

CITY OF ROCKPORT

MINUTES

CITY COUNCIL REGULAR MEETING 6:30 p.m., Tuesday, November 17, 2015 Rockport City Hall, 622 East Market Street

On the 17th day of November 2015, the City Council of the City of Rockport, Aransas County, Texas, convened in Regular Session at 6:30 p.m., at the regular meeting place in City Hall, and notice of meeting giving time, place, date and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT

Mayor Charles J. Wax
Mayor Pro-Tem Pat Rios, Ward 3
Council Member Rusty Day, Ward 1
Council Member J. D. Villa, Ward 2
Council Member Barbara Gurtner, Ward 4

CITY COUNCIL MEMBER(S) ABSENT

STAFF MEMBERS PRESENT

City Manager Kevin Carruth
Attorney Rob Baiamonte
City Secretary Teresa Valdez
Police Chief Tim Jayroe
Public Works Director Mike Donoho
Assistant Public Works Director Art Smith
Park & Leisure Services Director Tom Staley
Community Planner Kimberly Clark
Finance Director Patty Howard

ELECTED OFFICIALS

Aransas County Navigation District Precinct 3
Commissioner Malcolm Dieckow
Town of Fulton Mayor Jimmy Kendrick

Opening Agenda

1. Call to Order.

With a quorum of the Council Members present, the Regular Meeting of the Rockport City Council was called to order by Mayor Wax at 6:30 p.m. on Tuesday, November 17, 2015, in the Council Chambers of the Rockport City Hall, 622 E. Market Street, Rockport, Texas.

2. Pledge of Allegiance.

Council Member Villa led the Pledge of Allegiance to the U.S. flag.

3. Presentation: Designation of Master Municipal Clerk – City Secretary Teresa Valdez.

Mayor Wax advised the state of Texas has 25 million people and there are 1146 cities that are members of the Texas Municipal League. Mayor Wax said that includes everybody from Houston, Dallas, Fort Worth, Austin, Rockport, Fulton; cities of every size. Mayor Wax expressed that there is a total of, now that Ms. Teresa Valdez is included, 27 Master Municipal Clerks in the entire state of Texas. Mayor Wax declared that this is really special, there is less than 2.5% of the municipal clerks in the state who reach this level. Mayor Wax added that there is a tremendous amount of education, background, and contribution to reach this level, and the City of Rockport has got one of the best in the state.

Mayor Wax presented Ms. Valdez with the International Institute of Municipal Clerks designation of Master Municipal Clerk.

4. Citizens to be heard.

At this time comments will be taken from the audience on any subject matter that is not on the agenda. To address the Council, please sign the speaker's card located on the table outside the Council Chamber and deliver to the City Secretary before the meeting begins. Please limit comments to three (3) minutes. In accordance with the Open Meetings Act, Council may not discuss or take any action on any item that has not been posted on the agenda.

Lynn Blumenfeld addressed the Council. Ms. Blumenfeld commended the Council for their help and cooperation in getting transportation to Aransas County. Ms. Blumenfeld informed the Council that she is the only representative of Aransas County on the Transportation Coordination Network of the Coastal Bend. Ms. Blumenfeld invited the Council and public to attend a meeting on Thursday, November 19, 2015, at 2:00 p.m. at the Aransas County Library. Ms. Blumenfeld expressed a need to get more people riding the Rural Economic Assistance League (REAL) transit buses and asked that everyone help spread the word.

Steve Pham addressed the Council. Mr. Pham stated he was a long-time resident of Rockport, since 1979, and he owns quite a bit of property. Mr. Pham informed the Council that he is thinking about putting some cottage homes on a piece of property he owns at Young & Fourth Streets but there is an easement on the property. Mr. Pham said he is asking the Council to purchase or release the easement and he would like this to be placed on the next Council meeting agenda for consideration.

Consent Agenda

All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

5. Deliberate and act on approval of City Council Regular Meeting Minutes of October 27, 2015.

6. Deliberate and act to appoint members to the YMCA Development Committee.

- 7. Deliberate and act on request from Coastal Conservation Association Texas for use of the festival site on May 10-14, 2016, for the 17th Annual Babes on the Bay fishing tournament.**

Mayor Wax called for requests to remove any item from the Consent Agenda for separate discussion. There being no requests, Mayor Wax called for a motion.

MOTION: Council Member Villa moved to adopt the Consent Agenda Items as presented. Mayor Pro-Tem Rios seconded the motion. Motion carried unanimously.

