	433,116	186,130	100,676	(79,808)
Changes of assumptions	-	-	-	51,465
Benefit payments, including refunds of employee contributions	<u>(267,066)</u>	<u>(238,666)</u>	<u>(222,498)</u>	<u>(127,623)</u>
Net change in total pension liability	1,799,121	1,395,494	1,184,536	1,042,659
Total pension liability - beginning	<u>11,513,316</u>	<u>10,117,822</u>	<u>8,933,286</u>	<u>7,890,627</u>
Total pension liability - ending	<u>\$ 13,312,437</u>	<u>\$ 11,513,316</u>	<u>\$ 10,117,822</u>	<u>\$ 8,933,286</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 571,343	\$ 499,891	\$ 464,390	\$ 437,261
Contributions - employee	342,708	302,440	277,603	261,163
Net investment income	(833,252)	1,250,635	640,072	1,052,635
Benefit payments, including refunds of employee contributions	(267,066)	(238,666)	(222,498)	(127,623)
Administrative expense	(7,184)	(5,769)	(4,131)	(5,933)
Other	<u>8,572</u>	<u>40</u>	<u>(161)</u>	<u>(178)</u>
Net change in plan fiduciary net position	(184,879)	1,808,571	1,155,275	1,617,325
Plan fiduciary net position - beginning	<u>11,373,389</u>	<u>9,564,818</u>	<u>8,409,543</u>	<u>6,792,218</u>
Plan fiduciary net position - ending	<u>\$ 11,188,510</u>	<u>\$ 11,373,389</u>	<u>\$ 9,564,818</u>	<u>\$ 8,409,543</u>
Net pension liability	<u>\$ 2,123,927</u>	<u>\$ 139,927</u>	<u>\$ 553,004</u>	<u>\$ 523,743</u>
Plan fiduciary net position as a percentage of total pension liability	84.05%	98.78%	94.53%	94.14%
Covered payroll	<u>\$ 4,895,830</u>	<u>\$ 4,320,572</u>	<u>\$ 3,965,754</u>	<u>\$ 3,730,898</u>
Net pension liability as a percentage of covered payroll	43.38%	3.24%	13.94%	14.04%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the ninth year of implementation of GASB 68. The City will develop the schedule prospectively.

2018	2017	2016	2015	2014
\$ 577,241	\$ 483,263	\$ 415,604	\$ 372,932	\$ 314,855
478,426	428,795	377,577	347,674	303,986
-	-	-	-	-
86,113	(101,894)	47,016	(72,739)	66,156
-	-	-	51,102	-
<u>(100,655)</u>	<u>(143,110)</u>	<u>(87,360)</u>	<u>(99,327)</u>	<u>(80,511)</u>
1,041,125	667,054	752,837	599,642	604,486
<u>6,849,502</u>	<u>6,182,448</u>	<u>5,429,611</u>	<u>4,829,969</u>	<u>4,225,483</u>
<u>\$ 7,890,627</u>	<u>\$ 6,849,502</u>	<u>\$ 6,182,448</u>	<u>\$ 5,429,611</u>	<u>\$ 4,829,969</u>
\$ 400,446	\$ 318,292	\$ 276,800	\$ 265,412	\$ 234,399
232,624	194,528	172,450	158,118	143,051
(193,745)	742,178	316,200	6,418	219,419
(100,655)	(143,110)	(87,360)	(99,327)	(80,511)
(3,738)	(3,841)	(3,568)	(3,909)	(2,290)
<u>(195)</u>	<u>(195)</u>	<u>(192)</u>	<u>(193)</u>	<u>(188)</u>
334,737	1,107,852	674,330	326,519	513,880
<u>6,457,481</u>	<u>5,349,629</u>	<u>4,675,299</u>	<u>4,348,780</u>	<u>3,834,900</u>
<u>\$ 6,792,218</u>	<u>\$ 6,457,481</u>	<u>\$ 5,349,629</u>	<u>\$ 4,675,299</u>	<u>\$ 4,348,780</u>
<u>\$ 1,098,409</u>	<u>\$ 392,021</u>	<u>\$ 832,819</u>	<u>\$ 754,312</u>	<u>\$ 481,189</u>
86.08%	94.28%	86.53%	86.11%	90.04%
<u>\$ 3,323,206</u>	<u>\$ 2,778,969</u>	<u>\$ 2,463,571</u>	<u>\$ 2,258,825</u>	<u>\$ 2,043,586</u>
33.05%	14.11%	33.81%	33.39%	23.55%

CITY OF FAIR OAKS RANCH, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - PENSION

For the year ended September 30,

Schedule of contributions	2023	2022	2021	2020
Actuarially determined contributions	\$ 628,870	\$ 568,318	\$ 490,444	\$ 479,231
Contributions in relation to the actuarially determined contribution	<u>628,870</u>	<u>568,318</u>	<u>490,444</u>	<u>479,231</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,371,078</u>	<u>\$ 4,880,414</u>	<u>\$ 4,045,825</u>	<u>\$ 4,091,573</u>
Contributions as a percentage of covered payroll	11.71%	11.64%	12.12%	11.71%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the ninth year of implementation of GASB 68. The City will develop the schedule prospectively.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 427,169	\$ 375,269	\$ 306,515	\$ 272,041	\$ 238,287
<u>427,169</u>	<u>375,269</u>	<u>306,515</u>	<u>272,041</u>	<u>238,287</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 3,616,851</u>	<u>\$ 3,150,696</u>	<u>\$ 2,689,459</u>	<u>\$ 2,387,202</u>	<u>\$ 2,103,123</u>
11.81%	11.91%	11.40%	11.40%	11.33%

**CITY OF FAIR OAKS RANCH, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND  
TEXAS MUNICIPAL RETIREMENT SYSTEM RELATED RATIOS**

**For the measurement year ended December 31,**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total OPEB liability</b>			
Service cost	\$ 13,219	\$ 13,826	\$ 10,311
Interest on the total OPEB liability	3,106	2,913	3,233
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(3,252)	2,905	(6,486)
Changes of assumptions	(63,202)	5,642	20,334
Benefit payments, including refunds of employee contributions	<u>(1,958)</u>	<u>(1,728)</u>	<u>(397)</u>
Net change in total OPEB liability	(52,087)	23,558	26,995
Total OPEB liability - beginning	<u>163,168</u>	<u>139,610</u>	<u>112,615</u>
Total OPEB liability - ending	<u>\$ 111,081</u>	<u>\$ 163,168</u>	<u>\$ 139,610</u>
Covered-employee payroll	<u>\$ 4,895,830</u>	<u>\$ 4,320,572</u>	<u>\$ 3,965,754</u>
OPEB liability as a percentage of covered-employee payroll	2.27%	3.78%	3.52%

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the sixth year of implementation of GASB 75. The City will develop the schedule prospectively.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 7,462	\$ 7,311	\$ 5,280
3,385	2,830	2,653
-	-	-
(5,875)	2,643	-
20,311	(6,763)	6,688
<u>(373)</u>	<u>(332)</u>	<u>(278)</u>
24,910	5,689	14,343
<u>87,705</u>	<u>82,016</u>	<u>67,673</u>
<u>\$ 112,615</u>	<u>\$ 87,705</u>	<u>\$ 82,016</u>
<u>\$ 3,730,898</u>	<u>\$ 3,323,206</u>	<u>\$ 2,778,969</u>
3.02%	2.64%	2.95%



CITY OF FAIR OAKS RANCH, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2023

(1) Budgetary information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The general fund, debt service fund, strategic project fund, and equipment replacement fund maintain legally adopted budgets.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

The OPEB plan has no assets accumulated in a trust.

(2) Schedule of contributions

**Valuation date:**

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

**Methods and assumption used to determine contribution rates:**

Actuarial Cost	Entry age normal
Amortization	Level percentage of payroll, closed
Remaining	23 years (longest amortization ladder)
Asset Valuation	10 year smoothed market, 12% soft corridor
Actuarial	
Inflation	2.50%
Salary	3.5% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the public safety table used for males and the general employee table used for females. The rates are

**Other information:**

There were no benefit changes during the year.

## **OTHER SUPPLEMENTARY INFORMATION**

Supplementary information includes financial information and schedules that are not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such information includes:

- Budgetary Comparison Schedules:
  - Debt Service Fund
  - Strategic Project Fund
  - Equipment Replacement Fund

**CITY OF FAIR OAKS RANCH, TEXAS**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
DEBT SERVICE FUND**

**For the year ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 553,268	\$ 553,268	\$ 573,016	\$ 19,748
Interest	<u>1,000</u>	<u>1,000</u>	<u>4,830</u>	<u>3,830</u>
Total revenues	<u>554,268</u>	<u>554,268</u>	<u>577,846</u>	<u>23,578</u>
Expenditures				
Debt service:				
Principal	460,000	460,000	460,000	-
Interest and fiscal charges	<u>92,530</u>	<u>92,530</u>	<u>92,530</u>	<u>-</u>
Total debt service	<u>552,530</u>	<u>552,530</u>	<u>552,530</u>	<u>-</u>
Total expenditures	<u>552,530</u>	<u>552,530</u>	<u>552,530</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,738</u>	<u>1,738</u>	<u>25,316</u>	<u>23,578</u>
Net change in fund balance	1,738	1,738	25,316	23,578
Fund balance, beginning	<u>52,659</u>	<u>52,659</u>	<u>52,659</u>	<u>-</u>
Fund balance, ending	<u>\$ 54,397</u>	<u>\$ 54,397</u>	<u>\$ 77,975</u>	<u>\$ 23,578</u>

**CITY OF FAIR OAKS RANCH, TEXAS**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
STRATEGIC PROJECTS FUND**

**For the year ended September 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Expenditures				
City administration	412,815	560,784	31,735	529,049
City secretary	40,000	81,516	22,967	58,549
HR and communications	-	45,173	2,068	43,105
Public safety	18,000	73,775	-	73,775
Engineering and planning	-	-	-	-
Public works	3,014,728	3,455,126	1,216,791	2,238,335
Information technology	-	-	-	-
Capital outlay	-	661,819	307,416	354,403
Total expenditures	3,485,543	4,878,193	1,580,977	3,297,216
Excess (deficiency) of revenues over (under) expenditures	<u>(3,485,543)</u>	<u>(4,878,193)</u>	<u>(1,580,977)</u>	<u>3,297,216</u>
Other financing sources (uses)				
Transfers in	<u>3,442,995</u>	<u>3,442,995</u>	<u>3,442,995</u>	<u>-</u>
Net change in fund balances	(42,548)	(1,435,198)	1,862,018	3,297,216
Fund balance - beginning	<u>1,407,555</u>	<u>1,407,555</u>	<u>1,407,555</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,365,007</u>	<u>\$ (27,643)</u>	<u>\$ 3,269,573</u>	<u>\$ 3,297,216</u>

**CITY OF FAIR OAKS RANCH, TEXAS**

**SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
 EQUIPMENT REPLACEMENT FUND**

**For the year ended September 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 354,495	\$ 354,495	\$ 354,495	\$ -
Transfers out	<u>(125,000)</u>	<u>(353,924)</u>	<u>(303,067)</u>	<u>50,857</u>
Total other financing sources (uses)	229,495	571	51,428	50,857
Fund balance - beginning	<u>1,089,047</u>	<u>1,089,047</u>	<u>1,089,047</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,318,542</u>	<u>\$ 1,089,618</u>	<u>\$ 1,140,475</u>	<u>\$ 50,857</u>

**STATISTICAL SECTION**



## STATISTICAL SECTION

This part of the City of Fair Oaks Ranch, Texas annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

### Contents

### Tables

#### **Financial Trends**

1 through 4

- Net Position by Component
- Change in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

#### **Revenue Capacity**

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- Tax Revenues by Source – Governmental Funds
- Top 10 Sales Tax Providers
- Property Tax Levies and Collections
- Direct and Overlapping Property Tax Rates
- Assessed Value and Actual Taxable Property
- Principal Property Taxpayers

These tables contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales tax.

#### **Debt Capacity**

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- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Legal Debt Margin Information
- Direct and Overlapping Governmental Activities Debt

These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

#### **Demographic and Economic Information**

15 through 16

- Principal Employers
- Demographic and Economic Statistics

These tables offer demographic and economic indicators to help the reader understand how the City’s financial activities take place and to help make comparisons over time and with other governments.

#### **Operating Information**

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- Operating Indicators by Function
- Capital Asset Statistics by Function
- Full-Time Equivalent City Government Employees by Function

These tables contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.



**CITY OF FAIR OAKS RANCH, TEXAS**

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2015*</u>	<u>2016</u>	<u>2017</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 3,886,740	\$ 4,103,711	\$ 6,606,072	\$ 6,898,385
Restricted	68,071	66,909	77,162	76,346
Unrestricted	<u>4,580,595</u>	<u>3,798,804</u>	<u>2,089,120</u>	<u>2,714,487</u>
 Total government activities net position	 <u>\$ 8,535,406</u>	 <u>\$ 7,969,424</u>	 <u>\$ 8,772,354</u>	 <u>\$ 9,689,218</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 7,847,915	\$ 6,751,803	\$ 6,667,928	\$ 8,682,584
Unrestricted	<u>2,551,317</u>	<u>4,753,811</u>	<u>5,372,865</u>	<u>4,474,678</u>
 Total business-type activities net position	 <u>\$ 10,399,232</u>	 <u>\$ 11,505,614</u>	 <u>\$ 12,040,793</u>	 <u>\$ 13,157,262</u>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 11,734,655	\$ 10,855,514	\$ 13,274,000	\$ 15,580,969
Restricted	68,071	66,909	77,162	76,346
Unrestricted	<u>7,131,912</u>	<u>8,552,615</u>	<u>7,461,985</u>	<u>7,189,165</u>
 Total primary government net position	 <u>\$ 18,934,638</u>	 <u>\$ 19,475,038</u>	 <u>\$ 20,813,147</u>	 <u>\$ 22,846,480</u>

\* Change in accounting principle pursuant to GASB 68 applied prospectively October 1, 2014.

\*\* Change in accounting principle pursuant to GASB 75 applied prospectively October 1, 2017.

Comparative information has not been restated.

