STATE OF TEXAS
COUNTY OF GILLESPIE
CITY OF FREDERICKSBURG

SPECIAL CITY COUNCIL MEETING
MARCH 1, 2018
8:30 AM

On this the 1st day of March, 2018, the City Council of the CITY OF FREDERICKSBURG convened in special session at the Fire Station Meeting Room, with the following members present to constitute a quorum:

LINDA LANGERHANS - MAYOR
JERRY LUCKENBACH - COUNCIL MEMBER
BOBBY WATSON - COUNCIL MEMBER
CHARLIE KIEHNE - COUNCIL MEMBER
GARY NEFFENDORF - COUNCIL MEMBER

ABSENT: NONE

ALSO PRESENT: KENT MYERS - CITY MANAGER
CLINTON BAILEY – ACM/DPWU
DANIEL JONES – CITY ATTORNEY

WORKSHOP WITH COUNTY OF GILLESPIE – Council held a joint workshop with Gillespie County Commissioners Court to discuss the following:

- Proposed Sports Park
- Conceptual Plans for Inner Loop
- Plans for Use of city Owned Property on Friendship Lane

No action was taken.

With no further discussion, Council Member Watson made a motion to adjourn the meeting at 11:00 AM. Council Member Luckenbach seconded the motion. Motion carried.

PASSED AND APPROVED this the 4th day of June 2018.

SHELLEY BRITTON, CITY SECRETARY

LINDA LANGERHANS, MAYOR

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STATE OF TEXAS
COUNTY OF GILLESPIE
CITY OF FREDERICKSBURG

REGULAR CITY COUNCIL MEETING
MARCH 5, 2018
6:00 PM

On this the 5th day of March, 2018, the City Council of the CITY OF FREDERICKSBURG convened in regular session at the Law Enforcement Center, with the following members present to constitute a quorum:

LINDA LANGERHANS - MAYOR
BOBBY WATSON - COUNCIL MEMBER

GARY NEFFENDORF - COUNCIL MEMBER
CHARLIE KIEHNE - COUNCIL MEMBER
JERRY LUCKENBACH – COUNCIL MEMBER

ABSENT: NONE

ALSO PRESENT: KENT MYERS - CITY MANAGER
CLINTON BAILEY - A.C.M./D.P.W.U.
BRIAN JORDAN – DIR DEVELOPMENT SERVICES
SHELLEY BRITTON - CITY SECRETARY
DANIEL JONES - CITY ATTORNEY
RUSSELL IMMEL - IT MANAGER

The meeting was called to order at 6:00 PM following the Pledge of Allegiance.

EMPLOYEE RECOGNITIONS - None.

MINUTES – It was moved by Council Member Watson, seconded by Council Member Neffendorf, to approve the minutes of the January 2018 minutes as presented. All voted in favor and the motion carried.

SEWER LINE MAINTENANCE AGREEMENT AND RESOLUTION FOR BOOT RANCH – It was moved by Council Member Luckenbach, seconded by Council Member Watson, to approve the Boot Ranch Sewer Line Maintenance Agreement and Resolution as presented. The vote was as follows: AYE: Langerhans, Watson, Kiehne, Neffendorf, and Luckenbach; NAY: None. Motion carried.

A RESOLUTION OF THE CITY OF FREDERICKSBURG, TEXAS,
APPROVING A SEWER LINE MAINTENANCE AGREEMENT
RELATED TO BOOT RANCH

WHEREAS, the City of Fredericksburg ("City") desires to specify the allocation of responsibilities, related to installation and maintenance lf lower pressure sanitary sewer pipelines and associated equipment and materials, located in the Boot Ranch development.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL of the City of Fredericksburg, Texas, that:

1. The city council hereby approves the *Sewer Line Maintenance Agreement*, a copy of which is attached hereto as Exhibit A; and

2. The city council hereby authorized Kent Myers, in his capacity as City Manager, to execute said *Sewer Line Maintenance Agreement* on behalf of the City.

PASSED AND APPROVED this 5th day of March, 2018.

/s/ Linda Langerhans, Mayor

ATTEST: /s/ Shelley Britton, City Secretary
APPROVED AS TO FORM: /s/ Daniel Jones, City Attorney

ORDINANCE FOR HISTORIC DISTRICT SIGNAGE – Council heard a presentation from Anna Hudson, Historic Preservation Officer, concerning the proposed ordinance for Historic District Signage. Following a lengthy discussion, and receiving comments from the public, it was moved by Council Member Kiehne, seconded by Council Member Watson, to table the item. The vote was as follows: AYE: Langerhans, Watson, Kiehne, and Luckenbach; NAY: Neffendorf. Motion carried.

