

# HONDO

THIS IS GOD'S COUNTRY

## REGULAR CITY COUNCIL MEETING

May 26, 2026 at 6:00 PM

City Council Chambers  
1600 Avenue M, Hondo, TX

### AGENDA

Notice is hereby given that a Regular City Council Meeting of the governing body of the City of Hondo will be held MAY 26, 2026, at 6:00 p.m. in the City Council Chambers, City Hall at 1600 Avenue M, Hondo, Texas, for the purpose of discussing matters incident and related to the City of Hondo.

The public may also access the meeting remotely through video/conference from your computer, tablet or smartphone at: <https://boxcast.tv/channel/aetaajdf64jalxx20o9a>  
Persons may submit questions or comments about items on the agenda by email to: [jschneider@hondo-tx.org](mailto:jschneider@hondo-tx.org). Questions or comments submitted by email must be received by the city at least 1 hour prior to the scheduled start of the meeting in order to be presented to the City Council during the meeting.

The following items will be discussed, to-wit:

1. CALL TO ORDER.

2. QUORUM CHECK.

3. INVOCATION.

4. PLEDGE OF ALLEGIANCE.

5. CITIZENS'/PUBLIC COMMENTS

*Persons who desire to address the City of Hondo City Council will be received at this time. Those persons wishing to speak should complete a Public Comment Form and submit it to the City Secretary prior to the meeting. If the speaker wishes to comment on a particular agenda item, then the speaker should indicate such item(s) on the form. Public comment is limited to 3 minutes per speaker. Speakers must conduct themselves in a civil manner. In accordance with the Texas Open Meetings Act, the City of Hondo City Council cannot deliberate or take action on items not listed on the meeting agenda.*

### ANNUAL ELECTION ACTIONS

6. COMPLETION OF STATEMENT OF OFFICER AND ADMINISTRATION OF OATH OF OFFICE TO INCUMBENT COUNCIL MEMBER PLACE 3 JOSE "PORKY" YTUARTE. (MAYOR MCANELLY)

7. COMPLETION OF STATEMENT OF OFFICER AND ADMINISTRATION OF OATH OF OFFICE TO INCUMBENT COUNCIL MEMBER PLACE 4 RACHEL RAMIREZ. (MAYOR MCANELLY)

## **PROCLAMATION**

8. RECOGNIZE JUNE 7TH - 13TH, 2026 AS NATIONAL GARDEN WEEK. (MAYOR MCANELLY)

## **CONSENT**

The Consent Agenda is considered self-explanatory and will be enacted by the Council with one motion. There will be no separate discussion of these items unless they are removed from the Consent Agenda upon the request of the Mayor or a Council Member.

9. CONSIDERATION AND APPROVAL OF THE MAY 11, 2026 REGULAR CITY COUNCIL MINUTES.
10. CONSIDERATION AND APPROVAL OF THE YEAR TO DATE 2ND QUARTER FINANCIAL REPORTS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2026, AS PRESENTED (CHRIS HILL, CFO AND JOHN NARON, CITY MANAGER)
11. CONSIDERATION AND APPROVAL OF THE 1ST AND 2ND QUARTER INVESTMENT REPORTS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2026, AS PRESENTED (CHRIS HILL, CFO AND JOHN NARON, CITY MANAGER)
12. CONSIDERATION AND APPROVAL OF ORDINANCE 1322-05-26 AMENDING THE CITY OF HONDO INVESTMENT POLICY AS REQUIRED BY CHAPTER 2256 OF THE TEXAS GOVERNMENT CODE; AND SETTING AN EFFECTIVE DATE. (CHRIS HILL, CFO AND JOHN NARON, CITY MANAGER)
13. CONSIDERATION AND APPROVAL OF ORDINANCE 1323-05-26 OF THE CITY COUNCIL OF THE CITY OF HONDO, TEXAS, AUTHORIZING AMENDMENTS TO THE ADOPTED ANNUAL BUDGET OF THE CITY OF HONDO, TEXAS FOR THE 2025-2026 FISCAL YEAR PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR OTHER MATTERS RELATED TO THE SUBJECT (CHRIS HILL, CFO AND JOHN NARON, CITY MANAGER)
14. DISCUSS AND CONSIDER APPROVAL OF THE MAYOR'S APPOINTMENT OF ANDREW FRANKE TO SERVE ON THE AIRPORT ADVISORY BOARD FOR A 3-YEAR TERM.
15. DISCUSS AND CONSIDER APPROVAL OF THE MAYOR'S APPOINTMENT OF CHRIS SHAW TO SERVE ON THE AIRPORT ADVISORY BOARD FOR A 3-YEAR TERM.

## **OTHER BUSINESS**

16. DISCUSSION AND POSSIBLE ACTION REGARDING THE APPROVAL OF FUNDING AND INSTALLATION OF A VERKADA ACCESS CONTROL SYSTEM FOR ACCESS CONTROL AT CITY ADMINISTRATION FACILITIES. (JOSH RODRIGUEZ, IT MANAGER)
17. DISCUSSION AND POSSIBLE ACTION REGARDING THE PROPOSED LEASE AGREEMENT AND NEGOTIATED TERMS PRESENTED BY SOUTHWEST TEXAS COLLEGE. (JOHN NARON, CITY MANAGER)
18. DISCUSSION AND POSSIBLE ACTION OF AN AGREEMENT WITH RIC ADAMSKI OF ASH LINE, LLC FOR THE PROVISION OF PROFESSIONAL COMPREHENSIVE PLANNING SERVICES. (JOHN NARON, CITY MANAGER)

19. DISCUSSION AND POSSIBLE ACTION REGARDING FUNDING FOR THE REPLACEMENT OF AIR CONDITIONING UNITS AT THE SOUTH TEXAS REGIONAL TRAINING CENTER. (JOHN NARON, CITY MANAGER)
20. DISCUSSION AND POSSIBLE ACTION REGARDING THE ELECTION OF A MAYOR PRO TEM IN ACCORDANCE WITH THE CITY CHARTER. (MAYOR MCANELLY)
21. ADJOURN.

I hereby certify that the above Notice of Regular City Council Meeting of the governing body of the City of Hondo was posted on the bulletin board in City Hall, 1600 Avenue M, Hondo, Texas, at a place convenient and readily accessible to the general public at all times on May 19, 2026, at 5:00 p.m.

ATTEST:

  
Julie Schneider  
City Secretary



*The City Council of the City of Hondo reserves the right to convene in Executive Session in accordance with the Texas Open Meetings Act, Texas Government Code: Section 551.071 (Consultations with Attorney), Section 551.072 (Deliberations about Real Property), Section 551.074 (Personnel Matters), Section 551.076 (Deliberations about Security Devices), or Section 551.087 (Deliberations Regarding Economic Development Negotiations) on any of the above items.*

**NOTICE OF ASSISTANCE AT PUBLIC MEETINGS**

The City of Hondo City Council Meetings is available to all persons regardless of disability. If you require special assistance, contact the City Secretary forty-eight (48) hours prior to the meeting time at 830-426-3378.

[IGNORE\_INDENT]



**HONDO**  
THIS IS GOD'S COUNTRY



*Proclamation*  
*City of Hondo, Texas*  
*National Garden Week*  
*June 7<sup>th</sup>-13<sup>th</sup>, 2026*

*WHEREAS, gardeners have a passion for nurturing the beauty and resources of the earth through the planting of seeds, the care of all plants and the riches of their efforts; and*

*WHEREAS, gardeners seek to add beauty, splendor, fragrance and nutrition to our lives through the growing of herbs, vegetables, foliage and flowers; and*

*WHEREAS, gardeners work to preserve our country's traditional spirit of independence and initiative through innovation and hard work; and*

*WHEREAS, gardeners advocate the importance of all creatures, large and small, that share our world and their roles in a balanced and productive ecology; and*

*WHEREAS, gardening furnishes a challenging and productive activity for our citizens, for those just learning as well as those having years of experience; and*

*WHEREAS, gardening promotes a healthy lifestyle that lasts a lifetime, helps reduce stress from other areas of our life, teaches that rewards can come from diligent efforts; and*

*WHEREAS, gardening enables members of Garden Clubs across the nation and the world to make a world of difference in the communities where they reside and work; and*

*WHEREAS, the Hondo Garden club has for decades worked diligently to beautify our community with various projects, including the linear park area along Highway 90 through town; and*

*WHEREAS, the Hondo Garden Club through their Thrift Shop has provided an important resource to citizens; and*

*WHEREAS, the Hondo Garden Club is a valued partner with the City of Hondo organization;*

**NOW, THEREFORE, BE IT RESOLVED** that I, John McAnelly Jr., Mayor of the City of Hondo, TX, with support of full city council and the citizens of Hondo, formally recognize June 7<sup>th</sup> - 13<sup>th</sup>, 2026 as National Garden Week in the City of Hondo.

ATTEST:

  
Julie Schneider, City Secretary

  
John McAnelly Jr., Mayor

# HONDO

THIS IS GOD'S COUNTRY

## REGULAR CITY COUNCIL MEETING

May 11, 2026 at 6:00 PM  
City Council Chambers  
1600 Avenue M, Hondo, TX

### MINUTES

Notice is hereby given that a Regular City Council Meeting of the governing body of the City of Hondo will be held May 11, 2026, at 6:00 p.m. in the City Council Chambers, City Hall at 1600 Avenue M, Hondo, Texas, for the purpose of discussing matters incident and related to the City of Hondo.

The public may also access the meeting remotely through video/conference from your computer, tablet or smart phone at: <https://boxcast.tv/channel/aetaajdf64jalxx20o9a>  
Persons may submit questions or comments for items on the agenda by email to: [jschneider@hondo-tx.org](mailto:jschneider@hondo-tx.org). Questions or comments submitted by email must be received by the city at least 1 hour prior to the scheduled start of the meeting in order to be presented to the City Council during the meeting.

The following items will be discussed, to-wit:

1. CALL TO ORDER.

Mayor McAnelly called the meeting to order at 6:03 p.m.

2. QUORUM CHECK.

Mayor McAnelly, ProTem Mayor Ytuarte, Council members, Williams, McCollum, Ramirez and Lange.

3. INVOCATION.

Rev. J. Paul Bruhn

4. PLEDGE OF ALLEGIANCE.

5. CITIZENS'/PUBLIC COMMENTS

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None

## **PROCLAMATION**

6. **RECOGNIZE PUBLIC WORKS WEEK. (RENE SAENZ, PUBLIC WORKS DIRECTOR)**

Read and presented by Mayor McAnelly

7. **RECOGNIZE MAY 2026 AS COMMUNITY ACTION MONTH (MAYOR MCANELLY)**

Read and presented by Mayor McAnelly

## **CONSENT**

The Consent Agenda is considered self-explanatory and will be enacted by the Council with one motion. There will be no separate discussion of these items unless they are removed from the Consent Agenda upon the request of the Mayor or a Council Member.

Council member Williams made a motion to approve items 8-10 on the Consent agenda, seconded by Council member Lange.

8. **CONSIDERATION AND APPROVAL OF THE APRIL 27, 2026 REGULAR CITY COUNCIL MINUTES. (Julie Schneider, City Secretary)**
9. **DISCUSS AND CONSIDER APPROVAL OF THE MAYOR'S APPOINTMENT OF WILLIAM 'GIZMO' FREEMAN TO SERVE ON THE PLANNING AND ZONING COMMISSION FOR A THREE-YEAR TERM.**
10. **DISCUSS AND CONSIDER APPROVAL OF THE MAYOR'S APPOINTMENT OF SHANNON WINDROW TO SERVE ON THE BOARD OF ADJUSTMENTS FOR A TWO-YEAR TERM.**

## **OTHER BUSINESS**

11. **DISCUSSION AND CONSIDERATION OF AN AGREEMENT WITH RIC ADAMSKI OF ASH LIME, LLC FOR THE PROVISION OF PROFESSIONAL COMPREHENSIVE PLANNING SERVICES. (JOHN NARON, CITY MANAGER)**

Discussion on using the general fund balance to finance a comprehensive plan update with an estimated cost of around \$90,000. this plan will address zoning, future land use, high-level traffic impacts around schools and growth areas, and street design considerations. No immediate motion required, just directive to proceed on scope and contract details was favored by council.

12. **DISCUSS AND CONSIDER ACTION ON RESOLUTION NO. 481-26 CANVASSING THE OFFICIAL RESULTS OF THE MAY 2, 2026, GENERAL ELECTION FOR CITY COUNCIL PLACE 3 AND CITY COUNCIL PLACE 4. (JULIE SCHNEIDER, CITY SECRETARY)**

**CITY OF HONDO, COUNCIL MEMBER, PLACE 3 AT LARGE - VOTE FOR NONE OR ONE**

Choice	Party	Absentee Voting	Early Voting	Election Day Voting	Total
MEISSA CLAIRE		5 27.78%	101 48.26%	18 11.00%	124 36.29%
JOSE YTUARTE		13 72.22%	138 57.74%	172 68.92%	323 63.71%
Cast Votes		18 100.00%	239 100.00%	250 100.00%	507 100.00%
Undervotes		0	0	0	0
Overvotes		0	0	11	11

**CITY OF HONDO, COUNCIL MEMBER, PLACE 4 AT LARGE - VOTE FOR NONE OR ONE**

Choice	Party	Absentee Voting	Early Voting	Election Day Voting	Total
RACHEL RAMIREZ		15 100.00%	205 100.00%	221 100.00%	441 100.00%
Cast Votes		15 100.00%	209 100.00%	221 100.00%	447 100.00%
Undervotes		0	10	32	42
Overvotes		0	0	0	0

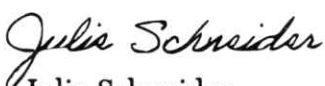
13. **DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE THE CITY MANAGER TO NEGOTIATE THE TERMS OF A NEW LEASE AGREEMENT WITH SOUTHWEST TEXAS JUNIOR COLLEGE FOR USE OF SPACE AT THE SOUTH TEXAS REGIONAL TRAINING CENTER, AND TO BRING A PROPOSED LEASE AGREEMENT BACK TO CITY COUNCIL FOR CONSIDERATION AND APPROVAL.(JOHN NARON, CITY MANAGER)**

Council authorized the city manager to negotiate lease terms and bring a proposed agreement back; target completion by June 2026.

14. **ADJOURN.**

With no further business, a motion was made to adjourn at 7:06 p.m. by Council member Williams; seconded by Council member Ytuarte.

I hereby certify that the above Notice of Regular City Council Meeting of the governing body of the City of Hondo was posted on the bulletin board in City Hall, 1600 Avenue M, Hondo, Texas, at a place convenient and readily accessible to the general public at all times on May 5, 2026, at 4:00 p.m.

ATTEST:  
  
 Julie Schneider  
 City Secretary

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[IGNORE\_INDENT]



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## City Council Communication

**Title:** CONSIDERATION AND APPROVAL OF THE YEAR TO DATE 2ND QUARTER FINANCIAL REPORTS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2026, AS PRESENTED (CHRIS HILL, CFO AND JOHN NARON, CITY MANAGER)

**Date:** May 26, 2026

**From:** Chris Hill, Chief Finance Officer

### **INFORMATION:**

We are pleased to present the second quarter financial budget report. The attached schedules reflect activity for the unaudited six-month period ending March 31, 2026. All debt service payments have been made timely. The audited Annual Comprehensive Financial Report for fiscal year 2025 has been issued with a clean opinion. Detailed fund summaries are included in this document.

### **FINANCIAL IMPACT:**

### **STAFF RECOMMENDATION:**

The City Staff recommends approval/acceptance of the Quarterly Financial Reports for the Fiscal Year ended September 30, 2026, as presented.

### **MOTION:**

Move to approve the YTD 2nd Quarter Investment Reports for the fiscal year ending September 30, 2026.

### **ATTACHMENTS:**

1. YTD 2nd Qtr Financial Report

### **STAFF CONTACTS:**

Chris Hill  
Chief Finance Officer  
chill@hondo-tx.org

John Naron  
City Manager  
jnaron@hondo-tx.org



May 26, 2026

Mayor and Member of City Council

City of Hondo, Texas

We are pleased to present the second quarter budget report for the City of Hondo, Texas. The attached schedules reflect activity for the unaudited six-month period ending March 31, 2026. All debt service payments have been made timely. The audited Annual Comprehensive Financial Report for fiscal year 2025 has been issued, and the beginning-of-year fund balances and unrestricted net positions reflected in the attached schedules are drawn from that report. Detailed fund summaries are included in this document.

This report is based upon the accounting records of the City of Hondo, Texas Finance Department.

### **General Fund**

As the primary operating fund for the City, the General Fund accounts for revenues dedicated to general government activities. These revenues, primarily made up of taxes and fees, fund general administration, public safety, parks, recreation and public works functions. As of March 31, 2026, the General Fund had collected 51.7% of its budgeted revenues for the year (\$6,660,133 of \$12,873,124). Property tax collections are 91.1% of budget (\$1,542,975 of \$1,693,911), consistent with normal first-half collection patterns. Sales tax is at 62.4% of budget (\$875,045 of \$1,401,330), running ahead of the 50% halfway pace. License and permit revenue is at 29.6%, recreation fees at 31.6%, and municipal court revenue at 16.8%.

Expenditures in the General Fund are at 48.4% of budget (\$6,222,399 of \$12,873,125), tracking just below the 50% halfway mark. Most departments are running below or near pace. Emergency Services is over budget due to Emergency Siren Repair at 138% of budget due to a department that operates with a small budget where small expenditures can drive a high percentage. Department-level details are available in the attached Fund Detail.

For the year-to-date through March 31, 2026, the City has recorded a \$437,734 surplus in the General Fund driven by strong property and sales tax receipts in the first half of the year and expenditure pacing below half-year levels.

### **Electric Fund**

The Electric Fund accounts for the fees received and the cost of service to the electricity customers of Hondo. Through March 31, 2026, revenues are at 42.8% of budget (\$4,429,632 of \$10,340,279) and expenses are at 43.1% (\$4,456,009 of \$10,340,279). The fund shows a slight deficit of \$26,377 year-to-date. Electric revenues and the corresponding cost of power from CPS are seasonal, with usage peaking in the summer months, so a sub-50% level at the halfway point is expected. Cash & Cash Equivalents at the start of fiscal 2026 were \$2,787,577 (per the FY25 audit).

### **Water and Wastewater Fund**

The Water/Wastewater Fund accounts for the fees received to fund the cost of water and wastewater services in Hondo. Through March 31, 2026, revenues are at 40.7% of budget (\$2,688,648 of \$6,599,075). Like the Electric Fund, water sales follow a seasonal pattern with peak demand in summer, so the year-to-date pace is consistent with prior years. Expenses are at 48.3% (\$3,187,838 of \$6,599,075), reflecting timely debt service payments and a Capital Outlay line that is running ahead of pace due to Vehicle Replacement in the first half of year. The fund shows a year-to-date deficit of \$499,190 that is expected to narrow as summer water sales ramp up. Cash & Cash Equivalents at the start of fiscal 2026 were \$2,556,951 (per the FY25 audit).

### **Airport Fund**

The City of Hondo Airport Fund accounts for the activities of the South Texas Regional Airport and the related property. Through March 31, 2026, revenues are at 29.6% of budget (\$702,733 of \$2,370,148). The headline shortfall reflects a \$1,117,000 budgeted Sale of Land item not yet realized; excluding that item, operating revenue is at 56.1% of its budget. Fuel sales (\$312,475) and hangar rents (\$250,446) are running ahead of pace. Expenses are at 75.8% (\$1,101,838 of \$1,454,208) due to capital outlay activity that exceeds the half-year budget allocation. The fund shows a year-to-date deficit of \$399,105 that should improve when the Sale of Land closes and as capital outlay tapers. Unrestricted net position at the start of fiscal 2026 was \$566,198 (per the FY25 audit) and stands at \$167,093 at March 31, 2026.

### **Sanitation Fund**

This fund accounts for the user charges to residential and commercial customers that finances the cost of solid waste service. The collection and disposal services are performed under contract. Through March 31, 2026, revenues are at 43.8% of budget (\$756,957 of \$1,726,500) and expenses are at 43.5% (\$751,108 of \$1,726,500). The fund is showing a small surplus of \$5,849 year-to-date and is on pace for a balanced budget at year end. Unrestricted net position at the start of fiscal 2026 was \$477,776 (per the FY25 audit) and stands at \$483,625 at March 31, 2026.

### **Bond and Sinking Fund**

This fund receives an allocation of the property tax levy and debt payment reimbursements from the Utility Funds (Electric, Water/Wastewater and Airport) and EDC. These resources are used to fund principal and interest payments on outstanding debt. Property taxes received are at 91.8% of budget (\$817,610 of \$890,393). The February principal and interest payments were paid on February 1, 2026. The August semi-annual payments are scheduled and budgeted. The fund shows a small year-to-date deficit of \$21,087 driven by the timing of fund-to-fund reimbursement transfers, which are expected to true up by year end.

As always, we welcome your comments and questions.

