

NOTICE OF PUBLIC MEETING

AGENDA

LEON VALLEY CITY COUNCIL MEETING

TUESDAY, JUNE 5, 2012, 6:30 P.M.

LEON VALLEY CITY HALL, CITY COUNCIL CHAMBERS
6400 EL VERDE ROAD, LEON VALLEY, TEXAS 78238

REGULAR MEETING OF THE CITY OF LEON VALLEY CITY COUNCIL, 6:30 P.M.

1. **Call the City of Leon Valley Regular City Council Meeting to Order, Determine a Quorum is Present, and Pledge of Allegiance. (Mayor Riley)**
 2. **Issue Certificates of Election to Mayor Riley and Council Members Reyna and Dean following the May 12, 2012 General Election, M&C # 06-01-12.** *This agenda item will allow Mayor Pro Tem Dean to issue a Certificate of Election to Mayor-Elect Riley. Then Mayor Riley will issue Certificates of Election to Council Members-Elect Reyna and Dean. (Mayor Pro Tem Dean and Mayor Riley)*
 3. **Installation of Officers; Mayor Riley, Council Member Reyna, and Council Member Dean, M&C # 06-02-12.** *The Honorable Judge Larry Noll will administer the Statement of Appointed Officers and Oath of Office to Mayor Riley and Council Members Reyna and Dean. Mayor Riley and Council Members Reyna and Dean will officially take their seats at the dais and begin conducting business in their respective new terms of office.*
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There will be a short reception honoring Mayor-elect Riley and City Council Members-elect Reyna and Dean at 6:30 p.m. in the City Hall Foyer. The public is cordially invited. The regular meeting will reconvene after the reception.

4. **Citizens to be Heard and Time for Objections to the Consent Agenda.**
"Citizens to be Heard" is for the City Council to receive information on issues that may be of concern to the public. The purpose of this provision of the Open Meetings Act is to ensure that the public is always given appropriate notice of the items that will be discussed by the Council. Should a member of the public bring an item to the Council for which the subject was not posted on the agenda of that meeting, the Council may receive the information, but cannot act upon it at that meeting. They may direct staff to contact the requestor or request that the issue be placed on a future agenda for discussion by the Council.

Note: City Council may not debate any non-agenda issue, nor may any action be taken on any non-agenda issue at this time; however City Council may present any factual response to items brought up by citizens [Attorney General Opinion – JC 0169].

Consent Agenda

All of the following items on the Consent Agenda are considered to be self-explanatory by the Council or have been previously discussed in Open Session and will be enacted with one motion. There will be no separate discussion of these items unless a Council Member so requests.

5. **Consider Approval of the Meeting Minutes of the May 15, 2012 Leon Valley Special and Regular City Council Meetings.** *This agenda item will allow the City Council to consider approval of the draft minutes of the Leon Valley Special and Regular City Council Meetings of May 15, 2012. (Willman)*
6. **Consider Approval of the Meeting Minutes of the May 18, 2012 Leon Valley Special City Council Meeting to Canvass the Returns and Declare the Results of the May 12, 2012 Bond Election.** *This agenda item will allow the City Council to consider approval of the draft minutes of the Leon Valley Special City Council Meeting of May 18, 2012 to conduct the canvass of the May 12, 2012 Bond Election. (Willman)*
7. **Consider Approval of the Meeting Minutes of the May 18, 2012 Leon Valley Special City Council Planning Work Session.** *This agenda item will allow the City Council to consider approval of the draft minutes of the Leon Valley Special City Council Planning Work Session of May 18, 2012. (Willman)*
8. **Consider Approval of the Meeting Minutes of the May 22, 2012 Leon Valley Special City Council Meeting to Canvass the Returns and Declare the Results of the May 12, 2012 General Election.** *This agenda item will allow the City Council to consider approval of the draft minutes of the Leon Valley Special City Council Meeting of May 22, 2012 to conduct the canvass of the May 12, 2012 General Election for the purpose of electing a Mayor and Council Members in Places 2 and 4. (Willman)*
9. **Consideration and Approval of a Resolution Granting Authorization to Participate with Bexar County and Have Its Population Included As Part of the County's Population for Its Designation as an Urban County for the Community Development Block Grant Program and Authorizing the Mayor to Execute the Community Development Block Grant Program Cooperative Agreement, M & C # 06-03-12.** *This agenda item will allow the City Council to consider approving a Resolution which will grant authorization to participate with Bexar County and for the City of Leon Valley to have its population included as part of Bexar County's population for Bexar County's Designation as an Urban County for the Community Development Block Grant Program and to authorize the Mayor to execute the Community Development Block Grant Program Cooperative Agreement. (Stolz)*
10. **Consideration and Approval of an Ordinance for Budget Adjustments for the Fiscal Year 2012 for the Police Forfeiture Trust Fund for the Purchase of a Digital Video Recorder for a Police Vehicle, M & C # 06-04-12.** *This agenda item will allow the City Council to consider approving an Ordinance which will authorize Budget Adjustments for Fiscal Year 2012 for the Police Forfeiture Trust Fund for the Purchase of a digital video recorder for a police vehicle. (Chief R. Wallace)*

Regular Agenda

11. **Consideration and Approval of a Resolution by the City Council of the City of Leon Valley, Texas Approving the City's Preliminary Official Statement Pertaining to the Sale of Obligations Designated as "City of Leon Valley, Texas General Obligation Bonds, Series 2012" by Competitive Bid; Complying with the Requirements Contained in the United States Securities and Exchange Commission's Rule 15c2-12; and other Matters in Connection Therewith, M&C # 06-05-12.** *This agenda item will the City Council to consider approving a Resolution approving the City's Preliminary Official Statement pertaining to the Sale of General Obligation Bonds by competitive bid and to meet all requirements as stipulated by the U.S. Securities and and Exchange Commission's Rule 15c2-12 and other matters in connection therewith. (V.Wallace)*
12. **Consider An Amendment – with Attached Ordinance – To Chapter 14, "Zoning," Appendix 2, "Overlay Boundaries," and Appendix 2A, "Sustainability Overlay," Map Revisions to Remove 7325 Reindeer Trail, Being Lot 6, Block 2, CB 4446EE, North Valley Subdivision Unit # 3, and 7302 through 7372 Reindeer Trail, Being Lot 7, Block 1, CB 4446EE, North Valley Subdivision Unit # 3, B-3 (Commercial) Zoned Properties from the Sustainability Overlay, M&C # 06-06-12.** *The purpose of this agenda item is to remove specific commercially zoned property from the Sustainability Overlay. (Flores)*
13. **Election of Mayor Pro Tem, M&C # 06-07-12.** *This agenda item will allow the City Council to elect a Mayor Pro Tem to serve for a one year period or until his or her successor is elected from amongst the City Council. (Mayor Riley)*
14. **Consider Approval of a Resolution to Cancel the July 3, 2012 Regular City Council Meeting, M&C # 06-08-12.** *This agenda item will allow the City Council to consider approving a Resolution which will cancel the first regularly scheduled City Council Meeting scheduled for July 3, 2012 as it is immediately prior to the July 4, 2012 national Independence Day Holiday.*

Discussion Agenda

15. **Discuss the Authority and Rights, Structure and Membership, Duties and Responsibilities, and Sunset Provision for a Committee to Oversee the 2012 Bond Project.** *The City Council will discuss establishing, by ordinance, a Bond Capital Facility Oversight Committee to carry on with the next phase of the work started by the Capital Facilities Committee following the Bond Election Approval, including the appointment of members, detailing its charge from the City Council, and setting a sunset provision for the Committee upon the completion of its work and final report to the City Council. M&C # 06-09-12. (Mayor Riley)*
16. **Presentation of the Bandera Road Beautification Project, M&C # 06-10-12.** *The City Council will receive a staff presentation on the Bandera Road Beautification Project, which includes establishing periodic mowing and maintenance, the preview of City boundary monument signs, and a timeline in which the project work will be done. (Flores)*
17. **City Manager's Report. (Longoria)**
 - A. **Informational updates, as may be required.**
 - B. **Approved Minutes of City-Affiliated Boards, Committees, and Commissions.** *This agenda item will allow the City Council to review the work of City-affiliated boards, committees, and commissions through the publication of approved meeting minutes on an ongoing basis.*

C. Future Agenda Items.

- (1) Appointment of Municipal Court Judges and Municipal Court Prosecutor, June 19.
- (2) Re-appointment of Board, Committee, and Commission Members Following City Council Elections, June 19.
- (3) DPS Facility Plat, June 19.
- (4) DPS SUP, June 19.
- (5) Special Joint Meeting, Including Executive Session, with LVEDC Board of Directors, June 19, 5:30 p.m.
- (6) Consider the Leon Valley Historical Society request, June 19.

18. Citizens to be heard.

19. Announcements by the Mayor and Council Members.

At this time, reports about items of community interest regarding which no action will be taken may be given to the public as per Chapter 551.0415 of the Government Code, such as: expressions of thanks, congratulations or condolence, information regarding holiday schedules, reminders of social, ceremonial, or community events organized or sponsored by the governing body or that was or will be attended by a member of the Leon Valley Council or a City official.

Executive Session

20. The City Council of the City of Leon Valley reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed on the posted agenda, above, as authorized by the 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).

21. Adjourn.

I hereby certify that the above NOTICE OF PUBLIC MEETINGS AND AGENDA OF THE LEON VALLEY CITY COUNCIL were posted on the Bulletin Board at City Hall, 6400 El Verde Road, Leon Valley, Texas, on June 1, 2012 by 12 Noon. and remained posted until after the meetings hereby posted concluded. This notice was likewise posted on the City website at www.leonvalleytexas.gov. This building is wheelchair accessible. Any request for sign interpretive or other services must be made 48 hours ahead of the meeting. To make arrangements call (210) 684-1391, Ext. 216.




Janie Willman, City Secretary

Agenda Item 2

MAYOR AND COUNCIL COMMUNICATION

DATE: June 5, 2012
M&C# 06-01-12

TO: MAYOR AND CITY COUNCIL

SUBJECT: TO ISSUE CERTIFICATES OF ELECTION TO MAYOR RILEY AND COUNCIL MEMBERS REYNA AND DEAN FOLLOWING THE MAY 12, 2012 GENERAL ELECTION

PURPOSE:

This agenda item will allow Mayor Pro Tem Dean to issue a certificate of election to Mayor-Elect Riley. Then Mayor Riley will issue certificates of election to Council Members-Elect Reyna and Dean.

FISCAL IMPACT

None

APPROVED: _____ DISAPPROVED: _____

APPROVED WITH THE FOLLOWING

AMENDMENTS: _____

ATTEST:

Janie Willman, City Secretary



CERTIFICATE OF ELECTION

The State of Texas

County of Bexar

THIS IS TO CERTIFY

That at an election held in the City of Leon Valley, State of Texas, on the 12th day of May 2012,

Chris Riley

having received the highest number of votes cast at said election for any candidate for the office herein named, was duly elected by the people of the City of Leon Valley for the office of:

MAYOR

within the City of Leon Valley, State of Texas.

IN TESTIMONY WHEREOF, I, Jack Dean, Mayor Pro Tem of the City of Leon Valley, State of Texas, have hereunto subscribed my name at office in Bexar County, Texas, this the 5th day of June, 2012.

Jack Dean,
Mayor Pro Tem

ATTEST:

Janie Willman, City Secretary



CERTIFICATE OF ELECTION

The State of Texas

County of Bexar

THIS IS TO CERTIFY

That at an election held in the City of Leon Valley, State of Texas, on the 12th day of May 2012,

Arthur "Art" Reyna, Jr.

having received the highest number of votes cast at said election for any candidate for the office herein named, was duly elected by the people of the City of Leon Valley for the office of:

Council Place No. 2

within the City of Leon Valley, State of Texas.

IN TESTIMONY WHEREOF, I, Chris Riley, Mayor of the City of Leon Valley, State of Texas, have hereunto subscribed my name at office in Bexar County, Texas, this the 5th day of June, 2012.

Chris Riley, Mayor

ATTEST:

Janie Willman, City Secretary



CERTIFICATE OF ELECTION

The State of Texas

County of Bexar

THIS IS TO CERTIFY

That at an election held in the City of Leon Valley, State of Texas, on the 12th day of May 2012,

Jack Dean

having received the highest number of votes cast at said election for any candidate for the office herein named, was duly elected by the people of the City of Leon Valley for the office of:

Council Place No. 4

within the City of Leon Valley, State of Texas.

IN TESTIMONY WHEREOF, I, Chris Riley, Mayor of the City of Leon Valley, State of Texas, have hereunto subscribed my name at office in Bexar County, Texas, this the 5th day of June, 2012.

Chris Riley, Mayor

ATTEST:

Janie Willman, City Secretary

Agenda Item 3 – Installation of Officers

MAYOR AND COUNCIL COMMUNICATION

DATE: June 5, 2012
M&C# 06-02-12

TO: MAYOR AND CITY COUNCIL

**SUBJECT: INSTALLATION OF OFFICERS; MAYOR RILEY, COUNCIL MEMBER REYNA,
AND COUNCIL MEMBER DEAN**

PURPOSE:

The Honorable Judge Larry Noll will administer the Statement of Appointed Officers and Oath of Office to Mayor Riley and Council Members Reyna and Dean. Mayor Riley and Council Members Reyna and Dean will officially take their seats at the dais and begin conducting business in their respective new terms of office.

FISCAL IMPACT

None

APPROVED: _____ DISAPPROVED: _____

APPROVED WITH THE FOLLOWING

AMENDMENTS: _____

ATTEST:

Janie Willman, City Secretary

This space reserved for office use

Submit to:
SECRETARY OF STATE
Government Filings Section
P O Box 12887
Austin, TX 78711-2887
512-463-6334



OATH OF OFFICE

Filing Fee: None

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS,
I, Chris Riley, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of Mayor of the City of Leon Valley of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

Signature of Officer

.....
State of Texas)
County of Bexar)

Sworn to and subscribed before me
this 5th day of June, 2012.

(seal)

Signature of Notary Public or Other Officer
Administering Oath
The Honorable Judge Larry Noll

Printed or Typed Name

This space reserved for office use

Submit to:
SECRETARY OF STATE
Government Filings Section
P O Box 12887
Austin, TX 78711-2887
512-463-6334



OATH OF OFFICE

Filing Fee: None

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS,
I, Arthur "Art" Reyna, Jr. _____, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of Council Place No. 2 of the City of Leon Valley _____ of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

Signature of Officer

.....
State of Texas)
County of Bexar)

Sworn to and subscribed before me
this 5th day of June, 2012.

(seal)

Signature of Notary Public or Other Officer
Administering Oath
The Honorable Judge Larry Noll
Printed or Typed Name

This space reserved for office use

Submit to:
SECRETARY OF STATE
Government Filings Section
P O Box 12887
Austin, TX 78711-2887
512-463-6334



OATH OF OFFICE

Filing Fee: None

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS,
I, Jack Dean, do solemnly swear (or affirm), that I will faithfully
execute the duties of the office of Council Place No. 4 of the City of Leon Valley of
the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws
of the United States and of this State, so help me God.

Signature of Officer

.....
State of Texas)
County of Bexar)

Sworn to and subscribed before me
this 5th day of June, 2012.

(seal)

Signature of Notary Public or Other Officer
Administering Oath
The Honorable Judge Larry Noll

Printed or Typed Name

Agenda Item 5

**CITY COUNCIL MEETINGS OF THE CITY OF LEON VALLEY, TEXAS
MAY 15, 2012**

The City Council of the City of Leon Valley, Texas, met on the 15th of May, 2012 at 5:30 p.m. at the Leon Valley City Council Chambers, at 6400 El Verde Road, Leon Valley, Texas, for the purpose of the following business, to-wit:

SPECIAL MEETING OF THE CITY OF LEON VALLEY CITY COUNCIL, 5:30 P.M.

1. Call the City of Leon Valley Special City Council Meeting to Order, and Determine a Quorum is Present.

Mayor Riley called the Special City Council Meeting to order at 5:32 p.m. with all of the City Council Members in attendance: Hill, Reyna, Baldrige, Dean, and Bieber.

City Staff in attendance: City Manager Longoria, City Attorney McKamie, and City Secretary Willman.

2. Executive Session in Accordance with the Texas Government Code.

A. The City Council of the City of Leon Valley convened in Executive Session at 5:33 p.m. pursuant to Section 551.074, Personnel Matters: To discuss and conduct an annual performance evaluation of City Manager Manuel Longoria, Jr., as required by the City of Leon Valley's Employment Contract, M&C # 05-07-12.

B. The City Council of the City of Leon Valley reconvened into Open Session at 6:58 p.m.

C. The City Council took the following actions resulting from the Executive Session:

Motion by Councilman Bieber and second by Councilman Reyna to authorize the Mayor to execute a contract with City Manager Manuel Longoria, Jr., as discussed in Executive Session. The City Council voted unanimously in favor of the motion. Mayor Riley announced the motion carried.

Mayor Riley announced that following the adjournment of this Special Meeting, the City Council would take a 5 minute break before beginning the Regular Meeting.

3. Adjourn. Motion to adjourn without objection at 6:59 p.m. by Mayor Riley.

REGULAR MEETING OF THE CITY OF LEON VALLEY CITY COUNCIL, 7 P.M.

1. Call the City of Leon Valley Regular City Council Meeting to Order, Determine a Quorum is Present, and Pledge of Allegiance. Mayor Riley called the Regular City Council Meeting to order at 7:05 p.m. with all of the City Council Members in attendance: Hill, Reyna, Baldrige, Dean, and Bieber.

City Staff in attendance: City Manager Longoria, City Attorney McKamie, City Secretary Willman, Economic Development Director Mora, Finance Director Wallace, Fire Chief

Agenda Item 5

**CITY COUNCIL MEETING OF THE CITY OF LEON VALLEY, TEXAS
MAY 15, 2012**

Irwin, Police Chief Wallace, Public Works Director Byron Vick, and Assistant Public Works Director Fred Stolz.

Boy Scout Mauricio Tristan led the assembly in the Pledge of Allegiance.

2. Citizens to be Heard and Time for Objections to the Consent Agenda.

Al Uvietta, 6923 Sunlight Drive, addressed the City Council on the matter of the Leon Valley Historical Society's requests. Mr. Uvietta read from a letter citing exclusionary actions, including a photo of a tick, several photos of which he indicated were posted to discourage visitors over the Easter Weekend from visiting the Natural Area. Mr. Uvietta indicated the photos were posted on entrances leading to the Natural Area Park in violation of the City's Lease Agreement with the Leon Valley Historical Society. Mr. Uvietta detailed other problems including vandalism to the Huebner gravesite left without repair and other vandal-related problems including a toppled grave marker. Mr. Uvietta detailed other problems related to maintenance, the removal of artifacts, and problems with excessive reports of private property incursions to CPS. He recommended that the Mayor and City Council consider revoking the Lease Agreement. He further indicated that any additional property granted to the LVHS from the existing Natural Area Park should be based on community wishes expressed in a public vote.

Consent Agenda

Motion by Councilman Reyna and second by Council Member Baldrige to approve Consent Agenda Items 3, 4, and 5. The Consent Agenda was approved on the unanimous affirmative vote of the City Council. Mayor Riley announced the motion carried.

- 3. Consider Approval of the Meeting Minutes of the Special City Council Meeting of April 26, 2012.** The City Council approved the minutes taken of the City Council Candidates Forum conducted on April 26, 2012.
- 4. Consider Approval of the Meeting Minutes of the April 28, 2012 Leon Valley Special City Council Meeting.** The City Council approved the minutes of the Leon Valley Special City Council Meeting of April 28, 2012.
- 5. Consider Approval of the Meeting Minutes of the May 1, 2012 Leon Valley Special and Regular City Council Meetings.** The City Council approved the minutes of the Leon Valley Special and Regular City Council Meetings of May 1, 2012.

Regular Agenda

- 6. Consider Action on M&C # 05-08-12 with Ordinance Authorizing the City Manager to Negotiate and Execute a Contract with Chandra Wickham DBA Leon Valley Family Pool for the Operation of the City's Swimming Pool for the 2012 Summer Season.** The City Council authorized the City Manager to negotiate and execute a contract for the operation of the City's swimming pool for the 2012 Summer Season.

Public Works Director Vick made a brief presentation to the City Council regarding the agenda item on the City's swim pool. The City Council inquired as to whether the

Agenda Item 5

**CITY COUNCIL MEETINGS OF THE CITY OF LEON VALLEY, TEXAS
MAY 15, 2012**

\$2,000 would be reimbursed to the City of Leon Valley. Staff answered that it was start-up money for the operation of the pool and the City is not expecting to be reimbursed.

Motion by Councilman Reyna and second by Council Member Hill to approve an Ordinance authorizing the City Manager to negotiate and execute a contract with Chandra Wickham DBA Leon Valley Family Pool for the operation of the City's swimming pool for the 2012 Summer Season with the addition of definition of the operating season and operating hours to the contract document. The City Council voted unanimously in favor of the motion. Mayor Riley announced the motion carried.

Adopted Ordinance 12-004; an Ordinance of the City Council of the City of Leon Valley Authorizing the City Manager to Execute the Agreement with Chandra Martina Wickham DBA the Leon Valley Pool to Operate the City Owned Pool at 6600 Strawflower, Leon Valley, Texas, for the 2012 Swim Season.

- 7. Consider Action on M&C # 05-09-12 with Ordinance Awarding the Bid Received for the 2012 Sanitary and Sewer Improvement Projects to M & C Fonseca Construction Co., Inc., and Authorizing the City Manager to Execute the Bid Award Documents in the Amount of \$303,045.10 and Authorizing up to 25 Percent Increase, as Permitted by Law, and Found to Be Necessary.** The City Council awarded a bid for sanitary and sewer improvement projects and authorized the City Manager to execute the bid award documents with funding provided in the Fiscal Year 2012 Budget.

Assistant Public Works Director Stolz briefed the City Council on this agenda item. The City Council inquired as to which budget line the money for these projects come. A question was also raised if this is the first time that the City of Leon Valley has worked with this vendor. Staff responded that the money for these projects comes from the Sanitary Sewer Utility Fund and that this is the City's first time to work with M & C Fonseca, which is based out of Marble Falls, Texas.

Motion by Councilman Dean and second by Council Member Baldrige to approve an ordinance authorizing the City Manager to execute the bid award documents for the 2012 Water and Sanitary Sewer Improvement Project Awarded to M & C Fonseca Construction Company, Inc., in the amount of \$303,045.10, and authorizing up to 25 percent increase, as permitted by law, and found to be necessary. The City Council voted unanimously in favor of the motion. Mayor Riley announced the motion carried.

Adopted Ordinance 12-005; an Ordinance of the City Council of the City of Leon Valley Authorizing the City Manager to Execute the Bid Award Documents for the 2012 Water and Sanitary Sewer Improvement Project Awarded to M & C Fonseca Construction, Company, Inc. in the Amount of \$303,045.10, and Authorizing Up to 25 Percent Increase as Permitted by law, and Found to be Necessary.

- 8. Discuss, Consider Action, and Provide Direction to City Staff on the Leon Valley Historical Society's (LVHS) Requests Presented at the April 17, 2012 City Council Meeting, as detailed in Agenda Items 8.A., 8.B., and 8.C., M&C # 05-10-12.**

Agenda Item 5

**CITY COUNCIL MEETING OF THE CITY OF LEON VALLEY, TEXAS
MAY 15, 2012**

Darby Riley, President of the Leon Valley Historical Society addressed the City Council. Mr. Riley informed the City Council that this is the first complaint lodged in the 7 years since the City Council authorized the Lease Agreement with the Leon Valley Historical Society. Mr. Riley addressed point by point each of the items brought up by Mr. Uvietta during the earlier Citizens to be Heard agenda item of tonight's meeting. He detailed the issue with the gravesite as being one of having to make adjustments based actual experience with the care of the gravesite. Mr. Riley indicated the LVHS agreed the use of the tick photo was inappropriate and that steps are being taken to ensure that kind of incident does not occur again. He also cited that the LVHS is best equipped to deal with the care and issues regarding a historic City site and because the work is done by a non-profit that the continuation of the agreement is in the best interest of the City and the LVHS to ensure the continuing stewardship of the site.

The City Council, after brief discussion with the City Attorney, convened into Executive Session at 7:45 p.m. pursuant to the Texas Government Code as authorized under Sections 551.071, Consultation with Attorney, and 551.072, Deliberations about Real Property on Agenda Items 8.A. and 8.B.

- A. Extend the Termination Date of the Lease Dated April 15, 2005 From April 15, 2015 to April 15, 2025;**
- B. Deed to the Leon Valley Historical Society Additional Land from the Bandera Road Frontage of the Huebner-Onion Natural Area, Not to Exceed 1/3 Acre, Adjacent to the Existing .567 acres Owned by the LVHS, to Encompass the Outbuildings; and**
- C. Award a \$2,400 Matching Grant to the LVHS for Payment of a Portion of Architectural Costs and Staff Fees Associated with Fulfilling Best Practices Requirements for the Dismantling of the Collapsed Farm Shed on Bandera Road Frontage.**

The City Council reconvened into Open Session at 8:41 p.m.

