



**REGULAR MEETING OF THE  
SALADO BOARD OF ALDERMEN**

**REGULAR AGENDA  
WORKSHOP AGENDA  
EXECUTIVE SESSION AGENDA**

**THURSDAY, APRIL 23, 2015 6:30 P.M.  
MUNICIPAL BUILDING  
301 NORTH STAGECOACH, SALADO TX  
BOARD OF ALDERMAN CHAMBERS**

**I. CALL TO ORDER**

1. Invocation / Moment of Silence
2. Pledge of Allegiance, Texas Pledge of Allegiance

("Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.")

**II. REPORTS**

Announcements concerning items of community interest. No action will be taken or discussed.

Mayor's Report.

Aldermen Updates:

- Environmental Report – Alderman Dankert and Alderman McDougal
- ETJ / Annexation Report – Alderman Dankert and Alderman McDougal
- Ordinance Committee Report – Alderman Fields and Alderman Coachman
- Main Street Report – Mayor Pro Tem Brown
- Street Improvement Report – Alderman McDougal
- Stagecoach / Wastewater Status Report – Alderman Dankert, Alderman Fields, Alderman McDougal, and Village Administrator Foutz

Special Report:

- Receive the Village of Salado Annual Financial Report for the fiscal year ending September 30, 2014 – Don Allman, CPA, PC

### **III. PROCLAMATIONS –**

3. Proclamation honoring and recognizing May 2 – 10, 2015, as National Travel & Tourism Week and Texas Travel & Tourism Week.

### **IV. PUBLIC COMMENTS**

4. Citizens who desire to address the Board of Alderman on any matter may sign up to do so prior to this meeting. Public comments on issues not listed on the agenda will be received during this portion of the meeting. Comments related to items on the agenda will be received during consideration of the individual agenda item. Please limit comments to 3 minutes. No discussion or final action will be taken by the Board of Alderman.

### **V. CONSENT AGENDA**

All items listed under this section, Consent Agenda, are considered to be routine by the Board of Alderman and may be enacted by one motion. If discussion is desired by the Council, any item may be removed from the Consent Agenda at the request of any Alderman and will be considered separately.

5. Consider approving the Consent Agenda item(s):  
(A) Minutes, Regular Meeting, April 9, 2015

### **VI. REGULAR AGENDA**

#### **Resolutions**

6. Presentation, discussion and possible action on Resolution R-2015-115, authorizing the submission of an application for funding through the Texas Department of Transportation, Transportation Alternatives Program (TAP), authorizing Village matching funds and project cost reimbursements through federal funding, to develop trails, landscaping, and safety improvements starting at College Hill, and generally progressing along Peddlers Alley, Salado Creek, Center Street, and Royal Streets.
7. Presentation, discussion and possible action on Resolution No. R-2015-114 providing the U.S. Department of Commerce Economic Development Administration requested commitments and associated documentation related to financial assistance for wastewater improvements

8. Presentation, discussion and possible action on Resolution R-2015-113 approving an Interlocal Cooperation Agreement between the Village of Salado and Dallas County Schools D/B/A Texserve to enforce and administer the Automated School Bus Stop Arm Enforcement Program

**Public Hearings / Ordinances** - none

**Miscellaneous** –

9. Presentation, discussion, and possible action on Termination of the Effluent Field License Agreement with Stagecoach Properties Inc. and Morris E. Foster for the Stagecoach Wastewater Treatment Plant
10. Consider authorizing Change Order #1 to the street improvement contract with APAC-Texas, Inc. DBA Wheeler from Belton, Texas for the 2015 Street Rehabilitation Program reducing the scope and contract

## ***VII. WORKSHOP SESSION***

**Attendees please note that Workshop Sessions are open to the public as mandated by the Open Meetings Act, but are not participatory. The Board will discuss Agenda items but will not accept public comments or questions. Please make any comments to the Board during the Public Comments portion of the Regular Agenda.**

**Workshop Agenda:**

11. Discuss an Economic Development and Incentive Policy
12. Discuss an operator and associated contract for the Stagecoach wastewater treatment plant

## ***VIII. EXECUTIVE SESSION***

13. Discuss the Sanctuary project as authorized by Texas Government Code § 551.087, Economic Development.

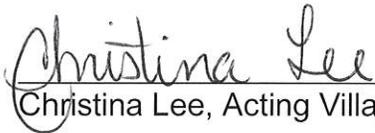
## ***IX. REGULAR SESSION / ACTION ON EXECUTIVE SESSION ITEM***

14. Consider and take action on re-opening negotiations with the Sanctuary Development including, but not limited to, discussions regarding a wastewater treatment plant, Planned Development and Design Guidelines, incentives and financing.

The Village of Salado 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 551.087 (Economic Development).

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the Village Secretary's office at (254) 947-5060 for further assistance.

I hereby certify that a true and correct copy of this Notice of Meeting was posted in a public place at 5:00 p.m., on Monday, April 20, 2015.

  
Christina Lee, Acting Village Secretary

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# BOARD OF ALDERMEN

## AGENDA ITEM MEMORANDUM

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04/23/15

Reports  
Page 1 of 1

**DEPT/DIVISION REVIEW:** Kim Foutz, Village Administrator / Donald Allman

**ITEM DESCRIPTION:** Receive the Village of Salado Annual Financial Report for the fiscal year ending September 30, 2014.

**STAFF RECOMMENDATION:** Receive the audit report as presented in item summary.

**ITEM SUMMARY AND ANALYSIS:** Pursuant to Chapter 103 of the Texas Local Government Code, the Village is required to have an annual audit and to have an annual financial statement prepared based on the audit. The annual financial report for fiscal year ending September 30, 2014, will be presented by Donald Allman, CPA. Mr. Allman is with the accounting firm of Donald L. Allman, and will be available to address any questions that the Aldermen may have.

The annual financial report is presented in four sections: *Basic financial statements*, which includes the balance sheet for all governmental accounts, statement of net assets and activities, reconciliation of the governmental funds balance sheet to the statement of net assets, statement of revenues, expenditures, changes in fund balances, reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balance to the statement of activities, as well as notes to the financial statements. *Required supplementary information*, which includes the statement of revenues, expenditures, and changes in the fund balance budget and actual for both general fund and hotel/motel tax fund. *Internal control and compliance*, which includes the report on internal control over financial reporting and compliance and other matters based on the audit of financial statements performed in accordance with the government auditing standards.

*Note:* This is a DRAFT copy of the audit. Mr. Allman is still in the process of making changes to some of the budget workpapers and the accrued vacation and sick leave. Mr. Allman will have all updates complete by Wednesday, April 22, 2015. Final bound copies will be passed out to the Board of Aldermen on Thursday, April 23, 2015.

**FISCAL IMPACT:** The fee for the FY 2014 annual audit is \$ 7,500.00. The audit fee is proportionally allocated to each department.

**ATTACHMENTS:**

Annual Financial Report for fiscal year ending September 30, 2014

# **DRAFT**

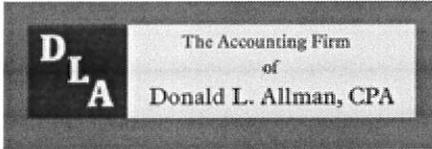
**VILLAGE OF SALADO, TEXAS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL SCHEDULES**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**VILLAGE OF SALADO, TEXAS**

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Donald Allman, CPA, PC  
205 East University Ave., Ste. 165  
Georgetown, Texas 78626  
Email: dallman@donallmancpa.com

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CERTIFIED PUBLIC ACCOUNTANT

## Independent Auditor's Report

To the Honorable Mayor  
And Members of the City Council  
Village of Salado, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Salado, Texas as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Salado, Texas, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 3–8 and 16-18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Salado, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2015, on our consideration of the Village of Salado, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Salado, Texas' internal control over financial reporting and compliance.

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Donald L Allman, CPA, PC

Georgetown, Texas  
April 16, 2015

**VILLAGE OF SALADO, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

As management of the Village of Salado, Texas ("the Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2014. We encourage readers to consider information presented here in conjunction with additional information that we have furnished in the Village's financial statements, which follow this narrative.

***Financial Highlights:***

- The assets of the Village of Salado exceeded its liabilities as of September 30, 2014, by \$2,040,518 (Net Assets). Of this amount, \$1,111,516 represents unrestricted net assets. Unrestricted net assets may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net assets increased by \$264,378 during the year.

***Overview of Financial Statements:***

This discussion and analysis is intended to serve as an introduction to the Village of Salado's basic financial statements. The Village's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes additional supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements** – The Government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Village's assets and liabilities, with the difference between the two reported in net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources), capital assets, and long-term liabilities of the Village.

The statement of Activities presents information showing how the Village's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the Statement of Net Assets and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis of accounting used in prior reporting models.

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village uses one fund type – governmental.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources. The governmental fund statements provide a detailed short-term view of the Village's general government operations and help you determine whether resources are available in the near future to finance Village programs. Comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements will help the readers to better understand the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison.

**VILLAGE OF SALADO, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

The Village adopts an annual appropriated budget for its general fund and hotel/motel tax fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

***Government-wide Financial Analysis:***

As noted earlier, net assets may serve over time as a useful indicator of the Village's financial position. As of September 30, 2014, the Village's net assets exceeded liabilities by \$2,052,237.

A portion of the Village's net assets \$1,123,235, reflects its unrestricted net assets which are available for spending at the Village's discretion.

**Summary of Net Assets**

	<b>Governmental Activities</b>			
	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 1,453,058	\$ 1,275,488	\$ 177,570	13.9%
Capital Assets (Net)	722,098	716,746	5,352	0.7%
Total Assets	<u>\$ 2,175,156</u>	<u>\$ 1,992,234</u>	<u>\$ 182,922</u>	<u>9.2%</u>
Short-Term Liabilities	\$ 44,073	\$ 55,846	\$ (11,773)	-21.1%
Long-Term Liabilities	78,846	160,248	(81,402)	-50.8%
Total Liabilities	<u>\$ 122,919</u>	<u>\$ 216,094</u>	<u>\$ (93,175)</u>	<u>-43.1%</u>
Net Assets:				
Invested in Capital Assets	\$ 722,098	\$ 716,746	\$ 5,352	0.7%
Restricted	206,904	155,963	50,941	32.7%
Unrestricted	1,123,235	903,431	219,804	24.3%
Total Net Assets	<u>\$ 2,052,237</u>	<u>\$ 1,776,140</u>	<u>\$ 276,097</u>	<u>15.5%</u>

Governmental activities increased the Village's net assets by \$276,097 in 2014. The following table provides a comparison of the Village's operations for the year ended September 30, 2014 to the year ended September 30, 2013.

**VILLAGE OF SALADO, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Summary of Changes in Net Assets**

	<b>Governmental Activities</b>			
	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 74,547	\$ 87,843	\$ (13,296)	-15.1%
General Revenues:	\$ -			
Ad Valorem Taxes	226,864	250,641	(23,777)	-9.5%
Sales Taxes	266,490	343,733	(77,243)	-22.5%
Franchise Fees	200,587	250,434	(49,847)	-19.9%
Mixed Beverage Taxes	13,986	7,868	6,118	77.8%
Occupancy Taxes	212,044	223,905	(11,861)	-5.3%
Investment Earnings	3,925	5,367	(1,442)	-26.9%
Federal Grants	-	-	-	0.0%
Other Revenues	36,012	36,764	(752)	
Total Revenues	<u>\$ 1,034,455</u>	<u>\$ 1,206,555</u>	<u>\$ (172,100)</u>	<u>-14.3%</u>
Expenses:				
General Government	\$ 195,693	\$ 283,189	\$ (87,496)	-30.9%
Judicial	27,248	27,346	(98)	-0.4%
Police	196,121	241,238	(45,117)	-18.7%
Fire Protection & EMS	41,476	33,800	7,676	22.7%
Public Works	61,738	223,280	(161,542)	-72.3%
Parks	2,905	5,666	(2,761)	-48.7%
Tourism	233,177	216,461	16,716	7.7%
Total Expenses	<u>\$ 758,358</u>	<u>\$ 1,030,980</u>	<u>\$ (272,622)</u>	<u>-26.4%</u>
Change in Net Assets	<u>\$ 276,097</u>	<u>\$ 175,575</u>	<u>\$ 100,522</u>	<u>57.3%</u>
Net Assets - Beginning	<u>\$ 1,776,140</u>	<u>\$ 1,600,565</u>	<u>\$ 175,575</u>	<u>11.0%</u>
Net Assets - Ending	<u>\$ 2,052,237</u>	<u>\$ 1,776,140</u>	<u>\$ 276,097</u>	<u>15.5%</u>

***Financial Analysis of the Government's Funds:***

**General Fund** – The Village utilizes a general fund to account for the basic services provided to citizens by the Village. At September 30, 2014, the Village's general fund reported an ending fund balance of \$1,237,443. Of this balance, \$1,237,443 constitutes undesignated, unreserved fund balance which is available for spending at the Village's discretion.

During the current year, General Fund balance increased by \$173,764.

**Hotel/Motel Tax Fund** – The Village collects an occupancy tax equal to 7%, less an administrative fee, of adjusted hotel and motel collections for the purpose of promoting tourism. The Village accounts for this using a special revenue fund. At September 30, 2014, the Village's hotel/motel tax fund reported an ending fund balance of \$171,544. The full amount constitutes reserved fund balance which is available solely for the promotion of tourism to Salado.

During the current year, hotel/motel tax fund balance increased by \$15,581.

**VILLAGE OF SALADO, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

***Capital Assets:***

The Village's investment in capital assets for its governmental activities as of September 30, 2014 amounts to \$722,098 (net of accumulated depreciation). The investment in capital assets includes infrastructure, equipment, vehicles, land, and buildings. The following table summarizes the Village's investment in fixed assets.

	<u>Governmental Activities</u>
Land	\$ 45,577
Buildings	251,057
Vehicles and Equipment	131,932
Infrastructure	<u>293,532</u>
Total Capital Assets, Net	<u>\$ 722,098</u>

During the current year, the Village had no major changes to Capital Assets.

***Long-Term Liabilities***

For the year ended September 30, 2014 activity related to long-term liabilities is as follows:

	Balance at 9/30/2013	Additions	Retirements	Balance at 9/30/2014
Compensated Absences Payable	\$ 71,382	\$ 7,464	\$ -	\$ 78,846

***Budget Analysis:***

The Village prepares its budgets on the modified accrual of accounting, which is a method of accounting prescribed by generally accepted accounting principles (GAAP). During the current year, the Village had one amendment to each budget to allow for unanticipated expenditures.

The following is a budget to actual comparison for the general fund for the year ended September 30, 2014.

**VILLAGE OF SALADO, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
Budget to Actual Variances  
For the Year Ended September 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 783,949	\$ 783,949	\$ 719,384	\$ (64,565)
Franchise Fees	208,500	208,500	200,587	\$ (7,913)
Fines	44,100	44,100	43,029	(1,071)
Investment Income	3,500	3,500	3,925	425
Grant Revenue	-	-	-	-
Other Revenue	45,300	45,300	67,530	22,230
Total Revenue	<u>\$1,085,349</u>	<u>\$ 1,085,349</u>	<u>\$ 1,034,455</u>	<u>\$ (50,894)</u>
<b><u>Expenditures</u></b>				
General Government	\$ 294,868	\$ 294,868	\$ 195,693	\$ 99,175
Judicial	27,500	27,500	27,248	252
Public Safety	358,185	358,185	237,597	120,588
Public Works	271,676	271,676	61,738	209,938
Parks	6,900	6,900	2,905	3,995
Tourism	239,800	239,800	233,177	6,623
Total Expenditures	<u>\$1,198,929</u>	<u>\$ 1,198,929</u>	<u>\$ 758,358</u>	<u>\$ 440,571</u>
Excess (Deficiency) of Revenues Over Expenditures:	\$ (113,580)	\$ (113,580)	\$ 276,097	\$ 389,677
Other Financing Sources (Uses):				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	\$ (113,580)	\$ (113,580)	\$ 276,097	\$ 389,677
Fund Balances - Beginning of Year	1,776,140	1,776,140	1,776,140	-
Fund Balances - End of Year	<u>\$1,662,560</u>	<u>\$ 1,662,560</u>	<u>\$ 2,052,237</u>	<u>\$ 389,677</u>

**Significant budget to actual variances** – The budget for the general fund of the Village experienced expenditures under budget by \$440,571. The actual revenues were under expectations by \$50,894, yielding an overall positive budget variance of \$389,677. Significant items contributing to the variance can be briefly summarized as follows:

- Higher than expected other revenues.
- Higher than anticipated tax collections
- Less than budgeted public safety expenditures.
- Less than budgeted public works expenditures.

***Economic Factors and Next Year's Budget:***

Due to the State acquiring property along Interstate 35, a decrease in businesses in that area is expected; leading to decreased collections from sales tax used for Village operations. Ad valorem tax increased tremendously due to development. Hotel/Motel occupancy tax revenues are expected to remain the same.

There are no major changes expected during the 2014-2015 budget year.

***Request for Information:***

The financial report is designed to provide our citizens, investors, and creditors with a general overview of the Village's finances. If you have any questions about this report or need any additional information, please contact the Village Administrator Kim Foutz, at P.O. Box 219, Salado, Texas 76571, or call 254-947-5060.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**VILLAGE OF SALADO, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2014**

**Primary Government**

**Governmental Activities**

**ASSETS:**

Current Assets:

Cash and Cash Equivalents	\$	139,790
Investments		1,020,584
Receivables		292,684
Total Current Assets	\$	1,453,058

Non-Current Assets:

Capital Assets:

Land	\$	45,577
Infrastructure, Net		293,532
Buildings, Net		251,057
Machinery and Equipment, Net		131,932
Total Non-Current Assets	\$	722,098

**Total Assets**

**\$ 2,175,156**

**LIABILITIES:**

Current Liabilities:

Accounts Payable	\$	20,364
Intergovernmental Payable		-
Deferred Revenues		17,885
Other Current Liabilities		5,824
Total Current Liabilities	\$	44,073

Non Current Liabilities:

Accrued liabilities		-
Compensated Absences Payable		78,846
Total Non-Current Liabilities	\$	78,846

**Total Liabilities**

**\$ 122,919**

**NET ASSETS**

Invested in Capital Assets	\$	722,098
Restricted for:		
Restricted for Tourism		206,904
Unrestricted Net Assets		1,123,235
<b>Total Net Assets</b>	<b>\$</b>	<b>2,052,237</b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF SALADO, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental	
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 195,693	\$ 61,299	\$ -	\$ -	\$ (134,394)
Judicial	27,248	43,029	-	-	15,781
Police	196,121	-	-	-	(196,121)
Fire Protection	41,476	1,100	-	-	(40,376)
Public Works	61,738	-	-	-	(61,738)
Parks	2,905	3,131	-	-	226
Tourism	233,177	2,000	-	-	(231,177)
Total Primary Government:	\$ 758,358	\$ 110,559	\$ -	\$ -	\$ (647,799)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes					\$ 226,864
Sales Taxes					266,490
Hotel Occupancy Tax					212,044
Franchise Fees					200,587
Mixed Beverage Taxes					13,986
Investment Earnings					3,925
Total General Revenues					\$ 923,896
Change in Net Assets					\$ 276,097
Net Assets - Beginning					\$ 1,776,140
Net Assets - Ending					\$ 2,052,237

The accompanying notes are an integral part of these financial statements.

## **FUND FINANCIAL STATEMENTS**

**VILLAGE OF SALADO, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	<b>General Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 36,767	\$ 103,024	\$ 139,791
Investments	916,704	103,880	1,020,584
Interest Receivable	-	-	-
Taxes Receivable	195,095	36,935	232,030
Other Receivables	60,654	-	60,654
Intergovernmental Receivables	-	-	-
Due from Hotel/Motel Tax Fund	67,510	-	67,510
<b>Total Assets</b>	<b>\$ 1,276,730</b>	<b>\$ 243,839</b>	<b>\$ 1,520,569</b>
 <b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable	\$ 15,579	\$ 4,785	\$ 20,364
Payroll expenses Payable	5,024	-	5,024
Intergovernmental Payable	-	-	-
Due to General Fund	-	67,510	67,510
Deferred Revenues	17,885	-	17,885
Other Current Liabilities	799	-	799
<b>Total Liabilities</b>	<b>\$ 39,287</b>	<b>\$ 72,295</b>	<b>\$ 111,582</b>
 <b>Fund Balances:</b>			
Reserved for:			
Tourism	-	171,544	171,544
Unreserved and Undesignated:			
Reported in General Fund	1,237,443	-	1,237,443
<b>Total Fund Balances</b>	<b>\$ 1,237,443</b>	<b>\$ 171,544</b>	<b>\$ 1,408,987</b>
 <b>Total Liabilities and Fund Balances</b>	 <b>\$ 1,276,730</b>	 <b>\$ 243,839</b>	 <b>\$ 1,520,569</b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF SALADO, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2014**

<b>Total Fund Balances - Governmental Funds</b>	\$	1,408,987
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<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$1,006,850 and the accumulated depreciation was \$264,873. The net effect of including the balances for capital assets (net of depreciation) in the governmental activities is to increase net assets.</p>	\$	722,098
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<p>Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. Deferred property taxes not collected within 60 days.</p>	\$	(2)
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<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue and recording the current change in compensated absences payable. The net effect of these reclassifications and recognitions is to decrease net assets.</p>	\$	(78,846)
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<b>Net Assets of Governmental Activities</b>	\$	<u>2,052,237</u>
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The accompanying notes are an integral part of these financial statements.

