

REGULAR MEETING

CITY COMMISSION

HARLINGEN, TEXAS

February 17, 2016

A Regular Meeting of the Harlingen Elective Commission was held February 17, 2016 at 5:30 p.m., City Hall, Town Hall Meeting Room, 118 E. Tyler Street, Harlingen, Texas. Those in attendance were:

Mayor and Commissioners

Mayor Chris Boswell  
Mayor Pro-Tem Victor Leal, District 5  
Danny Castillo, City Commissioner District 1  
Tudor Uhlhorn, City Commissioner District 2  
Michael Mezmar, City Commissioner District 3  
Ruben de la Rosa, City Commissioner District 4

Staff Present

Dan Serna, City Manager  
Amanda C. Elizondo, City Secretary  
Richard Bilbie, City Attorney

Mayor Boswell called the meeting to order and announced the meeting was duly posted according to State law. The following proceedings were held:

Invocation/Commissioner Michael Mezmar

Commissioner Mezmar gave the invocation.

Pledge of Allegiance/Welcome

Mayor Boswell led the pledge of allegiance and welcomed those in attendance.

1) Approval of Minutes

a) Regular Meeting of January 20, 2016

Motion was made by Commissioner Uhlhorn and seconded by Mayor Pro-Tem Leal to approve the minutes of January 20, 2016. Motion carried unanimously.

2) Announcement of the launch of the new City of Harlingen Parks & Recreation "Geo-Quest", Thursday, February 18, 2016, 10:30 a.m., Pendleton Park Pavilion.

Javier Mendez, Director of Parks and Recreation stated the Parks Department had been working on the Geo-Quest Project for about a year ago. The project consisted of a "Treasure Hunt Birding Group Program" that involved families, adults and kids to explore the outdoors. There would be twenty-five individual catches and participants were required to find a minimum of twenty catches to receive a coin with the City of Harlingen's logo. This program will increase tourism and provide an opportunity for families to exercise. This was an initiative of the Healthy

Harlingen Program. Mr. Mendez gave a power point presentation on the Geo-Quest Program and highlighted the qualifications and required forms to participate in the program. The information was on the City's web site. The City of Fort Worth, and another city in Washington County were official Geo-Catch Communities. The City of Harlingen would be the third City.

Mayor Boswell stated that the "Kick-Off" was schedule for February 18, 2016 at 10:30 a.m., Pendleton Park Pavilion. He congratulated Mr. Mendez and staff for a great job.

3a) Consider and take action to approve a request from Immaculate Heart of Mary Catholic Church to close a section of "C" Street between Tyler Ave. and Polk Street (a block) beginning on Saturday, April 2, 2016 at 8:00 a.m. until Sunday, April 3, 2016 midnight for their Third Annual Spring Fiesta.

b) Consider and take action to approve a request by the Downtown Improvement District to close Jackson Street from Commerce to 4<sup>th</sup> Street and crossroads "A", 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup>

Streets from alleyway to alleyway crossing Jackson Street for the 9<sup>th</sup> Annual Jackson Street Classic Car Show to be held on Saturday, April 9, 2016 from 7 a.m. to 3 p.m.

- c) Consider and take action to approve revisions to the existing Interlocal Agreement with the Harlingen Independent School District to assign Harlingen Police Officers as School Resource Officers during the current school calendar year and subsequent years thereafter.

Motion was made by Mayor Pro-Tem Leal and seconded by Commissioner de la Rosa to approve Items 3(a) through (c) under the consent agenda. Motion carried unanimously

- 4) Consider and take action to approve a resolution supporting Operation Crackdown with the Texas National Guard and authorize staff to submit a letter requesting a crackdown mission to demolish structures within the City limits.

Juan Leal, Code Enforcement Manager stated that February 29th thru March 11, 2016 the Texas National Guard would be in Harlingen to demolish the dilapidated structures to assist in the demolishing thirteen houses. Signatures had been acquired from the property owners with the exception of two property owners. He recommended approval of the resolution in support of the Operation Crackdown.

Motion was made by Commissioner de la Rosa and seconded by Commissioner Uhlhorn to approve the resolution supporting Operation Crackdown with the Texas National Guard and authorize staff to submit a letter requesting a crackdown mission to demolish structures within the City limits. Motion carried unanimously.

