

CITY OF ROCKPORT

MINUTES

CITY COUNCIL REGULAR MEETING 6:30 p.m., Tuesday, January 11, 2022 Rockport Service Center, 2751 State Highway 35 Bypass and Via Video Conferencing Application ZOOM

Social distancing guidelines and the video conferencing application ZOOM are actions were taken to mitigate the spread of COVID-19. Video conferencing capabilities were utilized to allow individuals to address the City Council. Public participation is valued and citizens wishing to express their views on any topic or agenda item can electronically submit a Citizen Participation Form in order to register to speak by going to <https://rockport.seamlessdocs.com/ff/CouncilCitizenParticipation> or scanning the QR code provided on the Agenda, or if attending the meeting in person register before the meeting begins. Using the same form, citizens can also provide written comments to the City Secretary by 4:00 p.m. on the day of the meeting. The Mayor will read the comments and they will be summarized in the minutes of the meeting.

On the 11th day of January 2022, the City Council of the City of Rockport, Aransas County, Texas, convened in a Regular Meeting at 6:30 p.m., at the Training Room of the Rockport Service Center with social distancing guidelines and using the video conferencing application ZOOM, 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 Patrick R. Rios
Mayor Pro-Tem J.D. Villa, Ward 2
Council Member Katy Jackson, Ward 1
Council Member Brad Brundrett, Ward 3
Council Member Andrea Hattman, Ward 4

CITY COUNCIL MEMBER(S) ABSENT

STAFF MEMBERS PRESENT

Interim City Manager Richard Morton
Assistant to City Manager Kimberly Henry
City Secretary Teresa Valdez
City Attorney Matt Longoria
Director of Finance Katie Griffin
Parks & Leisure Services Director Rick Martinez
Director of Public Works and Building & Development Services Mike Donoho
Chief of Police Greg Stevens
Information Technology Desktop Support Technician Tommy Saucedo

ELECTED OFFICIALS PRESENT

Opening Agenda

1. Call meeting to order.

With a quorum of the Council Members present, the Regular Meeting of the Rockport City Council was called to order by Mayor Rios at 6:30 p.m. on Tuesday, January 11, 2022, in the Training Room of the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas, and via video conferencing application ZOOM.

2. Pledge of Allegiance.

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

3. Citizens to be heard.

At this time, comments limited to three (3) minutes will be taken from the audience from persons who have signed the speaker's card located on the table in the back of the Training Room of the Service Center and delivered to the City Secretary before the meeting begins, or written comments received by 4:00 p.m. on the day of the meeting, on any subject matter that is not on the agenda, will be read by the Mayor and summarized in the minutes of the meeting. Persons wishing to address the Council and who have registered using the Citizen Participation Form will have up to three minutes to speak. In accordance with the Open Meetings Act, Council may not discuss or take action on any item that has not been posted on the agenda. While civil public criticism is not prohibited, disorderly conduct or disturbance of the peace as prohibited by law shall be cause for the chair to terminate the offender's time to speak.

Adelaide Marlatt, 456 Augusta, addressed the Council. Ms. Marlatt made one more appeal for the City to use the funds from the American Rescue Plan (ARP) grant to help drainage systems in the Rockport Country Club that need to be made more resilient. Ms. Marlatt said she read the Minutes from a previous Council meeting, and it was a little disheartening that Council talked about drainage that would be fixed; Shell Ridge that is not even in the City limits, and other areas, but the Greater Rockport Country Club drainage system was not even mentioned, and this system serves 2500 people.

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.

4. Deliberate and act on approval of Regular Meeting Minutes of December 14, 2021, and Special Meeting Minutes of December 30, 2021.

Mayor Rios called for requests to remove any item from the Consent Agenda for separate discussion.

MOTION: Mayor Pro-Tem Villa moved to approve the Consent Agenda Item, as presented. Council Member Brundrett seconded the motion. Motion carried unanimously.