**VILLAGE OF SALADO, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>			
Taxes:			
Property Taxes	\$ 226,864	\$ -	\$ 226,864
General Sales and Use Taxes	266,490	-	266,490
Hotel Occupancy Tax	-	212,044	212,044
Franchise Fees	200,587	-	200,587
Mixed Beverage Taxes	13,986	-	13,986
Licenses and Permits	27,491	-	27,491
Intergovernmental Revenue and Grants	-	-	-
Charges for Services	4,231	-	4,231
Fines	43,029	-	43,029
Investment Earnings	3,421	504	3,925
Other Revenue	-	36,210	36,210
Total Revenues	<u>\$ 786,099</u>	<u>\$ 248,758</u>	<u>\$ 1,034,857</u>
<b><u>Expenditures</u></b>			
Current:			
General Government	255,017	-	255,017
Judicial	27,248	-	27,248
Public Safety:			
Police	186,875	-	186,875
Fire Protection	41,476	-	41,476
Public Works	54,125	-	54,125
Culture and Recreation:			
Parks	2,905	-	2,905
Tourism	-	233,177	233,177
Capital Outlay:			
Capital Outlay	44,689	-	44,689
Total Expenditures	<u>\$ 612,335</u>	<u>\$ 233,177</u>	<u>\$ 845,512</u>
<b>Net Changes in Fund Balances</b>	<b>\$ 173,764</b>	<b>\$ 15,581</b>	<b>\$ 189,345</b>
<b>Fund Balances - Beginning</b>	<b>\$ 1,063,679</b>	<b>\$ 155,963</b>	<b>\$ 1,219,642</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,237,443</b>	<b>\$ 171,544</b>	<b>\$ 1,408,987</b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF SALADO, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	189,345
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Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2012 capital outlays is to increase net assets.	\$	44,689
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Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	\$	(39,337)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recording the current change in other receivables. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.	\$	(4,988)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes not collected \$163,196		
Less prior year \$(76,808)		86,388

<b>Change in Net Assets of Governmental Activities</b>	<u>\$</u>	<u>276,097</u>
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The accompanying notes are an integral part of these financial statements.

**VILLAGE OF SALADO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Salado, Texas (the “Village”) was incorporated August 12, 2000, and operates as a general law type B municipality. The Village operates under a mayor-aldermen form of government and provides the following services as authorized by its charter: general government, public safety, streets, community development (planning and zoning, licensing, permitting, and inspection), and culture and recreation.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village’s accounting policies are described below:

**A. Reporting Entity**

The accompanying financial statements comply with the provisions of the GASB statements No. 14 and 39, “The Financial Reporting Entity,” in that the financial statements include all organizations, activities, functions, and component units for which the Village is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization’s governing body and either (1) the Village’s ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the Village. There are no component units which satisfy requirements for blending within the Village’s financial statements or for discreet presentation.

**B. Financial Statement Presentation**

These financial statements comply with the reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments. Certain aspects of the reporting model are as follows:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Village’s overall financial position and changes in financial position.
- Government-wide financial statements prepared using the accrual basis of accounting for all of the Village’s governmental and business type activities.
- Fund financial statements focusing on the major funds.
- Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets and a statement of activities. It requires the reclassification of net assets into three components-invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:
  - Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
  - Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through contractual provisions or enabling legislation.
  - Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or invested in capital assets, net of related debt.”

VILLAGE OF SALADO, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information about the Village as a whole. These statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (if any), even though the latter are excluded from the government-wide financial statements.

**D. Measurement focus and basis of accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Taxes, license fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

The Village reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the Village. It is used to account for all the financial resources of the Village.

The ***Hotel/Motel Tax Fund*** is used to account for the receipt of occupancy taxes levied by the Village. The proceeds are used to promote tourism, culture, and recreation within the Village.

**VILLAGE OF SALADO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Measurement focus and basis of accounting (continued)**

Unless otherwise noted, the figures represented in the *Notes to Financial Statements* are for the combined governmental funds.

As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first to the extent available.

**E. Cash and Temporary Investments**

*Cash and Cash Equivalents*

Cash and cash equivalents consist of demand deposits and time deposits with initial maturities of three months or less.

*Investments*

Investments maturing within one year of date of purchase are stated at cost. All other investments are stated at fair value, which is based on quoted market prices.

**F. Compensated Absences**

The Village permits employees to accumulate earned but unused vacation pay benefits. Vacation pay is accrued when incurred in the governmental activities statement of net assets. In addition, sick leave accrued by employees prior to January 31, 2013 will be paid to employees upon separation of service. Sick leave accrued after that date is not subject to accrual. A liability for these amounts is only reported in the fund financial statements if they have matured, for example, as a result of an employee resignation or retirement.

**G. Budgets**

The Village adopts annual budgets covering its governmental and hotel/motel tax fund operations. The budget is amended as required. The budgets are adopted on the *modified accrual basis* of accounting, a basis consistent with generally accepted accounting principles (GAAP).

For the year ending September 30, 2014, general fund expenditures were more than budgeted in the administrative department by \$75,472. General fund revenues were \$188,906 more than budgeted.

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. The Village defines capital assets as assets with initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

**VILLAGE OF SALADO, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Capital Assets (continued)**

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

The Village has elected, under the provisions of GASB Statement 34, to report infrastructure using the prospective method. General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all streets and other infrastructure assets acquired subsequent to October 1, 2003.

Property, plant, and equipment are depreciated using the straight line method over the following useful lives:

Asset Class	Years
Buildings	20 to 40
Machinery and Equipment	5 to 10
Infrastructure	40

**I. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**J. Net Assets**

Net Assets in the government-wide financial statements represent the difference between assets and liabilities. *Net assets invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Village or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

**K. Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

**L. Tax Administration**

The Village is a general law type B municipality with a maximum tax rate for all purposes of \$0.25 per \$100 assessed valuation. This maximum tax rate is imposed by the Constitution of the State of Texas.

**VILLAGE OF SALADO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Tax Administration (continued)**

All taxes due the City on real or personal property are collected by the Bell County Tax Assessor-Collector and may be paid at any time after the tax rolls have been completed and approved, which is not later than October 1. Current taxes become delinquent on February 1 following the tax year. There are various penalties for delinquent taxes. There are no discounts allowed on taxes. The procedure for collecting delinquent taxes is to refer to a collection attorney after sending delinquent notices. All properties located within the Village limits on January 1 of each year are charged with a special lien in favor of the Village from such date for taxes due thereon.

**NOTE 2 – CASH AND INVESTMENTS**

**Cash and Cash Equivalents**

Cash and cash equivalents for financial reporting includes funds invested in money market accounts and all certificates of deposit with a maturity of three months or less from the date of purchase. At September 30, 2014, the Village had total cash balances of \$1,160,374 held by four local financial institutions.

Deposits at year-end are representative of the types of deposits maintained by the Village during the year. The Village's deposits at year-end were entirely covered by federal depository insurance or by acceptable pledged collateral held by the Village's agent in the Village's name. During the entire year ending September 30, 2014, the Village's deposits were fully collateralized in accordance with state law.

**Deposits in Tex Pool and Tex Pool Prime**

Organized in 1989, Tex Pool is the largest and oldest local government investment pool in the State of Texas. Tex Pool currently provides investment services to over 2,000 communities throughout Texas. The State Comptroller of Public Accounts oversees Tex Pool. Federated Investors is the full service provider to the pools, managing the assets, providing Participant Services, and arranging for all custody and other functions in support.

Tex Pool and Tex Pool *Prime* are managed conservatively to provide a safe, efficient, and liquid investment alternative to Texas governments. The pools seek to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act. Tex Pool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. Tex Pool *Prime* invests in the above plus, commercial paper and certificates of deposits. Tex Pool and Tex Pool *Prime* are each rated AAA by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. Tex Pool and Tex Pool *Prime*, like its participants, are governed by the Texas Public Funds Investment Act, and are in full compliance with the Act.

At September 30, 2014 the Village had deposits with Tex Pool in the amount of \$58,031 included in investments in the financial statements. The TexPool assets qualify as Cash and Cash Equivalents under the definition presented. The Village of Salado had Certificates of Deposit for \$600,000 with First State Bank with a maturity over 3 months.

**VILLAGE OF SALADO, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 2 - CASH AND INVESTMENTS (continued)**

**Compliance with the Public Funds Investment Act**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The Village is in compliance with the requirements of the Act and with local policies.

**Custodial Credit Risk for Deposits**

State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the Village and held by the Village or its agent. The Village's deposits are not subject to custodial credit risk, as all deposits are insured or covered by pledged securities.

**Credit Risk**

To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the Village limits investments to Tex Pool and Certificates of Deposit, either insured by the Federal Deposit Insurance Corporation, or its successors or fully collateralized as described above, with maturities not exceeding one year (see "*Custodial Credit Risk for deposits*" above).

**Concentration of Credit Risk**

To limit the risk of loss attributable to the magnitude of the Village's investment in a single issuer, the Village deposits/investments in only those entities who fully insure such deposits/investments or with Tex Pool, as described above. The Village has no concentration of credit risk as all deposits/investments are either insured or fully collateralized.

**Interest Rate Risk**

To limit the risk that changes in interest rates will adversely affect the fair value of investments, the Village does not invest in anything with a maturity date exceeding one year.

**Foreign Currency Risk for Investments**

The Village does not make investments denominated in any foreign currency.

**VILLAGE OF SALADO, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 3 – RECEIVABLES**

The following is a breakdown of the September 30, 2014, receivables, reported in the government-wide Statement of Net Assets:

Sales Tax Receivable	\$ 31,899
Occupancy Tax Receivable	36,935
Franchise Fees Receivable	60,654
Mixed Beverage Tax Receivable	-
Grant Proceeds Receivable	-
Ad Valorem Taxes Receivable	163,196
Other Amounts Due to Village	-
Total Receivables	<u>\$ 292,684</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014, was as follows:

	<b>Balance October 1, 2013</b>	<b>Additions</b>	<b>Deletions and Adjustment</b>	<b>Balance September 30, 2014</b>
Capital Assets, not Being Depreciated				
Land and Improvements	\$ 45,577	\$ -	\$ -	\$ 45,577
Total Capital Assets not Being Depreciate	<u>\$ 45,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,577</u>
Capital Assets, Being Depreciated				
Building and Improvements	\$ 344,325	\$ -	\$ -	\$ 344,325
Infrastructure	326,147	-	-	326,147
Vehicles and Equipment	336,097	44,689	-	380,786
Total Capital Assets Being Depreciated	<u>\$ 1,006,569</u>	<u>\$ 44,689</u>	<u>\$ -</u>	<u>\$ 1,051,258</u>
Less Accumulated Depreciation for:				
Buildings	\$ (77,035)	\$ (8,086)	\$ -	\$ (85,121)
Infrastructure	(24,462)	(8,154)	-	(32,616)
Vehicles and Equipment	(233,903)	(23,097)	-	(257,000)
Total Accumulated Depreciation	<u>\$ (335,400)</u>	<u>\$ (39,337)</u>	<u>\$ -</u>	<u>\$ (374,737)</u>
Total Capital Assets Being Depreciated-N	<u>\$ 671,169</u>	<u>\$ 5,352</u>	<u>\$ -</u>	<u>\$ 676,521</u>
Total Net Capital Assets	<u>\$ 716,746</u>	<u>\$ 5,352</u>	<u>\$ -</u>	<u>\$ 722,098</u>

**VILLAGE OF SALADO, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 4 – CAPITAL ASSETS (continued)**

Depreciation expense was charged to programs for the year ended September 30, 2014, as follows:

Administration	\$ 16,240
Police	15,484
Parks	7,613
Judicial	-
Public Works	-
	<u>\$ 39,337</u>

**NOTE 5 – LONG-TERM LIABILITIES**

The Village's long-term liabilities consists of an accrual for compensated absences payable. The changes in long-term debt during the year ended September 30, 2014 are as follows:

	<u>Balance 9-30-13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 9-30-14</u>
Compensated Absences Payable	\$ 71,382	\$ 7,464	\$ -	\$ 78,846

**NOTE 6 – RESERVATION AND DESIGNATION OF FUND BALANCES AND NET ASSETS**

At September 30, 2014, the Village had reserved net assets in the amount of \$206,904. Purposes for the reservation are as follows:

**Reserved for:**

Tourism	\$ 206,904
Court Technology	-
Court Security	-
	<u>\$ 206,904</u>

In accordance with GASB 34, net assets reserved for court technology and court security are reported as deferred revenue under the modified accrual basis of accounting therefore, are not included in *Reserved Fund Balance*.

**NOTE 7 – PROPERTY TAXES**

The Village's property tax is levied each October 1 on the assessed value listed as of the previous January 1 for all real and business personal property located in the Village. The assessed value at January 1, 2014, upon which the 2014 levy was based, was \$189,053,333. The total levy assessed was \$226,864.

The tax assessment of September 15, 2014 set a tax levy at \$0.12 per \$100 of assessed valuation at 100 percent of assumed market value. The Village may levy a tax of up to \$0.25 per \$100 of assessed valuation. Taxes are due by January 31 following the October 1 levy date, at which time a lien attaches to the property.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. At September 30, 2014, property taxes receivable are \$163,196.

**VILLAGE OF SALADO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 8 – RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village's risk management program encompasses obtaining property and liability insurance through Texas Municipal League (TML), an Intergovernmental Risk-Pool. The Village has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the Village in TML is limited to payment of premiums. During the year ended September 30, 2014, the Village paid premiums of approximately \$12,833 for provisions of various liability, property, and casualty insurance. The Village has various deductible amounts ranging from \$250 to \$10,000 on various policy cover ages. At year-end, the Village did not have any significant claims outstanding.

The Village also provides workers compensation insurance on its employees through TML. The workers compensation premiums for the year ended September 30, 2014, were approximately \$16,680. Workers compensation is subject to change when audited by TML. At year end September 30, 2014, the Village believed the amounts paid on workers compensation would not change significantly from the amounts recorded.

**NOTE 9 – COMMITMENTS & CONTINGENCIES**

**Fire Department**

The Village is under contract with the Salado Volunteer Fire Department. The contract states that the Fire Department agrees to provide fire protection and emergency services to the Village and its citizens on a 24-hour emergency response and on call basis during the term of the agreement. For consideration of the services, the Village agrees to pay the Fire Department an annual fee of \$36,000. The term of this agreement is on year, commencing November 1, 2013, and ending October 31, 2014.

**NOTE 10 – PENSION PLAN**

**Plan Description**

The Village provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Village are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

**VILLAGE OF SALADO, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 10 – PENSION PLAN (continued)**

**Plan Description**

The plan provisions are adopted by the governing body of the Village, within the options available in the state statutes governing TMRS. Plan provisions for the Village were as follows:

	Plan Year 2013	Plan Year 2014
Employee Deposit Rate	5.0%	5.0%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	January 5, 1900	January 5, 1900
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to Retirees)	0% of CPI	0% of CPI

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The Village contributes to the TMRS Plan at an actuarially determined rate. Both employees and the Village make contributions monthly. Since the Village needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

**Schedule of Funding Information**

Actuarial Valuation Date	<u>12/31/2013</u>
Actuarial Value of Assets	\$ 362,120
Actuarial Accrued Liability	\$ 381,485
Unfunded / (Over-Funded) Actuarial Accrued Liability UAAL)	\$ 19,365
Funded Ratio	94.9%
Annual Covered Payroll	\$ 341,403
UAAL as a Percentage of Covered Payroll	13.0%

**Trend Information**

Fiscal Year Ending	<u>9/30/2014</u>	<u>9/30/2013</u>	<u>9/30/2012</u>
Annual Pension Cost	\$ 18,870	\$ 16,062	\$ 21,190
Percent of APC Contributed	100.0%	100.0%	100.0%
Net Pension Obligation	\$ -	\$ -	\$ -

**VILLAGE OF SALADO, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 10 – PENSION PLAN (continued)**

**Supplemental Death Benefits Fund**

The Village also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The Village elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Village may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The Village contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The Village's contributions to the TMRS SDBF for the years ended 2014, 2013, and 2012 were \$18,870, \$16,062, and \$21,190, respectively, which equaled the required contributions each year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF SALADO, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	(GAAP BASIS)	<u>Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Taxes				
Ad Valorem Taxes	\$ 233,949	\$ 233,949	\$ 226,864	\$ (7,085)
General Sales and Use Taxes	329,999	329,999	266,490	(63,509)
Franchise Fees	208,500	208,500	200,587	(7,913)
Mixed Beverage Tax	5,001	5,001	13,986	8,985
Licenses and Permits	11,500	11,500	27,491	15,991
Intergovernmental Revenue & Grants	-	-	-	-
Charges for Services	9,500	9,500	4,231	(5,269)
Fines	44,100	44,100	43,029	(1,071)
Investment Earnings	3,000	3,000	3,421	421
Other Revenue	-	-	-	-
<b>Total Revenues</b>	<u>\$ 845,549</u>	<u>\$ 845,549</u>	<u>\$ 786,099</u>	<u>\$ (59,450)</u>
<b>Expenditures:</b>				
General Government	\$ 294,868	\$ 294,868	\$ 255,017	\$ 39,851
Judicial	27,500	27,500	27,248	252
Police	327,060	327,060	186,875	140,185
Fire Protection	31,125	31,125	41,476	(10,351)
Public Works	271,676	271,676	54,125	217,551
Capital Outlay	-	-	44,689	(44,689)
Parks	6,900	6,900	2,905	3,995
<b>Total Expenditures</b>	<u>\$ 959,129</u>	<u>\$ 959,129</u>	<u>\$ 612,335</u>	<u>\$ 346,794</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ (113,580)</u>	<u>\$ (113,580)</u>	<u>\$ 173,764</u>	<u>\$ 287,344</u>

**VILLAGE OF SALADO, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – HOTEL/MOTEL TAX FUND**  
**SEPTEMBER 30, 2014**

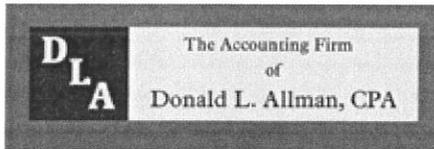
	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	(GAAP BASIS)	<u>Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Occupancy Tax	\$ 215,000	\$ 215,000	\$ 212,044	\$ (2,956)
Interest Income	500	500	504	4
Other Revenue	24,300	24,300	36,210	11,910
<b>Total Revenues</b>	<u>\$ 239,800</u>	<u>\$ 239,800</u>	<u>\$ 248,758</u>	<u>\$ 8,958</u>
<b>Expenditures:</b>				
Overhead	\$ 145,193	\$ 145,193	\$ 121,414	\$ 23,779
Sales & Marketing	64,707	64,707	64,802	(95)
Visitor Services	14,000	14,000	14,588	(588)
Special Projects	7,000	7,000	7,385	(385)
Contingency	1,000	1,000	12,392	(11,392)
Way Finding Signage	-	-	146	(146)
Website	1,000	1,000	-	1,000
Chocolate Festival	1,600	1,600	5,810	(4,210)
Salado Swirl, Salado on the Rocks	# 5,300	5,300	6,640	(1,340)
<b>Total Expenditures</b>	<u>\$ 239,800</u>	<u>\$ 239,800</u>	<u>\$ 233,177</u>	<u>\$ 6,623</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,581</u>	<u>\$ 15,581</u>

**VILLAGE OF SALADO, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS**  
*Texas Municipal Retirement System*  
**LAST FIVE FISCAL YEARS**

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	97,386	145,152	47,766	67.1%	263,343	18.1%
12/31/2010	226,990	272,302	45,312	83.4%	292,222	15.5%
12/31/2011	273,244	313,086	39,842	87.3%	307,548	13.0%
12/31/2012	316,847	354,921	38,074	89.3%	302,447	13.0%
12/31/2013	362,120	381,485	19,365	94.9%	341,403	5.8%

\* Assets are stated at cost as of December 31 of the preceding year.