CONTRACT FOR FRIENDSHIP LANE MILL/OVERLAY PROJECT – Garret Bonn, Asst City Engineer, presented the contract for Friendship Lane Mill/Overlay Project. It was moved by Council Member Kiehne, seconded by Council Member Luckenbach, to award the construction contract to Lone Star Paving in the amount of $211,812.98 including alternate A1 (10% Contingency). The vote was as follows: AYE: Langerhans, Watson, Kiehne, Neffendorf, and Luckenbach; NAY: None. Motion carried.

CITY FUNDING FOR RETAIL STRATEGY STUDY – Aaron Farmer, Vice-President of the Retail Coach Organization, made a presentation for a Retail Strategy Study, with the city partnering with the EDC and CVB. It was moved by Council Member Neffendorf, seconded by Council Member Watson, to approve city funding for a Retail Strategy Study in the amount not to exceed $9,500 as presented. AYE: Langerhans, Neffendorf, Watson, and Luckenbach; NAY: Kiehne. Motion carried.

CITY MANAGERS REPORT - City Manager Kent Myers reported on (1) Short-Term Rental Briefings, (2) Community Visioning Process, (3) Community Foundation, and (4) Council Agenda.

FUTURE AGENDA ITEMS - Council discussed future agenda items.

PUBLIC COMMENTS - None

COUNCIL COMMENTS - None

EXECUTIVE SESSION - It was moved by Council Member Luckenbach, seconded by Council Member Kiehne, to recess the regular session and go into Executive Session at 7:35 PM. All voted in favor and the motion carried. At 8:30 PM, it was moved by Council Member Luckenbach, seconded by Council Member Kiehne, to adjourn the Executive Session and reconvene the regular session. All voted in favor and the motion carried.

Following Executive Session, the following action was taken:

EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY OWNED BY THE CITY, LOCATED ON FRIENDSHIP LANE (SEC.551.072) – No action was taken.

PENICK R&C, LP vs CITY OF FREDERICKSBURG (SEC.551.071) - No action was taken.

With no further discussion, Council Member Kiehne made a motion to adjourn the meeting at 8:31 PM. Council Member Watson seconded the motion. Motion carried.

PASSED AND APPROVED this the 4th day of June, 2018.

SHELLEY BRITTON, CITY SECRETARY

LINDA LANGERHANS, MAYOR

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STATE OF TEXAS
COUNTY OF GILLESPIE
CITY OF FREDERICKSBURG

REGULAR CITY COUNCIL MEETING
MARCH 19, 2018
6:00 PM

On this the 19th day of March, 2018, the City Council of the CITY OF FREDERICKSBURG convened in regular session at the Law Enforcement Center, with the following members present to constitute a quorum:

	LINDA LANGERHANS - MAYOR
	GARY NEFFENDORF - COUNCIL MEMBER
	JERRY LUCKENBACH - COUNCIL MEMBER
	BOBBY WATSON - COUNCIL MEMBER
	CHARLIE KIEHNE - COUNCIL MEMBER
ABSENT:	NONE
ALSO PRESENT:	KENT MYERS - CITY MANAGER
	CLINTON BAILEY - ACM/D.P.W.U.
	SHELLEY BRITTON – CITY SECRETARY
	BRIAN JORDAN - DIR OF DEVELOPMENT SERVICES
	DANIEL JONES - CITY ATTORNEY
	RUSSELL IMMEL - IT MANAGER

The meeting was called to order at 6:00 PM., followed by the Pledge of Allegiance.

EMPLOYEE RECOGNITIONS – The City Manager recognized the Open House Committee, and the Recycling Center Employees.

CONSENT AGENDA - It was moved by Council Member Watson, seconded by Council Member Neffendorf, to approve the Consent Agenda as follows:

- Amendment to Zoning Ordinance Definitions, Sec. 2.100
- Interlocal Agreement with FISD Regarding Fiber Optics

The vote was as follows: AYE: Langerhans, Neffendorf, Luckenbach, and Watson; NAY: None. Motion carried.

PUBLIC HEARING Z-1801 FOR A CONDITIONAL USE PERMIT FOR ROBIN FLECK TO OPERATE MEDICAL OFFICE IN THE CENTRAL BUSINESS DISTRICT AT 409 E MAIN ST. - It was moved by Council Member Luckenbach, seconded by Council Member Kiehne, to recess the regular session and open the Public Hearing on Z-1801 for a Conditional Use

Permit for Robin Fleck to operate a Medical Office in the Central Business District at 409 E Main St. All voted in favor and the motion carried.