Motion by Councilman Reyna and second by Councilman Dean to direct the City Manager to negotiate with the Leon Valley Historical Society regarding Agenda Items 8.A. and 8.B. to extend the relationship with the Leon Valley Historical Society to include special provision for the 1/3 acre as described in Agenda Item 8.B. The City Council voted unanimously in favor of the motion. Mayor Riley announced the motion carried.

Motion by Councilman Reyna and second by Council Member Hill to continue Agenda Item 8.C. to the June 5, 2012 Regular Meeting Agenda to allow the City Council to obtain a better explanation for why the architectural fees as detailed in Item 8.C. were not included with the previous request made to and authorized by the City Council. The City Council voted unanimously in favor of the motion. Mayor Riley announced the motion carried.

Discussion Agenda

9. City Manager's Report. (Longoria)

Agenda Item 5

**CITY COUNCIL MEETINGS OF THE CITY OF LEON VALLEY, TEXAS
MAY 15, 2012**

- A. Informational updates, as may be required
 - B. Monthly Departmental Reports. There were no comments made on the Monthly Departmental Reports.
 - C. Financial Statement for the Month of April 2012. Finance Director Vickie Wallace presented the Financial Statement for the Month of April 2012 to the City Council.
 - D. City Council/City Manager Retreat/Work Session, May 18, 2012 at 9 a.m., immediately following the Canvass of the Elections Results, at the Kinman House, 6417 Evers Road, Leon Valley, 78238.
 - E. Approved Minutes of City-Affiliated Boards, Committees, and Commissions. The City Council reviewed the minutes of City-affiliated Boards, Committees, and Commissions.
 - (1) Earthwise Living Committee Meeting of March 13, 2012.
 - (2) Leon Valley Economic Development Corporation Meetings of January 25, 2012 and March 28, 2012.
 - (3) Leon Valley Zoning Commission Meeting of March 27, 2012.
 - F. Future Agenda Items.
 - (1) Canvass the Results of the May 12, 2012 General and Bond Elections, Friday, May 18, 2012, 8:30 a.m. Special City Council Meeting, The Kinman House, 6417 Evers Road, Leon Valley, 78238.
 - (2) Bandera Road Beautification Project, June 3, 2012.
10. **Citizens to be Heard.** Olen Yarnell, 7230 Sulky Lane, addressed the City Council about how dark it is at City Hall following City Council Meetings. He suggested erecting a security safety light, noting there is a utility pole across the street from the City Hall.
11. **Announcements by the Mayor and Council Members.**
Community Events:
May 19: Annual Pet Parade, 10 a.m. – 12 Noon, Leon Valley Conference Center, 6421 Evers Road, Leon Valley, Texas 78238.
May 20: Taste of Leon Valley, 2 p.m. - 6 p.m., Leon Valley Community & Conference Centers, 6421 & 6427 Evers Road, Leon Valley, Texas 78238.
12. **Adjourn.** Mayor Riley adjourned the meeting without objection at 8:50 p.m.

Mayor Chris Riley

ATTEST:

Janie Willman, City Secretary

Agenda Item 6

**CITY COUNCIL MEETING OF THE CITY OF LEON VALLEY, TEXAS
MAY 18, 2012**

The City Council of the City of Leon Valley, Texas, met on the 18th of May, 2012 at 8:30 a.m. at the Kinman House, 6417 Evers Road, Leon Valley, Texas, for the purpose of the following business, to-wit:

**SPECIAL CITY COUNCIL MEETING
OF THE CITY OF LEON VALLEY CITY COUNCIL**

1. **Call the City of Leon Valley City Council Special Meeting to Order, Determine a Quorum is Present, and Pledge of Allegiance.** Mayor Chris Riley called the Special City Council Meeting to order at 8:32 a.m. with the following City Council Members in attendance: Hill, Reyna, Baldrige (arrived at 8:40 a.m.), Dean and Bieber.

City Staff in attendance: City Manager Longoria and City Secretary Willman.

The City Council dispensed with the Pledge of Allegiance.

2. **Consider Action on M&C 05-11-12 with Attached Resolution Canvassing the Returns and Declaring the Results of a Bond Election Conducted on May 12, 2012; and other Matters in Connection Therewith, M&C # 05-11-12.**

The City Council reviewed the Elections Returns as provided by Bexar County. After a brief presentation by the City Secretary, the City Council took action on the attached resolution.

Motion by Councilman Reyna and second by Councilman Bieber to adopt Resolution No. 12-003 canvassing the Returns and Declaring the Results of a Bond Election Conducted on May 12, 2012; and Other Matters in Connection Therewith. The motion was adopted by unanimous vote of the City Council. Mayor Riley announced the motion carried.

3. **Adjourn.** Mayor Riley adjourned the meeting without objection at 8:42 a.m.

Mayor Chris Riley

ATTEST:

Janie Willman, City Secretary

Agenda Item 7

**CITY COUNCIL MEETING OF THE CITY OF LEON VALLEY, TEXAS
MAY 18, 2012**

The City Council of the City of Leon Valley, Texas, met on the 18th of May, 2012 at 8:30 a.m. at the Kinman House, 6417 Evers Road, Leon Valley, Texas, for the purpose of the following business, to-wit:

**SPECIAL CITY COUNCIL MEETING
OF THE CITY OF LEON VALLEY CITY COUNCIL**

1. **Call the City of Leon Valley City Council Special Meeting to Order, and Determine a Quorum is Present.** Mayor Chris Riley called the Special City Council Work Session to order at 8:42 a.m. with the following City Council Members in attendance: Hill, Reyna, Baldrige, Dean and Biever.

City staff in attendance: City Manager Longoria.
2. **Discuss Meeting Expectations.** Mayor Riley initiated the discussion of this morning's meeting expectations. The City Council and City Manager Longoria discussed their respective expected goals and outcomes.
3. **Review and Status of the Goals Set Last Year.** The Mayor, City Council, and City Manager Longoria reviewed the status of the goals set in May 2011.
4. **Budget.** The Mayor, City Council, and City Manager covered the main points that will need to be considered during the Fiscal Year 2013 General Fund Budget, identified new revenue sources, and discussed the designated uses of the \$1.5 million from the CPS Energy CIED Fund.
5. **Economic Development.** The Mayor, City Council, and City Manager discussed and considered the following agenda topics, as part of Economic Development: approaches to marketing the City of Leon Valley to developers and businesses, discussed and defined support strategies for the new Economic Development Director and the Leon Valley Economic Development Corporation. The Mayor, City Council, and City Manager also discussed the development of the Fiesta Dodge Property, its status, and anticipated future uses. The Mayor, City Council, and City Manager discussed the need for formalizing a small and local business advocacy policy.
6. **Transportation.** The Mayor, City Council, and City Manager discussed and considered Bandera Road Traffic, probable solutions for smoothing traffic flowing including partnering with the City of San Antonio on improving current traffic conditions. There was also discussion and consideration of sidewalk development and the need to develop formalized approaches to a maintenance plan.
7. **Code Compliance.** The Mayor, City Council, and City Manager discussed and considered the status of the formerly proposed Property Maintenance Code Plan, best and transparent approaches to bringing it back for continued study.
8. **City Council.** The Mayor, City Council, and City Manager discussed and considered the use of Roberts Rules of Order by the Leon Valley City Council. An alternative set of Rules of Conduct in use by the City of Schertz was discussed.

Agenda Item 7

**CITY COUNCIL MEETING OF THE CITY OF LEON VALLEY, TEXAS
MAY 18, 2012**

- 9. Planning Initiatives.** The Mayor, City Council, and City Manager discussed and considered planning initiatives including renewing El Verde by 2020. They also discussed a timeline for updating the City of Leon Valley's Strategic Plan and for providing citizen input to the City's Strategic Plan.
- 10. City Manager Expectations.** The Mayor, City Council, and City Manager discussed and considered the focus and establishment of priorities for the City's Management Team.
- 11. Adjourn.** Mayor Riley adjourned the meeting without objection at 1:30 p.m.

Mayor Chris Riley

ATTEST:

Janie Willman, City Secretary

City Council/City Manager Work Session
Meeting Notes
May 18, 2012

EXPECTATIONS

1. Economic Development (Hill)
2. Beautification of Bandera Road (Riley, Baldrige, Longoria)
3. Better Communication to Community (Baldrige, Biever)
4. Develop Triangle into Park (Dean)
5. Implementation of Bond Referendum-Ground Breaking by 1st quarter of 2013 or 4th quarter of 2012 (Dean)
6. Better Code Compliance—Meaningful, with Citizen Involvement (Biever)
7. Increase Economic Development Tax by 1/8 cent (Reyna)

BOND PROCESS: NEXT STEPS

1. Sale Bonds, Market at all time low—sell either June 26th or July 16th depending on market conditions
2. Prepare Official Statement (Financial Advisor)
3. Establish Capital Oversight Committee
 - a. NOT to Micro-manage project
 - b. Make sure project is on time and on budget
 - c. Communicate to the Citizens on Progress
 - d. Specific Charter with sunset provision
4. Project Delivery Approach
 - a. RFQ for Architect selection versus Design Build
 - b. Follow Through—Make sure to manage change orders
 - c. Construction Manager at Risk

BUDGET

1. Need stronger growth in sales tax and property values—trends have been flat which creates serious budget stabilization problem.
2. Good code compliance creates better property value and increase in property tax base.
3. CPS Franchise Agreement—3% bump. Negotiate for higher amount.
4. CPS Pass Through—up to 3%--will show on CPS bill as LV Pass Through
 - a. Consider but only as a last resort
 - b. Residents already experiencing higher water rates and potential higher solid waste collection fees.
5. FY 2012—preliminary deficit \$200K
 - a. Biggest Decrease in Revenue is in Fines
6. Staff will present budget in August versus July

7. Program Improvement: Maintenance of Bandera Road; 1 position plus contractual services for mowing (1/2 LVEDC ½ City)

CEID FUND ALLOCATION

1. 1st. installation due August 15th.
2. Beautification of Bandera Road—Monuments. Landscaping and Lighting—to include the triangle park.
3. \$200,000 match for Huebner Creek Hike and Bike Trail
4. 2nd. Installment due December 2012.
5. Street Signs (similar to Alamo Heights)

ECONOMIC DEVELOPMENT

1. Town Center Project—litigation decision due in June.
 - a. Manuel Rubio-interested in developing his 1 acre.
 - b. Work in obtaining Little property (corner lot)-Manuel Rubio.
2. Customer Service Training
3. Change in Process—ED Department first before contact with Community Development.
4. Fiesta Dodge—Mark Granados—receptive to EPA Charrette Idea (mixed-use)
 - a. LV incentives included.
5. Small & Local Business Advocacy Policy-Points System for being a Small Business.
6. Marketing LV to Developers/Businesses
 - a. Taste of Leon Valley
 - b. Leon Valley Open For Business Theme
7. Support Strategies for ED Director/LVEDC
 - a. Need ED Plan!!

TRANSPORTATION

1. Light Synchronization—Eckert Road to Loop 410 along Bandera Road
 - a. \$200,000 Cost—1/3 cost shared between TXDOT, COLV & COSA
2. Support from COSA for use of Traffic Engineers to develop plan for Bandera Road.
 - a. Can we include Linkwood (SIA Has a plan that needs to be presented to them)
3. Buxton Services—incorporate their data into overall plan.
4. Sidewalk Development & Maintenance Plan
 - a. Encourage Connectivity
 - b. Bandera Road Crosswalks
 - c. Develop a Plan
 - i. Link Linkwood to downtown LV
 - d. Survey of broken sidewalks and sidewalk systems including areas that are lacking.

CODE COMPLIANCE—GOAL IS INCREASE PROPERTY VALUES

1. What are the Statutes—Legal Requirements
2. Draft Updated Code
 - a. Scrap January 2012 Proposal
 - b. Town Hall meeting versus forming citizens committee versus input on Website
3. Process of Code Enforcement
 - a. Can we use Waste Management to pickup junk and bill the violator later?
 - i. City will need to pay the cost up-front and seek recovery from violator
 - b. Code Compliance Enforcement is Inconsistent (common complaint from citizens)
4. Complete an analysis of complaints over a 1-year period
 - a. Present report to City Council
 - b. Then City Council will give Direction on how to proceed.
5. Beautify our City

CODE OF CONDUCT-CITY COUNCIL RULES

1. Use City of Schertz rules in place of Robert's Rules of Conduct (too complex)
 - a. City Council will look at the Schertz sample document and will address it on a future agenda discussion item.

EL VERDE 2020

1. Show where we are
2. Savings in tax dollars
 - a. Green versus \$\$\$ green
3. City Facilities—follow as many recommendations—on new facility-police, fire & admin.

UPDATE STRATEGIC PLAN

1. Put in discussion agenda item
 - a. Goals discussed today & update plan
 - b. Run by staff & citizens/committees for update

CITY MANAGER EXPECTATIONS

1. Align city resources to meet City Council objectives/expectations
2. Brick & Mortar Year
 - a. Implement Capital Projects Programs
 - i. Beautification of Bandera Road

1. Monuments
 2. Landscaping & Lighting
 3. Triangle Park
- ii. Bond—Fire Police & Administration Bldg.
- iii. Library Expansion
3. Communicate to City Council & Community
4. Improve Customer Service
5. Develop Pro-Business Philosophy & Practices
6. Develop Strategy to Improve Evers Road
 - a. Legislative Support for a Sustained Street Maintenance Tax

Agenda Item 8

**CITY COUNCIL MEETING OF THE CITY OF LEON VALLEY, TEXAS
MAY 22, 2012**

The City Council of the City of Leon Valley, Texas, met on the 22nd of May, 2012 at 8:30 a.m. at the Leon Valley City Council Chambers, at 6400 El Verde Road, Leon Valley, Texas, for the purpose of the following business, to-wit:

**SPECIAL CITY COUNCIL MEETING
OF THE CITY OF LEON VALLEY CITY COUNCIL**

- 1. Call the City of Leon Valley City Council Special Meeting to Order, Determine a Quorum is Present, and Pledge of Allegiance.** Mayor Pro Tem Jack Dean called the Special City Council Meeting to order at 8:30 a.m. with the following City Council Members in attendance: Hill, Reyna, Baldrige, and Bieber.

Mayor Chris Riley's excused absence was due to her attendance at the International Council of Shopping Centers RECON in Las Vegas with Economic Development Director Claudia Mora and Leon Valley Economic Development Corporation President Abraham Diaz.

City Staff in attendance: City Manager Longoria and City Secretary Willman.

The City Council dispensed with the Pledge of Allegiance.

- 2. Consider Action on M&C 05-12-12 with Attached Resolution Canvassing the Returns and Declaring the Results of the May 12, 2012 General Election for the Purpose of Electing a Mayor and City Council Members to Council Place No. 2 and Council Place No. 4.**

The City Council reviewed the Elections Returns as provided by Bexar County. After a brief presentation by the City Secretary, the City Council took action on the attached resolution.

Motion by Council Member Hill and second by Council Member Bieber to adopt Resolution No. 12-004 canvassing the Returns and Declaring the Results of the May 12, 2012 General Election for the purpose of Electing a Mayor and City Council Members to Council Place No. 2 and Council Place No. 4. The motion was adopted by unanimous affirmative vote of the City Council. Mayor Pro Tem Dean announced the motion carried.

- 3. Adjourn.** Mayor Pro Team Dean adjourned the meeting without objection at 8:36 a.m.

Mayor Pro Tem Jack Dean

ATTEST:

Janie Willman, City Secretary

MAYOR AND COUNCIL COMMUNICATION

DATE: June 5, 2012
M&C # 06-03-12

TO: MAYOR AND CITY COUNCIL

SUBJECT: CONSIDERATION AND APPROVAL OF A RESOLUTION GRANTING AUTHORIZATION TO PARTICIPATE WITH BEXAR COUNTY AND HAVE ITS POPULATION INCLUDED AS PART OF THE COUNTY'S POPULATION FOR ITS DESIGNATION AS AN URBAN COUNTY FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AND AUTHORIZING THE MAYOR TO EXECUTE THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM COOPERATIVE AGREEMENT

BACKGROUND

The City of Leon Valley has participated under the Bexar County Community Development Program, since 1986 and has received a total of \$1,703,967 in CDBG grants. See attached Funding History.

PURPOSE

The Urban County designation is for three years and needs to be renewed. Staff recommends approval to execute the attached agreement to participate in the Bexar County H.U.D. C.D.B.G. Urban County program. The City understands that they may not apply for Small Cities or State CDBG programs while this agreement is in effect.

FISCAL IMPACT

No financial impact resulting from this agreement.

APPROVE: _____ **DISAPPROVED:** _____

APPROVED WITH THE FOLLOWING COMMENTS:

ATTEST:

Janie Willman, City Secretary

Agenda Item 9

CDBG Funding History:

Program Year	Project	Allocation	Local Funding
1986	Senior Citizens Center	\$ 104,900.00	\$0.00
1993	H/A Curb and Sidewalk Improvements	187,150.00	\$0.00
1994	Raymond Rimkus Park H/A Playground Equipment	14,413.00	\$0.00
1995	Raymond Rimkus Playground H/A Improvements	6,714.00	\$0.00
1996	Sewer Main Replacement	100,000.00	\$137,209.00
1998	El Verde Road Street Reconstruction	137,391.00	\$51,178.00
1999	El Verde Road Drainage Improvements	205,243.00	\$0.00
2000	El Verde Road Drainage Improvements	192,271.00	\$29,525.00
2001	El Verde Road Drainage Improvements	177,068.00	\$0.00
2002	El Verde Road Drainage Improvements	230,720.00	\$0.00
2005	Handicapped Accessible Sidewalk Project	98,983.00	\$25,000.00
2006	Handicapped Playground – Rimkus Park	151,000.00	30,000.00
2007	Linkwood Handicapped Ramps	53,114.00	\$5,842.00
2008	Raymond Rimkus Park Foot Bridge reprogrammed for Community Center Improvements	45,000.00	\$5,050.00
Total		\$ 1,703,967.00	\$283,804.00

RESOLUTION

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEON VALLEY TO AUTHORIZE A CONTINUATION OF A PARTNERSHIP WITH BEXAR COUNTY IN HAVING ACCESS TO CDBG AND HOME FUNDS FOR THE NEXT THREE YEARS

WHEREAS, the Leon Valley has participated under the Bexar County Community Development Program, since 1986 and has received a total of \$1,703,967 in CDBG grants

WHEREAS, the approved agreement would allow the city to participate in the Bexar County H.U.D. C.D.B.G. Urban County program for the next three years.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF LEON VALLEY, TEXAS, HEREBY APPROVES THE PARTNERSHIP WITH BEXAR COUNTY IN HAVING ACCESS TO CDBG AND HOME FUNDS FOR THE NEXT THREE YEARS

PASSED and **APPROVED** this 5th day of June, 2012.

Mayor Chris Riley

ATTEST:

Janie Willman, City Secretary

ARTICLE II
TERM

2.01 **Term.** This Agreement is effective for the three-year qualification period of Fiscal Years 2013, 2014 and 2015. This Agreement remains in effect until the CDBG and HOME Program funds and income received with respect to the three-year qualification period and any successive qualification periods are expended and the funded activities are completed, and the Parties may not terminate or withdraw from this Agreement while it remains in effect.

2.02 **Automatic Renewal; Termination.** This Agreement will automatically renew for each new three-year Urban County qualification period, unless CITY or COUNTY provides written notice of its intention to end its participation in this Agreement to the other Party before the end of a three-year qualification period. COUNTY agrees to notify CITY of its right to elect not to participate in a new qualification period by the date specified in the HUD's Urban County Qualification Notice for each new qualification period. Failure by either Party to adopt an amendment to this Agreement incorporating all changes necessary to meet the requirements for cooperation agreements set forth in the Urban County Qualification Notice applicable for a new qualification period, and to submit the amendment to HUD, shall void the automatic renewal of this Agreement.

ARTICLE III
OTHER HUD REQUIREMENTS

3.01 **Cooperation.** The Parties will cooperate to undertake, or assist in undertaking, community renewal and lower-income-housing-assistance activities.

3.02 **Compliance with Specific Statutes.**

A. **Urban-County-Certification.** The Parties will take all actions necessary to assure compliance with the Urban County's certification required by Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended, including Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 109 of Title I of the Housing and Community Development Act of 1974, and other applicable laws.

B. **Environmental and Civil-Rights.** The Parties will take all required actions to comply with the provisions of the National Environment Policy Act of 1969, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Section 104 (b) and Section 109 of Title I of the Housing and Community Development Act of 1974, as amended, and other applicable laws.

3.03 **Furtherance of Fair Housing.** COUNTY prohibits CDBG or HOME Program funding for activities in or in support of a participating unit of general local government that does not affirmatively further fair housing within its own jurisdiction or that impedes COUNTY's actions to comply with its Fair Housing Plan and fair housing certification.

3.04 **Excessive-Force Policies.** COUNTY and the participating units of general local government have adopted and are enforcing:

- 1) a policy prohibiting the use of excessive force by law enforcement agencies with its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
- 2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within the jurisdiction.

3.05 **No Veto of Plan.** Neither Party to this Agreement may veto or in any other way obstruct the implementation of the approved Consolidated Plan (the "Plan") during the period for which COUNTY is seeking to qualify as an Urban County, nor may either Party be required to undertake any activities not specifically in the Plan. In addition, nothing contained in this Agreement will deprive any municipality or other unit of local government of any powers of zoning, development control or other lawful authority which it presently possesses.

3.06 **CITY is Subrecipient.** Pursuant to 24 CFR 570.501 (b), the unit of local government is subject to the same requirements applicable to subrecipients, including the requirements for a written agreement set forth in 24 CFR 570.503.

3.07 **Urban County Program Responsibilities.** COUNTY will adhere to HUD requirements regarding public hearings and will have final responsibility for selection of projects, the filing of annual grant request and the preparation of annual performance reports.

3.08 **Certification Required.** This Agreement is not effective unless and until it is executed by both Parties and certified by counsel for COUNTY.

ARTICLE IV
AMENDMENTS

4.01 No amendment, modification or alteration of the terms of this Agreement will be binding unless it is in writing, dated subsequent to the date of this Agreement, and duly executed by the Parties.

This Agreement is executed in duplicate originals this ____ day of _____, 2012.

COUNTY OF BEXAR

CITY OF LEON VALLEY

By: _____
Nelson W. Wolff
County Judge

By: _____
Chris Riley
Mayor

ATTEST:

ATTEST:

By: _____
Gerard Rickhoff
County Clerk

By: _____
City Secretary

APPROVED AS TO LEGAL FORM:

APPROVED AS TO FORM:

Susan D. Reed
Criminal District Attorney
Bexar County, Texas

By: _____
City Attorney

By: _____
Kelsey Menzel
Assistant Criminal District Attorney
Civil Section

APPROVED:
By: _____
Aurora M. Sanchez
Executive Director
Bexar County
Community Resources

APPROVED AS TO FINANCIAL CONTENT:

By: _____
Susan T. Yeatts
County Auditor

By: _____
David Smith
County Manager



June 5, 2012
City Council Meeting



Bexar County Urban Designation

PURPOSE

AUTHORIZATION TO PARTICIPATE WITH BEXAR COUNTY AND HAVE ITS POPULATION INCLUDED AS PART OF THE COUNTY'S POPULATION FOR ITS DESIGNATION AS AN URBAN COUNTY FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM



Bexar County Urban Designation

Program Year	Project	Allocation	Local Funding
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2007	Linkwood Handicapped Ramps	53,114.00	\$5,842.00
2008	Raymond Rimkus Park Foot Bridge reprogrammed	45,000.00	5,050.00
Total	for Community Center Improvements	\$ 1,703,967.00	\$ 283,804.00



Bexar County Urban Designation

The Urban County designation is for three years and needs to be renewed. Staff recommends approval to execute the attached agreement to participate in the Bexar County H.U.D. C.D.B.G. Urban County program. The City understands that it may not apply for Small Cities or State CDBG programs while this agreement is in effect.



June 5, 2012
City Council Meeting

MAYOR AND COUNCIL COMMUNICATION

DATE: JUNE 5, 2012
M&C: 06-04-12

TO: MAYOR AND CITY COUNCIL

SUBJECT: APPROVAL OF BUDGET ADJUSTMENTS FOR THE POLICE FORFEITURE TRUST FUND FOR THE PURCHASE OF A DIGITAL VIDEO RECORDER FOR POLICE VEHICLE

PURPOSE

As part of the 2012 budget, the Police Department was authorized to purchase a Police vehicle. The vehicle ordered was a 2013 Ford Police Sedan Interceptor due to the fact the Ford Crown Victoria is no longer manufactured.

This vehicle was delivered and it was found that the Coban Technologies video camera system currently in operation with the Police Department cannot be mounted into the new vehicle. The only solution available from Coban is to cut a hole in the headliner to access a plastic molded area and then cut this area.

The existing system was purchased in 2009. This budget adjustment is to replace the camera system only. The transfer system and storage system currently in use will be compatible with the new camera.

The vendor, Coban Technologies, is recognized as a HUB vendor with the Texas Department of Information Resources and the pricing is from the Information and Communication Technology Cooperative Contract.

