

FEBRUARY 22, 2021

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, FEBRUARY 22, 2021 IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 5:00 P.M.

**CITY COMMISSION PRESENT:**

Sam R. Fugate, Mayor  
Hector Hinojosa, Commissioner  
Norma N. Alvarez, Commissioner  
Edna Lopez, Commissioner  
Ann Marie Torres, Commissioner

**CITY STAFF PRESENT:**

Mark McLaughlin, City Manager  
Mary Valenzuela, City Secretary  
Courtney Alvarez, City Attorney  
Janine Reyes, Tourism Director  
Kyle Benson, IT Manager  
Derek Williams, IT  
Uchechukwu Echeozo, Director of Planning & Development Services  
Susan Ivy, Parks Director  
Rudy Mora, Engineer  
Bill Donnell, Public Works Director  
Deborah Balli, Finance Director  
Charlie Sosa, Purchasing Manager  
Diana Gonzales, Human Resources Director

**STAFF PRESENT VIA CONFERENCE CALL OR VIDEOSTREAM**

Emilio Garcia, Health Director

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Fugate opened the meeting at 5:00 p.m. with all five Commission members present.

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

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

**MINUTES OF PREVIOUS MEETING(S)**

**Regular Meeting-February 8, 2021**

Motion made by Commissioner Lopez to approve the minutes of February 8, 2021 as presented, seconded by Commissioner Torres. The motion was passed and approved by the following vote: Hinojosa, Alvarez, Lopez, Torres voting "FOR". Fugate "ABSTAINED".

**\*\*AUDIENCE AND PRESENTER SOCIAL DISTANCING AND PUBLIC TESTIMONY AND PUBLIC HEARING INPUT AT PUBLIC MEETINGS OF THE CITY COMMISSION.**

To reduce the chance of COVID-19 transmission, public meetings will be held in a manner intended to separate, to the maximum practical extent, audience and presenters from personal contact with members of Community, City Staff, and City Commission. Public testimony and public hearing input for Public Comment and all items on the agenda at public meetings of the City Commission shall be provided in written format and presented to the City Secretary and/or designee prior to the start of each meeting of the City Commission. This testimony and/or public input shall be in accordance with the City Secretary's instructions, which shall be posted on the City Secretary's outdoor public bulletin board at City Hall and on the City website and allow for electronic submission. The written public testimony shall be provided to members of the City Commission prior to voting on measures for that meeting. Written testimony shall be limited in accordance with the City Secretary requirements and shall be placed into the record of each meeting. This written testimony shall serve as the required public testimony pursuant to Texas Government Code section 551.007 and shall constitute a public hearing for purposes of any public hearing requirement under law. The meeting may be held telephonically or via videoconference; and, if so conducted, the public may participate remotely by following the instructions of the City Secretary which would be posted on the City Secretary's outdoor public bulletin at City Hall and on the City website.

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

1. None.

**III. Reports from Commission & Staff.<sup>2</sup>**



"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, Condemnation Update, Proposed Development Report; Accounting & Finance – Financial & Investment Information, Investment Report, Quarterly Budget Report, Monthly Financial Reports, Utilities Billing Update; Police & Fire Department – Grant Update, Police & Fire Reports; Streets Update; Public Works; Landfill Update, Building Maintenance, Construction Updates; Park Services - grant(s) update, miscellaneous park projects, Emergency Management, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Health Department, Hotel Occupancy Report, Quiet Zone, SEP, Legislative Update, Proclamations, Employee Recognition, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Wastewater Treatment Plant, Water And Wastewater Rate Study Presentation, Golf Course, Library Summer Programs, Grants Update. No formal action can be taken on these items at this time."

Mr. Mark McLaughlin, City Manager reported that Kleberg County Judge Rudy Madrid will not be available to attend tonight's meeting. He further reported that the free water spigot located at South Gate Mall on Brahma Blvd. has been removed as of this afternoon. McLaughlin thanked city staff for their hard work during the freeze last week.