TABLE 1

2018**	2019	2020	2021	2022	2023
\$ 7,334,582	\$ 7,576,143	\$ 7,523,360	\$ 7,647,912	\$ 8,025,653	\$ 8,496,444
95,553	108,461	132,938	153,339	166,961	192,536
<u>3,277,879</u>	<u>5,128,445</u>	<u>6,712,007</u>	<u>8,669,250</u>	<u>10,823,373</u>	<u>10,513,316</u>
<u>\$ 10,708,014</u>	<u>\$ 12,813,049</u>	<u>\$ 14,368,305</u>	<u>\$ 16,470,501</u>	<u>\$ 19,015,987</u>	<u>\$ 19,202,296</u>
\$ 8,464,020	\$ 8,466,058	\$ 8,307,519	\$ 8,081,383	\$ 8,572,922	\$ 9,550,922
<u>5,448,975</u>	<u>5,686,797</u>	<u>6,316,241</u>	<u>7,353,325</u>	<u>8,754,416</u>	<u>8,198,285</u>
<u>\$ 13,912,995</u>	<u>\$ 14,152,855</u>	<u>\$ 14,623,760</u>	<u>\$ 15,434,708</u>	<u>\$ 17,327,338</u>	<u>\$ 17,749,207</u>
\$ 15,798,602	\$ 16,042,201	\$ 15,830,879	\$ 15,729,295	\$ 16,598,575	\$ 18,047,366
95,553	108,461	132,938	153,339	166,961	192,536
<u>8,726,854</u>	<u>10,815,242</u>	<u>13,028,248</u>	<u>16,022,575</u>	<u>19,577,789</u>	<u>18,711,601</u>
<u>\$ 24,621,009</u>	<u>\$ 26,965,904</u>	<u>\$ 28,992,065</u>	<u>\$ 31,905,209</u>	<u>\$ 36,343,325</u>	<u>\$ 36,951,503</u>

CITY OF FAIR OAKS RANCH, TEXAS

CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS

EXPENSES	2014	2015*	2016	2017
<b>Governmental Activities</b>				
City administration	\$ 921,009	\$ 1,796,709	\$ 950,918	\$ 1,431,472
Mayor and council	-	-	-	-
City secretary	-	-	-	-
HR and communications	-	-	-	-
Finance	-	-	-	-
Municipal court	81,522	81,316	86,288	92,032
Public safety	1,588,137	1,735,259	2,017,858	2,124,882
Public health/emergency	286,999	293,092	307,665	299,734
Engineering and planning	-	-	-	-
Building codes	119,338	161,821	179,577	177,495
Public works	1,074,375	869,328	869,215	982,474
Information technology	-	-	-	-
Non-departmental	-	-	-	-
Culture/recreation/other	63,517	33,233	57,833	44,896
Interest on long term debt	-	136,008	153,011	119,880
<b>Total governmental activities expenses</b>	<u>4,134,897</u>	<u>5,106,766</u>	<u>4,622,365</u>	<u>5,272,865</u>
<b>Business-Type Activities</b>				
Water/sewer utility	3,242,807	3,352,439	3,933,872	3,846,778
<b>Total business-type activities expenses</b>	<u>3,242,807</u>	<u>3,352,439</u>	<u>3,933,872</u>	<u>3,846,778</u>
<b>Total primary government expenses</b>	<u>7,377,704</u>	<u>8,459,205</u>	<u>8,556,237</u>	<u>9,119,643</u>
<b>PROGRAM REVENUES</b>				
<b>Governmental Activities:</b>				
Charges for services:				
City administration	198,992	171,929	177,050	201,334
Municipal court	158,407	158,352	161,818	129,260
Public safety	8,664	9,034	9,448	3,715
Public health/emergency	5,325	5,245	5,711	2,500
Building codes	281,831	298,806	314,738	274,079
Operating grants and contributions	1,715	2,149	-	13,295
Capital grants and contributions	-	-	-	-
<b>Total governmental activities program revenues</b>	<u>654,934</u>	<u>645,515</u>	<u>668,765</u>	<u>624,183</u>
<b>Business-Type Activities</b>				
Charges for services:				
Water/sewer utility	4,107,471	4,454,644	4,463,303	4,930,347
Capital grants and contributions	-	-	-	-
<b>Total primary government program revenues</b>	<u>\$ 4,762,405</u>	<u>\$ 5,100,159</u>	<u>\$ 5,132,068</u>	<u>\$ 5,554,530</u>

\* Change in accounting principle pursuant to GASB 68 applied prospectively October 1, 2014.  
 \*\* Change in accounting principle pursuant to GASB 75 applied prospectively October 1, 2017.  
 Comparative information has not been restated.

TABLE 2

2018**	2019	2020	2021	2022	2023
\$ 1,499,717	\$ 682,316	\$ 1,235,258	\$ 711,344	\$ 1,121,778	\$ 749,366
-	11,381	23,568	4,774	7,268	7,643
-	153,944	159,376	230,348	197,308	277,612
-	114,659	168,794	220,869	168,913	228,388
-	271,247	339,295	322,851	292,851	341,093
131,153	161,422	184,553	192,956	206,843	256,851
2,394,097	2,915,589	3,001,619	3,161,031	3,456,846	4,147,473
322,918	-	-	-	-	-
-	270,309	718,380	976,254	1,493,654	1,529,149
198,266	241,097	248,414	253,665	273,015	280,890
992,400	740,477	870,398	922,990	920,678	2,366,969
-	-	-	394,288	403,168	391,185
-	301,984	459,298	251,462	252,706	684,861
89,710	-	-	-	-	-
114,211	109,849	-	-	-	-
<u>5,742,472</u>	<u>5,974,274</u>	<u>7,408,953</u>	<u>7,642,832</u>	<u>8,795,028</u>	<u>11,261,480</u>
<u>4,215,641</u>	<u>4,746,849</u>	<u>5,418,730</u>	<u>4,873,487</u>	<u>5,904,286</u>	<u>6,103,520</u>
<u>4,215,641</u>	<u>4,746,849</u>	<u>5,418,730</u>	<u>4,873,487</u>	<u>5,904,286</u>	<u>6,103,520</u>
<u>9,958,113</u>	<u>10,721,123</u>	<u>12,827,683</u>	<u>12,516,319</u>	<u>14,699,314</u>	<u>17,365,000</u>
215,959	237,193	297,808	274,550	317,083	297,356
126,152	137,176	101,409	139,753	301,655	289,055
10,026	6,845	5,410	1,350	930	1,415
2,415	-	-	-	-	-
228,715	253,815	405,231	499,547	348,333	241,674
51,102	15,579	3,728	190,841	1,283,952	379,340
15,908	-	-	-	-	-
<u>650,277</u>	<u>650,608</u>	<u>813,586</u>	<u>1,106,041</u>	<u>2,251,953</u>	<u>1,208,840</u>
4,908,925	4,875,781	5,839,886	5,681,369	6,497,720	6,165,245
-	-	-	-	-	-
<u>\$ 5,559,202</u>	<u>\$ 5,526,389</u>	<u>\$ 6,653,472</u>	<u>\$ 6,787,410</u>	<u>\$ 8,749,673</u>	<u>\$ 7,374,085</u>

(continued)

CITY OF FAIR OAKS RANCH, TEXAS

CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS

	2014	2015*	2016	2017
Net (Expense) Revenues				
Governmental activities	\$ (3,479,963)	\$ (4,461,251)	\$ (3,953,600)	\$ (4,648,682)
Business-type activities	<u>864,664</u>	<u>1,102,205</u>	<u>529,431</u>	<u>1,083,569</u>
Total primary government net expenses	<u>(2,615,299)</u>	<u>(3,359,046)</u>	<u>(3,424,169)</u>	<u>(3,565,113)</u>
Governmental Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	2,634,353	2,823,221	3,587,677	4,264,687
Non-property taxes	903,592	1,028,559	1,109,048	1,192,774
Interest and investment earnings	1,633	25,359	38,950	56,545
Gain on sale of capital assets	-	-	-	23,874
Miscellaneous	24,100	18,130	20,855	27,666
Transfers	-	-	-	-
Total governmental activities	<u>3,563,678</u>	<u>3,895,269</u>	<u>4,756,530</u>	<u>5,565,546</u>
Business-Type Activities				
Interest and investment earnings	4,447	4,177	5,748	32,900
Transfers	-	-	-	-
Loss on sale of capital assets	-	-	-	-
Total business-type activities	<u>4,447</u>	<u>4,177</u>	<u>5,748</u>	<u>32,900</u>
Total primary government	<u>3,568,125</u>	<u>3,899,446</u>	<u>4,762,278</u>	<u>5,598,446</u>
Changes in Net Position				
Governmental activities	83,715	(565,982)	802,930	916,864
Business-type activities	<u>869,111</u>	<u>1,106,382</u>	<u>535,179</u>	<u>1,116,469</u>
Total primary government	<u>\$ 952,826</u>	<u>\$ 540,400</u>	<u>\$ 1,338,109</u>	<u>\$ 2,033,333</u>

\* Change in accounting principle pursuant to GASB 68 applied prospectively October 1, 2014.

\*\* Change in accounting principle pursuant to GASB 75 applied prospectively October 1, 2017.

TABLE 2 (continued)

2018**	2019	2020	2021	2022	2023
\$ (5,092,195)	\$ (5,323,666)	\$ (6,595,367)	\$ (6,536,791)	\$ (6,543,075)	\$ (10,052,640)
<u>693,284</u>	<u>128,932</u>	<u>421,156</u>	<u>807,882</u>	<u>1,837,567</u>	<u>61,725</u>
<u>519,676</u>	<u>(5,194,734)</u>	<u>(6,174,211)</u>	<u>(5,728,909)</u>	<u>(4,705,508)</u>	<u>(9,990,915)</u>
4,712,247	5,742,831	6,202,561	6,482,238	6,614,489	7,062,241
1,328,220	1,496,073	1,796,558	2,112,076	2,365,342	2,432,520
94,557	150,030	72,151	4,345	80,336	581,995
16,452	20,206	12,534	19,848	674	16,931
11,402	9,711	66,819	20,480	27,720	133,907
-	9,850	-	-	-	-
<u>6,162,878</u>	<u>7,428,701</u>	<u>8,150,623</u>	<u>8,638,987</u>	<u>9,088,561</u>	<u>10,227,594</u>
78,236	120,778	49,749	3,066	55,063	358,595
-	(9,850)	-	-	-	-
-	-	-	-	-	(9,806)
<u>78,236</u>	<u>110,928</u>	<u>49,749</u>	<u>3,066</u>	<u>55,063</u>	<u>348,789</u>
<u>6,283,656</u>	<u>7,539,629</u>	<u>8,200,372</u>	<u>8,642,053</u>	<u>9,143,624</u>	<u>10,576,383</u>
1,070,683	2,105,035	1,555,256	2,102,196	2,545,486	174,954
<u>771,520</u>	<u>239,860</u>	<u>470,905</u>	<u>810,948</u>	<u>1,892,630</u>	<u>410,514</u>
<u>\$ 1,842,203</u>	<u>\$ 2,344,895</u>	<u>\$ 2,026,161</u>	<u>\$ 2,913,144</u>	<u>\$ 4,438,116</u>	<u>\$ 585,468</u>

CITY OF FAIR OAKS RANCH, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	Fiscal Year			
	2014	2015	2016	2017
<b>Nonspendable Fund Balance:</b>				
Prepaid items	\$ 24,220	\$ 43,625	\$ 14,563	\$ 19,281
<b>Restricted Fund Balance:</b>				
Court technology	15,285	14,802	14,047	11,535
Court security	44,420	47,270	49,816	51,473
Court efficiency	110	140	140	292
Felony forfeiture	3,937	378	378	378
Other court restrictions	-	-	-	-
PEG fees	4,319	4,319	4,319	4,319
Public safety	-	-	-	1,104
Debt service	-	-	8,462	7,245
Capital projects	-	6,919,193	6,252,941	2,319,870
Total restricted fund balance	68,071	6,986,102	6,330,103	2,396,216
<b>Committed Fund Balance:</b>				
Public safety committee	30,451	-	-	-
Wildlife research study	-	-	-	-
TxDOT projects	810,000	-	-	-
Partnership water study	100,000	-	-	-
Total committed fund balance	940,451	-	-	-
<b>Assigned Fund Balance:</b>				
Capital projects	720,000	2,448,838	553,000	906,921
Capital equipment	-	-	-	-
Legal issues	50,000	50,000	50,000	50,000
Encumbrances	-	-	-	-
Six month operating reserve	-	-	-	-
Total assigned fund balance	770,000	2,498,838	603,000	956,921
Unassigned	3,052,965	1,581,382	1,807,719	2,065,994
Total government funds	\$ 4,855,707	\$ 11,109,947	\$ 8,755,385	\$ 5,438,412

TABLE 3

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 54,260	\$ 53,275	\$ 82,635	\$ 96,070	\$ 25,328	\$ 77,024	
15,700	11,386	14,520	17,819	13,873	18,587	
52,996	54,849	57,330	57,924	59,243	15,322	
333	401	438	439	439	439	
5,514	8,954	10,774	10,901	11,783	43,914	
-	-	1,428	4,753	10,216	15,975	
4,319	4,319	4,319	4,319	4,319	4,319	
8,087	9,912	11,819	12,847	14,429	16,005	
8,604	18,640	32,310	44,337	52,659	77,975	
<u>456,345</u>	<u>128,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
551,898	236,623	132,938	153,339	166,961	192,536	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
223,508	1,110,229	1,154,394	1,073,184	1,407,555	3,269,573	
760,599	816,395	869,615	872,769	1,089,047	1,140,475	
50,000	50,000	50,000	50,000	50,000	50,000	
-	-	-	-	-	-	
<u>2,566,167</u>	<u>3,517,472</u>	<u>3,678,069</u>	<u>3,835,321</u>	<u>4,225,321</u>	<u>4,505,321</u>	
3,600,274	5,494,096	5,752,078	5,831,274	6,771,923	8,965,369	
-	-	1,309,011	3,265,169	4,365,225	1,881,701	
<u>\$ 4,206,432</u>	<u>\$ 5,783,994</u>	<u>\$ 7,276,662</u>	<u>\$ 9,345,852</u>	<u>\$ 11,329,437</u>	<u>\$ 11,116,630</u>	



CITY OF FAIR OAKS RANCH, TEXAS

CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	2014	2015	2016	2017
<b>REVENUES</b>				
Taxes	\$ 3,084,356	\$ 3,358,145	\$ 4,148,224	\$ 4,907,367
Franchise fees	453,279	496,714	527,109	540,605
Licenses and permits	287,156	304,051	320,449	280,294
Animal control	-	-	-	-
Fines and forfeits	158,407	158,352	161,818	129,260
Utility management fee and other	166,093	171,929	177,050	195,334
Other Fees and services	-	-	-	-
Interest	1,633	25,359	38,950	56,545
Donations	-	-	-	-
Capital contributions	-	-	-	-
Grant revenue	-	-	-	-
Miscellaneous	622,574	30,789	53,714	46,961
Total revenues	<u>4,773,498</u>	<u>4,545,339</u>	<u>5,427,314</u>	<u>6,156,366</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
City administration	717,511	1,749,973	931,255	1,380,476
Mayor and council	-	-	-	-
City secretary	-	-	-	-
HR and communications	-	-	-	-
Finance	-	-	-	-
Municipal court	80,509	81,918	84,869	90,428
Public safety	1,463,524	1,653,785	1,811,200	1,920,485
Public health/emergency	275,784	281,876	296,450	288,066
Engineering and planning	-	-	-	-
Building codes	119,507	162,100	176,077	172,849
Public works	962,447	759,233	748,454	852,315
Information technology	-	-	-	-
Non-departmental	-	-	-	-
Culture and recreation	63,517	33,233	57,833	44,896
Capital projects/outlays	217,014	568,981	3,111,050	4,196,145
Debt service				
Principal payments	-	-	390,000	425,000
Interest	-	-	174,688	126,553
Bond issuance costs	-	100,090	-	-
Total expenditures	<u>3,899,813</u>	<u>5,391,189</u>	<u>7,781,876</u>	<u>9,497,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>873,685</u>	<u>(845,850)</u>	<u>(2,354,562)</u>	<u>(3,340,847)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	-	-	-	-
Proceeds from SBITAs	-	-	-	-
Proceeds of bond issuance	-	7,000,000	-	-
Premiums on bond issuance	-	100,090	-	-
Transfer (to) from other funds	-	-	-	-
Proceeds from disposal of equipment	-	-	-	23,874
Total other financing sources (uses)	<u>-</u>	<u>7,100,090</u>	<u>-</u>	<u>23,874</u>
Net change in fund balances	<u>\$ 873,685</u>	<u>\$ 6,254,240</u>	<u>\$ (2,354,562)</u>	<u>\$ (3,316,973)</u>
Debt service as a percentage of noncapital expenditures	0.0%	2.1%	11.9%	10.4%