City of Hondo  
 Fiscal Year Overview: FY26  
 Period Ending: March 31, 2026



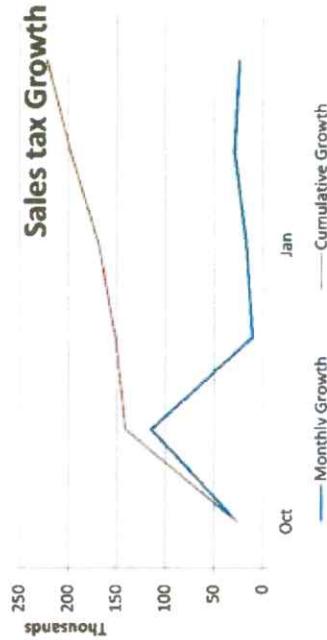
**General Fund**

**Revenue Summary**

Property Tax	Budget	YTD	% of Budget	Key Revenue Sources Past 12 Months	Budget	YTD	% of Budget
Property Tax	1,693,911	1,542,975	91.09%	Sales Tax	1,401,330	875,045	62.44%
Sales Tax	1,401,330	875,045	62.44%	Property Tax	1,693,911	1,542,975	91.09%
User Fees	1,778,129	495,514	27.87%	Court Fines & Fees	600,000	100,950	16.83%
Transfers	6,680,817	2,929,212	43.85%	Building & Permits	280,500	82,998	29.59%
Loan Proceeds	-	-	0.00%	Recreation Fees	70,000	22,086	31.55%
Sale of Assets	20,000	7,400	37.00%	Golf Course	100,000	42,548	42.55%
Grants	1,088,937	683,702	62.79%	Interest Income	210,000	126,285	60.14%
<b>Total Revenue</b>	<b>12,873,124</b>	<b>6,660,133</b>	<b>51.74%</b>				

**Expenditure Summary**

Past 12 Months	Budget	YTD	% of Budget
Council	49,000	16,930	34.55%
Administration	516,825	280,622	54.30%
Tax	44,679	19,320	43.24%
Finance	520,308	238,111	45.76%
Police	3,466,170	1,632,771	47.11%
Legal & Courts	142,413	65,236	45.81%
Emergency Services	16,159	22,355	138.35%
Animal Control	155,423	54,553	35.10%
Streets	1,489,213	466,716	31.34%
Library	602,116	332,871	55.28%
Parks	1,565,386	860,394	54.96%
Facilities Division	-	-	0.00%
Recreation	749,522	319,801	42.67%
Golf Course	186,914	73,816	39.49%
Development Services	628,280	206,164	32.81%
City Secretary	142,103	66,264	46.63%
Non-profits	26,850	18,250	67.97%
Public Works	326,414	188,537	57.76%
Human Resources	136,550	60,487	44.30%
Information Technology	744,447	438,310	58.88%
Grants	1,364,352	860,890	63.10%
<b>Total Expenditures</b>	<b>12,873,124</b>	<b>6,222,399</b>	<b>48.34%</b>
<b>Budget Surplus/Deficit</b>		<b>437,734</b>	



Property Tax Breakdown (M&O & I&S)	
Original Roll	2,584,304
YTD Collections	2,360,585
% of Roll Collected	91.34%
Uncollected Balance	223,719

City of Hondo, Texas  
 Electric Fund  
 Statement of Revenues and Expenses  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
Residential	4,500,000	2,250,000	2,004,513	(245,487)	44.54%
Commercial	4,750,000	2,375,000	2,051,572	(323,428)	43.19%
Industrial	775,000	387,500	295,915	(91,585)	38.18%
Penalties	110,000	55,000	59,691	4,691	54.26%
New Installis	50,000	25,000	6,140	(18,860)	12.28%
Other	155,279	77,640	11,801	(65,838)	7.60%
<b>Total Revenues</b>	<b>10,340,279</b>	<b>5,170,140</b>	<b>4,429,632</b>	<b>(740,507)</b>	<b>42.84%</b>
<b>Expenses</b>					
Personnel	770,243	385,122	348,112	(37,009)	45.20%
Supplies	445,430	222,715	108,165	(114,550)	24.28%
Other Services	5,962,935	2,981,468	2,431,397	(550,071)	40.78%
Capital Outlay	25,000	12,500	-	(12,500)	0.00%
Debt Service	148,433	74,217	74,217	0	50.00%
Transfers	2,988,238	1,494,119	1,494,119	-	50.00%
<b>Total Expenses</b>	<b>10,340,279</b>	<b>5,170,140</b>	<b>4,456,009</b>	<b>(714,130)</b>	<b>43.09%</b>
<b>Revenue over (under) expense</b>	-	-	<b>(26,377)</b>	<b>(26,377)</b>	

City of Hondo, Texas  
 Water & Wastewater Fund  
 Statement of Revenues and Expenses  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
Operating Revenues					
Water					
Revenue	3,718,435	1,859,218	1,547,476	(311,742)	41.62%
EAA Aquifer Management	275,000	137,500	114,224	(23,276)	41.54%
Other Fees	161,949	80,975	69,774	(11,201)	43.08%
Wastewater					
Revenue	1,949,691	974,846	911,049	(63,796)	46.73%
Other Fees	41,000	20,500	11,633	(8,867)	28.37%
Interest	353,000	176,500	34,492	(142,008)	9.77%
Transfer in for 2024 Bonds	100,000	50,000	-	(50,000)	0.00%
Grants	-	-	-	-	0.00%
<b>Total Revenues</b>	<b>6,599,075</b>	<b>3,299,538</b>	<b>2,688,648</b>	<b>(610,889)</b>	<b>40.74%</b>
<b>Expenses</b>					
Water					
Personnel	630,742	315,371	265,643	(49,728)	42.12%
Supplies	303,850	151,925	100,771	(51,154)	33.16%
Other Services	438,438	219,219	203,260	(15,959)	46.36%
Capital Outlay	279,030	139,515	196,626	57,111	70.47%
Debt Service	1,233,377	616,689	616,689	0	50.00%
Transfers	1,483,365	741,683	741,683	-	50.00%
<b>Total Water</b>	<b>4,368,802</b>	<b>2,184,401</b>	<b>2,124,672</b>	<b>(59,729)</b>	<b>48.63%</b>
Wastewater					
Personnel	425,192	212,596	214,236	1,640	50.39%
Supplies	280,750	140,375	119,682	(20,693)	42.63%
Other Services	220,160	110,080	91,045	(19,035)	41.35%
Capital Outlay	13,923	6,962	-	(6,962)	0.00%
Transfers	879,995	439,998	439,997	(0)	50.00%
<b>Total Wastewater</b>	<b>1,820,020</b>	<b>910,010</b>	<b>864,961</b>	<b>(45,049)</b>	<b>47.52%</b>
Utility Billing					
Personnel	282,205	141,103	126,930	(14,173)	44.98%
Supplies	19,400	9,700	9,310	(390)	47.99%
Other Services	108,648	54,324	61,965	7,641	57.03%
<b>Total Utility Billing</b>	<b>410,253</b>	<b>205,127</b>	<b>198,206</b>	<b>(6,921)</b>	<b>48.31%</b>
Grants					
CDBG Grants	-	-	-	-	0.00%
Capital Outlay	-	-	-	-	0.00%
TWDB Projects	-	-	-	-	0.00%
<b>Total Expenses</b>	<b>6,599,075</b>	<b>3,299,538</b>	<b>3,187,838</b>	<b>(111,699)</b>	<b>48.31%</b>
Revenue over (under) expense	-	-	(499,190)	(499,190)	

City of Hondo, Texas  
 Airport Fund  
 Statement of Revenues and Expenses  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
Aviation					
Fuel	480,000	240,000	312,475	72,475	65.10%
Hangars	438,134	219,067	250,446	31,379	57.16%
Other	3,000	1,500	5,360	3,860	178.66%
Non-Aviation					
Other	232,014	116,007	134,452	18,445	57.95%
Transfer in - Fund Balance	-	-	-	-	0.00%
Grants	100,000	50,000	-	(50,000)	0.00%
<b>Total Revenues</b>	<b>2,370,148</b>	<b>1,185,074</b>	<b>702,733</b>	<b>(482,341)</b>	<b>29.65%</b>
<b>Expenses</b>					
Personnel	418,726	209,363	202,261	(7,102)	48.30%
Supplies	334,900	167,450	237,146	69,696	70.81%
Other Services	148,550	74,275	87,347	13,072	58.80%
Debt Service	94,883	47,442	23,096	(24,346)	24.34%
Transfers	246,038	123,019	123,019	-	50.00%
Capital Outlay	211,111	105,556	428,969	323,414	203.20%
<b>Total Expenses</b>	<b>1,454,208</b>	<b>727,104</b>	<b>1,101,838</b>	<b>374,734</b>	<b>75.77%</b>
<b>Revenue over (under) expense</b>	<b>915,940</b>	<b>457,970</b>	<b>(399,105)</b>	<b>(857,075)</b>	

City of Hondo, Texas  
 Sanitation Fund  
 Statement of Revenues and Expenses  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
Charges for Services					
Residential	750,000	375,000	324,545	(50,455)	43.27%
Commercial	935,000	467,500	412,296	(55,204)	44.10%
Penalties	16,000	8,000	8,407	407	52.54%
Miscellaneous	500	250	229	(21)	45.74%
Interest	25,000	12,500	11,480	(1,020)	45.92%
<b>Total Revenues</b>	<b>1,726,500</b>	<b>863,250</b>	<b>756,957</b>	<b>(106,293)</b>	<b>43.84%</b>
<b>Expenses</b>					
Services					
Residential	675,000	337,500	294,193	(43,307)	43.58%
Commercial	880,000	440,000	374,113	(65,887)	42.51%
Tires and TV Pickups	10,000	5,000	2,052	(2,948)	20.52%
Transfers	161,500	80,750	80,750	-	50.00%
<b>Total Expenses</b>	<b>1,726,500</b>	<b>863,250</b>	<b>751,108</b>	<b>(112,142)</b>	<b>43.50%</b>
<b>Revenue over (under) expense</b>	-	-	<b>5,849</b>	<b>5,849</b>	

City of Hondo, Texas  
 Bond Interest and Sinking Fund  
 Statement of Revenues and Expenditures  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
Property Tax	890,393	445,197	817,610	372,413	91.83%
Transfers In					
EDC	258,869	129,435	129,435	-	50.00%
Electric Fund	148,433	74,217	74,217	0	50.00%
Water Fund	1,133,377	566,689	616,689	50,000	54.41%
Airport Fund	46,193	23,097	23,096	(1)	50.00%
<b>Total Revenues</b>	<b>2,477,265</b>	<b>1,238,633</b>	<b>1,661,046</b>	<b>422,413</b>	<b>67.05%</b>
<b>Expenditures</b>					
Principal Retirements					
2014 Refunding	188,000	94,000	118,440	24,440	63.00%
2016 CO	235,000	117,500	120,000	2,500	51.06%
2015 CO	150,000	75,000	80,000	5,000	53.33%
2017 CO	260,000	130,000	-	(130,000)	0.00%
2021 CO	90,000	45,000	90,000	45,000	(45,000)
2021 EDC Sales Tax	70,000	35,000	70,000	35,000	(35,000)
2022 Tax Notes	95,000	47,500	70,000	22,500	(47,500)
2022A Tax Notes	155,000	77,500	155,000	77,500	(77,500)
2024 Series Principal	708,480	708,480	10,000	(698,480)	(708,480)
Interest					
Miscellaneous (payment to escrow)	7,700	3,850	3,438	(412)	44.64%
2014 Refunding	2,960	1,480	1,865	385	63.01%
2016 CO	16,891	8,446	8,419	(27)	49.84%
2015 CO	57,284	28,642	30,628	1,986	53.47%
2017 CO	92,699	46,350	-	(46,350)	0.00%
2021 CO	104,550	52,275	104,550	52,275	100.00%
2021 EDC Sales Tax	100,000	50,000	7,700	(42,300)	7.70%
2022 Tax Notes	7,907	3,954	4,143	190	52.40%
2022A Tax Notes	39,133	19,567	39,133	19,566	100.00%
2024 Series CO Interest	708,480	354,240	150,452	(203,788)	21.24%
<b>Total Expenditures</b>	<b>2,477,265</b>	<b>1,238,633</b>	<b>1,682,133</b>	<b>443,500</b>	<b>67.90%</b>
<b>Revenue over (under) expenditures</b>	-	-	<b>(21,087)</b>	<b>(21,087)</b>	

City of Hondo, Texas  
 Court Technology/Security Fund  
 Statement of Revenues and Expenses  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
Court Security Fee	-	-	323	323	0.00%
Court Technology Fees	4,250	2,125	360	(1,765)	8.47%
Interest Revenue	-	-	-	-	0.00%
<b>Total Revenues</b>	<b>4,250</b>	<b>2,125</b>	<b>683</b>	<b>(1,442)</b>	<b>16.07%</b>
<b>Expenses</b>					
Other Services	4,250	2,125	250	(1,875)	5.88%
<b>Total Expenses</b>	<b>4,250</b>	<b>2,125</b>	<b>250</b>	<b>(1,875)</b>	<b>5.88%</b>
<b>Revenue over (under) expenses</b>	<b>-</b>	<b>-</b>	<b>433</b>	<b>433</b>	

City of Hondo, Texas  
 Perpetual Care Fund  
 Statement of Revenues and Expenses  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
Revenues	8,500	4,250	4,100	(150)	48.24%
Interest Revenue	17,500	8,750	11,484	2,734	65.62%
Transfer in - Fund Balance	35,000	17,500	-	(17,500)	0.00%
<b>Total Revenues</b>	<b>61,000</b>	<b>30,500</b>	<b>15,584</b>	<b>(14,916)</b>	<b>25.55%</b>
<b>Expenses</b>					
Mowing Fees to General Fund	45,000	22,500	45,000	22,500	100.00%
Bank Fees	-	-	-	-	0.00%
Cemetery Cleanup	1,000	500	342		
Lawn Mower	20,000	10,000	-	(10,000)	0.00%
<b>Total Expenses</b>	<b>61,000</b>	<b>30,500</b>	<b>20,096</b>	<b>(10,404)</b>	<b>32.94%</b>
<b>Revenue over (under) expenses</b>	-	-	<b>(4,512)</b>	<b>(4,512)</b>	

City of Hondo, Texas  
 Economic Development Corporation  
 Statement of Revenues and Expenses  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
Sales Tax	695,251	347,626	437,523	89,897	62.93%
Miscellaneous	-	-	-	-	0.00%
Interest Revenue	100,000	50,000	47,818	(2,182)	47.82%
<b>Total Revenues</b>	<b>795,251</b>	<b>397,626</b>	<b>485,340</b>	<b>87,715</b>	<b>61.03%</b>
<b>Expenses</b>					
Personnel	244,942	122,471	118,936	(3,535)	48.56%
Supplies	4,000	2,000	438	(1,562)	10.95%
Other Services	336,888	168,444	287,096	118,652	85.22%
Debt Service	258,869	129,435	129,435	-	50.00%
<b>Total Expenses</b>	<b>844,699</b>	<b>422,350</b>	<b>535,905</b>	<b>113,555</b>	<b>63.44%</b>
<b>Revenue over (under) expenses</b>	<b>(49,448)</b>	<b>(24,724)</b>	<b>(50,564)</b>	<b>(25,840)</b>	

City of Hondo, Texas  
 South Texas Regional Training Center  
 Statement of Revenues and Expenses  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
SWTJC Rent	49,405	24,703	20,585	(4,117)	41.67%
Alamo Workforce Office Lease	26,121	13,061	10,884	(2,177)	41.67%
Monthly Utility	8,776	4,388	3,622	(766)	41.27%
Admin Services & Support	20,280	10,140	8,678	(1,462)	42.79%
Miscellaneous	5,000	2,500	(17,903)	(20,403)	-358.05%
Transfers	-	-	-	-	0.00%
<b>Total Revenues</b>	<b>109,582</b>	<b>54,791</b>	<b>25,867</b>	<b>(28,924)</b>	<b>23.60%</b>
<b>Expenses</b>					
Personnel	-	-	(4,555)	(4,555)	0.00%
Supplies	300	150	170	20	56.53%
Other Services	25,000	12,500	22,174	9,674	88.70%
Capital Outlay	84,283	42,142	-	(42,142)	0.00%
<b>Total Expenses</b>	<b>109,583</b>	<b>54,792</b>	<b>17,789</b>	<b>(37,003)</b>	<b>16.23%</b>
<b>Revenue over (under) expenses</b>	<b>(1)</b>	<b>(1)</b>	<b>8,078</b>	<b>8,078</b>	

City of Hondo, Texas  
 Hotel/Motel Tax Fund  
 Statement of Revenues and Expenses  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
Hotel/Motel Tax Revenues	105,000	52,500	51,709	(791)	49.25%
Interest Revenue	-	-	-	-	0.00%
<b>Total Revenues</b>	<b>105,000</b>	<b>52,500</b>	<b>51,709</b>	<b>(791)</b>	<b>49.25%</b>
<b>Expenses</b>					
Hondo Chamber of Commerce	51,450	25,725	25,725	-	50.00%
Medina County Museum	3,150	1,575	2,363	788	75.00%
Rodeo Association	4,200	2,100	3,550	1,450	84.52%
Medina Livestock Assoc	4,200	2,100	2,100	-	50.00%
Transfers	42,000	21,000	21,000	-	50.00%
<b>Total Expenses</b>	<b>105,000</b>	<b>52,500</b>	<b>54,738</b>	<b>2,238</b>	<b>52.13%</b>
<b>Revenue over (under) expenses</b>	-	-	<b>(3,029)</b>	<b>(3,029)</b>	

City of Hondo, Texas  
 Water Resource Fund  
 Statement of Revenues and Expenses  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
Water Resource Revenues	30,000	15,000	12,898	(2,102)	42.99%
Interest Revenue	-	-	-	-	0.00%
<b>Total Revenues</b>	<b>30,000</b>	<b>15,000</b>	<b>12,898</b>	<b>(2,102)</b>	<b>42.99%</b>
<b>Expenses</b>					
Other Services	-	-	119,782	119,782	0.00%
Transfers	30,000	15,000	51,797	36,797	172.66%
<b>Total Expenses</b>	<b>30,000</b>	<b>15,000</b>	<b>171,579</b>	<b>156,579</b>	<b>571.93%</b>
<b>Revenue over (under) expenses</b>	<b>-</b>	<b>-</b>	<b>(158,681)</b>	<b>(158,681)</b>	

City of Hondo, Texas  
 Fair Hall & Livestock  
 Statement of Revenues and Expenses  
 Budget to Actual

March 31, 2026

	Budget	YTD Budget	YTD Actual	Variance	% of Budget
<b>Revenues</b>					
Fair Building Rental	35,000	17,500	15,000	(2,500)	42.86%
Fair Building Deposits	-	-	-	-	0.00%
Interest Income	-	-	-	-	0.00%
Transfers	42,000	21,000	21,000	-	50.00%
<b>Total Revenues</b>	<b>77,000</b>	<b>38,500</b>	<b>36,000</b>	<b>(2,500)</b>	<b>46.75%</b>
<b>Expenses</b>					
Personnel	-	-	-	-	0.00%
Supplies	25,212	12,606	9,769	(2,837)	38.75%
Other Services	22,500	11,250	11,204	(46)	49.80%
Capital Outlay	29,288	14,644	14,644	(0)	50.00%
<b>Total Expenses</b>	<b>77,000</b>	<b>38,500</b>	<b>35,617</b>	<b>(2,883)</b>	<b>46.26%</b>
<b>Revenue over (under) expenses</b>	-	-	<b>383</b>	<b>383</b>	



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## City Council Communication

**Title:** CONSIDERATION AND APPROVAL OF THE 1ST AND 2ND QUARTER INVESTMENT REPORTS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2026, AS PRESENTED (CHRIS HILL, CFO AND JOHN NARON, CITY MANAGER)

**Date:** May 26, 2026

**From:** Chris Hill, Chief Finance Officer

### **INFORMATION:**

In an effort to keep the City Council, staff and public informed of the receipt of quarterly interest earned on the City of Hondo's Investments, the 1st and 2nd Quarter Investment Reports for the Fiscal Year ending September 30, 2026, are presented for review.

The city's earnings have remained steady with the investment strategy of using TexPool Prime and High Rate local CDs. TexPool Prime has a current rating by S&P Global of AAA which is the highest rating available. TexPool Prime remains very liquid with average weighted Maturity of 51 days. The City can withdraw funds from Texpool at anytime without penalty. The City is receiving high rates on 7-month CDs at the local TXN bank.

### **FINANCIAL IMPACT:**

The quarterly earnings for the 1st quarter were \$223,502 and the 2nd quarter was \$214,364 for YTD mid-year total of **\$437,866** which is another strong year.

### **STAFF RECOMMENDATION:**

The City Staff recommends approval/acceptance of the Quarterly Investment Reports for the Fiscal Year ended September 30, 2026, as presented.

### **MOTION:**

Move to approve the 1st and 2nd Quarter Investment Reports for the fiscal year ending September 30, 2026.