Ms. Courtney Alvarez, City Attorney reported that the next City Commission meeting is scheduled for Monday, March 8, 2021. The deadline for city staff to submit items for this meeting is Friday, February 26, 2021.

Commissioner Hinojosa thanked city employees for their hard work during the freeze last week.

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

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

No public comments made or received.

#### **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)*

**Motion made by Commissioner Lopez to approve the consent agenda as presented seconded by Commissioner Hinojosa. The motion was passed and approved by the following vote: Alvarez, Lopez, Torres, Hinojosa, Fugate voting "FOR".**

1. **Motion to approve final passage of an ordinance amending the Fiscal Year 2020-2021 budget to appropriate additional funds needed for Ground Storage Tank Project Water Well #14. (City Engineer).**

##### **REGULAR AGENDA**

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

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

2. **Discuss status of the County's EDA Grant for renovations at the JK Northway. (City Manager).**



Mayor Fugate commented that he was looking forward to County Judge Rudy Madrid attending this meeting, as he would have liked to have heard what the County's plan is for the JK Northway. As of today, the city has not received any plans or seen what the County is planning for this building.

Mr. McLaughlin stated that when he spoke with Judge Madrid, he asked where the County stood on the JK Northway and the Emergency Operation Center (EOC). The response Judge Madrid gave him was that they are waiting to get through Professional Bull Riders Event that will occur this upcoming weekend then he will be closing the JK Northway for at least a year. McLaughlin further stated that they will be going out for contractor bids to build the Emergency Operation Center in about two weeks. He also stated that he is not sure how long the bid opening will run for, but they will be going out for bids, have it constructed so that the EOC is complete and have the venue reopen before the Jr. Livestock show scheduled for January 2022.

Mayor Fugate asked if staff has received or seen any plans? Mr. McLaughlin responded that staff has not seen or received a copy of the plans for this project.

Commissioner Hinojosa commented that he has some concerns about construction being started on behalf of the City especially without knowing when the County will start their construction. He further stated that when the City went out for the Venue Tax, the taxpayers were told that it was to be used for certain projects at the JK Northway. He further stated that he wants to make sure that it's okay to start construction prior to the County beginning their construction at the JK Northway.

Mr. McLaughlin stated that there are two issues and further stated that what Commission Hinojosa is speaking about is the Emergency Operation Center which has nothing to do with the Venue Tax or doing anything to the inside of the JK Northway. McLaughlin further stated that the County will still build the EOC, but it would be nice to see the plans for that project and see where the city's match will be paying for regarding this project.

Commissioner Hinojosa commented that's what concerns him is not knowing what the plan is for this venue.

Mayor Fugate commented that when conversations began regarding this project, there were some things that the County was going to be able to do on inside that would benefit the JK Northway, which would come out of this grant of which city staff has no idea what the plan would be. Fugate asked how the city would sync its project to the County's project when the city has no idea what the County's plan is.

Mr. McLaughlin stated that the EOC was supposed to be inside the 15,000 square foot JK Northway building. The County Judge then got it changed where the EOC can be added to the side of the building, a stand-alone addition that doesn't break through the concrete wall. Mr. McLaughlin further stated that he had a conversation with County Judge Madrid and stated to him that before any turning of dirt is done or any venue tax related to the project, that everyone agreed on switching the front entrance to a different location on the building and placing the cattle pins on the other side. The city needs the assurance in writing that the County will finish the other items inside the building. McLaughlin stated that it won't do the city any good to do their project without the County doing their part. He further stated that the County Judge was in complete agreement and the Judge agreed to put things in writing and do what needed to be done to get this project started.

Commissioner Hinojosa asked how soon will the agreement be drafted?

Ms. Alvarez commented that the city's attorneys will be assisting in the drafting of such agreement. She further stated that a good discussion cannot take place now without first hearing the presentation from the City's Bond Counsel and Financial Advisor which will show what the process is supposed to be. She further stated that there has been phone conversations with the City Manager, Finance Director and herself, but the questions that the Commission is asking will be answered with the presentation that will be done by Bond Counsel and the Financial Advisor. Alvarez also stated that the city needs to get information from the County, specifically about their project and what their plan is. This will give the city some helpful information to draft the contractual documents and the interlocal documents that the city's Bond Counsel is going to assist with that will then be presented to the County. She further stated that all these would need to be approved before the city goes out to borrow money.

