

MINUTES OF REGULAR MEETING

September 12, 2017

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor Kirk Jones declared a quorum was present, and called the meeting to order at 6:00 p.m.

Present: Jon Bickford City Council, Place # 1
T.J. Wilkerson City Council, Place # 3
Rebecca Huss City Council, Place # 4
Dave McCorquodale City Council, Place # 5

Absent: John Champagne, Jr. City Council, Place # 2

Also Present: Jack Yates City Administrator
Larry Foerster City Attorney
Susan Hensley City Secretary
Ed Shackelford City Engineer
Chris Roznovsky City Engineer

INVOCATION

T.J. Wilkerson gave the invocation.

PLEDGE OF ALLEGIANCE TO FLAGS

VISITOR/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the City Council. Prior to speaking, each speaker must be recognized by the Mayor. City Council may not discuss or take any action on an item, but may place the issue on a future agenda. The number of speakers along with the time allowed per speaker may be limited.

Mayor Jones advised that there were some special guests present tonight, and asked the boys in uniform to stand and introduce themselves. Mr. Harrison Smith said that they were all from Boy

Scout Troop 351, and Mr. Smith was joined by Mr. Ryan Allen and Ryan Hotchkiss. Mr. Smith advised that they were present for the Citizenship in the Community Merit Badge, which requires them to sit in on this meeting. Mayor Jones thanked the Scouts for attending the meeting.

Mayor Jones advised that there were several people that had requested to speak under Visitor's Comments.

Mr. William Simpson advised that he wanted to speak in regard to Agenda Item 6, MEDC Budget. Mr. Simpson said that as a Chamber they are comprised of 100 members plus, made up of businesses and community groups. Mr. Smith gave a full description of the Chamber and its functions and invited the community to attend their events. Mr. Smith said that they have had local community leaders, including Mattress Mac, County Judge Craig Doyal, and others, as speakers at their events and meetings. Mr. Simpson commended Shannan Reid for the work and dedication that she has put forth for the Chamber and the community of Montgomery. Mr. Smith stated that it is important that we educate, understand and participate together as groups and organizations and that he did not believe that the City should become an event planner or organizer.

Ms. Karla Nash advised that she had owned a winery Montgomery for the past nine years, she also has owned another, seasonal business in College Station for almost five years, she has lived in Montgomery since 2008 and she serves as a board member on the Montgomery Area Chamber of Commerce. Ms. Nash stated that she strongly believes that the Montgomery Area Chamber is doing things right; that the board members spend a lot of time on a strategic plan every year to prepare the business community to be stronger and more sustainable. Ms. Nash said that The Chamber has a part-time Director, Shannan Reid, who works 30% of the time for The Chamber and works 50% of the time as Director of Economic Development. Ms. Nash said that Ms. Reid is doing an excellent job in both positions.

Ms. Patty Stafford, with the Amegy Bank in Montgomery, stated that she had been with the HMBA and The Chamber since 2005. Ms. Stafford said that she has seen the growth in and around the City of Montgomery, the growth of the association, the move to The Chamber and Ms. Reid has done a good job for The Chamber and she hopes that MEDC feels like she's been doing her part well.

Ms. Pat Prein advised that she lives in Montgomery, is a small business owner and a member of the MACC. Ms. Prein stated that, as ambassador for the Chamber, Shannan Reid is a great leader who

knows how to get things done. Ms. Prein said that they are a group of small business owners who do whatever they can to generate support for their growing community on top of running their own business. Ms. Prein said that task takes someone with a lot of determination and patience and Ms. Reid does it well. Ms. Prein stated that she would love to see their town get together on a shared mission for Montgomery and work together.

CONSENT AGENDA:

1. Matters related to the approval of minutes from the Tax Public Hearing #1 held on August 22, 2017, Public Hearings and Regular Meeting held on August 22, 2017, and Tax Public Hearing #2 held on August 29, 2017.
2. Consideration and possible action regarding scheduling a Public Hearing regarding an Alcohol Beverage Permit Application for The Pizza Shack to be located at 19132 Stewart Creek Road, Montgomery, Texas, to be held on October 10, 2017 at 6:00 p.m. at City Hall.
3. Consideration and possible action regarding sale of surplus property – Police Vehicles.
4. Consider and possible action regarding adopting Escrow Agreement and authorizing a Utility and Economic Feasibility Study for the following properties:
 - A. 80-Ac.- First Hartford tract located east of the City limits with the City ETJ south of FM 1097;
 - B. 13.52 Ac. - Villas of Mia Lago, Section 2, located at the northern end of existing Lone Star Bend and south of Bois D' Arc Road, submitted by Estates of Mia Lago, LLC; and
 - C. 30.6076 –Ac. - Lake Creek Village Section 3, Lefco Investments, LLC Development (Escrow Agreement only) located at the southwest corner of Lone Star Parkway and Buffalo Springs Drive.

Mayor Jones advised that items 1 through 4(a) would be considered under the Consent Agenda and items 4(b) and 4(c) had been asked to be pulled from the Consent Agenda.

