

## ACTION FORM BRYAN CITY COUNCIL

<b>DATE OF COUNCIL MEETING:</b> October 13, 2015		<b>DATE SUBMITTED:</b> September 9, 2015	
<b>DEPARTMENT OF ORIGIN:</b> Fiscal Services		<b>SUBMITTED BY:</b> Joe Hegwood	
<b>MEETING TYPE:</b>	<b>CLASSIFICATION:</b>	<b>ORDINANCE:</b>	<b>STRATEGIC INITIATIVE:</b>
<input type="checkbox"/> BCD	<input type="checkbox"/> PUBLIC HEARING	<input type="checkbox"/> 1ST READING	<input checked="" type="checkbox"/> PUBLIC SAFETY
<input type="checkbox"/> SPECIAL	<input checked="" type="checkbox"/> CONSENT	<input checked="" type="checkbox"/> 2ND READING	<input checked="" type="checkbox"/> SERVICE
<input checked="" type="checkbox"/> REGULAR	<input type="checkbox"/> STATUTORY		<input checked="" type="checkbox"/> ECONOMIC DEVELOP.
<input type="checkbox"/> WORKSHOP	<input type="checkbox"/> REGULAR		<input checked="" type="checkbox"/> INFRASTRUCTURE
			<input checked="" type="checkbox"/> QUALITY OF LIFE
<b>AGENDA ITEM DESCRIPTION:</b> A proposed ordinance to authorize the establishment of a City of Bryan Oil and Gas Fund.			
<b>SUMMARY STATEMENT:</b> If approved, this action authorizes the establishment of a City of Bryan Oil and Gas Fund, separating oil and gas funds from General Fund revenues and defines its use for future City Council directed purposes. The Ordinance also provides for earned interest to accrue to the fund and defines the conditions under which funds can be appropriated from the fund.			
<b>STAFF ANALYSIS AND RECOMMENDATION:</b> In Fiscal Year 2014 and Fiscal Year 2015, the City realized increased revenues attributable to oil and gas lease and royalty activities. These increased revenues exceeded ongoing General Fund expenditures. The separation of these funds allows the City Council separate consideration for funding of projects outside the normal recurring expenditures of the General Fund.			
<b>OPTIONS (In Suggested Order of Staff Preference):</b>			
<ol style="list-style-type: none"> <li>1. Approve the proposed ordinance.</li> <li>2. Do not approve the proposed ordinance and provide direction to staff.</li> </ol>			
<b>ATTACHMENTS:</b> Proposed ordinance			
<b>FUNDING SOURCE:</b> Oil and Gas revenues (transfer from General Fund)			
<b>APPROVALS:</b> Hugh R. Walker, 09/14/2015			
<b>APPROVED FOR SUBMITTAL:</b> Kean Register, 09-14-2015			
<b>APPROVED FOR SUBMITTAL:</b> Janis K. Hampton, 9/15/15			

ORDINANCE NO. \_\_\_\_\_

**ORDINANCE OF THE CITY OF BRYAN, TEXAS, ESTABLISHING A PERMANENT OIL AND GAS FUND; REQUIRING REVENUES DERIVED FROM OIL AND GAS LEASES, ROYALTY REVENUES AND AD VALOREM TAX REVENUES COLLECTED ON MINERAL VALUES ON CITY OWNED PROPERTY, NOT DESIGNATED AS PART OF AN ENTERPRISE FUND, BE PLACED IN A PERMANENT OIL AND GAS FUND; ESTABLISHING RESTRICTIONS ON USE AND PROCEDURES FOR HOW SUCH FUND MAY BE ACCESSED, AND OTHER MATTERS RELATED THERETO; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR SEVERABILITY CLAUSE, FINDING AND DETERMINING THAT THE MEETINGS AT WHICH SAID ORDINANCE IS PASSED ARE OPEN TO THE PUBLIC AS REQUIRED BY LAW; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City of Bryan, Texas (the " City") is the owner of mineral rights to land within the City and in Brazos County; and

**WHEREAS**, the Brazos valley has experienced a significant increase in oil and gas exploration and production; and

**WHEREAS**, the City has received in Fiscal Year 2014 and Fiscal Year 2015 and expects to continue to receive oil and gas lease revenues, royalty revenues, and ad valorem tax revenues from City owned property; and

**WHEREAS**, the City expects future oil and gas revenues will exceed the funding requirements of the City's General Fund; and

**WHEREAS**, the City desires to establish an Permanent Oil and Gas Fund that will be used to fund future special projects as designated by the City Council; and

**WHEREAS**, the Permanent Oil and Gas Fund will be funded by oil and gas lease revenues, royalty revenues and ad valorem tax revenues from City owned property and the earned interest thereon; and

**WHEREAS**, it is the City's intention that principal and/or interest in the Oil and Gas Fund should be withdrawn only upon meeting the conditions set forth below;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BRYAN, TEXAS:**

Section 1.

- A. There shall be and hereby is created and established a fund to be designated as the City of Bryan Permanent Oil and Gas Fund ("Oil and Gas Fund ") which Oil and Gas Fund shall be maintained at a depository of the City. The principal balance of the Oil and Gas fund shall be derived from oil and gas lease revenues, royalty revenues, and ad valorem tax revenues on mineral values from City owned property not designated as an enterprise fund.
- B. Funds deposited to the Oil and Gas Fund shall be kept separated by principal and interest earned. Funds deposited to the Oil and Gas Fund shall only be used by the City to fund future special projects as designated by the City Council.

C. Funds on deposit in the Oil and Gas Fund may only be withdrawn upon satisfaction of the following conditions:

- (i) The Bryan City Council approves by majority vote of the City Council members present at the meeting a one year appropriation from the Oil and Gas Fund for a named special project. Funding for the project will come from the balance of principal and interest earned in the Oil and Gas Fund and cannot be for more than the balance of principal and interest earned in the Oil and Gas Fund at the time of approval.

Section 2.

Should any section paragraph sentence phrase or word of this ordinance be declared unconstitutional or invalid for any purpose by a court of competent jurisdiction the remainder of this ordinance shall not be affected thereby and to this end the provisions of this ordinance are declared to be severable.

Section 3.

All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed to the extent of such conflict.

Section 4.

The City of Bryan Code shall remain in full force and effect save and except as amended by this Ordinance.

Section 5.

It is hereby found and determined that the meetings at which this ordinance was passed were open to the public as required by 551.001, et seq., Texas Government Code, and that advance public notice of the time place and purpose of said meetings was given.

Section 6.

The ordinance shall become effective immediately upon its second and final reading and passage.

**PRESENTED AND GIVEN** first reading the 22<sup>nd</sup> day of September, 2015 at a regular meeting of the City Council of the City of Bryan, Texas; and given second reading, **PASSED AND APPROVED** on the 13<sup>th</sup> day of October, 2015 by a vote of \_\_\_\_ yeses and \_\_\_\_ noes at a regular meeting of the City Council of the City of Bryan, Texas.

**ATTEST:**

**CITY OF BRYAN:**

\_\_\_\_\_  
Mary Lynne Stratta, City Secretary

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Jason P. Bienski, Mayor

**APPROVED AS TO FORM:**

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Janis K. Hampton, City Attorney