### **ATTACHMENTS:**

1. Dec 2025 Quarter Investment report signed
2. March 2026 Quarter Investment report signed

### **STAFF CONTACTS:**

Chris Hill  
Chief Finance Officer  
chill@hondo-tx.org

John Naron  
City Manager  
jnaron@hondo-tx.org

**City of Hondo**  
**Investment Inventory Report**  
**1st Quarter Report**  
 December 31, 2025



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Security	Owner	Avg. Rate/ Yield	Next Maturity	Original Amt.	Ending Balance	Ending Market	QTD Earnings
Water Rights - Owned (Fund 3)	Fund 03	0.00%		\$ 199,540.60	\$ 199,540.60	\$ 199,540.60	
Investment Fund - Airport	TXN	1.00%	N/A	71,174.35	72,480.22	72,480.22	\$ 1,305.87
Texpool - General Fund	Texpool	4.00%	N/A	6,263,423.23	6,329,244.97	6,329,244.97	\$ 65,821.74
Texpool - Electric	Texpool	4.00%	N/A	1,716,601.59	1,734,552.98	1,734,552.98	\$ 17,951.39
Texpool - Water & Wastewater	Texpool	4.00%	N/A	1,820,163.82	1,838,115.21	1,838,115.21	\$ 17,951.39
Texpool - Sanitation	Texpool	4.00%	N/A	529,847.71	535,831.51	535,831.51	\$ 5,983.80
Texpool - Perpetual Care	Texpool	4.00%	N/A	552,721.12	558,704.92	558,704.92	\$ 5,983.80
Texpool - 2024 Bonds	Texpool	4.00%	N/A	606,322.59	612,306.37	612,306.37	\$ 5,983.78
CD Investment - 2024 Bonds	CD - TXN - 6927	3.75%	1/2/2026	7,598,246.05	7,673,182.84	7,673,182.84	\$ 74,936.79
CD Investment - EDC	CD - TXN - 5862	3.75%	12/17/2025	2,492,362.62	2,516,675.20	2,516,675.20	\$ 24,312.58
CD Investment - Airport	CD - TXN - 7617	4.00%	N/A	1,000,000.00	1,003,271.23	1,003,271.23	\$ 3,271.23
<b>TOTAL Investments and Interest Earnings</b>				<b>\$ 22,650,863.08</b>	<b>\$ 22,874,365.45</b>	<b>\$ 22,874,365.45</b>	<b>\$ 223,502.37</b>

**WEIGHTED AVERAGE MATURITY**

(Interest Bearing Only)  
 Texpool Prime  
 TXN CD (No penalty early withdrawal)

BOOK VALUE \$ 11,608,756

DAYS TO MAT. 52

**Fund Totals of Investments**

General Fund	27.67%	6,329,244.97
Perpetual Care	2.44%	558,704.92
Water & Wastewater	8.04%	1,838,115.21
EDC	11.00%	2,516,675.20
Sanitation	2.34%	535,831.51
2024 Bond Cos	36.22%	8,285,489.21
Airport	4.70%	1,075,751.45
Electric	7.58%	1,734,552.98
<b>INVESTMENT TOTALS</b>	<b>100.00%</b>	<b>\$ 22,874,365.45</b>

This report is in compliance with the City's Investment Policy Section V. and the Reporting and Texas Government Code

Chris Hill, CFO  
 Christopher Hill, Chief Financial Officer



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**City of Hondo**  
**Investment Inventory Report**  
**2nd Quarter Report**  
 March 31, 2026

Security	Owner	Avg. Rate/ Yield	Next Maturity	Original Amt.	Ending Balance	Ending Market	QTD Earnings
Water Rights - Owned (Fund 3)	Fund 03	0.00%		\$ 199,540.60	\$ 199,540.60	\$ 199,540.60	
Investment Fund - Airport	TXN	1.00%	N/A	72,480.22	72,507.03	72,507.03	\$ 26.81
Texpool - General Fund	Texpool	3.80%	N/A	6,329,244.97	6,389,708.14	6,389,708.14	\$ 60,463.17
Texpool - Electric	Texpool	3.80%	N/A	1,734,552.98	1,751,042.94	1,751,042.94	\$ 16,489.96
Texpool - Water & Wastewater	Texpool	3.80%	N/A	1,838,115.21	1,854,605.17	1,854,605.17	\$ 16,489.96
Texpool - Sanitation	Texpool	3.80%	N/A	535,831.51	541,328.17	541,328.17	\$ 5,496.66
Texpool - Perpetual Care	Texpool	3.80%	N/A	558,704.92	564,201.58	564,201.58	\$ 5,496.66
Texpool - 2024 Bonds	Texpool	3.80%	N/A	612,306.37	617,803.00	617,803.00	\$ 5,496.63
CD Investment - 2024 Bonds	CD - TXN - 6927	3.75%	8/2/2026	7,673,182.84	7,744,320.44	7,744,320.44	\$ 71,137.60
CD Investment - EDC	CD - TXN - 5862	3.75%	7/17/2026	2,516,675.20	2,540,014.08	2,540,014.08	\$ 23,338.88
CD Investment - Airport	CD - TXN - 7617	4.00%	6/14/2026	1,003,271.23	1,013,199.03	1,013,199.03	\$ 9,927.80
<b>TOTAL Investments and Interest Earnings</b>				<b>\$ 22,874,365.45</b>	<b>\$ 23,088,729.58</b>	<b>\$ 23,088,729.58</b>	<b>\$ 214,364.13</b>

**WEIGHTED AVERAGE MATURITY**  
 (Interest Bearing Only)  
 Texpool Prime BOOK VALUE \$ 11,718,689 DAYS TO MAT. 51  
 TXN CD (No penalty early withdrawal)

Fund Totals of Investments		
General Fund	27.67%	6,389,708.14
Perpetual Care	2.44%	564,201.58
Water & Wastewater	8.03%	1,854,605.17
EDC	11.00%	2,540,014.08
Sanitation	2.34%	541,328.17
2024 Bond Cos	36.22%	8,362,123.44
Airport	4.70%	1,085,706.06
Electric	7.58%	1,751,042.94
<b>INVESTMENT TOTALS</b>	<b>100.00%</b>	<b>\$ 23,088,729.58</b>

This report is in compliance with the City's Investment Policy Section V. and the Reporting and Texas Government Code

Chris Hill, CFO  
 Christopher Hill, Chief Financial Officer



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## City Council Communication

**Title:** CONSIDERATION AND APPROVAL OF ORDINANCE 1322-05-26 AMENDING THE CITY OF HONDO INVESTMENT POLICY AS REQUIRED BY CHAPTER 2256 OF THE TEXAS GOVERNMENT CODE; AND SETTING AN EFFECTIVE DATE. (CHRIS HILL, CFO AND JOHN NARON, CITY MANAGER)

**Date:** May 26, 2026

**From:** Chris Hill, Chief Finance Officer

**INFORMATION:**

In accordance with the Public Funds Investment Act, Chapter 2256, Tex Government Code, the governing body of an investing entity shall review its investment policy and investment strategies not less than annually. This will complete this objective.

**FINANCIAL IMPACT:**

No changes from last year.

**STAFF RECOMMENDATION:**

City Staff recommends the City Council approve updated Investment Policy.

**MOTION:**

Approve Ordinance 1322-05-26 amending the City Investment Policy.

**ATTACHMENTS:**

1. OrdinanceInvestmentPolicy2026
2. Investment Policy 2026

**STAFF CONTACTS:**

Chris Hill  
Chief Finance Officer  
chill@hondo-tx.org

John Naron  
City Manager  
jnaron@hondo-tx.org

**ORDINANCE NO. 1322-05-26**

**AN ORDINANCE AMENDING THE CITY OF HONDO INVESTMENT POLICY AS REQUIRED BY CHAPTER 2256 OF THE TEXAS GOVERNMENT CODE; AND SETTING AN EFFECTIVE DATE.**

\*\*\*\*\*

**WHEREAS**, in accordance with the Public Funds Investment Act, Chapter 2256, Tex Government Code, the City Council of the City of Hondo, Texas adopted an investment policy by Ordinance No. 275-15 on March 9, 2015 and has amended annually; and

**WHEREAS**, the investment policy must primarily emphasize safety of principal and liquidity and also address investment diversification, yield, and maturity and the quality and capability of investment management; and

**WHEREAS**, the City has completed its review of the Investment Policy as required by Chapter 2256, attached is the amended Investment Policy, which complies with the Public Funds Investment Act, and authorizes the investment of city funds in safe and prudent investments.

**WHEREAS**, the governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

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

**SECTION 1.** The City Council of the City of Hondo, Investment Policy attached hereto as “**Exhibit A**” complies with the requirements of the Public Funds Investment Act and is hereby amended and adopted as the Investment Policy of the City of Hondo effective on the date this ordinance is adopted.

**SECTION 2. AMENDMENTS. NONE.**

**SECTION 3. CHANGES.** The City of Hondo, The Investment Policy, as amended, shall remain in full force and effect, save and except as amended by this ordinance.

**SECTION 4.** All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict with all remaining portions not conflicting being saved from repeal herein.

**SECTION 5. EFFECTIVE DATE:** This Ordinance shall be effective immediately upon the passage hereof for Fiscal Year Ended September 30, 2026 and going forward.

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HONDO,  
TEXAS, THIS 26<sup>TH</sup> DAY OF MAY, 2026.**

\_\_\_\_\_  
**JOHN MCANELLY, MAYOR**

**ATTEST:**

\_\_\_\_\_  
**JULIE SCHNEIDER  
CITY SECRETARY**

**EXHIBIT "A"**  
**CITY OF HONDO INVESTMENT POLICY**

# EXHIBIT A

## City of Hondo, Texas Investment Policy

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**I. POLICY**

It is the policy of the City of Hondo, Texas (the "City") to administer and invest its funds in a manner which will preserve the principal and maintain the liquidity through limitations and diversification while meeting the daily cash flow requirements of the City. The City will invest all available funds in conformance with legal and administrative guidelines, seeking to optimize interest earnings to the maximum extent possible.

The purpose of this investment policy is to comply with all statutes governing the investment of the City's funds, including the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the " Act"), which requires the City to adopt a written investment policy regarding the investment of its funds and funds under its control. The Investment Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the City's funds. This policy will be reviewed annually pursuant to Section 2256.005 of the Act.

**II. SCOPE**

The City will strive to earn a return on funds invested at the highest investment return possible after taking in consideration the primary goals of preservation of principal and liquidity of funds invested, consistent with the policy objectives described below. This investment policy applies to the investment activities of the government of the City.

FUNDS INCLUDED The City's funds, which are sometimes pooled together, constitute the investment portfolio, include all financial assets of all funds managed by the City, including but not limited to receipts of tax revenues, charges for services, bond proceeds, interest income, loans and funds received by the City where the City performs a custodial function. These funds are accounted for in the City's Annual Financial Report (AFR) and include:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds
- Enterprise Funds

Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

**III. OBJECTIVES**

**SAFETY** The primary objective of the City's investment activity is the preservation of capital and the protection of investment principal in the overall portfolio. Each investment transaction shall seek first to ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value. The City will strive to minimize credit risk by limiting investments to the safest types of investments, prequalifying the financial institutions and broker/dealers with which the City conducts business, and diversify the investment portfolio so that potential losses on individual issuers will be minimized. To minimize interest rate risk, the City will ladder the portfolio and match investments with future cash requirements and invest operating funds in shorter, more liquid securities and investments.

LIQUIDITY The City's investment portfolio will remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets. Because all possible cash demands cannot be anticipated, a portion of the portfolio may be invested in shares of money market mutual funds or local government investment pools that offer same day liquidity.

PUBLIC TRUST All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment Officials shall avoid any transaction that might impair public confidence in the City's ability to govern effectively. The governing body recognizes that in a diversified portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

YIELD (Optimization of Interest Earnings) The City's cash management portfolio shall be designed with the objective of regularly meeting or exceeding the average rate of return on U.S. Treasury Bills at a maturity level comparable to the City's weighted average maturity in days. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment principles.

INVESTMENT STRATEGY The City maintains a commingled portfolio for investment purposes which incorporates the specific uses and the unique characteristics of the funds in the portfolio. The investment strategy has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity provided. The City shall pursue conservative portfolio management strategy. This may be accomplished by creating a laddered maturity structure with some extension for yield enhancement. The maximum dollar weighted average maturity of 2 years or less will be calculated using the stated final maturity date of each security.

#### IV. **RESPONSIBILITY AND CONTROL**

Oversight Responsibility for the investment activity of the City shall rest with the City Manager. The City Manager will designate investment officer(s), receive and review quarterly reporting, approve and provide for investment officer training, approve broker/dealers, and review and cause to be adopted the Investment Policy and Strategy at least annually.

DELEGATION Management responsibility for the investment program is hereby delegated to the Chief Finance Officer, who shall establish written procedures for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions.

SUBORDINATES All persons involved in investment activities will be referred to as "Investment Officers." No person shall engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Finance Officer. The Chief Finance Officer shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of Subordinate Investment Officers. All investment officers, including the Chief Finance Officer, will demonstrate competence in the execution of the city's investments. All Investment Officers will insure compliance with the investment program with ongoing training and evaluation by management.

PRUDENCE Investments shall 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. Investment Officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided

deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

**INDEMNIFICATION** The Chief Finance Office and the other Investment Officer(s), acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific investment's credit risk or market price changes, provided that these deviations are reported immediately and the appropriate action is taken to control adverse developments.

**ETHICS DISCLOSURE AND CONFLICTS OF INTEREST** Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions. Employees and Investment Officers shall disclose to the City Manager any material interests in financial institutions that conduct business with the City, and shall further disclose any personal financial or investment positions that could be related to the performance of the City's investment portfolio. Employees and Investment Officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the City.

An Investment Officer who has a personal business relationship with an organization seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under subsection 2256.005(i) of the Act must be filed with the Texas Ethics Commission and the governing body of the City.

**TRAINING** Pursuant to Section 2256.008 of the Act, the Investment Officers shall attend 10 hours of investment training within 12 months after taking office or assuming duties, and 10 hours every succeeding two years that begins on the first day of the fiscal year, which is October 1<sup>st</sup>, and consists of the two consecutive fiscal years after that date. The investments training shall be provided from an independent source as approved by the City Council to insure the quality and capability of investment management in compliance with the Act. For the purposes of this policy, an "independent source" has been defined by the City Council as a professional organization, an institute of higher learning or any other sponsor other than a Business Organization with whom the City may engage in investment transactions. Training shall be in accordance with the Act and shall include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with statutes governing the investment of public funds.

## V. **REPORTING**

Investment reports shall be prepared quarterly and be signed and submitted by the Investment Officers, in a timely manner. These reports will be submitted to the City Manager and City Council. This report shall describe in detail the investment position of the City, disclose the market value and book value of each fund group as well as each separate investment, and state the maturity date of each security and accrued interest for the reporting period. The report shall include all information as required by Section 2256.023 of the Act. It must also express compliance of the portfolio to the investment strategy contained in the City's Investment Policy and the Act.

**MONITORING** The market price of each investment shall be obtained monthly from a source such as the Wall Street Journal newspaper, the City's custodial bank, a reputable brokerage firm or security pricing service and reported on the investment reports. Investments with minimum rating requirements will be monitored for rate changes and liquidation of such investments will be determined at such time.

Monitoring credit ratings – The Investment Officer shall monitor, on no less than a monthly basis,

the credit rating on all authorized investments in the portfolio based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by Policy, the Investment Officer shall notify the City Manager of the loss of rating, and liquidate the investment within one week.

Monitoring FDIC Status for Mergers and Acquisitions – The Investment Officer shall monitor, on no less than a weekly basis, the status and ownership of all banks issuing brokered CDs owned by the City based upon information from the FDIC. If any bank has been acquired or merged with another bank in which brokered CDs are owned, the Investment Officer or Advisor shall immediately liquidate any brokered CD which places the City above the FDIC insurance level.

## VI. INVESTMENTS

ACTIVE PORTFOLIO MANAGEMENT The City intends to pursue active versus passive portfolio management philosophy. That is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade.

AUTHORIZED INVESTMENTS The following are authorized investments as further defined by the Act.

- A. Obligations, including letters of credit, of the United States or its agencies and instrumentalities; direct obligations of this state or its agencies and instrumentalities; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state 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; and 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. (Section 2256.009 (a) of the Act)

The following are not authorized investments under Section 2256.009 (b) of the Act:

- obligations whose payment represents the coupon payment on the outstanding principal balance of the underlying mortgage-backed security collateral and pays not principal (Interest only bonded);
  - obligations whose payment represents the principal stream of cash from the underlying mortgage-backed security collateral and pays no interest (Principal only bonds);
  - collateralized mortgage obligations that have a final stated maturity date of greater than 10 years; and
  - collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.
- B. Fully collateralized certificates of deposit issued by a depository institution or an approved broker that has its main office or branch office in Texas, selected from a list adopted by the City, and guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; secured by obligations authorized by Section 2256.010 of the Act, or secured in accordance with Chapter 2257 or any other manner and amount provided by law for deposits of the City.
- C. FDIC insured, brokered certificates of deposit securities from a bank in any US state, in an amount not to exceed FDIC insurance, delivered versus payment to the City safekeeping agent, not to exceed one year to maturity. Before purchase, the Investment Officer must verify the FDIC status of the bank on [www.fdic.gov](http://www.fdic.gov) to assure that the bank is FDIC insured.

- D. AAA-rated, or an equivalent rating, no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission; having a dollar-weighted average stated maturity of 90 days or fewer; and includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share. (Section 2256.014 of the Act) The Fund must 1) be registered with and regulated by the Securities and Exchange Commission 2) provide the City with a prospectus and other information required by the Securities and Exchange Act of 1934 (15 U.S.C. Section 80a-1 et seq.) and 3) comply with federal SEC Rule 2a-7;

The City is not authorized by Section 2256.014 (c) of the Act to:

- invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves in other funds held for debt service, in mutual funds described in the Act (Section 2256.014);
- invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in the Act (Section 2256.014); or
- invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in the Act (Section 2256.014) in an amount that exceeds 10 percent of the total assets of the mutual fund.

- E. AAA-rated, or an equivalent rating by at least one nationally recognized rating service, constant dollar, investment pools as authorized by the City Council and as further defined by the Act, which invests in eligible securities as authorized by Section 2256.016 of the Act.

**EXISTING INVESTMENTS** The Investment Officer is not required to liquidate investments that were authorized investments at the time of purchase. Any investments currently held that do not meet the guidelines of this policy shall be reviewed to determine the ability to liquidate. An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating. If the investment cannot be liquidated because of material adverse change in the value since the time of purchase, and holding the investment to maturity does not negatively affect disbursements or cash flow, a recommendation of holding said investment to maturity is acceptable.

**MAXIMUM MATURITIES** The maximum stated maturity, from the date of purchase, for any individual investment may not exceed three (3) years and the maximum dollar-weighted average maturity for the pooled fund group (investment portfolio) may not exceed 2 years.

**DIVERSIFICATION** It is the policy of the City to diversify its investment portfolios. Assets held in the pooled investment portfolio shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, specific issuer or specific class of securities. Diversification strategies shall be determined and revised periodically by the City Manager.

**FINANCIAL INSTRUMENTS** Maximum allowable percentages of the total portfolio for investments are stated as follows and all of the following are authorized:

Investment Type	Maximum Limit
1. Investment Pools	75%
2. Money Market Accounts	10%
3. Certificates of Deposit	100%
4. U.S. Government Securities	40%
5. U.S. Agency Securities	40%

## VII. SELECTION OF FINANCIAL INSTITUTIONS AND BROKER DEALERS

SELECTION OF FINANCIAL INSTITUTIONS Depositories shall be selected through the City's banking services procurement process, which shall include a formal request for proposal (RFP) issued every five (5) years. In selecting depositories, the services available, service costs, and credit worthiness of institutions shall be considered, and the Director of Finance shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history. The depository contract will provide for collateral if balance exceeds FDIC Insurance amounts.

The City shall select financial institutions from which the City may purchase certificates of deposit in accordance with the Act and this policy and will have a written depository agreement with the selected institution, which was approved by resolution of the Bank's Board if collateral is required. The Investment Officer shall monitor the fiscal condition of financial institutions where certificates of deposit are held.

AUTHORIZED FINANCIAL BROKER/DEALERS AND INSTITUTIONS The Investment Officer shall maintain a list of broker/dealers and financial institutions authorized to provide investment services. These may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must submit: audited financial statements, proof of National Association of Security Dealers certification, and proof of state registration.

Before engaging in investment transactions with a financial institutions or broker/dealers, the Investment Officer shall have received, from a Qualified Representative of said firm, a signed Certification Form. (Exhibit B) This form shall attest that the individual responsible for the City's account with that firm has (1) received and reviewed the investment policy of the City; and (2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the City and the 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 makeup of the City's entire portfolio or requires an interpretation of subjective investment standards. Investment Officers of the City may not acquire or otherwise obtain any authorized investment described in the investment policy from a person who has not delivered a signed Certification Form. The City Manager shall at least annually review, revise, and recommend to City Council a list of qualified broker/dealers and other financial institutions that are authorized to engage in investment transactions with the City. (Exhibit A)

COMPETITIVE BIDDING All investment transactions must be competitively transacted and executed with broker/dealers or financial institutions that have been authorized by the City. The City will obtain at least three competitive offers. Exception: New issues will not be required to be competitively transacted as all broker/dealers would show the same price and yield.

## VIII. COLLATERAL

COLLATERALIZATION OF PUBLIC DEPOSITS Collateralization requirements are governed by the Texas Government Code Chapter 2257 (Public Funds Collateral Act). All bank deposits, certificates of deposit, and repurchase agreements shall be secured by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, the required minimum collateral level will be a market value equal to no less than 102% of the deposits. Collateral levels should be monitored and maintained by the financial institution. Repurchase agreements shall be documented by specific agreement noting the collateral pledged in each agreement and should be monitored daily. Collateral shall be reviewed monthly to assure the market value of the securities pledged equals or exceeds the related bank balances.

Collateral shall always be held in the City's name by an independent third party with whom the City has a current custodial agreement. Evidence of the pledged collateral shall be maintained by a written agreement. A safekeeping receipt must be supplied to the City for any transaction involving sales/purchases/maturities of securities and/or underlying collateral, which the City will retain. The right of collateral substitution is granted provided the substitution has prior approval of the City and is followed by the delivery of an original safekeeping receipt to the City, and replacement collateral is received prior to the release of original collateral.

COLLATERAL DEFINED The City shall accept only the following securities as collateral:

- A. FDIC insurance coverage;
- B. United States Treasuries and Agencies;
- C. Obligations, including letters of credit, of the United States or its agencies and instrumentalities.
- D. Security issued by a public entity as defined and permitted under the Texas Government Code Chapter 2257 (Public Funds Collateral Act).

SUBJECT TO AUDIT All collateral shall be subject to inspection and audit by the Director of Finance or the City's independent auditors.

#### IX. **SAFEKEEPING AND CUSTODY**

SAFEKEEPING AGREEMENT All securities owned by the City shall be held in the City's designated third party safekeeping. The third party custodian shall be required to issue safekeeping receipts to the City listing each specific security, description, maturity, cusip number yield and/or coupon, market value and other pertinent information. Each safekeeping receipt shall clearly indicate that the instrument is held for the City. All safekeeping arrangements shall be documented by the Investment Officer.

