# CITY OF FREDERICKSBURG
# CITY COUNCIL MEETING

***MONDAY, NOVEMBER 3, 2014 ~ 6:00 p.m.***

Law Enforcement Center ~ 1601 East Main Street

Linda Langerhans, Mayor
Graham Pearson, Council Member
Jerry Luckenbach, Council Member

Gary Neffendorf, Council Member
Bobby Watson, Council Member
Kent Myers, City Manager

*(REQUEST ALL PAGERS AND PHONES BE TURNED OFF, EXCEPT EMERGENCY ON-CALL PERSONNEL.)*

## AGENDA

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE.**

| | | Page Ref |
|---|---|---|
| 1. | **CONSENT AGENDA** | |
| | A. Consider Adding Member to the Ft Martin Scott Advisory Committee | 1-3 |
| 2. | **INDIVIDUAL ITEMS FOR CONSIDERATION AND POSSIBLE ACTION** | |
| | A. Receive Update on Golf Course Operations | |
| | B. Receive Report from Alan Wooley Concerning 2015 Season Ticket Pricing | 4-8 |
| | C. Consider Presentation of Plans for Animal Control Facility | 9-10 |
| | D. Consider Amendment to Financial Management Policies | 11-15 |
| | E. Consider Fleet Leasing and Management Program | 16-17 |
| | F. Consider 2015 HOT Contract for FCVB | 18-25 |
| | G. Consider 2015 Golf Course Marketing Contract with FCVB | 26-31 |
| | H. Consider Amendment to Wholesale Power Agreement with LCRA | 32-38 |

3. **CITY MANAGER'S REPORT**
   A. City Council Retreat - Action Items
   B. Texas Downtown Association Meeting
   C. City Council/City Staff Office Space Committee
   D. Employee Recognitions

4. **ITEMS FOR FUTURE AGENDA**

5. **PUBLIC COMMENTS** - This time is for citizens to address the City Council on issues and items of concern not on this agenda. There will be no City Council action at this time.

6. **COUNCIL COMMENTS** - No discussion or action may take place.

7. **EXECUTIVE SESSION** - Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government code Sections 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 551.086 (Economic Development).

   A. Executive Session - Consultation with Attorney - Central Texas Electric and PUC Litigation

7\. **ADJOURN**

# CITY COUNCIL MEMO

**DATE: October 28, 2014**

**TO: City Council**

**FROM: Jimmy Alexander, Director of Parks & Recreation**

**SUBJECT: Adding member to the Ft. Martin Scott Advisory Committee**


**Summary:**

**It is requested to add Mike Cox as an additional member to the Ft. Martin Scott Advisory Committee.**


**Recommendation:**

**Committee Chairman Jim McCrae recommends to add Mr. Cox to the committee. Staff agrees with this recommendation.**

**Background / Analysis:**

**Currently the Ft. Martin Scott Advisory Committee consists of eleven voting members. Mike Cox is an author, historian, and speaker with vast knowledge that would contribute to this committee. His resume is attached and Jim McCrae will be in attendance to answer any questions.**

**(Current Committee Members: Jim McCrae Chairman, Mack Burnett, Duke Davis, Joe Kammlah, Richard Laughlin, Ernie Loeffler, Joe Luther, Austin Ladd Roberts, Steve Thomas, Barry Wagner, Marvin Schroeder.)**

## Biography

Mike Cox writes books, reads books, reviews books and sells books.

He is the author of 20 non-fiction books including a two-volume history of the Texas Rangers, three collections of vintage photographs, a study of Texas disasters, three other books on the Texas Rangers, one collection of historical stories, one true crime story, a biography, a memoir and two local histories, as well as numerous magazine articles, essays and introductions for other books. He has been an elected member of the Texas Institute of Letters since 1993.

Mike's most-recognized work is his two-volume history of the legendary Texas Rangers, "The Texas Rangers: Wearing the Cinco Peso, 1821-1900" (Forge Books, 496 pages, $25.99.) and "The Time of the Rangers: The Texas Rangers, 1900 to Present," was published by Forge Books in New York in 2009. Both books have received favorable reviews and are best-sellers in the Texas, Old West and West categories.

Since 2000, Mike has written a syndicated weekly newspaper column called "Texas Tales" on interesting, little-known incidents in Texas history. In 1982 he began writing "Texana," a Texas book review column for the Austin American-Statesman. He has written travel articles for the Fort Worth Star-Telegram and for more than two years wrote a weekly column on legislative and statewide news for the Texas Press Association.

His byline regularly appears in a number of national and statewide magazines, including *Texas Highways, Texas Parks and Wildlife Magazine and Texas Sportsman.* In addition, he has written articles and monographs for a wide variety of Texas historical associations, museums and non-profit organizations.

Mike is also an accomplished and experienced public speaker, on such topics as the Texas Rangers, free-lance writing, leadership and media relations.

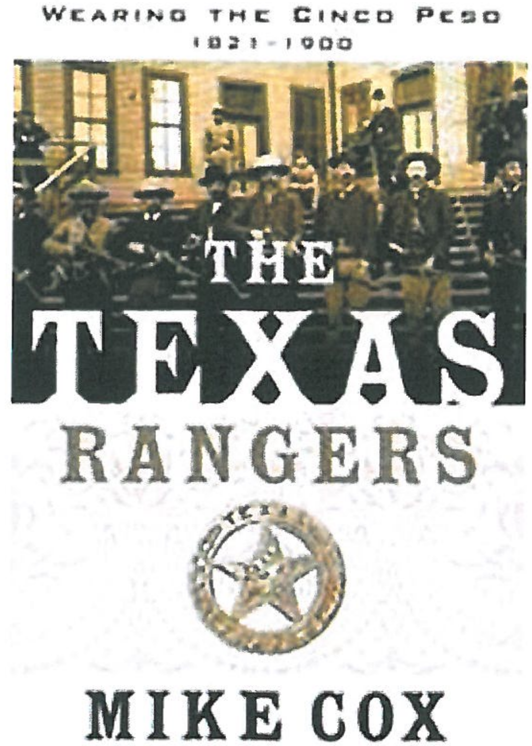
He spent more than 15 years with the Texas Department of Public Safety as chief of media relations and public information officer. In between, he was Director of Member Services for the Texas Press Association.

He retired in the fall of 2007 as Communication Manager for the Texas Department of Transportation, where he handled media and internal relations on highways and other transportation issues. In 2010, he retired from retirement and joined the Texas Parks and Wildlife Department as a spokesman.

