

APRIL 28, 2014

**A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, APRIL 28, 2014 IN THE KINGSVILLE CHAMBER OF COMMERCE BOARD ROOM LOCATED AT 635 E. KING AT 6:00 P.M.**

**CITY COMMISSION PRESENT:**

Sam Fugate, Mayor  
Dianne Leubert, Commissioner  
Al Garcia, Commissioner  
Noel Pena, Commissioner  
Arturo Pecos, Commissioner

**CITY STAFF PRESENT:**

Vincent J. Capell, City Manager  
Mary Valenzuela, City Secretary  
Courtney Alvarez, City Attorney  
Deborah Balli, Finance Director  
Emilio Garcia, Health Director  
Charlie Cardenas, Public Works Director/City Engineer  
Robert Isassi, Director of Planning & Development Services  
David Mason, Purchasing/IT Director  
Ricardo Torres, Chief of Police  
Joey Reed, Fire Chief  
Cynthia Martin, Interim Tourism Director

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Fugate called the meeting to order in the Robert H. Alcorn Commission Chamber at 6:00 p.m. and announced quorum with all five Commission members present.

**INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)**

The invocation was delivered by Courtney Alvarez, City Attorney, followed by the Pledge of Allegiance and the Texas Pledge.

**MINUTES OF PREVIOUS MEETING(S) – Required by Law**

NONE.

**II. Public Hearing - (Required by Law).<sup>1</sup>**

1. NONE.

**III. Reports from Commission & Staff.<sup>2</sup> (City Manager's Staff Report Attached).**

*"At this time, the City Commission and Staff will report/update on all committee assignments which may include, but is not limited to the following: Planning & Zoning Commission, Zoning Board of Adjustments, Historical Board, Housing Authority Board, Library Board, Health Board, Tourism, Chamber of Commerce, Coastal Bend Council of Governments, Conner Museum, Keep Kingsville Beautiful, and Texas Municipal League. Staff reports include the following: Building & Development, Code Enforcement, Proposed Development Report; Accounting & Finance – Financial & Investment Information, Monthly Financial Reports; Police & Fire Department – Grant Update, Police & Fire Reports; Street Updates; Public Works- Building Maintenance, Construction Updates; Park Services - grant(s) update, miscellaneous park projects, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Hotel Occupancy Report, Quiet Zone, Proclamations, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor,. No formal action can be taken on these items at this time."*

Mrs. Courtney Alvarez, City Attorney reported that the next regular scheduled meeting is May 12<sup>th</sup> with agenda items due on Friday May 2<sup>nd</sup>.

**IV. Public Comment on Agenda Items<sup>3</sup>**

1. Comments on all agenda and non-agenda items.

**V.**

**Consent Agenda**

### Notice to the Public

*The following items are of a routine or administrative nature. The Commission has been furnished with background and support material on each item, and/or it has been discussed at a previous meeting. All items will be acted upon by one vote without being discussed separately unless requested by a Commission Member in which event the item or items will immediately be withdrawn for individual consideration in its normal sequence after the items not requiring separate discussion have been acted upon. The remaining items will be adopted by one vote.*

### CONSENT MOTIONS, RESOLUTIONS, ORDINANCES AND ORDINANCES FROM PREVIOUS MEETINGS:

*(At this point the Commission will vote on all motions, resolutions and ordinances not removed for individual consideration)*

None.

### REGULAR AGENDA

### CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

#### VI. Items for consideration by Commissioners.<sup>4</sup>

##### 1. Consider an ordinance authorizing the issuance of City of Kingsville, Texas Limited Tax Refunding Bonds, Series 2014; a paying agent/registrar agreement; escrow agreement; and approving all other matters related thereto. (Director of Finance).

Mayor Fugate asked if there are no objections from the Commission, he would like to take agenda item #2 before item #1. No objections were made.

Ms. Anne Burget Entrekin, of First Southwest, reported on the rating process. She further stated that Standard & Poor's has updated their criteria and a list of questions which the City received was five pages long. City staff did an excellent job in answering these questions. She stated that S&P performs a yearly analysis on the City budget so they can get great detail on the City's funds. The City's rating was reaffirmed to A+Stable with the following comments made, strong budgetary flexibility and reserves projected to remain above the city's reserve goal, very strong liquidity providing very strong cash levels to cover both debt service and expenditures, strong management conditions and policies, and adequate debt and contingent liabilities position with a rapid amortization schedule. The stable outlook reflects Standard & Poor's expectation that the city will maintain its very strong budgetary flexibility, strong budgetary performance, and that the overall economy will remain stable. Ms. Entrekin further discussed the bids received. She stated that they have worked with the city in the past utilizing negotiated bond sales, competitive bond sales and even doing one direct placement with a local bank because it was a small issue with a short amortization and was much more cost effective. Entrekin stated that a competitive sale was suggested for the city is because it is less than the \$10,000,000, so the city will be able to be in a bank qualified market, and have a real lack of supply in the market right now. There are very low bond issuances and so they are seeing very low supply and high demand, which is a benefit to the city. Entrekin stated that there were ten bidders who put forth competitive bids. The winning bidder was SAMCO Capital Markets of Dallas, TX with a true interest cost of 1.877850%. Because of the A+ rating, the buyers decided not to utilize municipal bond insurance. They went on the underline credit of the city and this indicates that this was a money saving opportunity for the city. Ms. Entrekin further reported on the 2005 Certificate of Obligation which currently has \$8,900,000 outstanding with a call date on August 1, 2014. She stated that the good news is that they are planning on closing by May 21, 2014 which will put us within 90 days of the August 1<sup>st</sup> date, which is considered a current refund. This means that the city still has the benefit to potentially refinance another time in the future if it makes economic sense. Entrekin further stated that the refunding par amount is \$9,040,000; gross savings is \$1,305,765 so on an annual basis that's about \$118,535. Net present value savings is \$1,159,829 which is 13% and the cost of the bond is 1.866%. Mrs. Entrekin further stated by recommending an implementing the refunding at this time verses doing earlier, the city has been able to refund these bonds on a current basis with advanced refunding providing additional refunding flexibility in the future. She further reported that it has not had to establish an escrow and minimizes negative arbitrage and has been able to achieve higher debt service savings as a result of declining interest rates since December of 2013. It is recommended the City approve the bid from the Underwriter, SAMCO Capital Markets. Ms. Entrekin further expressed her appreciation to the City staff, especially Mr. Capell, Mrs. Alvarez, Mrs. Balli, and Mr. Bryson for all their assistance in making this a successful process and transaction. She further thanked the Bond Counsel, Winstead, for their efforts and thanked the City for the honor of serving Kingsville as its Financial Advisor.