DELIVERY VERSUS PAYMENT All investment transactions shall be executed on a delivery versus payment basis. That is, funds shall not be wired or paid until verification has been made that the collateral was received by the Trustee. The collateral shall be held in the name of the City. The Trustee's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City.

#### X. **MANAGEMENT AND INTERNAL CONTROLS**

The Director of Finance shall establish a system of internal controls, which shall be reviewed by an independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees or Investment Officers of the City.

Controls and managerial emphasis deemed most important that shall be employed where practical are:

- A. Control of collusion
- B. Separation of duties
- C. Separation of transaction authority from accounting and record keeping
- D. Custodian safekeeping receipts records management
- E. Avoidance of physical delivery securities
- F. Clear delegation of authority to subordinate staff members
- G. Documentation on investment bidding events
- H. Written confirmation of transactions for investments and wire transfers

- I. Reconciliation and comparisons of security receipts with the investment subsidiary records
- J. Compliance with investment policies
- K. Accurate and timely reports
- L. Validation of investment maturity decisions with supporting cash flow data
- M. Adequate training and development of Investment Officers
- O. Review of financial condition of all brokers, dealers and financial institutions
- P. Staying informed about market conditions, changes, and trends that require adjustments in investment strategies
- Q. Monitor credit ratings
- R. Monitor FDIC status for mergers and acquisitions for brokered CD's

COMPLIANCE AUDIT The City shall perform, in conjunction with its annual financial audit, a compliance audit of management controls on investments and adherence to the entity's established investment policies. The audit shall include a formal review of the quarterly investment reports by an independent auditor and the results reported to the governing body by the independent auditor. Also, the governing body shall review its investment policy and investment strategy not less than annually and adopt a written instrument by ordinance or resolution stating that it has reviewed the investment policy and strategy, and recorded any changes made to them.

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**City of Hondo**  
**Approved List of Brokers/Dealers and Investment Pools**

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**Brokers/Dealers**

None at this time

**Investment Pools**

TexPool

LOGIC Investment Pool

TexStar Pool

Any AAA rated Texas Government Pool

**TEXAS PUBLIC FUNDS INVESTMENT ACT CERTIFICATION FORM**  
**As required by Texas Government Code 2256.005 (k-l)**

**CITY OF HONDO, TEXAS**

This certification is executed on behalf of the City of Hondo, Texas (the Investor) and \_\_\_\_\_ (the Seller) pursuant to the Public Funds Investment Act, Chapter 2256, Government Code, Texas Codes Annotated (the Act) in connection with investment transactions conducted between the Investor and Dealer.

The Undersigned Qualified Representative of the Seller hereby certifies on behalf of the Seller that:

1. The Qualified Representative is duly authorized to execute this Certification on behalf of the Seller, and
2. The Qualified Representative has received and reviewed the Investment Policy furnished by the Investor, and
3. The Seller has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Seller and the Investor that are not authorized by the entity's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards.

**Qualified Representative**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Printed):

\_\_\_\_\_  
Title:

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

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**City of Hondo, Texas**  
**Investment Strategy Statement**

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The City of Hondo, Texas (the "City") will strive to administer and invest its pooled funds at the highest investment return possible while always taking into account the primary goals of preservation of principal and liquidity of funds invested consistent with the City's investment policy.

The City's funds, which are pooled together and constitute the investment portfolio, include all financial assets of all funds managed by the City, including but not limited to receipts of tax revenues, charges for services, bond proceeds, interest incomes, loans and funds received by the City where the City performs a custodial function.

The City will never invest its funds in a security that is deemed unsuitable to the financial requirements of the City. Maturities will be staggered in a manner that meets the cash flow needs of the City.

The primary investment objective is the preservation and safety of principal. Each investment transaction shall seek first to ensure that principal losses are avoided, whether they are from security defaults or erosion of market value.

The City's investment portfolio will remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

The City shall always maintain a highly diversified investment portfolio in order to reduce the amount of credit and market risk exposed to the City's portfolio.

After first considering safety and liquidity, the City's investment portfolio shall be designed with the objective of regularly exceeding the average rate of return on U.S. Treasury Bills at a maturity level comparable to the City's weighted average maturity in days. The City shall seek to augment returns above this threshold consistent with risk limitations identified in the City's investment policy and prudent investment principles.



THIS IS GOD'S COUNTRY

## City Council Communication

**Title:** CONSIDERATION AND APPROVAL OF ORDINANCE 1323-05-26 OF THE CITY COUNCIL OF THE CITY OF HONDO, TEXAS, AUTHORIZING AMENDMENTS TO THE ADOPTED ANNUAL BUDGET OF THE CITY OF HONDO, TEXAS FOR THE 2025-2026 FISCAL YEAR PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR OTHER MATTERS RELATED TO THE SUBJECT (CHRIS HILL, CFO AND JOHN NARON, CITY MANAGER)

**Date:** May 26, 2026

**From:** Chris Hill, Chief Finance Officer

### **INFORMATION:**

Funding of Expenses are approved by the City Council and City Manager during the year. Formal Budget amendments are completed twice a year (mid-year and end of year). This is the formal budget amendment ordinance for mid-year budget amendments for Current Fiscal Year 2025-2026.

### **FINANCIAL IMPACT:**

See Exhibit A attached.

### **STAFF RECOMMENDATION:**

City Staff recommends the City Council approve the Ordinance amending the Fiscal 2025-2026 Budget.

### **MOTION:**

Motion to approve Ordinance 1323-05-26 authorizing amendments to the adopted annual budget for the Fiscal Year 2025-2026.

### **ATTACHMENTS:**

1. 1323-05-26 ORD for Budget Amendments
2. Budget Amendment #1 FY2025-2026 Mid-Year
3. 2025-2026 Library Budget Amendments
4. IT Budget Amendments 2025-2026

### **STAFF CONTACTS:**

Chris Hill  
Chief Finance Officer  
chill@hondo-tx.org

John Naron  
City Manager  
jnaron@hondo-tx.org

**ORDINANCE NO. 1323-05-26**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HONDO, TEXAS, AUTHORIZING AMENDMENTS TO THE ADOPTED ANNUAL BUDGET OF THE CITY OF HONDO, TEXAS FOR THE 2025-2026 FISCAL YEAR PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR OTHER MATTERS RELATED TO THE SUBJECT.**

**WHEREAS;** by Ordinance No. 1305-08-25, the City of Hondo, Texas, adopted its annual budget for the 2025-2026 fiscal year on August 25, 2025; and

**WHEREAS;** the City Council finds and determines that it is prudent to amend the budget as set forth in this ordinance due to unforeseen conditions that have occurred in the City; and

**WHEREAS;** the City Council finds that this amendment will serve the general welfare of the citizenry; and

**WHEREAS;** the City Council deems it advisable to amend the budget for the General Fund Revenues for \$1,119,515 and Expenditures by \$1,261,659, Reclass Electric Fund Expenses for \$35,000, Utility Water Fund Revenue for \$15,000 and Expenses by \$155,118, Airport Revenue for \$210,000 and Expenses by \$527,120, Cemetery Fund Expenses by \$13,168, STRTC Fund Expenses by \$9,320 and EDC Revenues and Expenses by \$135,000.

**WHEREAS;** the amended budget appended here as Exhibit "A", for the fiscal year beginning October 1, 2025 and ending September 30, 2026 was duly presented to the City Council by the City Manager.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HONDO, TEXAS:**

**SECTION 1.** The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

**SECTION 2.** That the City Manager is hereby authorized and directed to make the amendments set forth in this ordinance to the appropriations for the fiscal year beginning October 1, 2025 and ending September 30, 2026, for the support of the general government of the City of Hondo, Texas, a copy of which is appended as Exhibit "A".

**SECTION 3.** That the budget, as shown in words and figures in Exhibit "A" is hereby approved in all aspects and adopted as the City's amended budget for the fiscal year beginning October 1, 2025 and ending September 30, 2026.

**SECTION 4.** Should any part of this Ordinance be held to be invalid for any reason, the remainder shall not be affected thereby, and such remaining portions are hereby declared to be severable.

**SECTION 5.** These amendments shall become an attachment to original budget for the 2025-2026 fiscal year.

**PASSED AND APPROVED THIS 26TH DAY OF MAY 2026.**

\_\_\_\_\_  
John McAnelly, Mayor

ATTEST:

\_\_\_\_\_  
Julie Schneider, City Secretary

**Recap of FY 2025-26 Budget Amendments  
As of May 26, 2026**

**EXHIBIT A**

	Date	Fund 01 General	Fund 02 Electric	Fund 03 Water/Sewer	Fund 04 Airport	Fund 11 Cemetery	Fund 18 EDC	Fund 20 STRTC	
Beginning Unassigned Working Capital (Cash/Cash Equivalents)	10/01/25	5,777,762	2,787,577	2,556,951	566,198	565,355	3,466,833	312,470	
Adopted Revenues - Budget		12,873,125	7,352,041	4,235,716	1,208,170	41,000	844,700	109,583	
<b>Amendments:</b>									
Insurance Proceeds		43,000							TML Claims
Sales Tax		270,000					135,000		Increase in Sales Tax Revenue
Interest Revenue		30,000							Improved Investment Income
Police Grants		476,515							Office of Governor Grants
Home Program Grant		300,000							Add 2 homes - Approved by Council
Airport Fuel Sales					210,000				Greater sales than expected
Credit Card Fee Revenue				15,000					More Credit Card Usage
Total Revenue Amendments		1,119,515	-	15,000	210,000	-	135,000	-	
Total Revised Revenues		13,992,640	7,352,041	4,250,716	1,418,170	41,000	979,700	109,583	
Total Available		19,770,402	10,139,618	6,807,667	1,984,368	606,355	4,446,533	422,053	
Adopted Expenditures/Expenses - Budget		12,873,125	7,352,041	4,235,716	1,208,170	41,000	844,700	109,583	
<b>Amendments:</b>									
Police Vehicle Maintenance / Tires		16,000							Insurance Repairs
Police Safety Equipment		5,000							Police Safety items.
Police Grants		476,515							Office of Governor Grants
Emergency Siren Repair		18,228							Due to Lightening
Animal Shelter Supplies / Utilities		7,000							Washer and Dryer and increase in Utilities
City Manager Contract and Benefits		21,000							Approved in Contract
Leadership Training -All departments		7,000							Leadership for all departments
Streets - New PCs to Office Supplies		6,100							Unexpected expense
Library Expenses		8,275							Misc. See attached list.
Soccer Field Lighting (previously approved by City Council)		189,056							New Lighting at Soccer Field
Building and Grounds Building Maintenance		43,821							Emergency AC Repair at Rec Center
Building and Grounds Utilities		68,222							Increase in Utilities - Lights on fields
Recreation Utilities		36,032							Increase in Utilities trend
Recreation Projects		39,004							Foyer, Bathroom, Showers - Approved by Council
Swimming Pool Repairs		89,500							Approved by Council
Capital Projects		(143,454)							Move Budget
NEW IT Project for Access Upgrade		14,950							Verkada access control
IT Upgrades and Other Projects		29,410							See list attached.
Home Program Grant		330,000							Add 2 homes - Approved by Council
STRTC Improvements								9,320	Handicap Access
Electric Equipment Maintenance			5,000						Pipe Hunter Repairs
Electric Contingency			(5,000)						Offset Equipment Repairs
Electric Vehicle Maintenance			30,000						Extensive Vehicle Repairs
Electric System Maintenance			(30,000)						Offset Vehicle Repairs
EAA Water Right Fees				105,118					Required by TCEQ
NewGen Water and Wastewater Rate Study				35,000					Approved by Council
Sewer - Equipment Maint.				10,000					Emergency Repairs on Tractor
Sewer - Sludge Removal				15,000					Increased costs
Sewer - Contingency				(25,000)					Offset Repairs
Utility Billing - Credit Card Fees				15,000					Offset by Revenue Above
Airport Fuel					120,000				Greater sales than expected offset in revenue
Airport Projects					407,120				From Land Sale last year
Cemsites Software						13,168			Approved by Council
Lift Fund							105,000		Approved by Council
Downtown Façade							30,000		Approved by EDC Board
Total Expenditure/Expense Amendments		1,261,659	-	155,118	527,120	13,168	135,000	9,320	
Total Revised Expenditures/Expenses		14,134,784	7,352,041	4,390,834	1,735,290	41,000	979,700	118,903	
Net Amount (Fund Balance)		(142,144)	-	(140,118)	(317,120)	(13,168)	-	(9,320)	
Ending Working Capital, based on Amended Budget Amounts		5,635,618	2,787,577	2,416,833	249,078	565,355	3,466,833	303,150	
Ending Days of Working Capital, based on Amended Amounts		146	138	201	52	5,033	1,292	931	

Library

	Budgeted	Change	New Budget	
Audio Book Expenses	500	-500	0	Will forego purchases this year
Kit Expenses	1,000	600	1,600	Replacement of missing parts in addition to new kit materials
StoryTime	3,000	1,000	4,000	Larger supply items but with multi-year use
Meetings & Seminars	5,000	1,900	6,900	Extra conferences - Real World and presentation for ARCIT
Equipment Maintenan	4,000	2,000	6,000	Extra HVAC expenses/increase in aquarium maintenance costs
Collection Developmen	1,800	325	2,125	Add'l cases for donated DVD/CDs
Audio Visual Expenses	500	-500	0	Will forego purchases this year
Special Events	4,000	800	4,800	Price increases on products
Furniture	2,000	1,600	3,600	Additional shelving/storage in Family Place
Utilities	2,900	2,850	5,750	Utilty rates doubled
Postage	1,200	1,700	2,900	Shipping costs for large item purchases
Dues & Subscriptions	14,000	-1,000	13,000	One pymt was made in 2024-2025
Marketing & Advertisir	2,000	-1,500	500	Did less programming ads (No Nat'l Library Week or Spring Break)
Janitorial Services	4,000	-1,000	3,000	Reduced usage of Unifirst
	45,900	8,275	54,175	

## I. T. Budget Amendments

<b>Amount</b>	<b>Description</b>	<b>From Account</b>
4,993.14	PW Camera Infrastructure	I. T. Projects
2,200	Tyler Content Manager	I. T. Projects
6,039.45	PD Internet Upgrade	I. T. Projects
1,425.64	Scanners for UB	I. T. Projects
14,752.23	New Cameras at the Library	I. T. Projects
29,410.46	Total	





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## City Council Communication

**Title:** DISCUSS AND CONSIDER APPROVAL OF THE MAYOR'S APPOINTMENT OF ANDREW FRANKE TO SERVE ON THE AIRPORT ADVISORY BOARD FOR A 3-YEAR TERM.

**Date:** May 26, 2026      **From:**

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

None

**STAFF CONTACTS:**



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## City Council Communication

**Title:** DISCUSS AND CONSIDER APPROVAL OF THE MAYOR'S APPOINTMENT OF CHRIS SHAW TO SERVE ON THE AIRPORT ADVISORY BOARD FOR A 3-YEAR TERM.

**Date:** May 26, 2026

**From:**

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

None

**STAFF CONTACTS:**



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## City Council Communication

**Title:** DISCUSSION AND POSSIBLE ACTION REGARDING THE APPROVAL OF FUNDING AND INSTALLATION OF A VERKADA ACCESS CONTROL SYSTEM FOR ACCESS CONTROL AT CITY ADMINISTRATION FACILITIES. (JOSH RODRIGUEZ, IT MANAGER)

**Date:** May 26, 2026

**From:** Josh Rodriguez

### **INFORMATION:**

Discuss, Consideration, and Approve quote for Verkada Access Control System at multiple City Offices

### **FINANCIAL IMPACT:**

Looking at \$15,232.52 for switching over the access control system to Verkada for the Admin Building, PD building, and the Public Works Building.

### **STAFF RECOMMENDATION:**

Staff recommends approval of a quote to have the current access control system in the current buildings: Admin, PD, and PW to be switched over to the Verkada access control. This pricing for this quote is under the TIPS purchasing cooperative (The Interlocal Purchasing System). Therefore, there is no need for 3 quotes, and this will allow the city to be consistent and have uniformity across all city offices, as City Hall and STRTC already utilize Verkada for their access control systems. The current access control system at these 3 offices is outdated, and is in need of being upgraded.

### **MOTION:**

### **ATTACHMENTS:**

1. Verkada-AccessControl-Quote-5-18-26

### **STAFF CONTACTS:**

Josh Rodriguez

I.T. Manager

[jrodriguez@hondo-tx.org](mailto:jrodriguez@hondo-tx.org)



We have prepared a quote for you

**TIPS#230105 Order/Install Verkada Access Control  
Takeover (PW, PD, and CH)**

Quote # 020414  
Version 1

Prepared for:


**City of Hondo**

Josh Rodriguez  
JRodriguez@hondo-tx.org



 Executive Summary



Verkada Hardware & Licensing | 3-Y


Item #	Manufacturer Part Number	Product Details	Price	Qty	Ext. Price
3	AC42-HW	<p><b>Verkada AC42 4 Door Controller</b></p>  <p><b>Simplicity</b></p> <ul style="list-style-type: none"> <li>• Replaces complex on-premise servers and databases with a simplified cloud-based system</li> <li>• Intuitive wiring layout, integrated power supply unit and a cable organizer offers a seamless install experience</li> <li>• Configures instantly and updates automatically. No patching, manual updates or IT overhead required</li> </ul> <p><b>Enhanced security</b></p> <ul style="list-style-type: none"> <li>• On device storage, compute and auxiliary battery support ensures uninterrupted door functionality, regardless of internet or power connectivity</li> <li>• Native video integration verifies every door events with a tagged video clip</li> <li>• Real-time AI and ML applications proactively monitor doors to identify anomalies and trends</li> <li>• Up to 365 days of storage on-device</li> </ul> <p><b>Scalability</b></p> <ul style="list-style-type: none"> <li>• Cloud-based platform unifies thousands of doors behind a single pane of glass</li> <li>• Works with standard door hardware, the Verkada AD33 door reader and other third-party door readers</li> <li>• Secures all door types from high-traffic wired doors to medium- and low-traffic wireless-lock secured doors</li> </ul>	\$1,349.25	3	\$4,047.75

Verkada Hardware & Licensing | 3-Y

Item #	Manufacturer Part Number	Product Details	Price	Qty	Ext. Price
4	AD34-HW	<b>AD34 Multi-format Card Reader</b>  <p><b>LF, HF, NFC support</b></p> <ul style="list-style-type: none"> <li>Compatible with both low-frequency proximity cards and high-frequency NFC credentials such as Verkada DESFire EV3 badges and Apple Wallet.</li> </ul> <p><b>Secure Bluetooth Intent Unlock</b></p> <ul style="list-style-type: none"> <li>The AD34 can be configured to require both proximity-based Bluetooth authentication and precise unlock intent in front of the reader, such as a hand wave.</li> </ul> <p><b>OSDP encryption</b></p> <ul style="list-style-type: none"> <li>The AD34 uses Secure Channel OSDP v2 to communicate with the access controller over RS-485.</li> </ul> <p><b>Ready for any installation</b></p> <ul style="list-style-type: none"> <li>The AD34 includes both single gang and mullion form factors in the box. The reader is IP65 and IK08 rated, making it suitable for outdoor environments.</li> </ul> <p><b>Easy troubleshooting</b></p> <ul style="list-style-type: none"> <li>See reader connection quality in Verkada Command to monitor performance and flag connectivity issues.</li> </ul> <p><b>Intuitive LED feedback</b></p> <ul style="list-style-type: none"> <li>LEDs display access granted and denied feedback, lockdown states, and connectivity status.</li> </ul>	\$261.75	5	\$1,308.75
5	LIC-AC-3Y-CAP	<b>3-Year Door License, Capacity Increase</b> 	\$449.25	10	\$4,492.50
6	ACC-BAT-4AH	<b>Verkada 4AH Backup Battery for AC42 Controller</b>	\$96.75	3	\$290.25

Subtotal: **\$10,139.25**

Low-Voltage Material

Item #	Manufacturer Part Number	Product Details	Price	Qty	Ext. Price
7	PUP6004BU-WZ	<b>PANDUIT COPPER CABLE ENHANCED CAT 6 4-PAIR 23AWG U/UTP BLUE</b>	\$324.70	1	\$324.70
8	100010C	<b>Platinum Tools EZ-RJ45 Cat 6+ Connector</b> 	\$0.86	6	\$5.16
9	Miscellaneous	<b>Genesis Composite Access Control per/ft.</b>	\$0.58	150	\$87.00
10	HE-96630	<b>HES 9600Surface Mounted Electric Strike</b>	\$379.92	1	\$379.92
11	0E-MAG600LB	<b>ADI PRO Single Door Magnetic Lock, 600lb., UL/ULC, Brushed A</b>	\$127.49	1	\$127.49

**Low-Voltage Material**

Item #	Manufacturer Part Number	Product Details	Price	Qty	Ext. Price
12	Miscellaneous Hardware	<b>Miscellaneous Materials</b>	\$200.00	1	\$200.00

Subtotal: **\$1,124.27**

**Services**

Item #	Manufacturer Part Number	Product Details	Price	Qty	Ext. Price
13	Labor AV	<p><b>Professional Services - Access Control</b></p> <ul style="list-style-type: none"> <li>• Point of contact: Josh Rodriguez</li> <li>• Estimated Labor; actual labor to be invoiced.</li> <li>• Work to be completed during normal business hours. M-F, 8-5p</li> </ul> <p>Scope of work:</p> <ul style="list-style-type: none"> <li>• Install AC42 at PD, Public works, and Administration</li> <li>• Re-wire existing Doors to the new controller</li> <li>• Uninstall 2 readers at PD and install new Verkada readers</li> <li>• Run composite door cable to new side door at PD</li> <li>• Install new locking hardware to side door at PD</li> <li>• Run composite door cable to front door at Admin</li> <li>• Install new locking hardware to front door at Admin</li> <li>• Program all doors to Verkada Command</li> <li>• Test all doors for proper function</li> </ul>	\$230.00	16	\$3,680.00

Subtotal: **\$3,680.00**

## TIPS#230105 Order/Install Verkada Access Control Takeover (PW, PD, and CH)

### Prepared by:

**Barcom Technology Solutions**

Adrian Valdez  
(210) 930-6960  
adrian@barcoment.com

### Prepared for:

**City of Hondo**

1600 Avenue M  
Hondo, TX 78861  
Josh Rodriguez  
(830) 426-3378  
JRodriguez@hondo-tx.org

### Quote Information:

**Quote #: 020414**

Version: 1  
Delivery Date: 05/18/2026  
Expiration Date: 06/02/2026

## Quote Summary

Description	Amount
Verkada Hardware & Licensing   3-Y	\$10,139.25
Low-Voltage Material	\$1,124.27
Services	\$3,680.00

Subtotal: **\$14,943.52**  
Shipping: **\$289.00**  
Total: **\$15,232.52**

Due upon delivery, Applicable tax and shipping is not included in the prices above.