Earlier, he was an award-winning newspaper reporter for nearly 20 years, most of that time with the *Austin American-Statesman.*

In 2011, he received the A.G. Greene lifetime achievement award at the West Texas Book Festival in Abilene.

http://www.mikecoxonline.com/


WEARING THE CINCO PESO
1821-1900
THE
TEXAS
RANGERS
MIKE COX

# CITY COUNCIL MEMO

**DATE:** October 22, 2014

**TO:** Mayor and City Council

**FROM:** Alan Wooley, Director of Golf

**SUBJECT:** 2015 Season Ticket pricing


**Summary:**

We have prepared a menu of options for Council consideration. We feel that this menu removes barriers to purchasing a season ticket and creates a better value proposition to our customers.


**Recommendation:**

The recommended new rates and examples are attached.

**Background/Analysis:**

Please take note that these rates are based upon a 15 month season. We propose moving our anniversary date to April 1st annually.

All examples are based on 2 rounds per week.

We do not know exactly how this will affect revenue till we begin the program.

Lady Bird Johnson Municipal Golf Course
2015 Season Ticket Package

All packages are effective Jan. 1 and run through March 31, 2016

| | | |
|---|---|---|
| Option 1 | $300 one-time payment<br>$12 weekday green fee<br>$17 weekend green fee | ($500 for couples) |
| Option 2 | $300 one-time payment<br>$100 monthly<br>Play all the golf you want! | ($500 for couples)<br>($180 for couples) |
| Option 3 | $1,700 one-time yearly fee<br>Play all the golf you through March 31, 2016! | ($2,560 for couples) |
| Option 4 | 3 month pass package<br>$100 one-time payment<br>$12 weekday green fee<br>$17 weekend green fee | <br>($175 for couples) |
| Option 5 | 3 month pass package<br>$100 one-time payment<br>$125 monthly<br>Play all the golf you want! | <br>($175 for couples)<br>($180 for couples) |
| Option 6 | $1,600 cart contract<br>Unlimited cart rentals (paired riders when possible required) | |

Additional benefits:

20% Discount on all regular priced apparel in the golf shop.

20% Discount on all regular priced menu items in the Red Bird Grill.

50% Discount on Cardinal room rentals.

Accompanied guests receive resident green fees.

# LADY BIRD JOHNSON GOLF COURSE
# ANNUAL MEMBERSHIP

BIRDHDAY____________________

DATE________________E-MAIL________________________________

NAME________________________________________________

ADDRESS______________________________________________

CITY________________________________________ZIP CODE__________

PHONE________________________________________________

Home                    Work

Yearly memberships run from January 1st through December 31st of each year. The dues must be paid in full with cash, check or credit card.

- ❑ One year Membership/Single - $600.00
- ❑ One year Membership/Couple - $925.00
- ❑ Jr. Membership - $110.00

| | | |
|---|---|---|
| February | ❑ Single - $600.00 | ❑ Couple - $925.00 |
| March | ❑ Single - $600.00 | ❑ Couple - $925.00 |
| April | ❑ Single - $570.00 | ❑ Couple - $875.00 |
| May | ❑ Single - $540.00 | ❑ Couple - $825.00 |
| June | ❑ Single - $510.00 | ❑ Couple - $775.00 |
| July | ❑ Single - $480.00 | ❑ Couple - $725.00 |
| August | ❑ Single - $450.00 | ❑ Couple - $675.00 |
| September | ❑ Single - $400.00 | ❑ Couple - $575.00 |
| October | ❑ Single - $325.00 | ❑ Couple - $475.00 |
| November | ❑ Single - $250.00 | ❑ Couple - $325.00 |
| December | ❑ Single - $150.00 | ❑ Couple - $175.00 |

## WINTER TEXANS MEMBERSHIP

- ❑ January 1st - March 31st-Single-$250.00    ❑ Additional Months - $84.00
- ❑ January 1st - March 31st-Couple-$375.00    ❑ Additional Months - $125.00

**❑ HANDICAP - $30.00**    **❑ RANGE CLUB - $365.00**

Your membership entitles you to $6.00 per round on weekdays and $9.00 per round on weekends and holidays, plus a cart fee if you ride.
**(Memberships may be transferred, but are non-refundable.)**

AMOUNT PAID ____________ ACCEPTED BY________________

2015 Season Ticket package examples
All Packages are 15 month (except 3 month specials)
Examples based on 2 rounds per week

Example Option #1
A player plays 124 rounds of golf in the period all weekday rounds.
Total cost is $1,788

Example Option #1
A player plays 124 rounds of golf in the period 2/3 weekday and 1/3 weekend
Total cost is $1,993

Example Option #2&#3
A player plays 124 rounds in the period.
Total cost is $1,800

Example Option #5
A player plays 24 rounds in the period. All weekday rounds.
Total cost $388

Example Option #5
A player plays 24 rounds in the period. 2/3 weekday and 1/3 weekend
Total cost $428

Example Option #6
A player plays 24 rounds in the period.
Total cost $475

8

| Rounds | # members | Member | Guest | Total | |
|---|---|---|---|---|---|
| 2009 | 362 | 21,467 | 13,425 | 34,892 | |
| 2010 | 376 | 18,714 | 11,769 | 30,483 | |
| 2011 | 339 | 19,700 | 13,500 | 33,200 | |
| 2013 | 410 | 17,519 | 15,588 | 33,107 | Sold 3 month memberships upon re-opening |
| 2014 projected | 261 | 17,086 | 11,710 | 28,796 | |
| 2015 projected | 280 | 17,500 | 15,500 | 33,000 | |

| Revenues | Member | Guest | Total |
|---|---|---|---|
| 2009 | | | 448,330 |
| 2010 | 204,797 | 328,606 | 533,403 |
| 2011 | 203,700 | 339,900 | 543,600 |
| 2013 | 223,741 | 425,865 | 649,606 |
| 2014 projected | 214,936 | 257,569 | 472,505 |
| 2015 projected | 340,000 | 425,000 | 765,000 |

| | | | |
|---|---|---|---|
| 2009 | $0.00 | $0.00 | $12.85 |
| 2010 | $10.94 | $27.92 | $17.50 |
| 2011 | $10.34 | $25.18 | $16.37 |
| 2013 | $12.77 | $27.32 | $19.62 |
| 2014 projected | $12.58 | $22.00 | $16.41 |
| 2015 projected | $15.00 | $25.00 | $20.00 |

| Carts | Rounds | Revenue | $ per round |
|---|---|---|---|
| 2009 | 21,036 | 187,911 | $8.93 |
| 2010 | 18,383 | 163,270 | $8.88 |
| 2011 | 19,806 | 174,385 | $8.80 |
| 2013 | 25,370 | 258,661 | $10.20 |
| 2014 projected | 21,150 | 229,369 | $10.84 |

| Food & Beverage | |
|---|---|
| 2009 | |
| 2010 | $188,049 |
| 2011 | $209,694 |
| 2013 | $240,667 |
| 2014 projected | $210,621 |

