

JUNE 8, 2007

A SPECIAL MEETING OF THE CITY OF KINGSVILLE, TEXAS CITY COMMISSION WAS HELD ON FRIDAY, JUNE 8, 2007 IN THE HONORABLE ROBERT H. ALCORN COMMISSION CHAMBERS CITY HALL / 200 EAST KLEBERG AVENUE AT 12:00 P.M.

CITY COMMISSION PRESENT:

Sam R Fugate, Mayor
Al Garcia, Commissioner
Stanley Laskowski, Commissioner
Arturo Pecos, Commissioner

CITY COMMISSION ABSENT:

Charles E Wilson, Mayor Pro-tem

CITY STAFF PRESENT:

Carlos Yerena, City Manager
Courtney Alvarez, City Attorney
Al Lopez, Fire Chief
Yolanda Cadena, Health Director
Bill Donnell, Public Works Director
Diana Gonzalez, Human Resource Director

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate called the meeting to order in the City Commission Chambers at 12:08 P.M.

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)

The invocation was delivered by City Manager Yerena, followed by the Pledge of Allegiance and the Texas Pledge.

MINUTES OF PREVIOUS MEETING(S) – Required by Law

There were no minutes to consider.

II. Public Hearing - (Required by Law).¹

NONE

III. Petitions, Grievances, and Presentations.²

1. City Manager's Report. (City Manager).

Mayor Fugate called for the City Manager's report. City Manager Yerena thanked the Commission for their participation at the JLUS Public Forum and meetings.

2. City Attorney's Report. (City Attorney).

Mayor Fugate called for the City Attorney's report. City Attorney Alvarez reported that she will be attending a Legislative Update Conference the week of June 12th – 15th. She reported on a meeting with the County to be held on Tuesday, June 12th regarding hiring an election administrator.

3. City Commission's Reports. (City Commission).

Mayor Fugate called for the City Commission's reports. Commissioner Laskowski commented that his wife thought the Public Forum was fun, had good attendance and good facilitators.

IV. Public Comment on Agenda Items³

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

Mayor Fugate called for comments on all agenda and non-agenda items. There were no comments.

V. Consent Agenda

NONE

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners.⁴

1. Consider introduction of an ordinance authorizing the issuance of "City of Kingsville, Texas Public Property Finance Contractual Obligations, Series 2007"; levying an Ad Valorem Tax for the payment thereof; and other agreements and matters related thereto. (City Manager).

City Manager Yerena advised the Commission that Ms Ann Burger would be attending Monday's meeting. He stated the City had two options, one was for \$770,000 for the ladder truck and the other option was for the \$1.2 million that incorporates additional equipment. He added that all quotes are based on a ten year life span.

Mr. Mark Rushing, Finance Director stated that the handout was at the \$770,000 level with a quote from Bank of America which was 4.18%, non-callable. In reference to the callable action, Houston Community Bank quoted 4.35%. He stated that at the \$1.2 million level, Bank of America was at 4.16%, non-callable, and Houston Community quoted 4.32% for the callable. In comparison at going with non-callable or callable, he stated that at the \$770,000 level, the earned interest rate would have to drop to a 1.71% to be able to break even. To consider buying the option for callable, he stated this was not effective. At the 1.2% level, the interest rate would have to drop to 2.52% before it would be effective. He stated that the interest rates in the market are running at 4.18% or 4.35% levels. Commissioner Laskowski asked Mr. Rushing if his recommendation was that whichever option the Commission chooses that they go with a non-callable bond. Mr. Rushing replied that was correct and added that it is not cost effective to consider going with the callable option.

Mayor Fugate called for further questions or comments. Commissioner Pecos asked about the callable option for the \$770,000 amount. Mr. Rushing replied if the option is callable then the interest rate is higher. Commissioner Laskowski made several comments at the possibility of rather than doing an all tax issuance to do a tax and revenue issuance. He stated if the City goes with the \$1.2 million the monies for garbage trucks should be paid for through the user fees for trash collection. He stated that the debt service would be about \$48,000 a year increase in the difference between the \$770,000 versus the \$1.2 million. He provided information on raising garbage rates. He stated that earlier during the day, he had a conversation with the City Manager and the City Manager's recommendation is that he is not prepared to do the additional issuance for the \$1.2 million to purchase garbage trucks. Commissioner Laskowski voiced his concern about the cost for repairing garbage trucks and the money being paid for overtime because the garbage trucks breakdown. He then provided information on the cost for repairing garbage trucks.

City Manager Yerena stated he agrees with the concept of the revenue bonds because it should be the user that pays. He stated that his vision is to do a thorough analysis of what the needs are, and then knowing what the needs are, do a one time issuance of debt to buy the equipment. He stated that along with the RFP a trash collection rate study will be included. He stated that when doing the first RFP, it was found that the City's rates were not competitive. City Manager Yerena stated that by matching the debt service with the rate increases then this will pay for the equipment. He stated that the rate study would be ready in approximately 60 days. He stated that information was received from Ms Burger regarding the timeline for revenue bonds.

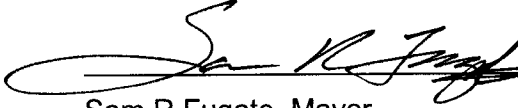
Mayor Fugate asked that Staff provide information on the amount of money being used for maintenance and repairs for the garbage trucks. Mr. Rushing stated that Mr. Garcia, Garage Superintendent compiles recaps on maintenance for each vehicle. Mayor Fugate asked about timeline for the RFP. City Manager Yerena stated that the exercise pinpointed that the potential fees were much higher than what was being done in-house, which showed that the City was under-funded and that the rates needed some attention. Mayor Fugate stated if the City was going to stay in this business the only way to capitalize is to raise fees.

There was lengthy discussion regarding the garbage RFP.

INTRODUCTION ONLY

VI. Adjournment.

There being no further business to come before the City Commission the meeting was adjourned at 12:50 P.M.



Sam R Fugate, Mayor

ATTEST:



Edna S Lopez, City Secretary