Purchase one Coban Technologies Edge System \$ 5,000

S.E.E. IMPACT

Social – To provide our Patrol Officers with a recording system that is operated during vehicle stops, thereby protecting both our Officers and the Citizens/Visitors alike.

Economic – N/A

Environmental – N/A

FISCAL IMPACT

Funding will come from the Police Forfeiture Fund \$ 5,000

APPROVED: _____ DISAPPROVED: _____

APPROVED WITH THE FOLLOWING COMMENTS: _____

ATTEST:

Janie Willman, City Secretary

AN ORDINANCE

APPROVING AMENDMENTS TO THE ORIGINAL BUDGET OF THE CITY OF LEON VALLEY, TEXAS, FOR THE FISCAL YEAR OF 2012

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEON VALLEY, TEXAS, THAT:

1. The attached Mayor and Council Communication # 06-04-12 contains an amendment to the original Budgets for the City of Leon Valley, Texas, for the Fiscal Year 2012 a true copy of which is file in the office of the City Secretary and made a part hereof by reference, are hereby amended and approved and ordered filed in the office of the City Secretary.

Police Forfeiture Fund

2. This ordinance shall become effective on and after it's passage, approval and publication, as provided by law.

PASSED and APPROVED this 5th day of June, 2012.

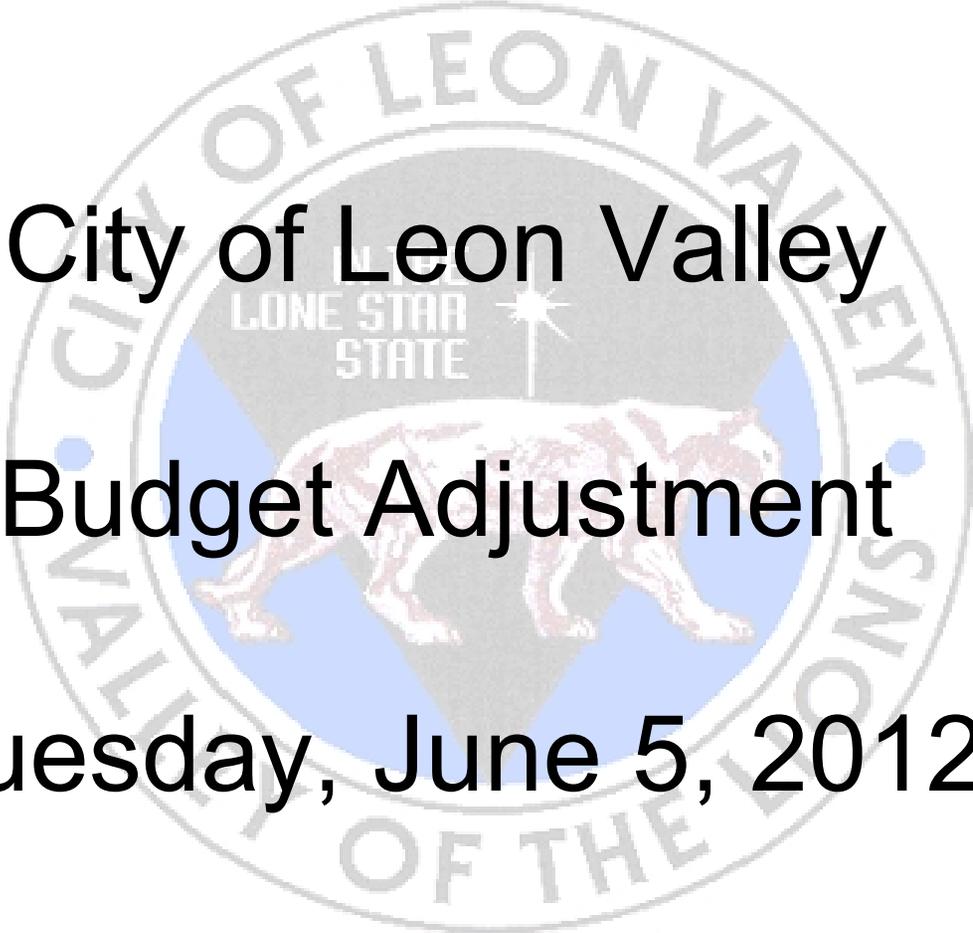
Mayor Chris Riley

ATTEST:

Janie Willman, City Secretary

APPROVED AS TO FORM:

City Attorney



City of Leon Valley

Budget Adjustment

Tuesday, June 5, 2012



Budget Adjustment

- The Police Department is asking for a budget adjustment from the Police Forfeiture Trust Fund
– \$5,000



Budget Adjustment

- This money will be used to replace a vehicle mounted digital video camera system



Budget Adjustment

- The current camera system is not capable of being mounted in new patrol vehicle
 - Only solution to mount camera system is cut a hole in the headliner to access a plastic molded area and then cut this area



Budget Adjustment





Budget Adjustment

- Vendor, Coban Technologies is recognized as a HUB vendor with the Texas Department of Information Resources
 - Pricing from the Information and Communication Technology Cooperative Contract

MAYOR AND COUNCIL COMMUNICATION

**DATE: June 6, 2012
M&C# 06-05-12**

TO: MAYOR AND CITY COUNCIL

SUBJECT: CONSIDERATION AND APPROVAL OF A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF LEON VALLEY, TEXAS APPROVING THE CITY'S PRELIMINARY OFFICIAL STATEMENT PERTAINING TO THE SALE OF OBLIGATIONS DESIGNATED AS "CITY OF LEON VALLEY, TEXAS GENERAL OBLIGATION BONDS, SERIES 2012" BY COMPETITIVE BID; COMPLYING WITH THE REQUIREMENTS CONTAINED IN THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION'S RULE 15c2-12; AND OTHER MATTERS IN CONNECTION THEREWITH

PURPOSE:

On May 12, 2012, the City of Leon Valley voters authorized the City of Leon Valley to issue 2012 General Obligation Bonds. Before the bonds can be sold the City Council must consider and approve by resolution the City's Preliminary Official Statement pertaining to the sale of obligations designated as "City of Leon Valley Texas General Obligation Bonds, Series 2012" by competitive bid.

FISCAL IMPACT

None

RECOMMENDATION

Approve by resolution the City's Preliminary Official Statement pertaining to the sale of obligations designated as "City of Leon Valley Texas General Obligation Bonds, Series 2012" by competitive bid.

APPROVED: _____ DISAPPROVED: _____

APPROVED WITH THE FOLLOWING AMENDMENTS: _____

ATTEST:

Janie Willman, City Secretary

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF LEON VALLEY, TEXAS APPROVING THE CITY'S PRELIMINARY OFFICIAL STATEMENT PERTAINING TO THE SALE OF OBLIGATIONS DESIGNATED AS "CITY OF LEON VALLEY, TEXAS GENERAL OBLIGATION BONDS, SERIES 2012" BY COMPETITIVE BID; COMPLYING WITH THE REQUIREMENTS CONTAINED IN THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION'S RULE 15c2-12; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City Council (the *Council*) of the City of Leon Valley, Texas (the *City*) hereby finds and determines that the current tax-exempt bond market is favorable to allow the City to sell its "City of Leon Valley, Texas General Obligation Bonds, Series 2012" for the purposes of designing, acquiring, constructing, improving, renovating, demolishing, expanding, and equipping a Public Safety and Support Services Complex to house police, fire, municipal court, and City administration service departments, and expenses incidental and necessary to the foregoing (including necessary utility relocation, acquisition of easements, rights-of-way, and other real property interests, landscaping, and streetscape modification and improvements) pursuant to the provisions of the City's successful bond election on May 12, 2012 and Chapters 1251 and 1331, as amended, Texas Government Code; and

WHEREAS, the City Council (the *Council*) of the City of Leon Valley, Texas (the *City*) hereby finds and determines that the current tax-exempt bond market is favorable to allow the City to sell its; and

WHEREAS, the City has previously retained First Southwest Company as its financial advisors (the *Financial Advisors*) and Fulbright & Jaworski L.L.P. as its bond counsel (the *Bond Counsel*) relating to the proposed issuance of any obligations; and

WHEREAS, the City is contemplating the sale of its general obligation bonds in the maximum amount specified in the approximate amount of \$7,000,000 (preliminary, subject to change) at a competitive sale currently to occur on June 26, 2012; and

WHEREAS, prior to the offering, sale, and delivery of the Obligations the appropriate officials of the City must review and approve the distribution of a "deemed final" preliminary official statement (the *Preliminary Official Statement*) prepared by the City for use by the Financial Advisors in soliciting bids for the competitive sale of the Obligations in order to comply with the requirements contained in 17 C.F.R. §240.15c2-12 (the *Securities and Exchange Commission Rule*); and

WHEREAS, the Council hereby approves the Preliminary Official Statement and delegates to the City's authorized representatives the authority to approve the final official statement relating to the Obligations (the *Final Official Statement*, and collectively with the Preliminary Official Statement, the *Official Statement*); and

WHEREAS, the Council hereby approves the Preliminary Official Statement, including the City's Comprehensive Annual Financial Report for the period ending September 30, 2011, pertaining to the proposed issuance of the Obligations; and

WHEREAS, based upon their review of the Official Statement, the appropriate officials of the City must find to the best of their knowledge and belief, after reasonable investigation, that the representations of facts pertaining to the City contained in the Official Statement are true and correct and that, except as disclosed in the Official Statement, there are no facts pertaining to the City that would adversely affect the issuance of the Obligations or the City's ability to pay the debt service requirements on the Obligations when due; and

WHEREAS, the City will comply with the requirements contained in the Securities and Exchange Commission Rule concerning the creation of a contractual obligation between the City and the purchaser of the Obligations to provide the purchaser of the Obligations with the Official Statement in a time and manner that will enable the purchaser of the Obligations to comply with the distribution requirements and the continuing disclosure requirements contained in the Securities and Exchange Commission Rule; and

WHEREAS, the Council authorizes the Mayor, Mayor Pro Tem, City Manager, City Secretary, Director of Finance, and City Attorney, as appropriate, or their designees, to review, approve, and execute any document or certificate in order to allow the City to comply with the requirements contained in the Securities and Exchange Commission Rule; and

WHEREAS, the Council hereby finds and determines that these actions are in the best interests of the residents of the City; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LEON VALLEY THAT:

SECTION 1: The Preliminary Official Statement, including the City's Comprehensive Annual Financial Report for the period ending September 30, 2011, prepared in connection with the issuance and sale of the Obligations is hereby approved, such documents to read substantially as attached hereto as Exhibit A and incorporated herein by reference and made a part of this Resolution for all purposes, and the Mayor and the City Secretary are hereby authorized to execute and cause distribution to be made of such document for and on behalf of the City.

SECTION 2: The Financial Advisors will also coordinate the sale of the Obligations with the national rating services and will otherwise coordinate the financial aspects relating to this transaction to ensure that the City receives the lowest possible interest rates on the Obligations at the competitive sale on June 26, 2012 and to comply with all regulations and rules promulgated by the United States Securities and Exchange Commission and the Municipal Securities Rule Making Board.

SECTION 3: The Financial Advisors and Bond Counsel (as heretofore approved by the Council) are confirmed to serve as the financial advisors and bond counsel, respectively, for the proposed issuance of the Obligations by the City.

SECTION 4: The Mayor, Mayor Pro Tem, City Manager, City Secretary, Director of Finance, and City Attorney, as appropriate, are authorized to review and approve the Official Statement pertaining to the offering, sale, and issuance of the Obligations and to execute any document or certificate in order to comply with the requirements contained in the Securities and Exchange Commission Rule.

SECTION 5: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

SECTION 6: All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provisions of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 7: This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 8: If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and this Council hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 9: It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 10: This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

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PASSED AND APPROVED, this the 5th day of June, 2012.

CITY OF LEON VALLEY, TEXAS

Mayor

City Secretary

(CITY SEAL)

EXHIBIT A

Preliminary Official Statement

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction

PRELIMINARY OFFICIAL STATEMENT

Dated June 19, 2012



Ratings:

S&P: Applied For

(See "OTHER INFORMATION - Ratings" herein.)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel (defined below), assuming continuing compliance by the City (defined below) after the date of initial delivery of the Bonds (defined below) with certain covenants contained in the Ordinance (defined below) and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as described herein, corporations. See "TAX MATTERS" herein.

THE BONDS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"
FOR FINANCIAL INSTITUTIONS.

\$7,000,000*

CITY OF LEON VALLEY, TEXAS
(Bexar County, Texas)
GENERAL OBLIGATION BONDS, SERIES 2012

Dated Date: June 15, 2012
(Interest accrues from Date of Delivery)

Due: August 1, as shown below on page 2 hereof

PAYMENT TERMS . . . Interest on the \$7,000,000* City of Leon Valley, Texas General Obligation Bonds, Series 2012 (the "Bonds") will accrue from the date of their delivery and will be payable on February 1 and August 1 of each year commencing February 1, 2013 until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the BOOK-ENTRY-ONLY SYSTEM described in Appendix D. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" in Appendix D. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly, Texas Government Code, Chapters 1251 and 1331, as amended; and an election held May 12, 2012, and passed by a majority of qualified voters of the City; and are direct obligations of the City of Leon Valley, Texas (the "City"), payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds to be adopted by the City on June 26, 2012 (the "Ordinance") (see "THE BONDS - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) designing, acquiring, constructing, improving, renovating, demolishing, expanding, and equipping a Public Safety and Support Services Complex to house police, fire, municipal court, and City administration service departments, and expenses incidental and necessary to the foregoing (including necessary utility relocation, acquisition of easements, rights-of-way, and other real property interests, landscaping, and streetscape modification and improvements) and (ii) pay the costs of their issuance.

CUSIP PREFIX: 526536
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser (the "Initial Purchaser") and subject to the approving opinion of the Attorney General of Texas and approval of certain legal matters by Fulbright & Jaworski L.L.P., San Antonio, Texas, Bond Counsel (see APPENDIX C, "Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on or about Wednesday, July 25, 2012.

BIDS DUE TUESDAY, JUNE 26, 2012, AT 10:00 AM, CDT

* Preliminary, subject to change.

MATURITY SCHEDULE*

CUSIP Prefix: 526536⁽¹⁾

Principal Amount*	Stated Maturity (August 1)	Interest Rate	Initial Price or Yield	CUSIP Number Suffix ⁽¹⁾	Principal Amount*	Stated Maturity (August 1)	Interest Rate	Initial Price or Yield	CUSIP Number Suffix ⁽¹⁾
\$ 20,000	2013				\$425,000	2023			
20,000	2014				445,000	2024			
20,000	2015				455,000	2025			
20,000	2016				480,000	2026			
25,000	2017				495,000	2027			
25,000	2018				510,000	2028			
365,000	2019				530,000	2029			
380,000	2020				635,000	2030			
395,000	2021				660,000	2031			
410,000	2022				685,000	2032			

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after _____, _____, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on _____, _____, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption of the Bonds").

* Preliminary, subject to change.

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of The American Bankers Association and are included solely for convenience of the registered owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor, nor the Initial Purchaser is responsible for the selection or correctness of the CUSIP Numbers set forth herein.

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For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, ("Rule 15c2-12") and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the City with respect to the Bonds that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Initial Purchaser.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof.

See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THESE BONDS HAVE BEEN REGISTERED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE CITY, ITS FINANCIAL ADVISOR, NOR THE INITIAL PURCHASER MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYTEM.

The agreements of the City and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the Purchaser of the "Bonds. INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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TABLE OF CONTENTS

OFFICIAL STATEMENT SUMMARY	5	TAX MATTERS	25
CITY OFFICIALS, STAFF AND CONSULTANTS	8	CONTINUING DISCLOSURE OF INFORMATION	27
ELECTED OFFICIALS	8	OTHER INFORMATION	28
SELECTED ADMINISTRATIVE STAFF.....	8	RATINGS	28
CONSULTANTS AND ADVISORS.....	8	LITIGATION.....	28
INTRODUCTION	9	REGISTRATION AND QUALIFICATION OF BONDS FOR SALE.....	28
THE BONDS	9	LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS.....	28
TAX INFORMATION	12	LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE	29
TABLE 1 - VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT	15	AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION	29
TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY.....	16	FINANCIAL ADVISOR	29
TABLE 3 - VALUATION AND TAX DEBT HISTORY	17	INITIAL PURCHASER	29
TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY	17	FORWARD-LOOKING STATEMENTS DISCLAIMER.....	29
TABLE 5 - TEN LARGEST TAXPAYERS	17	CERTIFICATION OF THE OFFICIAL STATEMENT	30
TABLE 6 - TAX ADEQUACY.....	18		
TABLE 7 - ESTIMATED OVERLAPPING DEBT	18	APPENDICES	
DEBT INFORMATION	19	GENERAL INFORMATION REGARDING THE CITY	A
TABLE 8 - PRO FORMA - AD VALOREM TAX DEBT SERVICE REQUIREMENTS	19	EXCERPTS FROM THE ANNUAL FINANCIAL REPORT ...	B
TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION	20	FORM OF BOND COUNSEL'S OPINION.....	C
TABLE 10 - AUTHORIZED BUT UNISSUED TAX DEBT.....	20	BOOK-ENTRY-ONLY SYSTEM	D
TABLE 11 - OTHER OBLIGATIONS	20		
FINANCIAL INFORMATION	21		
TABLE 12 - CHANGES IN NET ASSETS	21		
TABLE 12A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY	22		
TABLE 13 - MUNICIPAL SALES TAX HISTORY	23		
TABLE 14 - CURRENT INVESTMENTS.....	25		

The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY..... The City of Leon Valley, Texas (the "City") is located in Bexar County, Texas along State Highway 16 and its intersection with Loop 410. The City was incorporated in 1952 and operates as a Type A general law municipality under a council/manager form of government pursuant to the Texas Constitution (the "Constitution") and laws of the State of Texas. Policy making and legislative authority are vested in the City Council, which consists of a mayor and a five-member council. The City has a land area of 3.5 square miles and is surrounded on all sides by the City of San Antonio, Texas (see APPENDIX A – "General Information Regarding the City").

THE BONDS The Bonds are issued as \$7,000,000* City of Leon Valley, Texas General Obligation Bonds, Series 2012. The Bonds are issued as serial bonds maturing on August 1, 2013 through August 1, 2032, unless the Purchaser designates one or more maturities as a Term Bond (see "THE BONDS – Description of the Bonds").

PAYMENT OF INTEREST Interest on the Bonds accrues from the date of their delivery, and is payable on February 1, 2013 and each August 1 and February 1 thereafter until stated maturity or prior redemption (see "THE BONDS - Description of the Bonds", "THE BONDS - Optional Redemption of the Bonds").

AUTHORITY FOR ISSUANCE..... The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly, Texas Government Code, Chapters 1251 and 1331, as amended; and an election held May 12, 2012, and passed by a majority of qualified voters; and an Ordinance to be adopted by the City Council of the City on June 26, 2012 (see "THE BONDS – Authority for Issuance of the Bonds").

SECURITY FOR THE

BONDS The Bonds constitute direct and voted obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City (see "THE BONDS - Security and Source of Payment" and "THE BONDS - Tax Rate Limitation").

REDEMPTION The City reserves the right, at its option, to redeem Bonds having stated maturities on and after _____, _____, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on _____, _____, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption of the Bonds"). Any Bonds designated as Term Bonds by the Initial Purchaser will also be subject to mandatory sinking fund redemption.

TAX EXEMPTION..... In the opinion of Bond Counsel for the City, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. (See "TAX MATTERS RELATED TO THE BONDS" and Appendix C "Form of Legal Opinion of Bond Counsel for the Bonds").

QUALIFIED TAX-EXEMPT

OBLIGATIONS..... The City will designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions (see "TAX MATTERS - Qualified Tax-Exempt Obligations").

USE OF PROCEEDS Proceeds from the sale of the Bonds will be used for (i) designing, acquiring, constructing, improving, renovating, demolishing, expanding, and equipping a Public Safety and Support Services Complex to house police, fire, municipal court, and City administration service departments, and expenses incidental and necessary to the foregoing (including necessary utility relocation, acquisition of easements, rights-of-way, and other real property interests, landscaping, and streetscape modification and improvements) and (ii) pay the costs of their issuance.

* Preliminary, subject to change.

RATING The presently outstanding tax supported debt of the City is rated "AA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), without regard to credit enhancement (see "OTHER INFORMATION - Ratings"). Application for a contract rating on the Bonds has been made to S&P.

BOOK-ENTRY-ONLY

SYSTEM The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "BOOK-ENTRY-ONLY SYSTEM" in Appendix D).

PAYMENT RECORD The City has not defaulted in payment of its tax supported debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	Per Capita Tax Debt	Per Capita Tax Debt	Ratio Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2008	9,239	\$ 649,794,151	\$ 70,332	\$ 3,165,000	\$ 343	0.49%	99.30%
2009	9,239	686,250,437	74,278	3,635,000	393	0.53%	95.18%
2010	9,239	672,846,140	72,827	3,370,000	365	0.50%	97.38%
2011	10,866	666,727,171	61,359	3,070,000	283	0.46%	100.61%
2012	10,866	664,054,745	61,113	9,760,000 ⁽³⁾	898 ⁽³⁾	1.47% ⁽³⁾	87.84% ⁽⁴⁾

- (1) Source: The City.
- (2) As reported by the Bexar County Appraisal District on the City's Certified Roll; subject to change during the ensuing year.
- (3) Preliminary, subject to change. Includes the Bonds.
- (4) Collections through May 1, 2012.

CHANGE IN NET ASSETS CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2011	2010	2009	2008	2007
Beginning Net Assets	\$ 10,526,238	\$ 10,048,917	\$ 9,835,625	\$ 8,846,784	\$ 8,218,054
Total Revenue	8,152,228	8,720,336	8,244,248	8,240,399	8,032,981
Total Expenditures	(8,251,566)	(8,297,015)	(8,030,956)	(7,251,558)	(7,404,250)
Transfers	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-
Ending Net Assets	<u>\$ 10,426,900</u>	<u>\$ 10,472,238</u>	<u>\$ 10,048,917</u>	<u>\$ 9,835,625</u>	<u>\$ 8,846,784</u>

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2011	2010	2009	2008	2007
Beginning Balance	\$ 3,199,031	\$ 4,123,803	\$ 2,877,009	\$ 2,657,620	\$ 2,645,478
Total Revenue	6,936,825	7,042,961	7,056,496	7,159,891	6,774,792
Total Expenditures	(6,807,992)	(8,003,733)	(6,859,702)	(6,622,502)	(6,744,650)
Other Sources (Uses)	(18,000)	36,000	1,050,000	(318,000)	(18,000)
Net Funds Available	110,833	(924,772)	1,246,794	219,389	12,142
Prior Period Adjustment	-	-	-	-	-
Ending Balance	<u>\$ 3,309,864</u>	<u>\$ 3,199,031</u>	<u>\$ 4,123,803</u>	<u>\$ 2,877,009</u>	<u>\$ 2,657,620</u>

For additional information regarding the City, please contact:

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City of Leon Valley
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Fax: (210) 684-4476
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Fax: (210) 349-7585
anne.burgerentrekin@firstsw.com

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Chris Riley Mayor	8 Years	May, 2014	Legal Assistant
Jack Dean, Place 4 Mayor Pro-Tem	7 Years	May, 2014	Retired Law Enforcement
Kathy Hill, Place 1 Councilmember	1 Year	May, 2013	Owner - K Hill PR
Art Reyna, Jr., Place 2 Councilmember	5 Years	May, 2014	Attorney
Irene Baldrige, Place 3 Councilmember	5 Years	May, 2013	Retired/Part-Time Realtor
Paul Biever, Place 5 Councilmember	1 Year	May, 2013	Retired Non-Profit CEO

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service to the City</u>	<u>Total Government Service</u>
Manuel Longoria, Jr.	City Manager	1 Year	35 Years
Vickie Wallace	Director of Finance	13 Years	32 Years
Janie Willman	City Secretary	2 Years	20 Years
William McKamie	City Attorney	5 Years	28 Years

CONSULTANTS AND ADVISORS

Auditors	Holtman, Wagner & Company, L.L.P. New Braunfels, Texas
Bond Counsel	Fulbright & Jaworski L.L.P. San Antonio, Texas
Financial Advisor	First Southwest Company San Antonio and Dallas, Texas

**PRELIMINARY OFFICIAL STATEMENT
RELATING TO**

**\$7,000,000*
CITY OF LEON VALLEY, TEXAS
GENERAL OBLIGATION BONDS,
SERIES 2012**

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$7,000,000* General Obligation Bonds, Series 2012 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance to be adopted on the date of sale of the Bonds which will authorize the issuance of the Bonds, except as otherwise indicated herein.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in financial position or other affairs of the City. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request from the City's Financial Advisor, First Southwest Company, San Antonio, Texas via email or upon payment of reasonable copying, handling and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Official Statement pertaining to the Bonds will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Markets Access (EMMA) system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the City's undertaking to provide certain information on a continuing basis. Capitalized terms used, but not defined herein, shall have the meanings ascribed thereto in the Ordinance.