# CITY COUNCIL MEMO

**DATE:** 10-23-2014

**TO:** Mayor and City Council

**FROM:** Steven Wetz, Chief of Police

**SUBJECT:** Animal Control Facility Presentation

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**Summary:**

This is a presentation by David Duman of Quorum Architecture, on the site location, design, and cost estimates for the new City Animal Control Facility.


**Recommendation:**

Receive and accept design concept. Allow the city to accept donations toward the building of the facility and begin fund planning.

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**Background / Analysis:**

Quorum was awarded the contract to design the facility at the July 27th council meeting earlier this year. They began by meeting with our animal control officers and having them complete questioners about the needs of the city. In preparation for this planning, our Animal Control

Officers viewed several other animal facilities to help them in the design discussions with Quorum.

We believe that the completed design, presented by Quorum, will result in an improved facility that will allow us to continue to operate with the current staffing levels but also allow for growth, as well as providing for the city's animal control needs for many years to come. The new design has adequate animal space and get to know areas that will allow for a more comprehensive adoption program.

# CITY COUNCIL MEMO

**DATE:** 10/28/2014

**TO:** Mayor and City Council

**FROM:** Laura Hollenbeak, Interim Director of Finance

**SUBJECT:** Suggested Amendments to the Comprehensive Financial Management Policy Statements

**Summary:**

Included with your agenda packet are the suggested amendments to the Comprehensive Financial Management Policy Statements.

**Recommendation:**

Staff recommends the City Council adopt the suggested amendments to the Comprehensive Financial Management Policy Statements.

**Background / Analysis:**

Staff reviewed the Comprehensive Financial Management Policy Statements that were adopted October 2013. During the review staff suggested that more detail be added to IV. EXPENDITURES, section C. Purchasing, and that section E. Contracts and Change Orders be added. In V. Reserves, staff recommended that the Tourism Fund be added, and to amend C. Utility Enterprise Funds/Unreserved Working Capital.

## IV. EXPENDITURES

The City will identify services, establish appropriate service levels and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of those services.

A. *Maintenance of Capital Assets*
Within the resources available each fiscal year, the City shall maintain capital assets and infrastructure at sufficient level to protect the City's investment, to minimize future replacement and maintenance costs, and to maintain service levels.

B. *Periodic Program/Services Reviews*
The City Manager and staff shall undertake periodic reviews of City programs and services for both efficiency and effectiveness. Programs or services determined to be inefficient and/or ineffective shall be recommended through the annual budget process to be reduced in scope or eliminated.

C. *Purchasing*
All City purchases of goods and services shall be made in accordance with state and federal laws.

The following shows a summary of approval requirements for purchases.

| Dollar Limits: | Procurements: | Requirements: |
| --- | --- | --- |
| Under $5,000 | Under the small purchase limit | No competitive bids and City credit cards may be used. |
| $5,000 up to $50,000 | Within informal bid limit | A minimum of three informal competitive bids required unless exempted. |
| $10,000 and above | Within City Manager's approval | In addition to the requirements above, the City Manager must approve the purchase. |
| $50,000 and above | In excess of the informal bid limit | Formal solicitations, which includes public notices, required unless exempted. Council approval required. |

D. *Budget*
The City Manager, in coordination with each department head is responsible for insuring that total expenses in each fund do not exceed the adopted annual budget.

E. *Contracts and Change Orders*
Contracts and related change orders must follow the City Purchasing Policies and State Law. In accordance with State Law, change orders are limited to 25% of the total contract amount. Change orders greater than $50,000 require the same Council approvals as the original contracts.

## V. RESERVES

The City will maintain the fund balance and working capital of the various operating funds at levels sufficient to protect the City's credit worthiness as well as its financial position during emergencies or economic fluctuations. In addition, the City may accumulate Fund Balances for a specific purpose and for unexpected financial opportunities.

A. *General Fund Unrestricted Fund Balance*

- The City shall maintain the General Fund unrestricted fund balance to no less than 3 months of regular General Fund operating expenditures.

- Excess fund balance levels may be used to fund emergencies, nonrecurring expenditures or major capital purchases that cannot be accommodated through the current year's budgeted revenues with Council approval.

- Funds accumulated for a specific purpose should be identified as such in the City's Financial Statements.

- Methods used to replenish fund balances that fall below required levels include an increase in property tax revenues and a decrease in budgeted expenses as economic conditions allow. The City should seek to replenish fund balance levels within 1 to 2 years of use.

B. *Tourism Fund*

- A minimum of 30 days of operating expenditures will be reserved within the fund balance. These funds are designated to be used to offset any potential revenue shortfall that occurs during the fiscal year and should be replenished in the following fiscal year's budget.

C. *Utility Enterprise Funds/Unreserved Working Capital*

- The City shall maintain a working capital sufficient to provide for reserves for emergencies and revenue shortfalls. A cash equivalent operating reserve will be established and maintained at 3 months of the current year's budget appropriation for recurring operating expenses. The Power Purchases and Transmission Provider Fees are not included in this contingency reserve.

  The cash operating reserve is derived by dividing the total cash equivalents balance by recurring operating expenses.

- Excess fund balance levels may be used to fund emergencies, nonrecurring expenditures or major capital purchases that cannot be accommodated through the current year's budgeted revenues with Council approval. Should such use reduce balances below the level established as the objective for that fund, restoration recommendations will accompany the request/decision to utilize said balances.

- Funds accumulated for a specific purpose should be identified as such in the City's Financial Statements.

- Methods used to replenish fund balances that fall below required levels include an increase in rates and a decrease in budgeted expenses as economic conditions allow. The City should seek to replenish fund balance levels within 1 to 2 years of use.

The City shall not use proceeds or reserves from an Enterprise fund except for expenditures within the purpose of the fund, unless those expenditures have been approved for other purposes as part of the adopted budget.