TABLE 4

	2018	2019	2020	2021	2022	2023
\$	5,472,987	\$ 6,570,863	\$ 7,387,684	\$ 7,904,760	\$ 8,244,424	\$ 8,717,151
	576,181	618,758	605,103	651,534	761,408	748,401
	236,020	257,220	410,641	499,777	348,333	241,674
	-	-	-	1,120	930	1,415
	126,152	137,176	101,409	139,753	174,573	208,035
	205,959	192,808	214,908	206,955	257,566	257,499
	-	-	-	59,735	59,517	51,745
	94,557	150,030	72,151	4,345	80,336	581,995
	32,920	5,915	59,925	-	-	-
	15,908	-	-	-	-	-
	-	-	-	-	1,283,952	310,696
	<u>44,721</u>	<u>67,200</u>	<u>93,522</u>	<u>219,181</u>	<u>29,226</u>	<u>190,663</u>
	<u>6,805,405</u>	<u>7,999,970</u>	<u>8,945,343</u>	<u>9,687,160</u>	<u>11,240,265</u>	<u>11,309,274</u>
	1,461,708	644,481	1,188,519	663,012	1,101,253	692,188
	-	11,381	23,568	4,774	7,268	7,643
	-	150,845	158,624	230,348	203,099	266,799
	-	112,797	168,057	220,869	172,822	220,709
	-	266,445	337,815	322,851	299,194	329,737
	131,267	158,322	183,851	192,956	210,560	250,804
	2,234,431	2,696,334	2,781,577	2,800,098	3,238,832	3,786,061
	311,250	-	-	-	-	-
	-	264,128	717,010	976,254	1,503,785	1,516,776
	198,648	235,603	247,209	253,665	281,032	279,180
	871,371	413,041	521,395	582,532	594,514	2,002,915
	-	-	-	394,288	381,535	321,470
	-	301,985	372,665	152,060	159,793	591,897
	89,710	-	-	-	-	-
	2,214,919	644,693	312,344	316,341	554,081	827,236
	430,000	435,000	440,000	445,000	450,000	539,788
	122,278	117,409	111,940	106,075	99,585	98,821
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>8,065,582</u>	<u>6,452,464</u>	<u>7,564,574</u>	<u>7,661,123</u>	<u>9,257,353</u>	<u>11,732,024</u>
	<u>(1,260,177)</u>	<u>1,547,506</u>	<u>1,380,769</u>	<u>2,026,037</u>	<u>1,982,912</u>	<u>(422,750)</u>
	-	-	128,721	26,330	673	16,931
	-	-	-	-	-	193,012
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	9,850	-	-	-	-
	<u>28,197</u>	<u>20,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>28,197</u>	<u>30,056</u>	<u>128,721</u>	<u>26,330</u>	<u>673</u>	<u>209,943</u>
\$	<u>(1,231,980)</u>	<u>1,577,562</u>	<u>1,509,490</u>	<u>2,052,367</u>	<u>1,983,585</u>	<u>(212,807)</u>
	9.4%	9.5%	7.6%	7.5%	6.3%	5.9%

CITY OF FAIR OAKS RANCH, TEXAS

TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Mixed Beverage Tax	Total
2014	\$ 2,634,043	\$ 431,575	\$ 453,279	\$ 18,738	\$ 3,537,635
2015	2,826,300	513,040	496,714	18,805	3,854,859
2016	3,566,285	562,501	527,109	19,437	4,675,332
2017	4,255,198	632,030	540,605	20,139	5,447,972
2018	4,720,949	728,224	576,181	23,814	6,049,168
2019	5,693,547	854,582	618,758	22,734	7,189,621
2020	6,196,229	1,174,547	605,103	16,908	7,992,787
2021	6,444,218	1,435,763	651,534	24,779	8,556,294
2022	6,640,490	1,576,151	761,408	27,783	9,005,832
2023	7,033,032	1,656,136	748,401	27,983	9,465,552

CITY OF FAIR OAKS RANCH, TEXAS

TOP TEN SALES TAX PROVIDERS  
CURRENT AND FIVE YEARS AGO

TABLE 6

	2023		2017	
	Rank	% of Total	Rank	% of Total
<u>Business</u>				
Full-service restaurant	1	12.3%	1	19.0%
Electronic shopping and mail-order houses	2	11.7%	2	5.1%
Electronic shopping and mail-order houses	3	7.2%		
Gasoline stations with convenience stores	4	1.9%	9	2.0%
Pharmacies and drug stores	5	1.7%	4	3.2%
Gasoline stations with convenience stores	6	1.3%		
All other professional, scientific, and technical services	7	1.2%		
Wired telecommunications carriers	8	1.1%	6	3.9%
Electronic shopping and mail-order houses	9	1.1%		
Electronic shopping and mail-order houses	10	1.0%		
New single-family housing construction			10	1.8%
Wireless telecommunications carriers			5	3.2%
Cable and other subscription programming			8	2.3%
Limited-service restaurant			7	2.5%
Security guard and patrol			3	4.3%

Source: Texas Comptroller

Ten years of data will be accumulated. Data prior to 2017 is not currently available.

Texas Tax Code 321.3022 (c) declares specific information on vendor and amounts to be confidential and is not subject to public inspection.

**CITY OF FAIR OAKS RANCH, TEXAS**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

TABLE 7

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount *	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 2,672,104	\$ 2,653,136	99.29%	\$ 15,019	\$ 2,668,155	99.85%
2015	2,877,185	2,859,530	99.39%	12,917	2,872,447	99.84%
2016	3,861,722	3,827,841	99.12%	26,696	3,854,537	99.81%
2017	4,332,469	4,297,290	99.19%	27,156	4,324,447	99.81%
2018	4,813,737	4,788,010	99.47%	10,709	4,798,719	99.69%
2019	5,718,331	5,652,427	98.85%	50,837	5,703,264	99.74%
2020	6,182,363	6,126,458	99.10%	34,334	6,160,792	99.65%
2021	6,453,874	6,389,402	99.00%	45,223	6,434,625	99.70%
2022	6,547,412	6,504,177	99.34%	14,577	6,518,754	99.56%
2023	7,036,602	6,978,473	99.17%	-	6,978,473	99.17%

Source: Bexar County

\* Includes discounts allowed for early payments.

CITY OF FAIR OAKS RANCH, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS

TABLE 8

Fiscal Period	City	Boerne School District	Comal School District	Bexar County	Kendall County	Comal County
2014	0.26630	1.294	1.430	0.326866	0.39400	0.342921
2015	0.26630	1.294	1.390	0.314500	0.39400	0.342921
2016	0.30730	1.294	1.390	0.314500	0.38670	0.342921
2017	0.32336	1.316	1.390	0.293250	0.41270	0.357921
2018	0.32950	1.354	1.390	0.291229	0.41270	0.357921
2019	0.36678	1.354	1.390	0.277429	0.41270	0.377915
2020	0.37350	1.284	1.320	0.277429	0.41270	0.392553
2021	0.37350	1.2519	1.280	0.276331	0.41270	0.358515
2022	0.35180	1.2046	1.290	0.276331	0.41270	0.314000
2023	0.32910	1.1786	1.275	0.276331	0.38770	0.248900

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fair Oaks Ranch, Texas. This process recognizes that, when considering the City of Fair Oaks Ranch's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

CITY OF FAIR OAKS RANCH, TEXAS

ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

TABLE 9

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value *	Total Direct Tax Rate
2014	\$ 958,417,836	\$ 105,566,114	\$ 60,565,527	\$ 1,003,418,423	0.26630
2015	1,026,612,835	107,240,362	53,423,214	1,080,429,983	0.26630
2016	1,193,076,434	128,637,815	65,052,850	1,256,661,399	0.30730
2017	1,265,114,959	150,509,495	73,244,068	1,342,380,386	0.32340
2018	1,487,818,815	185,977,352	123,984,901	1,549,811,266	0.32950
2019	1,472,341,175	187,839,320	101,155,026	1,559,025,469	0.36680
2020	1,617,484,586	154,205,210	116,629,493	1,655,060,303	0.37350
2021	1,698,442,549	181,448,336	151,985,811	1,727,905,074	0.37350
2022	2,061,749,363	216,788,137	417,511,646	1,861,025,853	0.35180
2023	2,368,440,927	249,036,039	479,617,789	2,137,859,177	0.32910

Source: Kendall County, Bexar County and Comal County Appraisal Districts.

\* Total taxable assessed value and total estimated actual value of taxable property is the same.

**CITY OF FAIR OAKS RANCH, TEXAS**

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND NINE YEARS AGO**

TABLE 10

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Spirit Realty LP	\$ 8,641,240	1	0.40%			
HPI Fair Oaks Storage LLC	7,600,000	2	0.36%			
Jerry and Esther Hicks	5,733,060	3	0.27%			
T&J Fair Oaks LLC	5,300,000	4	0.25%			
Scott Felder Homes LLC	4,333,820	5	0.20%			
Ashton San Antonio LLC	3,914,770	6	0.18%	\$ 2,873,380	4	0.29%
Bella Vista CMI Ltd	3,664,220	7	0.17%			
Frost Bank	3,661,090	8	0.17%	2,589,010	5	0.26%
Taylor Living Trust	3,609,569	9	0.17%			
Fair Oaks Country Store LLC	3,364,140	10	0.16%			
Fair Oaks Club Corp				6,775,600	1	0.68%
Fair Oaks Village II Ltd				4,250,000	2	0.42%
Greenland Ventures				3,105,510	3	0.31%
Meritage Homes				2,299,230	6	0.23%
B&M Fair Oaks				2,069,865	7	0.21%
SA Front Gate LLC				2,113,030	8	0.21%
Weekly Homes				1,818,870	9	0.18%
Guadalupe Valley Telephone				1,749,185	10	0.17%
<b>TOTAL</b>	<b>\$ 49,821,909</b>		<b>2.33%</b>	<b>\$ 29,643,680</b>		<b>2.96%</b>



**CITY OF FAIR OAKS RANCH, TEXAS**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

TABLE 11

Fiscal Year	Governmental Activities			Business-Type Activities			Total Government	Percentage of Household Income	Per Capita*
	GO Bonds	Leases	SBITA	Capital Leases	Certificates of Obligation	SBITA			
2014	\$ -	\$ -	\$ -	\$ 3,128,356	\$ 1,160,000	\$ -	\$ 4,288,356	1.1%	653
2015	7,100,090	-	-	3,128,356	790,000	-	11,018,446	3.0%	1,662
2016	6,703,417	-	-	3,128,356	405,000	-	10,236,773	2.7%	1,467
2017	6,721,744	-	-	3,128,356	-	-	9,850,100	2.1%	1,087
2018	5,835,071	-	-	3,070,798	-	-	8,905,869	1.9%	980
2019	5,393,398	-	-	2,814,779	-	-	8,208,177	1.6%	846
2020	4,946,725	-	-	-	2,660,000	-	7,606,725	1.3%	757
2021	4,495,052	-	-	-	2,430,000	-	6,925,052	1.1%	659
2022	4,038,379	63,507	-	-	2,115,000	-	6,216,886	0.8%	586
2023	3,571,706	43,480	133,250	-	1,795,000	184,524	5,727,960	0.6%	516

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* See population figures on Table 16.

**CITY OF FAIR OAKS RANCH, TEXAS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

TABLE 12

Fiscal Year Ended September 30,	Governmental	Business-Type	Total Primary	Less:	Percentage of	Per	
	Activities	Activities		Amounts			Estimated
	General	Certificate of	Government	Available in	Actual Taxable		
	Obligation Bonds	Obligation Bonds		Debt Service	Value of		
				Fund	Property		
					Outstanding		
2014	\$ -	\$ 1,160,000	\$ 1,160,000	\$ -	\$ 1,160,000	0.12%	\$ 177
2015	7,100,090	790,000	7,890,090	-	7,890,090	0.79%	1,201
2016	6,703,417	405,000	7,108,417	-	7,108,417	0.66%	1,028
2017	6,721,744	-	6,721,744	(7,245)	6,714,499	0.53%	777
2018	5,835,071	-	5,835,071	(7,201)	5,827,870	0.43%	641
2019	5,393,398	-	5,393,398	(10,940)	5,382,458	0.35%	555
2020	4,946,725	2,660,000	7,606,725	(30,969)	7,575,756	0.49%	770
2021	4,495,052	2,430,000	6,925,052	(44,337)	6,880,715	0.42%	655
2022	4,038,379	2,115,000	6,153,379	(52,658)	6,100,721	0.33%	581
2023	3,571,706	1,795,000	5,366,706	(77,975)	5,288,731	0.25%	476

**CITY OF FAIR OAKS RANCH, TEXAS**

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

Total assessed value	<u>\$ 2,137,859,177</u>
Debt limit (\$1.50 of total assessed value)	<u>\$ 32,067,888</u>
Debt applicable to limit:	
General bonded debt outstanding	\$ 3,571,706
Less: Amount set aside for repayment of general bonded debt	<u>77,975</u>
Total net debt applicable to limit	<u>3,493,731</u>
Legal debt margin	<u>\$ 28,574,157</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 15,051,276	\$ 16,206,450	\$ 18,849,921	\$ 20,165,764	\$ 23,247,169
Total net debt applicable to limit	-	7,000,000	6,610,000	6,185,000	5,835,071
Legal debt margin	<u>\$ 14,675,649</u>	<u>\$ 9,206,450</u>	<u>\$ 12,239,921</u>	<u>\$ 13,980,764</u>	<u>\$ 17,412,098</u>

TABLE 13

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 23,385,382	\$ 24,825,905	\$ 25,918,276	\$ 27,915,388	\$ 32,067,888
5,393,398	4,946,725	4,495,052	3,985,721	3,493,731
<u>\$ 17,991,984</u>	<u>\$ 19,879,180</u>	<u>\$ 21,423,224</u>	<u>\$ 23,929,667</u>	<u>\$ 28,574,157</u>

CITY OF FAIR OAKS RANCH, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2023

TABLE 14

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Alamo CCD	\$ 773,715,000	0.58%	\$ 4,487,547
Bexar Co	2,148,125,000	0.58%	12,459,125
Bexar Co Hosp Dist	1,320,585,000	0.58%	7,659,393
Boerne ISD	377,925,232	17.81%	67,308,484
Comal Co	112,200,000	0.98%	1,099,560
Comal ISD	1,092,450,214	0.41%	4,479,046
Kendall Co	43,115,000	5.56%	<u>2,397,194</u>
Subtotal - overlapping debt			99,890,349
City of Fair Oaks Ranch - direct debt			<u>3,748,436</u> *
Total direct and overlapping debt			<u>\$ 103,638,785</u>

Source: Municipal Advisory Council of Texas.

