

FEBRUARY 01, 2002

A SPECIAL MEETING OF THE CITY COMMISSION OF THE CITY OF KINGSVILLE, TEXAS WAS HELD ON FRIDAY, FEBRUARY 01, 2002 AT 12 NOON IN THE HONORABLE ROBERT H. ALCORN COMMISSION CHAMBERS AT CITY HALL, 200 EAST KLEBERG AVENUE.

CITY COMMISSION MEMBERS PRESENT:

Stanley Laskowski, City Commissioner
Filemon "Phil" Esquivel, Jr., Mayor
Arturo Pecos, City Commissioner
Al Garcia, City Commissioner

CITY COMMISSION MEMBER(S) ABSENT:

Rene "Mr. V" Villarreal, City Commissioner

CITY STAFF PRESENT:

Hector M. Hinojosa, City Manager
Diana F. Valadez, City Secretary
Ruben Perez, City Attorney
Courtney Alvarez, Assistant City Attorney
Victor Salas, Director of Finance

I. PRELIMINARY PROCEEDINGS

OPEN MEETING:

Mr. Hector M. Hinojosa, City Manager, led the Commission and members of the audience in an invocation. Immediately thereafter, Dr. Robert Rhodes, a member of the audience, led the Pledge of Allegiance.

MINUTES OF PREVIOUS MEETING(S) – REQUIRED BY LAW.

There were no minutes available for approval.

II. PUBLIC HEARING – (REQUIRED BY LAW).

1. None.

III. PETITIONS, GRIEVANCES, AND PRESENTATIONS.

1. None.

IV. PUBLIC COMMENT ON AGENDA ITEMS.

Mr. Bill Aldrich, 236 Pasadena, addressed the Commission regarding agenda item number one. He stated that he would like an opportunity to review the tax abatement schedule before it is actually approved by the Commission. Mr. Aldrich also stated that he received sales statistics from Lowe's and it is not possible for this company to generate twenty-two to twenty-five million in sales here in Kingsville.

Dr. Robert Rhodes, 1001 West Yoakum, addressed the Commission regarding agenda item number one. He stated that he is opposed to the tax abatement being offered to Lowe's as well as any other tax incentives the City offers. Dr. Rhodes stated that the Lowe's store will be in direct competition with businesses in Kingsville.

Mr. Carl Anderson, 218 Helen Marie, stated that he is the manager of the South Park Apartments. He stated that he was not aware that apartments were being

considered to be built adjacent to the Lowe's Store. He stated that the Commission should be helping existing businesses that are already here in Kingsville.

Mr. Bill Cumberland, 218 East Fairview, addressed the Commission regarding agenda item number one. He stated that the City should not help the Lowe's business in anyway. He stated that if the City wants to give away any money, it should give it to the existing businesses.

Mrs. Sandy Maltby, 3747 Andron Lane, also addressed the Commission regarding agenda item number one. She stated that the City of Kingsville as a community should not be doing anything for this company. In turn, this new company should be doing something for our community. Mrs. Maltby stated that the new Lowe's business is definitely going to affect existing businesses and they should not be asking for anything.

V. ITEMS FOR CONSIDERATION BY COMMISSIONERS.

1. CONSIDER APPROVAL OF PROPERTY TAX ABATEMENT SCHEDULE FOR NEW BUSINESS CONSTRUCTION OR NEW INFRASTRUCTURE INVESTMENT AND FOR BUSINESS IMPROVEMENTS. (CITY COMMISSION).

Mayor Filemon "Phil" Esquivel, Jr., explained some of the incentives currently available by the City of Kingsville. He stated that the goal of the Commission is to improve the quality of life for the citizens of Kingsville. He stated that abatements are offered to recruit businesses to Kingsville. Mayor Esquivel stated that if the City of Kingsville does not offer an attractive package to Lowe's then the business would just relocate to a neighboring city. He also explained all of the improvements that are scheduled for General Cavazos, and new businesses that are planning to construct a new business in the vicinity of the new Lowe's store.

Commissioner Stanley Laskowski stated that the abatement being offered would assist businesses to bring in jobs that pay above minimum wage. Commissioner Laskowski also stated that the abatements are being offered to also encourage existing businesses to expand their business.

There was a lengthy discussion regarding the proposed tax abatement schedule as well as revenues the City generates, and the growth of the City.

Mayor Esquivel stated that a grant is still pending with the Texas Capital Fund, to fund improvements to Shelly Street for the Lowe's Project. He stated that the Board of Director's of Lowe's are scheduled to meet on February 5th to decide whether or not to open the business in Kingsville.

Commissioner Laskowski stated that whether or not Lowe's decides to open in Kingsville, an abatement schedule is necessary to have in place for other businesses.

Mayor Esquivel thanked those individuals in the audience that addressed the Commission regarding this item. He stated that the Commission would now go into executive session to discuss certain items.

3. EXECUTIVE SESSION: UNDER SECTION 551.071 OF THE TEXAS OPEN MEETINGS ACT, THE CITY COMMISSION SHALL CONVENE IN EXECUTIVE SESSION TO SEEK LEGAL ADVICE FROM THE CITY ATTORNEY REGARDING POTENTIAL LITIGATION AFFECTING PROPERTY VALUATION AND TAXATION OF CITY PROPERTY. (CITY ATTORNEY).

4. EXECUTIVE SESSION: UNDER SECTION 551.071 OF THE TEXAS OPEN MEETINGS ACT, THE CITY COMMISSION SHALL CONVENE IN EXECUTIVE SESSION TO SEEK LEGAL ADVICE FROM THE CITY ATTORNEY REGARDING POTENTIAL LIIIGATION REGARDING ADMINISTRATION AND ENFORCEMENT OF CITY OBLIGATIONS UNDER THE SOUTH TEXAS WATER AUTHORITY SUPPLY CONTRACT. (CITY ATTORNEY).