Any other Enterprise fund transfers, advances, or formal loans outside of the normal budget process, will require a public hearing and an amendment to the previously adopted budget.

A transfer is defined as movement of funds with no obligation or repayment. An advance on the other hand has an obligation to be repaid, but with no specific terms. A formal loan would carry an obligation to be repaid with specific terms.

D. *Other Enterprise Funds/Unreserved Working Capital*

- Excess fund balance levels may be used to fund emergencies, nonrecurring expenditures or major capital purchases that cannot be accommodated through the current year's budgeted revenues with Council approval.

- Funds accumulated for a specific purpose should be identified as such.

- Methods used to replenish deficit fund balances will be discussed and approved by the City Council.

The City shall not use proceeds or reserves from an Enterprise fund except for expenditures within the purpose of the fund, unless those expenditures have been approved for other purposes as part of the adopted budget.

Any other Enterprise fund transfers, advances, or formal loans outside of the normal budget process, will require a public hearing and an amendment to the previously adopted budget.

A transfer is defined as movement of funds with no obligation or repayment. An advance on the other hand has an obligation to be repaid, but with no specific terms. A formal loan would carry an obligation to be repaid with specific terms.

E. *Solid Waste Fund*

The City's objective is to create restricted reserves of $1,000,000 to fund future cell development. Annual loan repayments from the Golf Fund to the Solid Waste Fund will be restricted reserves designated for Landfill Closure expenditures. In addition, a cash equivalent operating reserve will be established and maintained at 3 months of the current year's budget appropriation for recurring operating expenses.

F. *EMS – Emergency Medical Services*

The City does not require an EMS fund balance reserve since the EMS Fund is supported by the General Fund.

G. *Debt Service Fund Unreserved Fund Balance*

The City shall maintain the Debt Service fund balance reserve as required by bond ordinances or covenants.

H. *Internal Service Fund/Health Insurance Fund*

The City shall maintain the Health Insurance fund balance to no less than 3 months of regular operating expenditures. Methods used to replenish fund balances that fall below required levels include an increase in health insurance premiums. The City should seek to replenish fund balance levels within 1 to 2 years of use.

For reporting purposes GASB #54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements will improve financial reporting by providing fund balance categories that will be more easily understood.

1. Nonspendable - identifying amounts (such as inventory)
2. Restricted - includes amounts that can only be used for a specific purpose stipulated by the constitution, external resource providers, or through enabling legislation
3. Committed - includes amounts that can only be used for a specific purpose determined by the City Council
4. Assigned - includes amounts that can be used for a specific purpose but do not meet the criteria to be classified as "restricted" or "committed"
5. Unassigned - includes all spendable amounts not contained in other classifications

# CITY COUNCIL MEMO

**DATE:** November 3, 2014

**TO:** Mayor and City Council

**FROM:** Clinton Bailey, P.E., Director of Public Works & Utilities

**SUBJECT:** Fleet Leasing and Management Program


**Summary:**

City Staff received two submittals in response to a Request for Proposals for a Fleet Leasing and Management Program on October 10, 2014. Submittals were received from Acme Auto Leasing, LLC and Enterprise Fleet Management. City Staff evaluated both submittals to determine which solution offered the most benefit to the City.


**Recommendation:**

Upon completion of the evaluations, City Staff recommends the City Council authorize the Director of Public Works & Utilities to enter into contract negotiations with Enterprise Fleet Management to provide a Fleet Leasing and Management Program for the City of Fredericksburg. If given authorization to proceed, City Staff would request approval of a negotiated contract with Enterprise Fleet Management at a future City Council meeting.




126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861

**Background / Analysis:**

The City of Fredericksburg operates a light fleet of approximately seventy-two (72) vehicles. These vehicles include non-pursuit, non-response vehicles, 1-ton and less. These vehicles are utilized in departments throughout the City organization. The average year model of the current fleet is 2004. The mileage of these vehicles range from 354 miles on a 2015 Jeep Cherokee to 200,303 miles on a 2003 GMC pickup with an average odometer reading for the fleet of 68,272. (Odometer readings were collected in September 2014.)

Currently, when a vehicle reaches the end of its useful life, it is either handed down to another department to be used for parts or auctioned off for a minimal amount.

With a Fleet Leasing and Management Program, light fleet vehicles will be put on a five (5) year open-ended lease with no mileage restrictions. Maintenance of this fleet is based on 5 years and 60,000 miles. Enterprise partners with 4 maintenance vendors in Fredericksburg for convenient, local service when needed. The program will include reporting capabilities including monthly management reports, comprehensive invoicing, and maintenance notifications. The maintenance program for the light fleet will also allow City Mechanics to focus on repairing and maintaining the heavy equipment. Enterprise Fleet Management will provide complete vehicle maintenance at a fixed monthly cost.

At the end of the lease term, the City has options to (1) offer the vehicle for sale to a third party, (2) purchase the vehicle from the contractor for the end of term obligation, or (3) turn the vehicle in to be disposed of by the contractor. When vehicles are turned back in to the contractor, the contractor will check the vehicle in with a written report and provide a minimum market value for the vehicle based on at least two offers or bids, within four weeks.

Acme Auto Leasing, LLC and Enterprise Fleet Management both provided a list of menu pricing for the different types of vehicles that would be included in the lease program. Enterprise Fleet Management provided better pricing for monthly cost, full maintenance, and end of term balances.

As part of their work plan, Enterprise Fleet Management will capture a current fleet list with the vehicles' model year, make, model, and current odometer reading to begin a fleet profiling and replacement strategy for future years. This fleet planning analysis method will create an opportunity to determine if any vehicles are considered under-utilized and could be removed from the fleet.

# CITY COUNCIL MEMO

**DATE:** November 3, 2014

**TO:** Mayor and City Council

**FROM:** Kent Myers, City Manager

**SUBJECT:** CVB Marketing and Visitors Center Contract

**Summary:**

The attached contract with the Convention and Visitors Center (CVB) covers the marketing services that they provide on an annual basis as well as building improvements and maintenance services to be provided by the City to the Visitors Center

**Recommendation:**

It is recommended that the attached contract with the CVB be approved with HOT funding totaling $1,814,286.