Following comments from Representative Walter Moldenhauer, it was moved by Council Member Watson, seconded by Council Member Luckenbach, to adjourn the public hearing and reconvene the regular session. All voted in favor and the motion carried.

REQUEST Z-1801 - Council Member Kiehne moved, seconded by Council Member Neffendorf, to approve ordinances for Z-1801 for a Conditional Use Permit at 409 E Main St to Operate a Medical Office in the CBD. The vote was as follows: AYE: Langerhans, Kiehne, Watson, Luckenbach, and Neffendorf; NAY: None. Motion carried.

RESOLUTION RELATED TO ATMOS MID TEX AND ATMOS PIPELINE TEXAS REQUEST TO PASS THROUGH TO RATEPAYERS A REDUCTION IN RATES RESULTING FROM THE REDUCTION IN THE CORPORATE FEDERAL INCOME TAX RATE FROM 35% TO 21% - It was moved by Council Member Luckenbach, seconded by Council Member Watson, to adopt the Resolution related to Atmos Mid Tex and Atmos Pipeline Texas Request to pass through to Ratepayers a Reduction in rates resulting from the reduction in the Corporate Federal Income Tax Rate from 35% to 21%; the vote was as follows: AYE: Langerhans, Kiehne, Watson, Luckenbach, and Neffendorf; NAY: None. Motion carried.

RESOLUTION

A RESOLUTION BY THE CITY OF FREDERICKSBURG, TEXAS ("CITY"), APPROVING A REDUCTION IN RATES CHARGED BY ATMOS ENERGY CORPORATION, MID-TEX DIVISION ("ATMOS") AND AUTHORIZING CONSENT TO A REDUCTION IN RATES CHARGED BY ATMOS PIPELINE TEXAS ("APT"), ALL RELATED TO THE REDUCTION IN THE FEDERAL CORPORATE TAX RATE; FINDING THE REDUCTION IN ATMOS' RATES TO BE JUST AND REASONABLE; FINDING THAT THE MEETING COMPLIED WITH THE OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THE RESOLUTION TO THE COMPANY AND SPECIAL COUNSEL.

WHEREAS, the City of Fredericksburg, Texas ("City") is a regulatory authority under the Gas Utility Regulatory Act "GURA") and under § 103.001 of GURA has exclusive original jurisdiction over Atmos Energy Corporation – Mid-Tex Division ("Atmos") rates, operations, and service of a gas utility within the municipality; and

WHEREAS, the City has participated in prior cases regarding Atmos as part of a coalition of cities known as the Atmos Texas Municipalities ("ATM"); and

WHEREAS, pursuant to the Rate Review Mechanism ("RRM") for 2017 filed with the City on or around March 1, 2017, the City approved an increase in annual revenue of about $48 million; and

WHEREAS, the City, as part of ATM participated in APT's general rate case at the Railroad Commission of Texas in Gas Utility Docket No. 10580 ("GUD No. 10580"); and

WHEREAS, the corporate tax rate on federal income included in Atmos' current rates and made part of the $48 million increase in revenue approved via the RRM, was based on a federal-income-tax rate of 35%; and

WHEREAS, the corporate tax rate on federal income included in APT's current rates and approved by the Railroad Commission of Texas in GUD No. 10580, was based on a federal-income-tax rate of 35%; and

WHEREAS, effective January 1, 2018, the corporate tax rate on income is 21%; and

WHEREAS, Atmos seeks administrative approval under Utilities Code § 104.111 to reduce its annual revenue by approximately $29 million; and

WHEREAS, APT seeks the City's consent to a decrease in rates for APT's rates to be approved by the Railroad Commission of Texas, which decrease would reduce APT's annual revenue by about $29 million; and

WHEREAS, ATM's Special Counsel and consultants engaged to review Atmos' and APT's calculation of the effect of the reduction in the corporate federal-income-tax rate from 35% to 21% has on Atmos' and APT's rates, have confirmed Atmos' and APT's calculation of the reduction in Atmos' and APT's revenue is mathematically accurate; and

WHEREAS, the reduction in Atmos' annual revenue is limited to the tax expense related to the change in the corporate tax rate from 35% to 21% relative to the revenue requirement established in Atmos' RRM in 2017, and to the revenue requirement established in in GUD No. 10580 for APT, and thus will need to be adjusted further in a future proceeding to account for excess deferred income taxes resulting from the Tax Cut and Jobs Act of 2017; and

WHEREAS, by approving the reduction in Atmos' rates, and consenting to the reduction in APT's rates, the City, in future proceedings or in other jurisdictions, is under no obligation to take the same positions with regard to the methodology resulting in a reduction in rates, as the methodology underlying the reduction proposed by Atmos or APT, nor shall the City's approval of the reduction in Atmos' rates or its consent to the reduction in APT's rates, be used against City in any future proceeding with respect to different positions the City may take with regard to setting Atmos' or APT's rates.