### Accepted and Agreed to by:

#### City of Hondo

Signature: \_\_\_\_\_

Name: Josh Rodriguez

Title: IT Manager

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

#### Barcom Technology Solutions

Signature: Adrian Valdez

Name: Adrian Valdez

Title: Vice President of Solutions

Date: 05/18/2026



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## City Council Communication

**Title:** DISCUSSION AND POSSIBLE ACTION REGARDING THE PROPOSED LEASE AGREEMENT AND NEGOTIATED TERMS PRESENTED BY SOUTHWEST TEXAS COLLEGE. (JOHN NARON, CITY MANAGER)

**Date:** May 26, 2026

**From:**

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

1. South Texas Regional Training Center - Southwest Texas College - Lease 6-1-2026 (002)revised

**STAFF CONTACTS:**

**OFFICE LEASE**

**SOUTH TEXAS REGIONAL TRAINING CENTER**

**APPENDIX 1  
BASIC TERMS**

**Lease Date:** June 1, 2026

**Tenant:** SOUTHWEST TEXAS COLLEGE,

**Address of Tenant:** Southwest Texas College  
2401 Garner Field Road  
Uvalde, Texas 78801

**Contact:** Lisa Ermis, Vice President of Finance  
Phone: (830) 591-2935  
Email: Idermis@swtjc.edu

**Landlord's Broker:** None.

**Landlord:** CITY OF HONDO, a home rule city and Texas municipal corporation

**Address:** City of Hondo.  
1600 Avenue M  
Hondo, Texas 78861

**Contact:** City Manager Telephone: (830) 426-3378

**Landlord's Broker:** None.

**Building:** South Texas Regional Training Center (STRTC) located at 402 Carter,  
Hondo, Texas 78861

Site Location Name: Hondo STRTC

**Premises:** Approximately 8,087.93 square feet located within the STRTC  
(the "Building"), consisting of the following:

Room Number	Square Footage
Room 102	98.67
Room 106,107,108	1782.30
Room 111	578.43
Room 113	206.74
Room 114	134.31

Room 115	131.87
Room 117	833.30
Room 118	848.52
Room 126	637.72
Room 127	637.72
Room 128	745.00
Room 130	574.96
Room 131A	147.38
Room 131	731.01
Total Sq. Ft.	8,087.93

together with certain improvements located therein, together with non-exclusive ingress/egress thereto (the "Premises"); the Premises being more particularly described on **APPENDIX A**.

**Term:** 12 full months and any partial months.

**Commencement Date:** June 1, 2026

**Rent Commencement Date:** June 1, 2026

**Termination Date:** May 31, 2027

**Extended Term:** Tenant will have 1 option to extend the term of the Lease for an additional 12 months with not less than 90 days written notice.

**Annex:** Throughout the term of this Lease, Tenant will have a license for the non-exclusive use of approximately 8,087.93 square feet located within the James W. Danner, Sr. Training Center Annex located adjacent to the Building at 402 Carter, Hondo, Texas (the "Annex Building"), consisting of the following:

The annex consists of two shop areas, two offices, one classroom, two storage areas, one tool storage, one parts storage, and two restrooms facilities. One shop is set up for welding training, and the other for HVAC courses. The two offices are currently vacant, and the classroom is occupied in the evenings for welding class. There are two supply closets one located next to the welding shop and one located in HVAC bay that currently holds general storage, one tool room with HVAC material and one parts storage room not used.

**Base Rental:** \$ 62,000.00 per annum/ \$ 5,166.66 per month (See Paragraph 5.1), plus \$ .00 due at signing for unpaid rental, utilities, and reception services payments from \_\_\_\_\_ 1, 202\_ to the Commencement Date

<b>Utilities:</b>	Pro-rated at <u>\$650.00</u> per month (See Paragraph 12.1)
<b>Custodial/Reception Services:</b>	<u>Tenant shall be responsible for all custodial services at its sole cost and expense.</u> (See Paragraph 5.1.1)
<b>Tenant's Liability Insurance:</b>	Tenant will maintain a commercial general liability policy of not less than <b>\$1 million</b> each for general aggregate limit and products/completed operations aggregate limit; and <b>\$1 million</b> each for personal/advertising injury limit and per occurrence limit; <b>\$100,000</b> for fire damage in any one fire and <b>\$5,000</b> medical expense limit for any one person. (See Paragraph 13.2)
<b>Tenant Improvements:</b>	N/A
<b>Security Deposit:</b>	None.
<b>Permitted Use:</b>	General office use and for providing of the educational and training services provided by Southwest Texas College. (See Paragraph 16)
<b>Parking:</b>	Tenant will have non-exclusive use of parking spots however Landlord may have to coordinate parking with Tenant for special events. (See Paragraph 9)

This **APPENDIX 1** containing the Basic Terms is incorporated into and made a part of the lease attached hereto (the "Lease").

## LEASE AGREEMENT

THIS LEASE AGREEMENT (“Lease”) is made and entered into by and between **City of Hondo**, a Texas home rule city and political subdivision of the state of Texas (“Landlord”) as lessor, and **Southwest Texas College**, (“Tenant”), as lessee.

1. **RECITALS.** Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord certain land, buildings, or portions thereof, as more particularly described in **APPENDIX 1** (the “Premises”), at the rental and subject to the terms, covenants and conditions set forth in this Lease.

2. **GRANT OF LEASE.** In consideration of the mutual obligations of Landlord and Tenant set forth in this Lease, Landlord leases to Tenant, and Tenant takes from Landlord, the Premises to have and to hold, subject to the terms, covenants and conditions in this Lease.

3. **Reserved.**

4. **TERM AND PREMISES.**

4.1 Lease Term. The Term of this Lease is set out on **APPENDIX 1**. If the Extended Term (defined in Paragraph 6.1) is exercised as permitted, then all references to the “Term” in this Lease will also include the period of time covered by the Extended Term.

4.2 Premises. The Premises are set out on **APPENDIX 1**.

4.3 Building Size. Landlord has the on-going right to increase the square footage of the Building and Tenant’s Proportionate Share shall be adjusted accordingly, should they choose to occupy the additional space.

4.4 Landlord’s Easement. Landlord retains an easement to itself and its successors and assigns, on, over, under and across the Premises for utilities, storm water drainage and any other similar land use or infrastructure feature, whether to the benefit of the of Premises or not.

4.5 Landlord’s Access to Roof. Landlord reserves the right to exclusive possession of the rooftop and Landlord may grant access to third parties to use the Building’s rooftop and may charge a fee to do so.

5. **RENT.**

5.1 Base Rental. Tenant agrees to pay to Landlord the Base Rental as set out on **APPENDIX 1**. The Base Rental will be prepaid monthly, on the first day of every month thereafter until the end of the Term. All payments due for any fractional month will be pro-rated. The amount set for Base Rental is fixed and will not be adjusted in the event a discrepancy is found in the actual square footage of the Premises. During the Extended Term, the Base Rental will increase as provided in Paragraph 6.1 below.

5.1.1 Additional Rent. As Additional Rent, Tenant agrees to pay to Landlord, on the same dates as payment of Base Rental and Utilities in the amounts set out on **APPENDIX 1**. Landlord may provide Reception Services and Administrative Support for the Premises, which, if provided, are included in the Base Rental and will not be charged separately.

5.2 Security Deposit. Intentionally omitted

## 6. **EXTENDED TERM AND TENANT IMPROVEMENTS.**

6.1 Extended Term. If authorized on **APPENDIX 1**, and as long as Tenant is not in default, Tenant may extend the Term as set out on **APPENDIX 1**, at the Base Rental adjusted to then negotiated rates based on fair market values, provided, however, Tenant may extend only if Tenant gives written notice of such extension to Landlord no later than 90 days prior to the date on which the Term would otherwise expire.

6.2 Initial Tenant Improvements. Intentionally Omitted.

6.3 Future Tenant Improvements. Tenant may, during the Term, construct improvements to the Premises in accordance with plans and specifications approved in advance by Landlord to be completed at the sole cost of Tenant and made in accordance with all the conditions set out in Section 12. **Contact Landlord's Property Manager at (830) 426-3380 before conducting any work on the Premises.**

## 7. **COMMON AREA MAINTENANCE.**

7.1 Common Area. At no charge to Tenant, Landlord will maintain the Common Areas of the property on which the Premises is located including, but not limited to: roof maintenance and replacement (including keeping the roof free of leaks); landscape maintenance and replacement; parking lot maintenance and replacement; and all exterior lighting.

## 8. **REPAIRS AND MAINTENANCE.**

8.1 Landlord, at its own cost and expense, will maintain the structural soundness of the: (i) roof structure; (ii) foundation; (iii) concrete floors; (iv) interior structural columns; and (v) exterior and interior walls of the Building, in good repair, **REASONABLE WEAR AND TEAR AND DAMAGE CAUSED BY TENANT, ITS EMPLOYEES, CONTRACTORS OR AGENTS EXCLUDED**. The term "walls" will not include windows, glass or plate glass, any doors, special store fronts or office entries, and the term "foundation" will not include loading docks and the term "concrete floors" will not include floor coverings, such as vinyl or carpeting. Tenant will promptly give Landlord written notice of any known defect or need for repairs, after which Landlord will have reasonable opportunity to make the repairs or cure the defect.

8.2 Tenant shall, at its sole cost and expense, provide all custodial services for the Premises, including routine cleaning, sanitation, and waste removal. Tenant shall maintain the

Premises in a clean, sanitary, and orderly condition at all times, consistent with comparable institutional facilities and subject to reasonable inspection by Landlord.

Tenant shall provide all cleaning supplies and equipment necessary to perform such services. Any damage to the Premises or Building resulting from Tenant's custodial activities shall be the responsibility of Tenant.

If Tenant fails to maintain the Premises in accordance with this Section, Landlord may, upon reasonable notice, perform such services and invoice Tenant for the cost thereof, which shall be due as Additional Rent.

Tenant's custodial responsibilities apply only to the Premises and not to Common Areas unless otherwise agreed in writing.

**9. PARKING.** Tenant will have the number of non-exclusive spaces set out on **APPENDIX 1**. No parking spaces will be designated for Tenant's exclusive use, unless otherwise indicated by Landlord. Tenant and its employees, customers and licensees have the right to use, without fee, or charge the common parking area adjacent to the Building, as designated in writing by Landlord, subject to (i) all rules and regulations promulgated by Landlord, and (ii) rights of ingress and egress of other lessees or sublessees of Landlord. Landlord will not be responsible for enforcing Tenant's parking rights against any third parties.

## **10. ALTERATIONS, TRADE FIXTURES AND RETURN CONDITION.**

10.1 Approvals for Alterations. Tenant will not make any alterations, additions or improvements ("Alterations") to the Premises that require permitting without the prior written approval of Landlord. Landlord's approval will require the submission of a complete set of plans and specifications ("Submissions"). Tenant will be responsible for compliance with The Americans with Disabilities Act of 1990, as amended, within the Premises only. **As required by Texas law, Tenant will obtain a payment bond for all improvements over \$25,000 and a performance bond for all improvements over \$100,000, in form and content acceptable to Landlord before beginning the Alterations.** Tenant will, during the construction of any Alterations, withhold a retainage equal to at least 10% of the cost of the Alterations until the expiration of 30 days following the completion thereof in order to protect the Premises and the Building against liens and encumbrances. All Alterations will be performed in compliance with all applicable governmental laws, regulations, codes, standards and any other requirements of Landlord and in a good and workmanlike manner so as not to damage or alter the primary structure or structural qualities of the Improvements or other improvements situated on the Premises.

10.2 Trade Fixtures. Tenant, at its own cost and expense, may erect shelves, bins, machinery and trade fixtures and special improvements necessary for its use as it desires, provided that: these items do not alter the basic character of the Premises or the Building; these items do not overload or damage same; these items may be removed without material injury to the Premises; and the construction, erection or installation thereof complies with all applicable governmental laws, ordinances and regulations.

10.3 Removal of Trade Fixtures/Return Condition of Premises. All shelves, bins, machinery, special improvements, trade fixtures and personal property installed by Tenant will be removed on or before the earlier to occur of the day of termination or expiration of this Lease or vacating of the Premises, at which time Tenant will restore the Premises to a useable condition, except for normal wear and tear; damage or destruction of the Premises or any part thereof which Landlord is required to repair or restore; and changes resulting from condemnation. The Tenant shall obtain approval from the Landlord regarding the process of removing trade fixtures.

**11. SIGNS.** Signs, including the size, location, design and content, will comply with the criteria provided by Landlord and will be subject to City code. Tenant may not place any other signs on the exterior of the Premises without Landlord's prior written approval. Tenant must apply for and receive a dig permit from Landlord prior to any digging or posting of signage. Tenant will, at Tenant's sole expense, repair, paint or replace the Building fascia surface to which its signs are or become attached upon Tenant's vacating the Premises or upon the removal or alteration of its signage. All signs, decorations, advertising media, blinds, draperies and other window treatment or bars or other security installations visible from outside the Premises must conform in all respects to the criteria established by Landlord. Tenant will not, without Landlord's prior written consent: make any changes to the exterior of the Premises, such as painting; install any exterior lights, decorations, flags, or banners; or erect or install any signs, windows or door lettering, placards, decorations or advertising media of any type that can be viewed from the exterior of the Premises.

## **12. UTILITIES.**

12.1 Tenant's Share of Utility Charge. As Additional Rent, Tenant agrees to pay to Landlord, on the same dates as payment of Base Rental, an amount for utility charges in the amount set out on **APPENDIX 1.**

12.2 Interruption of Utility Service. Tenant has no rights or claims as a result of any failure, except that if the Premises are rendered unusable by Tenant in whole, or in substantial part, by reason of a material interruption in the supply of any utility service, which continues for more than 48 hours after written notice to Landlord by Tenant, rent will abate with respect to the portion of the Premises so affected from the end of the 48 hour period until the utility service is restored, unless the interruption is caused by the act or omission of Tenant, its employees, agents, contractors, invitees or acts of God or failure caused by the third party utility provider, in which event rent will not abate.

12.3 Utilities Exclusive to Landlord. All utility providers, including, but not limited to, water, chilled water, sanitary sewer, electricity, gas, telephone (except long distance, Internet access and cell phones), cable television and all future technologies related to the delivery of those utilities, will be only those chosen by Landlord and Tenant has no right to contract with or otherwise engage anyone to provide these utilities.

12.4 Telephone Services. Local exchange carriers such as AT&T and Spectrum provide dial tone and data service to the Building. Any communications service above standard voice-grade service, such as standard business lines, dial-up modem lines or single channel ISDN, may entail an additional cost to the Tenant. Tenant may contact Landlord's Property

Manager for information on obtaining special services, such as T-1 service and dedicated data circuits, prior to entering into any contracts or agreements to obtain such service with local exchange carriers or other third-party providers. Tenant is responsible for installation of communication lines and systems to Tenant's desktops.

### **13. INSURANCE.**

#### **13.1 Landlord's Insurance.**

(A) Property Insurance. Landlord will maintain "All-Risk" (broad form) insurance coverage for the full replacement cost of the Building (including the Premises) ("Landlord's Property Insurance"), but excluding Tenant's trade fixtures, equipment, inventory and personal property located therein (even that personal property owned by Landlord and leased or supplied to Tenant).

13.2 Tenant's Insurance. During the Term of this Lease, Tenant, at its expense, will maintain in effect:

(A) A policy of commercial general liability insurance, on an "occurrence basis," covering against all claims on account of death, bodily injury, personal injury and property damage, occurring in connection with Tenant's use or occupancy of the Premises with policy limits as set out on **APPENDIX 1** ("Tenant's Liability Insurance").

(B) Workers' compensation or similar insurance affording not less than statutory coverage and providing not less than statutory limits of benefits ("Tenant's Workers' Compensation Insurance"); and

(C) "All-Risk" (broad form) insurance covering Tenant's furniture, trade fixtures, equipment, inventory and personal property located in, on or about the Premises (including that which is provided by Government or leased from Landlord) in an amount satisfactory to Tenant ("Tenant's Property Insurance"), provided, however, that Tenant may provide for this coverage through self-insurance.

13.3 Landlord as Additional Insured. Tenant's Liability Insurance will name Landlord as an additional insured. Such insurance will be issued by an insurance company which is reasonably acceptable to the Landlord and will not be canceled or materially changed unless 30 days prior written notice has been given to Landlord. Within 20 days of the Lease Date, Tenant will provide Landlord with a copy of Tenant's Liability Insurance policy and the additional insured endorsement thereto.

13.4 Prohibited Uses. Tenant will not permit the Premises to be used for any purpose or in any manner not permitted by this Lease that would: void the insurance thereon; increase by any material amount the insurance risk or cost thereof unless Tenant makes the payment required pursuant to the last sentence of this Paragraph 3.4; or cause the disallowance of any sprinkler credits; including without limitation, use of the Premises for the receipt, storage, handling or use of any product, material or merchandise that is explosive or highly inflammable, except as used by

Tenant in the ordinary course of its business and in accordance with all applicable state and federal law.

#### **14. FIRE AND CASUALTY DAMAGE.**

14.1 Damage or Destruction. If 50% or less of the Premises is damaged by any peril covered by Landlord's Property Insurance maintained by Landlord under Paragraph 13.1, then this Lease will not terminate and Landlord will receive the proceeds from Landlord's Property Insurance and will use those proceeds to substantially restore the Premises to its previous condition, except that Landlord will not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements that may have been constructed, erected or installed in or about the Premises for the benefit of, by or for Tenant except for those constructed as initial tenant improvements. The rent will be abated on only the part of the Premises damaged beyond Tenant's then use in accordance with this Lease and only so long as the damage was not caused by the acts or omissions of Tenant, its agents or invitees. If the damaged part of the Premises cannot be repaired within 180 days or if more than 50% of the Premises then in use by Tenant is damaged, then either Landlord or Tenant may terminate this Lease.

14.2 Lienholders' Rights in Proceeds. Notwithstanding anything herein to the contrary, if the damaged Premises cannot be restored within 12 months and, if the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises or this Lease requires that Landlord's Property Insurance proceeds be applied to such indebtedness, then Landlord has the right to: (i) use other resources to rebuild the Premises as set out in Paragraph 14.1; or (ii) terminate this Lease by delivering 30 days written notice of termination to Tenant.

#### **15. LIABILITY AND INDEMNIFICATION.**

15.1 Tenant's Indemnification of Landlord, et al. Intentionally omitted

15.2 Limits on Liability of Landlord, et al. Neither Landlord, nor its board of directors, agents, employees, officers or representatives, individually and collectively ("Landlord, Et Al") will be liable in any event for personal injury or loss of Tenant's property caused by fire, flood, water leaks, rain, hail, ice, snow, smoke, lightning, wind, explosion, interruption of utilities or other occurrences. Tenant will give prompt notice to Landlord of any significant accidents involving injury to persons or property. Furthermore, Landlord, Et Al, will not be responsible for lost or stolen personal property, equipment, money or jewelry from the Premises or from the public areas of the Building, regardless of whether such loss occurs when the area is locked against entry. Landlord, Et Al will not be liable to Tenant or Tenant's employees, customers or invitees for any damages or losses to persons or property caused by any sublessee or their agents or invitees anywhere on the Premises or in the Building, or for any damages or losses caused by theft, burglary, assault, vandalism or other crimes. Tenant will give Landlord prompt notice of any criminal conduct it actually observes within or about the Premises, or any personal injury or property damage caused thereby. Landlord may, but is not obligated to, enter into agreements with third parties for the provision, monitoring, maintenance and repair of any courtesy patrols or similar services or fire protective systems and equipment and, to

the extent these are obtained at Landlord's sole discretion, Landlord, Et Al, will not be liable to Tenant for any damages, costs or expenses which occur for any reason in the event any such system or equipment is not properly installed, monitored or maintained or any such services are not properly provided. Landlord will use reasonable diligence in the maintenance of existing lighting, if any, in the parking areas servicing the Premises, and Landlord will not be responsible for additional lighting or any security measures in the Premises, the Building or the parking areas.

**16. PERMITTED USE.** The Premises will be used for the purpose set out on **APPENDIX 1** and for no other use or purpose without the prior written consent of Landlord, which may be withheld for any reason. Tenant will comply with all governmental laws, ordinances and regulations and will promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in, upon or connected with the Premises, all at Tenant's sole expense. Tenant will not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from the Premises, nor take any other action that would constitute a nuisance or would disturb, unreasonably interfere with or endanger Landlord or any other lessees or sublessees anywhere in the Building.

**17. HAZARDOUS WASTE AND ENVIRONMENTAL LAW VIOLATIONS.**

**17.1 Definitions.** The term "Hazardous Substances," as used in this Lease, means pollutants, contaminants, pesticides, toxic or hazardous wastes, radioactive materials or any other substances, the use or the removal of which is required or the use of which is restricted, prohibited or penalized by any "Environmental Law(s)," which term means any federal, state or local statute, ordinance, regulation or other law of a governmental authority relating to pollution or protection of the environment or the regulation of the storage or handling of Hazardous Substances.