Regular Agenda

- 5. Deliberate and act on second & final reading of an Ordinance approving and adopting the new voting ward reapportionment map of the City and revising the Council Member ward boundaries in response to the 2020 Census; providing for the redistricting of the four City Council Wards within the City of Rockport, Texas; providing a savings clause, severability clause and an effective date.**

Mayor Rios said there had been no changes to format or content since Council approved the first reading of the Ordinance on December 14, 2021.

City Attorney Matt Longoria said there had been no changes since the last time Council discussed this Ordinance and the adoption of this Ordinance would meet the 90-day requirement before the May election.

MOTION: Council Member Jackson moved to approve the second & final reading of an Ordinance approving and adopting the new voting ward reapportionment map of the City and revising the Council Member ward boundaries in response to the 2020 Census; providing for the redistricting of the four City Council Wards within the City of Rockport, Texas; providing a savings clause, severability clause and an effective date. Council Member Brundrett seconded the motion. Motion carried unanimously.

- 6. Deliberate and act on second & final reading of an Ordinance amending Chapter 14, (amusements and entertainments) of the City of Rockport Code of Ordinances; creating Article III, coin-operated machines; establishing an occupation tax; providing for applicable rules and regulations; providing for repealer, cumulative and severability clauses; and establishing an effective date.**

Mayor Rios said there had been no changes to format or content since Council approved the first reading of the Ordinance, with two revisions, on December 14, 2021.

Council Member Brundrett asked if the fee associated with this was basically a permit for a fee.

Chief of Police Stevens answered it allows the City to keep track of vendors.

MOTION: Mayor Pro-Tem Villa moved to approve the second & final reading of Ordinance amending Chapter 14, (amusements and entertainments) of the City of Rockport Code of Ordinances; creating Article III, coin-operated machines; establishing an occupation tax; providing for applicable rules and regulations; providing for repealer, cumulative and severability clauses; and establishing an effective date. Council Member Hattman seconded the motion. Motion carried unanimously.

- 7. Deliberate and act on a Resolution approving a plan of finance to issue General Obligation Refunding Bonds to refund a portion of the City's outstanding indebtedness and the acquisition and construction of certain public improvements, and authorizing the City's staff and professional advisors to prepare and distribute all documents and take all actions deemed necessary in connection with preparing for the issuance of such**

obligations, including the selection of underwriters and the preparation and distribution of a preliminary official statement.

Andrew Kane, 2106 Lakeview Drive, addressed the Council. Mr. Kane commented it was less than one and one-half years since Tax Notes were passed by Council instead of going to the citizenry, and now here we are needing to refund. Mr. Kane stated the City's Financial Advisor Bob Henderson gets paid by commission and he is asking Mr. Henderson to remove his commission because he gave bad advice. Mr. Kane said there are other items for Certificates of Obligation; drainage is in the budget – the citizens have spoken, they want a voice, put it on a ballot.

Kristie Rutledge, 1411 Dana Drive, addressed the Council. Ms. Rutledge said she was surprised to see this item on the Agenda; it has been 16 months since the Tax Notes passed even though there was a petition with 345 citizen signatures. Ms. Rutledge stated there is zero transparency on this; what projects, what fees involved – put it to a vote and have all the information for the public. Ms. Rutledge said Mr. Henderson told Aransas County Commissioner Wendy Laubach the reason they did not do Tax Notes at the County is because there would not be money available for capital improvements.