Public Hearing

- 8. Conduct a Public Hearing to review performance and obtain comments regarding City of Rockport's 2013 Texas Community Development Block Grant Program Contract 713411 – West Terrace and Doughty Area Water Improvement project.**

Mayor Wax opened the Public Hearing at 6:41 p.m.

There were no public comments.

Betty Collier with GrantWorks addressed the Council. Ms. Collier stated GrantWorks was the administrator for this grant project and 21 homes were connected to the City's utility system in the West Terrace and Doughty area.

Mayor Wax closed the Public Hearing at 6:43 p.m.

- 9. Conduct Public Hearing on an application from Hurd Enterprises, Ltd. for a Permit to Drill Oil or Gas Well located within the David Lockard Survey A-97 next to the Aransas County Airport.**

Mayor Wax opened the Public Hearing at 6:43 p.m.

There were no public comments.

Mayor Wax closed the Public Hearing at 6:44 p.m.

Regular Agenda

- 10. Deliberate and act on an application from Hurd Enterprises, Ltd. For a Permit to Drill Oil or Gas Well located within the David Lockard Survey A-97 next to the Aransas County Airport.**

Public Works Director Mike Donoho informed the Council that on October 12, 2015, staff became aware of a drilling site on Airport Road on the south side of the Aransas County Airport. Mr. Donoho stated further investigation revealed that site preparations were completed and drilling commenced on October 16, 2015, without a required permit from the City. Mr. Donoho said that despite the land survey and state drilling application stating that the site was within the City of Rockport, Hurd Enterprises avers that they relied on statements from Aransas County officials that

the property was in the unincorporated area. Mr. Donoho added that once Hurd Enterprises was aware of the discrepancy, they have been very straightforward and diligent in working with staff on the permit. Mr. Donoho informed the Council that the application or permit was received on October 26th and the required public hearing was conducted tonight. Mr. Donoho stated no citations have been issued for drilling without a permit and as of November 13, 2015, no citizen complaints have been received.

Mayor Wax asked if the City has since contacted the County in regard to this matter.

Mr. Donoho answered "Yes" and that it was just a misunderstanding and miscommunication.

Discussion was held among Council and Mr. Donoho.

MOTION: Mayor Pro-Tem Rios moved to grant a Permit to Drill Oil or Gas Well located within the David Lockard Survey A-97 next to the Aransas County Airport to Hurd Enterprises, Ltd. Council Member Villa seconded the motion. Motion carried unanimously.

Mayor Wax stated the Council will move ahead in the Agenda and consider Agenda Item #12.

12. Deliberate and act on contract with Lockwood, Andrews, & Newnam Engineering to assist with floodplain management initiatives and the National Flood Insurance Program's Community Rating System.

Mayor Wax stated the Council had received a presentation on the National Flood Insurance Program's Community Rating System this afternoon at the Council Workshop.

Council Member Day asked Public Works Director Mike Donoho if funds had been budgeted for this.

Mr. Donoho answered that funds were not budgeted specifically for this but there are funds in the professional services line item to be taken from both the Public Works and Building and Development Departments.

Mayor Wax stated that insurance savings for Rockport at Class 7 Rating is 15%, which is an annual savings of \$64,673. Mayor Wax expressed that Rockport is only 500 points away from the next step for an additional 5% savings. Mayor Wax added that Aransas County Judge Mills seemed to indicate this afternoon that the single Hazard Mitigation Action Plan will be prepared for the entire County.

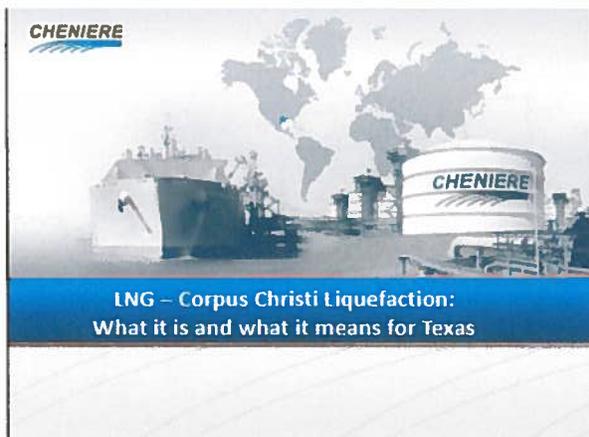
Discussion was held among Council and Mr. Donoho.