## **INTERNAL CONTROL AND COMPLIANCE**



Donald L. Allman, CPA, PC  
205 East University Ave., Ste. 165  
Georgetown, Texas 78626  
Email: dallman@donallmancpa.com

CERTIFIED PUBLIC ACCOUNTANT

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the City Council  
Village of Salado, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Salado, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Village of Salado, Texas' basic financial statements, and have issued our report thereon dated April 16, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Village of Salado, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Salado, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Salado, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Salado, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donald. L. Allman, CPA, PC  
Georgetown, TX

April 16, 2015



## PROCLAMATION

**A PROCLAMATION OF THE CITY COUNCIL OF THE VILLAGE OF SALADO, TEXAS, APPROVING TO HONOR AND RECOGNIZE ON MAY 2-10, 2015 NATIONAL TRAVEL & TOURISM WEEK AND TEXAS TRAVEL & TOURISM WEEK.**

*Whereas*, travel has a positive effect on Texas and the nation's economic prosperity and image abroad, to business productivity and to individual travelers' well-being.

*Whereas*, travel to and within the United States provides significant economic benefits for the nation, generating \$2.1 trillion in economic output in 2014, with \$927.9 billion spent directly by travelers and tax revenues of \$141.5 billion for federal, state and local governments, funds used to support essential services and programs.

*Whereas*, travel is among the largest private-sector employers in the United States, supporting 14.9 million jobs in 2013, including 7.9 million directly in the travel industry and 7.0 million in other industries.

*Whereas*, travel to and within Texas provides significant economic benefits for the state, generating \$67.5 billion spent directly by travelers and tax revenues of \$4.7 billion for state and local governments, funds used to support essential services and programs.

*Whereas*, travel is among the largest industries in the state, supporting 1.1 million jobs in 2013, including 601,000 directly in the travel industry and 529,000 in other industries.

*Whereas*, travel in the Village of Salado, Texas provides economic benefits for the city, generating \$215,000 in local tax revenue from hotel/motel visitor travel spending.

*Whereas*, leisure travel, which accounts for more than three-quarters of all trips taken in the United States, supports our region's arts, entertainment, and recreation sectors of tourism and spurs local job creation.

*Whereas*, travel spending in our region enhances the lives of local residents through sales taxes paid by out-of-town guests, thereby decreasing residents' taxes to cover services enjoyed by all.

*Whereas*, travel is a catalyst that moves the local economy forward and builds on the visitor amenities and experiences available for travelers and local residents.

Now, therefore, I, Mayor Skip Blancett, do hereby proclaim May 2-10, 2015 as Travel and Tourism Week in the Village of Salado, Texas, and urge the citizens of the Village of Salado, Texas to join me in this special observance with appropriate events and commemorations.

PASSED AND APPROVED this date of April 23, 2015.

VILLAGE OF SALADO, TEXAS

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Skip Blancett, Mayor

# BOARD OF ALDERMAN

## AGENDA ITEM MEMORANDUM

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04/23/15  
Item #6  
Regular Agenda  
Page 1 of 2

**DEPT/DIVISION REVIEW:** Kim Foutz, Village Administrator

**ITEM DESCRIPTION:** Presentation, discussion and possible action on Resolution R-2015-115, authorizing the submission of an application for funding through the Texas Department of Transportation, Transportation Alternatives Program (TAP), in the amount of \$\_\_\_\_; authorizing Village matching funds in the amount of \$\_\_\_\_ and project cost reimbursements of \$\_\_\_\_ through federal funding to develop hike and bike trails, landscaping, and safety improvements starting at College Hill, and generally progressing on and off road along Peddlers Alley, Salado Creek, Center Street, and Royal Streets.

**STAFF RECOMMENDATION:** The Trails Subcommittee and staff recommend adopting the resolution as presented in the item description.

**ITEM SUMMARY AND ANALYSIS:** The Texas Department of Transportation has announced a matching funding program entitled "Transportation Alternatives Program." Eligible project types include, but are not limited to:

1. Construction of on-road and off-road trail facilities for pedestrians, bicyclists, and other non-motorized forms of transportation.
2. Construction of infrastructure-related projects and systems that will provide safe routes for non-drivers.
3. Conversion and use of abandoned railroad corridors for trails for pedestrians, bicyclists, or other non-motorized transportation users.
4. Construction of infrastructure-related projects to improve the ability of students to walk and bicycle to school.

The Trails Subcommittee and Staff recommend that the Village submit a combined on-road and off-road landscaped trail facility with safety improvements for pedestrians, and bicyclists, and other non-motorized forms of transportation. This project will meet eligible project types #1 and #2. The project originates on College Hill Drive at the College Hill entrance, and runs along Peddler's Alley, Salado creek, Center Circle, and Royal Street. The total estimated construction and TxDOT administration cost is \$\_\_\_\_, of which \$\_\_\_\_ would be funded by the program. The Village's match is \$\_\_\_\_ (20%).

The Trails Subcommittee and Staff believe the proposed project achieves the following:

- Begins implementation of the Trails Master Plan (Phase I)
- Accomplishes the Comprehensive Plan areas of focus:
  - Transportation: Explore alternatives to the automobile (e.g., hike and bike trails) and identify ways in which such alternatives can be accommodated within the existing and future transportation system, this is especially needed in and around Downtown Salado, where the concentrated retail area is located.

- Establish a trail system that is capable of providing an alternative to the automobile throughout the Village, but especially in and around Downtown Salado; this should be correlated with the Transportation Plan.
- Consideration should be given to connecting neighborhoods with walk/bike trails when streets are not practical
- A network of trails and pathways would enable the Village to expand upon several of its major assets, including Main Street, Salado Creek, and local historical sites, while providing recreation opportunities for residents and visitors.
- Increase accessibility to historic places that are significant to Salado's past to broaden the Village's attractions as a tourism destination
- Apply for any applicable grants, such as those available from ISTEPA or Texas Parks and Wildlife Department.
- Ensure that as the Village experiences growth and development, its existing character and charm is maintained and enhanced.

The deadline for submittal is May 4, 2015. Applications will be evaluated by TxDOT staff and the Transportation Alternatives Program Evaluation Committee, with recommendations going to the Texas Transportation Commission.

The project scope includes the following:

- Construction of an 8' concrete hike and bike trail located in south Salado; and
- Connects key community venues including historic College Hill, Central Texas Area Museum, shopping area, tennis courts, Salado Creek and springs, picnic/sitting areas, bed and breakfast, boutique shopping, and restaurants.
- Provision of landscaping
- Safety improvements – crossings, signage

Notification of award is expected in the Fall of 2015. Anticipated construction will begin Fall of 2016, if the Village is awarded the funds.

**FISCAL IMPACT:** The grant funding program guidelines provide a maximum reimbursement of 80%, with the Village providing a minimum of 20% cash match. If awarded the grant the Village will receive \$\_\_\_\_\_ and be required to provide a \$\_\_\_\_\_ cash match (20%). Funding in the amount of \$\_\_\_\_\_ will be budgeted in the FY 2015-16 budget in the new account set up for grant administration for the Village's required match if awarded the grant. The Subcommittee will report at the meeting the recommended sources of funding.

Important note: This is a reimbursement grant, therefore the Village is expected to be able to pay for the entire project up front and be reimbursed therefore it is important the Village maintain its reserve levels to "float" the entire project until reimbursement funds are received.

**ATTACHMENTS:**

Resolution  
Maps of proposed TAP trail alignment

## RESOLUTION NO. R-2015-115

A RESOLUTION OF THE CITY COUNCIL OF THE VILLAGE OF SALADO, TEXAS, AUTHORIZING THE SUBMISSION OF AN APPLICATION FOR FUNDING THROUGH THE TEXAS DEPARTMENT OF TRANSPORTATION, TRANSPORTATION ALTERNATIVES PROGRAM, TO DEVELOP A COMBINED ON-ROAD AND OFF-ROAD LANDSCAPE TRAIL FACILITY FOR PEDESTRIANS AND BICYCLISTS, AND OTHER NON-MOTORIZED FORMS OF TRANSPORTATION AND SAFETY IMPROVEMENTS ALONG COLLEGE HILL STREET, PEDDLER'S ALLEY, SALADO CREEK, CENTER CIRCLE, AND ROYAL STREET IN THE AMOUNT OF \$\_\_\_\_\_ WITH \$\_\_\_\_\_ REIMBURSED TO THE VILLAGE THROUGH FEDERAL FUNDING; AND PROVIDING AN OPEN MEETINGS CLAUSE.

**Whereas**, the Texas Department of Transportation (TxDOT) has announced a matching funding program entitled "Transportation Alternatives Program;"

**Whereas**, eligible project types include, but are not limited to the construction of on-road and off-road trail facilities for pedestrians, bicyclists, and other non-motorized forms of transportation, construction of infrastructure-related projects and systems that will provide safe routes for non-drivers, conversion and use of abandoned railroad corridors for trails for pedestrians, bicyclists, or other non-motorized transportation users and construction of infrastructure-related projects to improve the ability of students to walk and bicycle to school;

**Whereas**, the Trails Subcommittee recommends submission of a landscaped hike and bike trail and associated safety improvements project originating at College Hill, and running along Peddler's Alley, Salado Creek, Center Circle, and Royal Street for consideration with a total estimated construction and TxDOT administration cost of \$\_\_\_\_\_, of which \$\_\_\_\_\_ would be funded by the program; the Village matching funds being 20% (\$\_\_\_\_\_);

**Whereas**, if awarded, the Trails Subcommittee believes the proposed project will begin implementation of Salado's Trails Master Plan, and promote goals established in the Village's Comprehensive plan to: 1) explore alternatives to the automobile (e.g. hike and bike trails) and identify ways in which such alternatives can be accommodated within the existing and future transportation system; 2) explore transportation alternatives to the automobile (e.g., hike and bike trails) and identify ways in which such alternatives can be accommodated within the existing and future transportation system, this is especially needed in and around Downtown Salado, where the concentrated retail area is located;

3) establish a trail system that is capable of providing an alternative to the automobile throughout the Village, but especially in and around Downtown Salado; this should be correlated with the Transportation Plan; 4) consideration should be given to connecting neighborhoods with walk/bike trails when streets are not practical; 5) a network of trails and pathways would enable the Village to expand upon several of its major assets, including Main Street, Salado Creek, and local historical sites, while providing recreation opportunities for residents and visitors; 6) increase accessibility to historic places that are significant to Salado's past to broaden the Village's attractions as a tourism destination; 7) apply for any applicable grants, such as those available from ISTEPA or Texas Parks and Wildlife Department; and 8) ensure that as the Village experiences growth and development, its existing character and charm is maintained and enhanced.

**Whereas**, the deadline for submission is May 4, 2015 and applications will be evaluated by TxDOT staff and the Transportation Alternatives Program Evaluation Committee, with recommendations going to the Texas Transportation Commission – notification of award is expected in the Fall of 2015 and construction is anticipated to begin Fall of 2016, if awarded;

**Whereas**, grant funding program guidelines provide a maximum reimbursement of 80%, with the Village providing a minimum of 20% cash match - if awarded the grant, the Village will provide a \$\_\_\_\_\_ cash match (20%);

**Whereas**, funding for the south Salado hike and bike trail improvements is available in Account No. 4770; and

**Whereas**, the Board of Aldermen has considered the matter and deems it in the public interest to authorize and support this action.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE VILLAGE OF SALADO, TEXAS THAT:**

**Part 1:** The Board of Aldermen authorizes submission of an application for funding through the Texas Department of Transportation, Transportation Alternatives Program in the amount of \$\_\_\_\_\_, with \$\_\_\_\_\_ reimbursed to the Village through federal funding, to develop a combined on-road and off-road landscaped trail facility for pedestrians and bicyclists, and other non-motorized forms of transportation and safety improvements.

**Part 2:** The trail will originate at College Hill Street, and generally run along Peddler's Alley, Salado Creek, Center Circle, and Royal Street;

**Part 2:** The Mayor is authorized to execute any documents, which may be necessary to apply for this grant, and accept any funds that may be received for this grant.

**Part 3:** It is hereby officially found and determined that the meeting at which this Resolution was passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

**PASSED & APPROVED this, the 23<sup>rd</sup> day of April, 2015, by a vote of \_\_\_\_ (ayes) to \_\_\_\_ (nays) to \_\_\_\_ (abstentions) of the Board of Aldermen of Salado, Texas.**

**VILLAGE OF SALADO:**

by: \_\_\_\_\_

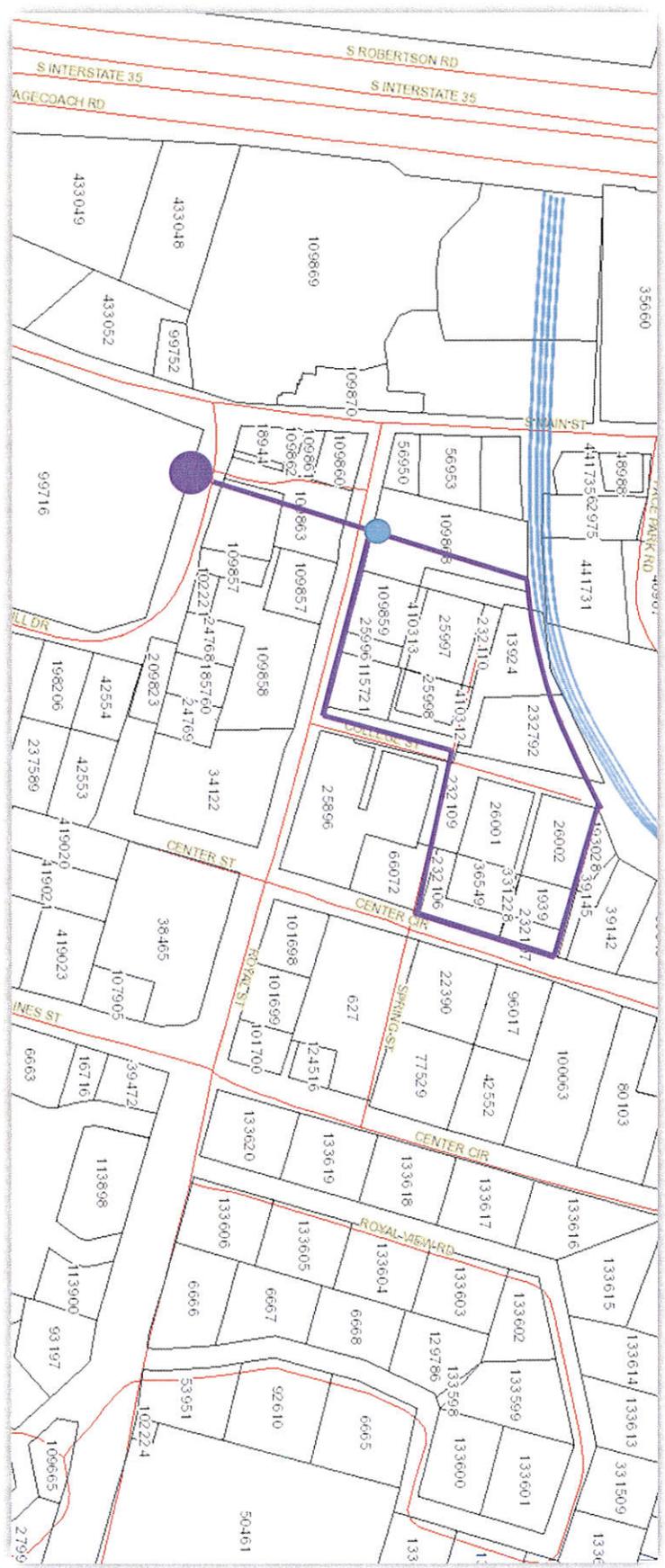
Skip Blancett, Mayor

**ATTEST:**

\_\_\_\_\_  
Lyndsey Barrett, Acting Village Secretary

# TAP Grant Map 2015

## PHASE ONE



**Legend**

- Primary Proposed Trailhead
- Secondary Proposed Trailhead
- Proposed Bike and Hike Trail
- Salado Creek

# BOARD OF ALDERMAN

## AGENDA ITEM MEMORANDUM

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04/23/2015  
Regular Agenda  
Item #7  
Page 1 of

**DEPT/DIVISION REVIEW:** Kim Foutz, Village Administrator2

**ITEM DESCRIPTION:** Presentation, discussion and possible action on Resolution No. R-2015-114 providing the U.S. Department of Commerce Economic Development Administration requested commitments and associated documentation related to financial assistance for wastewater improvements

**STAFF RECOMMENDATION:** Staff recommends approval.

**ITEM SUMMARY AND ANALYSIS:** In December 2014 the Village submitted an application to the U.S. Department of Commerce Economic Development Administration for a \$1,500,000 grant to help offset cost of a \$6,318,500 Sewer project.

The Village received a letter on April 3, 2015 advising that “its application for \$1,000,000 (reduced from \$1,500,000) to construct sewer improvements has been selected through EDA’s competitive process for further consideration”.

The Village was asked to provide the following documentation by April 30, 2015:

1. Written, signed commitment letter(s) that: (a) specify the source(s) of the local matching funds; and (b) provided that the estimated \$6,318,500 total project costs remain unchanged, confirm that the entire \$5,318,500 local matching funds are currently committed, unencumbered, and available, as needed. Also, if in-kind contributions are included in the proposed match, provide a breakout of which funds are cash and which are in-kind contributions, including the valuation and basis for valuation of the in-kind contributions.
2. Additional environmental-related information including: (a) a commitment letter that Salado will coordinate with the Texas SHPO as soon as possible and provide a copy of their letter to EDA; (b) a commitment letter that Salado will coordinate with the USACE as soon as possible and provide a copy of their letter to EDA; and (c) more information about the previous public notice efforts during the PDES permitting process.
3. Fully completed Exhibits A (“Assurances of Compliance with Civil Rights and Other Legal Requirements – To Be Executed by Other Parties” form) that has been signed by a corporate official from all committed project beneficiaries who have been identified in the Project Beneficiaries Box in Section B.5 of the application and who are committed to saving and/or creating 15 or more jobs as a result of the EDA project.

4. A revised narrative for Section A.4 of the application which addresses how the EDA project meets one or more of the following current EDA priorities: (a) Collaborative Regional Innovation; (b) Public/Private Partnerships; (c) National Strategic Priorities; (d) Global Competitiveness; (e) Environmentally-Sustainable Development; and (f) Economically Distressed and Underserved Communities.

**FISCAL IMPACT:** \$5,318,500 in local matching funds is required and will be obtained through General Obligation Bond financing. The grant/financial assistance has been revised to \$1,000,000. The new chart of accounts includes line items for these revenues and expenditures.

**ATTACHMENTS:**

Resolution No. R-2015-114

Public Notice information – Proposed wastewater plan

Exhibit A – Assurances of Compliance with Civil Rights

**VILLAGE OF SALADO**

**RESOLUTION No. R-2015-114**

**LETTER OF COMMITMENT**

A RESOLUTION OF THE VILLAGE OF SALADO, TEXAS (“VILLAGE”) APPROVING A LETTER OF COMMITMENT TO THE ECONOMIC DEVELOPMENT ADMINISTRATION FOR FURTHER CONSIDERATION REGARDING AN APPLICATION FOR A \$1,000,000 GRANT FOR A WASTE WATER TREATMENT PLANT.

- WHEREAS,** In December of 2014 the Village of Salado submitted a grant application for \$1,500,000.00 to the Economic Development Administration for the purpose of the design, construction and operation of a new Wastewater treatment plant and delivery lines for the Village of Salado; and
- WHEREAS,** On April 3<sup>rd</sup>, 2015, the Village of Salado received a letter from the EDA stating that it (The Village) has been selected through the EDA’s competitive process for further consideration; and
- WHEREAS,** The EDA revised the amount of the application to \$1,000,000.00; and
- WHEREAS,** The EDA in Attachment “A”, section #1 requests the Village of Salado to submit a written, signed commitment letter that: (a) specify the source of local matching funds; and (b) provide that the estimated \$6,318,500.00 total project cost remain unchanged, confirm the entire \$5,318,500.00 local matching funds are currently committed, unencumbered, and available as needed.
- WHEREAS,** In-kind contributions are identified in the grant application but are not included in the proposed match; and
- WHEREAS,** The EDA in Attachment “A”, section #2 requests the Village of Salado to submit additional environmental-related information including: (a) a commitment letter that Salado will coordinate with the Texas SHPO as soon as possible and provide a copy of their letter to EDA; (b) a commitment letter that Salado will coordinate with the USACE as soon as possible and provide a copy of their letter to EDA; and (c) more information about the previous public notice efforts during the PDES permitting process; and
- WHEREAS,** The EDA in Attachment “A”, section #3 request the Village of Salado to submit fully completed Exhibits A (“Assurances of Compliance with Civil Rights and Other Legal Requirements – To Be Executed by Other Parties” form) that has been signed by a corporate official from all committed project beneficiaries who have been identified in the Project Beneficiaries Box in Section B.5 of the

application and who are committed to saving and/or creating 15 or more jobs as a result of the EDA project; and

**WHEREAS,** The EDA in Attachment “A”, section #4 requests the Village of Salado to submit a revised narrative for Section A.4 of the application which addresses how the EDA project meets one or more of the following current EDA priorities: (a) Collaborative Regional Innovation; (b) Public/Private Partnerships; (c) National Strategic Priorities; (d) Global Competitiveness; (c) Environmentally-Sustainable Development; and (f) Economically Distressed and Underserved Communities.

