STATE OF TEXAS
COUNTY OF GILLESPIE
CITY OF FREDERICKSBURG

REGULAR CITY COUNCIL MEETING
JULY 2, 2018
6:00 PM

On this the 2nd day of July, 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
CHARLIE KIEHNE - COUNCIL MEMBER
JERRY LUCKENBACH – COUNCIL MEMBER
TOM MUSSELMAN – 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

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

EMPLOYEE RECOGNITIONS – City Manager Kent Myers recognized Brenda Crenwelge, Marion Wiggins, and Shelley Britton.

PUBLIC HEARING ON THE VOLUNTARY ANNEXATION OF APPROXIMATELY 11.282 ACRES OF LAND LOCATED ON THE SOUTH SIDE OF US HIGHWAY 87 NORTH, AND NORTH OF US HIGHWAY 290 WEST FOR THE PROPOSED HOTEL/CONFERENCE CENTER (2nd of two) – It was moved by Council Member Luckenbach, seconded by Council Member Kiehne, to recess the regular session and open the Public Hearing on the Voluntary Annexation of Approximately 11.282 acres of land located on the South Side of US Highway 87 North, and North of US Highway 290 West for the Proposed Hotel/Conference Center. All voted in favor and the motion carried.

Bobby Sagebiel briefed on the project; no other comments were received.

It was moved by Council Member Luckenbach, seconded by Council Member Neffendorf, to adjourn the public hearing and reconvene the regular session. All voted in favor and the motion carried.

PUBLIC HEARING ON THE 2019 CITY BUDGET – It was moved by Council Member Musselman, seconded by Council Member Luckenbach, to recess the regular session and open the public hearing on the 2019 City Budget. All voted in favor and the motion carried.

Comments were received by Mo Saiidi concerning the budget; no other comments were received.

It was moved by Council Member Luckenbach, seconded by Council Member Neffendorf, to adjourn the public hearing and reconvene the regular session. All voted in favor and the motion carried.

RESOLUTION FOR ATMOS ENERGY RATE INCREASE – It was moved by Council Member Luckenbach, seconded by council Member Neffendorf, to approve the Resolution for Atmos Energy Rate Increase as presented. The vote was as follows: AYE: Langerhans, Neffendorf, Kiehne, Musselman, and Luckenbach; NAY: None. Motion carried.

RESOLUTION

RESOLUTION BY THE CITY OF FREDERICKSBURG, TEXAS ("CITY"), SUSPENDING THE EFFECTIVE DATE FOR NINETY DAYS IN CONNECTION WITH THE RATE INCREASE FILING MADE ON ABOUT ON JUNE 1, 2018 BY ATMOS ENERGY FOR ITS MIDTEX DIVISION; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE

WHEREAS, Atmos Energy ("Atmos" or "Company") filed a Statement of Intent with the City on or about June 1, 2018, to increase its annual revenue by approximately $4.5 million in the cities known as Atmos Texas Municipalities ("ATM"), which equates to an increase in annual revenue of approximately 8.0 percent, and is the equivalent of an increase of about $46.0 million on a system-wide basis; and

WHEREAS, the City is a regulatory authority under the Gas Utility Regulatory Act ("GURA") and under Chapter 104, §103.001 et seq. of GURA has exclusive original jurisdiction over Atmos's rates, operations, and services within the municipality; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating Atmos's rate request and its changes in tariffs it is prudent to coordinate the City's efforts with a coalition of similarly situated municipalities; and

WHEREAS, the City, in matters regarding applications by Atmos to change rates, has in the past joined with other local regulatory authorities to form an alliance of cities known as Atmos Texas Municipalities ("ATM"), and hereby continues its participation in ATM; and

WHEREAS, Atmos's rate request consists of a voluminous amount of information including Atmos's rate-filing package, exhibits, schedules, and workpapers; and

WHEREAS, Atmos's rate application is the Company's first general rate case since about 2012, and follows annual increases approved under the now-expired tariff known as the "Rate Review Mechanism" ("RRM"); and

WHEREAS, Atmos proposed July 6, 2018, as the effective date for its requested increase in rates; and

WHEREAS, it is not reasonably possible for the City to complete its review of Atmos's filing by July 6, 2018; and

WHEREAS, the City will need an adequate amount of time to review and evaluate Atmos's rate application to enable the City to adopt a final decision as a local regulatory authority with regard to Atmos's requested rate increase; and

WHEREAS, the City will require the assistance of specialized legal counsel and rate experts to review the merits of Atmos's application to increase rates; and

WHEREAS, if Atmos submits a corresponding application with the Railroad Commission of Texas or appeals the City's action to the Railroad Commission of Texas, the decision of the Railroad Commission of Texas will have a direct impact on the City and its citizens who are customers of Atmos, and in order for the City's participation to be meaningful it is important that the City intervene in any such proceedings at the Railroad Commission of Texas related to Atmos's application to increase rates.