Commissioner Alvarez commented with the County shutting down the JK Northway after the Professional Bull Riders event, there will be no scheduled events for an entire year which will be a loss of revenue.

Mr. McLaughlin responded that is what the County Judge had told him.

Mayor Fugate commented that his concern is what if the city approves the bonds and begins the construction of its project for the JK Northway and rest of the project is not completed, the city will then have to answer to its tax payers. Mayor Fugate then asked



that if the Commission approves the bonds and the project during tonight's meeting, can the City stop the project at any given point, if the other party does not proceed with their project?

Ms. Alvarez responded that the Commission will not be approving any bonds for the venue tax project during tonight's meeting. The Commission will only be receiving a presentation on the process. The other items that are on the agenda for tonight's meeting is the refunding of some existing debt, as there is a savings on payments by doing that, and some tax notes. Also, on the agenda is the Texas Water Development Board CO's. These are the only items that the Commission will be voting on during tonight's meeting. Ms. Alvarez further commented that there is nothing that the Commission will be asked of to vote on tonight with regards to the venue tax or the venue tax project. Alvarez also stated the Commission will not be voting on any bonds for the venue tax tonight as the contracts have to be in place before staff would ask the Commission to vote.

Mayor Fugate commented to Ms. Alvarez that as the City's Attorney, it is her responsibility to stop the Commission when needed to be stopped, as the City will not be spending money on these projects until the city receives the overall idea on how this will be developed and funded. Fugate further commented that he is interested in seeing where the funding will be coming from but can only assume that the County Judge will probably try to get it from the private partnership, which is out there, but there is no commitment that he is aware of.

Ms. Alvarez commented that she reviews every agenda item and would not bring and item to the Commission unless there is a comfort level from herself and the City Manager that it is appropriate for the Commission and in the best interest of the citizens.

Mayor Fugate commented that he has all the confidence in her, but he just wants to reiterate. He further commented that he does not want the city spending money into a building that will not be a functioning building.

**3. Consideration of a plan of finance and approval of an ordinance authorizing the issuance of the "City of Kingsville, Texas Limited Tax Refunding Bonds, Series 2021", a paying agent/registrar agreement, and an escrow agreement; providing for the sale of such bonds; delegating authority to city representatives to select obligations to be refunded and approve final terms of the bonds; and approving all other matters related thereto. (Finance Director).**

Mr. Don Gonzales, Estrada Hinojosa Investment Bankers discussed the Outstanding General Obligation Debt. The Outstanding Obligation Debt Series 2020 Bonds last year par amount was \$5,025,000.00. He further stated that the percentage self-supported means that some of this is paid by the interest and sinking fund tax rate, which is supported by the ad valorem revenues and with some self-supporting from the utility system or by some other revenue source. What this means is that half of this debt service is being paid from the tax rate. The General Obligation Debt Outstanding consist of Series 2020, Series 2016, Series 2014, two Series for 2013, and Series 2009 which total an amount of \$18,565,000.00; this is what the City has currently outstanding before any action that the Commission will be considering tonight. Gonzales further stated that four of the bond issues are being paid from another source of revenue of which most is from the utility system. This means that a lot of the improvements that have been made come from infrastructure improvements in the utility, so the utility is paying its share of the debt associated with the improvements that were made based on the funds that were borrowed. Mr. Gonzales further stated that the Historical Tax Allowable Value from 2018 to 2021 have increased from \$833 million dollars to \$913 million dollars. The Historical Tax Rate for the last four years was \$0.8422 in 2018 and \$0.8521 in 2021. Mr. Gonzales reported that the current outstanding rating from Standard & Poors is an A+ for the City of Kingsville. He also stated that when the transaction was done in 2020, they obtained a bid from bond insurance that made financial sense so that if we got to a double A rating with respect to the 2020 bonds when they were issued. He also stated that the debt in years 2021, 2022, and 2023 are about leveled and drops off in 2024 with a significant drop in year 2026. Gonzales said that It is important for the Commission to be aware of this information so that when the city looks into the future in wanting to be make capital improvements, the city can issue the debt the year before and impact that debt service, which is the principal & interest, in the following years. Mr. Gonzales further went on to discuss the Limited Tax Refunding Bonds, Series 2021. He stated that for this transaction they probably won't be pricing until April. By receiving the Commissions consent to proceed, they will put a cap on the amount of debt that will be issued which should be the amount of the bonds that they will be contemplating. They will be looking in just refunding the \$3,675,000.00, which is the principal amount for Series 2013 bonds. He further stated that they will also put a cap on the term to not extend beyond the current term which now they go through 2033, which will not extend the debt beyond that date, it will remain within the same time frame. The call date for this series is August 1, 2021. Gonzales stated that in 2018 the tax law changed where we can only do a current refunding on a tax-exempt