\*Note: Overlapping governments are those that coincide, as least in part, within the geographical boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fair Oaks Ranch, Texas. This process recognizes that, when considering the City of Fair Oaks Ranch’s ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

**CITY OF FAIR OAKS RANCH, TEXAS**

**PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO**

TABLE 15

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Joint Base San Antonio (JBSA) -						
Lackland, Fort Sam & Randolph	82,639	1	7.23%	92,301	1	9.83%
H.E.B. Food Stores	20,000	2	1.75%	20,000	2	2.13%
United Services Automobile Assoc	19,000	3	1.66%	17,000	3	1.81%
City of San Antonio	13,420	4	1.17%	11,371	5	1.21%
Northside Independent School District	12,206	6	1.07%	12,751	4	1.36%
Methodist Healthcare System	12,000	5	1.05%	8,000	7	0.85%
North East Independent School District	8,208	7	0.72%	10,522	6	1.12%
San Antonio Independent School District	7,500	8	0.66%	7,374	8	0.79%
University of Texas Health Science	7,200	9	0.63%	5,500	10	0.59%
Baptist Health Systems	6,490	10	0.57%	6,216	9	0.66%
<b>Total</b>	<u>188,663</u>		<u>16.51%</u>	<u>191,035</u>		<u>20.35%</u>

The City of Fair Oaks Ranch is located near the City of San Antonio and data is not available for the employers in Fair Oaks Ranch, Texas. The above data is for the City of San Antonio.

**CITY OF FAIR OAKS RANCH, TEXAS**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

TABLE 16

Fiscal Year	(1) Population	(1) Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(3) San Antonio Unemployment Rate
2014	6,569	57,306	50.9	650	4.5%
2015	6,569	55,586	51.2	650	3.8%
2016	6,914	54,829	47.9	650	3.9%
2017	8,645	52,917	46.7	916	3.2%
2018	9,091	51,482	45.9	1,321	3.3%
2019	9,700	52,094	47.1	1,391	3.0%
2020	9,833	57,939	46.3	1,575	6.3%
2021	10,505	57,939	46.3	1,586	4.5%
2022	10,505	75,205	45.5	1,605	3.5%
2023	11,104	82,685	46.4	1,688	3.8%

Sources:

- (1) Population, per capita income and median age provided by the United States Census Bureau
- (2) Boerne Independent School District
- (3) United States Bureau of Labor/TWC

**CITY OF FAIR OAKS RANCH, TEXAS**  
**OPERATING INDICATORS BY FUNCTION**  
**For the fiscal year ended September 30, 2023**

TABLE 17

Function	2023	2022	2021	2020	2019	2018	2017
<b>Police</b>							
Incidents/offenses	919	856	666	589	504	501	444
Arrests	294	289	199	157	207	224	191
Calls for service	4,177	4,031	3,955	3,482	3,913	3,716	3,664
Trafficstops	6,327	4,708	4,026	2,924	4,893	5,271	4,217
<b>Public Works</b>							
Street resurfacing (square yards)	244,561	254,422	107,108	80,557	155,468	64,496	118,827
Preventative street maintenance (square yards)	483	1,337	999	211,529	49,477	65,244	101,646
<b>Building Codes</b>							
Permits issued	86	133	247	157	118	190	142
Permits issued - other	580	645	692	734	506	416	376
Inspections/reinspections conducted	1,850	2,732	2,751	2,297	1,898	1,586	1,679
<b>Utilities</b>							
<b>Account service orders</b>							
Meter install / change	284	111	217	86	252	222	288
Occupancy change	181	261	370	320	288	330	322
Customer service inquiry	372	199	401	338	297	247	291
Billing (water, sewer, fees, all charges)	\$6,129,738	\$ 5,862,105	\$ 4,758,791	\$ 5,002,084	\$ 4,550,072	\$ 4,683,010	\$ 4,632,435
<b>Water</b>							
Service connections	3,248	3,201	3,157	3,083	3,002	2,948	2,929
Purchased (gallons)	369,914,400	328,996,000	324,549,963	337,047,000	318,044,000	276,418,000	296,164,000
Pumped (gallons)	246,488,566	323,937,547	217,061,572	231,668,112	174,702,326	168,328,487	241,088,931
Billed consumption (gallons)	584,553,400	594,010,700	485,043,800	523,698,900	436,094,700	457,611,000	502,639,000
Non-billed & bulk water sold (gallons)	2,946,600	2,873,400	2,310,900	3,192,400	3,350,000	3,476,900	5,182,505
<b>Wastewater/Sewer</b>							
Service connections	2,001	1,979	1,943	1,886	1,820	1,775	1,733
Average daily treatment in gallons	295,213	249,076	256,037	242,174	225,255	235,917	224,046

Source: Various City departments.

Note: Schedule to be built over the next 10 fiscal years.



**CITY OF FAIR OAKS RANCH, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**For the fiscal year ended September 30, 2023**

TABLE 18

Function	2023	2022	2021	2020	2019	2018	2017
Administration							
Vehicles	2	2	2	1	1	1	1
Police							
Stations	1	1	1	1	1	1	1
Patrol units	13	13	15	14	14	13	15
Animal Control							
Control vehicle	1	1	1	1	1	1	1
Building Inspections							
Vehicles	2	2	2	2	2	2	2
Public Works							
Vehicles	13	14	12	12	12	10	9
Other equipment	14	17	16	16	16	12	10
Utilities							
Vehicles	12	12	11	11	11	11	11
Other equipment	20	18	18	18	18	16	16
Streets							
Paved streets (in miles)	81.6	81.6	81.6	81.6	81.6	81.6	81.6
Paved streets maintained by the City	60	60	60	60	68.1	68.1	68.1
Water							
Water mains (in miles)	76	76	76	76	76	76	76
Wells	40	40	40	40	40	40	40
Treatment plants	5	5	5	5	5	5	5
Number of hydrants	266	266	266	266	266	266	228
Sewer							
Lift stations	6	6	6	6	6	6	6
Sewer lines (in miles)	33	33	33	33	33	33	33
Treatment plants	1	1	1	1	1	1	1

Note: Schedule to be built over the next 10 fiscal years.

**CITY OF FAIR OAKS RANCH, TEXAS**

**FULL-TIME EQUIVALENTS CITY GOVERNMENT EMPLOYEES BY FUNCTION**

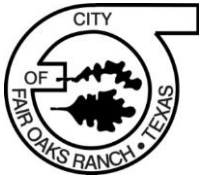
**For the fiscal year ended September 30, 2023**

TABLE 19

<u>Function</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government								
City Manager	1	1	1	1	1	1	1	1
Assistant City Manager	2	2	2	1	1	1	1	1
City Secretary	2	2	2	2	2	1	1	1
Human Resources and								
Communications	3	3	2	2	2	1	1	1
Finance	5	5	5	5	5	3	3	2
Municipal Court	2	2	2	2	2	2	1	1
Information Technology	2	2	2	1	1	0	0	0
Customer Service	2	2	2	3	3	2	1	1
Public Safety								
Police	25	23	23	23	23	21	20	19
Animal control	1	1	1	1	1	1	1	1
Code enforcement	4	4	4	4	4	1.5	1.5	1.5
Administration	4	4	4	4	4	3	2	2
Public Works								
Public Works	17	16	14	14	14	13	9	9
Water and Sewer								
Customer Service	1	1	1	1	1	1	1	1
Water and Sewer	10	10	10	10	10	10	9	9
	<u>81</u>	<u>78</u>	<u>75</u>	<u>74</u>	<u>74</u>	<u>61.5</u>	<u>52.5</u>	<u>50.5</u>

Note: Schedule to be built over the next 10 fiscal years.





**CITY COUNCIL WORKSHOP  
CITY OF FAIR OAKS RANCH, TEXAS**

AGENDA TOPIC: Dietz Elkhorn (East) Reconstruction Project Options  
DATE: March 21, 2024  
DEPARTMENT: Public Works  
PRESENTED BY: Grant Watanabe, P.E., Director of Public Works and Engineering Services  
Steven Dean, P.E., CFM, Vice President for Water Resources, Pape-Dawson Engineers, Inc.  
Joel Mesa, P.E., CFM, Project Manager, Pape-Dawson Engineers, Inc.

**INTRODUCTION/BACKGROUND:**

On August 29, 2023, the City held a townhall meeting to share information and receive public input on the Dietz Elkhorn (East) Reconstruction project and Multimodal Transportation options. This event kicked off two virtual surveys which received a total of 1,251 responses.

At the October 5, 2023, Regular City Council meeting, staff presented a summary of the survey results and received direction from Council to explore three potential options for the Dietz Elkhorn (East) Reconstruction project. Since the preliminary cost estimates for some options were high, staff worked with the engineering consultant to develop a fourth option which adds a sidewalk instead of share-use or combined-use path. A summary of each option and the associated cost estimate is listed below:

Existing Width:

- 11 ft. lanes
- 5 ft. paved shoulder (north side)
- 1-2 ft. paved shoulder (south side)

Option 1 - Reconstruction with wider shoulders (\$3.5 million)

- 11 ft. lanes
- 5 ft. paved shoulder (north side)
- 5 ft. paved shoulder (south side)

Option 2 - Reconstruction with a shared-use path (\$7.1 million)

- 11 ft. lanes
- 5.5 ft. paved shoulders and curb (north and south sides)
- 10 ft. shared use path with a 4 ft. buffer from edge of pavement

Option 3 - Reconstruction with a sidewalk (\$6.1 million)

- 11 ft. lanes
- 3.5 ft. paved shoulders and curb (north and south sides)
- 5 ft. sidewalk with a 4 ft. buffer from edge of pavement

Option 4 - Reconstruction with a combined-use path (\$7.0 million)

- 11 ft. lanes
- 1.5 ft. curb and gutter (north and south sides)
- 14 ft. combined-use path with a 4 ft. buffer from edge of pavement

Although no formal action is requested as part of this workshop, staff seeks direction on which reconstruction option is preferred. The consultant will proceed with full schematic design of the preferred option. Should voters approve the general obligation bond election in May, staff will request a fee proposal for remaining engineering services (full design development, preparation of construction documents, bid and construction phase services, etc.) and may bring back a work authorization for consideration at a future Council meeting.

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

- Supports Priority 2.3 to Enhance Local Mobility and Multimodal Connectivity of the Strategic Action Plan.
- Supports Priority 3.4 to Enhance and Ensure Continuity of Reliable Roadway Improvement Initiatives of the Strategic Action Plan.

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

Should voters approve the issuance of a general obligation bond, this project will be considered as part of the budget cycle and tax rate approval process.



# Dietz Elkhorn (East) Reconstruction Project Options

March 21, 2024

Grant Watanabe, P.E.

Director of Public Works and Engineering Services



# AGENDA

- Project Overview
- Existing Roadway Section
- Proposed Typical Section Options
  - OPTION 1 – Reconstruction with wider shoulders
  - OPTION 2 – Reconstruction with shared-use path
  - OPTION 3 – Reconstruction with a sidewalk
  - OPTION 4 – Reconstruction with combined-use path
- Summary and Cost Comparison
- Next Steps
- Questions

# Project Overview



- Full depth reconstruction of Dietz Elkhorn (East) between Fair Oaks Parkway and FM3351, drainage improvements, utility and driveway adjustments
- No ROW acquisition
- Consideration for transportation alternatives, including bike and pedestrian facilities, where feasible







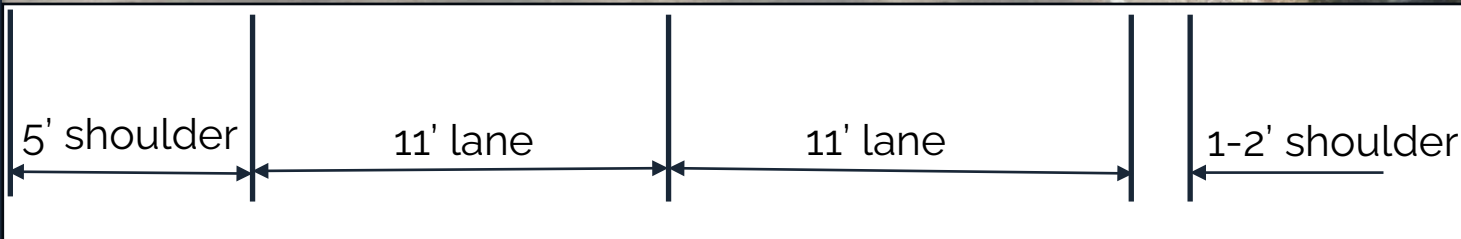
# Existing Roadway Section



Existing length: 1.2 miles (Fair Oaks Parkway to FM3351)

Existing width: 28-29 ft.

- 11 ft. lanes
- 5 ft. paved shoulder (north side)
- 1-2 ft. paved shoulder (south side)





# Proposed Typical Section – Option 1



Proposed Width: 32 ft.

- 11 ft. lanes
- 5 ft. paved shoulder (north side)
- 5 ft. paved shoulder (south side)

Existing bar ditches to remain, culverts replaced, regrading

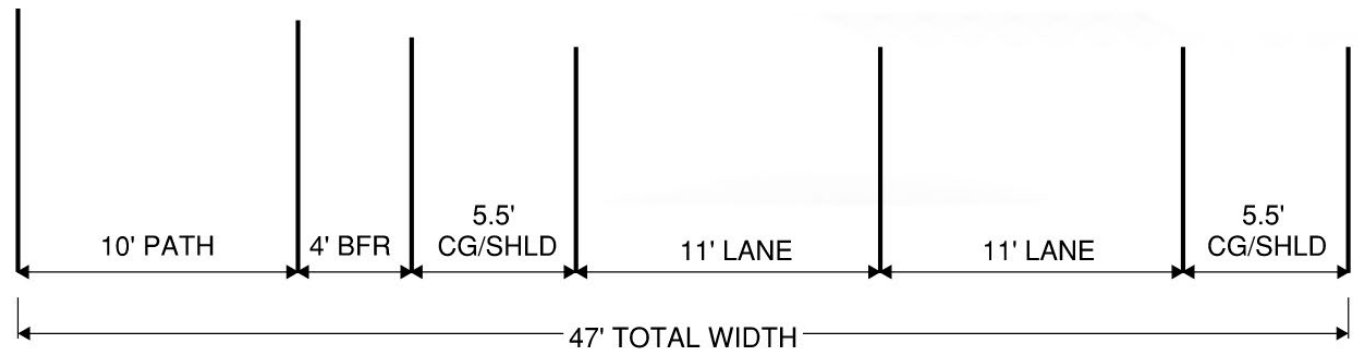
Minimal impact to utilities

Estimated Construction Cost: \$3.5 million





# Proposed Typical Section – Option 2



Proposed Width: 47 ft.

- 11 ft. lanes
- 5.5 ft. paved shoulder and curb (north and south side)
- 10 ft. shared-use path
- 4 ft. buffer

Roadway centerline shifted to accommodate shared-use path

Underground storm drain system needed

Estimated Construction Cost: \$7.1 million

# Proposed Typical Section – Option 3



Proposed Width: 38 ft.