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

Section 1. The findings set out in the Recitals are in all things approved and incorporated herein as if fully set forth.

Section 2. Atmos's proposed effective date for its proposed increase in rates is hereby **SUSPENDED** for ninety days beyond July 6, 2018.

Section 3. The statutory suspension period may be further extended if Atmos does not provide timely and meaningful, and proper public notice of its request to increase rates, if its rate-filing package is materially deficient, or by agreement.

Section 4. The City shall participate in a coalition of cities known as the Atmos Texas Municipalities ("ATM"), and authorizes intervention in proceedings related to Atmos's Statement of Intent before the Railroad Commission of Texas and related proceedings in courts of law.

Section 5. The City hereby orders Atmos to reimburse the City's rate case expenses consistent with the Gas Utility Regulatory Act and that Atmos shall do so on a monthly basis and within 30 days after submission of the City's invoices for the City's reasonable costs associated with the City's activities related to this rate review or related to proceedings involving Atmos before the City, the Railroad Commission of Texas, or any court of law.

Section 6. Subject to the right to terminate employment at any time, the City retains and authorizes the law firm of Herrera Law & Associates, PLLC to act as Special Counsel with regard to rate proceedings involving Atmos before the City, the Railroad Commission of Texas, or any court of law, and to retain such experts as may be reasonably necessary for review of Atmos's rate application subject to approval by the steering committee of the ATM.

Section 7. The City, in coordination with the Steering Committee, shall review the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to Atmos for reimbursement.

Section 8. A copy of this resolution shall be sent to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, 816 Congress Ave., Suite 950, Austin, Texas 78701, and a courtesy copy to Atmos's local representative.

Section 9. 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 10. This resolution shall become effective from and after its passage.

PASSED AND APPROVED this 2nd day of July, 2018.

/s/ Linda Langerhans, Mayor

AATTEST: /s/ Shelley Britton, City Secretary

AMENDMENT TO LEASE FOR THE UNIVERSITY CENTER PROPERTY – It was moved by Council Member Luckenbach, seconded by Council Member Neffendorf, to approve the Amendment to the Lease for the University Center Property. The vote was as follows: AYE: Langerhans, Neffendorf, Kiehne, Musselman, and Luckenbach; NAY: None. Motion carried.

PRESENTATION ON WATER/WASTEWATER RATES - Grady Reed from HDR Engineering gave an overview of the water/wastewater rate study currently underway. No action taken.

CAPITAL IMPROVEMENT PLAN (CIP) PRESENTATION – Clinton Bailey and Kris Kneese presented information on Phase One of the CIP, which includes Water/Wastewater, Police, Fire/Emergency Management, Street and Park Departments. Garret Bonn presented information on streets. Trevor Dupree was on hand to discuss parks and recreation projects. The police department CIP project was presented by Chief Wetz and Russell Immel. Fire/EMS/Emergency Management's CIP was presented by Chief Bizzell. No action taken.

CITY MANAGERS REPORT - City Manager Kent Myers reported on (1) Budget Workshops, (2) Seven Hills Resort and Conference Center, and (3) City Secretary Position.

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 8:30 PM. All voted in favor and the motion carried. At 9:28 PM, it was moved by Council Member Neffendorf, seconded by Council Member Musselman, 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:

PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY LOCATED IN THE VICINITY OF LADY BIRD JOHNSON MUNICIPAL PARK (SEC. 551.072) – No action was taken.

PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY LOCATED IN THE VICINITY OF OLD SAN ANTONIO ROAD (SEC. 551.072) – No action taken.

PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY LOCATED IN THE VICINITY OF INDUSTRIAL LOOP (SEC. 551.072) – No action.

With no further discussion, Council Member Kiehne made a motion to adjourn the meeting at 9:29 PM. Council Member Neffendorf seconded the motion. Motion carried.

PASSED AND APPROVED this the 20th day of August, 2018.