MOTION: Mayor Wax moved to approve contractual service with Lockwood, Andrews, & Newnam, Inc. (LAN) Engineering in an amount not to exceed \$51,655.00. Council Member Villa seconded the motion. Motion carried unanimously.

11. Hear, deliberate and act on a presentation from Cheniere regarding area needs, traffic & site construction status, and project update.

Mayor Wax welcomed Cheniere Manager, Government and Public Affairs Corpus Christi Facility Will Nichols. Mayor Wax stated Mr. Nichols is going to give a presentation on what Cheniere has planned so that the City can begin to plan for the impact on Rockport and surrounding area.

Mr. Will Nichols gave the following presentation (below).



What Is Liquefied Natural Gas (LNG)?

- LNG is natural gas that has been super-cooled to -260°F and changed from gas to liquid
- Liquefaction reduces volume by 600-to-1
- Stored cold in insulated containers at near atmospheric pressure
- Safe to store and transport
- LNG is colorless, odorless, non-corrosive, and non-toxic
- Becomes lighter than air when vaporized

LNG Facility Design Parameters

- Zero leak tolerance
- Thermal exclusion zones are calculated
 - These set site area requirements so that no injurious levels of thermal radiation extend beyond the facility property
- Vapor dispersion is calculated
 - The hazard from a vapor cloud must also remain on the facility property
- Marine safety/security zones are designated
 - Prevent ship collisions with LNG carrier
 - Control access to area around LNG carrier

LNG Shipping

- Double-hulled state of the art tankers
- LNG is stored in a special containment system within the inner hull
- Kept at about 1.5 psi above atmospheric pressure at -260°F
- Use "boil-off" gas as onboard fuel
- Many safety features for cargo containment & fire prevention
- Well over 135,000 safe voyages



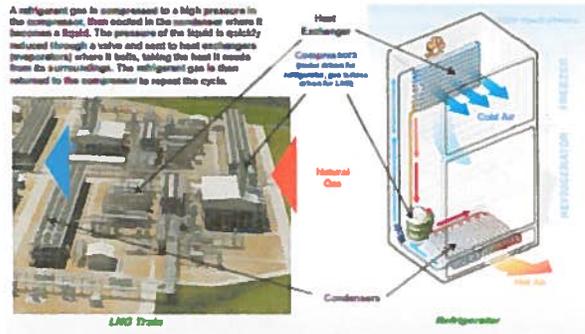
LNG – Tugs

- 4 X True-Tractor Tugs
- Purpose-built specifically for assisting LNGCs
- Engines 2 x 3546C Caterpillar Diesels; 3,150 BHP each at 1800 RPM
- Bollard Pull ~77 MT
- Max Speed ~12 Kts
- Provide maneuvering and other ship-assist functions to LNGCs for transits / dockings / undockings

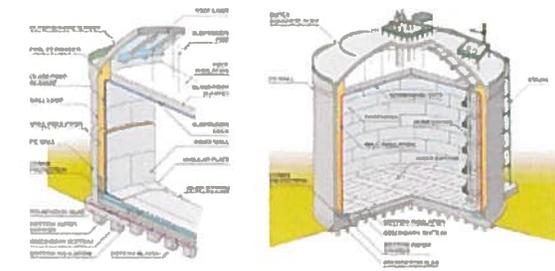
LIQUEFACTION TECHNOLOGY

How Liquefaction Works

A refrigerant gas is compressed to a high pressure in the compressor, then cooled in the condenser where it becomes a liquid. The pressure of the liquid is quickly reduced through a valve and sent to heat exchangers (precoolers) where it boils, taking the heat it needs from the surroundings. The refrigerant gas is then returned to the compressor to repeat the cycle.