Bob Henderson, City Financial Advisor, addressed the Council. Mr. Henderson said this item is to approve a Plan of Finance. Mr. Henderson explained the Tax Notes were issued as 10-year Notes and what he said at that time was we could afford paying off that note in the 10-year as originally issued provided that the City understood that there would be no asking for any additional capital improvements program and if needed, they would have to come back and refinance that debt. Mr. Henderson expressed we were quite clear in saying that to the public and provided that flexibility to do that by including a two-year call to allow for refinancing. Mr. Henderson said the bids did come in higher than anticipated and this was discussed in great detail at the December 30, 2021, Special Council meeting. Mr. Henderson explained the Plan of Finance outlines three different types of financing: 1) \$8.1 million in Tax Notes to finance the balance required to fund the City Hall project and allowing any savings derived to be spent on streets and drainage projects; 2) \$3.5 million in Certificates of Obligation to finance street and drainage projects; and 3) \$16,665,000 to refinance the Series 2012 General Obligation Refunding Bonds and the Series 2020 Tax Notes. Mr. Henderson said you can no longer go 10-years with Tax Notes and have to go 7-years and that is well within the useful lives of the equipment as well as the building itself; recent legislation in Austin requires the City to take into consideration the useful life of equipment. Mr. Henderson stated if we do the refinancing taking the Tax Notes from 10 years to 15 years that will not be any tax rate increase and the interest rate savings on the refinancing of the 2012 General Obligation Refunding Bonds will be about \$62,500. Mr. Henderson explained interest rates are going up and may go up and it may be the interest rates have risen to the point it is not possible to re-fund those 2012 Refunding Bonds, but he thought it was prudent to draft the documents that would allow the City Council latitude to do that if it is economically feasible at the time they go to market. Mr. Henderson said neither the Refunding Bonds nor the Tax Notes require any special notice or publications and the Certificates of Obligation require publishing Notice of Intent to issue in the newspaper at least 46 days in advance of Council action to issue and posting such notice on the City's website at least 45 days in advance of Council action. Mr. Henderson stated if we were in a flat interest rate environment, he would say postpone the Refunding Bonds sale and Tax Notes sale until the Certificates of Obligation are

ready, but we are not in a flat interest rate environment. Mr. Henderson said it would be his recommendation to not risk higher interest rates by waiting on authorization for the \$3.5 million Certificates of Obligation. Mr. Henderson said a timetable of events has been provided.

Discussion was held among Council and Mr. Henderson.

Council Member Hattman stated this was a lot of information and she was not feeling 100% comfortable with putting \$8 million up as debt and not having time to look at these documents. Council Member Hattman asked what the absolution deadline was to make a decision on this.

Mr. Henderson answered as the Finance Plan outlines, there are three separate transactions and the only one critical is the Notice of Intent and it was important to note that Council taking action to give Notice does not mean the Council has taken any kind of binding action to incur debt; this would come back to the Council in February and there is nothing binding tonight for the Refunding Bonds or Tax Notes.

Council Member Hattman asked if this could be postponed until next week.

Director of Finance Katie Griffin answered if Council wanted to bring back maybe a Workshop could be scheduled.

Mr. Henderson said all the details of figures were discussed at the December 30, 2021, Special Council meeting. Mr. Henderson stated the next regular Council meeting to consider the Plan of Finance will not interfere with the Refunding Bonds or the Tax Notes, but he would ask that Council go forward with the Notice of Intent.

Council Member Brundrett asked if Council delays the Notice of Intent to the next Council meeting and call for a Workshop would that hurt us in any way. Council Member Brundrett asked if this Notice of Intent would affect anything if the Council decided to have a bond election, or if the City received a petition.

Ms. Griffin said it would push things back by two weeks and the challenge is that it could have a negative effect on interest rates.

Mr. Henderson said there are uniform election dates in May and November and the Council would have to call a bond election by early part of February or you have to wait until November. Mr. Henderson reminded the Council that the contract told you that the sub-contractors are not going to hold their bids and that is why there was a Special Council Meeting on December 30, 2021. Mr. Henderson added he would not only be concerned about higher interest rates but what is going to happen to the construction bids on the City Hall project.

Interim City Manager Richard Morton stated he understood the Council's reluctance and reminded the Council they are here talking about these numbers because the bid on the City Hall project was higher than expected and that generated a number and that numbers was \$5.3 million. Mr. Morton said in the discussions with bond counsel and financial advisors, the City has many needs as you know, and he thinks the discussion was: "What is the threshold, how much debt can be issue and not effect that tax rate and accomplish some good things for the City?" Mr. Morton explained that

in the \$8.1 million in Tax Notes, \$5.3 million of that is for City Hall and \$1.8 million was set aside for vehicles and equipment, and there was another \$835,000 for backup and emergency operations. Mr. Morton said that left about \$3.5 million that you could issue for streets and drainage projects, if you wanted to and not impact the tax rate and those would need to be Certificates of Obligation.