SHELLEY BRITTON, CITY SECRETARY	LINDA LANGERHANS, MAYOR

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STATE OF TEXAS	**SPECIAL CITY COUNCIL MEETING**
COUNTY OF GILLESPIE	**JULY 9, 2018**
CITY OF FREDERICKSBURG	**4:00 PM**

On this the 9th day of July, the City Council of the CITY OF FREDERICKSBURG convened in special session at City Hall, with the following members present to constitute a quorum:

LINDA LANGERHANS - MAYOR
GARY NEFFENDORF - COUNCIL MEMBER
JERRY LUCKENBACH - COUNCIL MEMBER
TOM MUSSELMAN - COUNCIL MEMBER
CHARLIE KIEHNE - COUNCIL MEMBER

ABSENT: NONE

ALSO PRESENT: KENT MYERS - CITY MANAGER
LAURA HOLLENBEAK – DIR OF FINANCE

Mayor Langerhans called the meeting to order at 4:00 PM.

BUDGET WORKSHOP - Council held a Budget Workshop on FY 2018-2019.

With no further discussion, Council Member Kiehne made a motion to adjourn the meeting at 7:50 PM. Council Member Luckenbach seconded the motion. Motion carried.

PASSED AND APPROVED this the 20th day of August, 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
JULY 16, 2018
6:00 PM

On this the 16th day of July, 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
TOM MUSSELMAN - 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 - Officer Preston Schmidt was recognized, and also Chief Bizzell and the FFD.

MINUTES - It was moved by Council Member Luckenbach, seconded by Council Member Kiehne, to approve the minutes of the June 2018 minutes as presented. All voted in favor and the motion carried.

PUBLIC COMMENTS - Clayton Klinsiek commented on Friendship Lane and on the bypass.

HISTORIC REVIEW BOARD ANNUAL REPORT - Council received the Historic Review Board Annual Report from Anna Hudson, Historic Preservation Officer. She also recognized Stan Klein, who has been an HRB Member since its inception in 1986.

PUBLIC HEARING Z-1806 FOR A CONDITIONAL USE PERMIT FOR A STANDARDIZED BUSINESS (VACASA) IN THE HISTORIC SHOPPING DISTRICT OVERLAY AT 417 E MAIN STREET- It was moved by Council Member Luckenbach, seconded by Council Member Musselman, to recess the regular session and open the Public Hearing on Z-1806 for a Conditional Use Permit for a Standardized Business (Vacasa) in the Historic Shopping District Overlay at 417 E Main Street All voted in favor and the motion carried.

Following comments from the Vacasa Representative Kevin Lincicome, and from Donna Mittel, who spoke against "Chains on Main", it was moved by Council Member Kiehne, seconded by Council Member Luckenbach, to adjourn the public hearing and reconvene the regular session. All voted in favor and the motion carried.

RECOMMENDATION AND RESOLUTION FOR Z-1806 - Based on the recommendation of the staff, it was moved by Council Member Musselman, seconded by Council Member Luckenbach, to deny Z-1806 as presented. The vote was as follows: AYE: Langerhans, Neffendorf, Kiehne, Musselman, and Luckenbach; NAY: None. Motion carried.

PRESENTATION ON THE PROPOSED SEVEN HILLS RESORT AND CONFERENCE CENTER AT THE INTERSECTION OF US HIGHWAY 87 NORTH AND US HIGHWAY 290 WEST - Dennis Murphree and Brian Miller gave the presentation on the proposed Seven Hills Resort and Conference Center.

BUDGET AMENDMENT FOR CAD RMS LICENSES - It was moved by Council Member Luckenbach, seconded by Council Member Musselman, to approve the Budget Amendment in the amount of $83,056 for CAD RMS Licenses. The vote was as follows: AYE: Langerhans, Neffendorf, Kiehne, Musselman, and Luckenbach; NAY: None. Motion carried.

CAPITAL IMPROVEMENTS PLAN PRESENTATION, PHASE II - Clinton Bailey presented the CIP Phase II, along with superintendents of the various departments, including the Electric Department, Landfill, Drainage, Golf Department, and IT.

CITY MANAGER'S REPORT - City Manager Kent Myers reported on (1) Budget Update, (2) Special Meeting – County Services, and (3) Community Visioning Process.

FUTURE AGENDA ITEMS - Council discussed future agenda items.

COUNCIL COMMENTS – Charlie Kiehne stated that he respected the P&Z decision regarding Vacasa, but didn't agree, Jerry Luckenbach reported on the Airport Board, Tom Musselman reported on the Municipal Law Seminar sponsored by the City.