**17.2 Tenant's Activities Related to Hazardous Waste.** Tenant agrees that:

(A) No activity will be conducted on the Premises that will produce any Hazardous Substances, except for activities that are part of the ordinary course of Tenant's business activities (the "Permitted Activities"), provided that the Permitted Activities are conducted in accordance with all Environmental Laws and timely written notice of compliance is provided to Landlord. Tenant is responsible for obtaining any required permits or authorizations and paying any fees and providing any testing required by any governmental agency and Tenant will provide Landlord with copies of all permits, authorization, notices of non-compliance and administrative actions;

(B) The Premises will not be used in any manner for the storage of any Hazardous Substances, except for the temporary storage of materials required to conduct Permitted Activities ("Permitted Materials") provided that the Permitted Materials are properly stored in a manner and location meeting the requirements of all Environmental Laws. Tenant is responsible for obtaining any required permits or authorizations and paying any fees and providing any testing required by any governmental agency, and Tenant must provide Landlord, upon request, documentation as reasonably required to satisfy Landlord of Tenant's compliance;

(C) Except for the Permitted Materials, Tenant will not permit any Hazardous Substances to be brought onto the Premises, and if so brought, they will be immediately removed, properly disposed of and, if spilled, all required clean-up procedures will be diligently undertaken by Tenant in accordance with all Environmental Laws and at Tenant's cost. Tenant will also develop Hazardous Substances management and spill response plans.

17.3 Inspection and Correction. Landlord and its agents and representatives have the right, but not the obligation, to enter the Premises upon notice for the purpose of inspecting the storage, use and disposal of any Permitted Materials or for any other reason to ensure compliance with all Environmental Laws. If it is determined, in Landlord's sole opinion, after review of applicable environmental laws and receipt of opinion from legal counsel or other qualified expert, that any Permitted Materials are being improperly stored, used or disposed of, then Tenant will make timely and appropriate corrective action as reasonably requested by Landlord. If Tenant fails to begin corrective action within 24 hours, Landlord may report the violation to the Texas Commission on Environmental Quality or perform any work as Landlord deems necessary to correct the situation or both and Tenant will reimburse Landlord, on demand, for any and all costs associated with any work that is necessary to bring the Premises into compliance with Environmental Laws. If at any time during or after the Term of this Lease, the Premises are found to have been contaminated by Tenant or any of its agents or invitees with Hazardous Substances, Tenant will diligently institute clean-up procedures in accordance with the applicable requirements of governmental authorities, at Tenant's sole cost.

## **18. RIGHT OF ENTRY AND CLOSEOUT INSPECTION.**

18.1 Right of Entry. Landlord's agents and representatives have the right to enter the Premises at any reasonable time during business hours, with notice (or at any time in case of emergency): to inspect the Premises for any reason; to maintain, repair, connect, extend, and modify utilities; to make any other repairs as may be required or permitted pursuant to this Lease; and during the last 6 months of the Term, for the purpose of showing the Premises and to install signs stating the Premises are available for lease.

18.2 Closeout Inspection. Tenant will notify Landlord in writing at least 90 days prior to vacating the Premises and Tenant will arrange to meet with Landlord for a joint operational close-out inspection by Landlord's property manager and, if required by Landlord, an environmental due diligence report to be paid for by Tenant. Tenant will pay to close-out all of Tenant's regulatory permits. If Tenant fails to give notice or to arrange for inspection, then Landlord's close-out inspection of the Premises will be deemed correct for the purpose of determining Tenant's responsibility for repairs and restoration of the Premises, and Tenant's liability for environmental contamination.

**19. ASSIGNMENT AND SUBLETTING.**

19.1 Approval Required. Tenant will not have the right to sublet the Premises, assign or otherwise transfer or encumber this Lease, or any interest in this Lease, without the prior written consent of Landlord. Any attempted assignment, subletting, transfer or encumbrance by Tenant in violation of the terms and covenants of this Section 19 will be void.

**20. CONDEMNATION.** If 50% or more of the Premises are taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain or private purchase in lieu thereof, and the taking prevents or materially interferes with the use of the remainder of the Premises for the purpose for which they were leased to Tenant, then this Lease will terminate and the rent will be abated during the unexpired portion of this Lease, effective on the date of taking. If less than 50% of the Premises are taken for any public or quasi-public use under any governmental laws, ordinance or regulation, or by right of eminent domain or private purchase in lieu thereof, or if the taking does not prevent or materially interfere with the use of the remainder of the Premises for the purpose for which they were leased to Tenant, then this Lease will not terminate, but the rent payable during the unexpired portion of this Lease will be reduced to the extent as may be fair and reasonable under the circumstances. All compensation awarded in connection with or as a result of any of the foregoing proceedings will be the property of Landlord, and Tenant hereby assigns any interest in any award to Landlord; except Landlord will have no interest in any award made to Tenant for the loss of business or goodwill or for the taking of Tenant's trade fixtures and personal property or for relocation expense, whether or not a separate award for such items is made to Tenant. If the condemnation procedures of the relevant jurisdiction do not permit separate claims by landlords and tenants, Landlord's award will be equitably divided between Landlord and Tenant to compensate Tenant for lost tenant improvements installed by Tenant (not including Initial Tenant Improvements), business disruption, and the cost of moving Tenant's business and goods to an alternate location.

**21. HOLDING OVER.** At the termination of this Lease by its expiration or otherwise, Tenant will immediately deliver possession of the Premises to Landlord with all repairs and maintenance required in this Lease to be performed by Tenant completed. If, for any reason, Tenant retains possession of the Premises after the expiration or termination of this Lease, or unless the parties hereto otherwise agree in writing, Tenant's possession will be deemed to be a tenancy at will only, and all of the other terms and provisions of this Lease will be applicable during this hold-over period, except that Tenant will pay Landlord from time to time, upon demand, as rental an amount equal to 150% of the Base Rental, this amount computed on a daily basis for each day of such period. No holding over by Tenant, whether with or without consent of Landlord, will operate to extend this Lease except as otherwise expressly provided. The preceding provisions of this Section 21 will not be construed as consent for Tenant to retain possession of the Premises in the absence of written consent thereto by Landlord.

**22. QUIET ENJOYMENT.** Upon payment by Tenant of the Base Rental and all other sums due hereunder, and upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, Tenant will peaceably and quietly hold and enjoy the Premises for the term hereby demised without hindrance or interruption by Landlord or any other person lawfully or equitably claiming by, through or under Landlord.

**23. EVENTS OF DEFAULT.** Each of the following events (“Event of Default”) will be deemed to be a default in or breach of Tenant’s obligations under this Lease:

23.1 Failure to Pay. If Tenant fails to pay any installment of the rent required herein when due, or any other payment or reimbursement to Landlord required in this Lease when due, and Tenant’s failure continues for a period of 10-days after the date of written notice from Landlord, except Tenant is entitled to only two 10-day notices per each 12-month period, after which failure to pay is an immediate default.

23.2 Vacation or Abandonment. If Tenant vacates or abandons all or a substantial portion of the Premises for more than 6 months whether or not Tenant is in default of the rental payments due under this Lease.

23.3 Liens on Premises. If Tenant fails to discharge any lien placed upon the Premises in violation of Sections 27 and 28 hereof within 30 days after any such lien or encumbrance is filed against the Premises.

23.4 All Other Lease Violations. If Tenant fails to comply with any term, provision or covenant of this Lease (other than those listed above in this Section 23) and has not cured such failure within 30 days after the date of written notice from Landlord. If, however, the time required to return to compliance exceeds the 30-day period, Tenant will not be in default if Tenant, within the 30-day period, begins the actions necessary to bring it into compliance with this Lease in accordance with a compliance schedule submitted to, and accepted by Landlord.

23.5 Chronic Violations. If Tenant fails more than twice within any 12-month period to observe or perform any covenant, condition or agreement of this Lease (including without limitation, the payment of rent), regardless of whether such defaults have been cured by Tenant, any subsequent default will at the election of Landlord, in its sole and absolute discretion, be deemed a non-curable Event of Default.

23.6 Falsification of Information. If Tenant or any agent of Tenant intentionally falsifies any report or misrepresents other material information required to be furnished to Landlord pursuant to this Lease.

23.7 Tenant’s or Guarantor’s Dissolution or Liquidation. The commencement of steps or proceedings toward the dissolution, winding up or other termination of the existence of the Tenant or of any guarantor of Tenant’s obligations, or toward the liquidation of either of their respective assets.

23.8 Bankruptcy. The commencement of a case under any chapter of the Federal Bankruptcy Code by or against Tenant or any guarantor of Tenant’s obligations hereunder, or the filing of a voluntary or involuntary petition proposing the adjudication of Tenant or any such guarantor as bankrupt or insolvent, or the reorganization of Tenant or any such guarantor, or an arrangement by Tenant or any such guarantor with its creditors, unless the petition is filed or

case commenced by a party other than Tenant or any such guarantor and is withdrawn or dismissed within 60 days after the date of its filing.

23.9 Assignment or Attachment. The making of an assignment by Tenant or any guarantor of Tenant's Lease obligations for the benefit of its creditors, or if in any other manner Tenant's interest in this Lease passes to another by operation of law, including without limitation, by attachment, execution or similar legal process, which is not discharged or vacated with 60 days.

23.10 Appointment of Receiver or Trustee. The appointment of a receiver or trustee for the business or property of Tenant or any guarantor of Tenant's Lease obligations, unless such appointment is vacated within 30 days of its entry.

## 24. REMEDIES UPON DEFAULT.

24.1 Right to Terminate or Repossess. Upon each occurrence of an Event of Default, Landlord has the option to pursue any one or more of the following remedies without any additional notice or demand:

(A) Terminate this Lease;

(B) Make payments or take actions to fulfill whatever Tenant is obligated to pay or perform under the terms of this Lease to third parties, and Tenant agrees that Landlord will not be liable for any damages resulting to Tenant from such actions;

(C) And in the event that Landlord elects to terminate or repossess, Tenant will immediately vacate the Premises, and if Tenant fails to do so, Landlord, without waiving any other remedy it may have, may enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim of damages therefore. Landlord may change the locks for any Event of Default.

24.2 Damages Upon Termination. If Landlord terminates this Lease pursuant to Paragraph 24.1, Tenant will be liable for and will pay to Landlord the sum of all rental and other payments owed to Landlord under this Lease accrued to the date of termination.

24.3 Late Charge. In the event Tenant fails to make any payment due under this Lease within 5 days after such payment is due, including, without limitation, any rental payment, in order to help defray the additional cost to Landlord for processing late payments and not as interest, Tenant will pay to Landlord on demand a late charge in an amount equal to 5% of such payment. The late charge will be in addition to all of Landlord's other rights and remedies under this Lease or at law and will not be construed as liquidated damages or as limiting Landlord's remedies in any manner.

24.4 Interest on Past Due Amounts. If Tenant fails to pay to Landlord when due any sum under any provision of this Lease and Tenant's failure to pay continues for 10 days after the due

date, then Tenant will pay to Landlord interest on the overdue amounts from the date due until paid at an annual rate which equals the lesser of 8% or the highest rate then permitted by law.

24.5 No Implied Acceptances or Waivers. Exercise by Landlord of any one or more remedies hereunder or otherwise available will not be deemed to be an acceptance by Landlord of Tenant's surrender of the Premises, it being understood that Tenant's surrender can be effected only by the written agreement of Landlord. Tenant and Landlord further agree that forbearance by Landlord to enforce any of its rights under this Lease or at law or in equity will not be a waiver of Landlord's right to enforce any one or more of its rights, including any right previously forborne, in connection with any existing or subsequent default. Pursuit of any remedies provided in this Section 24 will not preclude the pursuit of any other remedy provided under this Lease or any other remedies provided by law, nor will pursuit of any remedy provided under this Lease constitute a forfeiture or waiver of any rent due to Landlord under this Lease or of any damages occurring to Landlord by reason of the violation of any of the terms, provisions and covenants contained in this Lease. Landlord's acceptance of any rent following an Event of Default under this Lease will not be construed as Landlord's waiver of the Event of Default. No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants of this Lease will be deemed or construed to constitute a waiver of any other violation or default.

24.6 Reletting of Premises. In the event of any termination of this Lease and/or repossession of the Premises due to an Event of Default, Landlord will use reasonable efforts to re-let the Premises and to collect rental after reletting, with no obligation to accept any lessee that Landlord deems undesirable or to expend any funds in connection with reletting or collection of rents therefrom.

24.7 Landlord's Default. If Landlord fails to perform any of its obligations under this Lease Tenant's exclusive remedy will be an action for damages, but only after Tenant has given Landlord 30 days written notice and unless and until Landlord fails to cure the default, Tenant will not have any remedy or cause of action by reason thereof. All obligations of Landlord under this Lease will be construed as covenants, not conditions; and all such obligations will be binding upon Landlord only during the period of its possession of the Premises and not thereafter. The term "Landlord" will mean only the party identified in on **APPENDIX 1** and only until Landlord transfers its interest in the Premises, after which Landlord will be released and discharged from all covenants and obligations of Landlord thereafter accruing. Notwithstanding any other provision of this Lease, Landlord will not have any personal liability under this Lease and Tenant agrees to look solely to the equity or interest, (including rents), then owned by Landlord in the Premises or the Building. In no event will any deficiency judgment or any money judgment of any kind be sought or obtained against Landlord's directors, employees or agents.

24.8 Tenant's Personal Property. If Landlord repossesses the Premises, or if Tenant vacates or abandons all or any part of the Premises for more than 6 months, then Tenant will remove its personal property from the Premises and if Tenant does not remove its personal property within 30 days of Landlord's demand then, in addition to Landlord's rights under this Section 24, Landlord has the right to (i) keep in place and use, or (ii) remove and store, all of the furniture, fixtures and equipment at the Premises, including that which is owned by or leased to Tenant, at all times prior to repossession by any lessor thereof or third party having a lien

thereon. Landlord may dispose of the stored property if Tenant does not claim the property within 10 days after the date the property is stored. Landlord will give Tenant at least 10 days prior written notice of the intended disposition. Landlord will also have the right to relinquish possession of all or any portion of Tenant's furniture, fixtures, equipment and other property to any person ("Claimant") who presents to Landlord a copy of any instrument represented by Claimant to have been executed by Tenant (or any predecessor of Tenant) granting Claimant the right under various circumstances to take possession of Tenant's furniture, fixtures, equipment or other property, without the necessity on the part of Landlord to inquire into the authenticity or legality of said instrument. The rights of Landlord stated in this Paragraph 24.8 are in addition to any and all other rights that Landlord has or may hereafter have at law or in equity, and Tenant stipulates and agrees that the rights granted Landlord under this paragraph are commercially reasonable.

**25. MORTGAGES.** Tenant may not encumber its leasehold interest whether by mortgage or otherwise without obtaining Landlord's prior written consent. Tenant agrees that this Lease will be subordinate to any ground lease or underlying lease, first-lien mortgage or deed of trust or other first or second lien covering the Premises, upon and subject to the following terms and conditions. Tenant's subordination is conditioned on execution and delivery to Tenant by each lessor under a ground lease or underlying lease, each mortgagee, lien holder and beneficiary of a first- or second-lien deed of trust by whom subordination is requested, of a nondisturbance agreement reasonably acceptable to Tenant. With respect to any lessor, mortgagee, etc., whose interest is in existence prior to the beginning of the Term, Landlord agrees, upon written request of Tenant, to obtain a nondisturbance agreement within 30 days of the execution of this Lease. The nondisturbance agreement will be in recordable form and will recognize Tenant's rights under this Lease in the event Landlord's interest is terminated while this Lease is in effect. The nondisturbance agreement will include a provision to the effect that in the event of a termination of the ground or underlying lease or foreclosure of the mortgage, deed of trust or other lien in favor of the secured party, or upon a sale of the property encumbered thereby pursuant to the trustee's power of sale, or upon a transfer of the Premises by deed in lieu of foreclosure, then for so long as Tenant is not in material default under the terms, covenants and conditions of this Lease, this Lease will continue in full force and effect as a direct lease between the owner or succeeding owner of the Premises, as landlord, and Tenant for the balance of the Term, upon and subject to all of the terms, covenants and conditions of this Lease. The nondisturbance agreement will not in any event include any terms that are inconsistent with the terms of this Lease or that adversely affect Tenant's rights, or increase Tenant's obligations, under this Lease. Tenant will not pursue any remedy available to Tenant under this Lease for any default on the part of Landlord without first giving written notice by certified or registered mail, return receipt requested, to any mortgagee, trustee or holder of any mortgage or deed of trust, the name and post office address of which Tenant has received written notice, specifying the default in reasonable detail and affording the mortgagee, trustee or holder a reasonable opportunity (not less than 30 days) to make performance, at its election, for and on behalf of Landlord.

**26. MECHANIC'S LIENS.** The Premises are publicly owned property and are not subject to mechanic's and materialmen's liens under Texas law. Tenant has no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord or Tenant in the Premises. Tenant will indemnify,

save and hold the Landlord, together with its board of directors, agents, employees, officers and representatives, individually and collectively, harmless from any and all loss, cost or expense, including without limitation attorney's fees, based on or arising out of asserted claims or liens created or to the extent caused by Tenant against the leasehold estate or against the right, title and interest of Landlord in the Premises or under the terms of this Lease.

## 27. MISCELLANEOUS.

27.1 Consent by Landlord/Tenant. Whenever in this Lease, Landlord's or Tenant's consent, permission or approval is required and has been properly requested, such consent, permission or approval will not be unreasonably withheld, delayed or conditioned, unless such right has been specifically reserved elsewhere in this Lease.

27.2 Interpretation. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

27.3 Binding Effect. Except as otherwise expressly provided in this Lease, the terms, provisions and covenants and conditions in this Lease apply to, inure to the benefit of and are binding upon the parties hereto and upon their respective successors and assigns. Landlord has the right to transfer and assign, in whole or in part, its rights and obligations in the Premises and in the Buildings and other property that are the subject of this Lease.

27.4 Evidence of Authority. Tenant represents, covenants and warrants to Landlord that (i) it is a duly formed entity in accordance with the applicable requirements of the jurisdiction in which it has been formed and, if such jurisdiction is other than the jurisdiction in which the Premises is located it is duly qualified in such jurisdiction to transact business, (ii) it has the full right, power and authority to enter into this Lease, (iii) any and all corporate or other such action necessary to approve and ratify the entering into of this Lease by Tenant has been taken (and Tenant agrees to provide evidence thereof to Landlord upon Landlord's request) and (iv) the person executing this Lease on behalf of Tenant has been empowered with all necessary authority to do so and thereby to bind Tenant fully to all of the terms and conditions hereof.

27.5 Force Majeure. Neither the Landlord nor Tenant, together with their respective agents, employees, officers and representatives, individually and collectively, will be held responsible for delays in the performance of its obligations under this Lease (except for Base Rental and Additional Rent and other payments owed by Tenant to Landlord) when caused by material shortages, acts of God, labor disputes or other events beyond the control of Landlord or Tenant, as the case may be.

27.6 Payments Constitute Rent. Notwithstanding anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as rent, will constitute rent.

27.7 Entire Agreement. This Lease constitutes the entire understanding and agreement of Landlord and Tenant with respect to the subject matter of this Lease and contains all of the

covenants and agreements of Landlord and Tenant with respect thereto. Landlord and Tenant each acknowledge that no representations, inducements, promises or agreements, oral or written, have been made by Landlord or Tenant, or anyone acting on behalf of Landlord or Tenant, which are not contained in this Lease, and any prior agreements, promises, negotiations or representations not expressly set forth in this Lease are of no force or effect. EXCEPT AS SPECIFICALLY PROVIDED IN THIS LEASE, TENANT HEREBY WAIVES THE BENEFIT OF ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PREMISES, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY THAT THE PREMISES ARE SUITABLE FOR ANY PARTICULAR PURPOSE. THE PREMISES ARE HEREBY PROVIDED TO TENANT AND TENANT HEREBY ACCEPTS THE PREMISES AS-IS, WHERE-IS. Landlord's agents and employees do not and will not have authority to make oral exceptions, changes, or amendments to this Lease, or factual representations not expressly contained in this Lease. Under no circumstances will Landlord or Tenant be considered an agent of the other. This Lease may not be altered, changed or amended except by an instrument in writing signed by both parties hereto.

27.8 Survival of Obligations. All obligations of Tenant hereunder not fully performed as of the expiration or earlier termination of the Term of this Lease will survive the expiration or earlier termination of the Term hereof, including, without limitation all payment obligations with respect to taxes and insurance and all obligations concerning the condition and repair of the Premises for a period of 4 years following the expiration or the termination of the Lease. Upon the expiration or earlier termination of the Term hereof, and prior to Tenant vacating the Premises, Tenant will either repair or will pay to Landlord any amount reasonably estimated by Landlord as necessary to put the Premises in good condition and repair, reasonable wear and tear excluded as required of Tenant by Section 10. Tenant will also, prior to vacating the Premises, pay to Landlord the amount, as estimated by Landlord, of Tenant's obligation hereunder for taxes and insurance premiums for the year in which this Lease expires or terminates. These amounts will be used by Landlord for payment of Tenant's obligations, with Tenant being liable for any additional costs therefore upon demand by Landlord, or with any excess to be promptly returned to Tenant after all of Tenant's obligations have been determined and satisfied, as the case may be.