DESCRIPTION OF THE CITY . . . The City of Leon Valley, Texas (the "City"), is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State. The City was incorporated in 1952, and operates as a Type A general law municipality under a council/manager form of government with a City Council comprised of the Mayor and five member council. Council members are elected to two-year staggered terms. The Mayor is elected at large to a two-year term. Policy making and legislative authority are vested in the City Council and the City Council is responsible for adopting ordinances, adopting the budget, and appointing committees. The estimated 2012 population of the City is 10,866.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated as of the Dated Date and mature on August 1 in each of the years, in the amounts and at the interest rates shown on the page 2 hereof. Interest will accrue from the date of delivery to the Initial Purchaser, be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 1 and August 1, commencing February 1, 2013, until stated maturity or earlier redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the book-entry-only system described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" in Appendix D.

AUTHORITY FOR ISSUANCE OF THE BONDS . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly, Texas Government Code, Chapters 1251 and 1331, as amended; and an election held May 12, 2012, and passed by a majority of qualified voters; and an Ordinance to be adopted by the City Council of the City on June 26, 2012 (see "THE BONDS – Authority for Issuance of the Bonds").

SECURITY AND SOURCE OF PAYMENT . . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied, within the limits prescribed by law, by the City sufficient to provide for the payment of principal of and interest on all Bonds.

* Preliminary, subject to change.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. The City is a Type A general law municipality. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$1.50 per \$100 Taxable Assessed Valuation for all City purposes. The issuance of the Bonds does not violate this constitutional limitation.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after _____, _____, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on _____, _____, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds of a particular series are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity of a particular series are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Bond to be redeemed, in whole or in part, at the address of the holder appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE BONDHOLDERS FAILED TO RECEIVE SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as the Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on such notice or any such notice. Redemption of portions of the Bonds by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

AMENDMENTS . . . The City may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of all of the registered owners of the Bonds then outstanding, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the percentage of the aggregate principal amount of Bonds required to be held for consent to any amendment, addition, or waiver.

DEFEASANCE . . . Any Bond will be deemed paid and shall no longer be considered to be outstanding within the meaning of the Ordinance when payment of the principal of and interest on such Bond to its stated maturity or redemption date will have been made or will have been provided by depositing with the Paying Agent/Registrar, or an authorized escrow agent, (1) cash in an amount sufficient to make such payment, (2) Government Obligations certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Government Obligations together so certified sufficient to make such payment; provided, however, that no certification by an independent accounting firm of the sufficiency of deposits shall be required in connection with a gross defeasance of Bonds.

The Ordinance provides that "Government Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, or (d) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Bonds. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Bonds, or those for any other Government Obligations, will be maintained at any particular rating category. Further, there is no assurance that current Texas law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Bonds ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Bonds, registered owners of Bonds are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under Texas law as permissible defeasance securities.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, the City has the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption at an earlier date those Bonds which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar. If the date of any payment due on any Bonds is a Saturday, Sunday, legal Holiday, or day on which banking institutions in the city, in which the designated corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a day. The payment on such date shall have the same force and effect as if made on the original date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer will be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" in Appendix D for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar are required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer is not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for determining the person to whom interest is payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which must be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . If the City defaults in the payment of principal of, interest on, or redemption price of the Bonds when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the Registered Owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus, controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the Registered Owners upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the City for a breach of the Bonds or Ordinance covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the pledge of ad valorem taxes, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Registered Owners of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the City is the responsibility of the Bexar County Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed the lesser of (1) the property's market value in the most recent tax year in which the market value was determined by the Appraisal District or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to the Texas, Property Tax Code, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant: (1) An exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; (2) An exemption of up to 20% of the market value of residence homesteads. The minimum exemption under this provision is \$5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead and to a surviving spouse living in such homestead who is disabled or is at least 55 years of age. If improvements (other than maintenance or repairs) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repeated or rescinded. Furthermore, following the approval by the voters at a November 8, 2011 statewide election, effective January 1, 2012, the surviving spouse of a deceased veteran who had received a disability rating of 100% is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods in transit." "Goods in transit" is defined by a provision in the Tax Code, which is effective for tax years 2008 and thereafter, as personal property acquired or imported into Texas and transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out board motor, heavy equipment and manufactured housing inventory. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods in transit during the following tax year. A taxpayer may receive only one of the freeport exemptions or the goods in transit exemptions for items of personal property.

The City and the other taxing bodies within its territory may agree to jointly create tax increment financing zones, under which the tax values on property in the zone are "frozen" at the value of the property at the time of creation of the zone. The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code ("Chapter 380") to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grant of public fund for economic development purposes, however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . The City Council adopts a tax rate per \$100 taxable value for the current year. The City Council will be required to adopt the annual tax rate for the City before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the City. If the City Council does not adopt a tax rate by such required date the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the City for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". A tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings have been held on the proposed tax rate following notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 15% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$30,000.

The City has adopted the tax freeze, which became effective for Tax Year 2005, for citizens who are disabled or are 65 years of age or older.

See Table 1 for a listing of the amounts of the exemptions described above.

The City has granted an additional exemption of 1% of the market value of residence homesteads; minimum exemption of \$5,000.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does tax nonbusiness personal property; and Bexar County collects taxes for the City.

The City does permit split payments, and discounts are not allowed.

The City does tax freeport property.

The City does tax goods-in-transit.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has not adopted a tax abatement policy.

TABLE 1 - VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT

2011/2012 Market Valuation Established by Bexar County Appraisal District (excluding totally exempt property)		\$ 712,955,291
Less Exemptions/Reductions at 100% Market Value:		
Over 65 / Over 65 Surviving Spouse	\$ 27,771,260	
Disabled Veterans	7,421,380	
Productivity Loss	8,910	
Homestead	11,732,500	
Leased Vehicles	1,408,300	
Pollution Control	4,120	
Value Lost to 10% Per Year Cap	<u>554,076</u>	<u>48,900,546</u>
2011/2012 Taxable Assessed Valuation		<u>\$ 664,054,745</u>
Amount Subject to Freeze		<u>\$ 84,985,818</u>
2011/2012 Freeze Adjusted Taxable Assessed Valuation		<u>\$ 579,068,927</u>
General Obligation Debt Payable from Ad Valorem Taxes as of May 1, 2012 ⁽¹⁾		
The Contractual Obligations	\$ 950,000	
The Refunding Bonds	1,810,000	
The Bonds	<u>7,000,000</u>	
General Obligation Debt Payable from Ad Valorem Taxes		<u>\$ 9,760,000</u>
Ad Valorem Tax Debt Interest and Sinking Fund as of May 1, 2012		\$ 180,189
Ratio Ad Valorem Tax Debt to Taxable Assessed Valuation		1.47%

2012 Estimated Population - 10,866
Per Capita Taxable Assessed Valuation - \$61,113
Per Capita General Obligation Debt Payable from Ad Valorem Taxes - \$898

(1) Preliminary, subject to change. Includes the Bonds.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2012		2011		2010	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 388,054,687	54.43%	\$ 382,638,772	53.38%	\$ 373,607,919	51.97%
Real, Residential, Multi-Family	50,407,730	7.07%	57,466,820	8.02%	59,242,630	8.24%
Real, Vacant Lots/Tracts	9,233,301	1.29%	10,148,776	1.42%	9,810,754	1.36%
Real, Acreage (Land Only)	1,275,220	0.18%	1,407,190	0.20%	821,230	0.11%
Real, Farm and Ranch Improvements	8,740	0.00%	8,780	0.00%	8,860	0.00%
Real, Commercial	197,233,685	27.66%	201,433,101	28.10%	203,653,496	28.33%
Real, Industrial	2,887,985	0.41%	2,919,195	0.41%	2,336,810	0.33%
Real and Tangible Personal, Utilities	8,504,210	1.19%	9,675,210	1.35%	10,437,930	1.45%
Tangible Personal, Commercial	43,692,716	6.13%	40,794,886	5.69%	44,133,935	6.14%
Tangible Personal, Industrial	2,215,416	0.31%	2,109,610	0.29%	2,041,470	0.28%
Mobile Home Improvements Only	761,203	0.11%	723,410	0.10%	944,440	0.13%
Residential Inventory	1,958,940	0.27%	940,000	0.13%	1,341,500	0.19%
Special Inventory	6,767,130	0.95%	6,513,630	0.91%	10,485,860	1.46%
Total Appraised Value Before Exemptions	\$ 713,000,963	100.00%	\$ 716,779,380	100.00%	\$ 718,866,834	100.00%
Less: Total Exemptions/Reductions	48,900,546		50,052,209		46,020,694	
Adjustments	(45,672)		-		-	
Taxable Assessed Value	\$ 664,054,745		\$ 666,727,171		\$ 672,846,140	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2009		2008	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 381,044,442	52.00%	\$ 359,744,303	51.40%
Real, Residential, Multi-Family	53,295,195	7.27%	50,703,090	7.24%
Real, Vacant Lots/Tracts	12,863,387	1.76%	11,053,261	1.58%
Real, Acreage (Land Only)	1,398,160	0.19%	1,288,690	0.18%
Real, Farm and Ranch Improvements	8,870	0.00%	10,070	0.00%
Real, Commercial	199,955,393	27.29%	189,215,051	27.03%
Real, Industrial	3,078,140	0.42%	3,006,780	0.43%
Real and Tangible Personal, Utilities	11,655,040	1.59%	13,920,680	1.99%
Tangible Personal, Commercial	50,814,578	6.93%	51,779,925	7.40%
Tangible Personal, Industrial	2,130,820	0.29%	1,617,460	0.23%
Mobile Home Improvements Only	907,640	0.12%	1,053,650	0.15%
Special Inventory	1,796,570	0.25%	1,840,460	0.26%
Real Inventory	13,829,630	1.89%	14,694,690	2.10%
Total Appraised Value Before Exemptions	\$ 732,777,865	100.00%	\$ 699,928,110	100.00%
Less: Total Exemptions/Reductions	46,527,428		50,133,959	
Taxable Assessed Value	\$ 686,250,437		\$ 649,794,151	

NOTE: Valuations shown are certified taxable assessed values reported by the Bexar County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

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TABLE 3 - VALUATION AND TAX DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year	Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation	Net G.O. Tax Debt Per Capita
2008	9,239	\$ 649,794,151	\$ 70,332	\$ 3,165,000	0.49%	\$ 343
2009	9,239	686,250,437	74,278	3,635,000	0.53%	393
2010	9,239	672,846,140	72,827	3,370,000	0.50%	365
2011	10,866	666,727,171	61,359	3,070,000	0.46%	283
2012	10,866	664,054,745	61,113	9,760,000 ⁽³⁾	1.47% ⁽³⁾	898 ⁽³⁾

(1) Source: The City.

(2) As reported by the Bexar County Appraisal District on the City's Certified Roll; subject to change during the ensuing year.

(3) Preliminary, subject to change. Includes the Bonds.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2008	\$ 0.5274	\$ 0.4566	\$ 0.0708	\$ 3,411,529	98.90%	99.30%
2009	0.5274	0.4616	0.0658	3,563,440	94.41%	95.18%
2010	0.5274	0.4640	0.0634	3,570,525	96.64%	97.38%
2011	0.5274	0.4640	0.0634	3,485,988	98.60%	100.61%
2012	0.5355	0.4727	0.0628	3,541,268	87.56% ⁽¹⁾	87.84% ⁽¹⁾

(1) Collections through May 1, 2012.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2011/2012 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
TRT HEB Marketplace LP	Food Store	\$ 22,000,000	3.31%
Vista Del Rey Ltd Partnership	Apartment Complex	13,500,000	2.03%
Ancira-Winton Chevrolet	Automobile Dealership	13,231,455	1.99%
Stonewater Tower West Funding LLC	Apartment Complex	13,192,000	1.99%
Barcelona Lofts	Apartment Complex	12,188,175	1.84%
Leors Holding LLC	Apartment Complex	11,475,930	1.73%
VR Shadow Valley Holdings LP	Apartment Complex	9,000,100	1.36%
AT&T	Telephone Utility	8,195,780	1.23%
SA West Loop II Investors Ltd	Real Estate	5,500,000	0.83%
Leon Valley Associates	Advisory Services Company	5,000,000	0.75%
		<u>\$ 113,283,440</u>	<u>17.06%</u>

TAX DEBT LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all tax debt within the limits prescribed by law. The City is a Type A general law municipality. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$1.50 per \$100 taxable assessed valuation for all City purposes. Administratively, the Attorney General of the State will permit allocation of \$1.00 of the \$1.50 maximum tax rate for all tax debt service, as calculated at the time of issuance.

TABLE 6 - TAX ADEQUACY

2012 Principal and Interest Requirements.....	\$ 413,328 ⁽¹⁾
\$0.0649 Tax Rate at 96% Collection Produces	\$ 413,733
Average Annual Principal and Interest Requirements, 2012- 2032.....	\$ 691,426 ⁽¹⁾
\$0.1085 Tax Rate at 96% Collection Produces	\$ 691,679
Maxium Annual Principal and Interest Requirements, 2031.....	\$ 711,110 ⁽¹⁾
\$0.1116 Tax Rate at 96% Collection Produces	\$ 711,442

(1) Preliminary, subject to change. Includes the Bonds.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping tax debt was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Counsel of Texas (the "MAC"). Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information being accurate or complete. Furthermore, certain of the entities may have issued additional debt since the date such information was last updated by the MAC, and such entities may have programs requiring the issuance of substantial amounts of additional debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping tax debt of the City.

Taxing Jurisdiction	2011/2012		Total G.O. Tax Debt	Estimated % Applicable	City's	Authorized
	Taxable Assessed Value	2011/2012 Tax Rate			Overlapping G.O. Tax Debt As of 5/1/2012	But Unissued Debt As Of 5/1/2012
City of Leon Valley	\$ 664,054,745	\$0.5355	\$ 9,760,000 ⁽¹⁾	100.000%	\$ 9,760,000 ⁽¹⁾	\$ -
Alamo Community College District	88,920,638,912	0.1416	546,995,000	0.660%	3,610,167	-
Bexar County	87,321,819,253	0.2962	993,630,000	0.660%	6,557,958	37,265,887
Bexar County Hospital District	101,037,933,056	0.2762	733,350,000	0.660%	4,840,110	-
Northside Independent School District	32,379,223,432	1.3755	1,771,485,000	1.850%	32,772,473	400,142,000
San Antonio River Authority ⁽²⁾	98,922,210,379	0.0174	-	0.570%	-	-
Total Direct and Overlapping G. O. Tax Debt					\$ 57,540,708	
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation					8.67%	
Per Capita Overlapping G. O. Tax Debt					\$ 5,295	

(1) Includes the Bonds. Projected, preliminary subject to change.

(2) Bexar County levies a Flood Control Tax, included in the Bexar County tax rate, to provide for the payment of certain debt issued by the San Antonio River Authority.

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DEBT INFORMATION

TABLE 8 - PRO FORMA - AD VALOREM TAX DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service			The Bonds ⁽¹⁾			Total Debt Service	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total		
2012	\$ 310,000	\$ 103,328	\$ 413,328	\$ -	\$ -	\$ -	\$ 413,328	
2013	320,000	94,028	414,028	20,000	270,433	290,433	704,461	
2014	330,000	84,328	414,328	20,000	265,240	285,240	699,568	
2015	340,000	74,278	414,278	20,000	264,480	284,480	698,758	
2016	350,000	63,501	413,501	20,000	263,720	283,720	697,221	
2017	360,000	51,536	411,536	25,000	262,960	287,960	699,496	21.00%
2018	375,000	37,841	412,841	25,000	262,010	287,010	699,851	
2019	50,000	29,529	79,529	365,000	261,060	626,060	705,589	
2020	50,000	27,573	77,573	380,000	247,190	627,190	704,763	
2021	55,000	25,368	80,368	395,000	232,750	627,750	708,118	
2022	55,000	23,058	78,058	410,000	217,740	627,740	705,798	42.45%
2023	60,000	20,643	80,643	425,000	202,160	627,160	707,803	
2024	60,000	18,123	78,123	445,000	186,011	631,011	709,134	
2025	65,000	15,319	80,319	455,000	169,100	624,100	704,419	
2026	65,000	12,231	77,231	480,000	151,810	631,810	709,041	
2027	70,000	9,025	79,025	495,000	133,570	628,570	707,595	68.47%
2028	75,000	5,581	80,581	510,000	114,760	624,760	705,341	
2029	80,000	1,900	81,900	530,000	95,380	625,380	707,280	
2030			-	635,000	75,240	710,240	710,240	
2031			-	660,000	51,110	711,110	711,110	
2032			-	685,000	26,030	711,030	711,030	100.00%
	<u>\$ 3,070,000</u>	<u>\$ 697,186</u>	<u>\$ 3,767,186</u>	<u>\$7,000,000</u>	<u>\$ 3,752,754</u>	<u>\$ 10,752,754</u>	<u>\$ 14,519,940</u>	

(1) Preliminary, subject to change.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

General Obligation Debt Service Requirements, Fiscal Year Ending 9/30/12		\$ 413,328
Plus: Interest and Sinking Fund Transfer for the Bonds		-
Total Requirements, Fiscal Year Ending 9/30/12		<u>\$ 413,328</u>
Interest and Sinking Fund, 9/30/11	\$ 178,611	
\$0.0628 Interest and Sinking Fund Tax Levy @ 96% Collection	<u>400,403</u>	<u>579,014</u>
Estimated Balance, 9/30/12		<u><u>\$ 165,686</u></u>

TABLE 10 - AUTHORIZED BUT UNISSUED TAX DEBT

Upon issuance and delivery of the Bonds, the City will not have any authorized but unissued general obligation bonds.

ANTICIPATED ISSUANCE OF TAX DEBT . . . The City does not anticipate the issuance of additional tax debt within the next 12 months.

TABLE 11 – OTHER OBLIGATIONS

As of Fiscal Year End 2012, the City does not have any lease/purchase or other similar obligation outstanding.

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see APPENDIX B, "Excerpts from the City's Annual Financial Report" - Note #H.) The City has no other post employment benefits other than pension benefits as described above.

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FINANCIAL INFORMATION

TABLE 12 - CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
	2011	2010	2009	2008	2007
REVENUES:					
Program Revenues:					
Charges for Services	\$ 1,509,555	\$ 2,034,299	\$ 1,746,977	\$ 1,866,163	\$ 1,629,348
Operating Grants and Contributions	49,602	9,953	127,151	33,440	70,218
Capital Grants and Contributions	81,683	218,790	59,499	53,114	552,430
General Revenues:					
Property Taxes	3,522,321	3,552,821	3,573,352	3,427,337	3,112,736
Sales Taxes	2,253,347	2,207,901	2,045,615	1,927,881	1,781,223
Franchise Taxes	728,548	677,001	656,329	639,332	607,967
Interest and Investment Earnings	7,172	8,546	35,325	128,903	204,546
Impact Fees	-	-	-	-	-
Miscellaneous	-	11,025	-	164,229	74,513
Total Revenues	<u>\$ 8,152,228</u>	<u>\$ 8,720,336</u>	<u>\$ 8,244,248</u>	<u>\$ 8,240,399</u>	<u>\$ 8,032,981</u>
EXPENSES:					
Administration	\$ 849,230	\$ 940,156	\$ 805,391	\$ 779,729	\$ 765,492
Public Safety	4,502,741	4,525,947	4,439,516	4,193,145	4,231,521
Public Works	1,715,642	1,624,573	1,535,333	1,163,379	1,299,599
Parks and Recreation	135,728	144,742	100,777	128,203	86,613
Library	264,260	274,701	281,725	249,227	251,388
Community Center	666,326	664,712	680,352	583,206	604,406
Capital Outlay	-	-	-	-	-
Interest on Long-term Debt and Fees	117,639	122,184	187,862	154,669	165,231
Total Expenditures	<u>\$ 8,251,566</u>	<u>\$ 8,297,015</u>	<u>\$ 8,030,956</u>	<u>\$ 7,251,558</u>	<u>\$ 7,404,250</u>
Increase in Net Assets Before Transfers	\$ (99,338)	\$ 423,321	\$ 213,292	\$ 988,841	\$ 628,731
Transfers	-	54,000	-	-	-
Increase in Net Assets	\$ (99,338)	\$ 477,321	\$ 213,292	\$ 988,841	\$ 628,731
Beginning Net Assets	10,526,238	10,048,917	9,835,625	8,846,784	8,218,054
Prior Period Entries	-	-	-	-	-
Ending Net Assets	<u>\$ 10,426,900</u>	<u>\$ 10,526,238</u>	<u>\$ 10,048,917</u>	<u>\$ 9,835,625</u>	<u>\$ 8,846,784</u>

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TABLE 12A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2011	2010	2009	2008	2007
<u>Revenues:</u>					
Property Taxes	\$ 3,119,772	\$ 3,084,129	\$ 3,103,268	\$ 2,971,061	\$ 2,680,487
Non-Property Taxes	1,750,031	1,719,478	1,590,223	1,635,374	1,682,249
Grants/Intergovernmental	5,453	54,562	94,735	30,002	171,446
Licenses, Permits, Fees and Fines	2,055,298	2,177,723	2,236,764	2,404,794	1,965,698
Interest	6,271	7,069	31,506	118,660	196,922
Other	-	-	-	-	77,990
Total Revenues	<u>\$ 6,936,825</u>	<u>\$ 7,042,961</u>	<u>\$ 7,056,496</u>	<u>\$ 7,159,891</u>	<u>\$ 6,774,792</u>
<u>Expenditures:</u>					
Current Expenditures:					
Administrative	\$ 792,507	\$ 901,248	\$ 700,469	\$ 729,083	\$ 701,051
Public Safety	4,128,334	5,137,481	4,057,519	4,023,155	4,008,250
Public Works	1,041,859	1,043,920	1,092,945	1,092,333	1,235,456
Parks and Recreation	102,914	153,947	111,614	101,383	109,259
Library	259,858	266,327	256,967	241,305	233,607
Community Center	482,520	500,810	488,180	435,243	457,027
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	-	-	91,944	-	-
Interest and Fiscal Charges	-	-	60,064	-	-
Total Expenditures	<u>\$ 6,807,992</u>	<u>\$ 8,003,733</u>	<u>\$ 6,859,702</u>	<u>\$ 6,622,502</u>	<u>\$ 6,744,650</u>
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 128,833	\$ (960,772)	\$ 196,794	\$ 537,389	\$ 30,142
Budgeted Transfers and Other Financing Sources (Uses)					
	(18,000)	36,000	1,050,000	(318,000)	(18,000)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)					
	\$ 110,833	\$ (924,772)	\$ 1,246,794	\$ 219,389	\$ 12,142
Beginning Fund Balance	3,199,031	4,123,803	2,877,009	2,657,620	2,645,478
Prior Period Adjustment	-	-	-	-	-
Ending Fund Balance	<u>\$ 3,309,864</u>	<u>\$ 3,199,031</u>	<u>\$ 4,123,803</u>	<u>\$ 2,877,009</u>	<u>\$ 2,657,620</u>

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TABLE 13 - MUNICIPAL SALES TAX HISTORY⁽¹⁾

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds of which are credited to the General Fund and are not pledged to the payment of the Bonds. In addition, the City imposes an additional one-fourth percent (1/4%) sales tax for street maintenance and repair that went into effect on April 1, 2008 and an additional one-eighth percent (1/8%) sales tax for economic development that went into effect on April 1, 2009. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. The total City sales tax is 1.375%. Net collections on fiscal year basis are as follows:

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita ⁽²⁾
2008	\$ 1,635,374	47.94%	\$ 0.2517	\$ 177
2009	1,590,223	44.63%	0.2317	172
2010	1,719,478	48.16%	0.2556	186
2011	1,750,031	50.20%	0.2625	161
2012	1,636,029 ⁽³⁾	46.20%	0.2464	151

(1) Source: City Audited Financials and Comptroller of Public Accounts, State of Texas.

(2) Based on estimated City population provided by the City.

(3) Partial year as of May 2012.

FINANCIAL POLICIES

Governmental Fund . . . Governmental funds are used for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide statement, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Proprietary Funds . . . The City maintains one type of proprietary fund. Enterprise funds are used to report the functions presented in business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for the provision of water and sewer services to residents.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the City Council. Both state law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities including letters of credit, (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) Bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the "PFIA") (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits; or (ii) that are invested by the City through a depository institution that has its main office or a branch office in the State of Texas and otherwise meet the requirements of the PFIA; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar

weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; and (12) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. If specifically authorized in the authorizing document, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

Governmental bodies in the State are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In Ordinance to renew or extend such a contract, the City must do so by Ordinance, ordinance, or Ordinance. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the make-up of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the City's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the

investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 14 - CURRENT INVESTMENTS⁽¹⁾

As of May 1, 2012, the City's investable funds were invested in the following categories:

Description	% of Total	Market Value
Certificates of Deposit	25.31%	\$ 1,500,000
Texpool	74.69%	4,426,107
	<u>100.00%</u>	<u>\$ 5,926,107</u>

(1) Unaudited.

As of such date, [redacted] % of the City's investment portfolio will mature within [redacted] months. The market value of the investment portfolio was approximately 100% of its purchase price.