Mayor Fugate commented that his is great news for the City and thanked Ms. Entrekin for all her work.

**Motion made by Commissioner Leubert to authorize the issuance of the cash refunding bonds, seconded Commissioner Pena. The motion was passed and approved by the following vote: Leubert, Pecos, Pena, Garcia, Fugate voting "FOR".**

**2. Consider a resolution authorizing payment to the Rio Bravo RC&D for administration of SEP's with TCEQ. (City Manager).**

Mr. Capell stated that County Commissioner David Rossi would explain this item to the Commission.

Mr. David Rossi, County Commissioner reported that Rio Bravo RC&D is a 501(c)(3) non-profit corporation which works together for the benefit of our citizenry when able to do so. He further stated that they do supplemental environmental programs when a company receives a fine from the state that company can request for the money to be kept locally for some type of cleanup. Rossi further stated that Rio Bravo is in need of \$2,000 for continued administration of the outstanding SEP's for 2014-2015. The RC&D is approved by TCEQ to administer the SEP's. Rossi further stated that in order to continue their operations, they must seek funding sources to ensure funding to help keep their doors open.

Commissioner Leubert that these are not grants. She stated that any entity gets fined by the State, those funds, rather than paying the fine to the State can do a Supplemental Environment Project. Those entities can do their projects and get those awarded and the State will approve those. Mr. Rossi stated that what Commissioner Rossi is stating may be right, but he is not familiar with that side of it, but being on the board for 15 years, he knows the good his program has done.

Mayor Fugate asked Mrs. Alvarez what the last three fines the City received added up to. Mrs. Alvarez stated roughly over \$90,000. Mrs. Alvarez stated that the City has already signed an SEP last year for roughly \$10,000 and if they don't stay open and can't administer it, the City will give the money to TCEQ. Commissioner Leubert stated that this is not necessarily true. Leubert stated that if the City does its own SEP and do it in house, which can be done. Mrs. Alvarez stated that it would have to be pre-approved prior to execution of the agreed order with TCEQ executive committee.

**Motion made by Commissioner Pena to approve this resolution, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Garcia, Pecos, Pena, Fugate voted "FOR". Leubert "AGAINST".**

**3. Consider a resolution authorizing an easement variance for 4310 Masters Drive with a release agreement. (City Engineer/Public Works Director).**

Mr. Cardenas reported that this is a continuation from the item presented to the Commission during a previous meeting. Cardenas stated that Mr. Michael Morales is present to answer any questions the Commission may have regarding his request for this variance. Cardenas reported that a waiver and release agreement has been administered not holding the City of Kingsville liable for any damages due to a relocation of a water line.

Mrs. Alvarez stated that the agreement has already been executed.

Commissioner Leubert asked if staff is happy with all this. Mr. Cardenas stated yes, and Mr. Morales will incur any cost to move any kind of utilities.

Mayor Fugate stated that he is very concerned and wants the property owner to understand that this is a 6" water line and if that line breaks it could cause major damage to the property owners' swimming pool. Mr. Morales, property owner stated that he understood.


**Motion made by Commissioner Pena to approve this resolution authorizing an easement variance for 4310 Masters Drive with a release agreement, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Pecos, Pena, Garcia, Leubert, Fugate voting "FOR".**

**4. Consider final passage of an ordinance amending the City of Kingsville Code of Ordinances Chapter VII, Article 6, Traffic Control Devices, providing for the restriction of parking on the south side of Corral Avenue from University Blvd. to Seale Street. (City Engineer/Public Works Director).**

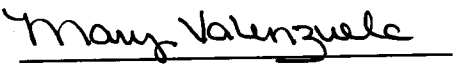
**Motion made by Commissioner Garcia to approve this ordinance, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Pena, Garcia, Leubert, Pecos, Fugate voting "FOR".**

**VI. Adjournment.**

There being no further business to come before the City Commission, the meeting was adjourned at 6:40 P.M.

  
Sam R. Fugate, Mayor

ATTEST:

  
Mary Valenzuela, City Secretary