**Background / Analysis:**

The City allocates 5/7 of our HOT funds that we receive on an annual basis for marketing and promotion services provided by the CVB. In addition, this year we have proposed several major improvements to the Visitors Center at a total cost of $75,000. Finally, we have included in our budget City maintenance and IT services provided to the Visitors Center that are included in the contract at a total cost of



The City of Fredericksburg

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$25,000. This results in a total of $1,814,286 in the proposed contract with the CVB in the coming year. Ernie Loeffler and Bill Heath will be present at Monday's Council meeting to present additional information and respond to any questions.

HOTEL/MOTEL TAX EXPENDITURE AGREEMENT

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF GILLESPIE §

This Agreement is to be effective this the 1st day of October, 2014, and is made by and between the CITY OF FREDERICKSBURG, TEXAS, a municipal corporation of Gillespie County, Texas, sometimes hereinafter called CITY and the FREDERICKSBURG CONVENTION AND VISITOR BUREAU, INC. , sometimes hereinafter called CVB, each acting herein by and through its duly authorized officers.

I.

The CITY OF FREDERICKSBURG, TEXAS, by authority of powers granted to it under state statues has heretofore enacted a local hotel occupancy tax on occupants of hotels within the City of Fredericksburg and its extraterritorial jurisdiction.

II.

As part of it's obligation under state statutes (primarily V. A. T. S. Tax Code Section 351.101) to use local hotel occupancy tax funds for attracting and promoting tourism and the convention and hotel industry, the CITY OF FREDERICKSBURG hereby agrees to pay to the CVB ONE MILLION EIGHT HUNDRED FOURTEEN THOUSAND TWO HUNDRED EIGHTY-SIX and NO/100 ($1,814,286.00) DOLLARS from money actually received by the CITY from the local hotel occupancy tax as collected by the City, in consideration for the CVB advertising and promoting tourism for the visitor market from which the CITY OF FREDERICKSBURG derives direct tourism income benefit. Receipt of funds by the CVB shall be in quarterly payments due on or before October 1, 2014, January 1, 2015, April 1, 2015, and July 1, 2015 and will fund CVB activities for the fiscal year ending September 30, 2015. Such payments by the City to the CVB shall be from actually collected Hotel/Motel Tax funds. In the event receipt of such funds by the City are inadequate to meet such payment schedule, the City agrees that it will utilize any funds within the Hotel/Motel funds of the City which are unallocated as of the installment due date to make such payments, and if those funds are inadequate, will pro-rate the available funds among all recipients thereof. Any delinquent Hotel/Motel Tax collected by the City will be paid to the CVB when received up to the contract amount, notwithstanding payment due dates.

The CVB agrees that ONE MILLION EIGHT HUNDRED FOURTEEN THOUSAND TWO HUNDRED EIGHTY-SIX and NO/100 ($1,814,286.00) DOLLARS paid to it by the CITY shall be used in the following specific areas:

(1) The furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;

(2) Advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity.

(3) Of the above amount, TWENTY THOUSAND AND NO/100 ($20,000.00) DOLLARS shall be used to perform building maintenance, SEVENTY-FIVE THOUSAND AND NO/100 ($75,00.00) DOLLARS shall be used for remodeling projects and FIVE THOUSAND AND NO/100 ($5,000.00) shall be used for additional Information technology support, all as approved by the City.

The CVB agrees to conduct a continuing program of advertising and promotion for the purpose of attracting visitors, tourists, and conventions to the local area and to the City of Fredericksburg by publishing and distributing brochures and community information packets, by advertising in various tourist publications and general media publications which are appropriate, by representing the City of Fredericksburg and its vicinity at travel shows and other such events, by participating with state and regional agencies in tourist development programs of benefit to the local area and to the City of Fredericksburg, and by using all appropriate means to increase the traveling public's awareness of the resort and recreational advantages of the local area and the City of Fredericksburg.

The CVB further agrees that it will seek to achieve economic benefit for the City of Fredericksburg and its vicinity through all of such activities, that it will provide tourist-related information about the City of Fredericksburg and its vicinity upon request, and that it will serve as an advisory body to the CITY, on request, in matters related to expanding the tourist-related economy.

III.

It is expressly understood and agreed by and between the parties that the CVB is an independent contractor and is not an officer, agent or employee of the CITY OF FREDERICKSBURG.

IV.

The CVB shall secure sufficient numbers of employees to accomplish this Agreement. The CVB shall further provide such equipment, supplies and other materials as may be necessary to accomplish the purposes of this Agreement. The CVB is housed in property owned by the City and constructed primarily with grant money and money from the proceeds of the City's Hotel/ Motel Tax.

V.

The CVB has provided to the CITY, prior to obtaining any local hotel occupancy tax funds, a proposed budget for the term of this agreement, and said budget has been approved by the City Council in advance of the release of any local hotel occupancy tax funds. It is understood and agreed by and between the parties that a fiduciary duty is created in the CVB with respect to expenditure of revenue provided in accordance with the approved budget, and any amendments thereto shall be approved in advance by the City Council of the City of Fredericksburg.

The CVB shall provide to the City Council periodic reports, at least each three (3) months, within thirty (30) days after the end of each three (3) month period beginning with the period ending January 31, 2015, on the activities that are conducted to benefit the CITY OF FREDERICKSBURG, as well as an annual audited financial statement listing the expenditures made from revenue from the local hotel occupancy tax. It is further agreed by the CVB that it shall maintain said revenue in a separate account established for that purpose and that it shall not commingle that revenue with any other money or maintain it in any other account.

The CVB shall maintain complete and accurate financial records of each expenditure of local hotel occupancy tax revenue and, upon request of the City Council, shall make the records available for inspection and review.

It is understood and agreed by and between the parties that hotel occupancy tax funds may be spent by the CVB for day-to-day operations including supplies, salaries, office rental, travel expenses, and other administrative costs, if same have been previously approved in the budget and if directly related to the promotion of tourism. The proportion of the total administrative costs for which hotel occupancy tax revenues are expended may not exceed the actual administrative costs for these activities.

VI.

This Agreement shall begin the 1st day of October, 2014, and shall continue in force until September 30, 2015. This Agreement may be terminated by the CITY upon ninety (90) days notice for noncompliance with the terms of the Agreement.

VII.

Any notice necessary or appropriate relative to this Agreement shall be effective when deposited in the United States mails, either certified or registered mail, postage prepaid and addressed to the City of Fredericksburg, City Hall, 126 West Main Street, Fredericksburg, Texas 78624 or to the Fredericksburg Convention and Visitor Bureau, Inc., 302 East Austin Street, Fredericksburg, Texas 78624.

VIII.