- 11 ft. lanes
- 3.5 ft. paved shoulder and curb (north and south side)
- 5 ft. sidewalk
- 4 ft. buffer

Roadway centerline shifted to accommodate sidewalk

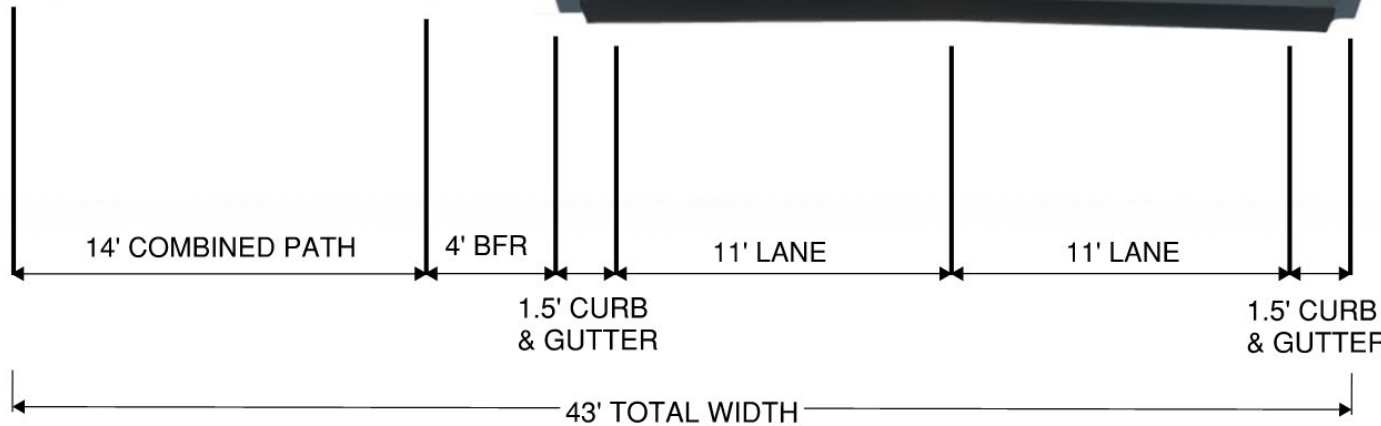
Underground storm drain system needed

Estimated Construction Cost:  
\$6.1 million





# Proposed Typical Section – Option 4



Proposed Width: 43 ft.

- 11 ft. lanes
- 1.5 ft. curb and gutter (north and south side)
- 14 ft. combined-use path
- 4 ft. buffer

Roadway centerline shifted to accommodate combined-use path

Underground storm drain system needed

Estimated Construction Cost: \$7.0 million



# Summary and Cost Comparison

- OPTION 1 - Wider Shoulders \$3.5 million
- OPTION 2 - Shared-Use Path \$ 7.1 million
- OPTION 3 - Sidewalk \$ 6.1 million
- OPTION 4 - Combined-Use Path \$ 7.0 million
  
- Major Contributing Cost Factors
  - Pavement Section and Widths
  - Underground Storm Drain System
  - Concrete for Sidewalk/Shared-Use/Combined-Use Path
- Total bond authorization provides flexibility to consider all options



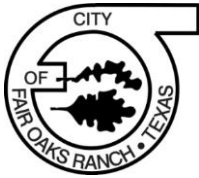
# Next Steps

- Receive Council direction regarding preferred option
- Consultant completes schematic design for preferred option
- May 2024 General Obligation Bond Election
- Staff brings back work authorization for remaining engineering services (design development, construction documents, bid and construction phase services)
- Construction funding considered as part of budget cycle and tax rate approval process



# Questions?





**CITY COUNCIL WORKSHOP  
CITY OF FAIR OAKS RANCH, TEXAS**

AGENDA TOPIC: Town Hall Recap - Gateway Feature & Community Center  
DATE: March 21, 2024  
DEPARTMENT: Human Resources and Communications Department and Public Works Department  
PRESENTED BY: Joanna Merrill, Director of Human Resources and Communications

**INTRODUCTION/BACKGROUND:**

A Town Hall meeting was conducted on February 27, 2024, to provide residents with an opportunity to view and provide feedback on two prominent projects: the proposed Gateway Feature and Community Center.

The Communications Department created a short survey to assist with gathering feedback and understanding community interest for these two projects. This survey was offered at the Town Hall meeting in both paper and electronic formats for attendees to complete in real time. The survey was then also posted online and via social media accounts to gather as much data as possible.

The targeted goals for the survey were as follows:

- Presenting the final design concept of the Gateway Feature and obtaining community interest regarding auxiliary features (cows, horses, lighting, etc.) and locations of potential future gateway features.
- Obtaining community interest and responses regarding the Community Center project with three design concepts.
- Providing survey participants the opportunity to voice other topics of interest related to these projects.

This workshop will feature survey results, and staff will seek City Council direction regarding the following:

- Gateway Feature
  - The City Council’s approval to move forward with the next phase and to authorize Halff Associates, Inc. to proceed with developing a conceptual portfolio to present to City Council at a subsequent meeting.
- Community Center
  - City’s Council’s selection of an exterior design concept from the below options:
    - Gable Roof
    - Hip Roof
    - Monitor Roof

- The Architect will then engage subconsultants and initiate the design development phase based on the option selected.

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

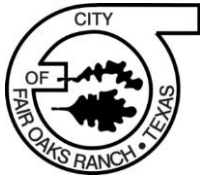
These projects have been designated as priorities in the approved Strategic Action Plan for the FY 2023-24.

Gateway Feature

- 5.2.2 Develop Brand Identity and Credibility
- 5.2.3 Create Opportunities for Resident Engagement and Participation
- 5.2.6 Design and Construct a City Gateway Feature
- Community Center
  - 5.2.2 Develop Brand Identity and Credibility
  - 5.2.3 Create Opportunities for Resident Engagement and Participation
  - 3.5.5 Plan and Construct a Civic/Community Center

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

Decisions regarding these two projects will direct movement towards obtaining cost data. Staff will present funding options to the City Council at a later date inclusive of potential grant project applications to the Municipal Development District (MDD).



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## CITY COUNCIL REPORT CITY OF FAIR OAKS RANCH, TEXAS

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AGENDA TOPIC: Presentation of the Popular Annual Financial Report for FY 2022-23  
DATE: March 21, 2024  
DEPARTMENT: Finance  
PRESENTED BY: Summer Fleming, Director of Finance

---

### **INTRODUCTION/BACKGROUND:**

The Government Finance Officers Association (GFOA) established the Popular Annual Financial Reporting (PAFR) Awards Program to encourage and assist state and local governments to extract information from their annual comprehensive financial report (ACFR) to produce a report specifically designed to be readily accessible and easily understandable to the public and other interested parties without a background in public finance.

The Finance Department created their first ever PAFR in FY 2020-21 for the benefit of the residents and stakeholders. The City received the GFOA award for its inaugural effort. The subsequent year's PAFR was also recently recognized by GFOA. It is the goal of the department to continue creating a PAFR alongside the ACFR each fiscal year.

### **POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

The PAFR is a supplement to the ACFR and is designed to assist readers who need or desire a less detailed overview of the City's financial activities. The PAFR is submitted to GFOA's award program and is judged on reader appeal, understandability, distribution methods, and overall quality and usefulness of the report.

### **LONGTERM FINANCIAL & BUDGETARY IMPACT:**

While there is no cost to the City to create a PAFR, the cost for submitting to GFOA's award program is \$250, which is budgeted annually.



# City of Fair Oaks Ranch

Fair Oaks Ranch, Texas

## Popular Annual Financial Report For Fiscal Year Ended September 30, 2023



Dear Residents,

I am pleased to present to you the Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2023. The PAFR is a powerful tool that communicates the financial condition of the City in a condensed format.

The City's financial condition is strong. In the last fiscal year, the City adhered to its adopted policy of maintaining a six-month operating reserve in the General Fund. The City's net position, or total value, increased from last year due to a continued strong local economy and responsible investment of the City's resources. We provided outstanding services to our residents in public safety, infrastructure maintenance, and growth management while decreasing the overall property tax rate and maintaining utility rates. We also embarked on several key projects identified in the City's Capital Improvements Plan and Strategic Action Plan.

The PAFR is one of three reports the City can submit to the Government Finance Officers Association (GFOA) to earn the coveted "Triple Crown." The City earned the Triple Crown for the 2021 and 2022 fiscal years for its excellence in budgeting, financial reporting, and popular financial reporting. With this PAFR, I am optimistic the City will earn its third straight Triple Crown – a testament to the City's commitment transparency and accessibility.

We are proud of the high level of service the City provides its residents. Fair Oaks Ranch continues to grow, using the City Council's strategic planning pillars as a solid foundation and maintaining fiscal and financial stability. We are honored to serve this community and committed to preserving the unique quality of life that makes the City of Fair Oaks Ranch so special.

Sincerely  
Scott M. Huizenga, ICMA-CM  
City Manager

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- 2. Message from the City Manager
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- 7. Governmental Revenues
- 9. Property Taxes
- 10. Governmental Expenditures
- 11. Utilities and Major Projects
- 12. Long-Term Debt and Assets
- 13. Net Position
- 14. Glossary
- 15. Contact Us/Stay Informed

Mayor and City Council



Mayor Gregory C. Maxton



Emily Stroup  
Council Member Place 1



Keith Rhoden  
Council Member Place 2



Michelle Bliss  
Council Member Place 3



Laura Koerner, Mayor Pro-Tem  
Council Member Place 4



Scott Parker  
Council Member Place 5



Chesley Muenchow  
Council Member Place 6



## About the PAFR

### Popular Annual Financial Report

A Popular Annual Financial Report (PAFR) is a document that consolidates information from the Annual Comprehensive Financial Report (ACFR) to create an easy-to-read report for citizens. This report is designed to provide a summary of the City's overall financial condition in a user-friendly format.

Although this report is largely derived from the City's 2023 ACFR, it is not prepared in accordance with generally accepted accounting principles (GAAP). The report is presented in a summarized manner and certain financial statements, discretely presented component units and note disclosures required by GAAP are omitted. A copy of the City's audited 2023 Annual Comprehensive Financial Report, which is prepared in accordance with GAAP and contains more detailed information, is located on the City's website at:

<https://www.fairoaksranchtx.org/513/Financial-Reports>

### Awards



The City of Fair Oaks Ranch, Texas was awarded the [Award for Outstanding Achievement in Popular Annual Financial Reporting](#) by the Government Finance Officers Association (GFOA) of the United States and Canada for the year ended September 30, 2022. This was the 2nd year the City has achieved this award.

In order to be eligible for the PAFR Award, a government must also submit its ACFR to GFOA's [Certificate of Achievement for Excellence in Financial Reporting Program](#) and receive the Certificate for the same fiscal year. The City was awarded the Certificate of Achievement for Excellence in Financial Reporting by GFOA for its annual comprehensive financial report for the year ended September 30, 2022. This was the 6th consecutive year the City had achieved this award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. A Certificate of Achievement is valid for a period of one year only.

The City was also awarded the [GFOA Distinguished Budget Presentation Award](#) for its Annual Budget for the fiscal year beginning October 01, 2023. This was the 5th consecutive year the City had achieved this award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, a financial plan, an operations guide, and a communications device. This award is valid for a period of one year only.

The City continues to strive for excellence in financial reporting and a high level of transparency for its citizens by making financial information readily accessible to the public.

# CITY OF FAIR OAKS RANCH BY THE NUMBERS



**Population : est. 11,104**

**Incorporation: 1988**

**Land Area: 7,861 Acres**

**Home Rule Charter: 2017**

**Spans 3 Counties: Bexar, Kendall and Comal**

## CITY STAFF:

**81 Budgeted Full Time Employees**

**Public Works & Engineering Services: 32**

**Public Safety: 30**

**Administration: 5**

**Finance: 5**

**Information Technology: 2**

**Municipal Court: 2**

**HR & Communications: 3**

**City Secretary: 2**

## BUILDING CODES:



**86 New**

**Residential Home**

**Permits Issued**

## Inspections Conducted:

**30 Health**

**68 Fire**

**1,850 Structural**



## PUBLIC SAFETY:

**27 Sworn Officers**

**1 K-9 Officer "Buddy"**

**Recognized as Best Practices Agency**

**4,177 Calls for Service in 2023**

## ENVIRONMENTAL:

**77% Compliance Rate  
for Backflow  
Prevention**

## PUBLIC WORKS:

**77 Miles of Water Lines**



**5 Water Plants**

**1 Wastewater Plant**

**3,248 Water Service Connections**

**2,001 Sewer Service Connections**

**60 Miles of Roadway**

**295,213 Average Gallons of Wastewater Treated Daily**



## History of "The Ranch"

The City of Fair Oaks Ranch had its beginnings as a working ranch when several parcels of land were acquired by oil man Ralph Fair, Sr. during the 1930s. The ranch was first a center for a racehorse operation. Later, Mr. Fair established a registered Hereford cattle operation.



After the death of Mr. and Mrs. Fair, the remaining family decided to develop a 5,000 acre portion of the ranch as a residential community. A homeowner's association was formed in 1975 with Boots Gaubatz as the president.

In 1985 the Fair Oaks Ranch Homeowners Association began to consider incorporation as a Type A General Law Municipality. Boots, along with Bob Herring and Don King, led the process and are now known as the "founding fathers" of Fair Oaks Ranch. The City was eventually incorporated in 1988.

Once the population of Fair Oaks Ranch reached 5,000, the City was eligible for home rule. The draft home rule charter was introduced a decade later. In May 2017, the home rule election was held with over 90% of voters supporting the change.

Fair Oaks Ranch was created by a group of visionaries who had both the foresight and the political courage to dream of a special community and make it a reality. The ability to make the city a reality was enhanced by having a single development company for many years and working with a family that had a desire for their ranch to become a unique community. This commonality of vision was the glue that held the development process together and created such a unique city.