TAX MATTERS

TAX EXEMPTION . . . The delivery of the Bonds is subject to an opinion of Fulbright & Jaworski L.L.P., Bond Counsel to the City ("Bond Counsel"), to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The statute, regulations, rulings and court decisions on which such opinion will be based are subject to change. A form of Bond Counsel's opinion appears in APPENDIX C attached hereto.

Interest on Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust (REIT), a financial asset securitization investment trust (FASIT), or a real estate mortgage investment conduit (REMIC). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon certifications of the City pertaining to the use, expenditure and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Ordinance by the City subsequent to the issuance of the Bonds. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owner thereof for federal income taxes from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures the Service is likely to treat the City as the "taxpayer," and the Owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the Owners. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

TAX CHANGES . . . Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

ANCILLARY TAX CONSEQUENCES . . . Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions (see discussion under the caption “Qualified Tax-Exempt Obligations” herein), property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

TAX ACCOUNTING TREATMENT OF DISCOUNT BONDS . . . The initial public offering price to be paid for certain Bonds may be less than the amount payable on such Bonds at maturity (the “Discount Bonds”). An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount, allocable to the holding period of a Discount Bond by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Bonds. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such accrued interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation’s alternative minimum tax imposed by section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions (see discussion under the caption “Qualified Tax-Exempt Obligations” herein), property and casualty insurance companies, life insurance companies, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

In the event of the sale or other taxable disposition of a Discount Bond prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

TAX ACCOUNTING TREATMENT OF PREMIUM BONDS . . . The initial public offering price to be paid for certain Bonds may be greater than the stated redemption price on such Bonds at maturity (the “Premium Bonds”). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and its stated redemption price at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium with respect to the Premium Bonds. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

QUALIFIED TAX EXEMPT OBLIGATIONS . . . Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by “financial institutions” described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this interest disallowance rule for financial institutions, stating that such disallowance does not apply to interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are properly designated by an issuer as “qualified tax-exempt obligations.” An issuer may designate obligations as “qualified tax-exempt obligations” only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain current refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The City will designate the Bonds as “qualified tax-exempt obligations” and will certify its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Bonds will not be subject to the 100% disallowance of interest expense allocable to interest on the Bonds under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Bonds will be reduced by 20% pursuant to section 291 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the City’s continuing disclosure obligations because the City has not issued more than \$10,000,000 in aggregate amount of outstanding debt and no person is committed by contract or other arrangement with respect to payment of the Bonds. Pursuant to the exemption, the City in the Ordinance has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data and timely notice of specified events to the Municipal Securities Rulemaking Board (the “MSRB”). This information will be available to investors by the MSRB through its Electronic Municipal Markets Access (“EMMA”) system, free of charge at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data, which is customarily prepared by the City and is publicly available, to the MSRB on an annual basis. Such information is currently provided through the City’s audited financial statements, annual operating budget and tax roll information. The City will update and provide this information within six months after the end of each fiscal year. The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12, as amended (the “Rule”). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

The City’s current fiscal year end is September 30. Accordingly, it must provide updated information by the end of March in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The City also will provide timely notices of any of the following events with respect to the Bonds (not in excess of ten (10) business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other materials events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) the appointment of a successor or additional Paying Agent/Registrar or change of name of the Paying Agent/Registrar, if material. Neither the Bonds nor the Ordinance make any provision for liquidity enhancement, credit enhancement, or require the funding of debt service reserves. In addition, the City will provide timely notice of any failure by the City to provide annual financial information, data or financial statements in accordance with its agreement described above under “Annual Reports.” The City will provide each notice described in this paragraph to the MSRB in an electronic format, as prescribed by the MSRB.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized Bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "ANNUAL REPORTS" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

OTHER INFORMATION

RATINGS

The presently outstanding tax supported debt of the City is rated "AA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), without regard to credit enhancement. Application for a contract rating on the Bonds has been made to S&P. An explanation of the significance of any rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or it will not be revised downward or withdrawn entirely by of such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price of the Bonds.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

On the date of delivery of the Bonds to the Initial Purchaser, the City will execute and deliver to the Underwriter a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner question the validity of the Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent

investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The City will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER

After requesting competitive bids for the Bonds, the City accepted the bid of _____ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on page 2 of the Official Statement at a price of (%) of par plus a cash premium (if any) of \$_____. The initial reoffering yields shown on page 2 were provided to the City by the Initial Purchaser and will produce compensation to the Initial Purchaser of approximately \$_____. The Initial Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Ordinance authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Initial Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the City will furnish a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

The Ordinance authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Purchaser.

/s/
Mayor
City of Leon Valley, Texas

ATTEST:

/s/
City Secretary
City of Leon Valley, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

LOCATION AND POPULATION . . . The City of Leon Valley, Texas (the “City”) is a residential community located along State Highway 16 and its intersection with Loop 410. The City is located northwest of San Antonio, Texas, the City holds the advantages of close proximities to the two major theme parks Six Flags Fiesta Texas and Sea World as well as to other major attractions and eating establishments.

GOVERNMENT . . . The City is governed by a Mayor and City Council. City Officials hold two (2) year terms on an at-large basis. The City has a comprehensive Master Plan, Zoning Code and In-house Capital Improvements Program. The City is a full-service City with Police, EMS and Fire Departments. The Fire Department is proud of its Public Protection Class 4 rating. The City also has its own Chamber of Commerce, its own Library, Conference Center and a Public Works facility. City Hall holds a Community Development, Business Administration, Municipal Court and City Council Chambers.

EDUCATIONAL FACILITIES . . . The City is within the Northside Independent School District (the “District”). The District has three primary schools, one middle school and one high school within the City’s Limits. Established in 1949, the District includes property in Bexar, Medina and Bandera Counties, Texas. The District contains an area of 316.49 square miles located in Bexar, Medina and Bandera Counties, Texas. The District primarily lies in the northwest quadrant of Bexar County and is traversed by Interstate Highway 10, a portion of U.S. Highway 90, Bandera Road and Culebra Road. Loop 410, a major expressway loop (the "Inner Loop") encircling San Antonio, runs through the southern and southwestern portions of the District. The "Outer Loop", Highway 1604, also runs through a portion of the District. The District has a 2012 estimated population of 539,022.

Twenty-three new schools have opened in the last six years, and seven more are planned to open in the next four years. The District is the largest of the 15 school districts in Bexar County and the 4th largest in the State. The District continues to be the "destination" district in San Antonio for many families seeking a quality school system.

BEXAR COUNTY . . . Bexar County, Texas (the “County”) has a diversified economic base which is composed of agribusiness, manufacturing, construction, tourism, medicine and the military. The County’s proximity to Mexico provides favorable conditions for international business relations with the country in the areas of agriculture, tourism, manufacturing, wholesale and retail markets. Industry ranges from the manufacturing of apparel, food products, aircraft, electronics and pharmaceuticals to iron and steel products and oil well equipment. San Antonio is a major insurance center in the southwest, serving as the headquarters for several insurance companies, including United Services Automobile Association. Higher education is provided by 11 colleges and universities.

EMPLOYMENT AND WAGES BY INDUSTRY – BEXAR COUNTY

	Third Quarter				
	2011	2010	2009	2008	2007
Natural Resources and Mining	2,920	3,282	3,364	3,596	3,288
Construction	34,262	35,522	38,338	43,671	41,132
Manufacturing	35,083	34,410	32,327	35,707	37,978
Trade, Transportation & Utilities	119,137	117,386	119,409	125,252	125,525
Information	18,105	17,269	18,287	20,126	20,654
Financial Activities	63,384	60,987	60,386	62,065	59,998
Professional and Business Services	95,685	92,970	91,841	100,481	99,455
Education and Health Services	112,134	108,036	103,200	97,999	95,048
Leisure and Hospitality	94,239	91,004	88,490	89,756	87,484
Other Services	23,324	22,829	21,820	21,911	21,613
Unclassified	236	183	175	269	424
State Government	17,455	17,618	16,593	16,372	13,889
Local Government	81,260	83,269	82,878	79,141	81,088
Total Employment	697,227	684,769	677,108	696,346	687,576
Total Wages	\$ 7,246,965,453	\$ 6,739,199,598	\$ 6,465,666,455	\$ 6,521,108,821	\$ 6,247,312,252

- (1) Source: Texas Workforce Commission.
- (2) Statistics do not include Federal employees or their wages.

LABOR FORCE STATISTICS FOR BEXAR COUNTY⁽¹⁾

	<u>2012⁽³⁾</u>	<u>2011⁽³⁾</u>	<u>2010⁽³⁾</u>	<u>2009⁽³⁾</u>	<u>2008⁽³⁾</u>
Civilian Labor Force	812,806	804,768	796,464	767,699	747,982
Total Employed	761,543	743,879	736,617	716,446	712,336
Total Unemployed	51,263	60,889	59,847	51,253	35,646
Unemployment Rate	6.3%	7.6%	7.5%	6.7%	4.8%
% Unemployed (Texas)	6.5%	7.9%	8.2%	7.5%	4.9%
% Unemployed (U.S.)	7.7%	8.9%	9.6%	9.3%	5.8%

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- (1) Source: Texas Employment commission.
(2) As of April 2012.
(3) Actual annual statistics.

APPENDIX B

EXCERPTS FROM THE
CITY OF LEON VALLEY, TEXAS
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2011

The information contained in this Appendix consists of excerpts from the City of Leon Valley, Texas Annual Financial Report for the Year Ended September 30, 2011, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

DRAFT OF 05-30-2012

IN REGARD to the authorization and issuance of the “City of Leon Valley, Texas General Obligation Bonds, Series 2012” (the *Bonds*), dated June 15, 2012, in the aggregate principal amount of \$_____, we have reviewed the legality and validity of the issuance thereof by the City Council of the City of Leon Valley, Texas (the *Issuer*). The Bonds are issuable in fully registered form only, in denominations of \$5,000 or any integral multiple thereof, and have Stated Maturities of August 1 in each of the years 2013 through 2032, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Bonds. Interest on the Bonds accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the ordinance (the *Ordinance*) authorizing the issuance of the Bonds.

WE HAVE SERVED AS BOND COUNSEL for the Issuer solely to pass upon the legality and validity of the issuance of the Bonds under the laws of the State of Texas and with respect to the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds. Our role in connection with the Issuer’s Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the Issuer in connection with the issuance of the Bonds, including the Ordinance; (2) customary certifications and opinions of officials of the Issuer; (3) certificates executed by officers of the Issuer relating to the expected use and investment of proceeds of the Bonds and certain other funds of the Issuer, and to certain other facts solely within the knowledge and control of the Issuer; and (4) such other documentation, including an examination of the Bonds executed and delivered initially by the Issuer, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that the Bonds have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Bonds are valid and legally binding obligations of the Issuer enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity. The Bonds are payable from the levy

**Legal Opinion of Fulbright & Jaworski L.L.P. in connection with the authorization and issuance of
“CITY OF LEON VALLEY, TEXAS GENERAL OBLIGATION BONDS, SERIES 2012”**

of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the Issuer.

IT IS FURTHER OUR OPINION THAT, assuming continuing compliance after the date hereof by the Issuer with the provisions of the Ordinance and in reliance upon the representations and certifications of the Issuer made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, and (2) interest on the Bonds will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations.

WE CALL YOUR ATTENTION TO THE FACT THAT, with respect to our opinion in clause (2) above, interest on all tax-exempt obligations, such as the Bonds, owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a mutual fund, a financial asset securitization investment trust, a real estate mortgage investment conduit, or a real estate investment trust. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the register and request that copies of the notices be provided directly to them.

Redemption notices for the Bonds shall be sent to DTC. If less than all of the Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar of each series, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar of each series, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent/Registrar of each series, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to one or both series of the Bonds at any time by giving reasonable notice to the City or the respective Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The City may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Bonds, as appropriate, will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Initial Purchaser.

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System of the Bonds is discontinued, printed Bonds will be issued to the DTC Participants or the holder, as the case may be, and such Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE BONDS - Transfer, Exchange and Registration" below.



Contacts

Anne Burger Entrekin

Managing Director

70 Northeast Loop 410, Suite 710

San Antonio, Texas 78216

Direct: 210.308.2200

anne.burgerentrekin@firstsw.com



Bond Issue and Market Update

June 5, 2012

City of Leon Valley, Texas

Bond Issue Update



Proposed Schedule of Events

DAY	DATE	ACTIVITY
Tuesday	June 05, 2012	Regular meeting of the City Council. Consider approval of distribution of the Preliminary Official Statement. Send POS to S&P.
Wednesday	June 06, 2012	Distribute first draft of NOS to working group for comments.
Friday	June 15, 2012	Comments on second draft of POS due from working group. Comments on first draft of NOS due from working group.
Week of	June 11, 2012	Coordinate conference call with S&P.
Tuesday	June 19, 2012	NOS and POS goes to i-Deal web site for posting. NOS goes to Municipal Advisory Council of Texas for posting. Submit request for CUSIPs. Receive rating.
Tuesday	June 26, 2012	Competitive Bids due at 10:00 AM. Special meeting at Noon to consider the adoption of the Ordinance Authorizing Issuance of General Obligation Bonds and approving and authorizing the execution of the Bond Purchase Agreement.
Wednesday	July 25, 2012	Closing Date; City delivers the Bonds to Underwriter and receives funds.

Approving Preliminary Official Statement

- Approving the Preliminary Official Statement (“POS”) allows the document to be distributed
 - Recipients include Standard & Poor’s Corporation (“S&P”) and the Broker/Dealer community
 - POS includes financial, tax and operating information about the City to be utilized as follows:
 - S&P to update City’s rating (currently “AA”)
 - Investment community to determine if a competitive bid will be submitted or if an investment will be made in City’s bonds

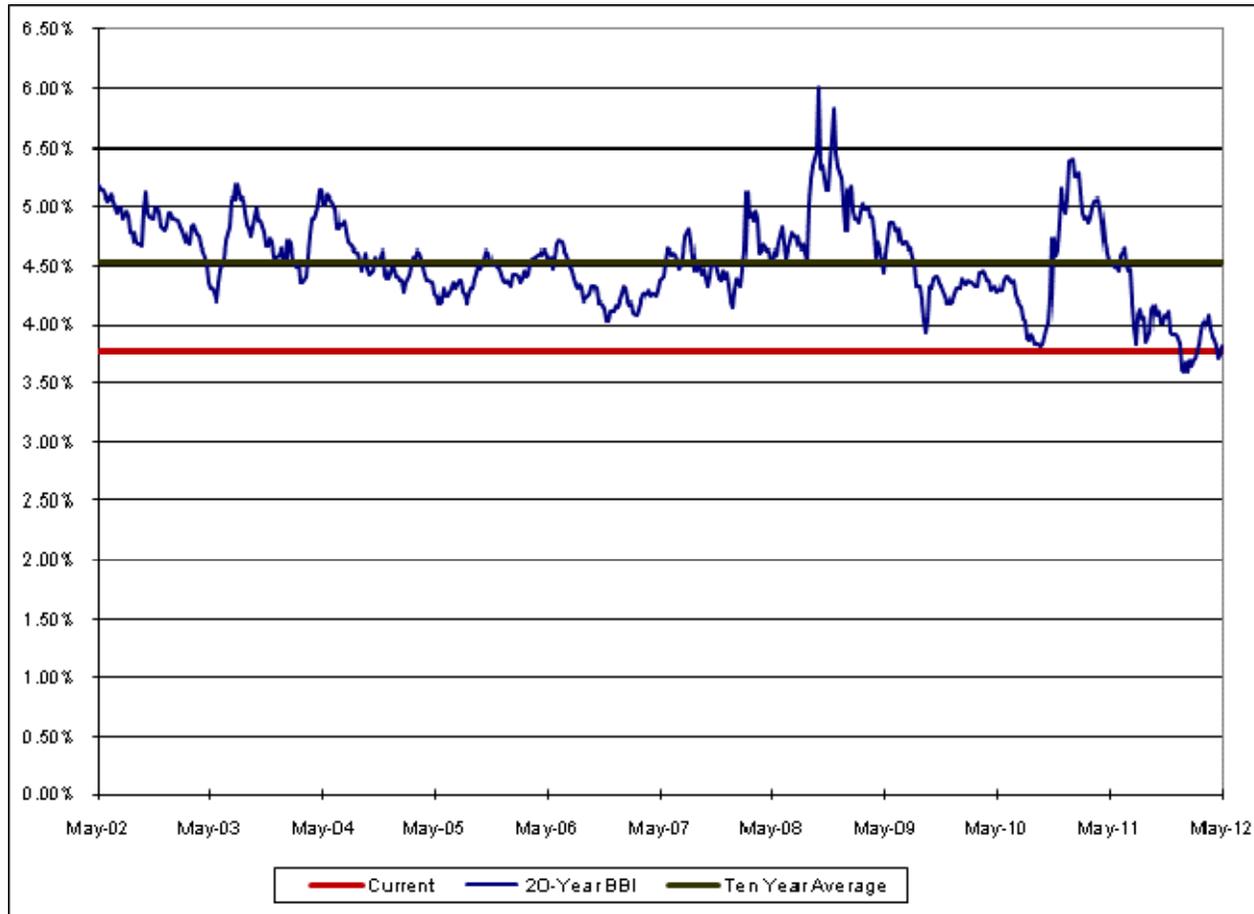
Next Steps

- Coordinate with S&P to get the City's rating updated
- Update the amortization to reflect targeted tax rate structure
- Distribute required documents to the broker/dealer community
- Request bids June 26 no later than 10:00 am
- Special meeting of the City Council to consider accepting the low bid and awarding the sale of the bonds
- Submit documents to the Texas Attorney General's office for approval
- Close the bond issue on July 25, 2012 allowing the City to receive the bond proceeds

Market Update



Bond Buyer's Index of 20 Municipal Bonds



BBI Statistics	
Current Value	3.77%
1 Year Average	4.03%
5 Year Average	4.50%
10 Year Average	4.53%
Maximum	6.01%
Minimum	3.60%
<p>Over the past ten years, the Index has been higher 98.10% of the time.</p>	

CITY OF LEON VALLEY, TEXAS

MAYOR AND COUNCIL COMMUNICATION

DATE: June 5, 2012

M&C: #06-06-12

TO: MAYOR AND CITY COUNCIL

SUBJECT: CONSIDER AN AMENDMENT – WITH ATTACHED ORDINANCE - TO CHAPTER 14, “ZONING” APPENDIX 2, “OVERLAY BOUNDARIES,” AND APPENDIX 2A, “SUSTAINABILITY OVERLAY,” MAP REVISIONS TO REMOVE 7325 REINDEER TRAIL, BEING LOT 6, BLOCK 2, CB 4446EE, NORTH VALLEY SUBDIVISION UNIT #3, AND 7302 THROUGH 7372 REINDEER TRAIL, BEING LOT 7, BLOCK 1, CB 4446EE, NORTH VALLEY SUBDIVISION UNIT #3, B-3 (COMMERCIAL) ZONED PROPERTIES FROM THE SUSTAINABILITY OVERLAY

PURPOSE

In the utilization and implementation of the Sustainability Overlay staff has found that the Sustainability Overlay is hindering owner and tenants of the above noted properties from leasing and utilizing spaces which have been operated in the buildings since 1983 and 1998 respectively. The Sustainability Overlay does not allow automotive uses, manufacturing and processing which have been regular uses within this office/warehouse district for 29-years.

As a result, staff consulted with Jim Carrillo of Halff Associates to determine whether this area should be removed from the Sustainability Overlay. After site visits and discussions he noted the following:

“The characteristics of development along this segment of Reindeer Trail support the proposed boundary change:

1. These tracts do not front on Bandera Road or any other major roads in Leon Valley, such as Grissom, Evers, Eckhart, Poss or Huebner;
2. The tracts are surrounded by other office warehouse and storage uses;
3. The properties already incorporate good design principles such as side loading areas, landscaping, green area setbacks and masonry construction;

These characteristics provide for orderly development that is compatible with the uses surrounding it and adjacent similar uses in the city limits of San Antonio. Therefore the adjustment of the Sustainability Overlay District boundary to remove these areas from the Sustainability District is acceptable.”

FISCAL IMPACT

Not applicable.

RECOMMENDATION

On May 22, 2012 the Zoning Commission recommended approval of the amendment to by a vote of 7-0.

S.E.E IMPACT STATEMENT

Social Equity – this change encourages collaborative participation by businesses and stakeholders with the City.

Agenda Item 12

Environmental Stewardship – this is not applicable, nor are there any changes to the existing landscape.

Economic Development – removing these two (2) properties from the overlay will promote economic development by allowing the properties to be utilized and leased; supporting revenue generation and businesses in the City.

APPROVED: _____

DISAPPROVED: _____

APPROVED WITH THE FOLLOWING COMMENTS: _____

ATTEST:

Janie Willman, City Secretary

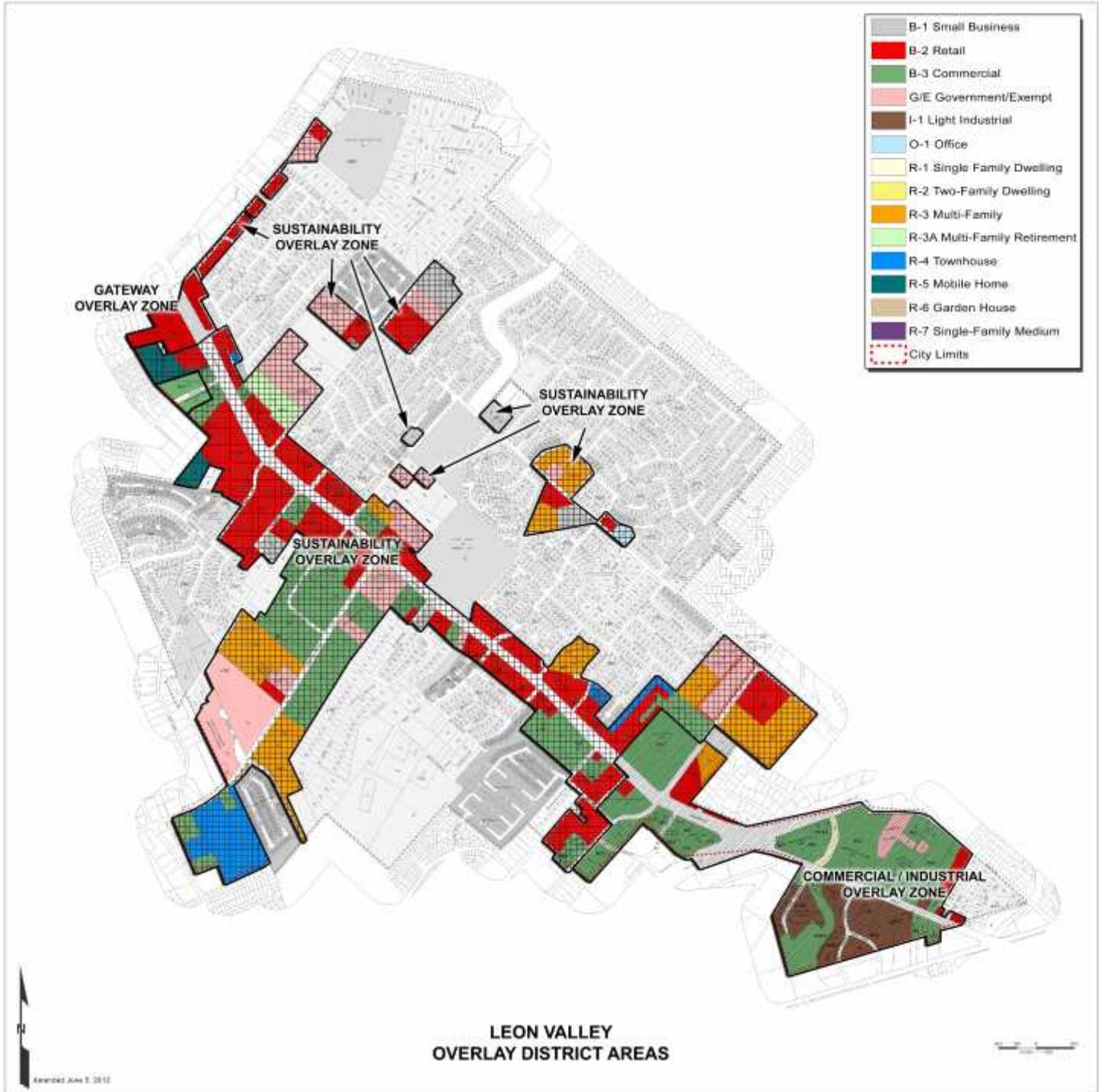
AN ORDINANCE

**AMENDING CHAPTER 14, "ZONING," CHAPTER 14, "ZONING"
APPENDIX 2, "OVERLAY BOUNDARIES," AND APPENDIX 2A,
"SUSTAINABILITY OVERLAY" AND PROVIDING A PENALTY
OF UP TO TWO THOUSAND DOLLARS (\$2000)**