basis if we are within 90 days of the call date. Gonzales stated that they are hoping to try and price this in April and close in May so that between May and August 1<sup>st</sup> we will be within less than 90 days which would meet the tax law requirements to be a tax-exempt current refunding. Gonzales further stated that the existing coupons are between 2% and 3%, which is what the city is currently paying, but will be looking at bringing that rate down. Mr. Gonzales moved forward in discussing the Savings Summary. Should current markets rates exist for a pricing in April and delivery in May 2021, the City could realize 3.90% in present value savings or \$156,889 in overall debt service savings. Mr. Gonzales further went on to discuss the Tax Rate Impact Analysis. The outstanding debt service which is the principal & interest by year that the city is paying. In year 2021 the city will be paying around \$2.8 million dollars in principal & interest. Debt that is being paid from utility system is called self-supporting debt, the portion that is being paid by the utility system is \$1,463,000.00. Refunding estimated debt service will be the new debt service principal & interest on the new bonds that will be replacing the old bonds which is leveled to about \$350,000 to \$360,000 per year. Mr. Gonzales further stated that the tax notes that are being issued, which will be covered on the next agenda item, this year was budgeted from the M&O tax rate. Next year the city will be budgeting that from the I&S tax rate which will bring the M&O tax rate down and the I&S tax rate up by the same amount and the net effect on the tax rate will be zero. Mr. Gonzales stated that it is important to note, as it would be critical for the city, that the city would need to budget for next year and the following years, since the tax notes will be paid out of the tax rate.

Commissioner Hinojosa commented that the city would need to adjust its budget on the M&S as it will take from the general fund.

Mr. Gonzales stated that the tax notes were structured to be within what the city currently has budgeted for this year. He further stated that a reimbursement resolution was approved a few months ago and so when this occurred it allowed for the city to purchase the equipment on the tax notes which will be discussed tonight. Mr. Gonzales further stated that the preliminary timetable of events shows that the week of March 8<sup>th</sup> there will be a call with S&P Global Ratings and looking to be ready to price in April. He stated that the reason for this is that right now the taxable interest rates are very low and a lot of municipal issuers are issuing taxable debt to refund tax exempt debt, which makes for a lot of activity on the taxable side. He also stated that on the exempt side there is very little supply. The buyers that are looking for tax exempt paper are jumping on tax exempt paper and buying it very aggressively.

Mayor Fugate asked Ms. Alvarez how the Commission should proceed with this item.

Ms. Alvarez commented that with regards to this item, staff may need to modify the timetable of events which is not set if the Commission proceeds with voting on this item. She further stated that the Commission can take a motion to approve the plan of finance, not necessarily keyed in to all the dates as presented and the ordinance that is included in the packet for agenda item #3, for the refunding of the 2013 CO's which follows the other ordinances that were received by Bond Counsel. She further stated that there is a lot of blanks which will not be filled in until such time as its determined that the funding is set by meeting the criteria that the Commission adopts with regards to the cap for the interest rate to make sure that the city gets the savings or greater than what the Commission is looking for as well as making sure that the date of the issuance is consistent. She further stated that the Commission is giving, through the ordinance, authorization to start with the process and once it is determined that all the triggers are met so that is it in the city's best interest to move forward, then that is when the action will be taken by the Financial Advisor and Bond Counsel.