No part of this Agreement may be assigned or delegated without the prior written consent of the other party, and any attempted assignment of benefits or rights of delegation of duties or obligations shall be a breach of this Agreement. However, nothing in the Agreement shall prohibit the CVB from participating with regional or state tourism programs or to contract for joint promotion with other agencies.

IX.

This Agreement shall be subject to the laws and statues of the State of Texas.

X.

INDEMNITY CLAUSE

The CVB agrees to and shall indemnify and hold harmless and defend the CITY OF FREDERICKSBURG, TEXAS, its officers, agents, and employees from any and all claims, losses, causes of action and damages, suits, and liability of every kind including all expenses of litigation, court costs, and attorney fees, for injury to or death to any person, or for damage to any property, arising from or in connection with the operations of the FREDERICKSBURG CONVENTION AND VISITOR BUREAU, INC., its officers, agents and employees carried out in furtherance of this Agreement. It is the expressed intention of the parties hereto, both the CVB and the CITY, that the indemnity provided for in this paragraph is also indemnity by the CVB to indemnify and protect the CITY OF FREDERICKSBURG from the consequences of the CITY OF FREDERICKSBURG'S own negligence, where the negligence is related to an injury death, or damage concerning the use of the building and grounds owned by the City in which the CVB conducts it operations. The CVB shall carry or cause to be carried public liability insurance in the amount of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($500,000.00) for each occurrence and ONE MILLION AND NO/100 DOLLARS (1,000,000.00) cumulative. Said insurance policy shall name the CITY OF FREDERICKSBURG as an additional insured. Said policy, or a duplicate thereof, will be filed with the City.

XI.

It is expressly agreed that by executing this Agreement with the CVB, the CITY does not bind itself in the future as to any action of the City Council in connection with the alteration or repeal or amendment of the City of Fredericksburg, Texas Hotel/Motel Occupancy Tax Ordinance adopted on February 13, 1984, and in the event, for any reason, that the funds are not collected by the CITY under the provisions of the hotel-motel occupancy tax ordinance, the CITY shall not be obligated under this Agreement to pay any funds of the CITY to the CVB. And it is further agreed and understood that the CVB shall have no right or demand upon the CITY for funds payable under this Agreement if such funds are not available, for any reason.

XII.

Each party warrants and represents that it has approved this Agreement by resolution duly adopted at a meeting of its governing body by a majority of those present and voting and that the chief executive officer of each party are duly authorized to enter into this Agreement on behalf of such party.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

CITY OF FREDERICKSBURG:

By: KENT MYERS
City Manager

ATTEST:

SHELLEY BRITTON
City Secretary

FREDERICKSBURG CONVENTION AND VISITOR BUREAU, INC

By: ERNIE LOEFFLER, Director

ATTEST:

Secretary

# CITY COUNCIL MEMO

**DATE:** November 3, 2014

**TO:** Mayor and City Council

**FROM:** Kent Myers, City Manager

**SUBJECT:** Golf Course Marketing Contract


**Summary:**

The Convention and Visitor's Bureau (CVB) is being requested to provide marketing services for our Lady Bird Johnson Golf Course again this year.


**Recommendation:**

It is recommended that the City Council approve the attached contract with the CVB for marketing the Golf Course during the coming year at a total cost of $45,000 which has been included in the FY 2015 Budget recently approved by the City Council.

**Background / Analysis:**

Over the past two years, the Convention and Visitors Bureau has done a great job in marketing the Lady Bird Johnson Golf Course in this area of the State. This marketing has helped promote the many amenities of the Course. This has resulted in an increase in visitor traffic to the City. These marketing




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efforts include print ads in several area and state publications, enhancements to the Golf Course web site and radio advertisements.

Ernie Loeffler and Alan Wooley will be present at Monday's Council meeting to provide additional information on this marketing program and respond to any questions.

# HOTEL/MOTEL TAX EXPENDITURE AGREEMENT

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF GILLESPIE §

This Agreement made to be effective this the 1st day of October, 2014, by and between the CITY OF FREDERICKSBURG, TEXAS, a municipal corporation of Gillespie County, Texas, sometimes hereinafter called CITY and FREDERICKSBURG CONVENTION AND VISITORS BUREAU, INC., sometimes hereinafter called CVB each acting herein by and through its duly authorized officers.

I.

The CITY OF FREDERICKSBURG, TEXAS, by authority of powers granted to it under state statues has heretofore enacted a local hotel occupancy tax on occupants of hotels within the City of Fredericksburg and its extraterritorial jurisdiction.

II.

As part of its obligation under state statutes (primarily V.A.T.S. Tax Code Section 351.101) to use local hotel occupancy tax funds for attracting and promoting tourism and the convention and hotel industry, the CITY OF FREDERICKSBURG hereby agrees to pay to the CVB FORTY-FIVE THOUSAND AND NO/100 DOLLARS ($45,000.00) from money actually received by the CITY from the local hotel occupancy tax as collected by the City, in consideration for the CVB marketing the Lady Bird Johnson Golf Course to encourage tourists and convention delegates to visit the City of Fredericksburg or its vicinity. The receipt of funds by the CVB shall be before November 1, 2015, to fund such activity before September 30, 2015.

CVB agrees that any local hotel occupancy tax funds paid to it by the CITY shall be used as follows:

The sum of FORTY-FIVE THOUSAND AND NO/100 DOLLARS ($45,000.00) for funding the following activities for the benefit of the Lady Bird Johnson Golf Course:

FORTY-FIVE THOUSAND AND NO/100 ($45,000.00) for national and state-wide marketing and promotion of the Lady Bird Johnson Golf Course to encourage tourists and convention delegates to visit the City of Fredericksburg or its vicinity.

III.

It is expressly understood and agreed by and between the parties that CVB is hired and engaged as an independent contractor and is not an officer, agent or employee of the CITY OF FREDERICKSBURG.

IV.

It is understood and agreed by and between the parties that a fiduciary duty is created in CVB with respect to expenditure of revenue provided in accordance with the approved proposal. State Law requires that :

1. The governing body, in writing, shall approve, in advance, the annual budget of the organization,

2. The organization shall make periodic reports, at least quarterly, listing the expenditures made by the original with the revenue from the hotel/motel tax,

3. The City of Fredericksburg further requires that: the organization provided to the City Manager a financial statement accompanied by copies of receipts listing the expenditures made from the revenue hereby granted within three months following the expenditure, and

4. The City Director of Golf shall be responsible for obtaining and suppling to the CITY OF FREDERICKSBURG, an accounting by numbers, samples, registrations or other method acceptable to the City Manager detailing the visitors attracted to the City of Fredericksburg Lady Bird Golf Course by the activities of the CVB under this contract.