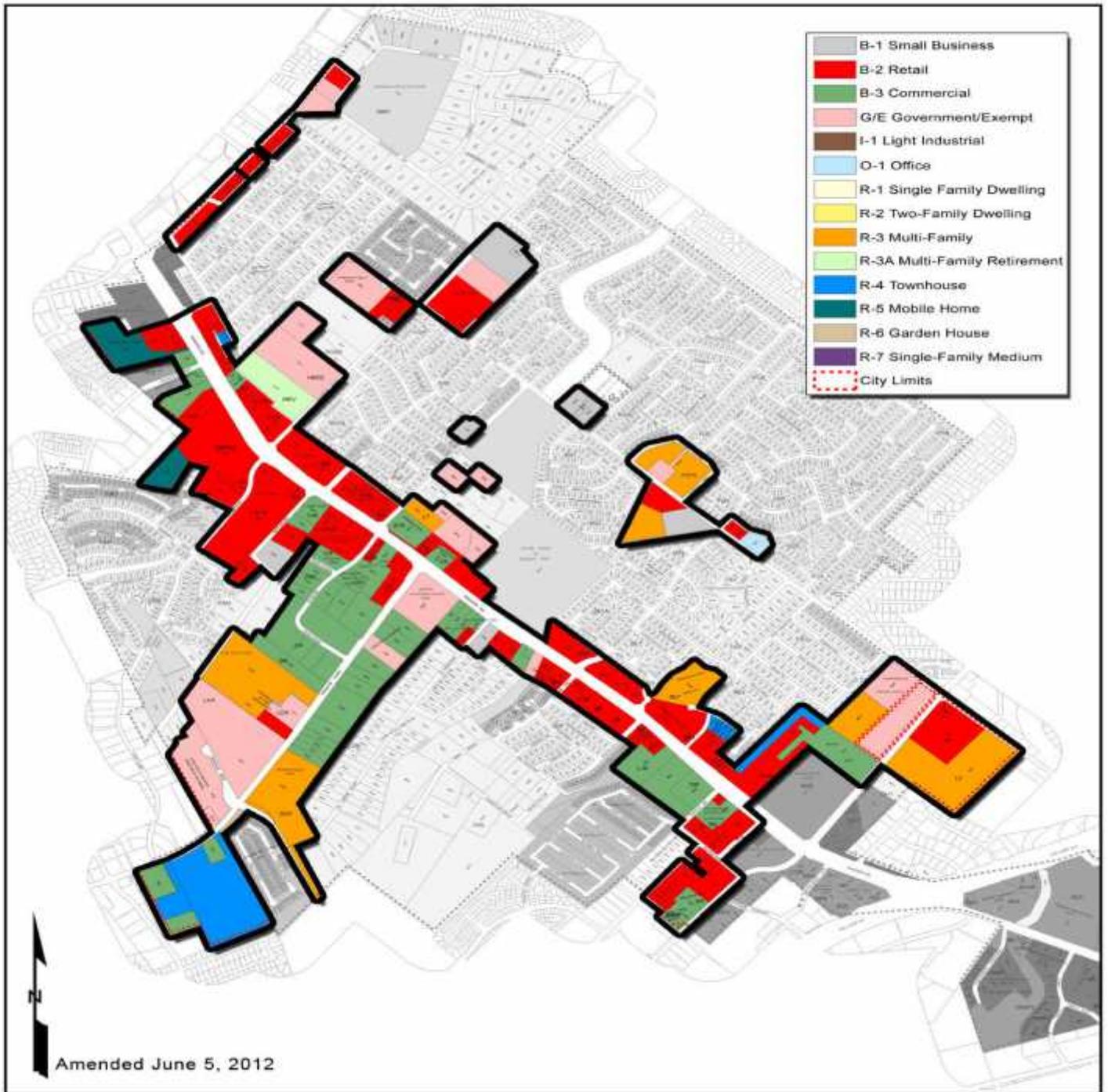
**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF
THE CITY OF LEON VALLEY, TEXAS THAT:**

1. Chapter 14, "Zoning," Appendix 2, "Overlay Boundaries," and Appendix 2A, "Sustainability Overlay," are amended as follows:

“Appendix 2 Overlay Boundaries



Appendix 2A Sustainability Overlay



2. Each violation of this article shall be punishable by a fine of up to two thousand dollars (\$2000), unless some other fine is specifically prescribed for a particular violation.
3. This ordinance shall become effective on and after its passage, approval and publication as prescribed by law.

PASSED AND APPROVED this 5th day of June, 2012.

Mayor

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney

MEMORANDUM

TO: Ms. Kristie Flores, Director of Community Development, City of Leon Valley

DATE: May 14, 2012

FROM: Jim Carrillo, FAICP, ASLA
Vice President, Director of Planning, Halff Associates, Inc.

AVO: 27055

EMAIL: jcarrillo@halff.com

SUBJECT: Comments Regarding Adjustments to Overlay District for Reindeer Trail Street in Leon Valley

This memorandum is written to discuss issues regarding modifications to the boundaries of the Leon Valley Sustainability Overlay District. The subject area is along Reindeer Trail Street in Leon Valley, and is illustrated on the attached map of the Sustainability Overlay District.

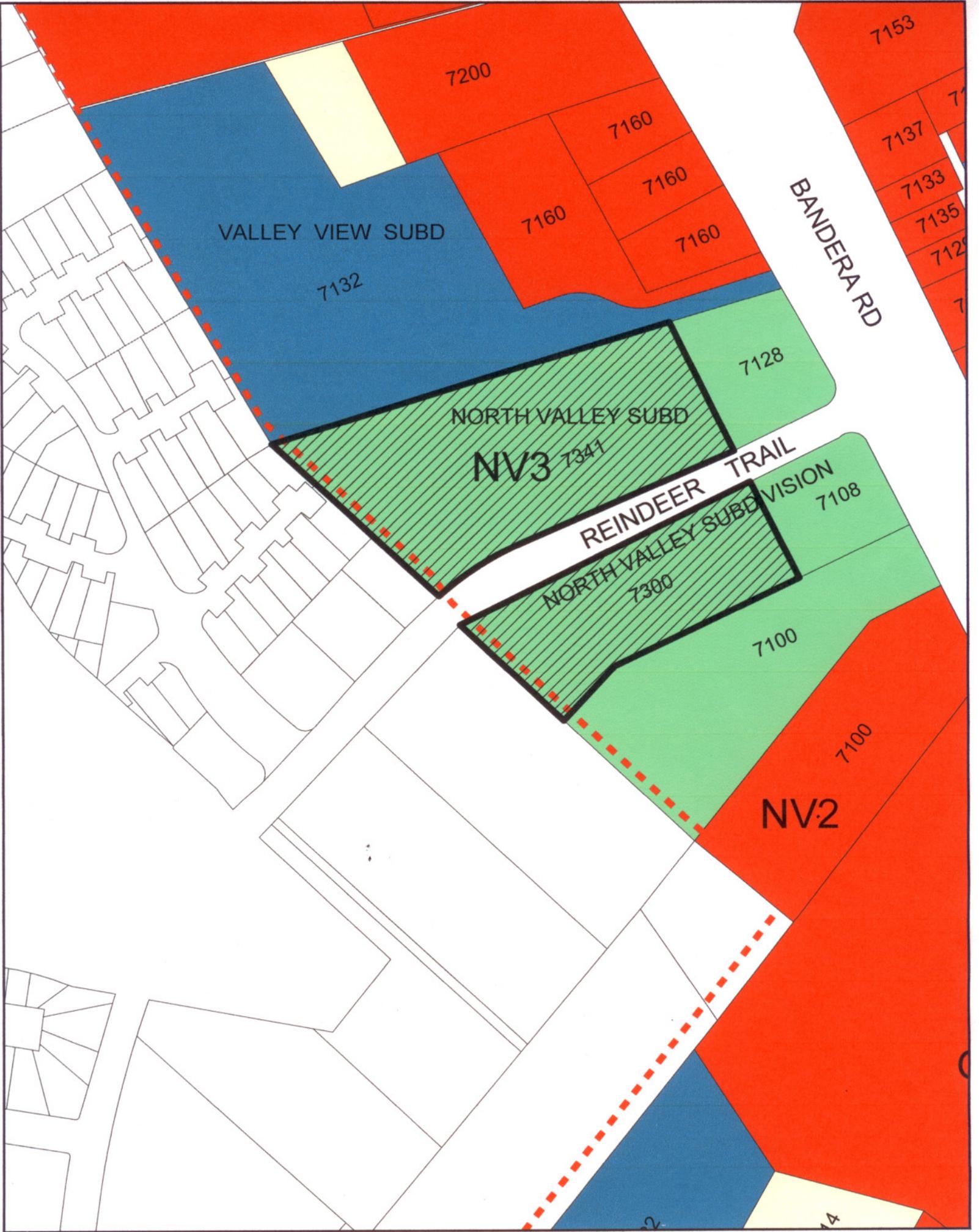
The area consists of commercial office/warehouse buildings that currently house a variety of uses, including insurance agencies, interior decorating and repair facilities. The area is zone B-3 for general commercial uses. Buildings in the area have been in place since the early 1980's and late 1990's, and are in generally good condition.

Consideration is being given to adjusting the boundaries of the Leon Valley Sustainability Overlay District to exclude the tracts of land along Reindeer Trail (not including those with frontage on Bandera Road). The following characteristics of development along this segment of Reindeer Trail support the proposed boundary change:

1. These tracts do not front on Bandera Road or any other major roads in Leon Valley, such as Grissom, Evers, Eckhert, Poss or Huebner;
2. The tracts are surrounded by other office warehouse and storage uses;
3. The properties already incorporate good design principles such as side loading areas, landscaping, green area setbacks and masonry construction;

These characteristics provide for orderly development that is compatible with the uses surrounding it and adjacent similar uses in the city limits of San Antonio. Therefore the adjustment of the Sustainability Overlay District boundary to remove these areas from the Sustainability District is acceptable.

End of Memorandum



VALLEY VIEW SUBD

7132

7200

7160

7160

7160

7153

7137

7133

7135

7129

BANDERA RD

NORTH VALLEY SUBD

NV3 7341

7128

REINDEER TRAIL

NORTH VALLEY SUBDIVISION

7300

7108

7100

7100

NV2

2

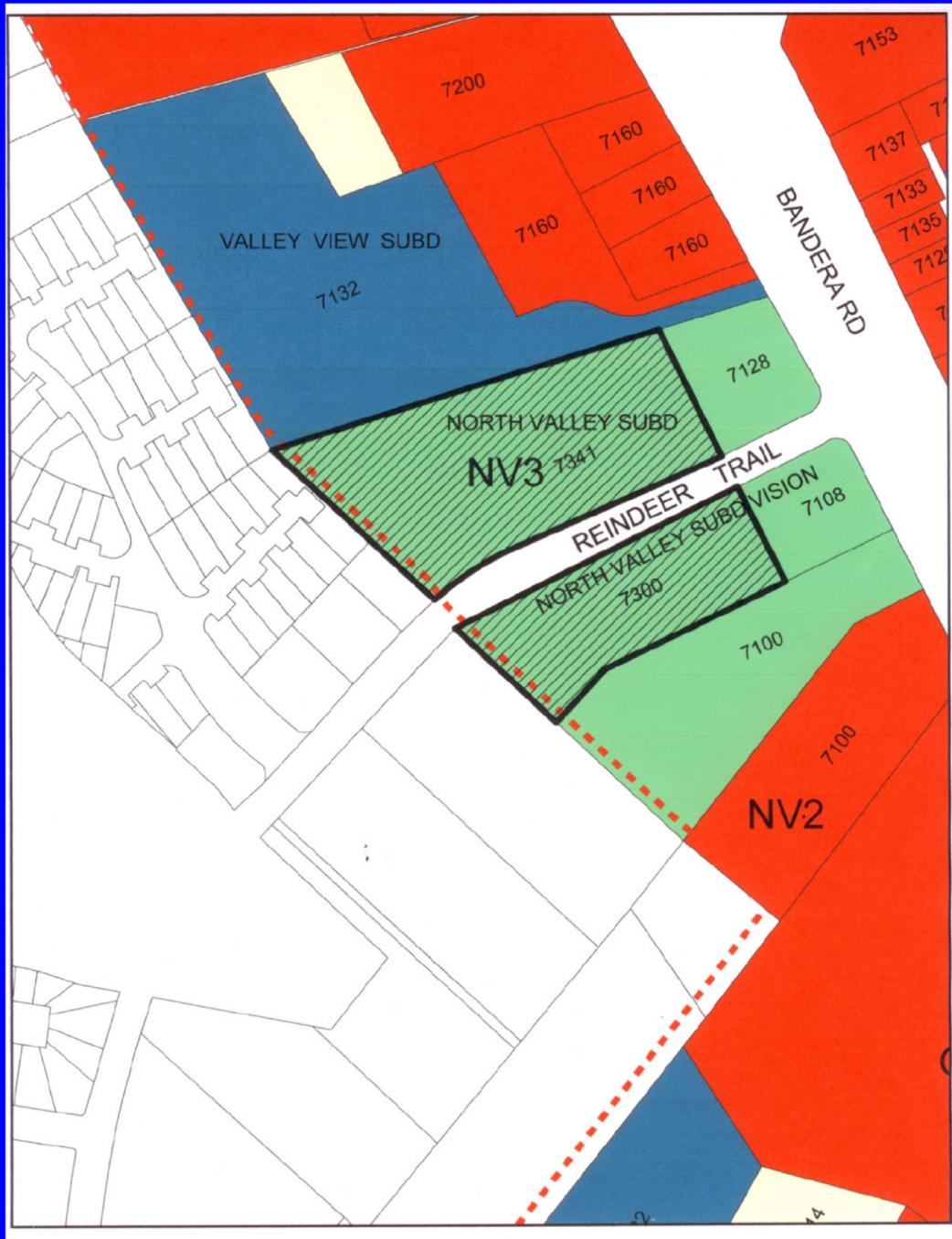
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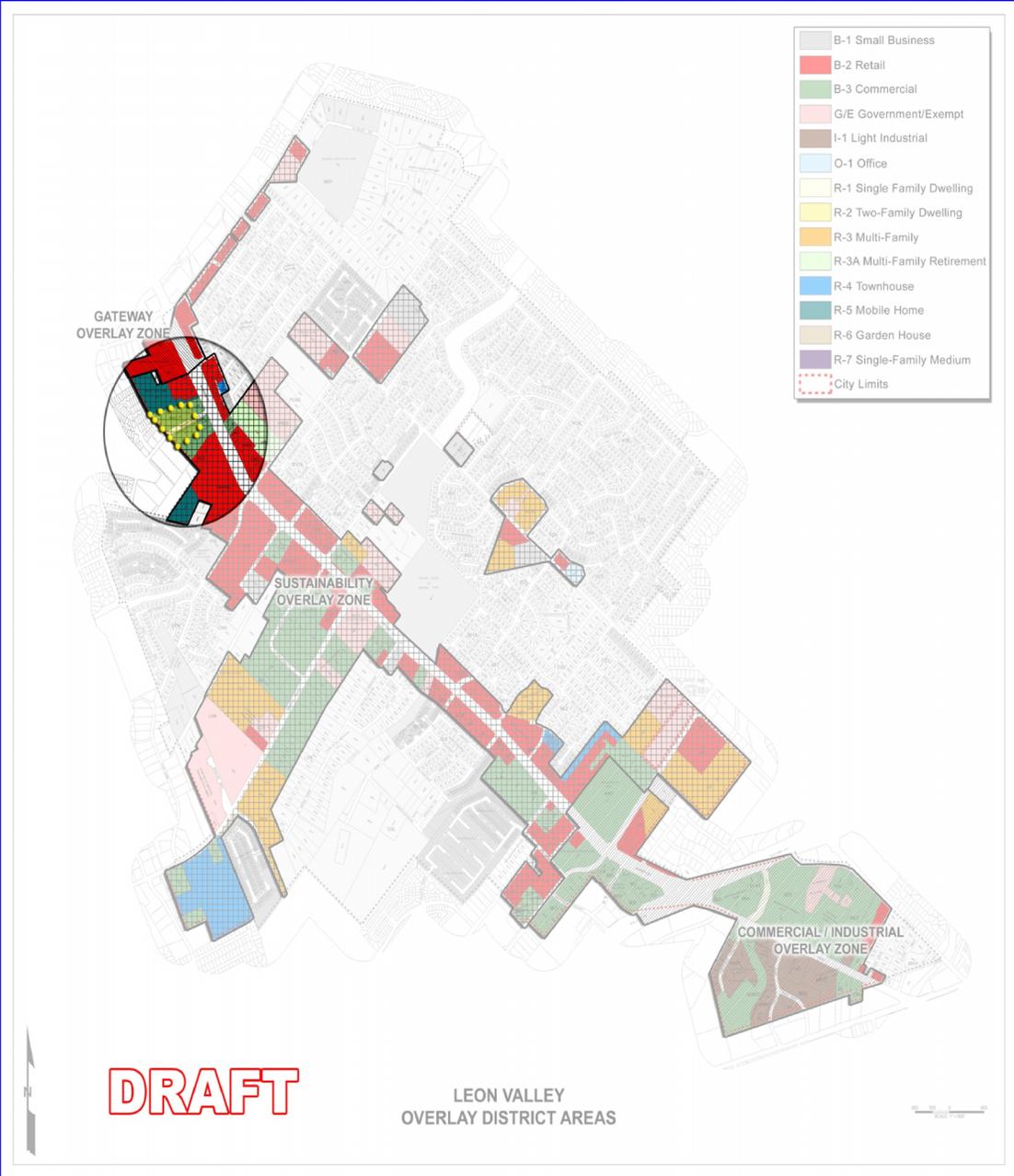


City of Leon Valley City Council

Consideration of a Map
Amendments to
Chapter 14, "Zoning"

June 5, 2012







City of Leon Valley City Council

Consideration of a Map
Amendments to
Chapter 14, "Zoning"

June 5, 2012

Agenda Item 13

MAYOR AND COUNCIL COMMUNICATION

DATE: June 5, 2012
M&C # 06-07-12

TO: MAYOR AND CITY COUNCIL

SUBJECT: ELECTION OF A MAYOR PRO TEM.

PURPOSE

The City Council votes from amongst its membership each year after the canvass and seating of the new Council following the May Elections. This item will allow the City Council to consider the election of a mayor pro tem by minute order.

The mayor pro tem(pore) is a member of the Council who performs the mayor's duties during the mayor's incapacity or absence. The mayor pro tem is selected by majority vote of the Council from among its own membership. The mayor pro tem's term is one year. The mayor pro tem retains the right to vote on all matters before the Council (and not just to break a tie) while performing the duties of the mayor.

The selected mayor pro tem will serve for a one-year term effective June 6, 2012.

S.E.E IMPACT

Social Equity – Not applicable.

Economic Development – Not applicable.

Environmental Stewardship – Not applicable.

FISCAL IMPACT

Not applicable.

APPROVED: _____ DISAPPROVED: _____

APPROVED WITH THE FOLLOWING AMENDMENTS:

ATTEST:

Janie Willman, City Secretary

Agenda Item 14

MAYOR AND COUNCIL COMMUNICATION

DATE: June 5, 2012
M&C # **06-08-2012**

TO: MAYOR AND CITY COUNCIL

SUBJECT: CONSIDER APPROVING RESOLUTION # 06-02-2012 TO CANCEL THE FIRST REGULAR SCHEDULED CITY COUNCIL MEETING SCHEDULED FOR JULY 3, 2012.

PURPOSE

The purpose of this agenda item is to allow the City Council to cancel; the first regular Council meeting of July 2012. This Council meeting is the day prior to the July 4th National Holiday.

S.E.E IMPACT

Social Equity – Allowing the City of Leon Valley’s employees to maximize their benefit of paid holidays and vacations demonstrates the gain-sharing of social equity with the City staff.

Economic Development - Not applicable.

Environmental Stewardship – Cancelling two regularly scheduled City Council Meetings would demonstrate a savings in gasoline consumption by City staff and further neutralizes the City’s carbon footprint.

FISCAL IMPACT

Not applicable.

APPROVED: _____ DISAPPROVED: _____

APPROVED WITH THE FOLLOWING AMENDMENTS:

ATTEST:

Janie Willman, City Secretary

RESOLUTION

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEON VALLEY TO CANCEL THE FIRST REGULAR COUNCIL MEETING OF JULY 2012

WHEREAS, the Leon Valley's City Code, Chapter 2 states that a regular Council meeting shall be held on both the first and third Tuesdays of each month beginning at 7:00 o'clock p.m.; and

WHEREAS, the first Tuesday in July 2012 is July 3rd, the day before a national holiday celebrating Independence Day.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF LEON VALLEY, TEXAS, HEREBY APPROVES CANCELLING THE FIRST REGULAR COUNCIL MEETING FOR THE MONTH OF JULY 2012

PASSED and **APPROVED** this 5th day of June, 2012.

Mayor Chris Riley

ATTEST:

Janie Willman, City Secretary

MAYOR AND COUNCIL COMMUNICATION

DATE: June 5, 2012
M&C # 06-09-12

TO: MAYOR AND CITY COUNCIL

SUBJECT: DISCUSS THE AUTHORITY AND RIGHTS, STRUCTURE AND MEMBERSHIP, DUTIES AND RESPONSIBILITIES, AND SUNSET PROVISION FOR A COMMITTEE TO OVERSEE THE 2012 BOND PROJECT

PURPOSE

On May 12, 2012, the citizens of the City of Leon Valley approved a \$7,000,000 Bond Issue. The Issuance was specifically earmarked for designing, acquiring, constructing, improving, renovating, demolishing, expanding, and equipping a Public Safety and Support Services Complex to house police, fire, municipal court, and City administration service departments, and expenses incidental and necessary to the foregoing (including necessary utility relocation, acquisition of easements, rights-of-way, and other real property interests, landscaping, and streetscape modification and improvements).

The Leon Valley City Council desires to have citizen input and oversight on the effective, efficient, and lawful use of the 2012 Bond proceeds. Therefore, the creation of the 2012 Bond Program Oversight Committee will establish a mechanism to encourage greater accountability. The Committee's charge will be to monitor the construction projects funded by the 2012 Bond proceeds and help interested resident of Leon Valley stay informed about construction and renovation projects funded by the 2012 Bonds.

The Committee will be an independent citizens Committee that is responsible to the Mayor and City Council of Leon Valley and to the general public. Its purpose will be to monitor performance in order to confirm that the City of Leon Valley implements the 2012 Bond Program work in conformance with the program approved by the voters. The Committee will counsel and provide input to the Mayor and City Council, but will not have management or policy-setting responsibilities.

The authority and rights of the Committee will be set forth in the "2012 Bond Program Oversight Committee Charter".

FISCAL IMPACT

N/A

S.E.E. IMPACT

Social – To insure good stewardship of taxpayers monies by having a Committee, which reports directly to the Mayor and Council, oversee the 2012 Bond Program

Economic – N/A

Environmental – N/A

N/A

APPROVED: _____

DISAPPROVED: _____

APPROVED WITH THE FOLLOWING COMMENTS: _____

ATTEST:

Janie Willman, City Secretary

DRAFT

AN ORDINANCE

AMENDING CHAPTER 1 “GENERAL PROVISIONS, ARTICLE 1.06 “BOARDS, COMMISSIONS AND COMMITTEES” OF THE LEON VALLEY CITY CODE OF ORDINANCES TO ADD SECTION 1.06.03, “2012 BOND PROGRAM OVERSIGHT COMMITTEE” AND PROVIDING FOR THE COMMITTEE CREATION AND GRANTING THE AUTHORITY AND RIGHTS AS SET FORTH WITHIN THE COMMITTEE’S CHARTER

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEON VALLEY, TEXAS, THAT:

1. The Leon Valley City Code, Chapter 1, “General Provisions”, Article 1.06 “Boards, Commissions, and Committees” is hereby amended to add and hereafter read as follows;

1.06.03 2012 Bond Program Oversight Committee

Committee’s Charge

On May 12, 2012, the citizens of the City of Leon Valley approved a \$7,000,000 Bond Issue. The Issuance was specifically earmarked for designing, acquiring, constructing, improving, renovating, demolishing, expanding, and equipping a Public Safety and Support Services Complex to house police, fire, municipal court, and City administration service departments, and expenses incidental and necessary to the foregoing (including necessary utility relocation, acquisition of easements, rights-of-way, and other real property interests, landscaping, and streetscape modification and improvements).

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 - (7) approval of the sale of bonds;
 - (8) the establishment of priorities and order of construction for the bond projects;
 - (9) the selection of architects, engineers, construction managers, project managers, and such other professional service firms;
 - (10) the approval of the design for each project including exterior materials, paint color, interior finishes, site plan and construction means or methods;
 - (11) the selection of independent audit firm(s), performance audit consultants and such other consultants as are necessary to support the performance of the Bond Program;
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COMMITMENT TO THE CITY OF LEON VALLEY. A Committee member shall place the interests of the City of Leon Valley above any personal or business interest of the member.

Committee Termination

The City of Leon Valley 2012 Bond Oversight Committee will sunset following completion of the 2012 Bond Project.

Section 1.06.03 of the Leon Valley City Code of Ordinances shall grant the authority and rights to the 2012 Bond Program Oversight Committee and this document will be known as the "2012 Bond Program Oversight Committee Charter".

This ordinance shall take effect immediately upon its approval, passage, and the meeting of all publication requirements under law.

