

SEPTEMBER 24, 2012

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, SEPTEMBER 24, 2012 IN THE HONORABLE ROBERT H. ALCORN COMMISSION CHAMBERS 200 EAST KLEBERG AVENUE AT 5:00 P.M.

CITY COMMISSION PRESENT:

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

CITY STAFF PRESENT:

Vince Capell, City Manager
Mary Valenzuela, City Secretary
Courtney Alvarez, City Attorney
David Mason, Purchasing Director
Mark Rushing, Finance Director
James Bryson, Accountant Manager
Mike Kellam, Director of Development Services
Yolanda Cadena, Health Director
Willie Vera, Task Force Commander
Diana Gonzales, Personnel Director
Rose Morrow, Municipal Court Supervisor
Diana Medina, Collections Manager
Arturo Moreno, Accountant II
Naim Kahn, City Engineer/Public Works Director
Bill Donnell, Asst. Public Works Director
Felix Camarillo, Fire Department
Robert Rodriguez, Library Director
Bob Trescott, Director of Tourism
Rick Torres, Chief of Police
James Creek, Fire Department

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate called the meeting to order in the City Commission at 6:00 P.M. and announced quorum as present.

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)

The invocation was delivered by Mark Rushing, Finance Director followed by the Pledge of Allegiance and the Texas Pledge.

MINUTES OF PREVIOUS MEETING(S) – Required by Law

Mayor Fugate called for consideration of the minutes for special meeting held on Monday, September 17, 2012. **Commissioner Pena made a motion to accept the minutes, as presented, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Garcia, Leubert, Pecos, Pena, Fugate voting "FOR".**

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

1. None.

III. Reports from Commission & Staff.² (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, PublicInformation, 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.”*

1. *Presentation regarding City's Group Health Insurance Plan.*
2. *Presentation regarding City Ambulance Billing Rates.*
3. *Presentation regarding potential application to Community Development Block Grant Program for water improvements.*
4. *Presentation regarding potential 2013 CO projects.*

Mayor Fugate presented Ms. Yolanda Cadena, Health Director, with a retirement plaque as well as a retirement watch. Ms. Cadena has worked for the City of Kingsville for 29 years.

Mrs. Courtney Alvarez, City Attorney, had no report at this time.

Presentation made by Ann Barger of First Southwest, discussed potential 2013 Certificate of Obligation projects. Ms. Barger stated that there wasn't anything to go into great detail this evening. There are a couple of items on the agenda in which they are following very closely. These agenda items are #13, finalizing the projects for Certificate of Obligation. Once those projects have been finalized, we will begin working closely with Mr. Rushing, Finance Director to structure the obligations to bring back to Commission for approval. Agenda item #14, resolution declaring the intent to reimburse certain expenditures, this is something that has been done before, and it is non-binding. Basically, there is an amount not to exceed, this was suggested by bond counsel, and the most important thing is that this allows to fund the projects before bonds are issued. It will allow the City to use bond proceeds to reimburse the fund balance. This is more of a safety net and a good fiscal practice to put these in place in advance of really starting a bond issue. There were some minor adjustments to the table of events. The key date is for the Commission meeting of Monday, November 26, 2012. At this point in time, they will have the needs assessment and the projects finalized and will come back to the Commission with the notice of intent to issue and propose at service structure based on the Commission's finalization of projects and the amortization of those projects. There will also be any related impacts as well. The items for consideration for the Certificates of Obligation are streets, balance of the funding for City Hall and drainage projects.

Mr. Rick Medrano representative of Entrust and Jerry Bravonec, made a presentation to the Commission regarding City's Group Health Insurance Plan. Mr. Bravonec stated that there is some historical data that they will be discussing dated back to 2003. This shows some utilization for the health plan in rendition to that, the process for the projections for funding for the next year which have been reviewed for the last 90 days with staff. They have come up with some recommendations to help some of the cost and conserve the benefits for the city employees. There are four different recommendations that were made in which staff has reviewed and are recommending three of the four recommendations.

Ms. Mary Malone of Intermedix made a presentation to the Commission regarding City Ambulance Billing Rates. Ms. Malone discussed ambulance billing rates for services provided by the City of Kingsville Ambulance Service. She stated that the city's rates are low and should consider increasing them within time.

Ms. Mary Mora, Grant Writer and Charlie Sosa of LNV Engineering, made a presentation to the Commission regarding potential application to Community Development Block Grant Program for water improvements. Ms. Mora stated that

this grant is through the Texas Department of Agriculture. This grant is called Texas Community Development Block Grant Program, Community Development Fund Application 2013-2014. The maximum amount we can apply for is \$300,000.

Mayor Fugate called for a 10 minute break at 6:18 p.m. The meeting was called back to order at 6:30 p.m.