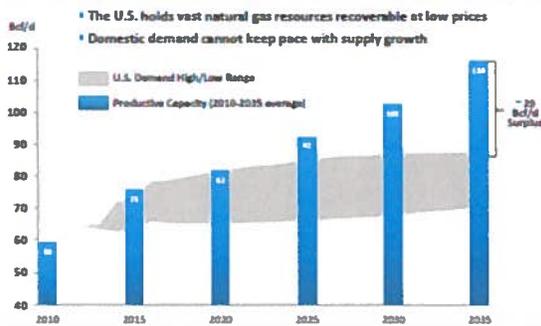


3 Full Containment LNG Tanks to Be Built



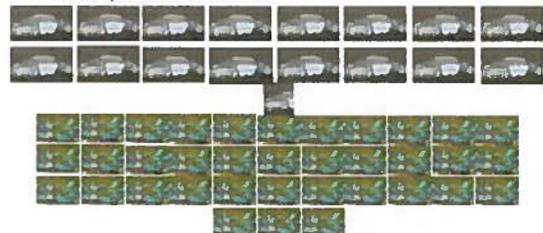
NATURAL GAS SUPPLY AND DEMAND

U.S. Demand vs. Productive Capacity



Economic Development in Football and Schlitterbahn Terms

- Corpus Christi Liquefaction = \$20 billion
- Cowboys Stadium = \$1.2 billion



Equivalent to over 16.5 Cowboys Stadiums Being Built AND Equivalent to over 36 Schlitterbahn P.I. Projects

CORPUS CHRISTI LIQUEFACTION

Corpus Christi Liquefaction Project



Proposed 5 Train Facility

- >1,000 acres owned and/or controlled
- 2 berths, 4 LNG storage tanks (~13.5 Bcu of storage)

Key Project Attributes

- 45 ft. deep channel 14 miles from coast
- Protected berth
- Premier Site Conditions
- 23-mile 48" and 42" parallel pipeline will connect to several interstate and intrastate pipelines

Liquefaction Trains 1-2: Under Construction

- Lump Sum Turnkey EPC contracts w/ Bechtel
- T1 & T2 EPC contract price ~\$1.5B
- Construction commenced May 2015
- Operations estimated 2018-2019

Liquefaction Train 3: Partially Contracted

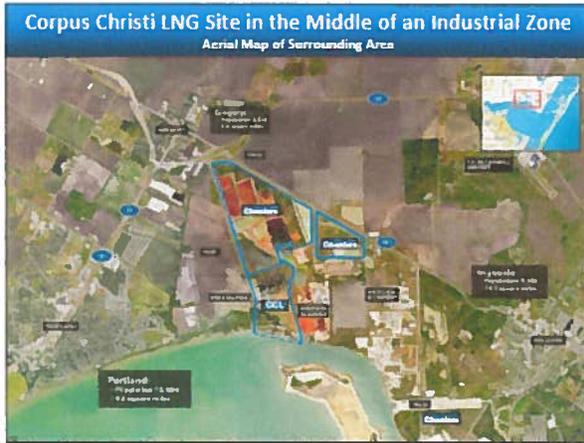
- 0.8 mtpa contracted to date
- Targeting additional 2.1 mtpa
- Reach FID upon contracting

Liquefaction Trains 4-5: Initiated Development

- Permit process started June 2015

Design production capacity is expected to be ~4.1 mtpa per train, using Cameron/Bechtel Contract Design/Build Process

Commenced Construction on Trains 1-2 in May 2015



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Liquefaction Trains 4-5: Initiated Development

- Permit process started June 2015
- Two trains, one tank, one new berths

Design production capacity is expected to be ~4.1 mtpa per train, using Cameron/Bechtel Contract Design/Build Process

Commenced Construction on Trains 1-2 in May 2015

Corpus Christi Liquefaction Stage 3 (Trains 4 and 5) LNG Facility

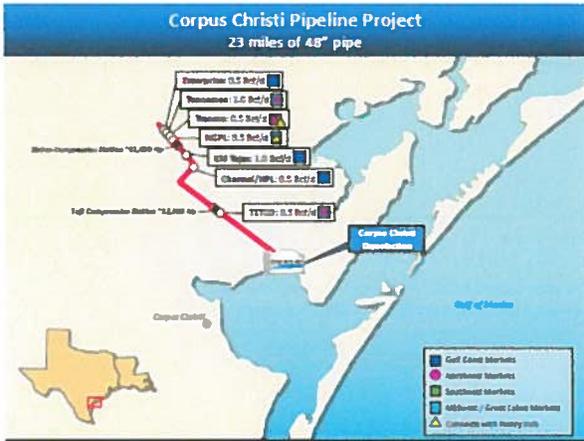
- Located within dredge management placement area for Stage 1-2 Project
- Two LNG Liquefaction trains each with liquefaction capacity of 5 mtpa
- One full-containment LNG storage tank
- Interconnection to Stage 1-2 Project
- No new marine facilities. Will share marine facilities with Stage 1-2 Project.
- Increase in LNG vessel calls from 300 to 400 annually