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

Section 1. The findings set forth in this Resolution are hereby in all things approved and incorporated herein.

Section 2. Atmos shall submit to the City within fourteen days from the effective date of this Resolution, amended tariffs reflecting the reduction in revenue noted above.

Section 3. The City's Special Counsel, Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, is hereby authorized to consent on behalf of the City as part of ATM in proceedings before the Railroad Commission of Texas, to the reduction in APT's revenue noted above.

Section 4. To the extent any Resolution previously adopted by the City Council is inconsistent with this Resolution, it is hereby superseded.

Section 5. The meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 6. If any one or more sections or clauses of this Resolution is judged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

Section 7. This Resolution shall become effective from and after its passage.

Section 8. A copy of this Resolution shall be sent to Atmos Mid-Tex, care of Christopher Felan, Vice President of Rates and Regulatory Affairs, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1600, Dallas, Texas 75240 and to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, 816 Congress Avenue, Suite 950, Austin, Texas 78701.

PASSED AND APPROVED this 18th day of March, 2018.

/s/ Linda Langerhans, Mayor

ATTEST: /s/ Shelley Britton, City Secretary

RIGHT-OF-WAY AGREEMENT – SUNRISE STREET – It was moved by Council Member Luckenbach, seconded by Council Member Watson, to approve the Right-Of-Way Easement on Sunrise Street as presented. The vote was as follows: AYE: Langerhans, Kiehne, Watson, Luckenbach, and Neffendorf; NAY: None. Motion carried.

PROFESSIONAL SERVICES AGREEMENT FOR FT. MARTIN SCOTT MASTER PLAN It was moved by Council Member Neffendorf, seconded by Council Member Watson, to approve the Professional Services Agreement for Ft. Martin Scott Master Plan in the amount of $25,000. The vote was as follows: AYE: Langerhans, Kiehne, Watson, Luckenbach, and Neffendorf; NAY: None. Motion carried.

TEMPORARY SOCCER FIELDS ON FUTURE SPORTS PARK PROPERTY – Council Member Luckenbach, seconded by Council Member Neffendorf, to approve Temporary Soccer

Fields on future Sports Park Property. All voted in favor and the motion carried. Further, Council thanked Allen Keller Company for their offer to donate labor and equipment to flat roll the proposed ten acres.

RATE MODEL AND WATER AND WASTEWATER IMPACT FEE UPDATE – Clinton Bailey presented the Rate Model and Water and Wastewater Impact Fee Update. Following the presentation, it was moved by Council Member Watson, seconded by Council Member Luckenbach, to approve the contract with HDR for $44,454.00 to assist the city in updating the previously developed rate model. The vote was as follows: AYE: Langerhans, Kiehne, Watson, Luckenbach, and Neffendorf; NAY: None. Motion carried.

CITY MANAGER'S REPORT - City Manager Kent Myers reported on (1) Short-Term Rentals, (2) Attainable Housing, and (3) Hotel/Conference Center Project.

FUTURE AGENDA ITEMS - Council discussed future agenda items.

PUBLIC COMMENTS – Russ Rose commented on the golf course.

COUNCIL COMMENTS - Bobby Watson commented on the two Visioning meetings he attended; Jerry Luckenbach reported on the Airport Board.

EXECUTIVE SESSION - It was moved by Council Member Luckenbach, seconded by Council Member Kiehne, to recess the regular session and go into Executive Session at 8:45 PM. All voted in favor and the motion carried. At 9:08 PM, it was moved by Council Member Luckenbach, seconded by Council Member Kiehne, to adjourn the Executive Session and reconvene the regular session. All voted in favor and the motion carried.

Following Executive Session, the following action was taken:

EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY OWNED BY THE CITY, LOCATED ON E. AUSTIN ST. (551.072) – No action taken.

PURCHASE, EXCHANGE, OR VALUE OR REAL PROPERTY LOCATED NEAR SUNRISE STREET (SEC. 551.072) – No action taken.

With no further discussion, Council Member Neffendorf made a motion to adjourn the meeting at 9:08 PM. Council Member Luckenbach seconded the motion. Motion carried.

PASSED AND APPROVED this the 4th day of June, 2018.

SHELLEY BRITTON, CITY SECRETARY	LINDA LANGERHANS, MAYOR

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