IV. Public Comment on Agenda Items ³

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

No comments were made by the public at this time.

Mayor asked for a motion to approve the consent agenda as presented. **Commissioner Garcia made a motion to approve the consent agenda as presented, second by Commissioner Pecos. The motion was passed and approved by the following vote: Pena, Garcia, Leubert, Pecos Fugate voting "FOR".**

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)

1. Consider final passage of an ordinance amending the Fiscal Year 2011-2012 Budget for the City of Kingsville for deficit accounts. (Finance Director).
2. Consider approval of a resolution authorizing the City Manager to enter into an engagement letter agreement between the City of Kingsville, Texas and John Womack & CO., P.C. for the 2011-2012 Fiscal Year Audit. (Finance Director).
3. Consider approval of a resolution accepting communication letter from Independent Auditor John Womack & CO., P.C.; Authorizing the Mayor to execute the letter on the City's behalf. (Finance Director).
4. Consider approval of a resolution authorizing the City Manager to execute a Training and Development Agreement with Del Mar College for the City of Kingsville Specialized Crimes and Narcotics Task Force. (Task Force Commander).

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners. ⁴

5. Consider a resolution approving the City of Kingsville's 2012 Tax Roll as submitted by the Kleberg County Tax Assessor-Collector pursuant to the Texas Property Tax Code, Chapter 26, Section 26.09(e). (Finance Director).

Mr. Rushing stated that this is what the City has built its budget for the new fiscal year, \$693,433,232.

Motion made by Commissioner Leubert to approve this resolution as presented, second by Commissioner Pena. The motion was passed and approved by the following vote: Garcia, Leubert, Pecos, Pena, Fugate voting "FOR".

6. Consider a resolution of the City Commission of the City of Kingsville, Texas, authorizing the submission of a Texas Community Development Block Grant Program application to the Texas Department of Agriculture for the Community Development Fund (for water improvements); and authorizing Mayor Sam Fugate to act as the City Executive Office and authorized representative in all matters pertaining to the City's participation in the Texas Community Development Block Grant; repealing all conflicting resolutions and providing for an effective date. (City Engineer/Public Works Director).

Mr. Naim Kahn, Public Works Director, stated that after doing some research on the location that the water line will be placed, if grant approved, and decided on Armstrong from Kenedy to Caesar to help several hundred citizens directly. The existing pipe is an 8 inch pipe which is a cast iron pipe that has a lot of corrosion and has become a 4 inch pipe now. He further stated that there is a minor change which requires a 5%, or \$15,000 in-kind. Engineering design will be done in-house which will save \$40,000 administrative fee and will fulfill the requirement for in-kind. The total of \$260,000 can be used for the pipe, fire hydrant and valve installation.

Motion made by Commissioner Pena and Commissioner Pecos to approve this resolution as presented, second by Commissioner Garcia. The motion was passed and approved by the following vote: Leubert, Pecos, Pena, Garcia, Fugate voting "FOR".

7. Discuss and consider authorizing the Mayor to sign the application for the Texas Community Development Block Grant Assistance, Standard Form 424, for the Texas Community Development Block Grant Program for water improvements. (City Engineer/Public Works Director).

Motion made by Commissioner Pecos to authorize the Mayor to sign the application for the Texas Community Development Block Grant Assistance, Standard Form 424, second by Commissioner Pena. The motion was passed and approved by the following vote: Pena, Garcia, Leubert, Pecos, Fugate voting "FOR".

8. Consider introduction of an ordinance amending the City of Kingsville Code of Ordinances Chapter XI, Article 2, Ambulance Service, providing for the ambulance billing rates for services provided by the City. (Finance Director).

Mayor Fugate stated that staff is proposing the medium rate. This being an introduction item, no action was taken.

9. Consider a resolution authorizing the City Manager to execute a contract extension with Entrust, Inc. for the third party administration services of the City of Kingsville Employee Benefit Plan Trust. (Finance Director).

Mayor Fugate stated that staff is recommending extending the current contract with Entrust Inc. but leaving the out-of-area out and leave the contract as it is currently.

Mr. Capell stated that the consultant did the city a favor by putting us up for consideration. It's something that can be looked at internally and discuss with city employees over the next several months.

Commissioner Garcia asked for further explanation with regards to 24/12 versus 12/12.

