

# CITY OF ROCKPORT

## MINUTES

### CITY COUNCIL REGULAR MEETING 6:30 p.m., Tuesday, February 8, 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/f/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 8<sup>th</sup> day of February 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 Megan Santee – *Via ZOOM*  
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 Director Bob Argetsinger

#### 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 6:31 p.m. on Tuesday, February 8, 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 Hattman led the Pledge of Allegiance to the U.S. flag.

## **3. Presentation: Certified Municipal Official – Mayor Patrick R. Rios.**

Mayor Pro-Tem Villa expressed he was honored to present the Certified Municipal Official certificate to Mayor Rios. Mayor Pro-Tem Villa explained the Texas Municipal League (TML) recognizes municipal elected officials participating in the Texas Municipal League Institute (TMLI) program who earned the appropriate number of continuing education units (CEUs) in the previous calendar year. Mayor Pro-Tem Villa said TML presents the following awards:

- Certificate of Recognition – 42 CEUs
- Certificate of Achievement – 54 CEUs
- Certificate of Outstanding Accomplishment – 72 CEUs
- Certified Municipal Official – 72 CEUs including two hours of open government training (one hour of training on the Open Meetings Act and one hour on the Public Information Act).

Mayor Pro-Tem Villa stated Mayor Rios is one of 46 officials in the State that has received this certificate this year and Mayor Rios has received the Certified Official status for the seventh consecutive year.

Mayor Rios received applause from the audience.

Mayor Rios stated continuing education is important, the Council has a budget for this, and it is important to keep up with changes coming from the State.

## **4. 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.

Kristie Rutledge, 1411 Dana Drive, addressed the Council and commented: Recently I was asked why citizens seemed to be concerned, and I just want to bring that up publicly, put it on the record, so there is no confusion and offer solutions. On August 20, 2020, this City Council pushed forward with Tax Notes after tossing out a valid citizen petition on Certificates of Obligation denying the citizens of Rockport the right to vote. That one action led to a series of mistrust in this City. I

talked to you in the Fall, and you had made some changes in personnel and now is the time for additional changes so you can begin to regain the trust of citizens. I'd like to see more financial transparency, information presented to Council, large legal documents be given two weeks in advance, videos of your meetings be put on YouTube, and adopt a zero-based budget. Do you have any idea how much debt you have? \$45 million right now.

### **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 Workshop Minutes of January 19, 2022, and Regular Meeting Minutes of January 25, 2022.**
6. **Deliberate and act on request to close south side of Austin Street from East Concho Street to North Street on March 5, 2022, from 7:00 a.m. to 10:00 a.m. for the 33<sup>rd</sup> Annual Whooping Crane Strut.**
7. **Deliberate and act on 1<sup>st</sup> quarter report from the Texas Marine Science Institute/Mission Aransas National Estuarine Research Reserve for Fiscal Year 2021-2022 Bay Education marketing expenditures.**
8. **Deliberate and act on a Resolution of the City Council of the City of Rockport ordering a General Election and establishing procedures for said election to be held on Saturday, May 7, 2022; the General Election shall be for the purpose of electing a Mayor at-large, a Council Member to represent Ward #2 and a Council Member to represent Ward #4; providing other matters relating to the General Election; and finding and determining that the meeting at which this Resolution is passed is open to the public as required by law.**

*Deliberar y tomar medidas sobre la Resolución, una resolución del Ayuntamiento de la Ciudad de Rockport en la que se ordena la realización de unas Elecciones Generales y se establecen procedimientos para dichas Elecciones, que se llevarán a cabo el sábado 7 de mayo de 2022; las Elecciones General se relizarán con el propósito de elegir un Alcalde, un Concejal que represente el Distrito #2; y un Concejal que represente el Distrito #4; se estipulan otros asintos relacionados con las Elecciones Generales, y se decide y determina que la reunión en la cual se aprueba esta Resolución estará abierta al publico, como lo requiere la ley.*

9. **Deliberate and act on Contract for Election Services with the Elections Administrator of Aransas County for the May 7, 2022 Election.**

*Deliberar y actuar sobre el contrato de servicios electorales con el administrador de elecciones del condade de Aransas para las elecciones del 7 de mayo de 2022.*

10. **Deliberate and act on May 7, 2022, Joint Election Contract for Election Services between the City of Rockport and Aransas County Independent School District in compliance with HB 1.**

*Deliberar y tomar medidas sobre el Contrato de Elecciones Conjuntas del 7 de mayo de 2022 para Servicio Electorales entre la Ciudad de Rockport y el Distrito Escolar Independiente del Condado de Aransas, en conformidad con HB 1.*

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**

**11. Deliberate and act on request to close Main Street from Austin Street to Water Street on the second Fridays through second Sundays of every month, starting March 2022, from 6:00 p.m. on Fridays through 6:00 p.m. on Sundays, for a Street Market.**

Elise & Mike Baker addressed the Council. Mr. Baker said they had answered some questions they had been given and he could answer any questions the Council may have.