Corpus Christi Liquefaction Project Overview

- > 1,000 acres owned and/or controlled
- Marine environment conducive to receiving large tankers
 - Deepwater channel (45 feet, 13.7 mi)
 - Uncongested waterways
 - Protected berth
- Premier Site Conditions
 - Established industrial zone
 - Elevated site naturally protected from storm surge
 - On-site dredge disposal
 - Strong local support
- Low Cost Construction
 - \$35 million of site prep work completed
 - Soils do not require piles
 - Excellent local labor, infrastructure & utilities
 - Proximate pipeline interconnections



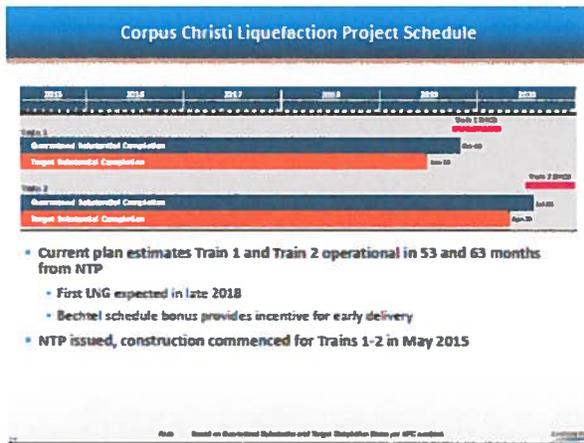


Corpus Christi Liquefaction Trains 1-3

Potential Job Opportunities

2015 to 2020

Job Category	Number of Positions	Timeframe
Management	8 - 10	2015 to 2017
Administrative Assistants, Document Controllers	3 - 8	2015 to 2019
Operations, Maintenance, Marine Supervisors and Coordinators	10 - 18	2016 to 2018
Operators, Maintenance Technicians, Planners, Schedulers	125 - 135	2017 to 2020
Engineers and Analysts (Process, Controls, Mechanical, Electrical, Civil, EHS, Fire Safety)	30 - 35	2015 to 2020
Technical Training Coordinators and Specialists	4 - 8	2016 to 2018
Outage Planners and Schedulers, Warehouse	10 - 16	2017 to 2019
Contract Security	Confidential	Confidential
Total Potential Direct Job Opportunities	200 - 250	



- ### Expanding U.S. Natural Gas Exports Will...
- Improves domestic security of supply
 - Reduces price volatility
 - Supports steady development of natural gas resources
 - Diversifies supply sources in global markets
 - Increased liquidity and trade at prices established by market forces
 - Displaces environmentally-damaging fuels in developing nations
 - Positively impacts the U.S. trade balance by ~\$7 billion
 - Creates new construction and operating jobs
 - 100-150 long-term, skilled technical jobs
 - 4,000 peak construction jobs
 - 13 million man-hours
 - ~\$1 Billion estimated wages/benefits (rate of \$70/hour)
 - Indirect jobs created
 - 30,000 - 50,000 skilled workers

LNG Tanker Transit Route



CHENIERE



Questions?

SABINE PASS LIQUEFACTION

Brownfield LNG Export Project Utilizes Existing Assets Trains 1-4 Fully Contracted, Under Construction



Significant infrastructure in place including storage, marine and pipeline interconnection facilities; pipeline quality natural gas to be sourced from U.S. pipeline network

SPL Construction – July 2015



SPL Construction – July 2015





Discussion was held among Council and Mr. Nichols.

Mayor Wax thanked Mr. Nichols for his presentation and stated the Council looks forward to inviting Mr. Nichols back to a Council Meeting for an update in the next 6-8 months.