- 5) Discuss and approve an ordinance by the City Commission of the City of Harlingen, Texas authorizing the issuance, sale and delivery of City of Harlingen, Texas General Obligation Refunding Bonds, Series 2016; approving and authorizing a Purchase Contract, an Escrow Agreement, and a Paying Agent/Registrar Agreement; approving and authorizing all other instruments and procedures related thereto; delegating authority to the Mayor and/or the City Manager to select outstanding bonds to be refunded and approve all final terms of the bonds; and ordaining other matters relating to the subject.

Ms. Anne Burger Entrekin, Managing Director with First Southwest stated they would monitor the City's outstanding debt for refunding opportunities to save some money. Ms. Entrekin presented a power point slide on the City's refunding opportunities and highlighted an update of the municipal market, bond buyer's index; the history of the interest rates from previous years. The highest interest rate in previous years was 5% with the exception of January 2011 the interest rate was 5.41%. The interest rate of 3.27% was the same for December 2013 and February 2016. The benchmark spreads as it related to the municipal market data was ("AAA") to a "BAA" as of February 11, 2016. The original principal amount of the General Obligation Bonds, Series 2006 was \$3,270,000, callable principal - \$2,010,000, callable maturities - 2017-2026; coupons - 4.00% - 4.25, and the call date was February 15, 2016 @ par. In regards to the General Obligation Refunding Bonds, Series 2016, the delivery date would be March 15, 2016, refunding par amount - \$2,070,000, Refunded Par- \$2,010,000, Gross Savings - \$165,424, Net Present Value Savings - \$148,843, Present Value Benefit 7.405% and TIC - 2.116%.

Ms. Entrekin stated Section 1207 of the Government Code allows for refunding of bonds via a parameter sale. The City Commission would delegate final pricing authority to pricing officers (Mayor and/or City Manager) to execute the transaction. The City Commission would also consider the following suggested parameters: Maximum Interest Rate - 3.50%; Minimum Savings Threshold for Refunding - 2.50% NPV of Refunded Bonds; Aggregate Principal Amount of Issue - \$2,400,000; Final Maturity Date - February 15, 2027; Expiration of Delegated Authority - August 17, 2016; and Delegation of Authority - the Mayor and/or the City Manager. It was not their intent to move forward with an actual bond sale without getting an indication of the current market, rerunning all of the debt services saving, and report the statistics to the Mayor or City Manager prior to beginning the pricing process to ascertain that they could move forward with the refunding of the 2016 Bond Series. She would work with the disclosure counsel and bond counsel to prepare all the necessary documents and hopefully obtain a pricing by April 6,

2016. A report would be forwarding to the City Commission that same day or shortly thereafter with the results. The transaction closing was expected to be the first week of May.

Discussion was held in regards to the refinancing of the 2006 Bond Series and Commissioner Mezmar stated the refinancing of old debt only meant that they would be pushing the City's debt further down the road for future payments. If the City has the money set aside it would be wiser to pay-off the current debt and be mortgage free.

Ms. Entrekin stated if the City has the funds available that they would want to contribute they would include those in the transaction. She was not aware of surplus balances in the Interest and Sinking Fund that were available to pay off the debt, but could work with City staff to make a determination.

Commissioner Mezmar asked if the projected savings to the City would be \$165,424 less than what the City was currently paying and what would be First Southwest fee to do the refunding of the 2016 Bond Series.

Ms. Entrekin responded that on a gross basis, every single year it would be closer to \$165,000, but on the presentation of the value it was based on today's value dollar \$148,843.

They ran the numbers and there was an interest rate cushion. If the transaction was effectuated today, the savings would be higher. However, they preferred to present a conservative interest rate assumption to the City Commission given the dynamic and volatility of the market. In regards to their cost fee available, she stated she did not have that information available, but would be happy to provide the information to the City Commission at a later. The cost for their services would be provided to the City in advance prior to conducting any transactions to make sure it was within their existing contract.

Commissioner Uhlhorn inquired when the next callable date was for another Bond Series.

Ms. Entrekin responded it would probably be in a year.

Mayor Pro-Tem Leal asked if this refunding of the bonds would expire in 2026.

Mrs. Entrekin stated the bond would expire in twenty years. The first 10 years the bond holders are protected. The beginning of 10th year the city or any issuer has the ability to pay them off or redeem them at the option of the issuer, not the investor. The current bond holders of the City's bond would have their bonds paid off there would be new buyers on February 15, 2017. They would have the bond at 185,000 based on this maturity analysis.