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 8:05 PM. All voted in favor and the motion carried. At 8:46 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:

APPOINTMENT, EVALUATION, REASSIGNMENT, DUTIES, OR DISMISSAL OF A PUBLIC OFFICER, SPECIFICALLY THE BOARD MEMBERS OF THE CITY'S HISTORIC REVIEW BOARD, PLANNING AND ZONING COMMISSION, AND BOARD OF ADJUSTMENT – It was moved by Council Member Luckenbach, seconded by Council Member Kiehne, to reappoint Tim Dooley and Jim Jarreau to the Planning & Zoning Commission. All voted in favor and the motion carried.

It was then moved by Council Member Luckenbach, seconded by Council Member Neffendorf, to appoint Polly Rickert to the Planning & Zoning Commission. The vote was as follows: AYE: Neffendorf, Kiehne, and Luckenbach; NAY: Langerhans and Musselman. Motion carried.

A motion was made by Council Member Musselman, seconded by Council Member Luckenbach, to appoint Bobby Watson to the Historic Review Board. All voted in favor and the motion carried.

It was also moved by Council Member Neffendorf, seconded by Council Member Musselman, to reappoint David Bullion and Larry Jackson to the Historic Review Board, and to move Jerry Sample from Alternate to Regular Member. All voted in favor and the motion carried.

Finally, it was moved by Council Member Neffendorf, seconded by Council Member Luckenbach, to move John Smilijanic from Alternate to Regular Member of the Board of Adjustment. All voted in favor and the motion carried.

With no further discussion, Council Member Neffendorf made a motion to adjourn the meeting at 8:49 PM. Council Member Musselman seconded the motion. Motion carried.

PASSED AND APPROVED this the 20th day of August, 2018.

SHELLEY BRITTON, CITY SECRETARY	LINDA LANGERHANS, MAYOR

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STATE OF TEXAS	**SPECIAL CITY COUNCIL MEETING**
COUNTY OF GILLESPIE	**JULY 23, 2018**
CITY OF FREDERICKSBURG	**4:00 PM**

On this the 23rd day of July, the City Council of the CITY OF FREDERICKSBURG convened in special session at City Hall, with the following members present to constitute a quorum:

LINDA LANGERHANS - MAYOR
GARY NEFFENDORF - COUNCIL MEMBER
JERRY LUCKENBACH - COUNCIL MEMBER

TOM MUSSELMAN - COUNCIL MEMBER
CHARLIE KIEHNE - COUNCIL MEMBER

ABSENT: NONE

ALSO PRESENT: KENT MYERS - CITY MANAGER
LAURA HOLLENBEAK – DIR OF FINANCE

Mayor Langerhans called the meeting to order at 4:00 PM.

ANNEXATION PROCEEDINGS – It was moved by Council Member Luckenbach, seconded by Council Member Musselman, to approve the institution of annexation proceedings of the Seven Hills Resort and Conference property located at the intersection of US Highway 87 North and US Highway 290 West; all voted in favor and the motion carried.

BUDGET WORKSHOP - Council held a Budget Workshop on FY 2018-2019.

With no further discussion, Council Member Kiehne made a motion to adjourn the meeting at 7:50 PM. Council Member Luckenbach seconded the motion. Motion carried.

PASSED AND APPROVED this the 20th day of August, 2018.

SHELLEY BRITTON, CITY SECRETARY

LINDA LANGERHANS, MAYOR

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STATE OF TEXAS
COUNTY OF GILLESPIE
CITY OF FREDERICKSBURG

SPECIAL CITY COUNCIL MEETING
JULY 30, 2018
4:00 PM

On this the 30th day of July, the City Council of the CITY OF FREDERICKSBURG convened in special session at City Hall, with the following members present to constitute a quorum:

LINDA LANGERHANS - MAYOR
GARY NEFFENDORF - COUNCIL MEMBER
JERRY LUCKENBACH - COUNCIL MEMBER
TOM MUSSELMAN - COUNCIL MEMBER
CHARLIE KIEHNE - COUNCIL MEMBER

ABSENT: NONE

ALSO PRESENT: KENT MYERS - CITY MANAGER
LAURA HOLLENBEAK – DIR OF FINANCE

Mayor Langerhans called the meeting to order at 4:00 PM.

BUDGET WORKSHOP - Council held a Budget Workshop on FY 2018-2019.

With no further discussion, Council Member Kiehne made a motion to adjourn the meeting at 6:40 PM. Council Member Neffendorf seconded the motion. Motion carried.

PASSED AND APPROVED this the 20th day of August, 2018.

SHELLEY BRITTON, CITY SECRETARY	LINDA LANGERHANS, MAYOR

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