Mayor Jones said that there were two speakers that wanted to speak on Item 4, and asked now that they were pulled from the Agenda, did they still want to speak.

Mr. Philip LeFevre and Ms. Hillary Dumas said that they were happy to defer speaking, and would meet with the City Administrator at a later date. Mr. Liberatore said that he would defer speaking as well.

Dave McCorquodale moved to approve the Consent Agenda Items 1-4(a) as presented. TJ. Wilkerson seconded the motion, the motion carried unanimously. (4-0)

CONSIDERATION AND POSSIBLE ACTION:

5. Consideration and possible action regarding adoption of the following Ordinance:

AN ORDINANCE OF THE CITY OF MONTGOMERY, TEXAS ADOPTING AN OPERATING BUDGET FOR FISCAL YEAR 2017-2018.

Mayor Jones advised that a lot of work and Public Hearings had gone into this budget, and this is the final approval of the budget.

Mr. Yates advised that this is the adoption of the ordinance that adopts the budget. Mr. Yates reviewed some highlights of the budget, as follows:

- General Fund has total revenues of \$3,069,019 and expenses of the same amount, and it was actually about \$140,000 dollars revenue on the expenditures for that balanced budget. Mr. Yates advised that they put \$15,000 of surplus into the Police Vehicle Replacement Fund under the Capital Projects list.
- Utility Fund has total revenues of \$1,737,708 and expenses of \$1,346,933, which leaves a balance of about \$380,000. Mr. Yates said that they are always conservative on income and liberal on expenses, in the hopes that they will have a carryover to use for improvements.
- Debt Service Fund has a balance of \$269,000 at the end of the year. Mr. Yates said that City Council has kept the same tax rate, thinking that during the course of the year, if they need to borrow funds, for example, \$1,000,000 will cost approximately \$60,000 dollars per year in payments. Mr. Yates said that the \$68,000 would give them the latitude to borrow, although there is no plan for any new debt.

Mr. Yates said that the big City projects were the Buffalo Springs Bridge and the Texas Water Development Board projects. Mr. Yates said that the Bridge will get 75% of the funds from FEMA. Mr. Yates said that the CDBG Disaster Relief funds, \$350,000,

will pay part of the 25% match for the FEMA funds. Mr. Yates said that the City just finished a County process for the General Land Office grant that has an availability of \$2.2 million, of which only 75% of that has to go toward low to moderate income areas in the City. Mr. Yates said that part those funds will go toward the match money for the Bridge.

Mr. Yates said that there are about \$2.6 million for Texas Water Department Projects that have Certificates of Obligation to pay for those projects.

Mr. Yates advised that was the Budget in summary. Mr. Yates noted that the City was keeping the same tax rate as in previous years and this Ordinance adopts the budget in its entirety.

Rebecca Huss moved to adopt the Ordinance of the City of Montgomery, Texas adopting the Operating Budget for the fiscal year 2017-2018. Jon Bickford seconded the motion, the motion carried unanimously. (4-0)

6. Consideration and possible action regarding adoption of the Montgomery Economic Development Corporation 2017-2018 Operating Budget.

Mr. Yates stated that they were planning to start off the year with \$648,220 in reserves to carry over to this year, and they expected \$530,000 in revenue for total funds of \$1,179,000, and the expenses are \$645,000, which means that we would use \$118,450 of reserves.

Mr. Yates advised that if the MEDC were to bring in as much revenue as proposed, they would end the year with \$529,770.

Mr. Yates said that as far as the specific items in the budget, downtown improvements in category one, is unspecified, except for an intention to place a sidewalk part of the way down Clepper Street as a connection to downtown parking. Mr. Yates said that there are other downtown improvements, such as, street lights and other landscape improvements. Mr. Yates said that utility extensions in category one, are unspecified, but it is available for cooperative utility extensions, such as, this year they upsized the McCoy's line and the line on Houston street.

Mr. Yates said that category four is Christmas in Montgomery, Wine Festival, Antiques Festival and Texian Heritage Festival, which the events will all be requested to give a financial report prior to the payment being approved. Mr. Yates said that MEDC wants to consider whether or not to keep funding a project because those events are not automatic payments.

Mr. Yates said the Montgomery Area Chamber of Commerce Office is category five and he understands there is Council concern about this expenditure. Mr. Yates said that, in his opinion, City Council is not as familiar as the MEDC is with the Chamber of Commerce and the Economic Development Office, and while Council is certainly under no obligation to, they should accept the MEDC position as their determining factor about the funding of the position.

Mr. Michael Ogorchock addressed Council stating that he was one of the owners of Montgomery Summer Business Park, and that they have brought 14 businesses into Montgomery. Mr. Ogorchock stated that Ms. Reid has been very instrumental in getting a lot of those businesses. Mr. Ogorchock said that he was very impressed with the work that Ms. Reid has done, and would be quite concerned if City Council elected not to approve the budget and not keep Ms. Reid on board. Mr. Ogorchock said that they were also members of the Chamber and involved in Chamber activities that Mr. Simpson spoke of. Mr. Ogorchock said that he would ask City Council to remember that, although they are elected to represent the citizens of Montgomery, they are also elected to represent the businesses of Montgomery. Mr. Ogorchock said that they can create a vision and a comprehensive plan on how they want to grow, and how they want to maintain the Historical District, Business Park areas, the residential areas, because the biggest thing that they need to make is that they are focused on moving forward.