Commissioner Mezmar stated the original expiration date of these bonds would stand, as long as the dates are not extended.

Mayor Boswell stated the term would not be extended; it would just lower the interest rate and pay less money on the interest. Ms. Entrekin replied yes.

Richard Bilbie, City Attorney read the caption of the ordinance.

Motion was made by Commissioner Uhlhorn and seconded by Mayor Pro-Tem Leal to approve the ordinance authorizing the issuance, sale and delivery of City of Harlingen, Texas General Obligation Refunding Bonds, Series 2016; approving and authorizing a Purchase Contract, an Escrow Agreement, and a Paying Agent/Registrar Agreement; approving and authorizing all other instruments and procedures related thereto; delegating authority to the Mayor and/or the City Manager to select outstanding bonds to be refunded and approve all final terms of the bonds; and ordaining other matters relating to the subject. Motion carried unanimously.

- 6) Consider and take action to approve the first extension and amendment of the existing agreement between the Development Corporation of Harlingen, Inc., the City of Harlingen and Strategic Behavioral Health, LLC. and authorize the Mayor to sign the amendment to the agreement.

Raudel Garza, Chief Executive Officer of the Harlingen Economic Development Corporation, Inc. stated this was the 2nd Agreement between the SBH, City, and EDC. The first agreement was a Chapter 380 Agreement. The developer was requesting an extension of the deadline from January 31, 2016 to October 1, 2016 to obtain the certificate of occupancy. They increased the size of the building by 10,000 sq. ft., added 22 beds and would be creating at least 200 additional jobs by the fall of this year. The EDC Board approved the agreement subject to the EDC statutes. He recommended approval of the extension.

Motion was made by Mayor Pro-Tem Leal and seconded by Commissioner Castillo to approve the first extension and amendment of the existing agreement between the Development Corporation of Harlingen, Inc., City of Harlingen and Strategic Behavioral Health, LLC. Motion carried unanimously.

- 7) Consider and take action to approve or deny the bids/offers received on the following property struck off to Cameron County, for itself and other taxing jurisdictions from a tax resale conducted on November 3rd, 2015.
- a) Legal Description: Lots 25 and 26, Block 3, Charleston Addition, an addition to the City of Harlingen, Cameron County, Texas, as described in Volume 289, Page 393, Deed Records of Cameron County, Texas, (Acct. #16-4110-0030-0250-00).
  - b) Legal Description: Lots 9 and 10, Colonia Guadalupe Subdivision, Section Two, an addition to Cameron County, Texas, according to the map or plat thereof, recorded in Volume 12, Page 18, Map Records of Cameron County, Texas, (Acct. #16-6770-0000-0090-00).
  - c) Legal Description: the East 25 feet of Lot 2 and the West 25 feet of Lot 3, Block 137, Original Townsite to the City of Harlingen, Cameron County, Texas, according to the map or plat thereof, recorded in Volume 2, Page 14, Map Records of Cameron County, Texas, (Acct. #15-0000-1370-0021-00).
  - d) Legal Description: Lots 16 and 17, Block 3, Harlingen Addition, an addition to the City of Harlingen, Cameron County, Texas, as described in Volume 583, Page 483, Deed Records of Cameron County, Texas (Acct. #25-3580-0030-0160-00).
  - e) Legal Description: Tract 2: 0.13 acres, more or less, out of Block 27, Stuart Place Subdivision, Re-subdivision of Survey 137, Cameron County, Texas, according to the map or plat thereof, recorded in slide 1735-b, Map Records of Cameron County, Texas. (Acct. #98-4200-0270-0010-00).

John D. Guevara, Attorney with Linebarger Goggan Blair & Sampson, LLP stated there were four offers from most recent tax resale in November and one private offer totaling five properties. Before a file tax suit to foreclose on a property was filed to collect delinquent taxes, they would first offer a payment agreement to the taxpayer. If this was not resolved than they would conduct a tax sale. All of the properties mentioned above were taken to a tax sale and bids were not received and were placed for a tax resale. Four of the properties were placed once for resale and the 5<sup>th</sup> property was place for resale four times. He highlighted the offers received on the properties and stated the idea was to place these properties back on the tax roll.

Motion was made by Commissioner Uhlhorn and seconded by Commissioner Castillo to approve the bids/offers received on the above mentioned properties struck off to Cameron

County, for itself and other taxing jurisdictions from a tax resale conducted on November 3<sup>rd</sup>, 2015. Motion carried unanimously.