**Motion made by Commissioner Hinojosa to authorize the a plan of finance and approve the ordinance authorizing the issuance of the "City of Kingsville, Texas Limited Tax Refunding Bonds, Series 2021", a paying agent/registrar agreement, and an escrow agreement; providing for the sale of such bonds; delegating authority to city representatives to select obligations to be refunded and approve final terms of the bonds; and approving all other matters related thereto, seconded by Commissioner Lopez.**

Mayor Fugate commented that this will not be the last vote on this as it will come back to the Commission in its final form. He further asked the City Manage if this is something that he believes needs to be done.

Mr. McLaughlin responded yes. He also stated that both Financial Advisor and Bond Counsel have always looked out for the City of Kingsville and have saved the city \$800,000 on the last bond refunding. With this one, using the number they have presented, the city is seeing about \$150,000 savings.



Ms. Alvarez commented that she would like to make a clarification that this issue will not be coming back to the Commission. The Commission is authorizing staff, Financial Advisor and Bond Counsel know that these are parameters that the Commission would okay an issuance. If the market allows for those conditions to be met, then they will move forward with the issuance.

**The motion was passed and approved by the following vote: Lopez, Torres Hinojosa, Alvarez, Fugate voting "FOR".**

**4. Consideration and approval of an ordinance authorizing the issuance of the City of Kingsville, Texas Tax Notes, Series 2021; entering into a paying agent/registrar agreement and a purchase and investment letter; and other matters related thereto. (capital outlay items) (Finance Director).**

Mr. Don Gonzales went over the list of assets that may have already been purchased which are the garbage trucks, backhoe, command vehicle and police Chevy Tahoes which total \$1,310,000.00 with the cost of issuance. Mr. Gonzales stated that after speaking with staff back in July 2020, there was a company that was looking into a lease obligation with the City. Gonzales further stated that they make look very easy as it is their documents and they favor them and not the City. He also stated that one of the things they did find was, that what they turn around and do is sell their paper to a bank. Gonzales further stated that they have been able to locate the bank that buys the company's paper and have spoken to them in which they responded that the City does not have to go through the other company and just go directly through the bank through him. The documents will be done correctly and can be purchased at a lower rate. He stated that it would be about 1% lower than what they were going to do, even with all the cost of issuance. Gonzales stated that the interest rate would be at 1.350%. These are being done on an unrated basis and didn't ask for any rating. They are aware of what the city is rated and do their own credit analysis. Gonzales commented that they have done several transactions with them in the past. The numbers are \$59,533 in interest over the seven years of payments between 2021 through 2027. The total amount of the debt service is \$1,369,533.00. Mr. Gonzales stated that this is a nice amount of savings over what they had proposed. He further stated that for the first payment in 2021 the amount is \$201,141.00 which is already budgeted in the general fund. In future years it will impact the I&S tax rate. Mr. Gonzales stated that BB&T (Truist Bank) from Charlotte, NC is the bank that purchasing this at the 1.350%.

**Motion made by Commissioner Hinojosa to consider and approve the ordinance authorizing the issuance of the City of Kingsville, Texas Tax Notes, Series 2021; entering into a paying agent/registrar agreement and a purchase and investment letter; and other matters related thereto, seconded by Commissioner Alvarez. The motion was passed and approved by the following vote: Torres, Hinojosa, Alvarez, Lopez, Fugate voting "FOR".**

**5. Consideration and approval of a resolution authorizing publication of Notice of Intention to Issue Certificates of Obligation. (TWDB projects) (Finance Director).**