PASSED and **APPROVED** this the 19th day of June, 2012

Mayor

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney

CITY OF LEON VALLEY
2012 BOND PROGRAM OVERSIGHT COMMITTEE CHARTER

Committee's Charge

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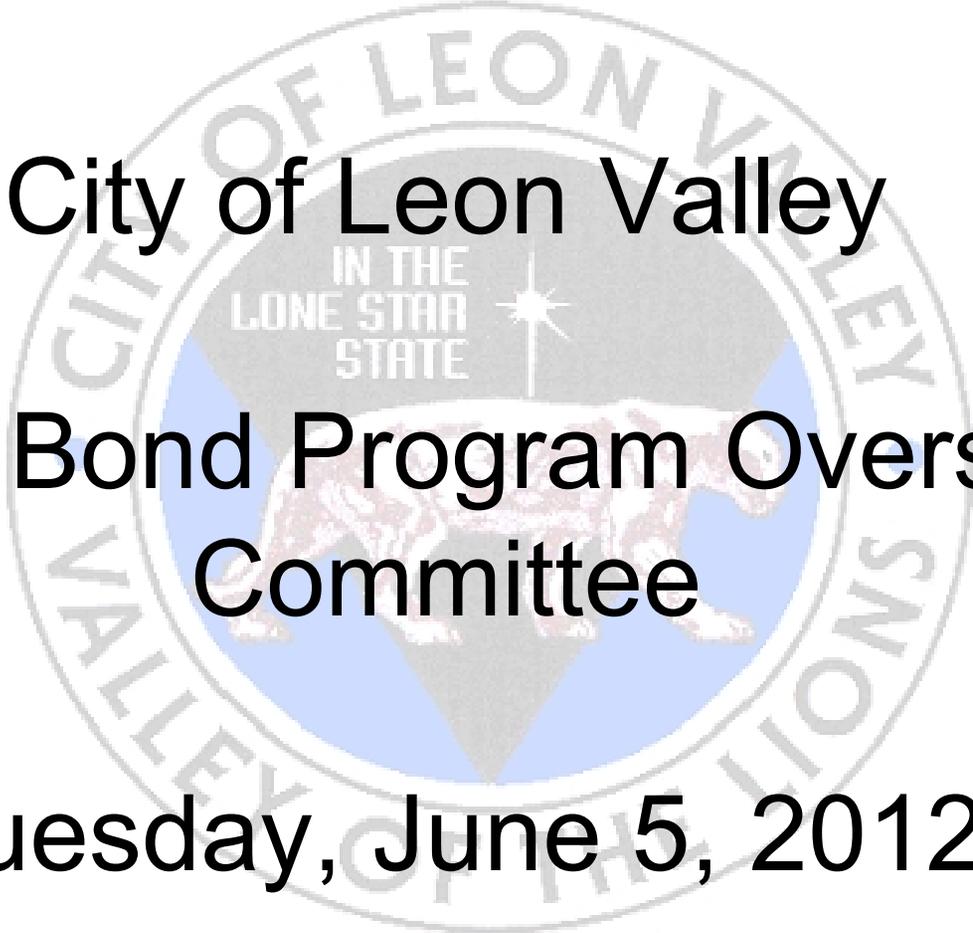
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DRAFT



City of Leon Valley

**2012 Bond Program Oversight
Committee**

Tuesday, June 5, 2012



History

- May 12, 2012 Leon Valley Voters approved the issuance of \$7,000,000 in Bonds
 - specifically earmarked for designing, acquiring, constructing, improving, renovating, demolishing, expanding, and equipping a Public Safety and Support Services



Committee Creation

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Committee Duties

- The Committee's charge will be to monitor the construction projects funded by the 2012 Bond proceeds and help interested resident of Leon Valley stay informed about construction and renovation projects funded by the 2012 Bonds
 - Reports to Mayor, City Council and Citizens of Leon Valley



Committee Members

- The Committee will have seven (7) members
 - One (1) Chairperson – appointed by Mayor and City Council
 - One (1) Vice Chairperson and one (1) Secretary – elected by members within 30 days of Committee creation
 - Three (3) members



City Council Liaisons

- Councilman Dean and Councilwoman Hill will serve as the liaisons between the Bond Program Oversight Committee and the Mayor and City Council



Governance of Committee

- Committee will have a Charter which establishes the following;
 - Charge
 - Structure and Membership
 - Duties and Responsibilities
 - City support
 - Ethics Policy
 - Termination of Committee



Next Steps

- Approve Sale of Bonds
 - June 5th
- Approve Committee's Charter/Ordinance
 - June 19, 2012
- Appoint Committee Members – Name Chairman
 - June 19, 2012



Next Steps

- Sale of Bonds
 - Tentative June 26, 2012
- Solicit for Architectural Services
 - Recommended by Citizens Facility Committee
- Architectural Firm will assist in guiding construction delivery approach
- Memorandum of Understanding for use of the County land for Fire Station

MAYOR AND COUNCIL COMMUNICATION

DATE: June 5, 2012

M&C: # 06-10-12

TO: MAYOR AND CITY COUNCIL

SUBJECT: PRESENTATION OF THE BANDERA ROAD BEAUTIFICATION PROJECT

PURPOSE

Jim Carrillo of Halff Associates will update the City Council on the progress of the proposed Bandera Road Beautification project. This project includes regular maintenance of the median on Bandera Road by the City and installation of monuments and landscaping in the median on Bandera Road from Grass Hill to Eckhert Road.

FISCAL IMPACT

The preliminary cost estimate, not including engineering and construction, is \$520,000.

RECOMMENDATION

Not applicable – for discussion only.

S.E.E IMPACT STATEMENT

Social Equity – beautification of Bandera Road will enhance the quality of life for Leon Valley residents and business creating pride of community and city identity.

Environmental Stewardship – beautification of the Bandera Corridor includes landscape design which is drought tolerant and supports natural retention and utilization of stormwater.

Economic Development – beautification of Bandera Road will give the corridor an aesthetically pleasing look encouraging improvement of properties along Bandera Road and supporting further business development in the corridor.

APPROVED: _____

DISAPPROVED: _____

APPROVED WITH THE FOLLOWING COMMENTS: _____

ATTEST:

Janie Willman, City Secretary

City of Leon Valley

Bandera Road Beautification



Overview of Potential Streetscape Improvements along Bandera Rd.
May 30, 2012



Existing Conditions



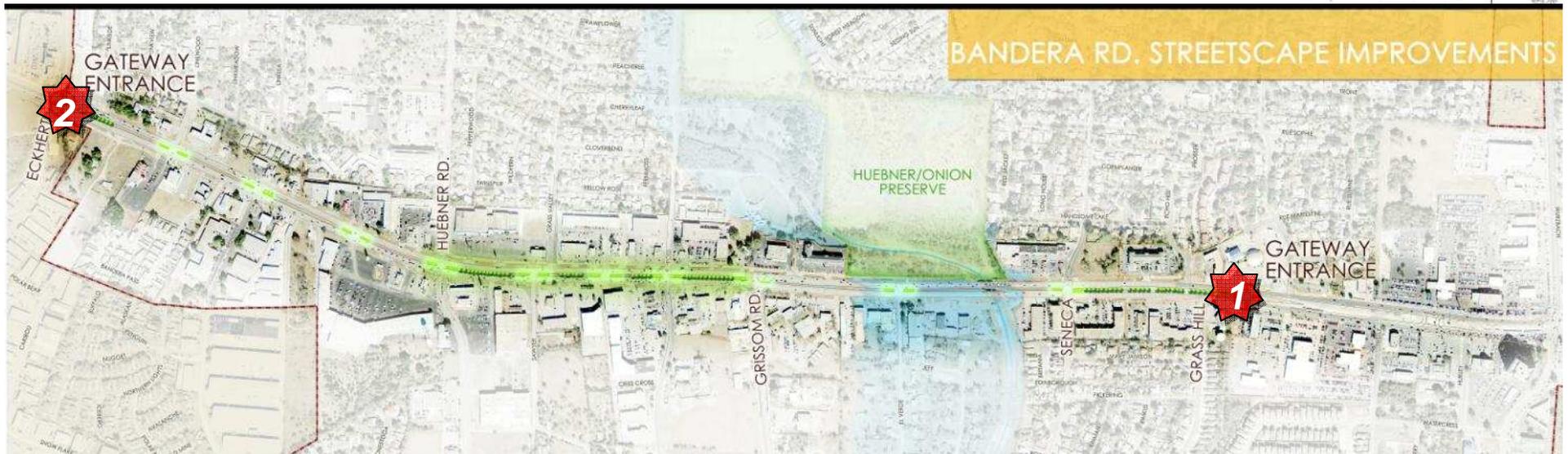
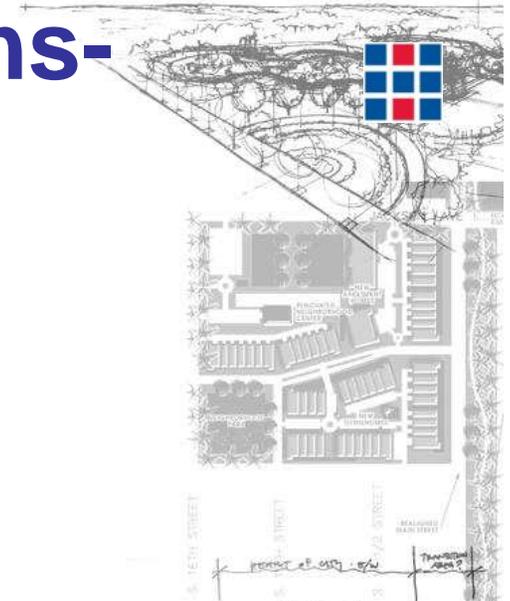
4" HIGH GRANITE PAVEMENT EDGE
USE BRICKS FOR PAVEMENT
C&G PAVING COMPANY
STONE
TRUNK BANDER STONE COLUMN
WITH GRANITE STONE
FACING WITH A 10"x10" BRICKER
REF. 04.12.02
4" THICK AUSTIN CHALK
STONE WALLS TABLE

DRAFT FOR REVIEW

Gateway Design Considerations- Gateway Location

Potential Gateway Locations

1. Create a Major Gateway Entrance zone at Loop 410 fly-over ramp connection(Grass Hill Rd.)
2. Create a Leon Valley City Entrance Feature at Eckhert Rd.

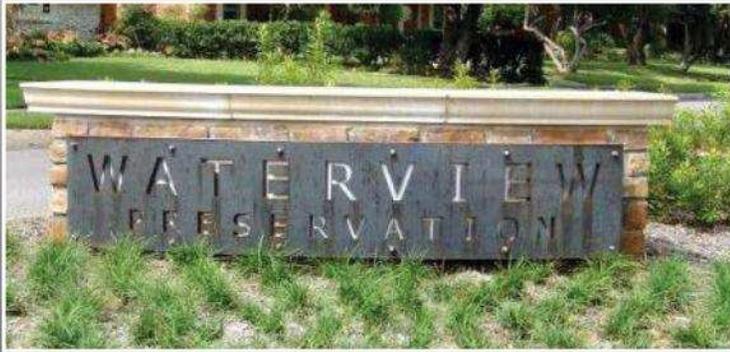
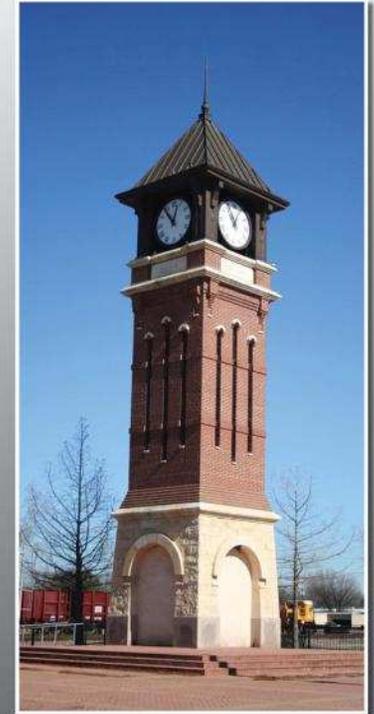
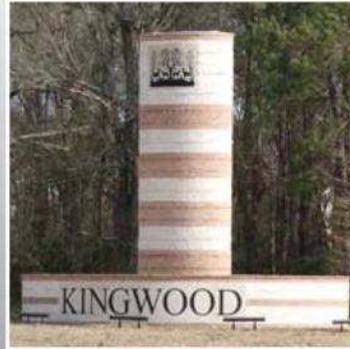
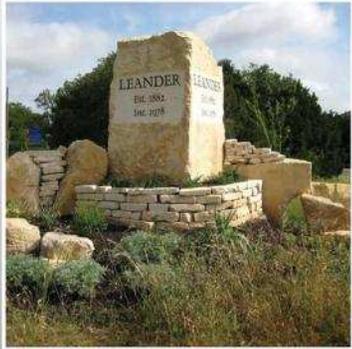


Draft for Discussion Curb and Gutter Medians from Huebner Rd. to Grissom Rd. and Improve Intersection Medians HALF

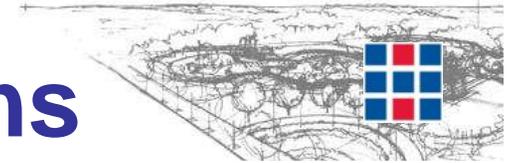


Gateway Design Considerations

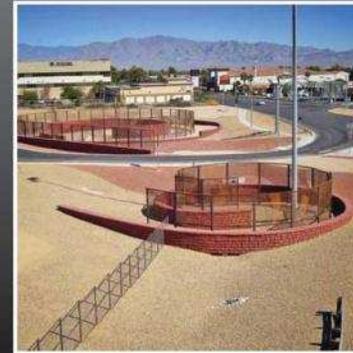
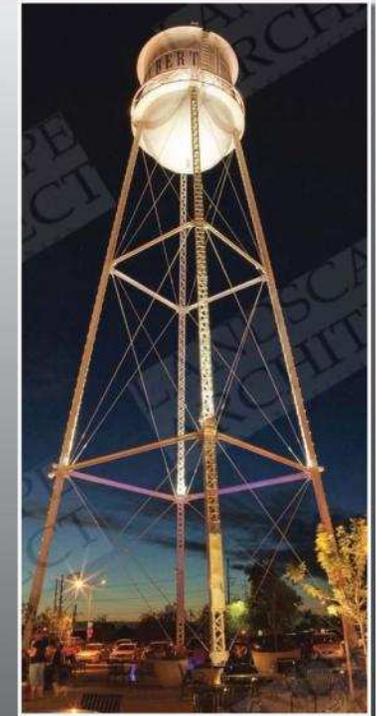
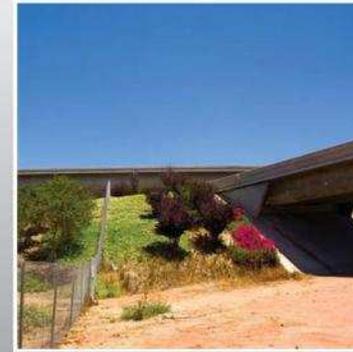
COMMUNITY ENTRANCE FEATURES



Gateway Design Considerations



LANDSCAPING & MONUMENTS



TRAIL MARKER STONE COLUMN
WITH GRANULARY STONE
FACING WITH A 10x10 BRACKET
REF. 04.12.02
*THEY: AUSTIN CHALK
STONE WALL TABLE

DRAFT FOR REVIEW

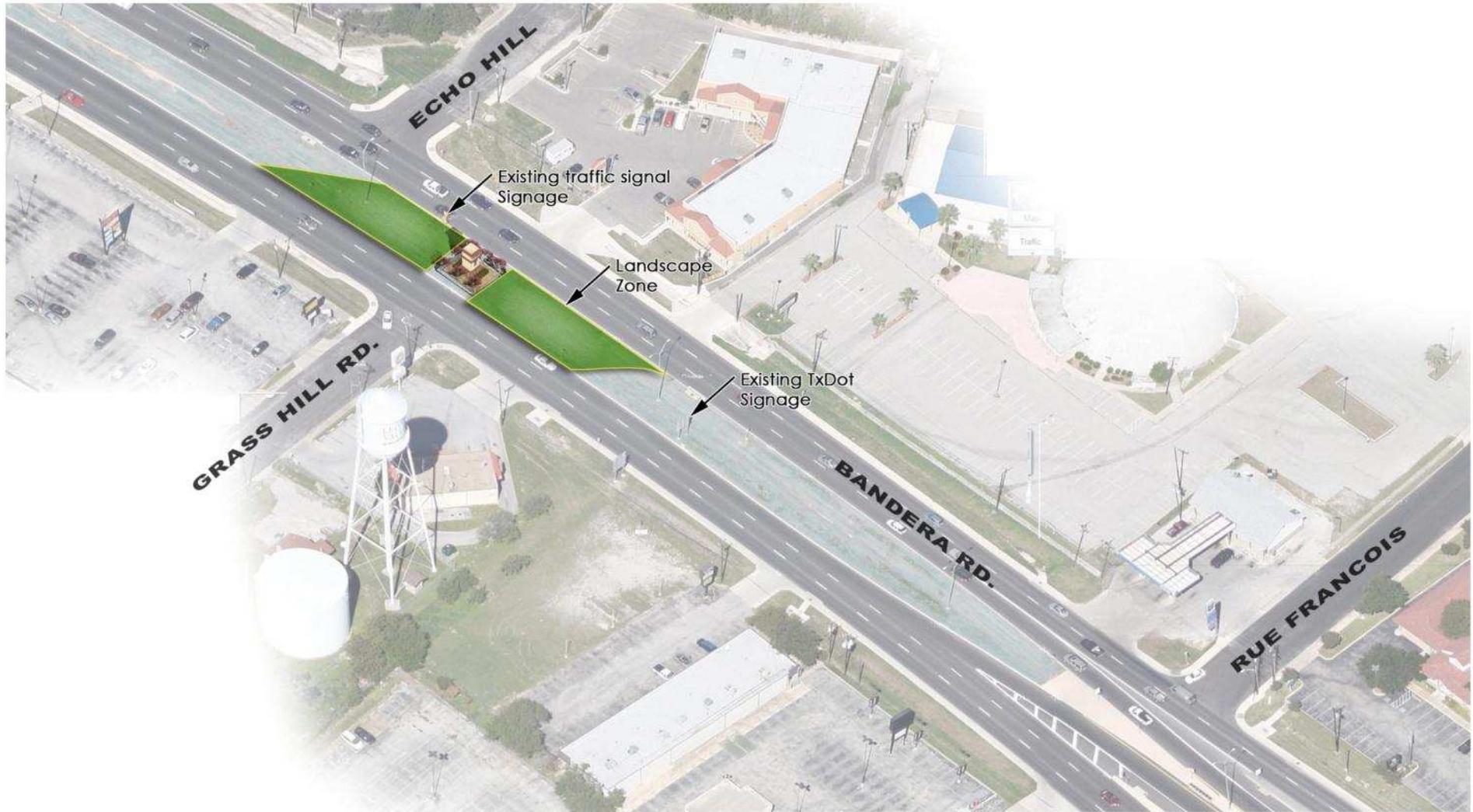
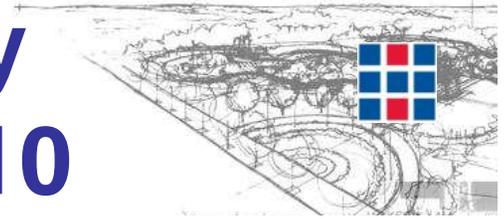
Gateway Median Considerations



USE SANDSTONE
FOR PAVING
STONE
TRUNK BANDER STONE COLUMN
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FACING WITH A 10x10 BANNER
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STONE WALLS TABLE

DRAFT FOR REVIEW

Potential Bandera Rd. Gateway Feature @ Grass Hill and IH-410



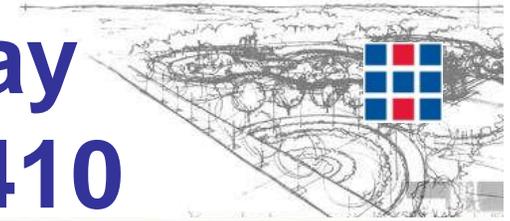
GRASS HILL ENTRY FEATURE

BANDERA RD. STREETSCAPE IMPROVEMENTS

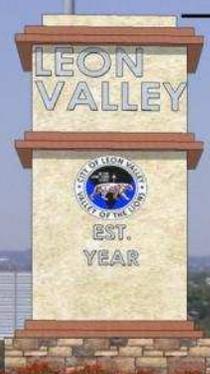
CITY OF LEON VALLEY
MARCH 2012



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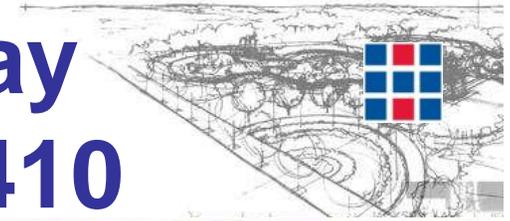
Landscape Improvements
-Drought Tolerant Planting
-Gravel, Decomposed Granite
and Turf Ground covers



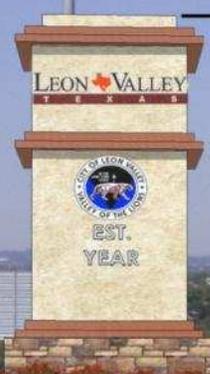
20' Monument Height



Potential Bandera Rd. Gateway Feature @ Grass Hill and IH-410

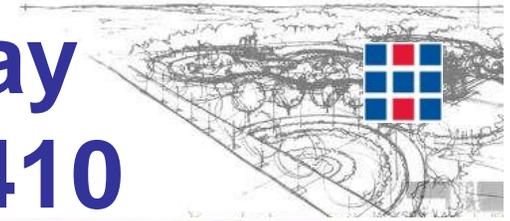


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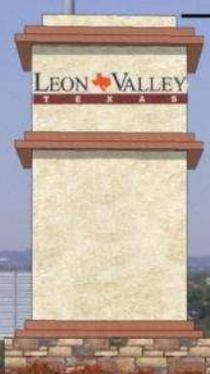


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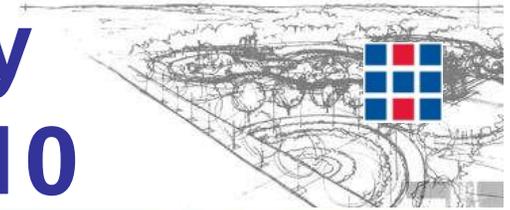
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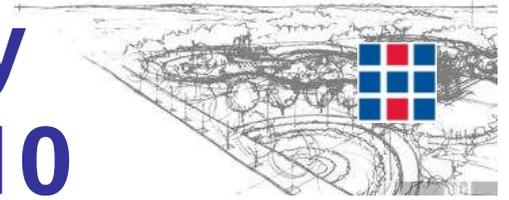


BANDERA RD. STREETScape IMPROVEMENTS

CITY OF LEON VALLEY
OCTOBER 2011



Potential Bandera Rd. Gateway Feature @ Grass Hill and IH-410



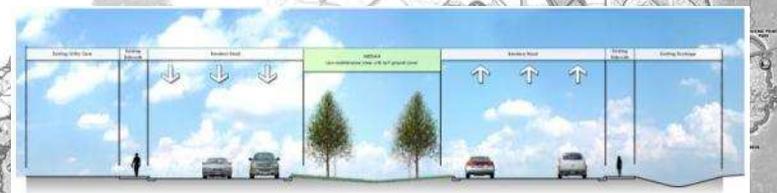
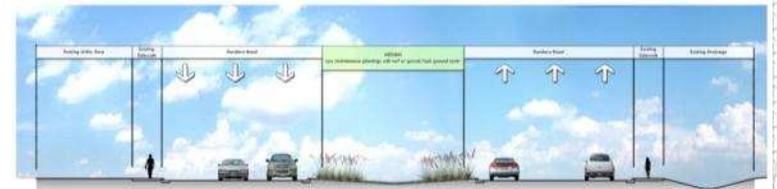
BANDERA RD. STREETSCAPE IMPROVEMENTS
CITY OF LEON VALLEY
OCTOBER 2011



Potential Bandera Rd. Gateway Feature @ Grass Hill and IH-410 Construction Estimate

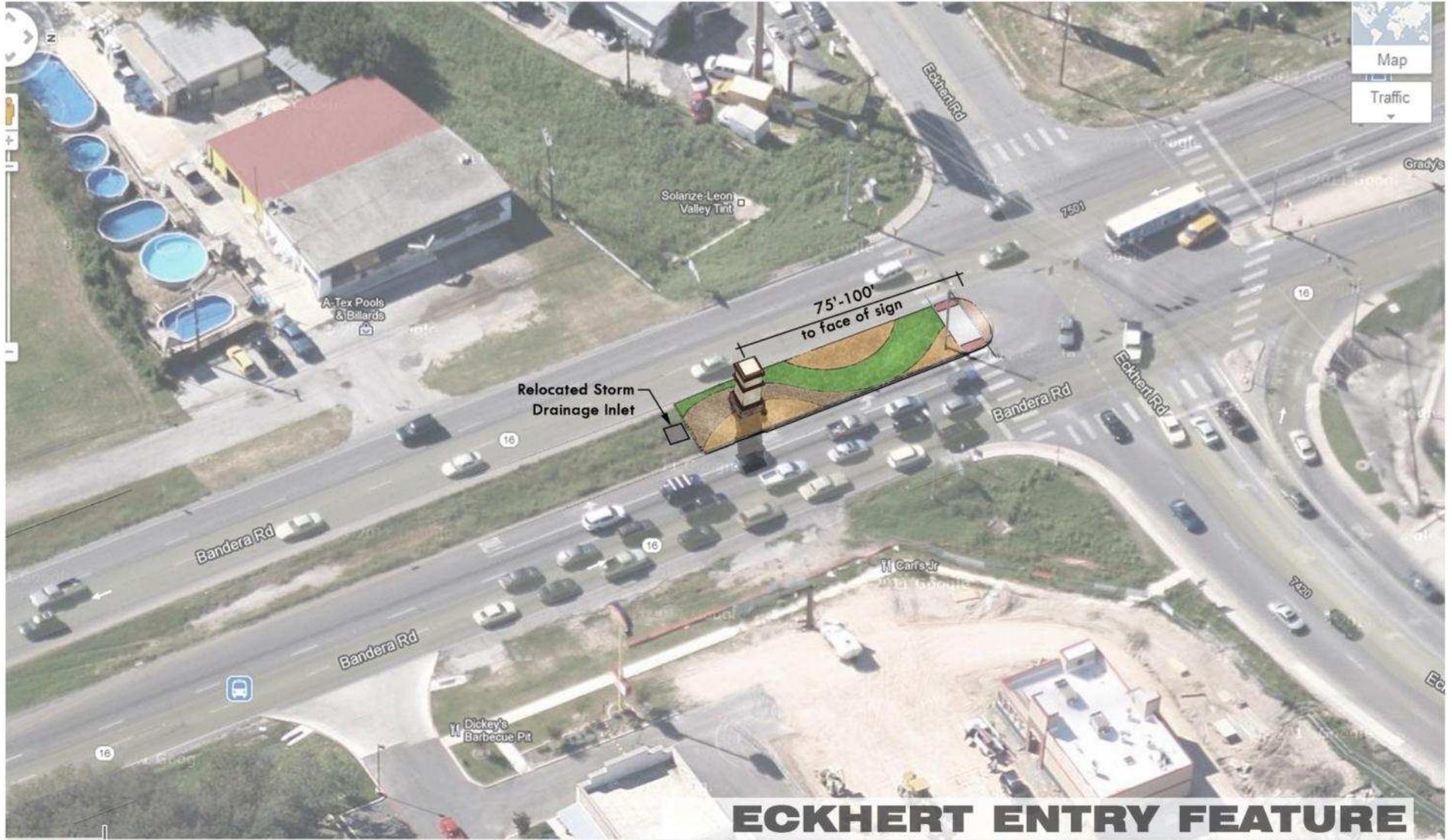
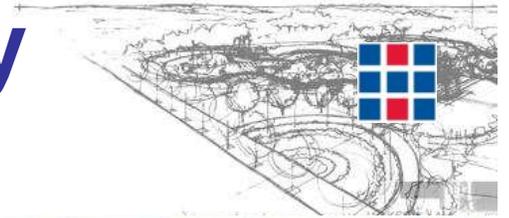
- **All Costs are Approximate. Costs may vary with additional design details and confirmation of TxDOT requirements.**
- \$95,000 – Entry Feature
- \$55,000 for Gateway Landscape and Irrigation Improvements
- \$20,000 for Gateway Lighting Improvements
- \$65,000 – Survey, Permitting, Design, Administration, and 10% Contingency

• **Total of \$235,000**



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Potential Bandera Rd. Gateway Feature @ Eckhert Rd.