Mr. Bill Hannover said that he was going to make his comments very brief because he was not going to be redundant. Mr. Hannover said that he wanted to emphasize how important he thought it was for the EDC contract for the Chamber of Commerce to continue as it has. Mr. Hannover said that he was an ex-chairman of the Chamber and was also on the Montgomery Industrial Development Cooperation Board, so he understands the importance of the Chamber and the economic developing people working together. Mr. Hannover said that, in this case, it was real easy because it is basically the same person running the economic development and

the Chamber, because the Chamber gets the first call when a business is interested in coming into the area. Mr. Hannover stated that he would, again, emphasize the importance of the MEDC contract with the Chamber to continue so that we can continue to grow this area.

Dave McCorquodale said that he thought that most of the people were here because of a point that he asked Mr. Yates and the Mayor a few months ago. Dave McCorquodale said that the point that he made to City Council was that Economic Development is measured primarily by job creation, and Ms. Reid has obviously a huge talent with working with the Chamber. Dave McCorquodale said that people should be able to work through personality conflicts, and said that he did not have a vendetta toward anyone. Dave McCorquodale said that if they looked back on the five years that Ms. Reid has been the Director of Economic Development, if they look at what the City has received in the way of job creation, for the \$150,000 that they have spent on the position, he believed they could be doing better. Dave McCorquodale commented that he would love to spend more time inside the City, but due to work he is not able to, and asked the attendees to understand that his concerns, and it has been pointed out over and over again, the integral role that Ms. Reid plays to the Chamber, but Economic Development is about job creation. Dave McCorquodale said that when he looks at the amount of jobs that we have created in the past five years, for the amount of money that they have spent, he does not believe that the City is spending residents' tax dollars as wisely as we could.

Rebecca Huss said that the big deals that the City has had have been primarily driven by the developers that have come to the City, and the negotiations have been driven primarily internally through City Council. Rebecca Huss said that if you look at the Kroger deal, McCoy's and one that is currently under way. Rebecca Huss said that the Summit Business Park was not brought to City Council through Economic Development, the MEDC was brought in as a funding source to help support the deal that was negotiated through City Council, and it was City Council's expertise, along with the City Attorney's expertise and other related staff work. Rebecca Huss said that a lot of the really large deals and job creation has come from other sources.

Dave McCorquodale said that the way the State talks about Economic Development is through the measurement of primary jobs, those jobs where you are making a widget or you are making something that is meant to be consumed not at the local level. Dave McCorquodale said that

retail jobs are vital to the social fabric and social function of the City, but that is not what Economic Development looks at. Dave McCorquodale said that it might be semantics, and he is getting hung up on Economic Development, because it means something very specific.

Jon Bickford said that he sees this issue in a different way; if you own a business in a small town and you need someone to fight for you and your business as a group. Jon Bickford said that no one here is going to have anything to do with that except to say yes to the color of their building and your drawings are the right size. Jon Bickford said that it is true that MEDC did not have a lot to do with drawing Kroger here, but they did have to do with funding some of it. Jon Bickford said they have massive teams that do all the economic and demographic studies, so the City is not paying for that expertise. Jon Bickford said that he did not know if somebody had gone out to price a consultant in the last couple of years, but the City has spent \$150,000 over five years, where he works that amount of money will get you three months of somebody not five years. Dave McCorquodale said that what Jon Bickford was describing was the Chamber. Jon Bickford said that the Chamber was part of it and the City is providing a part of it through our contribution.

Jon Bickford said that one thing that he would like to see is regular reporting, possibly quarterly, about the sort of progress that they are or are not making. Jon Bickford said that they could put together a plan to show whether they were progressing, and some data showing their goals and what they achieved. Jon Bickford said that they needed to set goals within the reasonable capacity of what a single person working part time in a City this size can do. Jon Bickford said that the City does not have the square mileage of Conroe or The Woodlands, so we need to keep that in mind. Jon Bickford said that they also need to keep an eye out for the small businesses, which is not trivial when they are competing against the bigger businesses.

Dave McCorquodale said that the City should stop thinking small and how many small retailers they can get. Dave McCorquodale said that the way you do that is through Economic Development and through qualified directors to go out and find those people. Jon Bickford said that he understood, but felt that was a pretty large expectation for a City this size, with the budget that we have to do that kind of attraction.

Rebecca Huss said that she thought that they need to either accept that they are subsidizing the Chamber and stop talking about it as if it is Economic Development, or potentially look at paying more. Dave McCorquodale said that was the question that he raised initially, and it turned into an interpretation that he somehow had an issue with the way the Chamber interfaced with HMBA.