**NOW, THEREFORE, BE IT RESOLVED by the Board of Aldermen of Salado, Texas:**

1. The Village passed a bond election on November 4, 2014 with an authorized bond issue of a maximum of \$10,550,000.00.
2. The Village commits to utilize these bond proceeds as the source of local matching funds;
3. The Village acknowledges that the estimated \$6,318,500.00 total project cost remains unchanged;
4. The Village confirms that the entire \$5,318,500.00 of local matching funds is committed, unencumbered, and will be available upon bond issuance, which will occur within 120 days of notice of funding award.
5. The Village commits to coordinate with the Texas SHPO as soon as possible and provide a copy of their letter to EDA; and the Village of Salado will coordinate with the USACE as soon as possible and provide a copy of their letter to EDA;
6. The Village will submit to the EDA the previous public notice efforts during the PDES permitting process with this Resolution; and
7. The Village has submitted fully completed Exhibits A (“Assurances of Compliance with Civil Rights and Other Legal Requirements – To Be Executed by Other Parties” form) that has been signed by a corporate official from all committed project beneficiaries who have been identified in the Project Beneficiaries Box;
8. The Village will submit to the EDA a revised narrative for Section A.4 of the application which addresses how the EDA project meets one or more of the following current EDA priorities: (a) Collaborative Regional Innovation; (b) Public/Private Partnerships; (c) National Strategic Priorities; (d) Global Competitiveness; (c) Environmentally-Sustainable Development; and (f) Economically Distressed and Underserved Communities.

9. The meeting at which this Resolution was passed was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

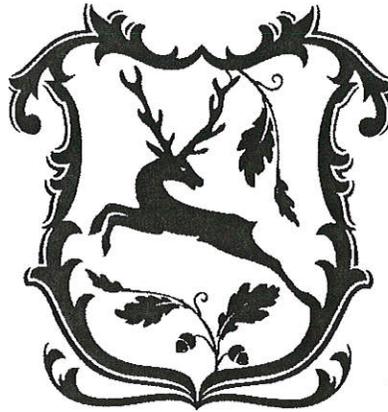
**PASSED & APPROVED** this, the 23rd day of April, 2015, by a vote of \_\_\_\_ (*ayes*) to \_\_\_\_ (*nays*) to \_\_\_\_ (*abstentions*) of the Board of Aldermen of Salado, Texas.

**VILLAGE OF SALADO:**

*by:* \_\_\_\_\_  
Skip Blancett, Mayor

**ATTEST:**

\_\_\_\_\_  
Lyndsey Barrett, Acting Village Secretary



**SANCTUARY**

Sanctuary Development Company, LLC  
515 FM 2268, Salado, TX 512.596.2950  
Corporate Mailing Address - P. O. Box 1346, Montreat, NC 28757

April 20, 2015

*Via Electronic Mail*

The Honorable Skip Blancett  
Mayor of the Village of Salado  
301 North Stagecoach Road  
P.O. Box 219  
Salado, Texas 76571

Re: Grant Application to U.S. Economic Development Administration

Dear Mayor Blancett:

We wish to thank you and the Alderman for leading the way in developing a strategy for the revitalization of Salado. We very much want to offer our assistance to Salado by joining you in planning for a sanitary sewer system serving Salado, its business and homes and Sanctuary, a proposed 300-acre mixed-use master planned community.

Sanctuary's proposed agreement with the Village of Salado is for Sanctuary to transfer its existing permit from Texas Commission on Environmental Quality

Mayor Skip Blancett  
April 20, 2015  
Page 2

("TCEQ") for a 300,000 gpd wastewater treatment plant ("WWTP"). Sanctuary has also proposed that it design the WWTP, associated lift stations, force main and primary gravity lines (collectively, "Sewer System"), public bid the Sewer System, then construct the Sewer System. Upon completion, the Sewer System (including the WWTP) would be conveyed to the Village of Salado.

At your request, we are attaching the WWTP permit and related documents evidencing proper application, review and approval of the permit by the Texas Commission on Environmental Quality. In addition, **we confirm there have been no changes to the location or scope of the project since the issuance of Permit#WQ0014898001.**

We look forward to the days ahead. Please advise me if our team can be of further assistance.

With appreciation,



Robert L. Salaski  
Chief Executive Officer

Attachment: WWTP Permit and Related Documents



Bryan W. Shaw, Ph.D., *Chairman*  
Carlos Rubinstein, *Commissioner*  
Toby Baker, *Commissioner*  
Zak Covar, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

May 31, 2013

Mr. Terry Weaver, President  
Salado Utility, Inc.  
P.O. Box 1737  
Midlothian, Texas 76065-1737

Re: Salado Utility, Inc, TPDES Permit No. WQ0014898-001  
(RN105534630; CN603364985)

Dear Mr. Weaver:

Enclosed is a copy of the above referenced water quality permit issued on behalf of the Executive Director pursuant to Chapter 26 of the Texas Water Code.

Self-reporting or Discharge Monitoring Forms and instructions will be forwarded to you from the Water Quality Management Information Systems Team so that you may comply with monitoring requirements. For existing facilities, revised forms will be forwarded if monitoring requirements have changed.

Enclosed is a "Notification of Completion of Wastewater Treatment Facilities" form. Use this form (if needed) when the facility begins to operate or goes into a new phase. The form notifies the agency when the proposed facility is completed or when it is placed in operation. This notification complies with the special provision incorporated into the permit, as applicable.

Should you have any questions, please contact Mr. Donald J. Camp, P.E. of the Texas Commission on Environmental Quality's (TCEQ) Wastewater Permitting Section at (512) 239-4671 or if by correspondence, include MC 148 in the letterhead address below.

Sincerely,

A handwritten signature in cursive script that reads "David W Galindo".

David W. Galindo, Director  
Water Quality Division

DWG/DJC/ml

ccs: TCEQ, Region 9  
Mr. Joseph Etzler, Travis Associates Consulting Engineers, Inc. (F-127), 1390 Hillside  
Terrace, Buda, Texas 78610



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
P.O. Box 13087  
Austin, Texas 78711-3087

TPDES PERMIT NO.  
WQ0014898001  
[For TCEQ office use only - EPA I.D.  
No. TX0125610]

This is a renewal that replaces TPDES  
Permit No. WQ0014898001 issued  
June 3, 2009.

PERMIT TO DISCHARGE WASTES  
under provisions of  
Section 402 of the Clean Water Act  
and Chapter 26 of the Texas Water Code

Salado Utility, Inc.

whose mailing address is

P.O. Box 1737  
Midlothian, Texas 76065-1737

is authorized to treat and discharge wastes from the Highlands of Salado Wastewater Treatment Facility, SIC Code 4952

located north of the intersection of Shepard Drive and Farm-to-Market Road 2268, approximately 2,000 feet north from the end of Shepard Drive in Bell County, Texas 76571

to Smith Branch; thence to Salado Creek in Segment No. 1243 of the Brazos River Basin

only according with effluent limitations, monitoring requirements and other conditions set forth in this permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the State of Texas, and other orders of the TCEQ. The issuance of this permit does not grant to the permittee the right to use private or public property for conveyance of wastewater along the discharge route described in this permit. This includes, but is not limited to, property belonging to any individual, partnership, corporation or other entity. Neither does this permit authorize any invasion of personal rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, **December 1, 2016**.

ISSUED DATE: May 22, 2013

  
For the Commission

Buddy Garcia, *Chairman*  
Larry R. Soward, *Commissioner*  
Bryan W. Shaw, Ph.D., *Commissioner*  
Mark R. Vickery, P.C., *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

June 9, 2009

Mr. Terry Weaver  
Salado Utility, Inc.  
P.O. Box 1737  
Midlothian, Texas 76065-1737

Re: Salado Utility, Inc., TPDES Permit No. WQ0014898001  
(RN105534630; CN603364985)

Dear Mr. Weaver:

Enclosed is a copy of the above referenced permit for a wastewater treatment facility issued on behalf of the Executive Director pursuant to Chapter 26 of the Texas Water Code.

If you are receiving a Texas Pollutant Discharge Elimination System (TPDES) discharge permit and your system is a new facility or an existing facility that has been reporting to the Texas Commission on Environmental Quality (TCEQ), you may comply with self-reporting requirements by submitting discharge monitoring reports (DMR) electronically over the Web through STEERS (see enclosed flyer). Information about the electronic DMR (eDMR) system is available at [www.tceq.state.tx.us/goto/eDMR](http://www.tceq.state.tx.us/goto/eDMR). We encourage electronic reporting. Discharge facilities that do not use the eDMR system will receive paper DMR forms and instructions from the TCEQ Enforcement Division, or from the U.S. Environmental Protection Agency (EPA) if the facility has been submitting DMRs to EPA.

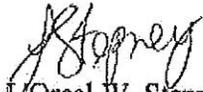
If you are receiving a land application (no discharge) permit and are required to report monitoring results, self-reporting forms and instructions will be forwarded to you by the TCEQ Enforcement Division.

Enclosed is a "Notification of Completion of Wastewater Treatment Facilities" form. Use this form when the facility begins to operate or goes into a new phase. The form notifies the agency when the proposed facility is completed or when it is placed in operation. This notification complies with the special provision incorporated into the permit. When the agency receives this form, the appropriate permit requirements will be activated in the compliance system database so that accurate monitoring and reporting can occur.

Mr. Terry Weaver  
Page 2

Should you have any questions, please contact Mr. Kent H. Trede of the TCEQ's Wastewater Permitting Section at (512) 239-4671 or if by correspondence, include MC 148 in the letterhead address at the bottom of the previous page.

Sincerely,



L'Oreal W. Stepney, P.E., Director  
Water Quality Division  
Texas Commission on Environmental Quality

LWS/KHT/sp

Enclosures

ccs: TCEQ, Region 9  
Mr. Emory Fincher, Murfee Engineering Company, Inc., 1101 South Capital of Texas  
Highway, Building D, Austin, Texas 78746



TPDES PERMIT NO. WQ0014898001  
[For TCEQ office use only -  
EPA I.D. No. TX0125610]

TEXAS COMMISSION ON ENVIRONMENTAL  
QUALITY  
P.O. Box 13087  
Austin, Texas 78711-3087

PERMIT TO DISCHARGE WASTES  
under provisions of  
Section 402 of the Clean Water Act  
and Chapter 26 of the Texas Water Code

Salado Utility, Inc.

whose mailing address is

P.O. Box 1737  
Midlothian, Texas 76065-1737

is authorized to treat and discharge wastes from the Highlands of Salado Wastewater Treatment Facility, SIC Code 4952

is located approximately 6,560 feet northeast of the intersection of Interstate Highway 35 and Farm-to-Market Road 2268 in Bell County, Texas

to Smith Branch; thence to Salado Creek in Segment No. 1243 of the Brazos River Basin

only according with effluent limitations, monitoring requirements and other conditions set forth in this permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the State of Texas, and other orders of the TCEQ. The issuance of this permit does not grant to the permittee the right to use private or public property for conveyance of wastewater along the discharge route described in this permit. This includes, but is not limited to, property belonging to any individual, partnership, corporation, or other entity. Neither does this permit authorize any invasion of personal rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, December 1, 2013.

ISSUED DATE: JUN 03 2009

  
For the Commission

Exhibit A.

<b>ASSURANCES OF COMPLIANCE</b> <b>With Civil Rights and Other Legal Requirements</b> <b>(To Be Executed by "Other Parties")</b>	
"Other Party" is herein defined as an entity that creates and/or saves (or intends to create and/or save) 15 or more permanent jobs as a result of the Economic Development Assistance (EDA) investment assistance, provided that such entity is also either specifically named in the application as benefiting from the project or is or will be located in a building, port, facility, or industrial, commercial, or business park constructed or improved in whole or in part with EDA investment assistance prior to EDA's final disbursement of funds. See 15 C.F.R. §302.20.	
Applicant's Name: Village of Salado	"Other Party" Name: SANCTUARY DEVELOPMENT COMPANY
Address:	
Street 1: 301 N. Stagecoach Rd.	Street 2:
City: Salado	County: Bell
State: TX: Texas	
Province:	
Country: USA: UNITED STATES	
Zip/Postal Code: 76571-5421	Phone Number: 254-770-2364
The obligations incurred under this form apply only to the building, port, facility, or industrial, commercial or business park constructed or improved in whole or in part with investment assistance from the EDA. This form must be executed by an "Other Party" who satisfies the following conditions:	
<input checked="" type="checkbox"/> The "Other Party" will (or intends to) create and/or save fifteen (15) or more permanent jobs (estimated number of jobs <u>2,500</u> ) as a result of the EDA investment assistance; and (check applicable section below)	
<input type="checkbox"/> (a) is specifically named in the application for EDA investment assistance as benefiting from the project; or	
<input type="checkbox"/> (b) is or will be located in a building, port, facility, or industrial, commercial or business park constructed or improved in whole or in part with EDA investment assistance before EDA has made its final disbursement of EDA funds.	
<b>ASSURANCES OF COMPLIANCE WITH THE U.S. DEPARTMENT OF COMMERCE AND EDA REGULATIONS (15 C.F.R. § 302.20) UNDER SECTION 601 OF TITLE VI OF THE CIVIL RIGHTS ACT OF 1964, SECTION 112 OF PUBLIC LAW 92-65, TITLE IX OF THE EDUCATION AMENDMENTS OF 1972, SECTION 504 OF THE REHABILITATION ACT OF 1973, AND THE AGE DISCRIMINATION ACT OF 1975, ALL AS AMENDED.</b>	
The "Other Party" assures that it will comply with Section 601 of Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.), and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 8, and any amendments thereto.	
The "Other Party" agrees to comply with the provisions of Section 112 of Public Law 92-65 (42 U.S.C. 3123) and 42 U.S.C. 6709, and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. §§ 8.7-8.15, and any amendments thereto.	
The "Other Party" agrees to comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 8b; Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 20, and the non-discrimination on the basis of age regulations found at 45 C.F.R. part 90.	

Such requirements hold that no person in the United States shall on the ground of race, color, national origin, sex, handicap, or age be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under any program or activity for which federal financial assistance has been extended.

In accordance with these assurances and without limiting the above, the "Other Party" agrees that these assurances shall be binding upon it and any grantees, assignees, transferees, lessees, and successors in interest. These assurances shall also be binding through any modification or amendment to the financial assistance award or to the project.

The "Other Party" acknowledges that it is aware that if there appears to be a failure or threatened failure to comply with these assurances and the noncompliance or threatened noncompliance cannot be corrected by informal means, compliance may be effected by the suspension or termination of, or refusal to grant or to continue, federal financial assistance or by any other means authorized by law.

### NOTICE

This form must be executed by an official authorized to make the aforementioned assurances, with full authority to bind the "Other Party" identified herein. If the "Other Party" is a corporation, this form must be executed by a corporate officer or person so authorized to make such assurances, and the title block must clearly indicate such authority. Assurance forms executed by employees other than corporate officers will not be accepted unless they are accompanied by a separate certification signed by a corporate officer or corporate counsel stating that the assessor has full authority to legally bind the "Other Party" identified below. In the case of an individual executing this assurance form as a sole owner, the sole owner's title must be indicated. For circumstances other than those discussed herein, contact the EDA Regional Office for instructions.

### ACCEPTANCE OF ASSURANCES OF COMPLIANCE

These assurances are made binding for:

Name of "Other Party": SANCTUARY DEVELOPMENT COMPANY

Address:

Street 1: 515 FM 2268

Street 2: \_\_\_\_\_

City: SALADO County: BELL

State: TEXAS

Province: \_\_\_\_\_

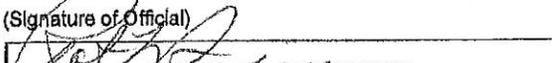
Country: USA

Zip/Postal Code: 76571 Telephone Number: 512-596-2950

By: Prefix: \_\_\_\_\_ First Name: ROBERT Middle Name: L

Last Name: SULASKI Suffix: \_\_\_\_\_

\*(Title of Corporate Officer) MEMBER MANAGER, CEO

(Signature of Official) 

(Date) 12-5-14

\* If the person signing this form is not a corporate officer, the company's corporate officer or corporate counsel must certify in writing that the signatory is authorized to legally bind the company. Such written certification should be included as an electronic signature through [www.Grants.gov](http://www.Grants.gov) or in hardcopy.

### --WARNING--

False statements or representations made in connection with the "ASSURANCES OF COMPLIANCE" are a violation of federal law punishable by a fine of not more than \$10,000 or by imprisonment for not more than five years or both (see 42 U.S.C. 9220; 18 U.S.C. 1001).

Exhibit A.

**ASSURANCES OF COMPLIANCE**  
**With Civil Rights and Other Legal Requirements**  
 (To Be Executed by "Other Parties")

"Other Party" is herein defined as an entity that creates and/or saves (or intends to create/and or save) 15 or more permanent jobs as a result of the Economic Development Assistance (EDA) investment assistance, provided that such entity is also either specifically named in the application as benefiting from the project or is or will be located in a building, port, facility, or industrial, commercial, or business park constructed or improved in whole or in part with EDA investment assistance prior to EDA's final disbursement of funds. See 13 C.F.R. § 302.20.

Applicant's Name: Village of Salado	"Other Party" Name: <i>THE RANGE</i>
--	---

Address:

Street 1:	301 N. Stagecoach Rd.		
Street 2:			
City:	Salado	County:	Bell
State:	TX: Texas		
Province:			
Country:	USA: UNITED STATES		
Zip/Postal Code:	76571-5421	Phone Number:	254-770-2364

The obligations incurred under this form apply only to the building, port, facility, or industrial, commercial or business park constructed or improved in whole or in part with investment assistance from the EDA. This form must be executed by an "Other Party" who satisfies the following conditions:

- The "Other Party" will (or intends to) create and/or save fifteen (15) or more permanent jobs (estimated number of jobs 115) as a result of the EDA investment assistance; and (check applicable section below)
- (a) is specifically named in the application for EDA investment assistance as benefiting from the project; or
- (b) is or will be located in a building, port, facility, or industrial, commercial or business park constructed or improved in whole or in part with EDA investment assistance before EDA has made its final disbursement of EDA funds.

**ASSURANCES OF COMPLIANCE WITH THE U.S. DEPARTMENT OF COMMERCE AND EDA REGULATIONS (13 C.F.R. § 302.20) UNDER SECTION 601 OF TITLE VI OF THE CIVIL RIGHTS ACT OF 1964, SECTION 112 OF PUBLIC LAW 92-65, TITLE IX OF THE EDUCATION AMENDMENTS OF 1972, SECTION 504 OF THE REHABILITATION ACT OF 1973, AND THE AGE DISCRIMINATION ACT OF 1975, ALL AS AMENDED.**

The "Other Party" assures that it will comply with Section 601 of Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.), and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 8, and any amendments thereto.

The "Other Party" agrees to comply with the provisions of Section 112 of Public Law 92-65 (42 U.S.C. 3123) and 42 U.S.C. 6709, and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. §§ 8.7-8.15, and any amendments thereto.

The "Other Party" agrees to comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 8b; Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 20, and the non-discrimination on the basis of age regulations found at 45 C.F.R. part 90.

Such requirements hold that no person in the United States shall on the ground of race, color, national origin, sex, handicap, or age be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under any program or activity for which federal financial assistance has been extended.

In accordance with these assurances and without limiting the above, the "Other Party" agrees that these assurances shall be binding upon it and any grantees, assignees, transferees, lessees, and successors in interest. These assurances shall also be binding through any modification or amendment to the financial assistance award or to the project.

The "Other Party" acknowledges that it is aware that if there appears to be a failure or threatened failure to comply with these assurances and the noncompliance or threatened noncompliance cannot be corrected by informal means, compliance may be effected by the suspension or termination of, or refusal to grant or to continue, federal financial assistance or by any other means authorized by law.

### NOTICE

This form must be executed by an official authorized to make the aforementioned assurances, with full authority to bind the "Other Party" identified herein. If the "Other Party" is a corporation, this form must be executed by a corporate officer or person so authorized to make such assurances, and the title block must clearly indicate such authority. Assurance forms executed by employees other than corporate officers will not be accepted unless they are accompanied by a separate certification signed by a corporate officer or corporate counsel stating that the assessor has full authority to legally bind the "Other Party" identified below. In the case of an individual executing this assurance form as a sole owner, the sole owner's title must be indicated. For circumstances other than those discussed herein, contact the EDA Regional Office for instructions.

### ACCEPTANCE OF ASSURANCES OF COMPLIANCE

These assurances are made binding for:

Name of "Other Party":

Address:

Street 1:

Street 2:

City:  County:

State:

Province:

Country:

Zip/Postal Code:

Telephone Number:

By: Prefix:  First Name:  Middle Name:

Last Name:  Suffix:

\*(Title of Corporate Officer)

(Signature of Official)

(Date)

\* If the person signing this form is not a corporate officer, the company's corporate officer or corporate counsel must certify in writing that the signatory is authorized to legally bind the company. Such written certification should be included as an electronic signature through [www.Grants.gov](http://www.Grants.gov) or in hardcopy.