The organization, by acceptance of such revenue, agrees to comply with the above requirements. ANY ORGANIZATION WHICH DOES NOT COMPLY WITH THE ABOVE REQUIREMENTS MAY NOT BE ELIGIBLE FOR FUTURE GRANTS.

CVB shall maintain complete and accurate financial records of each expenditure of local hotel occupancy tax revenue and, upon request of the City Council or City Manager, shall make the records available for inspection and review.

V.

This Agreement shall begin on the execution date hereof and shall continue in force until September 30, 2015. This Agreement may be terminated by the CITY in the event the project herein stated is not completed on or before September 30, 2015.

VI.

Any notice necessary or appropriate relative to this Agreement shall be effective when deposited in the United States mails, either certified or registered mail, postage prepaid and addressed to the City Manager of the City of Fredericksburg, City Hall, 126 West Main Street, Fredericksburg, Texas 78624 or to the Fredericksburg Convention and Visitor Bureau, Inc., 302 East Austin Street, Fredericksburg, Texas 78624.

VII.

No part of this Agreement may be assigned or delegated without the prior written consent of the other party, and any attempted assignment of benefits or rights of delegation of duties or obligations shall be a breach of this Agreement.

VIII.

This Agreement shall be subject to the laws and statues of the State of Texas.

IX.

It is expressly agreed that by executing this Agreement with CVB the CITY does not bind itself in the future as to any action of the City Council in connection with the alteration or repeal or amendment of the City of Fredericksburg, Texas hotel-motel occupancy tax ordinance adopted on February 13, 1984, and in the event, for any reason, that the funds are not collected by the CITY under the provisions of the hotel-motel occupancy tax ordinance, the CITY shall not be obligated under this Agreement to pay any funds of the CITY to CVB. It is also understood between the parties to the Agreement that in the event that no funds are available from the City of Fredericksburg, Texas, hotel-motel occupancy tax, this Agreement shall terminate, any provisions contained herein notwithstanding, and that CVB shall have no right or demand upon the CITY for funds payable under this Agreement if such funds are not available, for any reason.

X.

Each party warrants and represents that it has approved this Agreement by resolution duly adopted at a meeting of its governing body by a majority of those present and voting and that the chief executive officer of each party are duly authorized to enter into this Agreement on behalf of such party.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

CITY OF FREDERICKSBURG, TEXAS

BY:______________________________
KENT MYERS
City Manager

ATTEST:

__________________________
SHELLEY BRITTON
City Secretary

FREDERICKSBURG CONVENTION AND VISITOR BUREAU, INC.

ATTEST:

__________________________
By: ERNIE LOEFFLER, Director

__________________________
Secretary

# CITY COUNCIL MEMO

**DATE:** November 3, 2014

**TO:** Mayor and City Council

**FROM:** Kent Myers, City Manager

**SUBJECT:** Amendment to Wholesale Power Agreement with LCRA

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**Summary:**

The attached proposed amendment to our Wholesale Power Agreement includes several relatively minor changes that should help reduce future power costs.

**Recommendation:**

It is recommended that the attached First Amendment to our Wholesale Power Agreement be approved.

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**Background / Analysis:**

The attached amendment to our Wholesale Power Agreement includes several minor changes that should assist in controlling future power costs. Last week, City staff met with a representative of LCRA to discuss these changes and we believe that it is in the City's best interest to approve these changes.



The City of Fredericksburg

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The first change in the agreement is to provide only a 12-month notice to LCRA for any decrease in power purchases rather than the current 24-month notice requirement. Since we already purchase 35% of our power on the open market, which is the maximum available under our contract, this notice requirement will not impact us at this time. The second change sets a limit on the Public Service Fund (PSF) charge at not more than 3% of the budgeted non-fuel costs. This cap on the PSF will reduce these charges to wholesale purchases about $15 million during the coming year.



The City of Fredericksburg

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ENERGY • WATER • COMMUNITY SERVICES

September 26, 2014

Mr. Kent Myers
City Manager
City of Fredericksburg
126 West Main Street
Fredericksburg, Texas 78624

Dear Mr. Myers:

Since I started at LCRA, my team and I have been working to reduce the costs charged to our electric customers and provide more flexibility in the contract. We are pleased to offer the attached amendment to the Amended and Restated Wholesale Power Agreement ("ARWPA") that speaks to these needs.

The attached amendment addresses two aspects of the ARWPA. It allows for a reduction, from two years to one year, in the time between a Notice of Decrease of a customer's electric energy requirements and its effective date. Also, the amendment establishes the Public Service Fund ("PSF") charge at no more than 3% of budgeted non-fuel costs. By this change, LCRA is committing to set PSF charges consistent with the methodology used in the Fiscal Year 2015 Business Plan, which reduced PSF charges from $24.1million to $9.2 million or $14.9 million.

This contract amendment has been executed by a wholesale electric customer; therefore, under Article 19 of your ARWPA, you have until March 30, 2015, to adopt the amendment into your contract. We understand it may take some time for approval and execution of the amendment and we want to accommodate you.

If you are considering a Notice of Decrease and want to take advantage of the change in lead time offered in the amendment, then please contact your LCRA representative for additional information. In addition, if you are interested in how this amendment might affect any Notices of Decrease that you have already provided to LCRA, then please contact your representative on that as well.

I hope these changes show you LCRA's dedication to our wholesale electric customers. We will continue to listen to your needs and do our best to respond. We are resolved to continue to seek ways to make LCRA your electric provider of choice.

Should you choose to execute the amendment, please return both original copies to my attention, and I will return a fully executed version to you.

Sincerely,

Phil Wilson

Phil Wilson
General Manager



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# FIRST AMENDMENT TO AMENDED AND RESTATED WHOLESALE POWER AGREEMENT

This First Amendment ("First Amendment") to the Amended and Restated Wholesale Power Agreement by and between the Lower Colorado River Authority ("LCRA") and City of Fredericksburg ("Customer") dated June 12, 2009 (the "Agreement") is made and entered into as of _______________, 20___ (the "Effective Date"). LCRA and Customer may be referred to individually as a "Party" or collectively as "Parties."