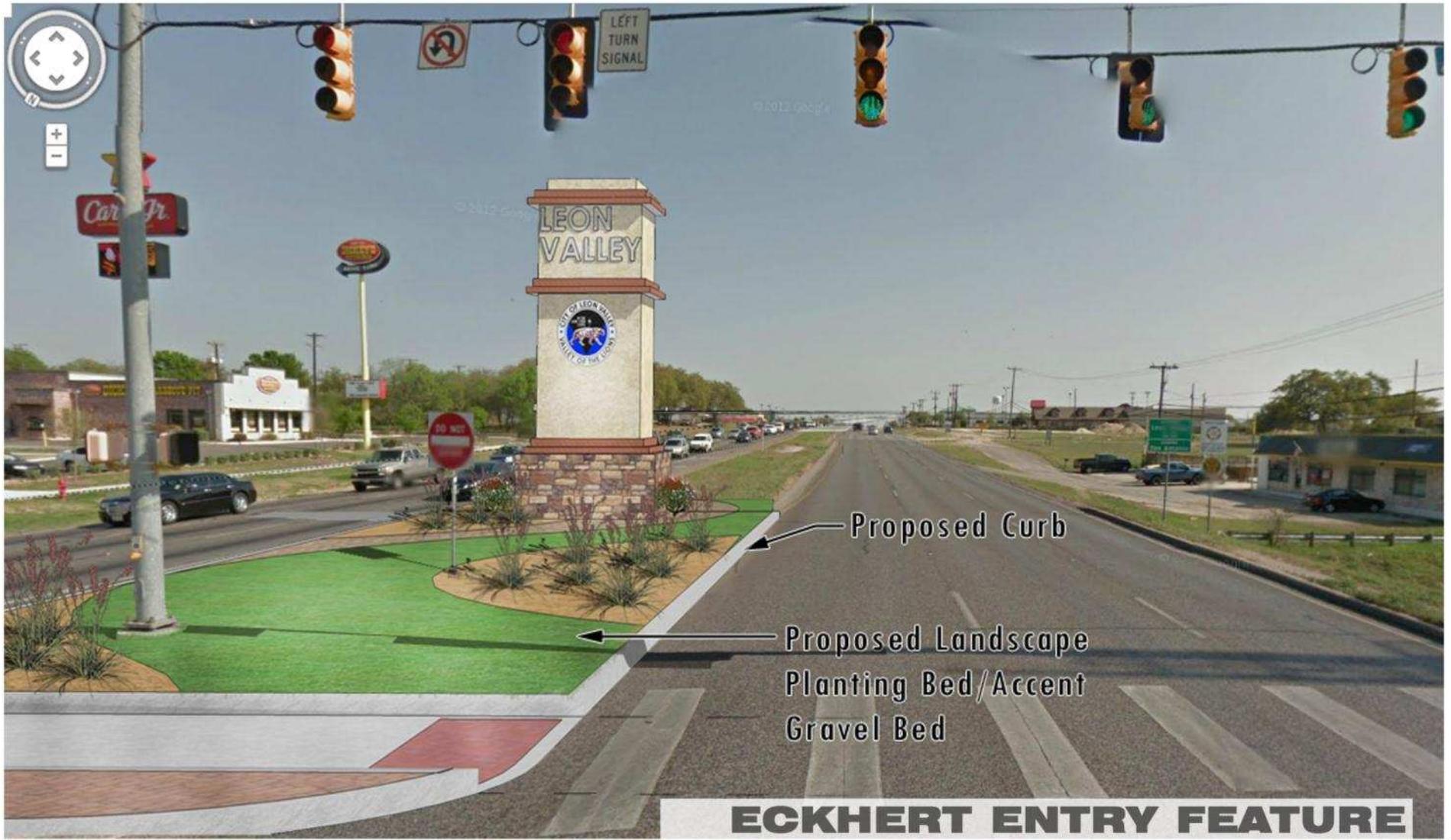
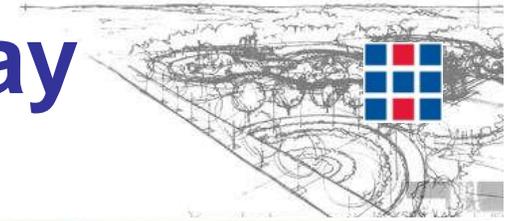
ECKHERT ENTRY FEATURE

BANDERA RD. STREETSCAPE IMPROVEMENTS

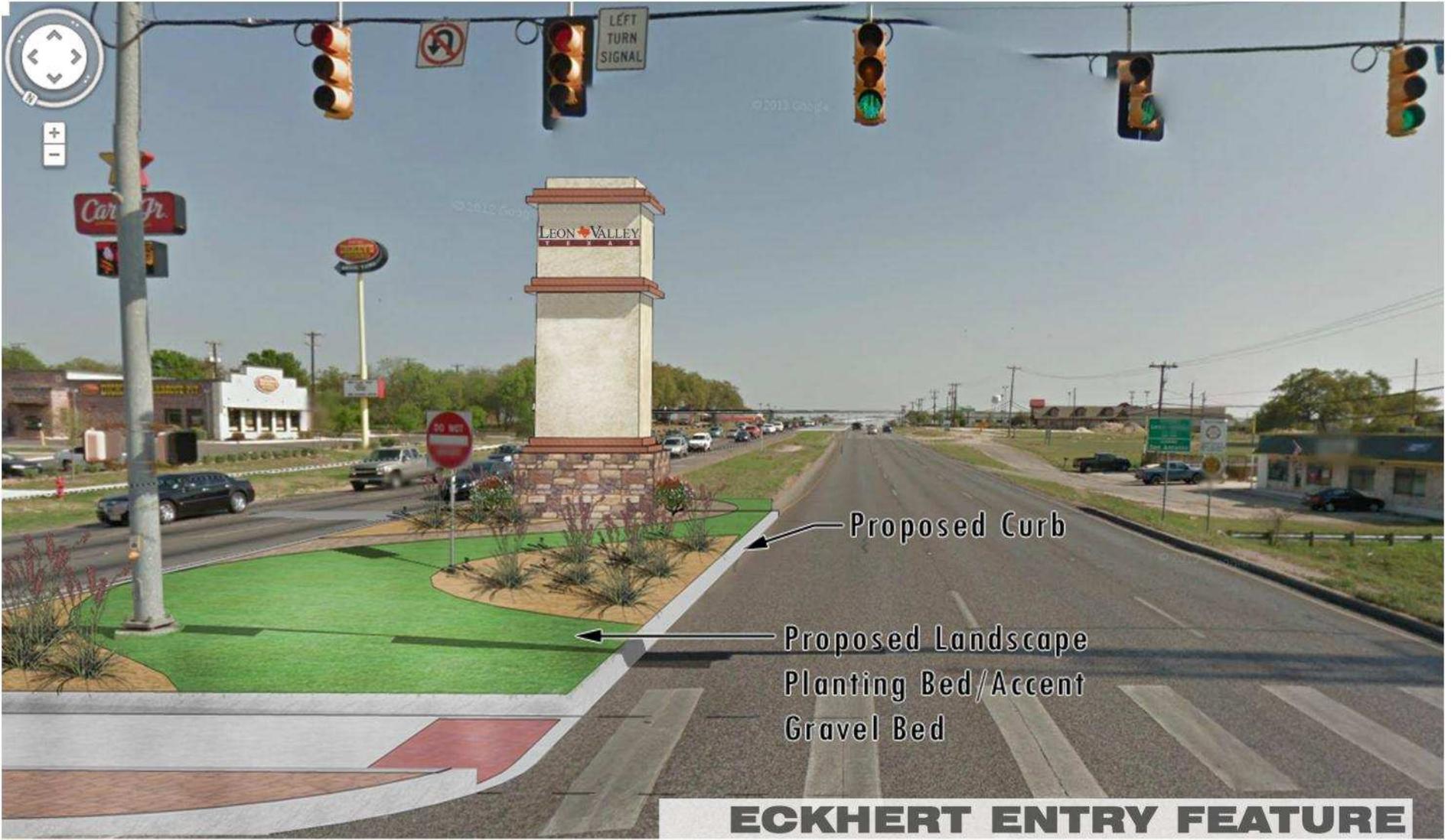
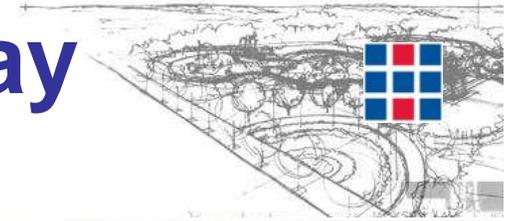
CITY OF LEON VALLEY
APRIL 2012



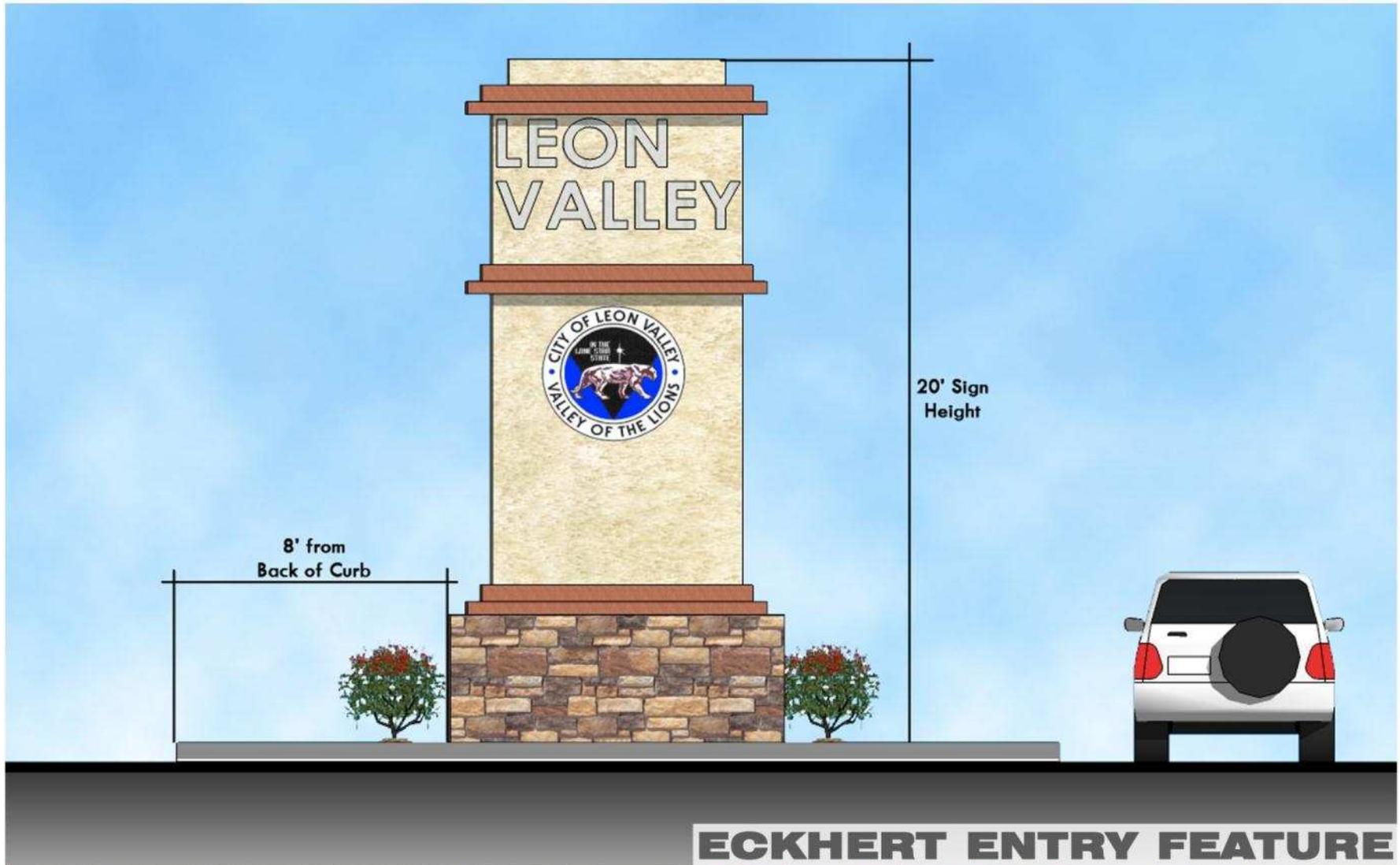
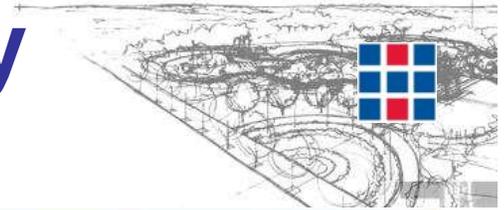
Potential Bandera Rd. Gateway Feature @ Eckhert Rd.



Potential Bandera Rd. Gateway Feature @ Eckhert Rd.



Potential Bandera Rd. Gateway Feature @ Eckhert Rd.

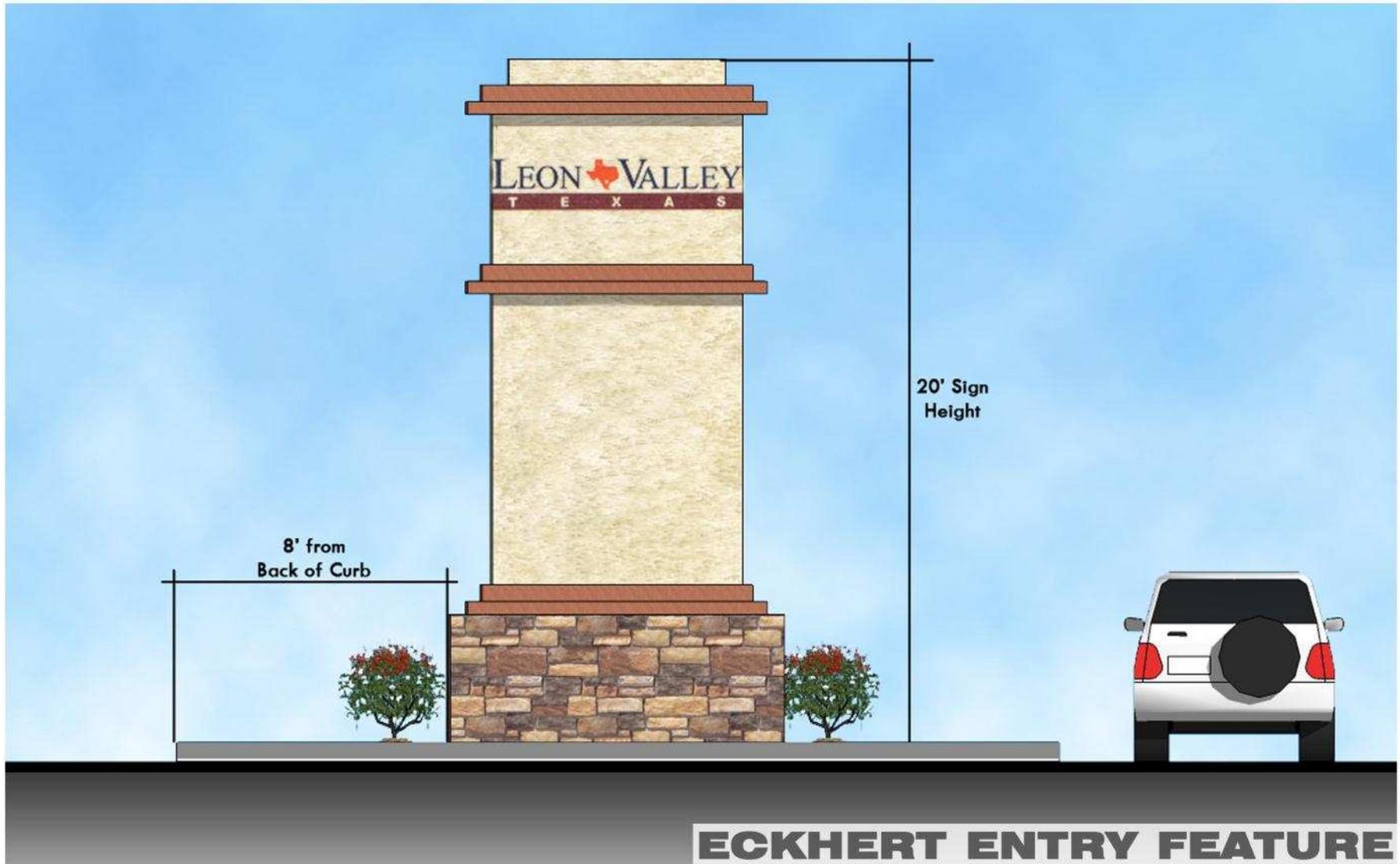
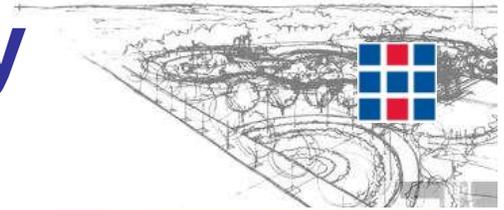


ECKHERT ENTRY FEATURE

BANDERA RD. STREETScape IMPROVEMENTS
CITY OF LEON VALLEY
MARCH 2012



Potential Bandera Rd. Gateway Feature @ Eckhert Rd.



BANDERA RD. STREETSCAPE IMPROVEMENTS

CITY OF LEON VALLEY
MARCH 2012

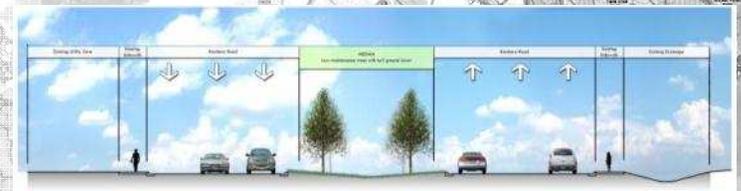


Potential Bandera Rd. Gateway Feature

@ Eckhert Rd.

Construction Estimate

- All Costs are Approximate. Costs may vary with additional design details and confirmation of TxDOT requirements.
- \$85,000 – Entry Feature
- \$51,000 for Gateway Landscape and Irrigation Improvements
- \$64,000 for Median and Drainage Improvements
- \$20,000 for Gateway Lighting Improvements
- \$65,000 – Survey, Permitting, Design, Administration, and 10% Contingency
- **Total of \$285,000**



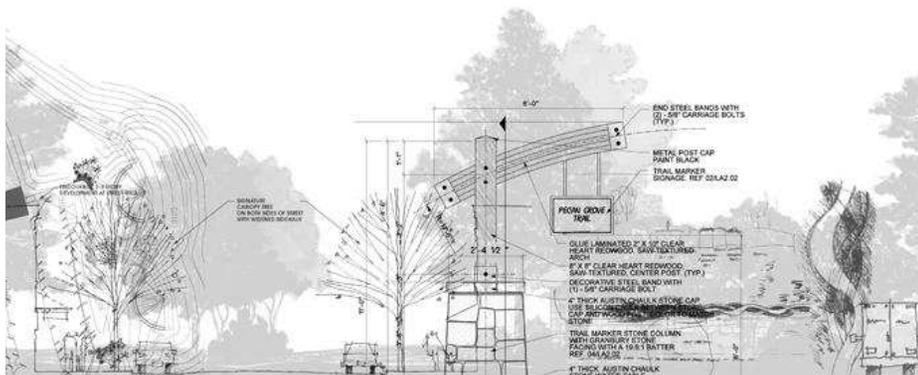
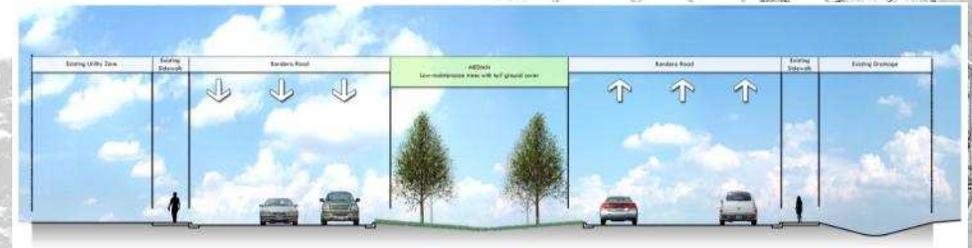
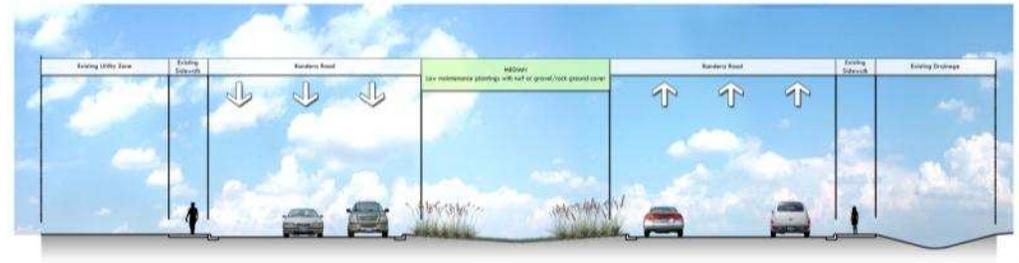
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Potential Bandera Rd. Gateway Feature

Overall Construction Estimate



- **All Costs are Approximate**
- \$235,000 – Grass Hill @ IH-410 Entry Feature
- \$285,000 – Eckhert Rd. Entry Feature
- **Total of \$520,000**



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Bandera Rd. Gateway Design- Next Steps

1. TxDOT preliminary review process and informal acceptance of concept for design.
2. Begin final design and construction documentation.
3. TxDOT approval for Gateway construction