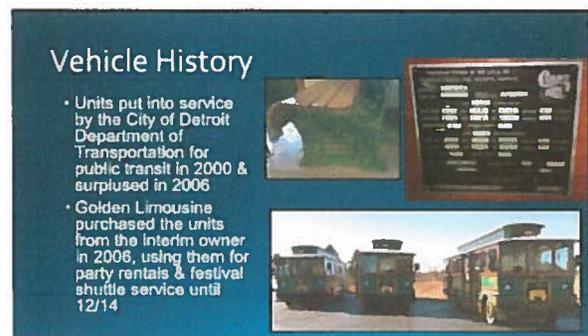
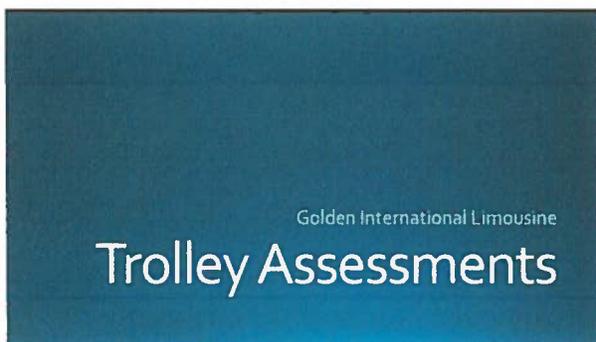
13. Hear and deliberate on presentation from Aransas First on Bent Oaks Conservancy contributions.

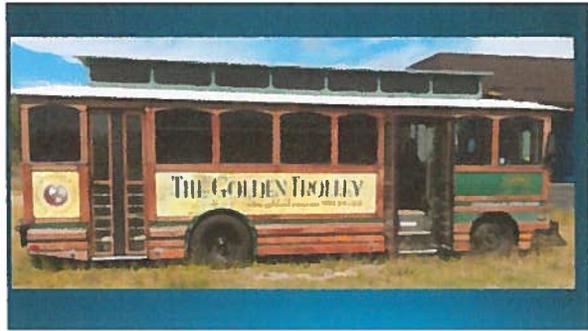
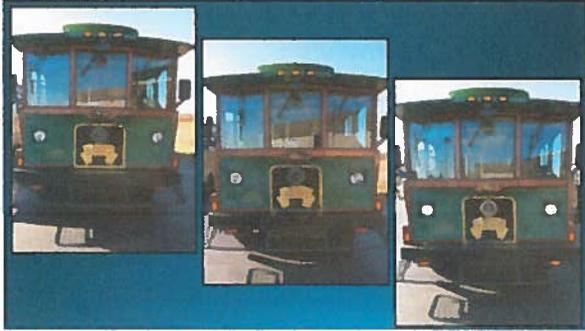
Dr. Earl Matthew gave an update on the contributions Aransas First has received on behalf of the Bent Oaks Conservancy for the purchase of the 8.8 acres the City has under contract in the 1500 block of Broadway. Dr. Matthew informed the Council that 24 persons have donated for a total of \$8500 thus far.

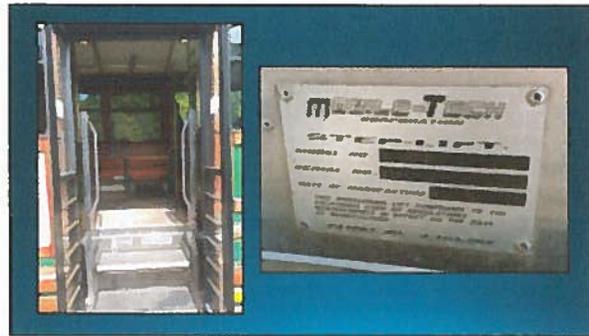
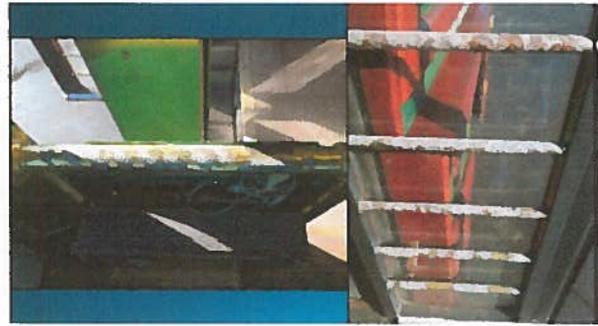
Mayor Wax stated the City is planning to close on that property on January 15, 2016.

14. Deliberate and act on the purchase of trolley buses.

City Manager Kevin Carruth and Town of Fulton Mayor Jimmy Kendrick gave a presentation (below) on the trolley buses they inspected in Michigan on November 15, 2015. Mr. Carruth informed the Council that the price for the three trolleys is \$60,000 and he believes the buyer is motivated to sell.