Council Member Hattman and Brundrett said they had understood that vehicles had been put into the budget.

Ms. Griffin stated Council was told the City needed \$1.6 million for vehicles because the City got behind on vehicle replacement because of Hurricane Harvey, and when this was discussed in the Spring the best way to do this was through Tax Notes. Ms. Griffin said there is a line item in the operational budget where departments fund current vehicles, and the challenge is that vehicles have not been replaced for quite some time and we need the Tax Notes to catch up.

Mayor Rios said if we approved all three Agenda items tonight, it puts a Plan of Finance in place and if Council decides to not do anything later that does not cost us anything. Mayor Rios expressed the key part is that we do not have to increase the Interest & Sinking portion of the City's tax rate. Mayor Rios stated the City is in an extremely good position.

Council Member Jackson said she understood this is only a Notice of Intention and she thought the Council needed a very informative Workshop so they know what they are talking about. Council Member Jackson said she was not on Council in the Spring and there are a lot of moving parts not discussed.

Mr. Morton said if Council just wanted to do the City Hall, they could just do the Tax Notes. Mr. Morton stated the \$5.3 million for City Hall does not include any cost savings but those could be used for other worded purpose.

MOTION: Mayor Pro-Tem Villa moved to adopt a Resolution approving a plan of finance to issue General Obligation Refunding Bonds to refund a portion of the City's outstanding indebtedness and to issue Tax Notes and Certificates of Obligation to finance the acquisition and construction of certain public improvements, and authorizing the City's staff and professional advisors to prepare and distribute all documents and take all actions deemed necessary in connection with preparing for the issuance of such obligations, including the selection of underwriters and the preparation and distribution of a preliminary official statement, as presented. Council Member Jackson seconded the motion. Motion carried unanimously.

8. Deliberate and act on a Resolution expressing official intent to reimburse costs incurred for the acquisition and construction of various capital improvements in the City.

Council Member Brundrett asked if this action was non-binding.

Bob Henderson, City Financial Advisor, answered yes that this is strictly a housekeeping chore.

MOTION: Mayor Pro-Tem Villa moved to adopt a Resolution expressing official intent to reimburse costs incurred for the acquisition and construction of various capital improvements in the City. Council Member Hattman seconded the motion.

Kristie Rutledge, 1411 Dana Drive, addressed the Council and asked for an explanation of this item.

Mr. Henderson explained this is required by Federal tax law and from the date of adoption of this Resolution the City can go back 60 days from tonight until the date of issuance and be reimbursed out of debt proceeds. Mr. Henderson said if the City does not issue debt later, the Resolution has no impact.

Interim City Manager Richard Morton said it was important to make clear that Agenda Item #9 was specifically for streets and drainage. Mr. Morton added if the Council approves Tax Notes to be spent on vehicles that have a life of three years, those vehicles would be paid off in three years.

Motion carried unanimously.

9. Deliberate and act on a Resolution authorizing publication and posting of Notice of Intention to Issue Certificates of Obligation to finance street and drainage improvements.

City Financial Advisor Bob Henderson stated there are two requirements before the Council can issue Certificates of Obligation: 1) publishing Notice of Intent to issue in the newspaper at least 46 days in advance of Council action to issue; and 2) posting such notice on the City's website at least 45 days in advance of Council action.

Kristie Rutledge, 1411 Dana Drive, asked for an explanation of this Agenda item.

Mayor Rios read the Agenda item.

Ms. Rutledge stated "streets and drainage" shown on the Notice of Intention an information included in the Agenda packet is extremely vague; what streets, what drainage projects? Ms. Rutledge said Council should vote "no" on this item; there is no information out there and we need full disclosure to the public. Ms. Rutledge stated she understood you are trying to spend as much money as you can without making the tax rate go up. Ms. Rutledge expressed she was very concerned about the recent dialogue regarding drainage coming from a political action committee who happen to be relatives of several Council Members. Ms. Rutledge said her concern is: what is political about drainage, nothing is political about drainage. This is not a political issue and should not be handled by a political action committee.