### --WARNING--

False statements or representations made in connection with the "ASSURANCES OF COMPLIANCE" are a violation of federal law punishable by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both (see 42 U.S.C. 3220; 18 U.S.C. 1001).

Exhibit A.

**ASSURANCES OF COMPLIANCE**  
**With Civil Rights and Other Legal Requirements**  
 (To Be Executed by "Other Parties")

"Other Party" is herein defined as an entity that creates and/or saves (or intends to create/and or save) 15 or more permanent jobs as a result of the Economic Development Assistance (EDA) investment assistance, provided that such entity is also either specifically named in the application as benefiting from the project or is or will be located in a building, port, facility, or industrial, commercial, or business park constructed or improved in whole or in part with EDA investment assistance prior to EDA's final disbursement of funds. See 13 C.F.R. § 302.20.

Applicant's Name: Village of Salado	"Other Party" Name: <i>INN ON THE CREEK</i>
--	--

Address:

Street 1: 301 N. Stagecoach Rd.

Street 2:

City: Salado County: Bell

State: TX: Texas

Province:

Country: USA: UNITED STATES

Zip/Postal Code: 76571-5421 Phone Number: 254-770-2364

The obligations incurred under this form apply only to the building, port, facility, or industrial, commercial or business park constructed or improved in whole or in part with investment assistance from the EDA. This form must be executed by an "Other Party" who satisfies the following conditions:

- The "Other Party" will (or intends to) create and/or save fifteen (15) or more permanent jobs (estimated number of jobs 38) as a result of the EDA investment assistance; and (check applicable section below)
- (a) is specifically named in the application for EDA investment assistance as benefiting from the project; or
- (b) is or will be located in a building, port, facility, or industrial, commercial or business park constructed or improved in whole or in part with EDA investment assistance before EDA has made its final disbursement of EDA funds.

**ASSURANCES OF COMPLIANCE WITH THE U.S. DEPARTMENT OF COMMERCE AND EDA REGULATIONS (13 C.F.R. § 302.20) UNDER SECTION 601 OF TITLE VI OF THE CIVIL RIGHTS ACT OF 1964, SECTION 112 OF PUBLIC LAW 92-65, TITLE IX OF THE EDUCATION AMENDMENTS OF 1972, SECTION 504 OF THE REHABILITATION ACT OF 1973, AND THE AGE DISCRIMINATION ACT OF 1975, ALL AS AMENDED.**

The "Other Party" assures that it will comply with Section 601 of Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.), and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 8, and any amendments thereto.

The "Other Party" agrees to comply with the provisions of Section 112 of Public Law 92-65 (42 U.S.C. 3123) and 42 U.S.C. 6709, and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. §§ 8.7-8.15, and any amendments thereto.

The "Other Party" agrees to comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 8b; Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 20, and the non-discrimination on the basis of age regulations found at 45 C.F.R. part 90.

Such requirements hold that no person in the United States shall on the ground of race, color, national origin, sex, handicap, or age be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under any program or activity for which federal financial assistance has been extended.

In accordance with these assurances and without limiting the above, the "Other Party" agrees that these assurances shall be binding upon it and any grantees, assignees, transferees, lessees, and successors in interest. These assurances shall also be binding through any modification or amendment to the financial assistance award or to the project.

The "Other Party" acknowledges that it is aware that if there appears to be a failure or threatened failure to comply with these assurances and the noncompliance or threatened noncompliance cannot be corrected by informal means, compliance may be effected by the suspension or termination of, or refusal to grant or to continue, federal financial assistance or by any other means authorized by law.

### NOTICE

This form must be executed by an official authorized to make the aforementioned assurances, with full authority to bind the "Other Party" identified herein. If the "Other Party" is a corporation, this form must be executed by a corporate officer or person so authorized to make such assurances, and the title block must clearly indicate such authority. Assurance forms executed by employees other than corporate officers will not be accepted unless they are accompanied by a separate certification signed by a corporate officer or corporate counsel stating that the assessor has full authority to legally bind the "Other Party" identified below. In the case of an individual executing this assurance form as a sole owner, the sole owner's title must be indicated. For circumstances other than those discussed herein, contact the EDA Regional Office for instructions.

#### ACCEPTANCE OF ASSURANCES OF COMPLIANCE

These assurances are made binding for:

Name of "Other Party":

Address:

Street 1:

Street 2:

City:  County:

State:

Province:

Country:

Zip/Postal Code:

Telephone Number:

By: Prefix:  First Name:  Middle Name:

Last Name:  Suffix:

\*(Title of Corporate Officer)

(Signature of Official)

(Date)

\* If the person signing this form is not a corporate officer, the company's corporate officer or corporate counsel must certify in writing that the signatory is authorized to legally bind the company. Such written certification should be included as an electronic signature through [www.Grants.gov](http://www.Grants.gov) or in hardcopy.

#### --WARNING--

False statements or representations made in connection with the "ASSURANCES OF COMPLIANCE" are a violation of federal law punishable by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both (see 42 U.S.C. 3220, 18 U.S.C. 1001).

Exhibit A.

**ASSURANCES OF COMPLIANCE**  
**With Civil Rights and Other Legal Requirements**  
 (To Be Executed by "Other Parties")

"Other Party" is herein defined as an entity that creates and/or saves (or intends to create/and or save) 15 or more permanent jobs as a result of the Economic Development Assistance (EDA) investment assistance, provided that such entity is also either specifically named in the application as benefiting from the project or is or will be located in a building, port, facility, or industrial, commercial, or business park constructed or improved in whole or in part with EDA investment assistance prior to EDA's final disbursement of funds. See 13 C.F.R. § 302.20.

Applicant's Name: Village of Salado	"Other Party" Name: <b>STONE CREEK SETTLEMENT</b>
--	--

Address:

Street 1: 301 N. Stagecoach Rd.

Street 2:

City: Salado County: Bell

State: TX: Texas

Province:

Country: USA: UNITED STATES

Zip/Postal Code: 76571-5421 Phone Number: 254-770-2364

The obligations incurred under this form apply only to the building, port, facility, or industrial, commercial or business park constructed or improved in whole or in part with investment assistance from the EDA. This form must be executed by an "Other Party" who satisfies the following conditions:

- The "Other Party" will (or intends to) create and/or save fifteen (15) or more permanent jobs (estimated number of jobs 17) as a result of the EDA investment assistance; and  
 (check applicable section below)
- (a) is specifically named in the application for EDA investment assistance as benefiting from the project; or
- (b) is or will be located in a building, port, facility, or industrial, commercial or business park constructed or improved in whole or in part with EDA investment assistance before EDA has made its final disbursement of EDA funds.

**ASSURANCES OF COMPLIANCE WITH THE U.S. DEPARTMENT OF COMMERCE AND EDA REGULATIONS (13 C.F.R. § 302.20) UNDER SECTION 601 OF TITLE VI OF THE CIVIL RIGHTS ACT OF 1964, SECTION 112 OF PUBLIC LAW 92-65, TITLE IX OF THE EDUCATION AMENDMENTS OF 1972, SECTION 504 OF THE REHABILITATION ACT OF 1973, AND THE AGE DISCRIMINATION ACT OF 1975, ALL AS AMENDED.**

The "Other Party" assures that it will comply with Section 601 of Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.), and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 8, and any amendments thereto.

The "Other Party" agrees to comply with the provisions of Section 112 of Public Law 92-65 (42 U.S.C. 3123) and 42 U.S.C. 6709, and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. §§ 8.7-8.15, and any amendments thereto.

The "Other Party" agrees to comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 8b; Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 20, and the non-discrimination on the basis of age regulations found at 45 C.F.R. part 90.

Such requirements hold that no person in the United States shall on the ground of race, color, national origin, sex, handicap, or age be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under any program or activity for which federal financial assistance has been extended.

In accordance with these assurances and without limiting the above, the "Other Party" agrees that these assurances shall be binding upon it and any grantees, assignees, transferees, lessees, and successors in interest. These assurances shall also be binding through any modification or amendment to the financial assistance award or to the project.

The "Other Party" acknowledges that it is aware that if there appears to be a failure or threatened failure to comply with these assurances and the noncompliance or threatened noncompliance cannot be corrected by informal means, compliance may be effected by the suspension or termination of, or refusal to grant or to continue, federal financial assistance or by any other means authorized by law.

### NOTICE

This form must be executed by an official authorized to make the aforementioned assurances, with full authority to bind the "Other Party" identified herein. If the "Other Party" is a corporation, this form must be executed by a corporate officer or person so authorized to make such assurances, and the title block must clearly indicate such authority. Assurance forms executed by employees other than corporate officers will not be accepted unless they are accompanied by a separate certification signed by a corporate officer or corporate counsel stating that the assurator has full authority to legally bind the "Other Party" identified below. In the case of an individual executing this assurance form as a sole owner, the sole owner's title must be indicated. For circumstances other than those discussed herein, contact the EDA Regional Office for instructions.

### ACCEPTANCE OF ASSURANCES OF COMPLIANCE

These assurances are made binding for:

Name of "Other Party": STONE CREEK SETTLEMENT

Address:

Street 1: 714

Street 2:

City: Salado County: Bell

State: Texas

Province:

Country: USA

Zip/Postal Code: 76571 Telephone Number: 254-947-9099

By: Prefix:  First Name: J Middle Name: ill  
Last Name: Shupman Suffix:

\*(Title of Corporate Officer) Owner

(Signature of Official) Bill Shupman

(Date) 12-2-2014

\* If the person signing this form is not a corporate officer, the company's corporate officer or corporate counsel must certify in writing that the signatory is authorized to legally bind the company. Such written certification should be included as an electronic signature through [www.Grants.gov](http://www.Grants.gov) or in hardcopy.

### --WARNING--

False statements or representations made in connection with the "ASSURANCES OF COMPLIANCE" are a violation of federal law punishable by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both (see 42 U.S.C. 3220; 18 U.S.C. 1001).

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**ASSURANCES OF COMPLIANCE**  
**With Civil Rights and Other Legal Requirements**  
 (To Be Executed by "Other Parties")

"Other Party" is herein defined as an entity that creates and/or saves (or intends to create/and or save) 15 or more permanent jobs as a result of the Economic Development Assistance (EDA) investment assistance, provided that such entity is also either specifically named in the application as benefiting from the project or is or will be located in a building, port, facility, or industrial, commercial, or business park constructed or improved in whole or in part with EDA investment assistance prior to EDA's final disbursement of funds. See 13 C.F.R. § 302.20.

Applicant's Name: Village of Salado	"Other Party" Name: <b>MAGNOLIAS</b>
--	---

Address:

Street 1: 301 N. Stagecoach Rd.

Street 2:

City: Salado County: Bell

State: TX: Texas

Province:

Country: USA: UNITED STATES

Zip/Postal Code: 76571-5421 Phone Number: 254-770-2364

The obligations incurred under this form apply only to the building, port, facility, or industrial, commercial or business park constructed or improved in whole or in part with investment assistance from the EDA. This form must be executed by an "Other Party" who satisfies the following conditions:

- The "Other Party" will (or intends to) create and/or save fifteen (15) or more permanent jobs (estimated number of jobs 18) as a result of the EDA investment assistance; and (check applicable section below)
- (a) is specifically named in the application for EDA investment assistance as benefiting from the project; or
- (b) is or will be located in a building, port, facility, or industrial, commercial or business park constructed or improved in whole or in part with EDA investment assistance before EDA has made its final disbursement of EDA funds.

**ASSURANCES OF COMPLIANCE WITH THE U.S. DEPARTMENT OF COMMERCE AND EDA REGULATIONS (13 C.F.R. § 302.20) UNDER SECTION 601 OF TITLE VI OF THE CIVIL RIGHTS ACT OF 1964, SECTION 112 OF PUBLIC LAW 92-65, TITLE IX OF THE EDUCATION AMENDMENTS OF 1972, SECTION 504 OF THE REHABILITATION ACT OF 1973, AND THE AGE DISCRIMINATION ACT OF 1975, ALL AS AMENDED.**

The "Other Party" assures that it will comply with Section 601 of Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.), and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 8, and any amendments thereto.

The "Other Party" agrees to comply with the provisions of Section 112 of Public Law 92-65 (42 U.S.C. 3123) and 42 U.S.C. 6709, and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. §§ 8.7-8.15, and any amendments thereto.

The "Other Party" agrees to comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 8b; Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) and the U.S. Department of Commerce's implementing regulations found at 15 C.F.R. part 20, and the non-discrimination on the basis of age regulations found at 45 C.F.R. part 90.

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The "Other Party" acknowledges that it is aware that if there appears to be a failure or threatened failure to comply with these assurances and the noncompliance or threatened noncompliance cannot be corrected by informal means, compliance may be effected by the suspension or termination of, or refusal to grant or to continue, federal financial assistance or by any other means authorized by law.

### NOTICE

This form must be executed by an official authorized to make the aforementioned assurances, with full authority to bind the "Other Party" identified herein. If the "Other Party" is a corporation, this form must be executed by a corporate officer or person so authorized to make such assurances, and the title block must clearly indicate such authority. Assurance forms executed by employees other than corporate officers will not be accepted unless they are accompanied by a separate certification signed by a corporate officer or corporate counsel stating that the assurator has full authority to legally bind the "Other Party" identified below. In the case of an individual executing this assurance form as a sole owner, the sole owner's title must be indicated. For circumstances other than those discussed herein, contact the EDA Regional Office for instructions.

### ACCEPTANCE OF ASSURANCES OF COMPLIANCE

These assurances are made binding for:

Name of "Other Party":

Address:

Street 1:

Street 2:

City:  County:

State:

Province:

Country:

Zip/Postal Code:  Telephone Number:

By: Prefix:  First Name:  Middle Name:

Last Name:  Suffix:

\*(Title of Corporate Officer)

(Signature of Official)

(Date)

\* If the person signing this form is not a corporate officer, the company's corporate officer or corporate counsel must certify in writing that the signatory is authorized to legally bind the company. Such written certification should be included as an electronic signature through [www.Grants.gov](http://www.Grants.gov) or in hardcopy.

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False statements or representations made in connection with the "ASSURANCES OF COMPLIANCE" are a violation of federal law punishable by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both (see 42 U.S.C. 3220, 18 U.S.C. 1001).

# BOARD OF ALDERMAN

## AGENDA ITEM MEMORANDUM

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04/23/15  
Item # 8  
Regular Agenda  
Page 1 of 2

**DEPT/DIVISION REVIEW:** Jack Hensley, Chief of Police

**ITEM DESCRIPTION:** Presentation of the Busguard System, a high-tech transit security system. High-resolution cameras installed on the interior and exterior of the bus automatically captures images and video of violating vehicles, as they illegally pass the stop arm of the bus. This system will be installed on every Salado ISD school bus at no cost to the district.

**STAFF RECOMMENDATION:** Approval

### **ITEM SUMMARY AND ANALYSIS:**

Dallas County Schools d/b/a Texserve have implemented the BusGuard system which uses cutting-edge smart technology to address concerns of student safety while being transported to and from school and events raising student safety to an all new level: From automatic violation detection to complete violation processing, BusGuard is a completely automated enforcement system.

Texserve will provide the camera system to every Salado ISD school bus. High-resolution cameras installed on the exterior of the bus automatically capturing video of violating vehicles, as they illegally pass the stop arm. In addition to capturing video, the system automatically embeds a data bar which includes GPS coordinates, date and time of the violation, and other relevant violation information used to create a comprehensive evidence package. Once the system captures the full violation package, it automatically send the violation data to Texserve via a secure private cellular network for review and processing. The system also provides interior security with three (3) interior cameras that cover all students inside the vehicle, as well as the driver and door well. Video is constantly recording and can be accessed live or from the included DVR's archive. A pedophile finder camera mounted to the rear of the bus view vehicles following or "surfing" the bus, and can be reviewed in case of a kidnapping. Driver can signal an emergency by using a small button located near the driver's foot or mounted on the equipment panel. An Automatic Vehicle Locator, The GPS and Accelerometer system reports live telemetry data that is also archived for historical reports.

A final review of the violation image and video is conducted by Salado Police Department, who then may approve or reject the violation.

If the violation is approved, a citation is issued and mailed to the vehicle owner; Payment collection and court support are included as part of the programs complete end to end solution.

The stop arm program operates on the civil fine structure, similar to the red light camera program. A condition of implementing the program is for the Village of Salado to pass a resolution approving an

interlocal agreement to enforce and administer the automated school bus stop arm enforcement program, pass the interlocal agreement, then pass an ordinance creating a civil penalty and providing for a civil fine.

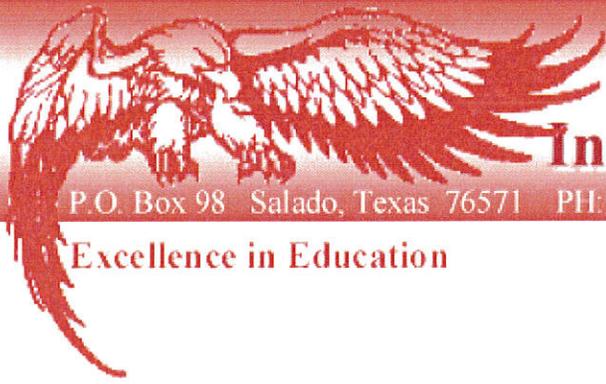
**FISCAL IMPACT:** No cost to the Village or Salado ISD, plus 12.5% of fines will be returned to the village and 12.5% to Salado ISD.

**ATTACHMENTS:**

Letter from Salado ISD Superintendent

Resolution

Interlocal Agreement



**SALADO**

**Independent School District**

P.O. Box 98 Salado, Texas 76571 PH: (254) 947-5479 FAX: (254) 947-5605 [www.saladoisd.org](http://www.saladoisd.org)

**Excellence in Education**

February 25, 2015

Chief Hensley,

The Salado ISD fully supports partnering with the village of Salado, Dallas County Schools and Force Multiplier Solutions to install the BusGuard smart safety system on all SISD school buses at no cost to the village or the school district.

The BusGuard system is designed to monitor traffic across all lanes in both directions to insure the safety of our students and driver and will identify safety violations when a school bus is stopped and has its stop arm and red flashing lights engaged.

Please let us know how we can assist in supporting a village ordinance that allows our school district to implement the BusGuard system.

Sincerely,

*Michael T. Novotny*

Dr. Michael Novotny  
Superintendent  
Salado Independent School District

**VILLAGE OF SALADO**

**RESOLUTION No. R-2015-113**

**INTERLOCAL COOPERATION AGREEMENT**

**A RESOLUTION OF THE BOARD OF ALDERMEN OF THE VILLAGE OF SALADO, TEXAS APPROVING AN INTERLOCAL COOPERATION AGREEMENT BETWEEN THE VILLAGE OF SALADO AND DALLAS COUNTY SCHOOLS D/B/A TEXSERVE TO ENFORCE AND ADMINISTER THE AUTOMATED SCHOOL BUS STOP ARM ENFORCEMENT PROGRAM; AND DECLARING AN EFFECTIVE DATE.**

**WHEREAS**, Texserve and the Village are each political subdivisions of the State of Texas; and

**WHEREAS**, the Board of Aldermen has determined that motor vehicles unlawfully pass stopped school buses that are operating visual signs while loading and unloading students in the Village; and

**WHEREAS**, the Village adopted Ordinance No.2015.06 (“Ordinance”), that provides for a civil penalty for a vehicle that passes a stopped school bus with its stop arm extended and lights flashing in violation of Texas Transportation Code Section 545.066.

**WHEREAS**, it is a mutual objective of the school district (“District”) and the Village to reduce the incidence of possible injuries caused specifically to children by the violation of motor vehicles unlawfully passing a school bus stopped with its stop arm extended and lights flashing for the purpose of loading and unloading students; and

**WHEREAS**, the District owns and operates school buses in the Village and will enter into a separate Interlocal Agreement with Texserve to be the exclusive vendor of equipment, installation, and maintenance of video recording equipment on school buses (the “Equipment Interlocal”) and to provide certain processes and professional services to monitor and identify Student Safety/School Bus Stop-Arm Violations and enforce the Ordinance in accordance with applicable law (the “Operating Interlocal”); and

**WHEREAS**, Texserve and the Village desire to enter into an Agreement in order to enforce and administer the Ordinance.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Aldermen of Salado, Texas:

**PART 1.** The attached Interlocal Cooperation Agreement, *Exhibit "A"*, between the Village of Salado and Dallas County Schools d/b/a Texserve to enforce and administer the automated school bus stop arm enforcement program is hereby approved.