## I. Recitals

WHEREAS, Customer has requested that LCRA amend certain terms in the Agreement;

WHEREAS, LCRA and the Customer agree that it is in their best interests to make certain amendments to the terms of the Agreement as described herein;

NOW THEREFORE, for the good and valuable consideration and mutual promises contained herein, the Parties agree as follows:

## II. Agreement

1. Article 3.6.2 of the Agreement is deleted in its entirety and replaced with the following subsection:

    3.6.2 After the Initial Notice has been provided to LCRA, Customer may notify LCRA in writing not more frequently than once each twelve (12) month period ("Notice of Decrease") that it will further reduce the percentage of Customer's Electric Energy Requirements to be supplied by LCRA under this Agreement. Any reduction of Customer's Electric Energy Requirements shall be five percent (5%) of Customer's Electric Energy Requirements per Notice of Decrease, and shall become effective with the monthly billing cycle first beginning after the first anniversary of the date of the Notice of Decrease. Except as provided in Article 3.6.7, Customer may not purchase from LCRA less than sixty five percent (65%) of Customer's Electric Energy Requirements ("Customer's Minimum Load Obligation").

2. Article 3.6.5 of the Agreement is deleted in its entirety and replaced with the following subsection:

    3.6.5 With the exception of the Initial Notice and the provisions in Article 3.6.6, and any waiver agreed to by the Customer and LCRA under Article 3.6.3, Customer agrees that in exercising Customer's options under this Article 3.6 LCRA shall not have less than twenty-four (24) months notice of any increase in the percentage of Customer's Electric Energy Requirements to be served by LCRA under this Agreement, or less than twelve (12) months notice of any decrease in the percentage of Customer's Electric Energy Requirements to be served by LCRA under this Agreement. Customer further agrees that, following any increase or decrease, the percentage of Customer's Electric Energy Requirements to be served by LCRA under this Agreement shall remain in effect for at least twelve (12) months following the increase or decrease.

3. Article 4.8 of the Agreement is deleted in its entirety and replaced with the following language:

4.8. As provided for in Article 4.1, LCRA may include as an expense in its Prices, and will collect, an annual amount (referred to as the "Public Service Fund" or "PSF Charge") equal to not more than three percent (3%) of the budgeted costs in the following cost categories (referred to as "Nonfuel Costs" for the purposes of this Article 4.8) (i) the costs of debt to prepay for capacity and the cost of any imputed debt, pursuant to purchased power agreements, plus (ii) non-fuel production O&M, plus (iii) hydro, plus (iv) total corporate allocable to generation operations, plus (v) debt service allocable to System Capacity or generation operations, plus (vi) debt service arrangements in the nature of debt service coverage amounts established by board policy or amounts required by covenants under bond or other legal debt instruments, in each case allocable to System Capacity or generation operations, plus (vii) Public Service Fund, plus (viii) an allowance for a reasonable amount of liquidity and reserves relating to the operation and maintenance of System Assets, that may be used by LCRA for any corporate purpose. It is the understanding of the Parties that the PSF Charge does not constitute a minimum payment without regard to the provision of energy and shall not be due and owing if there is no energy supplied pursuant to this Agreement. The Parties agree that the PSF Charge is exclusive of and in addition to the obligation of the GenTex Power Corporation to collect through rates and pay to LCRA a contribution to a development fund as set forth in the GenTex Agreement. The Parties further agree that the PSF Charge includes the amount of any contribution to a development or public service fund included in prices for water usage or water reservation.

If at any time the LCRA Board approves a limit on PSF expenditures or a PSF budgeted amount calculated differently than set forth above, the amount to be allocated among all Wholesale Customers will be the lesser of the amount set forth above or the limit or budgeted amount approved by the Board.

If amounts collected for the PSF Charge as a component of Prices in any billing year exceed the limit calculated pursuant to this Article 4.8, any excess will be treated as collected and retained for debt service coverage and will be subject to the provisions of Article 4.7.

LCRA will provide Customer annually with information concerning the nature and amount of all expenditures of the PSF Charge.

The parties will negotiate in good faith to determine if the PSF Charge should be amended following a material change in the scope and nature of LCRA's activities in its unfunded public service missions. Also, if the Texas Legislature enacts by statute or the Public Utility Commission of Texas adopts by rule a fundamental change to the ERCOT energy-only market design, then the Parties will negotiate in good faith to determine if the Nonfuel Costs should be amended.

If Customer's share of PSF Charge described in Article 4.8 for any billing year are expected to exceed fifty percent (50%) of such PSF Charge for that year, then (i) Customer's Prices for that billing year will be adjusted to limit Customer's share of PSF Charge described in Article 4.8 to fifty percent (50%) of such PSF Charge for that year, and LCRA will be entitled to deduct from the credit against Power Costs set forth in Article 4.9.1 an amount equal to any resulting reduction in Customer's share of PSF Charge for that billing year, and (ii) the Parties will enter into good faith negotiations for changes to the provisions of this Article 4.8.

4. Definition 53 in Appendix A is deleted in its entirety and replaced with the following language:

   "Nonfuel Costs" is defined in Article 4.8 of the Agreement.

   "PSF Charge" is defined in Article 4.8 of the Agreement.

5. The Parties agree that the Agreement, as amended by this First Amendment, constitutes and amended wholesale power agreement for the purpose of Section 19.1 of the Agreement.

III. Miscellaneous

1. Except as expressly provided herein, or subsequently agreed by the Parties in writing, all terms and conditions of the Agreement shall be and remain in full force and effect.

2. This First Amendment shall be binding upon and inure to the benefit of the permitted successors and assigns of the Parties.

3. The persons signing this First Amendment have been fully authorized to execute an amendment to the Agreement.

4. This First Amendment constitutes the entire agreement between LCRA and Customer regarding the matters covered herein and supersedes all prior written and oral understandings in connection therewith.

5. This First Amendment shall be effective on and as of the Effective Date.

6. Any and all disputes, controversies, and claims arising out of, relating to, or in any way connected with the Agreement or this First Amendment shall be settled exclusively by the courts located in Travis County, Texas.

**[the remainder of this page is left intentionally blank]**

IN WITNESS WHEREOF, LCRA and Customer have caused this First Amendment to be executed by their duly authorized officers, and copies delivered to each Party.

CITY OF FREDERICKSBURG

By: ______________________________

Name:______________________________

Title: ______________________________

Date: ______________________________

LOWER COLORADO RIVER AUTHORITY

By: ______________________________
Phil Wilson, General Manager

Date: ______________________________