Council Member Jackson asked Mr. Henderson if this item is passed tonight, will it allow the City to hit those benchmarks, the 46 and 45 days, and publish in the paper next week.

Mr. Henderson answered if Council adopts the Resolution tonight the first publication will be in Saturday's paper, and this is non-binding until Council takes action on March 8, 2022. Mr. Henderson said he believes in full disclosure, but the answer has to be "streets and drainage" because if we state in the document, it is only for Austin Street, and then we find ourselves with \$200,000 extra money and the language is so precise, we cannot spend the money on anything

other than Austin Street and then we would be required to put back in the Interest and Sinking fund. Mr. Henderson stated he did not think we wanted to tie our hands.

Council Member Hattman asked if there was still time to do a Workshop.

Mayor Rios answered: “yes”.

MOTION: Mayor Pro-Tem Villa moved to adopt a Resolution authorizing publication and posting of Notice of Intention to Issue Certificates of Obligation to finance street and drainage improvements. Council Member Hattman seconded the motion. Motion carried unanimously.

10. Reports from Council.

At this time, the City Council will report/update on all committee assignments, which may include the following: Aransas County Alliance Local Government Corporation; Aransas Pathways Steering Committee; Building and Standards Commission; Coastal Bend Bays and Estuaries Program; Coastal Bend Council of Government; Coastal Bend Mayors Group; Park & Leisure Services Advisory Board; Planning & Zoning Commission; Rockport-Fulton Chamber of Commerce; Aransas County Storm Water Management Advisory Committee; Swimming Pool Operations Advisory Committee; Tourism Development Council; Tree & Landscape Committee; YMCA Development Committee; Texas Maritime Museum, Fulton Mansion, Rockport Center for the Arts, Aransas County, Aransas County Independent School District, Aransas County Navigation District, Town of Fulton, and Texas Municipal League. No formal action can be taken on these items at this time.

Council Member Jackson said things are moving great in Ward 1 and the Downtown District; merchants are doing great. Council Member Jackson stated she is looking forward to great things this year.

Mayor Pro-Tem Villa wished everyone a Happy New Year.

Council Member Brundrett wished everyone a Happy New Year and stated he looks forward to moving forward with the Interim City Manager.

Council Member Hattman wished everyone a Happy New Year.

Mayor Rios stated Aransas County is seeing a surge in COVID numbers and asked everyone to be safe. Mayor Rios said he had talked with TxDOT and thanked them for the work on the Key Allegro Bridge, as well as discussion about work on Highway 35 South and taking a look at Broadway and Henderson – there are no turn lanes there. Mayor Rios added Representative Todd Hunter was very helpful with this and he is now on the Transportation Committee; it is good news that we are on his radar.

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:

- 11. Section 551.071 Consultations with Attorney seeking the advice of attorney about pending or contemplated litigation or a settlement offer; and on a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of**

Professional Conduct of the State Bar of Texas clearly conflicts with the chapter: Concho Street Drainage Project.

12. Section 551.074 Personnel Matters – deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer of employee: City Secretary evaluation.

At 8:13 p.m., Mayor Rios convened the Rockport City Council into an executive session pursuant to Government Code Sections 551.071 (Consultations with Attorney) seeking the advice of attorney about pending or contemplated litigation or a settlement offer; and on a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the chapter: Concho Street Drainage Project; and Section 551.074 (Personnel Matters) deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer of employee: City Secretary evaluation.

Open Session

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 8:41 p.m., Mayor Rios reconvened the Rockport City Council into open session pursuant to the provisions of Chapter 551 of the Texas Government Code.

13. Adjournment.

At 8:42 p.m., Council Member Hattman moved to adjourn. Motion was seconded by Mayor Pro-Tem Villa. Motion carried unanimously.



APPROVED:



Patrick R. Rios, Mayor

ATTEST:



Teresa Valdez, City Secretary