Jon Bickford said that if they want to put a plan together that says they want to pay more to get more and make an investment in the year 2019, then they could look at going down that path. Dave McCorquodale said that he had to ask himself if he would want to give up \$30,000 of his money, because that is what he is doing, giving up \$30,000 of taxpayers money to come up with a different plan. Jon Bickford said that is \$30,000 in taxpayer's money that has been allocated to be spent on functions like this, so perhaps it is not as discretionary as we would like it to be. Mayor Jones said that creation of jobs is in the MEDC mission statement, which is what a 4b Corporation does. Dave McCorquodale said that if they use that as a way to measure whether they are getting the most for taxpayer dollars, which is the question that he is asking and so far he has not heard a satisfactory answer to the question. Dave McCorquodale asked if they could get more Economic Development in two years at \$75,000 than they have gotten in five years at \$30,000.

Mr. Yates said that every meeting regarding Economic Development that he has been to has said that the best thing that you can do for economic development is have a good place to live. Mr. Yates said that there is a lot of advance work that occurs and Ms. Reid is usually the first person that talks to developers, regarding demographics, and is the coordinator of the survey that tells us how many people are in the area and trade area statistics.

Dave McCorquodale said that he thought that was why the State lays out what EDC's can spend money on, and he did not discount those sort of soft intangible things that make a community a community, he was asking if we are being the best stewards with taxpayer dollars, if they can't point to a single place where you can say here is what we are getting out of our Economic Development Director.

Mayor Jones said that we are getting a great ambassadorship, somebody out there singing the praises of Montgomery and bringing information back to the City. Mayor Jones said that Ms.

Reid does have relationships with people who do searches for areas for developers, but Montgomery is far from the highway and airport and will only attract specific things. Dave McCorquodale said that he would be very happy if he looked at a budget that had \$30,000 to pay for our portion of Ms. Reid's wage, and the EDC said we are serious about finding jobs and here is how much we are allocating for a director to go out and get those jobs. Mayor Jones said that they have gone through those exercises. Dave McCorquodale said that he did not doubt that the money paid to Ms. Reid was worth it, but when he looks at the budget and sees Economic Development Director is a certain amount, that is when he wants to see the progress.

Jon Bickford said that he was interested in the same thing, and what it would take to put in a full time director in place in 2019. Jon Bickford said that this is the 2018 budget and they can't stop and leave a gap for a year and do nothing.

Jon Bickford proposed to accept the MEDC Budget as presented, but in the case of the Economic Development Director, that they set some Metrix for 2017-2018 that identify some key Metrix that they want to accomplish and if they get a chance to look at those, then get a quarterly report, which might give them some guidance as to what they want to do in 2018-2019. Jon Bickford said that if they decide to spend \$200,000 - \$400,000 to get that kind of person the next year, then they could do that.

Rebecca Huss said that she did not know why they could not put together some type of incentive for somebody that knows what they are doing to bring real jobs here. Rebecca Huss said that she did not like the idea that they were saying it is only \$30,000 so they can basically say that they do not need results because it is only \$30,000, because that would pay for a lift station and a half. Jon Bickford said that those words did not come out of his mouth.

Jon Bickford moved to accept the MEDC Budget as presented. T.J. Wilkerson seconded the motion.

Discussion: Dave McCorquodale said that he has nothing against Ms. Reid in the work that she does with the Chamber, but as a steward of the tax dollars in the City, he was not in favor of an Economic Development Director that he can't prove to anyone that asks him on the street

what we are getting out of that position, and he does not have an answer. Dave McCorquodale said that they are getting a lot of Chamber activities, and that is great, but Economic Development is something very specific. Jon Bickford said that is why he felt that they should request and expect to get some Metrix in place and some data behind it, which would solve that problem. Jon Bickford said that they were not getting a full time director, it is a part time director. Dave McCorquodale said that this has turned into a strange thing. Mayor Jones said that they need to get this matter on the MEDC Agenda to discuss, and extended an invitation. Jon Bickford said that if they want to put money toward it this year, there is \$500,000 - \$600,000 in the MEDC budget.

Rebecca Huss said that they have talked about getting quarterly reports for things for over a year ago, such as park budgets for instance, so she was not sure about the implementation of such. Jon Bickford said that they need to make sure that gets done, because it is their job. Mayor Jones said that he can guarantee it, if you tell Ms. Reid that you want a report, you will get a report. Jon Bickford said that he thought that they should make that part of the approval. Mayor Jones asked if they wanted Ms. Reid to come every second Tuesday with the other department heads. Jon Bickford said that once a quarter would be good, with one time a month for the next three months, so they can get their idea of a game plan, and then once a quarter, which they can figure out the schedule or they can have staff promote a schedule.

The motion carried unanimously. (4-0)

Mayor Jones said that Dave McCorquodale was correct, and they should have that discussion at the MEDC Meeting. Dave McCorquodale said that he would propose that be at a Joint Session with MEDC and City Council.

7. Consideration and possible action to set by Order the 2017 Ad Valorem Tax Rate for Maintenance and Operations, \$0.2043/\$100.