The Commission began the executive session at 1:28 p.m. and ended the session at 2:38 p.m.

The Commission once again discussed and considered agenda item number one.

1. CONSIDER APPROVAL OF PROPERTY TAX ABATEMENT SCHEDULE FOR NEW BUSINESS CONSTRUCTION OR NEW INFRASTRUCTURE INVESTMENT AND FOR BUSINESS IMPROVEMENTS. (CITY COMMISSION).

A motion was made by Commissioner Al Garcia and seconded by Commissioner Arturo Pecos to approve a property tax abatement schedule for new business construction or existing business expansion. The motion passed by a 4/0 vote. Commissioner Villarreal was not present.

The tax abatement schedule adopted by the Commission is listed as "Exhibit A" at the end of these minutes.

2. CITY MANAGER'S REPORT. (CITY MANAGER).
2.1 UPDATE ON LANDFILL IMPROVEMENTS.

Mr. Hinojosa stated that a letter had been sent to TNRCC requesting authorization to open the new sector at the landfill.

2.2 STATUS OF DIRECTOR OF DEVELOPMENT SERVICES.

Mr. Hinojosa stated that an offer is being made to an individual for this position. He stated that he would notify the Commission if the individual would accept the offer for employment.

2.3 STATUS OF TEXAS CAPITAL FUND GRANT APPLICATION AND LOWE'S PROJECT.

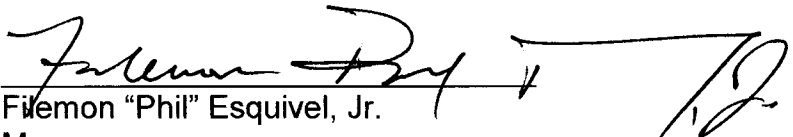
Mr. Hinojosa stated this subject was discussed during Executive Session.

5. CONSIDER RESPONSE TO STWA CONTRACT NEGOTIATIONS PROPOSING EQUITABLE MODIFICATIONS TO CURRENT WATER SUPPLY CONTRACT.

A motion was made by Commissioner Laskowski and seconded by Commissioner Pecos to respond to a letter dated January 30, 2002 sent by Mrs. Carolla Serrato, Executive Director of the STWA, regarding proposed water rates.

VI. ADJOURNMENT.

The meeting adjourned at 2:55 p.m.


Filemon "Phil" Esquivel, Jr.
Mayor

ATTEST:

Diana F. Valadez, City Secretary

EXHIBIT "A"
**AD-VALOREM TAX ABATEMENT SCHEDULE FOR
 NEW BUSINESS INVESTMENT OR EXISTING BUSINESS EXPANSION**

APPRAISED VALUE OF NEW INVESTMENT OR EXPANSION INVESTMENT	ANNUAL PERCENTAGE OF TAX ABATEMENT	APPRAISED VALUE OF NEW INVESTMENT OR EXPANSION INVESTMENT	ANNUAL PERCENTAGE OF TAX ABATEMENT	**ACTUAL NEW JOBS CREATED AND MAINTAINED	LENGTH OF TAX ABATEMENT
\$100,000	2.00	\$2,600,000	52.00	5 - 15	1 YEAR
\$200,000	4.00	\$2,700,000	54.00	16 - 30	2 YEARS
\$300,000	6.00	\$2,800,000	56.00	31 - 45	3 YEARS
\$400,000	8.00	\$2,900,000	58.00	46 - 60	4 YEARS
\$500,000	10.00	\$3,000,000	60.00	61 AND OVER	5 YEARS
\$600,000	12.00	\$3,100,000	62.00		
\$700,000	14.00	\$3,200,000	64.00		
\$800,000	16.00	\$3,300,000	66.00		
\$900,000	18.00	\$3,400,000	68.00		
\$1,000,000	20.00	\$3,500,000	70.00		
\$1,100,000	22.00	\$3,600,000	72.00		
\$1,200,000	24.00	\$3,700,000	74.00		
\$1,300,000	26.00	\$3,800,000	76.00		
\$1,400,000	28.00	\$3,900,000	78.00		
\$1,500,000	30.00	\$4,000,000	80.00		
\$1,600,000	32.00	\$4,100,000	82.00		
\$1,700,000	34.00	\$4,200,000	84.00		
\$1,800,000	36.00	\$4,300,000	86.00		
\$1,900,000	38.00	\$4,400,000	88.00		
\$2,000,000	40.00	\$4,500,000	90.00		
\$2,100,000	42.00	\$4,600,000	92.00		
\$2,200,000	44.00	\$4,700,000	94.00		
\$2,300,000	46.00	\$4,800,000	96.00		
\$2,400,000	48.00	\$4,900,000	98.00		
\$2,500,000	50.00	\$5,000,000	100.00		

TAX ABATEMENT WILL BE OFFERED TO ANY NEW OR EXISTING BUSINESS

**** LENGTH OF ABATEMENT WILL BE BASED UPON ACTUAL NUMBER OF NEW FULLTIME JOBS THAT ARE CREATED PAYING WAGES OF 150% OR MORE ABOVE MINIMUM WAGE. JOBS MUST BE MAINTAINED FOR THE DURATION OF THE ABATEMENT PERIOD TO QUALIFY AND WILL BE SUBJECT TO VERIFICATION OF QUALIFICATION ANNUALLY.**