- 8) Discussion and possible action on the resolutions approving or denying the bids/offers received on the tax resale conducted on November 3<sup>rd</sup>, 2015 for the above referenced properties.

Motion was made by Commissioner Castillo and seconded by Commissioner Uhlhorn to approve the resolutions approving the bids/offers received on the tax resale conducted on November 3<sup>rd</sup>, 2015. Motion carried unanimously.

- 9) Consider an ordinance on first reading to rezone from a General Retail ("GR") District to a Light Industry ("LI") District for Lot 1, Block 1, Joelyn Subdivision located at 1218 North Loop 499. Applicant: Leo Padilla

Rodrigo Davila, Planning Director stated Leo Padilla, applicant was requesting to rezone from a General Retail ("GR") District to a Light Industry ("LI") District to operate a go cart business in the proposed property. The current City ordinance did not allow for a go cart business in a ("GR") Zone, but was allowed in a ("LI") Zone. The surrounding properties were zoned general retail and light industry to the north and west and to the east and south was light industry. The request complied with existing Land Use Plan. The Planning & Zoning Commission along with staff recommended approval of the rezone request.

a) Public hearing

Mayor Boswell announced this was a public hearing and anyone wishing to speak for or against the item could do so.

There being no comments, Mayor Boswell declared the public hearing closed.

b) Consider and take action to approve an ordinance on first reading for a rezone request at the above described property.

Mr. Richard Bilbie, City Attorney read the caption of the ordinance.

Motion was made by Mayor Pro-Tem Leal and seconded by Commissioner de la Rosa to approve an ordinance on first reading to rezone from a General Retail ("GR") District to a Light Industry ("LI") District for Lot 1, Block 1, Joelyn Subdivision located at 1218 North Loop 499. Motion carried unanimously.

- 10) Consider and take action to adopt a resolution authorizing the Texas Coalition for Affordable Power, Inc., to negotiate an electric supply agreement for five years for delivery of electricity effective January 1, 2018; authorizing TCAP to enter into a contract for electricity; authorizing the Mayor or the City Manager to execute an electric supply agreement for delivery of electricity effective January 1, 2018 and committing to budget for energy purchases in 2018 through 2022 and to honor the City's commitments to purchase power for its electrical needs in 2018 through 2022 through TCAP.

Gabe Gonzalez, Assistant City Manager stated the City purchase its energy through Texas Coalition for Affordable Power (TCAP). The contract with TCAP would expire 2017. TCAP procured a five year term to purchase electricity from 2018-2022. Cities interested in continuing to purchase power through TCAP were asked to approve a resolution by the end of February 2016. The current rate was .07485¢ per hour. The new rate would result in a saving of approximately \$996,648 a year, but later quoted a revised rate of 3.887¢ resulting in a saving of \$1,043,941 to the City, Waterworks and Airport. The rate of 3.887¢ would remain in effect for five years. The City had 24 hours to sign the contract and require two persons to sign the document in the event that one of the authorized signers was unavailable. He stated there were other options, but he recommended Option #1 because of the savings. The savings were guaranteed and it would allow the City and Waterworks to plan for the future. The savings to the City would be approximately \$392,613 per year for five years. Waterworks would receive a saving of half of million dollars per year. He recommended approval of the resolution and authorization for the Mayor and City Manager to be the authorized signers on the contract.

Motion was made by Mayor Pro-Tem Leal and seconded by Commissioner Mezmar to approve the resolution authorizing the Texas Coalition for Affordable Power, Inc., to negotiate an electric supply agreement for a five year for delivery of electricity effective January 1, 2018; authorizing TCAP to enter into a contract for electricity; authorizing the Mayor or City Manager to execute an electric supply agreement for delivery of electricity effective January 1, 2018 and committing to budget for energy purchases in 2018 through 2022 and to honor the City's commitments to purchase power for its electrical needs in 2018 through 2022 through TCAP. Motion carried unanimously.

- 11) Consider and take action to accept/reject bids and award contract for the CDBG Street Improvements (Overlay) under Bid No. 2016-05.

Javier Zamora, P.E, stated the funding for this project was allocated in the One Year Action Plan, Community Development Block Grant Budget for Census Tract 106.01 Block Group 1. The streets to be improved were: Velvet Oaks from Business 77 to Shirley Street, Vinson Ave. from Business 77 to end, and Shirley Street Business 77 to Business 77. Five companies submitted sealed bids and the lowest most responsible bidder was Pederson Construction. The Engineering Department staff reviewed all the bids including the references and recommended to award the bid to the lowest responsible bidder, Pederson Construction in the amount of \$338,744.25.