Mr. Yates said that, as was discussed in the public hearings, City Council has decided to keep the same tax rate as they have had for the last 5-6 years, which is .2043 cents per \$100 valuation.

Jon Bickford moved to set the ad valorem tax rate for maintenance and operations at \$0.2043 per \$100 valuation. T.J. Wilkerson seconded the motion, the motion carried unanimously. (4-0)

8. Consideration and possible action to set by Order the 2017 Ad Valorem Tax Rate for Debt Service, \$0.2112/\$100.

Mr. Yates advised that City Council also wanted to keep the same ad valorem tax rate for debt service at a rate of \$.2112 per \$100 valuation.

Dave McCorquodale moved to approve the ad valorem tax rate for debt service at \$0.2112 per \$100 valuation. Rebecca Huss seconded the motion, the motion carried unanimously. (4-0)

9. Consideration and possible action to adopt the following Ordinance:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS, SETTING THE AD VALOREM TAX RATE OF THE CITY OF MONTGOMERY, FOR THE YEAR 2017 AT A RATE OF \$0.4155 PER ONE HUNDRED DOLLARS (\$100.00) VALUATION ON ALL TAXABLE PROPERTY WITHIN THE CORPORATE LIMITS OF THE CITY OF MONTGOMERY AS OF JANUARY 1, 2017 SPECIFYING SEPARATE COMPONENTS OF SUCH RATE FOR OPERATIONS AND MAINTENANCE AND FOR DEBT SERVICE; LEVYING AN AD VALOREM TAX FOR THE YEAR 2017 PROVIDING FOR DUE AND DELINQUENT DATES TOGETHER WITH PENALTIES AND INTEREST; PROVIDING FOR COLLECTION AND ORDAINING OTHER RELATED MATTERS.

Mr. Yates advised that this Ordinance is the final action regarding the tax rate for the 2017-2018 budget. Mr. Yates said that the Ordinance is prepared as directed by Tammy McRae, Montgomery County Tax Assessor-Collector.

Rebecca Huss moved that the property tax rate be increased by the adoption of a tax rate of \$.4155/per \$100, which is effectively a 13.52% percent increase in the tax rate and as detailed in the presented Ordinance. Dave McCorquodale seconded the motion.

Discussion: Mayor Jones asked everyone to note that this is the same tax rate that the City has adopted for the past 5-6 years, this is just the language that must be used legally to adopt the tax rate. Mayor Jones said that even though they state a tax rate, it really is not an increase in the tax rate, and asked the citizens not to panic.

The motion carried unanimously. (4-0)

10. Consideration and possible action regarding adoption of the following Resolution:

A RESOLUTION BY THE CITY COUNCIL FOR THE CITY OF MONTGOMERY, TEXAS, SETTING A DATE, TIME, AND PLACE FOR TWO PUBLIC HEARINGS ON THE PROPOSED ANNEXATION BY THE CITY OF MONTGOMERY, TEXAS OF 10.15 ACRES OF LAND, MORE OR LESS, IN THE PUBLIC ROAD RIGHT-OF WAY OF STATE HIGHWAY 105 WEST WHICH RUNS ADJACENT AND PARALLEL TO THE BOUNDARIES OF THE CITY; AND AUTHORIZING AND DIRECTING THE CITY SECRETARY TO PUBLISH NOTICE OF SUCH PUBLIC HEARINGS.

Mr. Yates advised that this would start the process of annexing the west portion of SH 105. Mr. Yates said that this was from the Methodist Church to the apartments by the High School. Mr. Yates said that at the time of the annexation, the question came up regarding the effect of annexation upon the maintenance of the highway by TxDOT. Mr. Yates said that at that time the City Attorney said that he thought that TxDOT was considering an amendment to their maintenance agreement with cities, but since that time it has been determined that TxDOT is not going to be changing their maintenance agreement, which means that for any city with a population under 50,000, TxDOT will maintain the right of way. Mr. Yates said that he instructed the City Engineer to prepare the survey and legal description adequate enough for annexation.

Mr. Yates said that they now have the annexation description and Resolution for annexation, with the proposed two (2) public hearing dates of October 10 and 24, 2017.

Jon Bickford asked if the City had already annexed SH 105 in front of City Hall. Mr. Yates said that was correct, they were just including the portion between the Methodist Church and the apartments that had not been previously included.

Jon Bickford moved to adopt the Resolution for setting a time, date and place for two public hearings for the proposed annexation by the City to be held on October 10 and 24, 2017 at 6 p.m. T.J. Wilkerson seconded the motion.

Discussion: Dave McCorquodale said that the Chief of Police, last year, had said that this would just clarify some of the logistics that they dealt with when responding to an accident by the high school. Mayor Jones said that would also clarify if they write tickets in that area. Rebecca Huss said that she found it interesting that the proposed TxDOT pavers and landscaping on FM 149, the City would have been responsible for the maintenance had that plan gone through, so she thought that information should be part of the discussions from this point forward, the cost that the City would be assuming and should be made clear. Rebecca Huss said that she would not have guessed that the City would be picking up potentially thousands of dollars of water, flowers and bricks and mortar. Jon Bickford said that would only be the case if they put them in. Rebecca Huss said that was true.