27.9 Severability of Terms. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the Term, then, in such event, it is the intention of the parties hereto that the remainder of this Lease will not be affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is determined to be illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in terms to the illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

27.10 Effective Date. All references in this Lease to "the date hereof" or similar references refer to the Lease Date.

27.11 Broker's Commission. Tenant represents and warrants that it has dealt with and will deal with no broker, agent or other person in connection with this Lease or extensions or amendments to this Lease other than the Tenant broker set out on **APPENDIX 1**, and that no

other broker, agent or other person brought about this transaction, and Tenant agrees to indemnify and hold Landlord, together with its board of directors, agents, employees, officers and representatives, individually and collectively, harmless from and against any claims by any broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction. Landlord has not used the services of a broker in connection with this Lease unless set out in **APPENDIX 1**. Notwithstanding the foregoing, the brokers set out in **APPENDIX 1** are to be paid a commission by the Landlord per a separate agreement.

27.12 Ambiguity. Landlord and Tenant hereby agree and acknowledge that this Lease has been fully reviewed and negotiated by Landlord and Tenant and their respective legal counsel and, accordingly, in the event of any ambiguity in this Lease, Tenant waives the rule of construction that the ambiguity will be resolved against the party who prepared this Lease.

27.13 Joint and Several Liability. If the "Tenant" is comprised of more than one person, the obligations thereunder imposed upon Tenant will be joint and several. If there is a guarantor of Tenant's obligations, the obligations in this Lease imposed upon Tenant will be joint and several obligations of Tenant and the guarantor, and Landlord need not first proceed against Tenant before proceeding against the guarantor, nor will the guarantor be released from its guaranty for any reason whatsoever, including, without limitation, in case of any amendments hereto, waivers hereof or failure to give the guarantor any notices under this Lease.

27.14 Third Party Rights. Nothing herein expressed or implied is intended, nor will be construed, to confer upon or give to any person or entity, other than Landlord and Tenant, together with their respective agents, employees, officers and representatives, individually and collectively, any right or remedy under or by reason of this Lease.

27.15 Exhibits and Attachments. All exhibits, attachments, riders and addenda referred to in this Lease, are incorporated into this Lease and made a part hereof for all intents and purposes as if fully set out in this Lease. All capitalized terms used in such documents will, unless otherwise defined therein, have the same meanings as are set forth in this Lease.

27.16 Applicable Law/Venue. This Lease has been executed in Hondo, Texas, and will be governed in all respects by the laws of the State of Texas. Venue for any action brought under this Lease will be in Medina County, Texas, and nowhere else. It is the intent of Landlord and Tenant to conform strictly to all applicable state and federal usury laws. All agreements between Landlord and Tenant, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever will the amount contracted for, charged or received by Landlord for the use, forbearance or retention of money hereunder or otherwise exceed the maximum amount which Landlord is legally entitled to contract for, charge or collect under the applicable state or federal law. If, from any circumstance whatsoever, fulfillment of any provision hereof would result in exceeding the legal maximum, then the obligation to be fulfilled will be automatically reduced to the legal maximum and, if from any circumstance, Landlord ever receives as interest or otherwise an amount in excess of the legal maximum, then that amount that would be excessive interest will be applied

to the reduction of rent under this Lease and, if that amount that would be excessive interest exceeds the rent due, then that additional amount will be refunded to Tenant.

27.17 Time of Essence. Time is of the essence with respect to all of the rights and obligations of Tenant hereunder including, without limitation, Tenant's option rights contained in Paragraph 6.1 hereof if any.

27.18 Recording. At the request of either party, the parties will execute in recordable form a memorandum of this Lease for the purpose of giving notice to third parties of the existence of this Lease, the identity of the Premises, and the length of the Term and Extended Term. Either party may record a memorandum (but not the whole Lease) for the purpose of giving such notice.

27.19 Payment on Demand. Whenever used in this Lease, the phrase "payment on demand" means within 30 days of receipt of a bona fide and reasonably documented invoice.

29.20 Days. Whenever used in this Lease, the term "days" means calendar days.

27.21 Attorney's Fees/Legal Documents. In the event that any action or proceeding is brought to enforce any term, covenant or condition of this Lease on the part of Landlord or Tenant, the prevailing party in such litigation will be entitled to reasonable attorney's fees to be fixed by the court in such action or proceeding.

27.22 General Terms. As used in this Lease, the terms "herein," "herewith," and "hereof" are references to this Lease, taken as a whole, the term "includes" or "including" means "including, without limitation," and references to a "Section," "subsection," "Paragraph," "subparagraph," or "Appendix" means a Section, subsection, Paragraph, subparagraph or Appendix of this Lease, as the case may be, unless in any such case the context requires otherwise. All references to Landlord or Tenant include their successors and permitted assigns. All references to a given agreement, instrument or other document will be a reference to that agreement, instrument or other document as modified, amended, supplemented and restated through the date as of which such reference is made, and reference to a Law includes any amendment or modification thereof. The singular includes the plural and the masculine includes the feminine and neuter, and vice versa.

27.23 Financial Statements. At any time (but not more often than once in any 12 month period and/or whenever Tenant fails to timely pay rent and Landlord has sent a notice letter and/or whenever Tenant is in default) and within 30 days of written request of Landlord, Tenant will deliver to Landlord Tenant's financial statements dated not more than 60 days prior to the date of such request, plus Tenant's annual fiscal year-end financial statements (with the accompanying external CPA report) for the immediately preceding fiscal year. "Financial statements" means income statement, balance sheet, statement of cash flows, any accompanying notes and federal and state tax returns.

**28. NOTICES.** Procedure for Notices. Each provision of this instrument or of any applicable governmental laws, ordinances, regulations and other requirements with reference to

the sending, mailing or delivering of notice or the making of any payment by Landlord to Tenant or with reference to the sending, mailing or delivering of any notice or the making of any payment by Tenant to Landlord will be deemed to be complied with when and if the following steps are taken:

(A) All rent and other payments required to be made by Tenant to Landlord under this Lease will be payable to Landlord at the address for Landlord set forth on **APPENDIX 1** or at any other address as Landlord may specify from time to time by written notice delivered in accordance with this Section 28. Tenant's obligation to pay rent and any other amounts to Landlord under the terms of this Lease will not be deemed satisfied until the rent and other amounts have been actually received (as opposed to deemed received as under Paragraph 28 (C) below) by Landlord.

(B) All payments required to be made by Landlord to Tenant under this Lease will be payable to Tenant at the address set forth on **APPENDIX 1**, or at any other address within the continental United States as Tenant may specify from time to time by written notice delivered in accordance with this Section 28.

(C) Except as expressly provided elsewhere in this Lease, any written notice, document or payment required or permitted to be delivered under this Lease will be deemed to be delivered when received or, whether actually received or not, when deposited with Federal Express or 3 days after being mailed in the United States mail, postage prepaid, certified or registered mail, return receipt requested addressed as shown on **APPENDIX 1**.

**29. RULES AND REGULATIONS.** Tenant will abide by Landlord's Rules and Regulations for the Building, as set out on **APPENDIX B**.

**DATED** as of the date shown in **APPENDIX 1**.

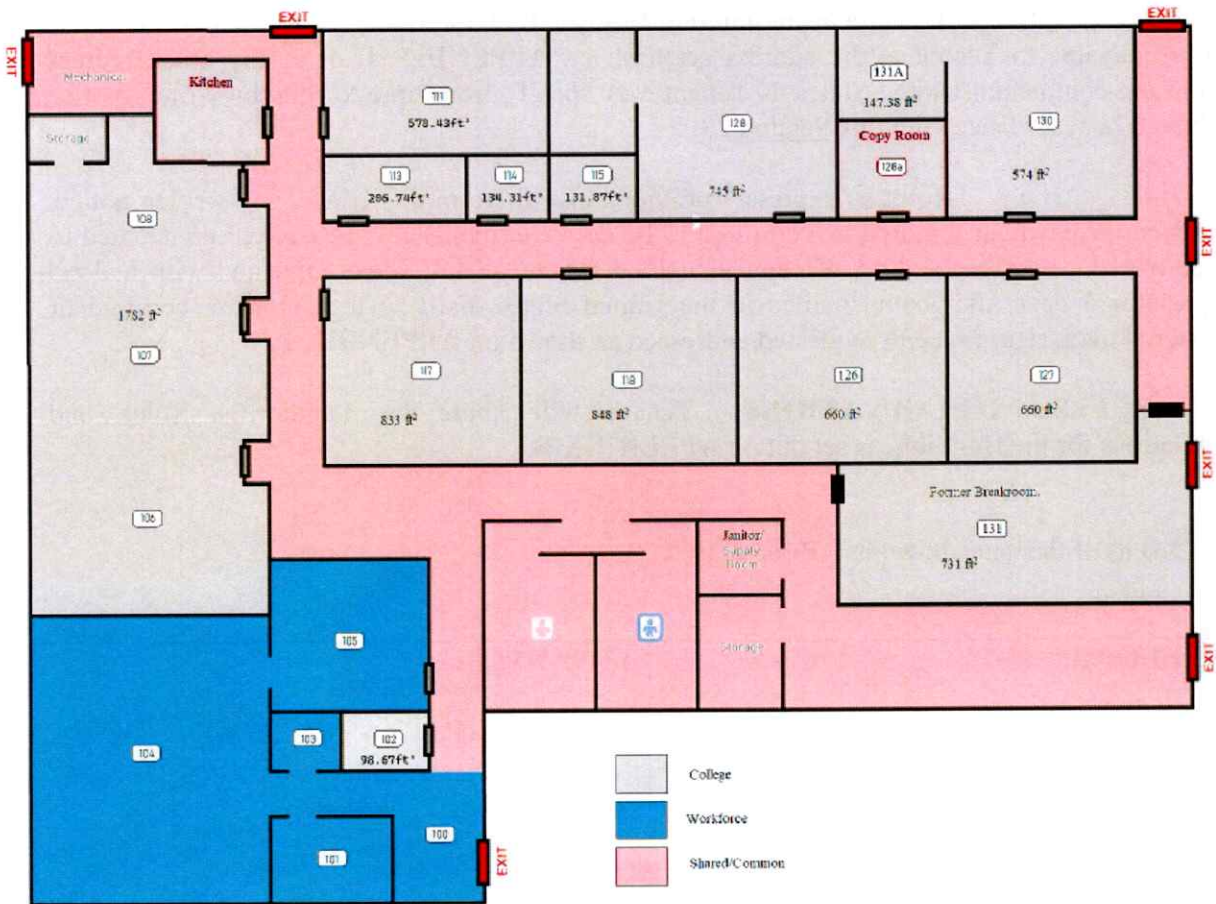
<b>LANDLORD:</b>  CITY OF HONDO    By: _____ John Naron, City Manager	<b>TENANT:</b>  SOUTHWEST TEXAS COLLEGE    By: _____ Printed Name: _____ Title: _____
--	---

**APPENDIX A**

**PREMISES**

South Texas Regional Training Center (STRTC) and Annex is located at 402 Carter, Hondo, Texas 78861, and the Premises is described and/or shown, as follows:

*[Map/Floor Plan to be provided.]*



APPENDIX A

## APPENDIX B

### RULES AND REGULATIONS

The following rules and regulations will apply, where applicable, to the Property:

1. Sidewalks, doorways, vestibules, halls, stairways and other similar areas will not be obstructed by tenants or used by any tenant for any purpose other than ingress and egress to and from the premises and for going from one to another part of the Property.

2. Plumbing, fixtures and appliances will be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material will be thrown or placed therein. Damage resulting to fixtures or appliances from misuse by a tenant or such tenant's agents, employees or invitees will be paid by the tenant and Landlord will not in any case be responsible therefore.

3. No signs, advertisements or notices will be painted or affixed on or to any windows or doors or other exterior part of the Property (or be visible from any public or common area) unless their color, size, style and location are first approved in writing by Landlord. Landlord, at tenant's sole cost and expense, will install all letters or numerals by or on doors in tenant's leased premises that are in building standard graphics. No nails, hooks or screws will be driven or inserted in any part of the Building outside the premises except by the Building maintenance personnel nor will any part of the Building be defaced by tenants. No curtains or other window treatments will be placed between the glass and the Building standard window treatments.

4. Landlord will provide and maintain an alphabetical directory board for all tenants in the first floor (main lobby) of the Building and no other directory will be permitted without the prior, written consent of Landlord.

5. Two keys to the locks on the doors entering each tenant's Leased Premises will be furnished by Landlord free of charge, with any additional keys to be furnished by Landlord to each tenant, at tenant's cost. Landlord will provide all locks for other doors in each tenant's leased premises, at the cost of such tenant, and no tenant will place any additional lock or locks on any door in or to its leased premises without Landlord's prior written consent. All such keys will remain the property of Landlord.

6. With respect to work being performed by tenants in any leased premises with the approval of Landlord, tenants will refer all contractors, contractors' representatives and installation technicians to Landlord for Landlord's supervision, approval and control before the performance of any contractual services. This provision will apply to all work performed in the Building including, but not limited to, installation of telephones, telegraph equipment, electrical devices and attachments, doors, entranceways, and any and all installations of every nature affecting floors, walls, woodwork, trim, windows, ceilings and equipment.

7. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by tenants of any bulky material, merchandise or materials shall be coordinated with the Landlord. The tenants are to assume all risks of damage to articles moved and injury to persons, including but not limited to, equipment, property and personnel of Landlord if damaged or injured as a result of acts in connection with carrying out this service for a tenant from time of entering the property to completion of work. Landlord will not be liable for acts of any person engaged in, or any damage or loss to any property or persons resulting from, any act in connection with the service performed for a tenant. Tenant agrees to coordinate with Landlord's staff before services begin for Tenant.

8. Landlord has the right to prescribe the weight and position of safes and other heavy equipment or items, which will in all cases, stand on supporting devices approved by Landlord in order to distribute weight. All damage done to the Building by the installation or removal of any property of a tenant, or done by a tenant's property while in the Building, will be repaired at the expense of the tenant. Tenant will bear all costs incurred by Landlord or Tenant in determining the feasibility or actual installation of any heavy equipment.

9. A tenant will notify the Building manager when safes or other heavy equipment are to be taken in or out of the Building and the moving will be done under the supervision of the Building manager, after written permission from Landlord. Persons employed to move such property must be acceptable to Landlord.

10. Each tenant will cooperate with Landlord's employees in keeping its leased premises neat and clean.

11. Landlord will be in no way responsible to the tenants, their agents, employees or invitees for any loss of property from the leased premises or public areas or for any damages to any property thereon from any cause whatsoever.

12. To ensure orderly operation of the Building, no ice, mineral or other water, towels, newspapers, etc. will be delivered to any leased area except by persons appointed or approved by Landlord in writing.

13. If a tenant requires telegraphic, telephonic, annunciator or other communication service, Landlord will direct the electrician where and how wires are to be introduced and placed. Except as provided in each tenant's lease, electric current will not be used for heating or nonstandard power requirements without Landlord's prior written consent.

14. Tenant will not make or permit any improper, objectionable or unpleasant noises or odors in the Building or otherwise interfere in any way with other tenants or persons having business with them.

15. Nothing will be swept or thrown into the corridors, halls, elevator shafts or stairways. No birds or animals will be brought into or kept in, on or about any tenant's leased premises.

16. No portion of any tenant's leased premises will at any time be used or occupied as sleeping or lodging quarters.

17. Each tenant and its agents, employees and invitees will park only in those areas designated by Landlord for parking by such tenant and will not park on any public or private streets contiguous to, surrounding or in the vicinity of the Building without Landlord's prior written consent.

18. Landlord will not be responsible for lost or stolen property, money or jewelry from tenant's leased premises or public or common areas regardless of whether such loss occurs when the area is locked against entry or not.



THIS IS GOD'S COUNTRY

## City Council Communication

**Title:** DISCUSSION AND POSSIBLE ACTION OF AN AGREEMENT WITH RIC ADAMSKI OF ASH LINE, LLC FOR THE PROVISION OF PROFESSIONAL COMPREHENSIVE PLANNING SERVICES. (JOHN NARON, CITY MANAGER)

**Date:** May 26, 2026

**From:**

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

1. Hondo\_CompPlan\_Presentation 05262026

**STAFF CONTACTS:**

# GENERAL PROFESSIONAL PLANNING SERVICES AGREEMENT

1. Parties. THIS GENERAL PROFESSIONAL PLANNING SERVICES AGREEMENT (the "Contract") is entered into on the Effective Date (as defined below) and in Medina County, Texas, by and between **The City of Hondo** (hereinafter called "**City**"), a political subdivision of the State of Texas, acting by and through its City Manager, and **ACP Strategies D/B/A Ash+Lime** (hereinafter called "**Consultant**").

2. Recitals.

- a) The City of Hondo, Texas (the "City"), pursuant to its Charter and Unified Development Code, utilizes a Comprehensive Master Plan as the primary policy document guiding land use decisions, zoning, infrastructure coordination, and capital improvement planning.
- b) The City desires to update its Comprehensive Master Plan to reflect current conditions, align with ongoing planning efforts, and provide clear policy direction regarding growth, development, infrastructure, and public investment.
- c) Consultant submitted a proposal, attached hereto as Exhibit "A," to provide professional planning services for the preparation of a Comprehensive Master Plan Update, including public engagement, policy development, and preparation of a future land use framework.
- d) The City Council finds that the services to be performed under this Contract constitute professional services, including planning services, requiring specialized knowledge and expertise, and that procurement of such services is exempt from the competitive bidding requirements of Texas Local Government Code Section 252.022(a)(4).
- e) The City has determined that engaging Consultant to perform the Services described in Exhibit "A" serves a valid public purpose and is in the best interest of the City and its residents.

**NOW, THEREFORE,** City and Consultant, in consideration of the covenants hereinafter set forth, agree as follows:

## **A. Basic Terms:**

1. Scope of Work. Consultant shall perform the professional consulting services described in this Contract and in the proposal attached hereto as **Exhibit "A"** (the "Services"). The Services are generally described as the preparation of a Comprehensive Master Plan Update for the City of Hondo, including public engagement, policy development, future land use planning, and related planning services, and are more particularly set forth in Exhibit "A." Consultant shall furnish all personnel, expertise, and resources necessary to perform the Services in a timely and professional manner in accordance with this Contract.
2. Consideration. City agrees to pay Consultant, and Consultant agrees to accept, as full and complete compensation for the Services properly performed under this Contract, the compensation set forth in this Section. Consultant is not authorized to perform any services beyond the scope described in this Contract and Exhibit "A" without prior written authorization from the City.

The total compensation under this Contract shall not exceed **Ninety-Eight Thousand Eight Hundred Seventy-Five Dollars (\$98,875.00)**, inclusive of all fees, costs, expenses, travel, and standard project-related expenses. Compensation under this Contract is based on a fixed-fee, milestone-payment structure, and the City shall have no obligation to pay any additional compensation unless authorized by written amendment executed by the City.

Payment shall be made in accordance with the following schedule, subject to the City's review and acceptance of the applicable deliverables:

- a) \$20,000 upon execution of this Contract and issuance of the Notice to Proceed;
- b) \$20,000 upon delivery and City acceptance of the Project Work Plan, prior plan review summary, and Existing Conditions/Growth Context Summary;
- c) \$20,000 upon delivery and City acceptance of the initial engagement summary, Vision and Tradeoff Framework, and refined planning principles;
- d) \$24,000 upon delivery and City acceptance of the Future Land Use Map, development policy framework, zoning policy direction, and infrastructure/transportation integration framework; and
- e) \$14,875 upon delivery and City acceptance of the final Comprehensive Master Plan and adoption materials.

Consultant shall submit invoices corresponding to the above milestones, and payment shall be made only for Services performed and accepted by the City. Consultant shall not be entitled to payment for any milestone unless the associated deliverables are submitted in accordance with this Contract and accepted by the City.

3. Term. The term of this Contract shall commence upon execution and shall continue until the Services are completed, unless sooner terminated as provided herein. Consultant shall perform the Services diligently and in accordance with a project schedule approved by the City, which may be modified from time to time by mutual agreement.

4. Executed Contract. The "Notice to Proceed" will not be given nor shall any Services commence until this Contract is fully executed and all exhibits and other attachments are completely executed and attached to the Contract.

5. Written Authorization. Consultant shall not perform any services outside the scope of this Contract, and the City shall have no obligation to pay for any additional services, changes, alterations, modifications, deviations, or extra work, unless such services are authorized in advance by a written amendment or change order executed by the City.

Consultant shall have no authority to bind the City, approve change orders, or otherwise modify the scope of services or compensation under this Contract.

6. Insurance. Consultant shall procure and maintain, at its sole cost and expense, for the duration of this Contract, insurance coverage with insurers authorized to do business in the State of Texas and rated A- or better by A.M. Best, with limits not less than the following:

- A. **Workers' Compensation Insurance.** Consultant shall maintain Workers' Compensation insurance in accordance with the requirements of Texas law, including coverage for all employees engaged in the performance of services under this Contract. Employer's Liability coverage shall be maintained as required by applicable law.
- B. **Commercial General Liability Insurance,** written on an occurrence basis, with limits of not less than:
  - a. \$1,000,000 each occurrence;
  - b. \$2,000,000 general aggregate;
- C. **Business Automobile Liability Insurance** covering owned, hired, and non-owned vehicles, with a combined single limit of not less than:
  - a. \$1,000,000 per accident for bodily injury and property damage;
- D. **Professional Liability (Errors and Omissions) Insurance** covering negligent acts, errors, or omissions in the performance of professional services under this Contract, with limits of not less than:
  - a. \$1,000,000 per claim;
  - b. \$1,000,000 aggregate.
- E. **Endorsements.**
  - a. The City of Hondo, Texas, and its officers, officials, employees, and agents shall be included as additional insureds, by endorsement, on the Commercial General Liability and Business Automobile Liability policies required herein, and such policies shall provide coverage that is primary and non-contributory, shall not be limited by any "other insurance" provision, and shall include a waiver of subrogation in favor of the City.
- F. **Certificates of Insurance.**
  - a. Consultant shall furnish the City with certificates of insurance evidencing the required coverage upon execution of this Contract and prior to commencement of services. Certificates shall provide that coverage may not be canceled or materially modified without at least thirty (30) days' prior written notice to the City.
- G. **Responsibility for Damages.**
  - a. Consultant shall be responsible for damages to public or private property to the extent caused by the negligent acts, errors, or omissions of Consultant or its employees, agents, or subcontractors in the performance of services under this Contract. Consultant shall promptly notify the City of any incident or claim arising out of the performance of services.