**PART 2.** The Mayor is authorized to execute the agreement on behalf of the Village.

**PART 3.** This resolution shall be in full force and effect immediately from and after its passage.

**PART 4.** The meeting at which this Resolution was passed was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

**PASSED & APPROVED this, the 23rd day of April, 2015, by a vote of \_\_\_\_ (ayes) to \_\_\_\_ (nays) to \_\_\_\_ (abstentions) of the Board of Aldermen of Salado, Texas.**

**VILLAGE OF SALADO:**

by: \_\_\_\_\_  
Skip Blancett, Mayor

**ATTEST:**

\_\_\_\_\_  
Lyndsey Barrett, Acting Village Secretary

*Exhibit "A"*

**INTERLOCAL AGREEMENT BETWEEN THE VILLAGE OF SALADO AND TEXSERVE TO ENFORCE AND ADMINISTER THE AUTOMATED STUDENT SAFETY/SCHOOL BUS STOP ARM ENFORCEMENT PROGRAM**

This Agreement ("Agreement") is hereby made and entered into by and between Dallas County Schools d/b/a Texserve ("Texserve") and the Village of Salado, Texas ("Village").

**RECITALS**

**WHEREAS**, Texserve and the Village are each political subdivisions of the State of Texas; and

**WHEREAS**, the Board of Aldermen has determined that motor vehicles unlawfully pass stopped school buses that are operating visual signs while loading and unloading students in the Village; and

**WHEREAS**, the Village adopted Ordinance No.2015.06 ("Ordinance"), that provides for a civil penalty for a vehicle that passes a stopped school bus with its stop arm extended and lights flashing in violation of Texas Transportation Code Section 545.066.

**WHEREAS**, it is a mutual objective of the school district ("District") and the Village to reduce the incidence of possible injuries caused specifically to children by the violation of motor vehicles unlawfully passing a school bus stopped with its stop arm extended and lights flashing for the purpose of loading and unloading students; and

**WHEREAS**, the District owns and operates school buses in the Village and will enter into a separate Interlocal Agreement with Texserve to be the exclusive vendor of equipment, installation, and maintenance of video recording equipment on school buses (the "Equipment Interlocal") and to provide certain processes and professional services to monitor and identify Student Safety/School Bus Stop-Arm Violations and enforce the Ordinance in accordance with applicable law (the "Operating Interlocal"); and

**WHEREAS**, Texserve and the Village desire to enter into this Agreement in order to enforce and administer the Ordinance;

**NOW, THEREFORE**, Texserve and the Village enter into this Agreement pursuant to the authority of the Texas Government Code, Chapter 791, the Interlocal Cooperation Act, as amended, for the enforcement and administration of the Ordinance for the mutual consideration stated herein:

**AGREEMENT**

**1. DEFINITIONS.** In this Agreement, the words and phrases below shall have the following meanings:

- A. "Confidential or Private Information" means, all confidential information and Proprietary Property relating to and used in such party's business, including, but

*Exhibit "A"*

not limited to, the terms and conditions of the Student Safety/School Bus Stop Arm Program, this Agreement, the Equipment Interlocal, and the Operating Interlocal, and any Intellectual Property, ideas, concepts, designs, specifications, procedures, business plans, business opportunities, marketing methods, plans and strategies, techniques, forecasts, financial information, technical data or know-how, methods, trade information or secrets, client and customer lists and credit and financial information concerning such clients or customers, vendor or supplier information, account lists, costs, sales information, pricing information, marketing information, and similar information, documents, and records.

- i. Notwithstanding the foregoing, Confidential Information will not include information that (a) was generally available to the public or otherwise part of the public domain at the time of its disclosure, (b) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission by any party hereto in breach of this Agreement, (c) was subsequently lawfully disclosed to the disclosing party by a person other than a party hereto, or (d) was required by applicable federal or state laws or a court of competent jurisdiction to be disclosed.
- B. "Effective Date" has the meaning set forth in Section 2.
- C. "Equipment" includes any and all cameras, sensors, components, products, software, hardware and other tangible and intangible property provided by Texserve to implement the Student Safety/School Bus Stop Arm Program.
- D. "FxS" means Force Multiplier Solutions, Inc., a Louisiana corporation.
- E. "FxS Intellectual Property" means all Intellectual Property owned or licensed by FxS which is used in the operation of the Student Safety/School Bus Stop Arm Program.
- F. "Hearing Officer" means an individual designated by the Village to administratively adjudicate violations of the Ordinance.
- G. "Initial Term" has the meaning set forth in Section 2.
- H. "Intellectual Property" means, with respect to any person, any and all now known or hereafter known tangible and intangible (a) rights associated with works of authorship throughout the world including, but not limited to, copyrights, moral rights and mask-works, (b) trademark and trade name rights and similar rights, (c) trade secrets rights, (d) patents, designs, algorithms and other industrial property rights, (e) know-how, formulae, innovations, inventions, discoveries, techniques, formats, processes, and methods, (f) all other intellectual and industrial property rights of every kind and nature throughout the universe and however designated, whether arising by operation of law, contract, license, or otherwise, and (g) all registrations, initial applications, renewals, extensions,

*Exhibit "A"*

continuations, divisions or reissues hereof now or hereafter in force (including any rights in any of the foregoing) of such person.

- I. "Law Enforcement Officer" means an individual licensed as a Law Enforcement Officer by the Texas Commission on Law Enforcement, including a peace officer, as defined under Article 2.12, Texas Statutes, Code of Criminal Procedure.
- J. "Notice of Violation" means the notice of a Student Safety/School Bus Stop-Arm Violation ("Civil Student Safety/School Bus Stop-Arm Citation", as defined by the Ordinance), which is mailed or otherwise delivered by a Law Enforcement Officer to the violator in respect to each Student Safety/School Bus Stop-Arm Violation.
- K. "Ordinance" has the meaning set forth in the recitals of this Agreement.
- L. "Potential Violation" means a potential Student Safety/School Bus Stop-Arm Violation, which is documented in Violation Data that is subject to review and determination by a Law Enforcement Officer in accordance with the Ordinance.
- M. "Proprietary Property" means, with respect to any person, any written or tangible property owned or used by such person in connection with such person's business, whether or not such property is copyrightable or also qualifies as Confidential Information including, without limitation, products, samples, equipment, files, lists, books, notebooks, records, documents, memoranda, reports, patterns, schematics, compilations, designs, drawings, data, test results, contracts, agreements, literature, correspondence, spreadsheets, computer programs and software, computer print outs, other written and graphic records and the like, whether originals, copies, duplicates or summaries thereof, affecting or relating to the business of such person, including financial statements, budgets, projections and invoices.
- N. "Student Safety/School Bus Stop Arm Program" means the administration, processes, and procedures by which the Student Safety/School Bus Stop Arm Violations are recorded, monitored, identified, processed, approved, distributed, enforced, collected, reported, adjudicated, appealed, and otherwise managed by Texserve, the District, and the City, as applicable.
- O. "Student Safety/School Bus Stop Arm Violation" ("Violation") means a violation of the Ordinance for which authorization to issue a Notice of Violation is given by a Law Enforcement Officer for illegally passing a stopped school bus that has its bus stop-arm extended while loading and unloading students.
- P. "Violation Data" means all electronic data collected by the Busguard System that contains information, including but is not limited to, pictures, video, GPS location, date, and time of Potential Violations, which is subject to review by a Law Enforcement Officer for determination of Student Safety/School Bus Stop-Arm Violations.

## *Exhibit "A"*

### **2. TERM**

This Agreement shall be effective upon approval by the Board of Aldermen of the Village of Salado, Texas, which is this 23 day of April, 2015 (the "Effective Date") and shall continue for a five (5) year period from the date of first payment collected for a fine assessed within a Notice of Violation issued in accordance with the Ordinance (the "Initial Term"). Upon expiration of the Initial Term, this Agreement shall be extended for an additional five (5) year term unless either party shall notify the other in writing, within 90 days prior to the expiration of the Initial Term, of its desire not to renew. "Term" shall mean the Initial Term and any extended or renewal term after the Initial Term.

### **3. RELATIONSHIP OF THE PARTIES**

Nothing in this Agreement shall create, or be deemed to create, a partnership, joint venture or the relationship of principal and agent or employer and employee between the parties. The relationship between the parties shall be that of independent contractors, and nothing contained in this Agreement shall create the relationship of principal and agent or otherwise permit either party to incur any debts or liabilities or obligations on behalf of the other party (except as specifically provided herein).

Each party is acting independently of the other, and neither is an agent, servant, employee, or joint venture partner of the other. The parties represent and warrant that they have, or will secure at their own expense, all personnel and consultants required to provide the services under this Agreement and have contracted, or will contract, with any necessary third-party vendors to provide the services in accordance with this Agreement. No officer or member of the governing body of the Village or Texserve shall participate in any decision relating to this Agreement that affects his or her personal interest, nor shall any such officer or member of the Village or Texserve have any pecuniary interest in this Agreement or any part thereof.

### **4. SCOPE OF SERVICES/RESPONSIBILITIES OF THE PARTIES**

#### **A. RESPONSIBILITIES OF TEXSERVE. Texserve agrees to:**

- i. Enter into a separate interlocal agreement with each District to participate in the operation of the Student Safety/School Bus Stop Arm Program.
- ii. Install and provide support for the Equipment capable of capturing potential violations of the Ordinance on certain school buses operated by the District within the Village;
- iii. Provide a certified Law Enforcement Officer(s) to act as enforcement officer(s) to review recorded images of Potential Violations from the Equipment to identify and issue Notices of Violations for Student Safety/School Bus Stop-Arm Violations in accordance with applicable provisions of the Ordinance and the Enforce and Administer Interlocal;

*Exhibit "A"*

- iv. Designate Hearing Officer(s) to administratively adjudicate violations of the Ordinance by mail and in person in accordance with applicable provisions of the Ordinance and the Village's Code of Ordinances (or similar code);
- v. Provide testimony and video evidence of violations to the Village when requested during any appeal to municipal court;
- vi. Notify vehicle owners in writing of any delinquencies and penalties in accordance with applicable provisions of the Ordinance;
- vii. Collect any civil fines, penalties, and costs assessed under the Ordinance, and distribute such fines, penalties, and costs in accordance with applicable provisions of the Ordinance and this Agreement, including:
  - a. provide a collection agent; and
  - b. provide refunds as applicable;
- viii. Provide monthly reports to the Village detailing the number of Notices of Violations issued and amount of fines, penalties, and costs collected each month;
- ix. Provide monthly reports to the Village detailing the number of citations appealed to a Hearing Officer and the status and outcome of those appeals;
- x. Upon the Village's reasonable request, periodically brief the Village's municipal judges and municipal prosecutors regarding the video footage and recorded images and other information required for purposes of enforcement of the Ordinance;
- xi. Assist with Public Information Act requests concerning the Student Safety/School Bus Stop Arm Program, to the extent the request seeks information in Texserve's possession and not Village records; and
- xii. Jointly develop a plan with the Village to communicate all aspects of the Ordinance and Student Safety/School Bus Stop Arm Program to the community, and implement the developed plan.

**B. RESPONSIBILITIES OF THE VILLAGE.** The Village agrees to:

- i. Designate municipal court(s) to handle appeals from the Hearing Officers in accordance with applicable provisions of the Ordinance and Village's Code of Ordinances (or similar code);
- ii. Provide monthly reports to Texserve detailing the number of citations appealed to the municipal court(s) and the status and outcome of those appeals; and

*Exhibit "A"*

- iii. Jointly develop a plan with Texserve to communicate all aspects of the Ordinance and Student Safety/School Bus Stop Arm Program to the Village's citizens and implement the developed plan.

**5. REVENUE TO VILLAGE**

- A. In compensation for the services provided under this Agreement, the Village shall be paid an amount equal to twelve and one-half (12.5 %) percent of all monies collected for paid violations of the Ordinance, exclusive of any such collection charge.
- B. The revenue to be paid to the Village shall be due and payable on or before thirty (30) days following completion of:
  - i. the first full year of the Student Safety/School Bus Stop Arm Program; and
  - ii. each full year thereafter.
- C. The first one (1) year period shall be calculated from the date of first payment collected for a fine assessed within a Notice of Violation issued in accordance with the Ordinance to be administered herein.
- D. The Village agrees that it will have no interest in Notices of Violations that remain uncollected for a period of more than two (2) years following the issuance of the Notice of Violation.

**6. LICENSE AND RESERVATION OF RIGHTS**

- A. FxS License.

FxS granted to Texserve a perpetual and exclusive (in the State of Texas) right and license, including the right and license to sublicense, to use the FxS Intellectual Property in order to administer, operate, and maintain the School Bus Stop Arm Program in the State of Texas.

- B. Reservation of Rights.

Village and Texserve hereby acknowledge and agree to the following:

- i. Texserve is the sole and exclusive licensee or owner, as applicable, of the Intellectual Property related to the Student Safety/School Bus Stop Arm Program, and the sole owner of the Equipment;;
- ii. This Agreement does not create in favor of the Village a license or sublicense of any Intellectual Property related to the Student Safety/School Bus Stop Arm Program.

*Exhibit "A"*

- iii. Village neither has nor makes any claim to any right, title or interest in any of the foregoing; and
- iv. By reason of the exercise of any such rights or interests of Village pursuant to this Agreement, the Village shall gain no additional right, title or interest therein.

C. Restricted Use.

The Village hereby covenants and agrees that it shall not:

- i. alter, remove, modify or tamper with the Equipment provided pursuant to the Equipment Interlocal or the Intellectual Property related to the Student Safety/School Bus Stop Arm Program;
- ii. use any of the Intellectual Property related to the Student Safety/School Bus Stop Arm Program, including trademarks and names, in any way which might prejudice their distinctiveness, validity or the goodwill of Texserve or FxS;
- iii. use any trademarks related to the Student Safety/School Bus Stop Arm Program or other marks, whether used in connection with the Student Safety/School Bus Stop Arm Program or otherwise, without first obtaining the prior consent of Texserve; nor
- iv. disassemble, de-compile or otherwise perform any type of reverse engineering to the Equipment or the Intellectual Property related to the Student Safety/School Bus Stop Arm Program, or to any Proprietary Property of Texserve, or cause any other person to do any of the foregoing.

D. Protection of Rights.

Texserve and/or FxS shall have the right to take whatever action it deems necessary or desirable to remedy or prevent the infringement of any Intellectual Property related to the Student Safety/School Bus Stop Arm Program including, without limitation, the filing of applications to register as trademarks in any jurisdiction, the filing of patent applications for any of the Intellectual Property of FxS, and making any other applications or filings with appropriate governmental authorities. The Village shall not take any action to remedy or prevent such infringing activities, and shall not in its own name make any registrations or filings with respect to any of the Intellectual Property related to or arising from the Student Safety/School Bus Stop Arm Program without the prior written consent of Texserve.

E. Infringement.

*Exhibit "A"*

The Village shall use its reasonable best efforts to give Texserve prompt notice of any activities or threatened activities of any person of which it becomes aware that infringes or violates any of Intellectual Property related to the Student Safety/School Bus Stop Arm Program or that constitute a misappropriation of trade secrets or acts of unfair competition that might dilute, damage or destroy any of Intellectual Property related to the Student Safety/School Bus Stop Arm Program. Texserve shall have the exclusive right, but not the obligation, to take action to enforce such rights and to make settlements with respect thereto. In the event that Texserve commences any enforcement action under this Section, then the Village shall render to Texserve such reasonable cooperation and assistance as is reasonably requested by Texserve, provided that Texserve shall reimburse the Village for any reasonable costs.

F. Infringing Use.

The Village shall give Texserve prompt written notice of any action or claim, whether threatened or pending, against the Village alleging that any of the Intellectual Property related to the Student Safety/School Bus Stop Arm Program infringes or violates any patent, trademark, copyright, trade secret or other Intellectual Property of any other person, and the Village shall render to Texserve such reasonable cooperation and assistance as is reasonably requested by Texserve in the defense thereof, provided that Texserve shall reimburse the Village for any reasonable costs incurred in providing such cooperation and assistance. If such a claim is made and Texserve determines, in the exercise of its sole discretion, that an infringement may exist, Texserve shall have the right, but not the obligation, to procure for the Village the right to keep using the allegedly infringing items, modify them to avoid the alleged infringement, or replace them with non-infringing items.

G. Assignment of Inventions.

The Village hereby assigns, without further compensation, to Texserve its entire right, title and interest in and to all discoveries and improvements, patentable or otherwise, trade secrets and ideas, writings and copyrightable material, which may be conceived by the Village or developed or acquired by the Village during the Term of this Agreement in connection with the Village's duties under this Agreement and the Student Safety/School Bus Stop Arm Program, including any copyright and/or patent awarded by the United States Patent and Trademark Office, and agrees to execute any and all documents required or necessary to effect such assignment.

**7. TERMINATION**

A. Termination for Cause.

- i. Either party shall have the right to terminate this Agreement immediately by written notice to the other if:

*Exhibit "A"*

- a. state statutes are materially amended as to prohibit or negatively affect the operation of the Student Safety/School Bus Stop Arm Program or if any laws are enacted that would substantially change or terminate the ability under the Agreement to obtain fines or charges for violations of law, which would eliminate the source for financing the Student Safety/School Bus Stop Arm Program;
  - b. a final decision (subsequent to any appeals that may be filed) by a court of competent jurisdiction declares that the results from the Busguard System are inadmissible in evidence; or
  - c. the other party commits any material breach of any of the provisions of this Agreement, and fails to cure such breach within the 90-day period set forth in in paragraph 7B(i) of this section .
- ii. Texserve shall have the right to terminate this Agreement immediately by written notice to the Village if:
    - a. the Ordinance is revoked by lawful action of the Board of Aldermen of Salado, Texas.

B. Wind-Down Provisions.

- i. In the event of termination, Village and Texserve shall be relieved of any further obligations except as specifically provided within this Agreement. Either party shall have the right to remedy the cause for termination within ninety (90) calendar days (or within such other time period as the Village and Texserve shall mutually agree, which agreement shall not be unreasonably withheld or delayed) after written notice from the non-breaching party as to such breach.
- ii. Notwithstanding paragraph 7B(i) of this Agreement, expiration or termination of this Agreement will not relieve either party from its obligations arising hereunder prior to the effective date of such expiration or termination.
- iii. In the event the this Agreement is terminated or expires, the Village and Texserve shall organize a methodical and efficient schedule for removal of Equipment from the school buses and from the Village's possession, but in no event shall this schedule be less than 180 calendar days. Texserve shall provide for the removal of the Equipment, at its sole expense, barring any additional expenses cause by the Village's negligence.
- iv. Notwithstanding any other provision of this Agreement to the contrary, the Village and Texserve agree that any citation issued as of the effective date of termination shall be administered according to the provisions of this Agreement entered into between the parties.

***Exhibit "A"***

C. The rights to terminate this Agreement within this section shall be without prejudice to any other rights or remedies of either party in respect to the breach concerned (if any) or any other breach of this Agreement.

D. Procedures Upon Termination.

The termination of this Agreement shall not relieve either party of any liability that accrued prior to such termination. Except as set forth in paragraph C of this section, upon the termination of this Agreement, all of the provisions of this Agreement shall terminate and:

- i. Texserve shall, within a reasonable amount of time, (a) cease to provide services including, but not limited to, work in connection with the construction or installation activities and services in connection with the Student Safety/School Bus Stop Arm Program, (b) deliver to Village any and all Proprietary Property of Village provided to Texserve pursuant to this Agreement, and (c) deliver to the Village a final report regarding the collection of Violation Data and the issuance of Notices of Violation in such format and for such periods as the Village may reasonably request, and which final report Texserve shall update or supplement from time to time when and if additional Violation Data or information becomes available.
- ii. The Village shall (a) immediately cease using the Student Safety/School Bus Stop-Arm Program and accessing the Intellectual Property related thereto and (b) promptly cause to be delivered to Texserve the Proprietary Property of Texserve provided to the Village in this Agreement.
- iii. Unless the Village and Texserve have agreed to enter into a new agreement relating to the Student Safety/School Bus Stop Arm Program or have agreed to extend the Term of this Agreement, Texserve shall remove any and all Equipment or other materials of Texserve installed in connection with Texserve's performance of its obligations under this Agreement including, but not limited to, camera systems from any of the school buses.

**8. SURVIVAL.**

A. Notwithstanding the foregoing, each Section of the following shall survive the termination of this Agreement:

- i. Definitions
- ii. License and Reservation of Rights
- iii. Notice
- iv. Liability

***Exhibit "A"***

- v. Choices of Laws and Venue
- vi. Default/Cumulative Rights/Mitigation
- vii. Assignment
- viii. Governmental Immunity
- ix. Confidentiality and Records; and
- x. Those provisions, and the rights and obligations therein, set forth in this Agreement which either by their terms state or evidence the intent of the parties, that the provisions survive the expiration or termination of the Agreement, or must survive to give effect to the provisions of this Agreement.

**9. NOTICE**

Any notice, demand or request required or permitted to be given under this Agreement shall be deemed given if reduced to writing and delivered in person, shipped by overnight delivery by a recognized carrier such as UPS or FedEx, or deposited with the United States Post Office in the form of certified mail, postage pre-paid return receipt requested, to the party who is to receive any such notice, demand or request, at the respective address set forth below. Such notice, demand, or request shall be deemed to have been given upon actual receipt.