The motion carried unanimously. (4-0)

11. Consideration and possible action regarding loan documents and solicitation of Interim Financing Loan for the Buffalo Springs Bridge Construction Project.

Mr. Yates advised that this topic has been discussed in the past by City Council. Mr. Yates said that he had provided example documents that were used by the City of Panorama Village for a recent project that they did. Mr. Yates said that this would be the City borrowing funds for an interim loan regarding the Buffalo Springs Bridge Repair Project. Mr. Yates said that they will be getting construction payment requests for up to \$600,000, and the City has the choice of either paying those funds within 30 days, which is the normal time that a contractor would expect to be paid, or if they wait for the State, that could be 30-60 days. Mr. Yates said that contractors will add to their bid price the cost of borrowing those funds.

Mr. Yates said that he is proposing that they go out for quotes to borrow funds on an interim basis. Mr. Yates said that the way that it works would be as follows:

- NOVEMBER 1 - Contractor pay request (\$400,000) approved for payment.

- NOVEMBER 2 - City requests payment from State.
- NOVEMBER 29 – City borrows funds (\$400,000) from bank
- NOVEMBER 30 – City pays Contractor
- JANUARY 15 – City receives State payment for pay request amount (\$400,000)
- JANUARY 16 – City pays bank back
 (\$401,545.20= \$32.87/day interest x 47 days= \$1,545.20 using State payment and funds from General Fund – Contract Labor Streets line item.

Mr. Yates said that contractors will add 10% percent to their bid if they think that they will have to wait for payment 60-90 days. Mr. Yates said that the law allows the City to borrow these funds as long as everything is paid back within the fiscal year. Mr. Yates said that the City can borrow funds past the fiscal year, but there are quite a few requirements once you go past the fiscal year. Mr. Yates said that they are thinking that they could start the project with the first payment in December, and the payment and the project complete by March of 2018, which would be within the time requirements for the fiscal year. Mr. Yates said that what he is asking City Council for is permission to ask for the rates and terms from the banks, and so they would start and end the business all within the next fiscal year.

Jon Bickford asked what risk the City would have in getting the funds from the government to fulfill the \$400,000. Mr. Yates said that money would already be set aside for the City at the State. Mr. Yates said that the way it works is FEMA pays the State our 75% and the State is who we would receive the funds from. Mr. Yates said that as long as the City Engineer signs off, and they know that they have a good pay request they are good. Jon Bickford asked if there was any risk of the City getting the \$400,000 no later than January 15. Mr. Yates said that there was no risk. Jon Bickford asked to confirm that they would not get this loan until they know that they have the money allocated by the State for the City from FEMA. Mr. Yates said that the way that it would actually work is they would approve the payment request, so what they would have to know before they borrowed the \$400,000 is that they have a good pay request, which both he and the City Engineer would sign. Jon Bickford said that was what he was wanting to know. Mayor Jones asked if there was anyway to be assured that the contractor is giving the City the break, so to speak, for the payment. Mr. Roznovsky said that the question always comes up at the pre-bid meeting as far as the payment, and the contractors know when there are federally related grants that payment is usually delayed, just like the Pizza Shack and

Kroger projects where the payments took 6-8 weeks to get the payments from the State. Mr. Roznovsky said that they will advise them that the City will have financing in advance and be ready to make those payments within 30 days, not only verbally, but they will also have that information included in the bid documents. Mr. Roznovsky said that information will be made clear to the bidders.

Rebecca Huss said that the sample documents from Panorama Village had the origination fee at \$2,500, and asked if that was a flat fee or was it based on the amount outstanding. Mr. Yates said that would be up to the bank. Mr. Yates said that there was probably a \$2,500 origination fee to make the first borrowing, and then it would be up to the bank if there was a \$250 per draw after that, because there would probably be 3-5 borrowings. Mr. Yates said that he did not think that fee would be based on the entire amount. Mr. Yates said that they will ask about the interest rate and any fees, so they will know that answer before they get the loan. Mr. Yates said that he is suggesting, once he gets the proposals back, that whoever has the lower interest rate and fees, that he and the City Attorney start working with the bank on that information, and then they would bring that information back to City Council probably at the second meeting in October or the first meeting in November. Rebecca Huss said that she thought that it sounded significantly cheaper than any proposal that our financial advisor had given to us. Mr. Yates said that was partially because it is all paid back in the same fiscal year. Rebecca Huss said that she did not think that the financial advisor cared when they paid back the money because they are not loaning it to the City.

Mayor Jones asked if there would ever be a chance that there would be two payments overlapping. Mr. Yates said, yes, there is a chance of that happening. Mayor Jones asked if that caused any trouble for the City. Mr. Yates said that it did not. Rebecca Huss said that when they were looking at the money that they had in various funds to cover some of the payments, the problem was that they could not cover overlapping payments. Mr. Yates said the interest would be coming temporarily out of the City's reserves. Mr. Yates said that anything over \$600,000 the City would have to float the payment.