Mr. Gonzales stated that this item is more informational as they have not received approval from the Texas Water Development Board. He further commented that they have been on numerous conference calls with them and city staff. It is anticipated that the Water Development Board will have the City of Kingsville scheduled on their agenda for March 25<sup>th</sup> for the city's projects to be considered and may be acted upon sometime in April. Mr. Gonzales stated that there is a significant amount of grant that is situated with each of the four projects and the loans are all at 0% interest. He further stated that the Texas Water Development Board will be the direct purchaser of the 0% loans. The Texas Water Development Board (TWDB) introduced a new program which is called Flood Infrastructure Fund (FIF) which provide 0% loans and grants for flood control, flood mitigation and drainage projects. The City of Kingsville applied to the TWDB FIF program and received \$6,200,000 of total projects of which the city received \$3,534,000.00 loan and \$2,666,000 grant. Loans are 0% interest over 30 years and will be considered taxable. One thing that the city needs to be aware of is that they expect you to take the loan first. Once you have gone through the loan proceeds then they will submit the grant funding to the city. Gonzales stated that as he mentioned earlier, they plan on having the city's projects on the March agenda but can be delayed until April. Once they have approved it, it would need to be placed on the City's agenda for consideration. The Water Development Board has a very thorough finance legal engineering and environmental team that reviews all these projects. One of the things that needs to be built out for the Water Development Board is a proforma and since is anticipated to be paid out of the drainage fees that the city currently collects and the drainage fee is collected as part of the utility system we needed to build out a proforma that addresses the utility system and the drainage fee revenues. Mr. Gonzales stated that operating revenues of just the water and sewer utility is a little over \$9 million dollars; operating expenses as per the city's budget \$6,272,000 which leaves operating income at \$2.8 million dollars. The drainage revenue fees were placed separately which



is at \$405,000 per year. Gonzales further stated that one of the things the City will want to continue to do is to collect the drainage fee revenue as it will be paying part of the City's Series 2013 Bonds and will also be paying for the four projects from the Water Development Board. He also stated that the city does not have to have a utility rate increase or a drainage fee rate increase to support the current debt that the city has outstanding. Mr. Gonzales stated that in 2021 the city has \$151,000 in interest non-operating revenue which gives the city net income before transfers at \$3,372,906.00. There is a transfer in of a bit over \$3 million dollars and three transfers out. One of those transfers out goes to the general fund \$1,893,000 and \$1431,000 goes to pay other debt service. The drainage fee that is associated with the city's 2013 bonds that are outstanding, the city is using about \$300,000 each year to pay debt service.

Mr. Dan Martinez, Winstead PC commented that they are still waiting to receive approval from the Water Development Board and further stated that the process with CO's is that notice needs to be published in the newspaper and need to get this project completer within six months of approval from the Water Development Board. Martinez further stated that the CO statute requires that notice gets published in the newspaper 45 days out prior to coming back to the Commission to authorize actual certificates of obligation.

Mayor Fugate asked if what is being told to the Commission is that they only have six months to expend these funds?

Mr. Martinez responded to close the project. Mr. Gonzales also commented that it is to make sure that the funds are drawn down with 18 months to complete the project.

Ms. Alvarez commented that there will not be any vote taken on this item.

No action taken on this item.