**If to Texserve, to:**

Rick D. Sorrells, Ed. D.  
Superintendent  
Dallas County Schools d/b/a Texserve  
612 North Zang Boulevard  
Dallas, Texas 75208

**If to the Village, to:**

Skip Blancett  
Mayor  
301 N. Stagecoach Rd.  
P.O. Box 219  
Salado, Texas 76571

**10. LIABILITY.**

It is understood and agreed between the parties that each party hereto shall be responsible for its own acts of negligence in connection with this Agreement. Where injury or property damage results from the joint or concurrent negligence of both parties, liability, if any, shall be shared by each party on the basis of comparative responsibility in accordance with the applicable laws of

## *Exhibit "A"*

the State of Texas, subject to all defenses available to them, including governmental immunity. Neither party shall be responsible to the other party for any negligent act or omission in connection with this Agreement. These provisions are solely for the benefit of the parties hereto and not for the benefit of any person or entity not a party hereto; nor shall any provision herein be deemed a waiver of any defense available by law.

### **11. CHOICE OF LAWS AND VENUE**

In providing the Services pursuant to this Agreement, the parties must observe and comply with all applicable federal, state, and local statutes, ordinances, rules, and regulations. This Agreement shall be governed by the laws of the State of Texas, and venue for any dispute shall be in Dallas County, Texas. All statutes and laws applicable to this Agreement shall apply as amended from time to time.

### **12. AMENDMENTS AND CHANGES IN THE LAW**

This Agreement may not be amended, modified, or supplemented unless such amendment, supplement, or modification is agreed to in writing and signed by each of Texserve and the Village. Any alteration, addition, or deletion to the terms of this Agreement that is required by any change in federal, state, or local law shall automatically be deemed incorporated herein without written amendment to this Agreement, and any such alteration, addition, or deletion to this Agreement shall be effective on the date such law is effective.

### **13. SEVERABILITY**

In the event that any part of this Agreement is held by a court of competent jurisdiction to be illegal or unenforceable, the illegal or unenforceable portion shall be deemed modified to the extent necessary to make it enforceable under applicable law, and the remainder of the provisions in the Agreement shall remain in full force and effect in accordance with their respective terms.

### **14. ENTIRE AGREEMENT**

This Agreement represents the entire agreement between Texserve and the Village with respect to the subject matter hereof, and supersedes any prior or contemporaneous agreements, whether written or oral, with respect to such subject matter.

### **15. BINDING EFFECT**

This Agreement and the respective rights and obligations of the parties hereto shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and permitted assigns.

### **16. DEFAULT/CUMULATIVE RIGHTS/MITIGATION**

It shall not be deemed a waiver or default under this Agreement if the non-defaulting party fails to immediately declare a default, or either party delays in asserting any right hereunder. The rights and remedies provided under this Agreement are cumulative and in addition to the rights

*Exhibit "A"*

and remedies either party may have pursuant to law, statute, ordinance, or otherwise, and either party's use of any right or remedy provided for hereunder will not preclude or be deemed to waive such party's right to use any other remedy, whether hereunder or at law or equity. Both parties hereto have a duty to mitigate damages incurred pursuant to this Agreement and performance hereunder.

**17. ASSIGNMENT**

The parties agree that they may delegate the performance of their duties hereunder by contracting with third-party entities in accordance with applicable procurement and other laws, including but not limited to the Interlocal Cooperation Act (Chapter 791 of the Texas Government Code); provided, that each party receive prior written consent and each party remains responsible for its respective responsibilities set forth in Section 4 herein.

**18. COUNTERPARTS, NUMBER/GENDER AND HEADINGS**

This Agreement may be executed in multiple counterparts, including without limitation facsimile and e-mail counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Words of any gender used in this Agreement shall be held and construed to include any other gender, and any words in the singular shall include the plural and vice versa, unless the context clearly requires otherwise. Headings used herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

**19. GOVERNMENTAL IMMUNITY**

This Agreement is expressly made subject to Texserve's and the Village's governmental immunity under the Texas Civil Practice and Remedies Code and all applicable federal, state, and local laws. The parties hereto expressly agree that no provision of this Agreement is in any way intended to constitute a waiver of any immunities from suit that the parties have by operation of law.

**20. PREVENTION OF FRAUD AND ABUSE**

The parties shall establish, maintain, and utilize internal management procedures sufficient to provide for the proper, effective management of all activities funded under this Agreement. Any known or suspected incident of fraud or abuse involving Texserve' or the Village's employees or agents that involve funds or activities under this Agreement shall be reported immediately by the party that becomes aware of the incident to Texserve' or the Village's Board of Trustees for appropriate action.

**21. FISCAL FUNDING CLAUSE**

Notwithstanding any provision contained herein to the contrary, the obligations of the parties under this Agreement are expressly contingent upon the availability of funding for each item and obligation contained herein. The parties shall make any payments required under this Agreement from current revenue available to the parties. In the event a party is unable to fulfill its

## *Exhibit "A"*

obligations under this Agreement as a result of lack of sufficient funding, or if funds become unavailable, that party, at its sole discretion, may provide funds from a separate source or may otherwise terminate this Agreement by written notice to the other party at the earliest possible time prior to the end of the fiscal year; provided, however, the terminating party shall be required to pay any expenses already incurred pursuant to this Agreement as of the time the terminating party provides such notice. In the event that a party is unable to fulfill its obligations under this Agreement as a result of lack of sufficient funding, the other party may immediately terminate this Agreement.

### **22. CONFIDENTIALITY AND RECORDS**

- A. Except as may be subject to the provisions of The Public Information Act, Texas Government Code Chapter 552, during the term of this Agreement and for an indefinite period thereafter, neither party shall disclose to any third person, or use for itself in any way for pecuniary gain, any Confidential Information learned from the other party during the course of negotiations for this Agreement or during the Term of this Agreement, including the terms of this Agreement.
- B. Upon termination of this Agreement, each party shall return to the other all tangible Confidential Information of such party. Each party shall retain in confidence and not disclose to any third party any Confidential Information without the other party's express written consent, except (a) to its employees who are reasonably required to have the Confidential Information, (b) to its agents, representatives, attorneys and other professional advisors that have a need to know such Confidential Information, provided that such parties undertake in writing (or are otherwise bound by rules of professional conduct) to keep such information strictly confidential, and (c) pursuant to, and to the extent of, a request or order by any governmental authority, including laws relating to public records.
- C. Each party shall safeguard and adhere to all confidentiality, privacy, and security requirements under applicable federal, state, and local laws, rules, and regulations regarding the privacy and security of all information obtained by either party from the other in connection with this Agreement and each respective party's performance hereunder, including the Texas Public Information Act.
- D. Each party shall only use information obtained in connection with the Ordinance for the purposes of detecting a violation or Potential Violation of the Ordinance or for monitoring safety issues inside or outside the school bus, and such information shall not be used for general surveillance purposes.
- E. All records created by Texserve or the Village pursuant to this Agreement shall belong to Texserve or the Village, as the case may be.

### **23. FORCE MAJEURE**

## *Exhibit "A"*

Neither Texserve nor the Village shall be liable to the other or be deemed to be in breach of this Agreement for any failure or delay in rendering performance arising out of causes beyond its reasonable control and without its fault or negligence. Such causes may include, but are not limited to, acts of God, nature or the public enemy, terrorism, invasion, insurrection, order of court, judge, or civil authority, strikes, stoppage of labor, riot, and unusually severe weather, significant fires, floods, earthquakes, storms, epidemics, quarantine restrictions, freight embargos, government regulation, or governmental authorities, and delays which are not caused by any act or omission by Texserve. The party whose performance is affected agrees to notify the other promptly of the existence and nature of any delay.

Neither Texserve nor the Village shall be deemed to be in violation of this Agreement if either party is prevented from performing any of its obligations hereunder by any of the aforementioned causes or any other cause reasonably beyond the nonperforming party's control and that is not attributable to such nonperforming party's dereliction of duty or negligence hereunder. In the event of any such occurrence, the time for performance of the nonperforming party's obligations or duties shall be suspended until such time as the nonperforming party's inability to perform, provided that the nonperforming party is not responsible for such inability to perform, is removed. The party claiming the suspension of performance shall give notice of such impediment or delay in performance to the other party within ten (10) days of its knowledge of the occurrence of the event or events causing such nonperformance. The nonperforming party shall make all reasonable efforts to mitigate the effects of any suspension of its performance.

### **24. SIGNATORY AUTHORITY**

- A. The person or persons signing and executing this Agreement on behalf of Texserve has been duly authorized by action of Texserve Board of Trustees to execute this Agreement on behalf of Texserve and to validly and legally bind Texserve to all terms, conditions, performances, and provisions set forth herein.
  
- B. The person or persons signing and executing this Agreement on behalf of the Village has been duly authorized by Board of Aldermen to execute this Agreement on behalf of the Village and to validly and legally bind the Village to all terms, conditions, performances, and provisions set forth herein.

*Exhibit "A"*

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement between Texserve and the Village of Salado, Texas in duplicate, each party taking one (1) copy, as of the day and year stated below.

**TEXSERVE**

By: \_\_\_\_\_  
Name: Rick D. Sorrells, Ed. D.  
Title: Superintendent, Dallas County Schools d/b/a Texserve  
Date: \_\_\_\_\_

**THE VILLAGE OF SALADO, TEXAS**

By: \_\_\_\_\_  
Name: Skip Blancett  
Title: Mayor, Village of Salado, Texas  
Date: \_\_\_\_\_

# BOARD OF ALDERMAN

## AGENDA ITEM MEMORANDUM

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04/23/2015  
Regular Agenda  
Item # 9  
Page 1 of 1

**DEPT/DIVISION REVIEW:** Kim Foutz, Village Administrator

**ITEM DESCRIPTION:** Presentation, discussion, and possible action on Termination of the Effluent Field License Agreement with Stagecoach Properties Inc. and Morris E. Foster for the Stagecoach Wastewater Treatment Plant

**STAFF RECOMMENDATION:** Staff recommends approval.

**ITEM SUMMARY AND ANALYSIS:** On May 13, 2014 the Village of Salado, Licensee, entered into an *Effluent Field License Agreement* with Stagecoach Properties, Inc., and Morris E. Foster, Licensor, for the property located in Bell County, Texas serving as an effluent "spreader" field located to the west of and connected by piping to the Licensee's property and presently operating to accept the output from the Stagecoach Sewer Plant situated on Licensee's property.

The Agreement provides for payments to the Licensor which start at \$500 per month and progressively increase to \$5,000 per month. Total payments over the life of this agreement, which ends December 31, 2018 will equal \$170,000. The Village has made payments totaling \$2,500 to date.

Per Section 7, Duration of License, the License shall continue until the earlier of . . . (iv) the date which is 90 days after either party delivers written notice of termination of this Agreement to the other party".

The Village is the current permit holder for the Stagecoach wastewater treatment plant. This permit allows for discharge into the creek just below the spillover. Staff is recommending that the Village terminate use of the effluent field. City staff has met with the Texas Commission on Environmental Quality and U.S. Fish and Wildlife, and neither party has expressed objections to discharging in the creek.

By providing a 90 day Termination Notice dated April 24, 2015, which will be effective July 24, 2015, and making the required monthly payments through the termination date, the Village will have made payments totaling \$6,000.

**FISCAL IMPACT:** By providing Notice of Termination under the provisions of this Agreement, the Village will save \$164,000 over the next 44 months.

**ATTACHMENTS:**

Effluent Field License Agreement  
Notice of Termination Letter

EXHIBIT "B"

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

STATE OF TEXAS           §  
                                  §  
COUNTY OF BELL         §

**EFFLUENT FIELD LICENSE AGREEMENT**

Date: 5/13, 2014

**Licensor:** STAGECOACH PROPERTIES, INC., and MORRIS E. FOSTER, (collectively "Licensor")

**Licensor's Address:** P.O. Box 97, Salado, Bell County, Texas 76571-0097

**Licensee:** THE VILLAGE OF SALADO, a Texas municipality located in Bell County, Texas

**Licensee's Address:** P.O. Box 219, Salado, Bell County, Texas 76571-0097

**Licensor's Property:** The property located in Bell County, Texas serving as an effluent or "spreader" field located to the west of and connected by piping to Licensee's Property and presently operating to accept the output from the Sewer Plant situated on Licensee's property.

**Licensee's Property:**

- a. TRACT 1: A 2.880 acre tract of land out of and a part of the H.W. Hurd Survey, Abstract #398, in Bell County, Texas, and being more particularly described by metes and bounds in Exhibit "1" attached hereto and made a part of for all purposes (adjacent to sewer plant with tank); and
- b. TRACT 2: A 2.092 acre tract of land out of and a part of the H.W. Hurd Survey, Abstract #398, in Bell County, Texas being more particularly described by metes and bounds in Exhibit "2" attached hereto and made a part of for all purposes (the "Sewer Plant").

**Description of License:** Licensor has conveyed to Licensee the property described on Exhibits 1 and 2 and Licensor has retained adjacent property and upon which is located the effluent or "spreader" field which accepts the output from the Sewer Plant. Licensee

discharges wastewater originating on Licensee's Property through a pipeline which is connected to Licensor's Property situated immediately west of the Licensee's Property. This license is entered into with the express purpose of providing the Licensee a license and right to discharge treated wastewater which is treated in the Sewer Plant on the Licensee's Property and in the same volume which is presently discharged plus reasonable increases in such volume but in strict compliance with TCEQ rules and regulations and the Permit to Discharge Wastes issued to Licensee by the TCEQ but under the terms hereof.

#### **Creation of License**

1. For valuable consideration which Licensor acknowledges receiving, Licensor grants to Licensee a license to discharges treated wastewater processed in the Sewer Plant on Licensee's Property through a pipeline which is connected to Licensor's Property and located west of the Licensee's Property. This license is entered into with the express purpose of providing the Licensee a license and right to discharge treated effluent from Licensee's Sewer Plant and in the same volume which is presently discharged plus reasonable increases in such volume for disposal pursuant to TCEQ regulations on Licensor's Property. Licensor and Licensee agree that Licensee shall acquire no rights in Licensor's Property other than as specifically granted herein.

#### **Purpose of License**

2. The License shall be used exclusively for the delivery of treated effluent from Licensee's Sewer Plant located on the Licensee's Property. Licensee, its successors and assigns shall apply for and retain all governmentally required licenses and permits relating to the Sewer Plant located on Licensee's Property.

#### **Costs of Operation of Effluent or Spreader Field located on Licensor's Property**

3. The Licensee shall be responsible for the costs of daily and normal operation, of the Effluent or Spreader Field located on Licensor's Property and any and all effluent discharge pipes and lines and connecting pipes or lines. Licensor represents and warrants that Licensee is the sole party with the right to utilize such Effluent or Spreader Field for effluent discharge purposes.

#### **Grant of Access for Repairs and Maintenance**

4. The Licensee is granted access over and across Licensor's Property for the sole purpose of operating, servicing, maintaining, repairing and replacing components relating to the Effluent or Spreader Field and all operating obligations imposed upon Licensee above. Licensee shall have the right of ingress and egress at all times upon and across the Licensor's Property for the above stated purposes.

**Exclusive License**

- 5. Licensor represents and warrants that Licensee is the sole party with the right to utilize such Effluent or Spreader Field for effluent discharge purposes and this license shall be deemed exclusive to Licensee.

**Governmental Intervention**

- 6. If at any time, the Effluent or Spreader Field, or the Licensor's Property, the subject hereof is taken by eminent domain, then the license provided hereunder shall cease. Further, if because of no fault of Licensor, the TCEQ or any other governmental unit having jurisdiction over the Licensor's Property, the Effluent or Spreader Field, or the Licensee's Sewer Plant terminates the Licensee's permit to operate the Sewer Plant, then the license provided hereunder shall cease.

**Duration of License**

- 7. This License shall continue until the earlier of (i) the date that the Sewer Plant located on Licensee's Property ceases to operate or loses its permit, (ii) the date which is 90 days after Licensee receives notice of its default under this Agreement for non-payment of License Fees and Licensee has failed to cure such default within the 90 day period of time, (iii) the normal termination of this License as set forth below of December 31, 2018, or (iv) the date which is 90 days after either party delivers written notice of termination of this Agreement to the other party.

**Licenses and Permits**

- 8. Licensee, its successors and assigns shall apply for and retain all licenses and permits relating to the Sewer Plant located on Licensee's Property.

**Consideration for License**

- 9. Licensee agrees to pay Licensor for the use of the Effluent or Spreader Field in connection with the License granted hereunder according to the following schedule:

Period	License Fee
May-November of 2014	No charge
December 2014-May 2015	\$500.00 per month
June 2015-November 2015	\$1,500.00 per month
December 2015-May 2016	\$2,500.00 per month
June 2016-November 2016	\$3,500.00 per month
December 2015-May 2017	\$4,500.00 per month

June 2017-November 2017	\$5,000.00 per month
December 2017-May 2018	\$5,000.00 per month
June 2018-December 2018	\$5,000.00 per month

Payments are due on the 1<sup>st</sup> day of the month for each month in the period and shall be paid to Licensor at the address set forth above unless Licensor provides written notice to Licensee changing such address. Payments are delinquent after the 5<sup>th</sup> day of the month and shall bear interest at the lesser of (i) 5.0% per annum or (ii) the maximum non-usurious rate.

#### **Termination of License**

10. The License granted hereunder will terminate on December 31, 2018. Notwithstanding the foregoing, except for terminations relating to default, the parties may agree to extend the term, modify any term or provision hereof, or terminate this License earlier but only upon the written agreement of both parties hereto. [No additional written agreement is required for termination following default.]

#### **Entire Agreement**

11. This instrument contains the entire agreement between the parties relating to the License and the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this instrument shall be of no force or effect.

#### **Binding Effects**

10. This Agreement shall bind and insure to the benefit or the respective parties, their heirs, personal representatives, successors, and assigns.

*Signatures on following pages.*

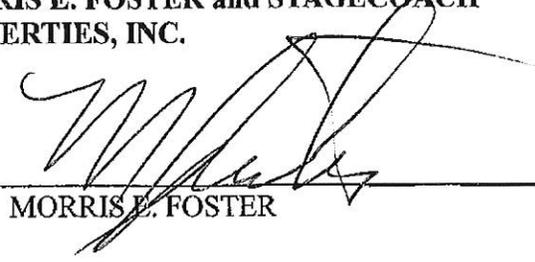


Executed this the 13 day of May, 2014.

**LICENSOR:**

**STAGECOACH PROPERTIES, INC., and MORRIS E. FOSTER,**

**MORRIS E. FOSTER and STAGECOACH PROPERTIES, INC.**

  
MORRIS E. FOSTER

THE STATE OF TEXAS           §  
  §  
COUNTY OF BELL               §

BEFORE ME, the undersigned authority, on this day personally appeared MORRIS E. FOSTER, in his individual capacity, in his capacity as Chairman of STAGECOACH PROPERTIES, INC., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 13 day of May, 2014.

[Seal]

  
Notary Public for the State of Texas



**LICENSEE:**

The Village of Salado

By:   
Mayor Danney McCort  
with authority from and on behalf of  
Board of Aldermen of the Village of Salado

THE STATE OF TEXAS   §  
                                  §  
COUNTY OF Bell     §

This instrument was subscribed to and acknowledged before me by Mayor Danney McCort, on behalf of the Board of Aldermen of the Village of Salado, on the 13 day of May, 2014.



  
NOTARY PUBLIC in and for the  
State of Texas

Exhibit 1 and 2 attached (Licensee's property)

After recording, return to:

Ronald Habitzreiter  
Attorney at Law  
1208 West Avenue  
Austin, Texas 78701



P.O. Box 219  
Salado, Texas 76571

April 24, 2015

Stagecoach Properties Inc.  
Morris E. Foster  
P.O. Box 97  
Salado, Texas 76571

RE: Notice of Termination

Dear Mr. Foster,

On May 13, 2014 the Village of Salado, hereinafter referred to as Licensee, entered into an *Effluent Field License Agreement* with Stagecoach Properties Inc., and Morris E. Foster, hereinafter referred to as Licensor. According to the terms of said agreement, Section 7, "This License shall continue until . . . the date which is 90 days after either party delivers written notice of termination of this Agreement to the other party".

In accordance with the terms and conditions of the Agreement, the Licensee has elected to terminate this lease effective July 24, 2015, which is 90 days from the date of notice.

Sincerely,

Skip Blancett, Mayor  
Village of Salado

# BOARD OF ALDERMAN AGENDA ITEM MEMORANDUM

04/23/15  
Item #10  
Consent Agenda  
Page 1 of 3

**DEPT/DIVISION REVIEW:** Kim Foutz, Village Administrator

**ITEM DESCRIPTION:** Consider authorizing Change Order #1 to the street improvement contract with APAC-Texas, Inc. DBA Wheeler from Belton, Texas for the 2015 Street Rehabilitation Program reducing the scope and contract.