### Location of Fair Oaks Ranch

- SAN ANTONIO - 27 MILES
- AUSTIN - 65 MILES
- HOUSTON - 195 MILES
- DALLAS - 237 MILES
- CORPUS CHRISTI - 153 MILES
- EL PASO - 530 MILES





# FY 2023 Financial Activity

## GOVERNMENTAL ACTIVITIES

Total Revenues			
Revenue Type	FY 2023	FY 2022	FY 2021
Property Taxes	\$ 7,062,241	\$ 6,614,489	\$ 6,482,238
Sales Tax	1,684,119	1,603,934	1,460,542
Charges for Services	829,500	968,001	915,200
Franchise Fees	748,401	761,408	651,534
Investment Earnings	581,995	80,336	4,345
Operating Grants and Contributions	379,340	1,283,952	190,841
Other Revenue	150,838	28,394	40,328
<b>Total Revenues</b>	<b>\$ 11,436,434</b>	<b>\$ 11,340,514</b>	<b>\$ 9,745,028</b>

Total Expenses			
Expenditure Type	FY 2023	FY 2022	FY 2021
Public Safety	\$ 4,147,473	\$ 3,456,846	\$ 3,161,031
General Government	2,680,148	2,443,992	2,135,936
Public Works	2,366,969	920,678	922,990
Engineering and Planning	1,529,149	1,493,654	976,254
Building Codes and Permits	280,890	273,015	253,665
Municipal Court	256,851	206,843	192,956
<b>Total Expenses</b>	<b>\$ 11,261,480</b>	<b>\$ 8,795,028</b>	<b>\$ 7,642,832</b>

## UTILITY

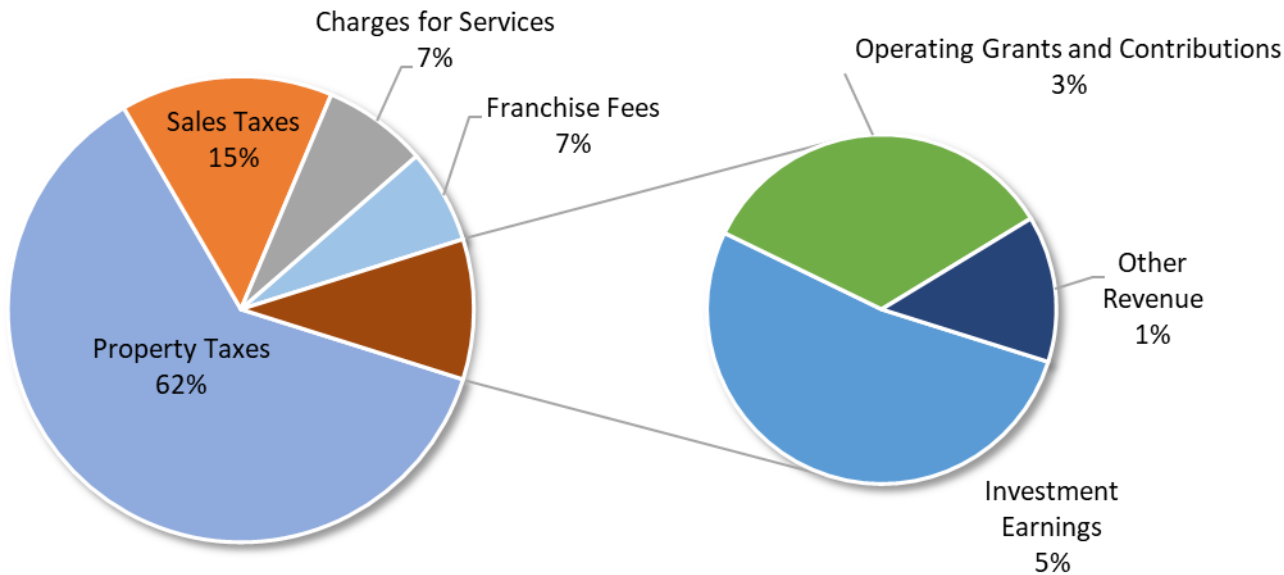
Total Revenues			
Revenue Type	FY 2023	FY 2022	FY 2021
Charges for Services	\$ 6,165,245	\$ 6,497,720	\$ 5,681,369
Operating Grants and Contributions	-	1,244,133	-
Gain (Loss) on Sale of Capital Assets	(9,806)	-	-
Investment Earnings	358,595	55,063	3,066
<b>Total Revenues</b>	<b>\$ 6,514,034</b>	<b>\$ 7,796,916</b>	<b>\$ 5,684,435</b>

Total Expenses			
Expenses	FY 2023	FY 2022	FY 2021
Water Utility	\$ 4,167,793	\$ 3,823,338	\$ 3,195,856
Wastewater Utility	1,935,727	2,080,948	1,677,631
<b>Total Revenues</b>	<b>\$ 6,103,520</b>	<b>\$ 5,904,286</b>	<b>\$ 4,873,487</b>

# Governmental Revenues

## Where does the money come from?

Governmental revenues represent funding the City receives to provide core services to residents. Property taxes are the largest source of governmental revenues followed by sales taxes. The graph below provides a summary of governmental revenues by type for fiscal year 2023.



In total, these revenues increased \$95,920 when compared to the prior fiscal year. The increase is largely attributable to a \$501,659 increase in investment earnings which helped to offset the \$904,612 decrease in grant revenue from the one-time Coronavirus State and Local Fiscal Recovery Fund received in the prior year.

Sales taxes increased \$80,185 from the prior year, but was less than what was anticipated as sales and online purchases began to slow. With a limited commercial footprint, the change in online shopping habits of the residents has a large impact on the City’s sales tax revenue.

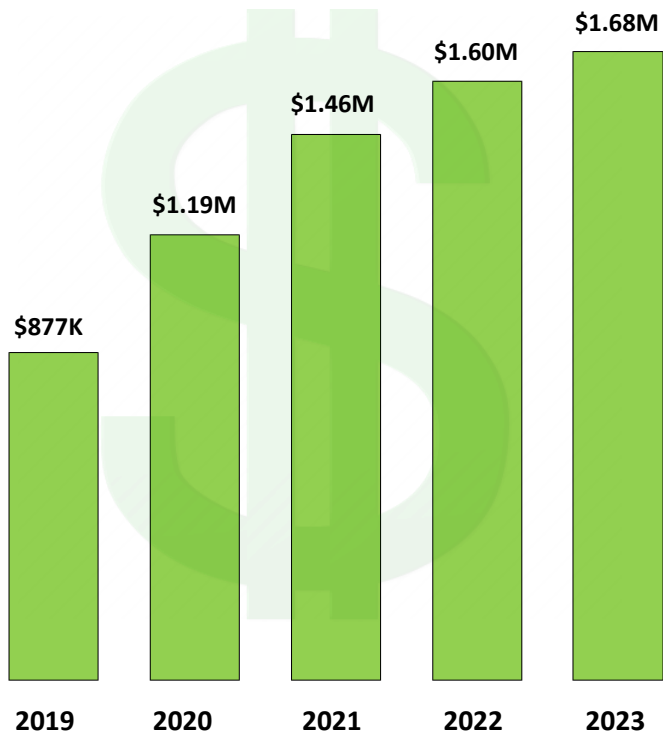
Property tax revenues increased \$447,753 from the prior year. The property tax rate for fiscal year 2023 was \$0.3291 per \$100 taxable value, which was a decrease from \$0.3518 the prior year; however, assessed property values went up within the City, offsetting the drop in the property tax rate.

Franchise fees decreased \$13,007 in total from the prior year. Most of this decrease was from electric and gas utility providers due to lowered usage levels of customers.

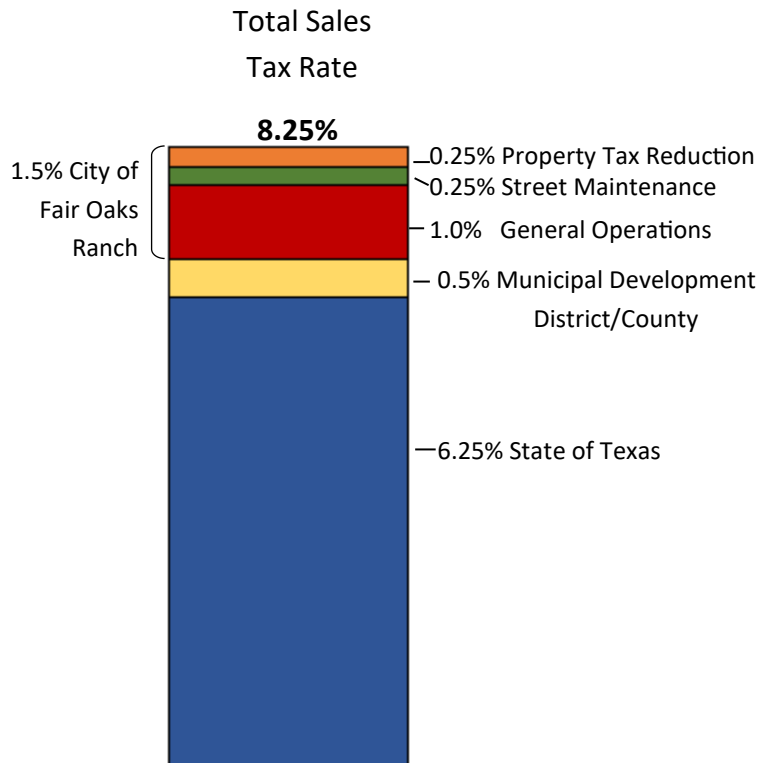
Other revenue experienced a \$122,444, or 431%, increase over the prior year’s total. This increase is attributable to the Boerne ISD reimbursement for a portion of the costs associated with the new school resource officer program.

# Governmental Revenues

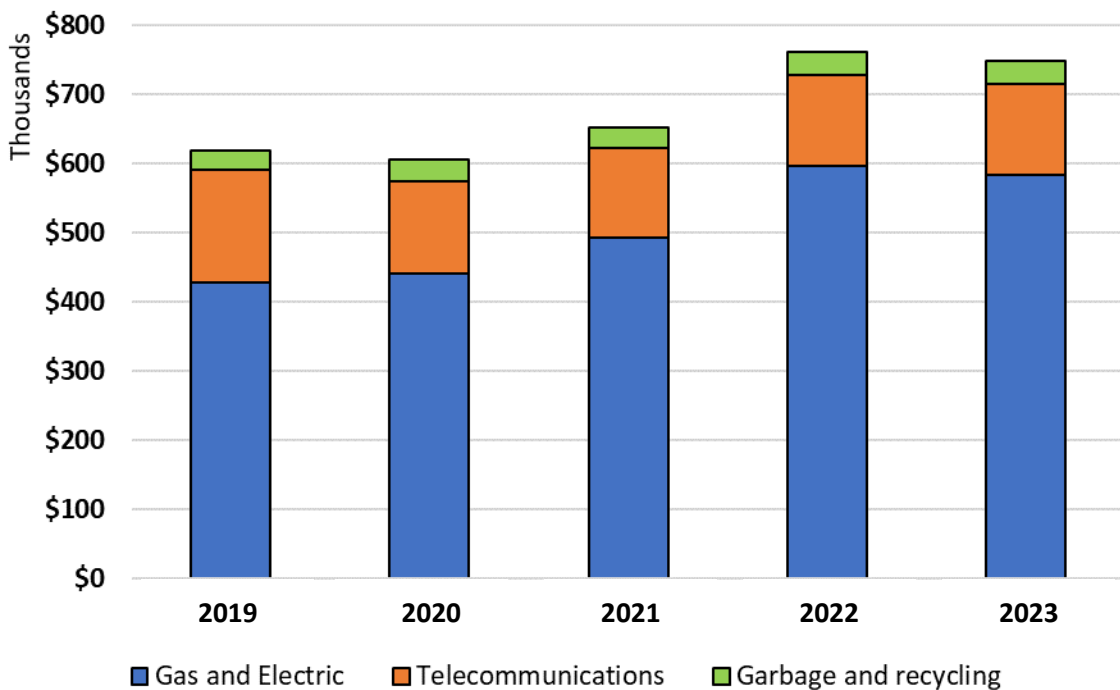
**SALES TAX REVENUE  
OVER FIVE YEARS**



**SALES TAX DOLLAR DISTRIBUTION**



**FRANCHISE FEE REVENUE OVER FIVE YEARS**

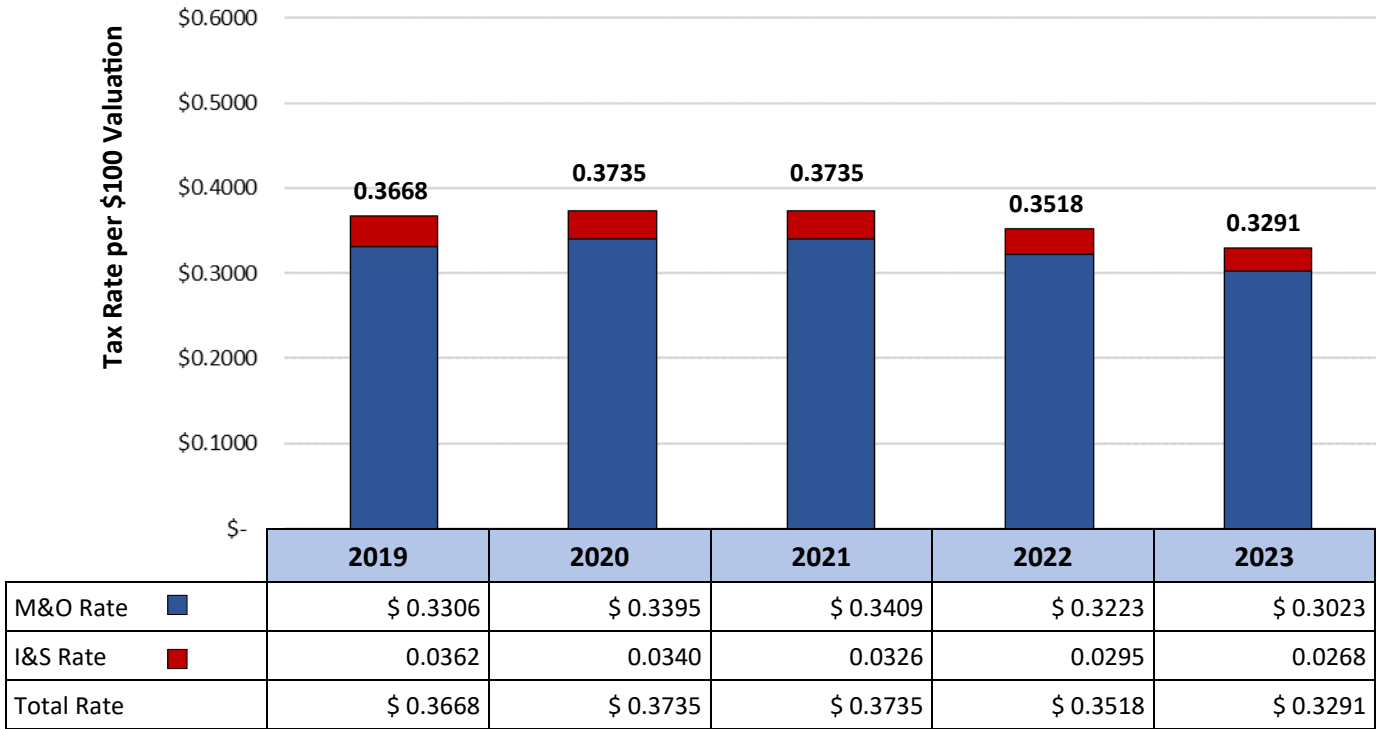


# Property Taxes

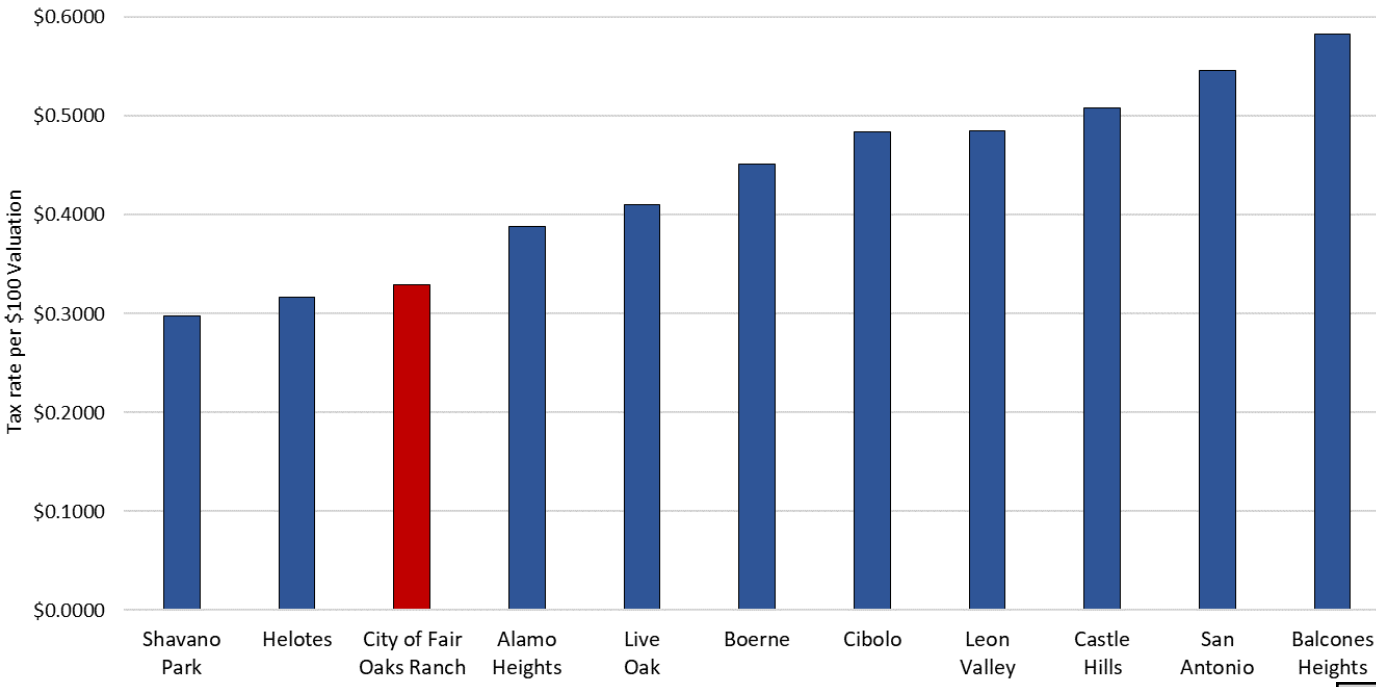
## FISCAL YEAR 2023 TAX RATE

The maintenance and operations (M&O) portion of the City’s property tax rate pays for daily operational costs such as personnel, supplies, and maintenance. The debt service (I&S) portion of the tax rate pays for the City’s obligation for debt that was issued for roadway improvements.