**6. Presentation regarding the City of Kingsville, Texas venue project. (Finance Director).**

Mr. Don Gonzales stated that the City of Kingsville levies a 7% local Hotel Occupancy Tax (HOT). The Stat levies an additional 6% HOT tax. Increasing local HOT levy by 2% could generate approximately \$185,123 annually additional revenue Pre COVID-19 based on 2019 revenues. Post COVID-19 City estimates a 19% decrease in annual HOT revenue to \$150,000 based on 2020 revenues. Gonzales stated that the city has had a 20% increase in hotel rooms available since 2015 which makes sense that HOT revenues would be going up as there are more rooms available in the city. Gonzales stated that assuming we did a small private placement, about \$1.5 million dollars, with a 10-year call and a minimum coverage of 1.50x, to which coverage is HOT Revenue in excess of debt service which provides collateral to the purchaser of debt. He further stated that it's not like you would be giving them a mortgage on a piece of property or anything like that, all they would have in the collateral is that coverage. In the event the coverage was to down there is still HOT revenue coming in to be able to pay the principal and interest back to the lender. Mr. Gonzales stated that the city has three options: Private Placement Non-Rated; Public Offering Non-Rated; and Public Offering Rated. Mr. Gonzales further went on to discuss the next steps for possible financing: Determine the project scope be defined within the project funds available given certain financing assumptions such as reduced HOT Revenues, projected interest rates, financing covenants such as debt service coverage, reserve funds and other requirements; Obtain project costs estimates and all costs associated with the completion of financing; Develop Term Sheet and obtain approval from City and County which will be used to develop the construct of the Contractual Development Agreement which will have terms to last the term of the issued debt obligations including but not limited to addressing the following; a) Maintaining facilities to agree upon standards; b) booking and contracting the use of the facilities to certain minimums to generate HOT Revenues to pay debt service; c) Making improvements and upgrades to the facilities to remain competitive with other competitive facilities; d) Maintain insurance and appropriate coverage of facilities; e) Certain event seating for City Officials at various events; f) County will fund shortfall in HOT Revenues to pay annual debt service by funding a Reserve Fund; g) Share information regarding bookings, maintenance budgets, events and any other relevant information quarterly; and h) any other deal points of importance to the City; Determine timetable for implementation of project improvements by City and County; Present Architectural and Engineering Designs for improvements by City and County for approval; Finalize contractual development agreement for consideration and approval of both City and County; Bid out project improvements prior to debt issuance to confirm projects withing available funding; and Issue debt obligations for the bid amount to fund the project improvements and costs of issuance.



Commissioner Alvarez asked if revenues from events will belong to the County? Mr. Gonzales responded that the revenues from events would go to the County unless the City wants to negotiate a revenue split and that out of those revenues they would need to get \$100,000 to pay the debt service in the event of a shortfall. Commissioner Alvarez further asked why the city would need to be involved in the knowing of what events take place. Mr. Gonzales responded that the reason that the city would want to know about the events is to make sure that there is enough events that are being booked so that the city will know that the hotel rooms will be full and there is going to be HOT revenue coming in. Commissioner Alvarez further asked what the consequences are if the County does not comply with some of the items on the list. Mr. Gonzales responded that this is more of a legal question, but the city can have consequences for failure to comply with the requirements of the CDA.

Commissioner Hinojosa asked if the 2% increase would be placed in a separate bank account? Hinojosa further asked if this would be figured into the advertising that the city has to spend which is a certain percentage of the total amount or not including the 2%?

Mr. Dan Martinez responded that with regards to the HOT revenue, they are required by law to set up a separate venue tax bank account in order to show these revenues going into a separate account, for the 2%. He further stated that what they do is have a separate ordinance to establish a separate bank account to recognize the separation. As for the advertising expenses, it is separate which is under the normal statutory framework with respect to the hot revenues and how much you can use, which has nothing to do with the 2%. Martinez further commented that once we levy the 2% HOT tax, you will have one year to issue debt.

**7. Consider awarding RFP#21-04 for 2021 Water Well #14 Ground Water Storage Tank Replacement AND a resolution authorizing the City Manager to enter into a Standard Form of Agreement between the City of Kingsville and Contractor on the Basis of a Stipulated Price for Water Well #14 Ground Storage Tank Replacement project (RFP#21-04). (City Engineer).**

Mr. Rudy Mora, City Engineer stated that on January 14 and January 21, 2021 the City advertised RFP#21-04 for 2021 Water Well #14 Ground Storage Tank Replacement in the local newspaper. On February 2, 2021, the City received 4 bids which were publicly opened for the 2021 Water Well #14 GST replacement. Bidder 1 was Donald Hubert Construction from Kingsville, TX. Bidder 2 was J&K Utility Services, LLC from Creedmoor, TX. Bidder 3 was RGV Industrial Machine LLC, from Elsa, TX. Bidder 4 was Bronco LLC from Driscoll, TX. The total bids base and alternate no. 1 and 2 ranged from \$144,190.00 to \$259,500.00. The lowest project bid was \$19,190 over our budgeted amount \$125,000.00 so to cover the overage he requested a budget amendment, which was introduced on February 8, 2021 and approved on February 22, 2021. References were verified for the bidder who was the low bidder and who provides the best value to the City, Donald Hubert Construction Co., Inc. Mr. Mora stated that the recommendation is to award the project to Donald Hubert Construction, Co., Inc. in the amount of \$144,190.00 for the base bid and alternates no. 1 and 2. He further stated that it is staff's recommendation to award the bid RFP#21-04 for 2021 Water Well #14 Ground Storage Tank Replacement to Hubert Construction Co., Inc. for the base bid and alternates no. 1 & 2, and approve the resolution giving the City Manager the authority to sign the Standard Form Agreement between the City and Donald Hubert Construction Co., Inc.