Council Member Jackson said she had a list of questions from the merchants in the Downtown District. Council Member Jackson asked the following questions:

1. Is this setting a precedent of a private business closing a public street for personal property?

Council Member Jackson answered she felt it did not, and she felt it was supporting the merchants Second Saturday initiative in getting people to come to the Downtown District.

2. Where are the vendors going to park and will set-up and take-down monitored?

Mr. Baker answered he currently has permission for private off-street parking for vendors, and there is another avenue he has not explored because he is waiting on approval from the City Council.

3. Will the market be fully supervised when open and what about security during the night?

Mr. Baker answered since their business is right there on the corner, he will be out there during the day when vendors are setting up, and in the evening when it is closed at night he has talked to the Sheriff's Department, and he did not know where to go to talk to City Police Department, officers will contract, so from 6 p.m. on Saturday night until 6 p.m. on Sunday, he will have security there.

4. Who is reviewing vendors to avoid controversial and/or illegal wares?

Mr. Baker answered that he and his wife will be doing all the jurie, and anybody that applies it is very clear it will be a juried show and want to bring in vendors that are artisans; hand-made, hand-crafted, not store bought, not resale, an upscale market to coincide with what

we have downtown.

5. Do you have experience with markets/fairs/large crowds?

Mr. Baker answered that years ago they did a large craft fair with over 400 vendors, and he deals with the public all the time.

6. Have you talked to neighboring businesses?

Council Member Jackson answered they already have written permission from Rowdy Maui across the street on Main and that is all that is required.

7. There are two empty areas on Main Street on that block, work with owners to use that to keep the street and parking open.

Mr. Baker stated both those lots, the one behind Rowdy Maui and the one behind him are owned by the business beside him and they will not be using those areas.

8. Noise solution?

Council Member Jackson said from what she understood there were only going to be vendors, no generators, and no live music.

Mr. Baker said that was correct with one little caveat. There will be a gentleman who does acoustic guitar, and he will be set up on the patio on Sunday.

9. No end date noted. A trial period of six months or a year?

Mr. Baker stated he did not foresee stopping this if it is a success. Their goal is to promote Downtown.

Council Member Jackson said the District merchants are all behind this; get people to go into the stores in Downtown.

Council Member Hattman asked where the off-street parking was located.

Mr. Baker answered it will be on Water Street, behind the businesses on Austin Street, the private property back there.

Council Member Hattman stated the request says there will be 60 booths and that seems quite excessive for the area.

Mr. Baker stated he has 10' booths with 2' between the booths; four rows of 15.

Council Member Hattman said she did not think it was going to work as well as Mr. Baker thought, and it concerned her for safety reasons.

Mr. Baker stated if it gets to the point where there are so many booths and so many people, then

yes, they will need to talk about thinning down the crowd and make it more enjoyable.

**MOTION:** Council Member Brundrett moved to approve the closing of Main Street from Austin Street to Water Street on the second Fridays through second Sundays of every month, starting March 2022, from 6:00 p.m. on Fridays through 6:00 p.m. on Sundays, for a Street Market. Council Member Hattman seconded the motion.

Discussion was held between Mr. Baker and City staff regarding how the street will be blocked, sanitary conditions, and trash pick-up during and after the event.

Interim City Manager Richard Morton asked if the Council would consider selecting an end-date, possible 3-6 months.

Mayor Rios stated one of the things Council needs to look at is a special permit ordinance. Mayor Rios said they had spoken with the City Attorney today and they are drafting an ordinance for consideration by Council. Mayor Rios said he is in favor of this request, but Council may want to consider a time period like the Interim City Manager suggested.

Mr. Baker said he understood the time limit suggestion, but he just started advertising for vendors for a March event and it is going to take six months to get the word out – quality vendors we are looking for already have the scheduled shows that they go to. Mr. Baker stated he heard what was being said about a special permit and in six months you are hoping to have that, but he also heard there is no guarantee.