Jon Bickford moved to authorize the City Administrator to acquire the loan documents and solicitation for interim financing for the Buffalo Springs Bridge Repair as presented. Rebecca Huss seconded the motion, the motion carried unanimously. (4-0)

12. Report on the Buffalo Spring Bridge Project by the City Engineer.

Mr. Roznovsky advised that Mr. Yates had covered most of the information regarding the financing, which is where the project stands at this time. Mr. Roznovsky said that as of a few days ago, on the FEMA side of the funding, the grant was still in the Office of Legislative Affairs for review. Mr. Roznovsky said that they had a 10 day window, which has passed and we should have that back any day now. Mr. Roznovsky said that FEMA has been very busy these past few weeks.

Mr. Roznovsky said that the other side of the funding is the CDBG-DR Grant that Mr. Yates also mentioned that they have applied for and the application is in review, which they expect to get the final okay either this week or next week. Mr. Roznovsky said it will be a conditional okay upon receiving the final FEMA document, which is in their review to approve the funds, and the GLO Funds that are out there.

Mr. Roznovsky said that as far as the approval process, they are still working with the Corp. of Engineers on the Corp. Permit, which they expect to have that prior to this time frame, and also with the CDBG processing grant, once that is awarded, that goes into a 60-day environmental review period, and again that time frame for funding and bidding. Mr. Roznovsky said that during that 60-days they can bid the project and prepare the contracts, they just cannot enter into a construction contract until that period has passed. Mr. Roznovsky said that according to the time lines, assuming that approval is next week for the grant, it would put them into mid-November when they get the process started and have the bid. Mr. Roznovsky said that he expects to have the final plans on his desk this week, and then they will bid the project and expect to have them either the end of October or the first of November. Mr. Roznovsky said that they were shooting for the meeting in November to present the bids to City Council to get the contracts started while they wait for the environmental study. Mr. Yates said that once the contracts are signed he will also have the Notice to Proceed. Mr. Yates said that the contracts should be ready in early November, so as soon as they hit the 60-days they will have the Mayor sign the documents and get the Notice to Proceed the same day. Mr. Yates said that they should be on line to start actual construction the third week in November.

Mr. Roznovsky said that the bidding and contract letting is a 45-60 day process, which will be concurrent with the environmental review phase, so they are not sitting and waiting to start the process.

Rebecca Huss asked about the parameters of the environmental review. Mr. Roznovsky said that he would have to provide more specifics because it is handled through the grant administrator. Mr. Roznovsky advised that there is a Corp. permit that has an environmental component and they have a CDBG grant that also has an environmental component, and a FEMA environmental component, and they have asked if they can all share the same information.

Rebecca Huss asked if there is any feeling with Harvey and Irma that there is less attention being paid to things that have already gone through the system, and is there going to be the same team. Mr. Roznovsky said that as far as who their contacts are for this project, the State FEMA representative is still the same and he is still responding to them and giving updates on the process.

13. Consideration and possible action for the approval of the Certificate of Acceptance for Gardner Drive Public Road, Public Waterline, Public Sanitary Sewer, and Public Storm Sewer Project.

Mr. Roznovsky advised that this is the Kroger project, so this is the final acceptance of the public water and sewer. Mr. Roznovsky said that what they were waiting on was the contractor and subcontractors had filed liens on the general contractor, because he wasn't getting paid; it took a few weeks for the liens to get released once they received the last payment. Mr. Roznovsky said now that the liens are paid out, they can recommend acceptance.

Mayor Jones asked if they should consider, any time they are doing a grant project, using this interim funding. Rebecca Huss said that in this case the City is relying on itself, but otherwise they are relying on other people to perform. Mr. Roznovsky said it was something to consider going forward with grant projects, because there is a time delay with grant projects getting paid. Mayor Jones said that he hated people having to wait for their money and trying to keep working.

Jon Bickford moved to accept the street, water, sewer and public storm sewer improvements as presented. Dave McCorquodale seconded the motion, the motion carried unanimously. (4-0)

EXECUTIVE SESSION:

The City Council reserves the right to discuss any of the items listed specifically under this heading or for any items listed above in executive closed session as permitted by law including if they meet the qualifications in Sections 551.071(consultation with attorney), 551.072 (deliberation regarding real property),551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas. (No items at this time)

COUNCIL INQUIRY:

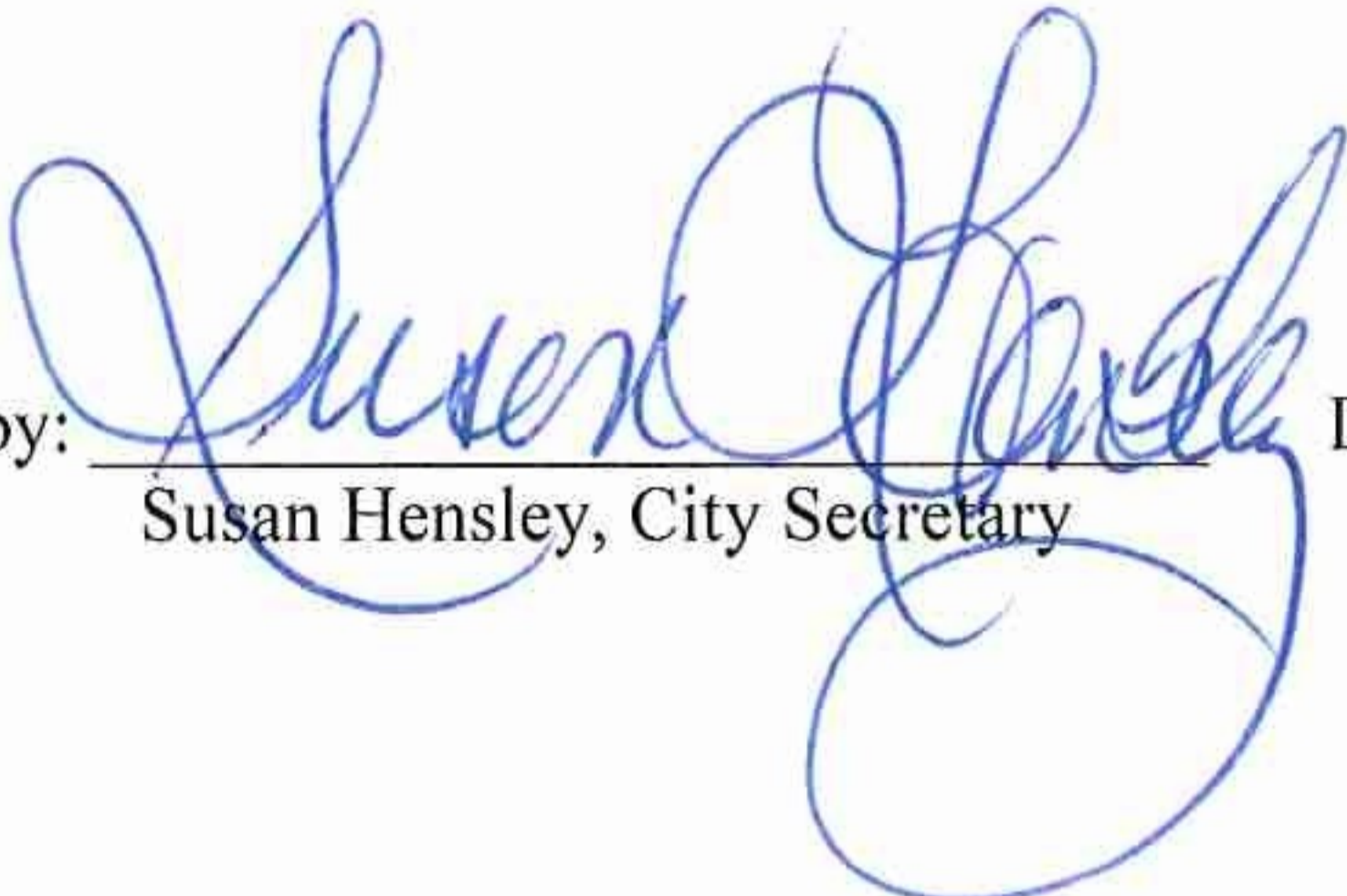
Pursuant to Texas Government Code Sect. 551.042 the Mayor and Council Members may inquire about a subject not specifically listed on this Agenda. Responses are limited to recitation of existing policy or a statement of specific factual information given in response to the inquiry. Any deliberation or decision shall be limited to a proposal to place on the agenda of a future meeting.


Rebecca Huss said that given what has been going on with the amount of water flowing through the City and past our City, she would think it might be nice if the City Engineer has any data on other cities that have been doing more with retaining either household water and being more proactive with their commercial structures and buildings. Rebecca Huss said that Dave McCorquodale has been talking a lot about not wanting to hear that we don't need to do detention because it is not called for. Dave McCorquodale said that was what they had briefly touched on in the study that the City Engineers did about City detention. Jon Bickford said that he really wanted the rest of City Council present, but since they are not all here, the next time a developer comes up and says that they would like put twice as many homes in this section of property, as what the ordinance allows, before anybody makes a decision to say that is a good idea, he would like them to go to Houston and see what happens when you do that, because he spent Thursday down there and you do not want that here. Rebecca Huss said that there is a lot they can do for quality of life and water detention before the whole place is covered in concrete, and she felt that now is the time to do it. Rebecca Huss said that she like to see if the City Engineers know anything about what other communities are doing. Rebecca Huss said they need to figure out

the cost and maybe how they can pay for it, but other cities have to be doing this, and it is harder to go back after you have developed, so now is the cheapest time to be looking at it.

ADJOURNMENT

Jon Bickford moved to adjourn the meeting at 7:31 p.m. Dave McCorquodale seconded the motion, the motion carried unanimously. (4-0)

Submitted by:  Date Approved: 09/26/17
Susan Hensley, City Secretary



Mayor Kirk Jones