Mr. Rick Medrano stated that the aggregate is what covers the city for the claims below \$75,000. The aggregate factor determines the maximum claim liability for the City. Every year we shop the stop-loss carries and they provides us with those aggregate factors. Those rates, depending on the type of contract the city has, could be a 15/12, 12/12 or 24/12. A 24/12 carries more liability than a 12/12. The 24/12 is covering run-in claims from the prior year going back 12 months. A contract that starts October 1st, 2012 through September 30th, 2013, will cover claims below \$75,000 that were incurred in October 2011 through September 2012. In order to do this, they want to increase the potential claim liability by \$350,000. The historical incoming claims come nowhere near that exposure. If you look at a 12/12, it's going to drop the aggregate factor on an annualized basis. The claims that are below \$75,000 are not going to exceed the \$350,000 they will probably come in at around \$200,000 to \$230,000 versus the exposure

of taking \$350,000 that the city does not have to take. The claim factor liability will be kept lower which potentially get into the carries dollars quicker.

Mr. Rushing stated that if the City was to buy a 24/12 now, and not take advantage of the savings, the City would still have the same scenario next year on doing a 24/12.

Motion made by Commissioner Leubert to approve this resolution authorizing the City Manager to execute a contract extension with Entrust, Inc. but excluding the out-of-area co-insurance, second by Commissioner Pena. Motion was passed and approved by the following vote: Garcia, Leubert, Pecos, Pena, Fugate voting "FOR",

10. Consider a resolution authorizing the City Manager to execute a contract with Kleberg First National Bank of Kingsville for the Bank Depository Contract with the City of Kingsville. (Finance Director).

Mr. Rushing stated that this is a renewal of our current depository contract. The city went out for bids and received only one bid from Kleberg Bank. The last time this was bided out, the city received only one bid which was from Kleberg Bank. A lot of the banks are not looking in seeking out municipality business because the margin of return on investment is so small. Kleberg Bank has provided the City with good service. In addition to the services, he bank will provide the City of Kingsville employees with a free checking account and more. For those employees who do not desire a checking account, Kleberg Bank will provide a free payroll card with direct deposit.

Motion made by Commissioner Garcia to approve this resolution authorizing the City Manager to execute a contract with Kleberg First National Bank, second by Commissioner Pecos. The motion was passed and approved by the following vote: Leubert, Pecos, Pena, Garcia, Fugate voting "FOR".

11. Consider a resolution approving the City of Kingsville, Texas Policy for the Lapsing of appropriations at the end of the City's fiscal year, and establishing the treatment of encumbrances outstanding at fiscal year-end. (Finance Director).

Mr. Rushing stated this is incompliance with GASB 54 (Government Accounting Standards Board).

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

12. Consider a resolution to commit moneys to cover the adopted budget deficit by drawing down the surplus in the reserve account of the General Fund. (Finance Director).

Mr. Rushing that this is also incompliance with GASB 54.

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

13. Discuss potential projects for proposed Certificate of Obligation Series 2013. (City Manager).

Mr. Rushing stated that some of the things that are being looked at are in action item #14. This lists the projects that we potentially have already. And as discussed earlier whether or not we put streets on the Certificate of Obligation 2013, would be something we are looking at and maybe pushing out the principal to 2017 and just paying the interest on it and stacking that on to it is one of the alternatives. The drainage projects will run around \$4,000,325.00. There is also a street project, sidewalk renovation maybe part of this in which we may go into a partnership with homeowners and look at the sidewalks that it would take in design and the homeowner would pay half of the cost with the City paying the other half.

Mr. Capell stated that the City is not committing itself to doing this project. He stated that the City could ask the property owner to replace the sidewalk which could be a bit pricey for the property owner. If the City can partner up with the

property owner at a 50/50 cost, the City and property owners can have sidewalks.

Mr. Rushing stated that he would like to run it by bond counsel and look at a Certificate of Obligations to see if it still qualifies and describe the program to them to see if it would qualify for a Certificate of Obligation. The CO 2002-A, there is an economic savings on the Certificate of Obligation in the presentation that Ann Barger made to the Commission that may can be rolled into and catch the economic benefits of the lower interest rate and place this money in escrow and pay off that debt of \$1,000,245.00. The wording for agenda item #14, \$10,000,000, it doesn't mean that we have to use all \$10,000,000 but we probably would cap it off at that dollar amount.

14. Consider a resolution declaring intent to reimburse certain expenditures with borrowing proceeds. (Finance Director).

Mr. Rushing stated that this is the mechanism as done in 2010 in preparation for the Certificate of Obligation 2011. By having the resolution in place, if the city was to incur expenses between now and time the CO's were issued, the City could reimburse their fund balance if used.

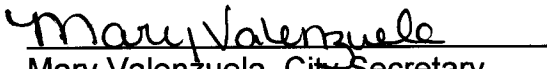
Motion made by Commissioner Pecos to approve this resolution as presented, second by Commissioner Pena. The motion was passed and approved by the following vote: Pecos, Pena, Garcia, Leubert, Fugate voting "FOR".

VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 7:13 p.m.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, City Secretary