Mayor Rios stated we do not know what is going to happen in that area; if a developer comes in and needs that street for safety issues.

Mayor Pro-Tem Villa said if something does come up and the City needs to use that street and it happens to fall on the weekend that the street market is scheduled for; how will that work?

Mr. Morton said we all want it to be successful and if we give it an end-date, it will give us time to evaluate the product and evaluate the City resources that may have to be spent to make it successful and give us time to develop a permit application and ordinance. Mr. Morton stated it is a process the City needs to go through to protect the citizens; he saw that the Bakers were going to provide liability insurance and he appreciated that.

Council Member Hattman asked if an end-date is not established and it does not work out or there are issues, what do we do about that?

Mr. Morton said he would suggest giving it an end date so it can be reviewed.

Parks & Leisure Services Director Rick Martinez said he heard Mr. Baker say he was going to contact the City's solid waste company and maybe get a dumpster, but during the event will there be someone walking the event to control the litter or spillage. Mr. Martinez stated his concern was trash blowing into the harbor.

Mr. Baker said he has a list of volunteers that will help him, and vendors will also be responsible.

City Attorney Megan Santee said in light of the questions regarding some of these requirements, as well as the provisions provided in the email, I wanted to make sure this approval is to host the event, not necessarily a guaranteed amount of time right now and it could be reviewed by the City Council in the future. Ms. Santee stated being able to have an agreement in place with the City to allow the City to enforce all of the provisions identified in the email would be my recommendation, if that is something Council is willing to consider.

Mayor Rios asked if the City Attorney was suggesting Council amend the motion with a time limit until we can get everything in place.

Mayor Pro-Tem Villa said he thought the Bakers needed to get with City staff and make sure all the requirements are done prior to the event.

**MOTION AMENDMENT:** Council Member Brundrett amended his original motion to approve the closing of Main Street from Austin Street to Water Street on the second Fridays through second Sundays of every month, starting March 2022 and ending August 31, 2022, from 6:00 p.m. on Fridays through 6:00 p.m. on Sundays, for a Street Market, and the Bakers meet with City staff and get all the recommendations taken care of. Council Member Jackson seconded the motion.

Mr. Baker asked for clarification. Can he have the August show?

Mayor Rios stated if you get everything done you can have the March show and continue through the end of August if he so chooses to do so.

Mr. Morton stated what he heard the City Attorney say is that this is not a forever approval, it can be revoked at any meeting if issues arise. Mr. Morton said the goal is to let you operate this successful event Downtown at least through August and we hope longer. Mr. Morton expressed this will give the City some time to develop an ordinance that vendors can live with and protects the citizens.

Mayor Rios said the Bakers will need to meet with the Public Works, Parks & Leisure Services, and Police Departments.

Council Member Jackson asked that she be kept informed.

Motion carried unanimously.

## **12. Hear presentation on economic development incentives.**

Kristie Rutledge, 1411 Dana Drive, addressed the Council and commented: You are going to hear a presentation from the Economic Development Corporation. A private corporation of investors; their goal was to invest in Rockport and join forces with the government City of Rockport and Chamber of Commerce. I'm struggling with the idea of the Economic Development policies because they were written by private investors, yet they will incentivize private businesses with our tax money. We're having a serious budget problem. We cannot afford to lose any tax dollars. So, I want you to consider that. I want you to consider Mayor Rios' words when he went to the State Legislature this Summer, and he talked about residents of Rockport not being able to afford

the TWIA rate hike and he said that economic development would make it hard in our region for someone who wants to live here to be able to afford to do so, it would force them out. Those were his words. This is very concerning to me because what you are talking about are policies for private investors who are going to make it hard for us to be able to afford to live here. It even says so in the tax increment finance policy here that it is going to make housing affordability issues worse. There is a clause in here that talks about that. That is very concerning to me. Last night I had a chance to talk to a school board member who mentioned that it is very difficult for the school district to recruit teachers because they can't afford to live here now. Why are we going to adopt policies when we know a known outcome will be housing affordability issues will be worse for the working class? Are we going to trade off small apartments in downtown for families who would like to live in single family homes but can no longer afford to do so. I want you to consider that. City Council you don't have the same advantage the County Commissioners have. You don't have an attorney on staff. I would like for you to require meaningful workshops. You're going to get a small presentation. There are a lot of legal documents here; 30 days and apart so there is some dialogue with citizens and some transparency back and forth where we can understand these policies and you have a chance to understand them. I don't believe there is any way, in the few minutes they are going to be presented by the investors that any of us will understand what is in these policies that are going to fundamentally change our community for the next 20, 30, 40 years.