Motion was made by Commissioner Castillo, and seconded by Commissioner Uhlhorn to accept staff recommendation and award to award bid contract for the CDBG Street Improvements (Overlay) under Bid No. 2016-05 to Pederson Construction. Motion carried unanimously.

- 12) Consider and take action to approve an Interlocal Agreement between the City of Harlingen and the Harlingen Consolidated Independent School District to share polling places, equipment and election personnel for Election Day and share City Hall as a joint polling place for Early Voting by Personal Appearance.

Ms. Amanda C. Elizondo, City Secretary stated this was the standard interlocal agreement with the School District for the sharing of the polling places, cost of election personnel and equipment. The School District approved the agreement at their previous board meeting. She recommended approval of the agreement.

Motion was made by Commissioner Mezmar, seconded by Commissioner Castillo to approve an Interlocal Agreement between the City of Harlingen and the Harlingen Consolidated Independent School District for the sharing of polling places, equipment and election personnel cost for Election Day and share City Hall as a joint polling place for Early Voting by Personal Appearance. Motion carried unanimously.

- 13) Board Appointments

Commissioner Mezmar

Judy Kroll - Animal Shelter Advisory Committee (New Appointment)

Mayor Pro-Tem Leal

Elizandro Munoz - Harlingen Proud Advisory Board (New Appointment)

Mayor Boswell

Chris Castillo - Harlingen Proud Advisory Board (New Appointment)

Motion was made by Commissioner Uhlhorn and seconded by Commissioner Mezmar to approved the appointments of Judy Kroll to the Animal Shelter Advisory Committee; Elizandro Munoz to the Harlingen Proud Advisory Board and Chris Castillo to the Harlingen Proud Advisory Board. Motion carried unanimously.

Mayor Boswell changed the order of the agenda and proceeded with the following item.

- 15) Citizen Communication

Yolanda Shoffiet, 285 Altas Palmas stated the SBHC was approved by this board, and when they went before the Planning and Zoning Commission Board for approval they took twenty-two parking spaces. They had seventy-two beds, now they have ninety-five. She had spoken to the District Attorney and was advised that the city had had broken the law. Five years ago there was a list of demolished properties and asked if those that did not pay their taxes were those houses selected for demolition. The Lee Apartments owned by a former official had not been demolished.

Jaime Rodriguez, 217 West Harding Avenue, stated his concern was in regards to some electrical wires over his house. He had addressed this issue with the City, but had been told that the City was not responsible for electrical wires over the homes. He asked who was responsible for the city electricity. His house caught fire and the report showed that the cause of the fire was a tree branch. The issue was addressed to AEP and the cable company, but felt he was being ignored. Mr. Rodriguez encouraged City officials to walk the districts that they represented to learned of the citizens needs.

Mayor Boswell stated he could not discuss Mr. Rodriguez concern because it was not an agenda item, but recommended that a staff person speak to Mr. Rodriguez about his concern.

- 14) Executive/Closed Session pursuant to Chapter 551, Subchapter D, V.T.C.A., Texas Government Code Sections 551.087, 551.072 and 551.071 regarding commercial and financial information from a business prospect with which the City Commission is conducting economic development negotiations and/or to discuss or deliberate financial or other incentives with the business prospect known as **Project Fire House** and to possibly seek legal advice from the City Attorney regarding this matter.

At 6:23 p.m., Mayor Boswell announced the City Commission would convene into executive session to discuss Item No. 14.

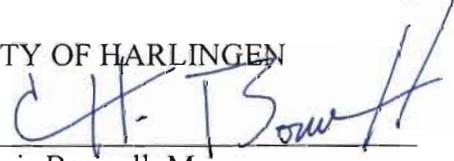
Motion was made by Mayor Pro-Tem Leal and seconded by Commissioner de la Rosa to convene into executive session to discuss Item No. 14. Motion carried unanimously.

At 6:44 p.m., Mayor Boswell announced the City Commission had completed its executive session and declared the meeting open to the public.

No action was taken on Item #14.

There being no other business to discuss, Mayor Boswell adjourned the meeting.

CITY OF HARLINGEN

  
Chris Boswell, Mayor

ATTEST:

  
Amanda C. Elizondo, City Secretary