**STAFF RECOMMENDATION:** Select one of the three Change Orders.

**ITEM SUMMARY AND ANALYSIS:** On March 5, 2015 the Board of Aldermen approved a Street Improvement contract with APAC-Texas Inc. DBA Wheeler in the amount of \$305,620. Award of bid is as follows:

<b>Options:</b>	<b>Award of Bid</b>	<b>Notes</b>
Mill Creek - hot mix	\$ -	
Salado Plaza - hot mix	\$ 91,907	
Thomas Arnold - hot mix	\$ 45,071	
Mill Creek -seal coat, fog, pt	\$ -	
Mill Creek ribbon curb	\$ -	
Salado Plaza ribbon curb	\$ 117,663	
Thomas Arnold ribbon curb	\$ 50,980	
<b>SUBTOTAL</b>	<b>\$ 305,620</b>	
Seal coat - Royal	\$9,750	\$9,750 point repair; seal coat delayed**
Seal coat - Baines	\$7,150	\$7,150-point repair; seal coat delayed**
Seal coat - Chisholm	\$0	not moving forward this FY**
Eng A,B,C,D & curbing	\$61,500	Committed
Inspection	\$0	Not including
Testing	\$13,364	Minor adjustment still needed; - separate contract
Crack seal	\$20,000	Committed
Cold mix material	\$3,441	Committed by contract w/County
<b>SUBTOTAL - OTHER</b>	<b>\$115,205</b>	
<b>TOTAL</b>	<b>\$420,825</b>	

Option A includes (\$52,205.50 reduction)

- Mill Creek point repairs from Main Street to Chisholm Trail and Chisholm Trail to the end
- Salado Plaza hot mix
- Salado Plaza ribbon curb from Main Street to 2<sup>nd</sup> Brookshire Bros. driveway
- Thomas Arnold point repairs east side of I-35 to Main Street\*
- Thomas Arnold ribbon curb east side of I-35 to Main Street
- Net fiscal impact on total streets program

\$305,620	Award of bid
Less \$52,205.50	Change order
\$253,414.50	Revised Contract
Plus \$115,205	Other street obligations
\$368,619.50	Total street program

Option B includes (\$27,828.70 reduction)

- Everything in Option A plus...
- Salado Plaza ribbon curb from 2<sup>nd</sup> Brookshire Bros. driveway through Van Bibber intersection
- Net fiscal impact on total streets program

\$305,620	Award of bid
Less \$27,828.70	Change order
\$277,791.30	Revised Contract
Plus \$115,205	Other street obligations
\$392,996.30	Total street program

Option C includes (\$23,670.30 reduction)

- Everything in Option A plus...
- Mill Creek hot mix from Main Street to 2<sup>nd</sup> Brookshire Bros. driveway (across from 214 Mill Creek)
- Net fiscal impact on total streets program

\$305,620	Award of bid
Less \$23,670.30	Change order
\$281,949.70	Revised Contract
Plus \$115,205	Other street obligations
\$397,154.70	Total street program

\*Thomas Arnold hot mix to be completed by TxDOT (east and west of I-35).

\*\*Note: Due to weather conditions, the County recommended delaying all seal coat projects this fiscal year and to do point repair on Baines and Royal. Point repair has been completed and the Village expects to receive a bill for hot mix materials (\$16,900).

**FISCAL IMPACT:** There is \$400,000 in this fiscal year's amended budget for all street improvements. Please see each chart in this memo for total fiscal impact.

**ATTACHMENTS:**

Change order options A, B, and C

OPTION "A"

CHANGE ORDER - (DRAFT - REMOVES OVERLAY FROM THOMAS ARNOLD)

PROJECT: 2015 Street Rehabilitation Project  
 OWNER: Village of Salado  
 CONTRACTOR: APAC-Texas, Inc. DBA Wheeler  
 ENGINEER: Kasberg, Patrick & Associates, LP  
 CHANGE ORDER #: 1

Make the following additions, modifications or deletions (circle those that apply) to the work described in the Contract Documents:

Item	Description	Quantity	Unit	Cost	Total
A-1	For Performing Point Repairs in Areas Shown on Plans Per Detail on Sheet G-03 (Part A: Mill Creek Drive from Main Street to Chisholm Trail), Complete For	370	SY	\$ 33.00	\$ 12,210.00
A-2	For Mobilization, Bonds and Insurance (Part A: Mill Creek Drive from Main Street to Chisholm Trail), Complete For	100%	LS	\$ 2,520.00	\$ 2,520.00
A-3	For Implementing Traffic Control Plan (Part A: Mill Creek Drive from Main Street to Chisholm Trail), Complete For	100%	LS	\$ 1,530.00	\$ 1,530.00
A-4	For Performing Point Repairs in Areas Shown on Plans Per Detail on Sheet G-03 (Part D: Mill Creek Drive from Chisholm Trail tp End), Complete For	300	SY	\$ 37.00	\$ 11,100.00
A-5	For Mobilization, Bonds and Insurance (Part D: Mill Creek Drive from Chisholm Trail to End), Complete For	100%	LS	\$ 864.00	\$ 864.00
A-6	For Implementing Traffic Control Plan (Part D: Mill Creek Drive from Chisholm Trail to End), Complete For	100%	LS	\$ 3,186.00	\$ 3,186.00
A-7	Mobilization, Bonds & Insurance, Complete For (Add Alt B)	-100%	LS	\$ 2,026.20	\$ (2,026.20)
A-8	For Implementing Traffic Control Plan, Complete For (Add Alt B)	-100%	LS	\$ 3,884.00	\$ (3,884.00)
A-9	For Constructing Standard 12-Inch Ribbon Curb Including Placement and Compaction of Base Material Beneath Curb, Complete in Place For (Add Alt	-1,312	LF	\$ 23.00	\$ (30,176.00)
A-10	For Sawcutting Existing Asphalt, Complete For (Add Alt B)	-1,312	LF	\$ 2.40	\$ (3,148.80)
A-11	For 5' Wide Edge Milling (0"-2" Depth) and Disposing of Existing Asphalt, Complete For (Add Alt B)	-1,312	LF	\$ 2.25	\$ (2,952.00)

Continued on Next Page

Item	Description	Quantity	Unit	Cost	Total
A-12	Mobilization, Bonds & Insurance, Complete For (Add Alt C)	-100%	LS	\$ 894.52	\$ (894.52)
A-13	For Implementing Traffic Control Plan, Complete For (Add Alt C)	-100%	LS	\$ 3,041.38	\$ (3,041.38)
A-14	For Constructing Standard 12-Inch Ribbon Curb Including Placement and Compaction of Base Material Beneath Curb, Complete in Place For (Add Alt C)	-454	LF	\$ 23.00	\$ (10,442.00)
A-15	For Sawcutting Existing Asphalt, Complete For (Add Alt C)	-454	LF	\$ 2.40	\$ (1,089.60)
A-16	For 5' Wide Edge Milling (0"-2" Depth) and Disposing of Existing Asphalt, Complete For (Add Alt C)	-454	LF	\$ 2.75	\$ (1,248.50)
A-17	Furnish & Place 2" Type 'D' HMAC Including Prime & Tack Coat (Part D)	-1,990	SY	\$ 10.50	\$ (20,895.00)
A-18	Type "D" HMAC Level Up	-15	TN	\$ 145.00	\$ (2,175.00)
A-19	Double 4" Width Yellow Solid Striping, TxDOT Type I Material (Thermoplastic) (Part D)	-650	LF	\$ 1.25	\$ (812.50)
A-20	Type II (Double Sided) Reflectorized Raised Pavement Markers (Part D)	-1	EA	\$ 30.00	\$ (30.00)
A-21	Adjust Existing Water Valves to Grade (Part D)	-1	EA	\$ 500.00	\$ (500.00)
A-22	Crack Seal Existing Asphalt Pavement Prior to Overlay (Part C)	-100	LF	\$ 3.00	\$ (300.00)
				Sub-Total	\$ (52,205.50)

DRAFT

The compensation agreed upon in this Change Order is full, complete and final payment for all costs the Contractor may incur as a result of or relating to this change whether said costs are known, unknown, foreseen or unforeseen at this time, including without limitation, any cost for delay (for which only revised time is available), extended overhead, ripple or impact cost, or any other effect on changed or unchanged work as a result of this Change Order.

Original Contract Amount	\$	<u>305,620.00</u>
Previous Net Change in Contract Amount	\$	<u>0.00</u>
Net Change in Contract Amount	\$	<u>(52,205.50)</u>
Revised Contract Amount	\$	<u>253,414.50</u>
Original Contract Time		<u>90 calendar days</u>
Previous Net Change in Contract Time		<u>NA</u>
Net Change in Contract Time		<u>NA</u>
Revised Contract Time		<u>90 calendar days</u>
Original Final Completion Date		<u>July 11, 2015</u>
Revised Final Completion Date		<u>July 11, 2015</u>

DRAFT

Recommended By Engineer:

Approved By Contractor:

By \_\_\_\_\_  
Date

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

Approved by Village of Salado:

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

OPTION "B"

CHANGE ORDER - (DRAFT - RMVE THOM ARN OVRLY / ADD SAL PLZ CURB UP TO VN BIBBR)

PROJECT: **2015 Street Rehabilitation Project**  
 OWNER: **Village of Salado**  
 CONTRACTOR: **APAC-Texas, Inc. DBA Wheeler**  
 ENGINEER: **Kasberg, Patrick & Associates, LP**  
 CHANGE ORDER #: **1**

Make the following additions, modifications or deletions (circle those that apply) to the work described in the Contract Documents:

Item	Description	Quantity	Unit	Cost	Total
A-1	For Performing Point Repairs in Areas Shown on Plans Per Detail on Sheet G-03 (Part A: Mill Creek Drive from Main Street to Chisholm Trail), Complete For	370	SY	\$ 33.00	\$ 12,210.00
A-2	For Mobilization, Bonds and Insurance (Part A: Mill Creek Drive from Main Street to Chisholm Trail), Complete For	100%	LS	\$ 2,520.00	\$ 2,520.00
A-3	For Implementing Traffic Control Plan (Part A: Mill Creek Drive from Main Street to Chisholm Trail), Complete For	100%	LS	\$ 1,530.00	\$ 1,530.00
A-4	For Performing Point Repairs in Areas Shown on Plans Per Detail on Sheet G-03 (Part D: Mill Creek Drive from Chisholm Trail tp End), Complete For	300	SY	\$ 37.00	\$ 11,100.00
A-5	For Mobilization, Bonds and Insurance (Part D: Mill Creek Drive from Chisholm Trail to End), Complete For	100%	LS	\$ 864.00	\$ 864.00
A-6	For Implementing Traffic Control Plan (Part D: Mill Creek Drive from Chisholm Trail to End), Complete For	100%	LS	\$ 3,186.00	\$ 3,186.00
A-7	Mobilization, Bonds & Insurance, Complete For (Add Alt B)	-100%	LS	\$ 753.04	\$ (753.04)
A-8	For Implementing Traffic Control Plan, Complete For (Add Alt B)	-100%	LS	\$ 1,324.31	\$ (1,324.31)
A-9	For Constructing Standard 12-Inch Ribbon Curb Including Placement and Compaction of Base Material Beneath Curb, Complete in Place For (Add Alt B)	-569	LF	\$ 23.00	\$ (13,087.00)
A-10	For Sawcutting Existing Asphalt, Complete For (Add Alt B)	-569	LF	\$ 2.40	\$ (1,365.60)
A-11	For 5' Wide Edge Milling (0"-2" Depth) and Disposing of Existing Asphalt, Complete For (Add Alt B)	-569	LF	\$ 2.25	\$ (1,280.25)

DRAFT

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Item	Description	Quantity	Unit	Cost	Total
A-12	Mobilization, Bonds & Insurance, Complete For (Add Alt C)	-100%	LS	\$ 894.52	\$ (894.52)
A-13	For Implementing Traffic Control Plan, Complete For (Add Alt C)	-100%	LS	\$ 3,041.38	\$ (3,041.38)
A-14	For Constructing Standard 12-Inch Ribbon Curb Including Placement and Compaction of Base Material Beneath Curb, Complete in Place For (Add Alt C)	-454	LF	\$ 23.00	\$ (10,442.00)
A-15	For Sawcutting Existing Asphalt, Complete For (Add Alt C)	-454	LF	\$ 2.40	\$ (1,089.60)
A-16	For 5' Wide Edge Milling (0"-2" Depth) and Disposing of Existing Asphalt, Complete For (Add Alt C)	-454	LF	\$ 2.75	\$ (1,248.50)
A-17	Furnish & Place 2" Type 'D' HMAC Including Prime & Tack Coat (Part D)	-1,990	SY	\$ 10.50	\$ (20,895.00)
A-18	Type "D" HMAC Level Up	-15	TN	\$ 145.00	\$ (2,175.00)
A-19	Double 4" Width Yellow Solid Striping, TxDOT Type I Material (Thermoplastic) (Part D)	-650	LF	\$ 1.25	\$ (812.50)
A-20	Type II (Double Sided) Reflectorized Raised Pavement Markers (Part D)	-1	EA	\$ 30.00	\$ (30.00)
A-21	Adjust Existing Water Valves to Grade (Part D)	-1	EA	\$ 500.00	\$ (500.00)
A-22	Crack Seal Existing Asphalt Pavement Prior to Overlay (Part C)	-100	LF	\$ 3.00	\$ (300.00)
				Sub-Total	\$ (27,828.70)

The compensation agreed upon in this Change Order is full, complete and final payment for all costs the Contractor may incur as a result of or relating to this change whether said costs are known, unknown, foreseen or unforeseen at this time, including without limitation, any cost for delay (for which only revised time is available), extended overhead, ripple or impact cost, or any other effect on changed or unchanged work as a result of this Change Order.

Original Contract Amount	\$	<u>305,620.00</u>
Previous Net Change in Contract Amount	\$	<u>0.00</u>
Net Change in Contract Amount	\$	<u>(27,828.70)</u>
Revised Contract Amount	\$	<u>277,791.30</u>
Original Contract Time		<u>90 calendar days</u>
Previous Net Change in Contract Time		<u>NA</u>
Net Change in Contract Time		<u>NA</u>
Revised Contract Time		<u>90 calendar days</u>
Original Final Completion Date		<u>July 11, 2015</u>
Revised Final Completion Date		<u>July 11, 2015</u>

DRAFT

Recommended By Engineer:

Approved By Contractor:

By \_\_\_\_\_  
Date

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

Approved by Village of Salado:

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

OPTION "C"

CHANGE ORDER - (DRAFT - REMOVES OVERLAY FROM THOMAS ARNOLD/ADDS MILL CRK OVRLY THRU 2ND BRKSHR BROS DRVWY)

PROJECT: **2015 Street Rehabilitation Project**  
 OWNER: **Village of Salado**  
 CONTRACTOR: **APAC-Texas, Inc. DBA Wheeler**  
 ENGINEER: **Kasberg, Patrick & Associates, LP**  
 CHANGE ORDER #: **1**

Make the following additions, modifications or deletions (circle those that apply) to the work described in the Contract Documents:

Item	Description	Quantity	Unit	Cost	Total
A-1	For Performing Point Repairs in Areas Shown on Plans Per Detail on Sheet G-03 (Part A: Mill Creek Drive from Main Street to Chisholm Trail), Complete For	370	SY	\$ 33.00	\$ 12,210.00
A-2	For Mobilization, Bonds and Insurance (Part A: Mill Creek Drive from Main Street to Chisholm Trail), Complete For	100%	LS	\$ 2,520.00	\$ 2,520.00
A-3	For Implementing Traffic Control Plan (Part A: Mill Creek Drive from Main Street to Chisholm Trail), Complete For	100%	LS	\$ 1,530.00	\$ 1,530.00
A-4	Furnish & Place 2" Type 'D' HMAC Including Prime & Tack Coat (Part A)	2,445	SY	\$ 10.00	\$ 24,450.00
A-5	Type "D" HMAC Level Up (Part A)	14	TN	\$ 115.00	\$ 1,610.00
A-6	Double 4" Width Yellow Solid Striping, TxDOT Type I Material (Thermoplastic) (Part A)	1,100	LF	\$ 1.25	\$ 1,375.00
A-7	Type II (Double Sided) Reflectorized Raised Pavement Markers (Part A)	122	EA	\$ 4.10	\$ 500.20
A-8	Crack Seal Existing Asphalt Pavement Prior to Overlay (Part A)	200	LF	\$ 3.00	\$ 600.00
A-9	For Performing Point Repairs in Areas Shown on Plans Per Detail on Sheet G-03 (Part D: Mill Creek Drive from Chisholm Trail to End), Complete For	300	SY	\$ 37.00	\$ 11,100.00
A-10	For Mobilization, Bonds and Insurance (Part D: Mill Creek Drive from Chisholm Trail to End), Complete For	100%	LS	\$ 864.00	\$ 864.00

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Item	Description	Quantity	Unit	Cost	Total
A-11	For Implementing Traffic Control Plan (Part D: Mill Creek Drive from Chisholm Trail to End), Complete For	100%	LS	\$ 3,186.00	\$ 3,186.00
A-12	Mobilization, Bonds & Insurance, Complete For (Add Alt B)	-100%	LS	\$ 2,026.20	\$ (2,026.20)
A-13	For Implementing Traffic Control Plan, Complete For (Add Alt B)	-100%	LS	\$ 3,884.00	\$ (3,884.00)
A-14	For Constructing Standard 12-Inch Ribbon Curb Including Placement and Compaction of Base Material Beneath Curb, Complete in Place For (Add Alt B)	-1,312	LF	\$ 23.00	\$ (30,176.00)
A-15	For Sawcutting Existing Asphalt, Complete For (Add Alt B)	-1,312	LF	\$ 2.40	\$ (3,148.80)
A-16	For 5' Wide Edge Milling (0"-2" Depth) and Disposing of Existing Asphalt, Complete For (Add Alt B)	-1,312	LF	\$ 2.25	\$ (2,952.00)
A-17	Mobilization, Bonds & Insurance, Complete For (Add Alt C)	-100%	LS	\$ 894.52	\$ (894.52)
A-18	For Implementing Traffic Control Plan, Complete For (Add Alt C)	-100%	LS	\$ 3,041.38	\$ (3,041.38)
A-19	For Constructing Standard 12-Inch Ribbon Curb Including Placement and Compaction of Base Material Beneath Curb, Complete in Place For (Add Alt B)	-454	LF	\$ 23.00	\$ (10,442.00)
A-20	For Sawcutting Existing Asphalt, Complete For (Add Alt C)	-454	LF	\$ 2.40	\$ (1,089.60)
A-21	For 5' Wide Edge Milling (0"-2" Depth) and Disposing of Existing Asphalt, Complete For (Add Alt C)	-454	LF	\$ 2.75	\$ (1,248.50)
A-22	Furnish & Place 2" Type 'D' HMAC Including Prime & Tack Coat (Part D)	-1,990	SY	\$ 10.50	\$ (20,895.00)
A-23	Type "D" HMAC Level Up	-15	TN	\$ 145.00	\$ (2,175.00)
A-24	Double 4" Width Yellow Solid Striping, TxDOT Type I Material (Thermoplastic) (Part D)	-650	LF	\$ 1.25	\$ (812.50)
A-25	Type II (Double Sided) Reflectorized Raised Pavement Markers (Part D)	-1	EA	\$ 30.00	\$ (30.00)

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<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Cost</u>	<u>Total</u>
A-26	Adjust Existing Water Valves to Grade (Part D)				
		-1	EA	\$ 500.00	\$ (500.00)
A-27	Crack Seal Existing Asphalt Pavement Prior to Overlay (Part C)				
		-100	LF	\$ 3.00	\$ (300.00)
				Sub-Total	\$ (23,670.30)

The compensation agreed upon in this Change Order is full, complete and final payment for all costs the Contractor may incur as a result of or relating to this change whether said costs are known, unknown, foreseen or unforeseen at this time, including without limitation, any cost for delay (for which only revised time is available), extended overhead, ripple or impact cost, or any other effect on changed or unchanged work as a result of this Change Order.

Original Contract Amount	\$	<u>305,620.00</u>
Previous Net Change in Contract Amount	\$	<u>0.00</u>
Net Change in Contract Amount	\$	<u>(23,670.30)</u>
Revised Contract Amount	\$	<u>281,949.70</u>
Original Contract Time		<u>90 calendar days</u>
Previous Net Change in Contract Time		<u>NA</u>
Net Change in Contract Time		<u>NA</u>
Revised Contract Time		<u>90 calendar days</u>
Original Final Completion Date		<u>July 11, 2015</u>
Revised Final Completion Date		<u>July 11, 2015</u>

Recommended By Engineer:

Approved By Contractor:

By \_\_\_\_\_  
Date

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

Approved by Village of Salado:

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