### FAIR OAKS RANCH PROPERTY TAX RATE HISTORY BY YEAR



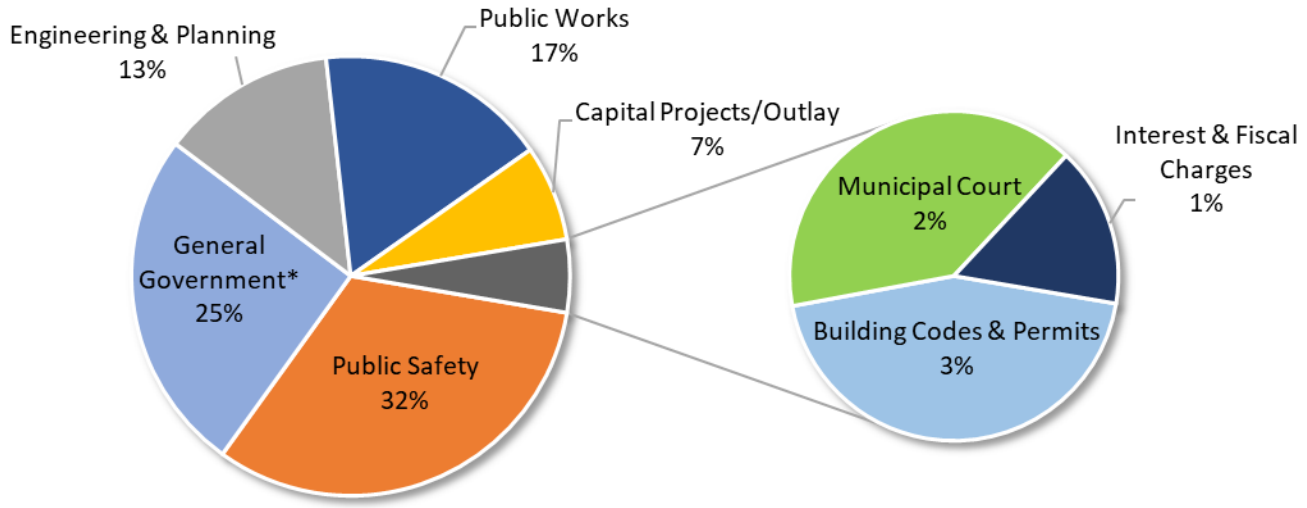
### FY 2023 PROPERTY TAX RATES FOR SURROUNDING CITIES



# Governmental Expenditures

## How does the City of Fair Oaks Ranch serve you?

Governmental expenditures are essentially the cost to run daily operations. These expenditures maintain service levels and continuing operations throughout the City. In fiscal year 2023, the City’s total governmental expenditures were \$11.7 million. Public safety, which includes police, fire, EMS, and animal control, is the City’s largest spending category accounting for 32% of governmental expenditures.



\*General Government includes Administration, City Secretary, HR & Communications, Finance, IT, and Non-Departmental

## MAJOR PROJECTS COMPLETED OR IN PROGRESS

- ◆ City Hall renovation
- ◆ Dietz Elkhorn Road reconstruction
- ◆ Battle Intense and Dietz Elkhorn Sidewalk reconstructions
- ◆ Community Center
- ◆ Post Oak Trail widening
- ◆ Multiple drainage capital improvement plan projects





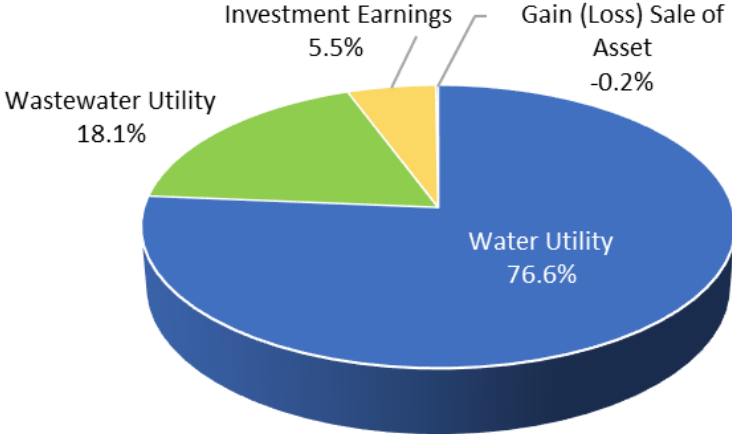
# Utilities and Major Projects

## Where does the money come from?

The Utility Fund's main source of revenue is the charge for water and sewer services. Utility rates are set by the City Council.



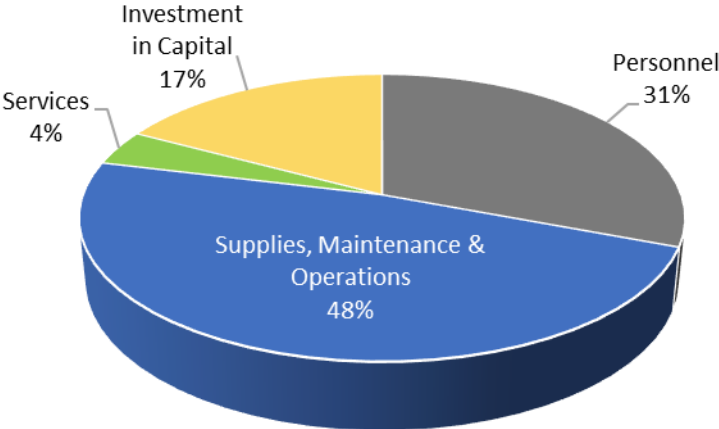
### Utility Revenues



## Where does the money go?

Services provided by the Utility Fund include water treatment and distribution, wastewater collection and treatment, utility billing and administration, and meter reading. The majority of the expenses go toward maintaining the infrastructure that supplies these services.

### Utility Expenses



## MAJOR UTILITY PROJECTS COMPLETED OR IN PROGRESS

- ◆ Volute dewatering press
- ◆ Wastewater Rate Study
- ◆ Creek Crossing West water line
- ◆ Old Fredericksburg Road water line
- ◆ Rolling Acres Trail water line
- ◆ Water Plant 5 Expansion
- ◆ Wastewater Treatment Plant Study



# Long-Term Debt and Assets

## LONG-TERM DEBT

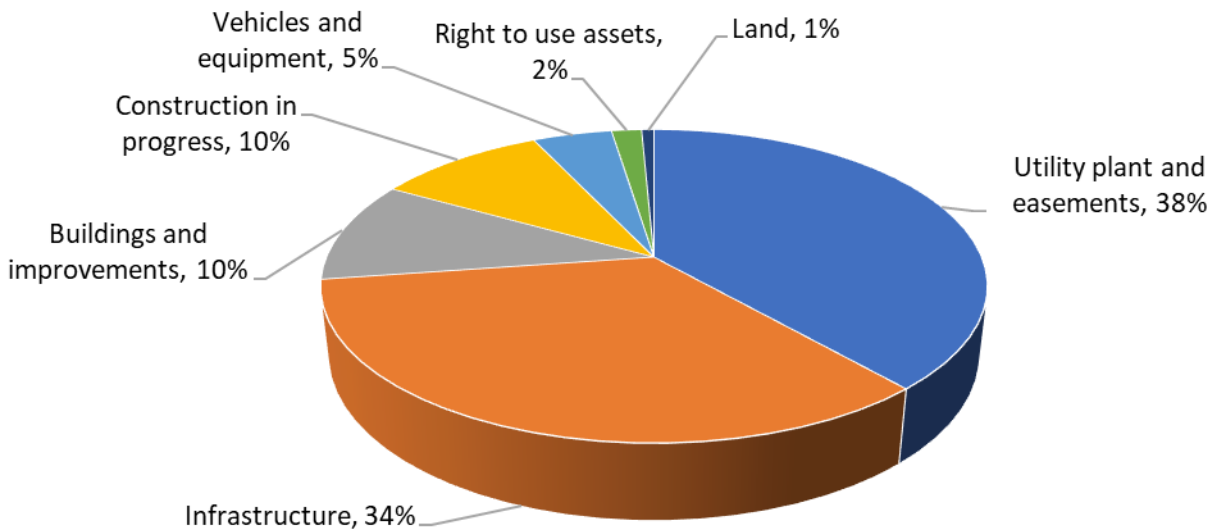
Long-Term Debt Year Ended September 30, 2023			
	Range of Interest Rates	Unpaid Principal	FY 2024 Annual Payment
<b>Governmental Activities</b>			
Road Reconstruction Bond, Series 2015	1.0-3.0%	\$ 3,525,000	\$ 470,000
<b>Utility</b>			
Utility Capital Lease Refinance Series 2020	1.01%	\$ 1,795,000	\$ 320,000

## CAPITAL ASSETS



Change in Capital Assets Year Ended September 30, 2023			
	Governmental Activities	Utility	Total
<b>Beginning Balance</b>	\$ 12,127,539	\$ 10,699,277	\$ 22,826,816
Additions	840,338	1,643,558	2,483,896
Deletions	(179,397)	-	(179,397)
Accumulated Depreciation	(543,601)	(812,388)	(1,355,989)
<b>Ending Balance</b>	<b>\$ 12,244,880</b>	<b>\$ 11,530,446</b>	<b>\$ 23,775,326</b>

## ASSET DISTRIBUTION



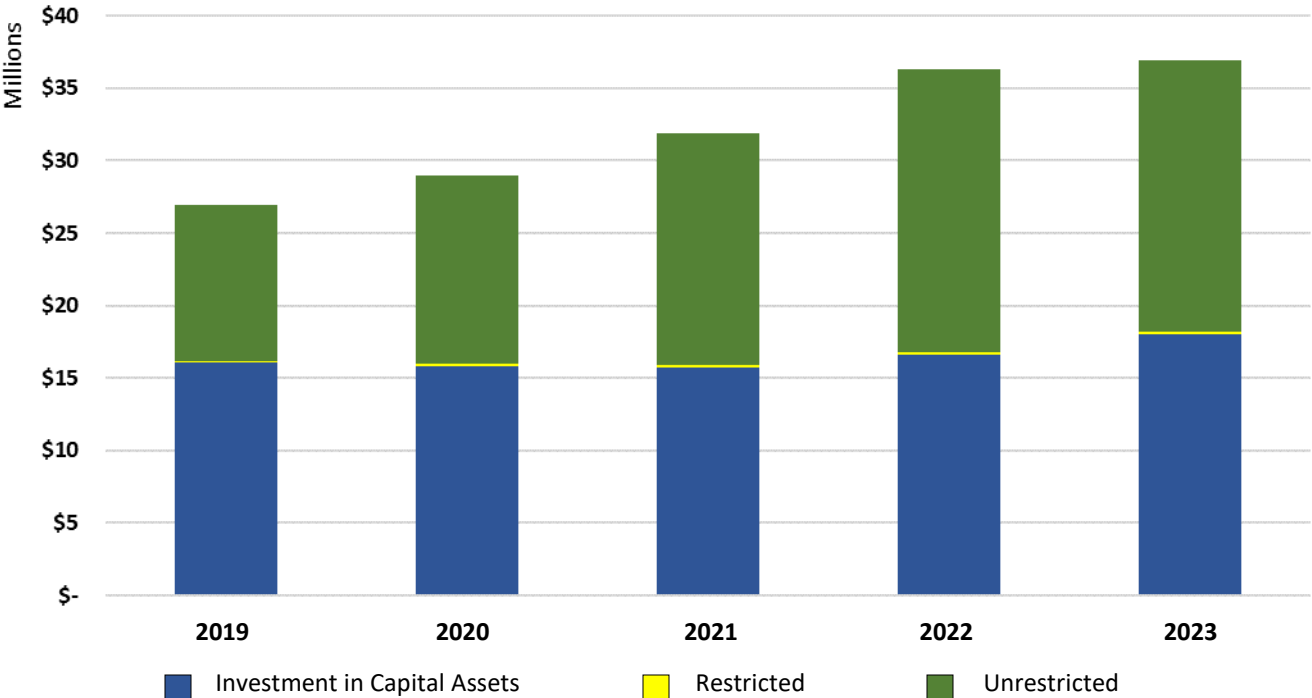
# Net Position

## How is the City doing?

The difference between the City’s assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The graph below illustrates the City’s net position change over the last five years.