Commissioner Hinojosa asked for staff to explain what the general conditions for payment are.

Mr. Mora responded that there are several general conditions but only to mention a few; one of them includes liquidate damages which means if they don't complete the project within six months there is liquidate damages of \$200 per day. Another is partial payments, they have to submit an application for payment close to the end of the month which is reviewed and once it has been reviewed then authorization for payment can be made, which is only a percentage of the contract.

Commissioner Hinojosa asked that when staff looks at this, staff makes sure that the contractor incurred the expense. Mr. Mora responded yes.

Ms. Alvarez commented that because the project is over \$100,000 the bidder who is awarded the contract has to produce a performance bond to make sure the contract is performed and a payment bond to make sure any subs are paid which all this has to be verified before they receive their final payment.

**Motion made by Commissioner Hinojosa to award RFP#21-04 for 2021 Water Well #14 Ground Water Storage Tank Replacement to Hubert Construction, Co. Inc. AND approve resolution authorizing the City Manager to enter into a Standard**



Form of Agreement between the City of Kingsville and Contractor on the Basis of a Stipulated Price for Water Well #14 Ground Storage Tank Replacement project (RFP#21-04), seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Alvarez, Lopez, Torres, Hinojosa, Fugate voting "FOR".

8. Consider a resolution authorizing the Mayor to enter into an Interlocal Agreement between the City of Kingsville, Texas and Tarrant County for the Tarrant County Cooperative Purchasing Program. (Purchasing Manager).

Mr. Charlie Sosa, Purchasing Manager stated that this item authorizes the City to enter into a resolution with Tarrant County Cooperative Purchasing Program. The City's Purchasing Department will utilize the purchasing cooperative to take advantage of goods and services bid through the Tarrant County Cooperative Purchasing Program. It is recommended the City enter into a resolution with Tarrant County for the Tarrant County Cooperative Purchasing Program.

**Motion made by Commissioner Hinojosa to approve the resolution authorizing the Mayor to enter into an Interlocal Agreement between the City of Kingsville, Texas and Tarrant County for the Tarrant County Cooperative Purchasing Program, seconded by Commissioner Alvarez. The motion was passed and approved by the following vote: Lopez, Torres, Hinojosa, Alvarez, Fugate voting "FOR".**

9. Consider awarding RFP#21-05 Dick Kleberg Park Baseball Field Fencing Installation (ball fields #4 & #6), as per staff recommendation. (Purchasing Manager).

Mr. Sosa stated that this is for fencing to the new baseball fields at Dick Kleberg Park. The total amount of \$82,601.00 will be funded through the Texas Parks and Wildlife Grant city fund #094-4503.

**Motion made by Commissioner Lopez to approve award RFP#21-05 Dick Kleberg Park Baseball Field Fencing Installation (ball fields #4 & #6), as per staff recommendation, seconded by Commissioner Hinojosa and Commissioner Torres. The motion was passed and approved by the following vote: Torres, Hinojosa, Alvarez, Lopez, Fugate voting "FOR".**


10. Discuss and consider acceptance of monument sign donation from H. M. King Historical Foundation. (Mayor Fugate).

Mayor Fugate asked that discussion and action on this item to be done at a later time as additional information was needed.

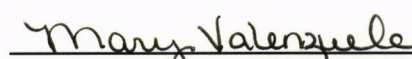
No discussion or action taken at this time.

#### 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, TRMC, CMC, City Secretary