Expense	0007	0002	0012	Total	Status
Wash	\$ 15,700	\$ 30,700	\$ 38,700	\$ 85,100	bid to bid 2010
Transport	\$ 4,100	\$ 4,100	\$ 4,100	\$ 12,300	
Class. Trolleys	\$ 34,000	\$ 24,000	\$ 24,000	\$ 82,000	Trolleys needed for 12/24 & cannot be rescheduled. Number of trolleys is variable. Replacement trolleys are \$2,000 - \$1,000 each.
Tires	\$ 300	\$ 400	\$ -	\$ 700	These tires need to be purchased before receiving \$1.00 price.
Wash Oil	\$ 3,000	\$ 2,000	\$ -	\$ 5,000	Oil for 2010/2011, 2012 & 2013 maintenance.
Wash Vehicle	\$ 1,000	\$ 1,000	\$ 1,000	\$ 3,000	Transfer equipment to all for to general equipment used as 4022 repair's maintenance (vehicle used as 4022 & 4023 repair's vehicle)
Shop Parts	\$ 700	\$ 700	\$ 700	\$ 2,100	Interchange on all units to good maintenance repair parts. Draw on all items needs replaced.
Paint	\$ 2,000	\$ 2,000	\$ 2,000	\$ 6,000	Painting paint on all units to maintain them for able to allow different painting.
Generators	\$ 2,000	\$ 2,000	\$ 2,000	\$ 6,000	General equipment (generator) are not added over 2010's expense.
Value	\$ 1,000	\$ 1,000	\$ 1,000	\$ 3,000	Shop equipment should be replaced on all units. Current owner has repair cost items & there are no record of, details or current status.
Maintenance	\$ 300	\$ 300	\$ 300	\$ 900	Landfill vehicle repair equipment should 4022 records repair, source report that it runs for a while in order to maintain vehicle repair cost or damage on vehicle.
Total	\$ 60,000	\$ 60,000	\$ 60,000	\$ 180,000	

Miscellaneous Notes

- All units ran fine with no audible difference in running sound between units
- Maintenance records from 2008 forward have been supplied
- Air conditioning blew cold
- All units have two batteries each & are 2 yrs. Old or newer

Options

1. Buy all 3, rehab & operate two & use the third one for parts
2. Option 1 but replace only some CNG tanks in order to reduce cost
3. Buy a new trolley (approx. \$198,690 each)
4. Keep looking

Mayor Pro-Tem Rios said he had attended the Chamber of Commerce Board Meeting and there was a lot of interest in the Workshop item on the Community Rating System. Mayor Pro-Tem Rios added that there was also a lot of interest in the Tropical Christmas parade route and why it had been changed.

Executive Session

City Council will hold an executive session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in:

- 16. Section 551.071(1)(A) Consultation with Attorney on pending or contemplated litigation: a) Aumada, b) Templeton, c) Pena/Dack, and d) Bay Education Center.**
- 17. Section 551.071(2) Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.**
- 18. Section 551.072 Deliberation about Real Property: Acquisition of property for public purpose: a) 412 N. Live Oak Street, b) 1501 and 1505 Broadway, c) Project Barn Owl, and d) Project Painted Bunting.**
- 19. Section 551.087 Deliberation Regarding Economic Development Negotiations: Project Cardinal.**
- 20. Section 551.074 Personnel Matters – City Secretary.**

At 8:25 p.m., Mayor Wax convened the Rockport City Council into an executive session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in Section 551.071910(A) Consultation with Attorney on pending or contemplated litigation: a) Aumada, b) Templeton, c) Pena/Dack, and d) Bay Education Center; Section 551.071(2) Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rule of Professional Conduct of the State Bar of Texas clearly conflicts with the chapter; Section 551.072 Deliberation about Real Property: Acquisition of property for public purpose: a) 412 N. Live Oak Street, b) 1501 and 1505 Broadway, c) Project Barn Owl, and d) Project Painted Bunting; Section 551.087 Deliberation Regarding Economic Development Negotiations: Project Cardinal; and Section 551.074 Personnel Matters – City Secretary;

Open Session

- 21. City Council will reconvene into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any actions necessary related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.**

At 9:18 p.m., Mayor Wax reconvened the Rockport City Council into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any necessary actions related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

No action was taken.

22. Adjournment

At 9:18 p.m., Council Member Villa moved to adjourn. Motion was seconded by Mayor Pro-Tem Rios and carried unanimously.



APPROVED:

A handwritten signature in black ink, appearing to read "Charles J. Wax", is written over a horizontal line.

Charles J. Wax, Mayor

ATTEST:

A handwritten signature in blue ink, appearing to read "Teresa Valdez", is written over a horizontal line.

Teresa Valdez, City Secretary