7. **INDEMNITY.**

**TO THE FULLEST EXTENT PERMITTED BY TEXAS LAW, CONSULTANT SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY OF HONDO, TEXAS, AND ITS ELECTED OFFICIALS, OFFICERS, EMPLOYEES, AND AGENTS (COLLECTIVELY, THE "INDEMNITEES") FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, DAMAGES, LOSSES, LIABILITIES, AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, ARISING OUT OF OR RESULTING FROM THE PERFORMANCE OF THE SERVICES UNDER THIS CONTRACT, BUT ONLY TO THE EXTENT CAUSED BY THE**

**NEGLIGENT ACTS, ERRORS, OMISSIONS, OR WILLFUL MISCONDUCT OF CONSULTANT, ITS EMPLOYEES, AGENTS, OR SUBCONSULTANTS.**

**THE INDEMNIFICATION OBLIGATION SET FORTH HEREIN INCLUDES, WITHOUT LIMITATION:**

- a) CLAIMS FOR BODILY INJURY, SICKNESS, DISEASE, OR DEATH OF ANY PERSON;**
- b) CLAIMS FOR DAMAGE TO OR LOSS OF USE OF TANGIBLE PROPERTY; AND**
- c) CLAIMS ARISING FROM PROFESSIONAL ERRORS OR OMISSIONS IN THE PERFORMANCE OF THE SERVICES.**

**CONSULTANT'S OBLIGATIONS UNDER THIS SECTION SHALL BE LIMITED TO THE EXTENT OF CONSULTANT'S PROPORTIONATE RESPONSIBILITY AND SHALL NOT APPLY TO THE NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNITEE.**

**NOTHING IN THIS CONTRACT SHALL BE CONSTRUED TO REQUIRE CONSULTANT TO INDEMNIFY, HOLD HARMLESS, OR DEFEND ANY INDEMNITEE FOR THE SOLE NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE.**

**THE PROVISIONS OF THIS SECTION SHALL SURVIVE COMPLETION OF THE SERVICES AND EXPIRATION OR TERMINATION OF THIS CONTRACT.**

8. Notice. Any official notice under this Contract will be sent to the following addresses:

To City:  City of Hondo Attn: City Manager 1101 16 <sup>th</sup> Street Hondo, Texas 78861	To Consultant:  <b>ACP Strategies D/B/A Ash+Lime</b> Attn: Address
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9. Ownership of Work Product. All reports, studies, models, data, drafts, and other work product prepared or developed by Consultant under this Contract shall become the property of the City upon payment, and the City shall have the unrestricted right to use such work product for governmental purposes. Consultant may retain copies for its records.

10. Termination.

- a. **City.** The City may terminate this Contract, without penalty, in whole or in part, at any time and for any reason, upon written notice to Consultant. Upon receipt of such notice,

Consultant shall immediately discontinue the Services to the extent specified in the notice and shall take all reasonable steps to minimize additional costs.

In the event of termination for convenience, Consultant shall be entitled to payment only for Services properly performed and accepted by the City prior to the effective date of termination. Consultant shall not be entitled to recover lost profits, consequential damages, or any other damages arising from such termination.

As a condition of final payment, Consultant shall deliver to the City all work product, reports, models, data, and other materials prepared or developed in connection with the Services through the effective date of termination.

- b. **Consultant.** Consultant may terminate this Contract upon thirty (30) days' written notice if the City fails to make payment in accordance with this Contract and such failure continues after written notice and opportunity to cure.

In the event of termination for cause by Consultant due to non-payment, Consultant shall be entitled to payment for Services properly performed through the effective date of termination.

11. Acknowledgment of Contract Terms. Each party acknowledges that it has carefully reviewed this Contract, understands its terms, and has had the opportunity to consult with legal counsel of its choosing prior to execution. This Contract shall not be construed against either party as the drafter.

12. Independent Contractor. Consultant is an independent contractor and not an employee or agent of the City. Consultant shall be solely responsible for the means and methods of performing the Services and for all compensation, taxes, and insurance related to its personnel. Consultant has no authority to bind the City or incur obligations on its behalf.

13. Public Information. Consultant acknowledges that the City is subject to the Texas Public Information Act and that this Contract and any documents or information related to the Services may be subject to public disclosure in accordance with applicable law.

14. Governmental Immunity. Nothing in this Contract shall be construed as a waiver of the City's governmental immunity from suit or liability, which immunity is expressly reserved to the fullest extent permitted by Texas law.

15. Non-Appropriation. This Contract is subject to the availability of lawfully appropriated funds. In the event sufficient funds are not appropriated by the City for any fiscal year to continue performance under this Contract, the City may terminate this Contract without penalty upon written notice to Consultant. Upon such termination, the City shall have no further obligation hereunder except for payment for Services properly performed and accepted by the City as of the effective date of termination.

16. Governing Law and Venue. This Contract shall be governed by and construed in accordance with the laws of the State of Texas. Venue for any dispute arising under or related to this Contract shall lie exclusively in Medina County, Texas.

17. Conflict of Documents. In the event of any conflict, inconsistency, or ambiguity between the terms of this Contract and any exhibit, attachment, or other document incorporated herein (including, without limitation, Exhibit "A"), the terms of this Contract shall control and govern.

18. Assignment. Consultant may not assign, transfer, or delegate this Contract, in whole or in part, without the prior written consent of the City. Any attempted assignment without such consent shall be void. This Contract shall be binding upon and inure to the benefit of the parties and their permitted successors and assigns.

19. Entire Agreement. This Contract, including its exhibits, constitutes the entire agreement between the parties and supersedes all prior negotiations, representations, or agreements, whether written or oral.

**EXECUTED** on the date(s) indicated below and to be **EFFECTIVE** on the \_\_\_\_ day of \_\_\_\_\_, 2026 (the "**Effective Date**").

<b>CITY:</b>  <b>CITY OF HONDO</b>  By: _____ Printed Name: _____ Title: _____ Date: _____	<b>CONSULTANT:</b>  <b>ACP STRATEGIES D/B/A ASH+LIME</b>  By: _____ Printed Name: _____ Title: _____ Date: _____
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## EXHIBIT A

Exhibit “A” is attached for the limited purpose of describing the scope of Services to be provided under this Contract. To the extent Exhibit “A” contains terms or conditions that conflict with, supplement, or are inconsistent with the provisions of this Contract, the provisions of this Contract shall control and govern. Any terms in Exhibit “A” that purport to modify indemnification, insurance, liability, governmental immunity, dispute resolution, payment obligations, or other legal rights and responsibilities of the parties are expressly rejected and shall be of no force or effect.

### *Project Overview*

The City of Hondo’s Charter, through its Unified Development Code (UDC), places significant importance on the Comprehensive Master Plan as the guiding document for land use decisions, zoning amendments, and capital improvement expenditures. Under the UDC, the Comprehensive Master Plan serves as the primary policy reference for Planning and Zoning Commission recommendations and City Council action.

This project is intended to ensure that the City’s reliance on the Comprehensive Master Plan Update is justified, current, and effective. Rather than serving as a purely aspirational document, the Comprehensive Master Plan Update will function as a practical decision-making and governance tool—clarifying where growth is desired, where it should be limited, how infrastructure capacity shapes decisions, and what tradeoffs the City is prepared to make. This approach reflects Strong Towns–aligned principles of fiscally responsible growth, incremental development, and careful sequencing of infrastructure investment, consistent with the long-standing involvement of both ASH+LIME and Verdunity in the Strong Towns movement.

The Plan will establish a clear and shared vision for Hondo’s future, grounded in achievable priorities, explicit tradeoffs, and the City’s capacity to act. Emphasis will be placed on avoiding reactive decision-making and providing clear citywide policy direction related to growth, zoning, infrastructure coordination, and public investment—simplifying future planning and positioning the City to undertake downtown, neighborhood, or airport area plans with greater clarity, consistency, and efficiency.

The City has previously initiated engagement related to a Comprehensive Master Plan Update and gathered public input. This project will review that input, assess its relevance, and build on it through additional engagement focused on clarifying goals, objectives, focus areas, tradeoffs, and opportunities to ensure the plan reflects current conditions and decision-making needs.

The City has also completed or is completing other relevant planning efforts, including the 2017 Comprehensive Master Plan Update, the 2024–2026 Economic Development Strategy, and a forthcoming Five-Year Strategic Plan. These materials will be reviewed and integrated to ensure alignment across policy documents.

Based on a review of Comprehensive Master Plans Update completed by Texas cities of similar size and scope, the proposed scope and budget are consistent with prevailing practice for a plan update that emphasizes policy clarity, implementation, and coordination rather than detailed technical studies.

## Objectives

The proposed objectives of the Comprehensive Master Plan Update are to:

- 1. Support Unified Development Code (UDC) Implementation**  
Produce a Comprehensive Master Plan Update that functions as the policy foundation for zoning, development regulations, and capital improvement decisions under the UDC.
- 2. Establish a Clear Five-Year Framework**  
Define realistic priorities and actions for the next five years, structured as a check-off framework that City Council and staff can use to track progress and guide decisions.
- 3. Translate Vision into Actionable Direction**  
Review, validate, and refine the community’s existing vision and translate it into clear planning principles, policy direction, and explicit tradeoffs.
- 4. Guide Growth and Development Expectations**  
Clarify where and how growth should occur, how to assess development impacts, and how to preserve Hondo’s small-town feel while accommodating housing and density.
- 5. Align Zoning Direction with City Goals**  
Provide policy-level direction for how zoning and development regulations should evolve to implement the Comprehensive Master Plan, without undertaking a zoning rewrite.
- 6. Integrate Infrastructure Planning**  
Coordinate land use and development policy with existing water and wastewater planning efforts.

## 7. **Anticipate Development Impacts**

Provide policy-level guidance to help the City proactively understand and plan for the impacts of future development, including large tracts held by major property owners.

## 8. **Build Public and Council Understanding and Support**

Support informed decision-making through structured engagement and clear communication of goals, priorities, and tradeoffs.

## *Proposed Scope of Work*

*Note: Meetings will be conducted virtually by default. Any in-person meetings or site visits will be limited in number and scheduled in advance as mutually agreed upon by the City and Consultant.*

### **Task 1: Project Initiation, Prior Plan Review, and Work Plan**

- One (1) project kickoff meeting with City staff (virtual or in person)
- Monthly project check-in meetings with City staff, conducted virtually, to review progress and confirm direction. At the City's discretion, these check-ins may periodically include City Council leadership in lieu of staff-only meetings.
- Review and synthesize key background materials, including:
  - 2017 Comprehensive Master Plan
  - 2024–2026 Economic Development Strategy
  - Feedback related to Comprehensive Master Plan outreach and engagement conducted in 2025
  - City of Hondo Five-Year Strategic Plan (upon completion)
- Review the relationship between the Comprehensive Master Plan and the Unified Development Code
- Identify elements that remain relevant, those implemented, and those requiring update
- Prepare a project work plan outlining tasks, milestones, engagement points, and decision checkpoints
- Confirm coordination procedures, communication protocols, and decision roles

### **Task 2: Public Engagement and Planning & Zoning Commission Coordination**

- Up to two (2) formal public meetings at key milestones
- Up to three (3) meetings or work sessions with the Planning and Zoning (P&Z) Commission (or advisory or steering committee, as established by the City).
- Informal, on-the-ground engagement with residents, business owners, and stakeholders during in-person visits
- Targeted stakeholder conversations to review, validate, and refine the existing vision and to further develop goals, objectives, focus areas, tradeoffs, and opportunities

### **Task 3: Existing Conditions and Growth Context (Focused Review)**

- Review and synthesize population, housing, and growth trends using current demographic data and locally relevant sources to inform planning-level decisions.
- Identify major land ownership patterns and known or anticipated development pressures
- Conduct on-site observations during up to three (3) in-person visits
- Summarize transportation and infrastructure constraints at a planning and policy level
- Provide context for future downtown and neighborhood planning

### **Task 4: Vision and Tradeoff Framework**

- Synthesize engagement input into a refined vision and set of planning principles
- Identify and document key tradeoffs related to growth, infrastructure capacity, density, and community character
- Establish a clear framework to guide future policy and development decisions

### **Task 5: Future Land Use and Development Policy**

- Prepare an updated Future Land Use Map and associated policy guidance
- Clarify expectations for development impacts, including transportation and infrastructure considerations
- Establish policy guidance for density, form, and compatibility

- Conduct up to two (2) review meetings with City staff and Planning and Zoning Commission representatives

The Future Land Use framework will recognize logical areas of higher-intensity infill and employment opportunity—such as downtown and the airport area—without constituting detailed subarea or district plans.

### **Task 6: Zoning and District Tools – Policy Direction**

- Review the existing zoning framework at a policy level
- Identify misalignments between zoning, future land use, and City goals
- Provide policy-level direction for future zoning updates
- Evaluate the potential use of district-based tools such as TIRZ or PIDs to support district-wide goals

### **Task 7: Infrastructure and Transportation Integration**

- Review existing water and wastewater planning materials
- Integrate infrastructure considerations into land use and development policy
- Conduct high-level consideration of transportation and development impacts to inform land-use decisions
- Identify transportation-related policy issues (e.g., development impacts, school-area circulation, sidewalks, traffic calming, connectivity)

This task will not include transportation modeling, engineering analysis, or design.

### **Task 8: Five-Year Action Plan**

- Prepare a five-year action framework identifying priority actions, sequencing, and responsibility

- Conduct one (1) dedicated review session with City staff to review and refine the five-year action framework, in addition to ongoing coordination and monthly project check-ins.

### **Task 9: Public Narrative and Plan Adoption**

- Prepare a Draft Comprehensive Master Plan for City review
- Support one (1) Planning and Zoning Commission presentation
- Support one (1) City Council presentation
- Prepare final Comprehensive Master Plan and adoption materials

### *Deliverables*

The final deliverables will include a comprehensive report (PDF format) featuring the following:

#### **Primary adopted document**

- Updated Comprehensive Master Plan document, including the Future Land Use Map, five-year action plan, zoning and development policy guidance, and infrastructure and transportation integration framework

#### **Supporting and appendix materials**

- Summary of prior planning review and engagement synthesis (appendix to the Comprehensive Master Plan)
- Public-facing plan summary and elevator speech (standalone PDF and/or appendix)

#### **Adoption and implementation support**

- Planning & Zoning Commission and City Council presentation materials (PDF)

### *Participating Firms*

Firms for the project team will include:

- ASH+LIME (Prime)

- Verdunity (supporting role)
- Other firms as needed and subject to City coordination



# Hondo Comp Plan Update

## Recommended Approach



VERDUNITY

Rik Adamski  
4-13-2026

## Firm Overview (ASH+LIME)

- Founded in 2013
- Work in 35+ cities across Texas
- Experience across rural, small-town, suburban, and urban communities
- Focused on practical, usable planning—not just plans that sit on the shelf
- Helping communities make real decisions and identify practical next steps



## VERDUNITY

- Founded in 2011
- Planning and engineering firm with strong infrastructure and municipal finance expertise
- Nationally recognized track record in fiscally based planning and infrastructure-informed decision-making
- Helps translate growth decisions into long-term infrastructure and fiscal outcomes



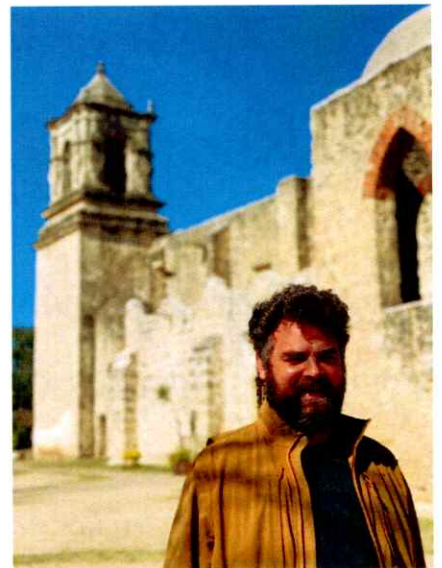
VERDUNITY

## How we approach planning

- Work within real constraints, not idealized plans
- Help communities navigate tradeoffs, not avoid them
- Translate vision into clear, usable decisions
- Focus on practical steps and implementation
- Grounded in fiscally responsible, long-term thinking

## About me (Rik Adamski)

- Master's in Urban Planning — University of Illinois at Chicago
- Background includes the American Planning Association, Congress for the New Urbanism, Center for Neighborhood Technology, and the City of Fort Worth
- Strong Towns Founders Circle member; active in Strong Towns and New Urbanist circles
- Focused on practical planning and creating places people use, value, and return to



## Why the Comp Plan update matters now

- Hondo is growing, and change is coming
- Land, infrastructure, and civic capacity are limited
- Without clearer direction, growth may erode character without strengthening downtown or other key areas
- The City needs a stronger framework for deciding what to preserve, what to prioritize, and how to grow

## What this proposed update would do

- Provide a clearer basis for shaping where and how growth occurs
- Align land use, zoning, and infrastructure planning
- Clarify tradeoffs tied to growth, capacity, and character
- Establish a practical five-year framework for action
- Support more consistent, confident decision-making

## The key decisions this update can help the City make

- Where growth should go
- What should be preserved
- How zoning should evolve
- How growth should align with infrastructure and cost
- Which areas should be treated as priorities

## How we would approach this update

- Build on prior plans and existing community input
- Assess growth pressures, infrastructure constraints, and opportunity areas
- Engage the community and decision-makers around priorities and tradeoffs
- Develop a clearer framework for land use, zoning, and infrastructure
- Identify practical priorities and next steps for the next five years

## ASH+LIME Project

### New Fairview Comprehensive Plan (New Fairview, TX)

- Led a full comprehensive planning process for a rural community facing sustained regional growth pressure
- Helped the City balance the reality of growth, the need for fiscal sustainability, future infrastructure requirements, and the desire to maintain elements of its existing character
- Worked in a community where concern about change was high, and part of the job was helping residents and leaders understand the implications of different growth choices
- Assessed growth patterns, zoning, housing options, infrastructure limits, and long-term service implications

## **ASH+LIME Project**

### **New Fairview Comprehensive Plan (New Fairview, TX)**

- Clarified tradeoffs tied to different development patterns and growth paths
- Helped set more realistic expectations about what the City could preserve, support, and shape over time
- Identified practical strategies across housing, zoning, infrastructure, and economic development
- Built an implementation framework to guide decisions over time

## **ASH+LIME Project**

### **Sunnyvale Downtown Strategy (Sunnyvale, TX)**

- Supported a long-running effort to evaluate whether and how Sunnyvale could create a walkable downtown
- Worked in a community with genuine interest in a downtown, alongside concerns about traffic, schools, housing, taxes, and preserving small-town character
- Used a range of engagement techniques, including surveys, open houses, and committee meetings, to gather input from different perspectives
- Created a process that allowed for a more open and thoughtful conversation about priorities, concerns, and potential tradeoffs

## **ASH+LIME Project**

### **Sunnyvale Downtown Strategy (Sunnyvale, TX)**

- Structured the discussion around the tradeoffs of different approaches to housing, development form, public investment, and project scale
- Helped surface areas of alignment and tension in a constructive way
- Supported a clearer understanding of what a downtown would realistically require
- Built a more grounded basis for decision-making

## ASH+LIME Project

### Jersey Village Comprehensive Plan (Jersey Village, TX)

- Created a more place-specific layer to the comprehensive plan through subdistrict strategies and targeted opportunity analysis
- Broke key areas into distinct subdistricts with different roles, needs, and realistic redevelopment potential
- Identified where placemaking, small business clustering, mixed-use reinvestment, and stronger community-serving destinations could take hold
- Shaped a strategy around Jersey Village's actual conditions and identity, not a one-size-fits-all framework

## What this means for Hondo

- Experience working with communities facing growth, change, and strong local identity
- Ability to balance character, fiscal realities, and infrastructure constraints
- Approach focused on real decisions and realistic tradeoffs
- Emphasis on a plan that is specific to Hondo, not one-size-fits-all
- Partnership with Verdunity helps ensure that growth decisions are grounded in infrastructure capacity and long-term fiscal considerations

## What the City of Hondo will get

- Comprehensive Master Plan document
- Updated Future Land Use Map
- Clear policy direction for growth, zoning, and infrastructure
- Identification of key tradeoffs and priorities
- Practical five-year action framework
- Public-facing summary and adoption support materials

Note: This effort is focused on policy direction and implementation rather than detailed engineering analysis, transportation modeling, or a full zoning code rewrite

**Thank you!**

**Rik Adamski, ASH+LIME**  
**rik@ashlime.com**



**ASH+LIME**



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## City Council Communication

***Title:***

DISCUSSION AND POSSIBLE ACTION REGARDING FUNDING FOR THE REPLACEMENT OF AIR CONDITIONING UNITS AT THE SOUTH TEXAS REGIONAL TRAINING CENTER. (JOHN NARON, CITY MANAGER)

***Date:*** May 26, 2026

***From:***

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

None

**STAFF CONTACTS:**

The STRTC currently has six air conditioning units. One unit has already been replaced, while the remaining units are 10 years old or older and nearing the end of their expected service life.

To help manage costs and avoid major system failures, staff recommends replacing the remaining units at a rate of one unit per year. The estimated replacement cost is approximately \$25,000 per unit.





THIS IS GOD'S COUNTRY

## City Council Communication

**Title:** DISCUSSION AND POSSIBLE ACTION REGARDING THE ELECTION OF A MAYOR PRO TEM IN ACCORDANCE WITH THE CITY CHARTER. (MAYOR MCANELLY)

**Date:** May 26, 2026      **From:**

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

None

**STAFF CONTACTS:**