	2019	2020	2021	2022	2023
<b>Governmental activities</b>					
Net investment in capital assets	\$ 7,576,143	\$ 7,523,360	\$ 7,647,912	\$ 8,025,653	\$ 8,496,444
Restricted	108,461	132,938	153,339	166,961	192,536
Unrestricted	<u>5,128,445</u>	<u>6,712,007</u>	<u>8,669,250</u>	<u>10,823,373</u>	<u>10,513,316</u>
<b>Total Governmental activities net position</b>	<b><u>\$ 12,813,049</u></b>	<b><u>\$ 14,368,305</u></b>	<b><u>\$ 16,470,501</u></b>	<b><u>\$ 19,015,987</u></b>	<b><u>\$ 19,202,296</u></b>
<b>Utility</b>					
Net investment in capital assets	\$ 8,466,058	\$ 8,307,519	\$ 8,081,383	\$ 8,572,922	\$ 9,550,922
Unrestricted	<u>5,686,797</u>	<u>6,316,241</u>	<u>7,353,325</u>	<u>8,754,416</u>	<u>8,198,285</u>
<b>Total Utility net position</b>	<b><u>\$ 14,152,855</u></b>	<b><u>\$ 14,623,760</u></b>	<b><u>\$ 15,434,708</u></b>	<b><u>\$ 17,327,338</u></b>	<b><u>\$ 17,749,207</u></b>
<b>City</b>					
Net investment in capital assets	\$ 16,042,201	\$ 15,830,879	\$ 15,729,295	\$ 16,598,575	\$ 18,047,366
Restricted	108,461	132,938	153,339	166,961	192,536
Unrestricted	<u>10,815,242</u>	<u>13,028,248</u>	<u>16,022,575</u>	<u>19,577,789</u>	<u>18,711,601</u>
<b>Total City net position</b>	<b><u>\$ 26,965,904</u></b>	<b><u>\$ 28,992,065</u></b>	<b><u>\$ 31,905,209</u></b>	<b><u>\$ 36,343,325</u></b>	<b><u>\$ 36,951,503</u></b>

**NET POSITION HISTORY**





**DEFINITION OF KEY TERMS**

**CAPITAL ASSETS** - Assets of a long-term character which are intended to continue to be held or used. Examples of capital assets include items such as land, buildings, machinery, furniture and other equipment

**EXPENDITURE** - Funds spent in accordance with the budgeted appropriations on assets or goods and services obtained

**FISCAL YEAR** - A 12-month period in which the annual operating budget applies. The City of Fair Oaks Ranch has established October 1 through September 30 as its fiscal year

**FRANCHISE FEE** - A fee paid by public service businesses for the use of City streets, rights-of-way and property in providing their services to the citizens of the City. Services requiring franchises include electricity, telephone, cable television, sanitation, water and wastewater

**FUND** - An accounting entity with a self-balancing set of accounts that record financial transactions for specific activities or government functions

**FUND BALANCE** - The difference between a fund's assets and liabilities

**GENERAL FUND** - The operating fund of the City that accounts for the ordinary maintenance and operations of the City that are financed from taxes and other general revenues. It is used to account for all financial resources except those required to be accounted for in another fund

**GOVERNMENTAL ACTIVITIES** - Activities generally financed through taxes, intergovernmental revenues, and other nonexchange revenues

**NET POSITION** - The difference between an entity's assets plus deferred outflows of resources and its liabilities plus deferred inflows of resources. Net position has the following three components: net investment in capital assets; restricted net position; and unrestricted net position

**OPERATING GRANTS** - Revenues that are restricted for use in a particular program arising from mandatory and voluntary non-exchange transactions with other governments or organizations

**PROPERTY TAX** - Ad valorem tax levied on both real and personal property according to a property's valuation and the tax rate

**RESTRICTED NET POSITION** - The net position of restricted assets; those assets subject to constraints that are either externally imposed by resource providers or imposed by law or enabling legislation

**UNRESTRICTED NET POSITION** – The difference between total net position and its two other components (net investment in capital assets and restricted net position)

**UTILITY FUND** - A separate accounting and financial reporting mechanism for business-like municipal services in which a fee is charged in exchange for goods or services, such as water and wastewater



# CONTACT US



City Hall:  
7286 Dietz Elkhorn  
Fair Oaks Ranch, TX 78015  
(210) 698-0900  
Fax: (210) 698-3565




Non-Emergency Police & After Hours Utilities Dispatch:  
(830) 816-3194

# STAY INFORMED



City Website:

<https://www.fairoaksranchtx.org/>

Sign Up for Email or Text Updates through Notify Me: 

<https://www.fairoaksranchtx.org/list.aspx>




Follow Us on Facebook: 

<https://www.facebook.com/fairoaksranchtx>

Sign Up for Emergency Notifications through Regroup: 

<https://www.fairoaksranchtx.org/543/Regroup-Registration>

Check Us Out on Nextdoor: 

<https://nextdoor.com/agency-detail/tx/fair-oaks-ranch/city-of-fair-oaks-ranch/>

Subscribe to the Fair Oaks Ranch YouTube Channel: 

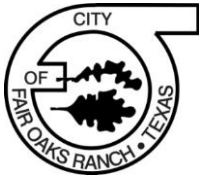
<https://www.youtube.com/channel/UCDqRvLvReqxr1lbajwshKA>



View Upcoming Meeting Details Here: 

<https://www.fairoaksranchtx.org/calendar.aspx?CID=14>,

City Council meetings take place on the 1st and 3rd Thursdays of the month at 6:30pm. All meetings are live-streamed on the YouTube Channel.



**CITY COUNCIL REPORT**  
**CITY OF FAIR OAKS RANCH, TEXAS**

AGENDA TOPIC: April 8, 2024 Total Eclipse Event  
DATE: March 21, 2024  
DEPARTMENT: Police Department  
PRESENTED BY: Tim Moring, Chief of Police

**INTRODUCTION/BACKGROUND:**

On April 8, 2024, a total solar eclipse will take place with the epicenter occurring just north of our City. In anticipation of this event, City staff has continually communicated and attended planning meetings with the City of Boerne and Kendall County. Similar to past events across the country, we expect a high volume of people to arrive in our area as early as Friday, April 5<sup>th</sup>. A temporary increase in population has the potential to temporarily affect our local infrastructure and emergency services. Specifically, we expect a large increase in traffic along IH-10 and Ralph Fair Road as visitors utilize these major thoroughfares as they head towards Kerrville, Fredericksburg, and other areas along the epicenter of the eclipse.

In anticipation of this, several Cities and Counties are preparing to increase staffing and supplies. The Fair Oaks Ranch Police Department is bringing in extra officers on the day of the eclipse to ensure emergency services are not delayed and to assist Boerne and Kendall County in the event if requested.

Information on the total eclipse event can be found at:

<https://www.greatamericaneclipse.com/texas-2024-eclipse>  
<https://science.nasa.gov/eclipses/future-eclipses/eclipse-2024/>

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Bringing additional personnel for the day of the event, we will ensure that response times and emergency services are not impacted.

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

Overtime costs for additional personnel will be incurred by the City but no long-term budgetary impacts are anticipated.

**LEGAL ANALYSIS:**

N/A

**RECOMMENDATION/PROPOSED MOTION:**

No motion or Council approval is needed.



# 2024 annular eclipse

April 8<sup>th</sup> at 12:14pm



Item #18.

Chief Tim Moring

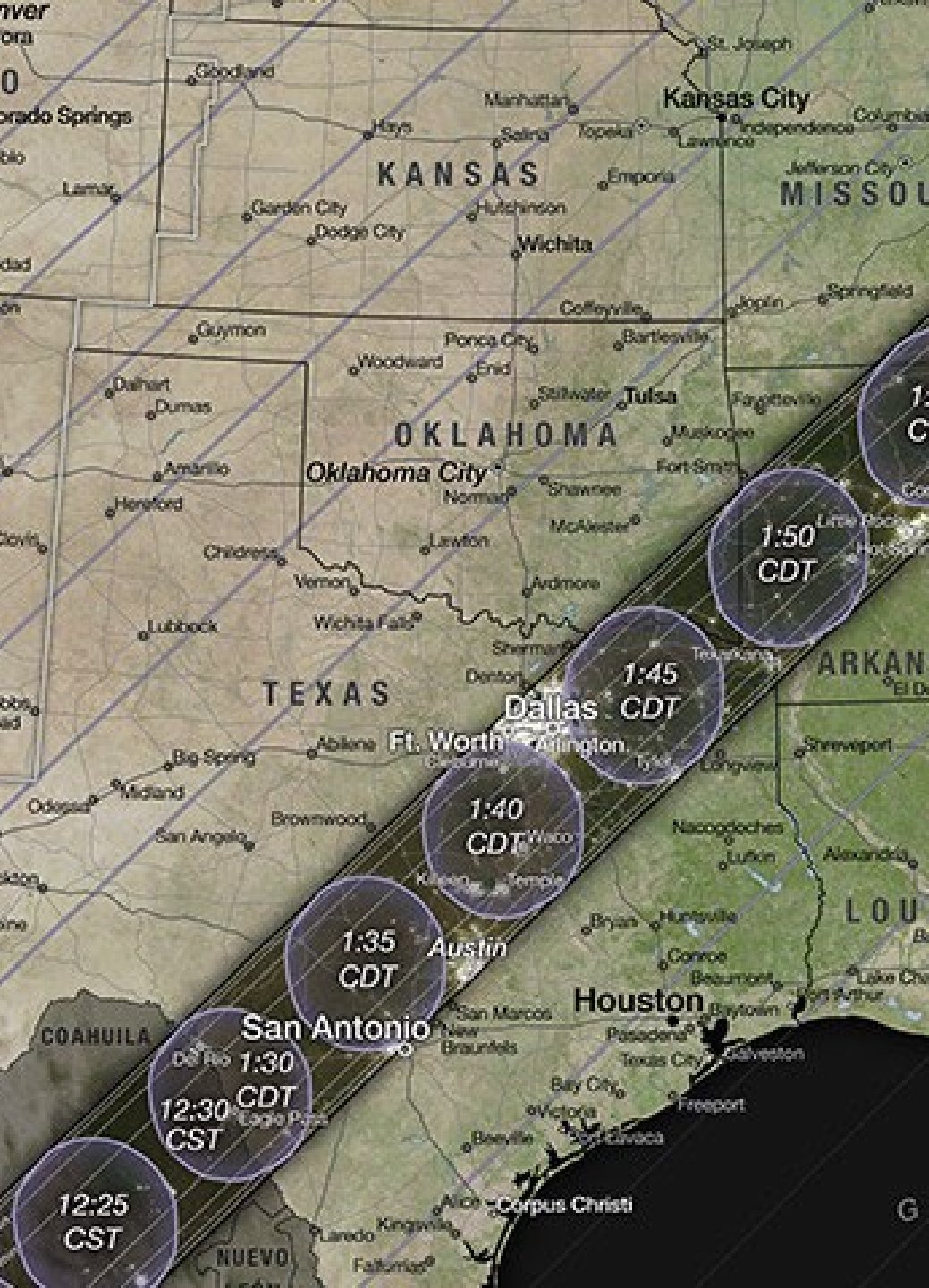


# When and Where?

- Fair Oaks Ranch, Texas
- Partial Eclipse Begins at 12:14pm
- Maximum begins at 01:34pm
- Partial Eclipse ends at 02:55pm
  
- Central Daylight Time







# 2024 Path of Totality



Along a path of about 115 miles wide, the Moon will completely block the sun in the sky. Totality lasts up to 4 minutes and 28 seconds depending on the viewer's location within the path.



# Safety Considerations



- If you are considering parking in a public area to watch the eclipse, please remember to park legally, not blocking the roadway and be aware of traffic.
- Don't leave home if you don't have to.
- With the increase of visitors to the area supplies at local grocery stores may become low. Make sure to stock up on food, fuel and water.
- The eclipse can be distracting. Don't watch the eclipse and drive.
- Allow yourself additional drive time for any appointments or plans scheduled.
- Drivers need to pay extra attention to roadways as there may be crowds of people watching the eclipse.



# Safety Glasses



- Don't look directly at the sun without safe solar film glasses (eclipse glasses)
- Regular sunglasses are **NOT** safe for viewing the sun.
- Safe solar viewers are much darker and must comply with the \*ISO 12312-2\* international standard.
- Looking through a telescope binoculars, unfiltered camera or other optical devices is **NOT** recommended.





# City of Fair Oaks Ranch Proactive Response



Item #18.

Increase the number of officers on patrol.

Maintain communications with EOC in Boerne.

Monitor traffic and deploy officers as needed.

Continue mutual aid discussions Boerne PD, Kendall County Sheriff's, and our local Fire and EMS personnel.

# Neighboring Area Response



Surrounding cities and counties are increasing the number of first responders on duty.

Kendall County area will be divided into sections with Fire, EMS, Police deployed to each section.

TXDOT will stop all construction and permit loads to maintain traffic flow.

Kendall County EOC will be established at the Boerne Police Department with back up communications on site.

Cell service will be boosted with emergency network activated.

Boerne Chamber of Commerce is monitoring local Hotel vacancies and large private functions.

Kendall County Fairgrounds parking will be available for a fee.

Area schools and properties have been identified as landing areas for Life Flight if needed and listed as staging areas for EMS.



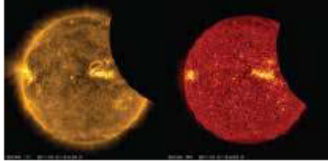
# Experience the Total Solar Eclipse Monday, April 8, 2024



# Resources

Visit NASA website for more information  
[science.nasa.gov/eclipses/future-eclipses/eclipse-2024/](https://science.nasa.gov/eclipses/future-eclipses/eclipse-2024/)  
or  
[Greatamericaneclipse.com/Texas-2024-eclipse](https://Greatamericaneclipse.com/Texas-2024-eclipse)

### WHY DOES NASA STUDY ECLIPSES?



Credit: NASA/SOHO

Eclipses aren't just beautiful—they're great for science. For over a century, solar eclipses helped scientists decipher the Sun's structure and explosive events, find evidence for the theory of general relativity, and discover helium. Today eclipses help NASA predict the structure of the Sun and its impact on Earth. Total eclipses are a unique opportunity to study the Sun because they allow scientists to see a part of the Sun's atmosphere—known as the corona—that is key to answering fundamental questions about how heat and energy are transferred from the Sun out into the solar wind, the constant stream of particles that the Sun scatters into the solar system.

### WHAT IS A TOTAL SOLAR ECLIPSE?

For a **total solar eclipse** to take place, the Sun, Moon, and Earth must be in a direct line. The people who see the total eclipse are in the center of the Moon's shadow when it hits Earth. The sky will darken, as if it were twilight. Weather permitting, people in the path of a total solar eclipse can see the Sun's corona, the outer atmosphere of the Sun. A total solar eclipse is the only type of solar eclipse where viewers can watch without their eclipse glasses—and they can only remove them when the Moon is completely blocking the Sun.

A **partial eclipse** happens when the Sun, Moon, and Earth are not exactly lined up. Only a part of the Sun will appear to be covered. During a total or annular solar eclipse, people outside the Moon's inner shadow see a partial solar eclipse.



A total solar eclipse is about as bright as the full Moon—and just as safe to look at, but the Sun at any other time is dangerously bright. View it only through special-purpose solar filters that comply with the transmission requirements of the ISO 12312-2 international standard for filters for direct viewing of the Sun.

Credit: AAS

### SAFETY

Except during the total phase of a total solar eclipse, do not look at the Sun without special eye protection. **BEFORE EACH USE:** Check the front and back of each lens for damage such as scratches, pinholes, or separation from the frame. **DO NOT USE IF DAMAGED!** Cut glasses into small pieces and discard. **DO NOT** attempt to clean or disinfect eclipse glasses except with a soft, dry, nonabrasive tissue or cloth.



You can see the Sun and an eclipse with special eclipse or solar viewing glasses. **NEVER** look directly at the unocculted or partially occulted Sun without appropriate eye wear. Sunglasses are not safe to view an eclipse. For more information, visit: [go.nasa.gov/EclipseEyeSafety](https://go.nasa.gov/EclipseEyeSafety)

### ECLIPSES THROUGH THE EYES OF NASA

On April 8, 2024, a total solar eclipse will cross North America creating a path of totality.



Credit: Michia Garrison and the Scientific Visualization Studio (SVS), in collaboration with the NASA HelioPhysics Education Activation Team (NASA HEAT), part of NASA's Science Activation portfolio. Eclipse calculations by Ernie Wright, NASA Goddard Space Flight Center.

To find out where to watch, how to watch, and eclipse duration in your area, explore [go.nasa.gov/Eclipse2024](https://go.nasa.gov/Eclipse2024)