Mayor Rios stated for a Point of Clarification that Ms. Rutledge again had misquoted what he had said at the Legislature last year.

John Jackson, 312 Olympic Drive, addressed the Council and commented: I'm a lifelong resident. From my great grandparents to my grandchildren, we have been here for seven continuous generations. Following Hurricane Harvey, I was asked to assist with recovery efforts, particularly representing Aransas County in the Coastal Bend Disaster Recovery Board and so in doing I attended dozens and dozens of focus groups, meetings, sessions, and task forces as many of you did. Our Board helped raise millions of dollars, almost all of which was spent repairing, rebuilding, replacing homes for the neediest and entitled citizens of this County. Amid that effort, it became clear after all those meetings, we needed a community with a more diverse sustainable economy. Not long after that we formed the Aransas County Partnership Economic Development Corporation, and a key part of our community initiative was developing a plan that prioritized targeted areas that focused on bringing in more commercial tax base. Not having the benefit of economic development sales tax as 720 other Texas cities have had led us to forming the Local Government Corporation and then the Economic Development Corporation. This structure gives citizens a voice, as well as a private sector opportunity to help fund a comprehensive program and saves local taxpayers and provides a team approach to managing and directing development and growth. The policies and guidelines that Mr. Meek will present to you tonight will put you in the driver's seat, not the other way around. The EDC is simply your service provider for marketing improvement and will distribute the guidelines you approve, and you decide whether a proposal will be worthy or not. I urge you to direct your staff to review the documents, make the changes whatever is needed and let's work together for a more resilient economy and a more promising future.

Aransas County Partnership Economic Development Corporation (EDC) Interim President Michael Meek gave a presentation (below) on economic development incentives.



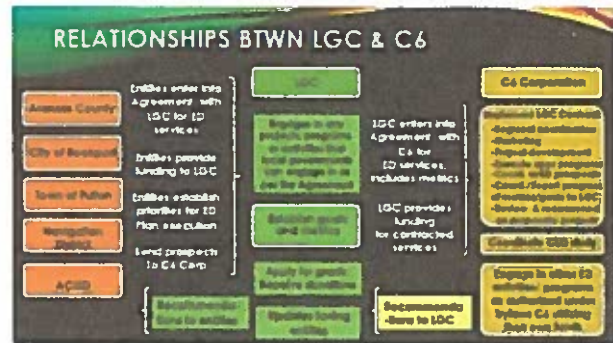


**What is Economic Development?**



**How Does Economic Development Work?**

...it is the process by which new dollars are infused into a local economy by primary employers...



- WHY FORMED IN 2019**
- Shared goals of having a
  - Diversified economy
  - Attracting quality businesses
  - Business Friendly
  - Expanded tax base
  - Clearinghouse for BBE
  - Increased workforce housing

Aransas County Initiative Local Government Corporation



**ECONOMIC DEVELOPMENT A PUBLIC PURPOSE IN THE STATE OF TEXAS**

THE MARKET FOR PROSPERITY (continued)

There are several essential conditions that businesses require to locate in an area

- Adequate skilled workforce
- Quality of life
- Quality infrastructure

And, companies must remain cognizant of their overall costs; the market will accept no less

**ECONOMIC DEVELOPMENT A PUBLIC PURPOSE IN THE STATE OF TEXAS**

**The Market for Economic Incentives**

Incentives can and often play a role in securing a location, expansion, or retention  
 - 95% of all Texas communities use them

Without meaningful programs communities will be handicapped in their wealth creation efforts

The challenge is assuring that programs are effectively structured and reflective of local priorities

They should be used properly in a manner designed to maximize your expected return on investment (ROI) of public resources

**Positive Impact Business Sectors & Strategy**

- Compatible, sustainable, impactful to the City of Rockport
- Will provide needed services to citizens and lower leakage

**Shift Chapter 312, 380, 311, 372 Policy & Procedures**

- Places governmental entities in pro-active, control position vs reactive
- Provides a process to evaluate requests
- Provide maximum ROI to community

**CHAPTER 312, Chapter 380, and Chapter 311.....**



Provide tax relief to residential taxpayers



Arkansas CAD current ratio 87%/13% (residential vs non-residential)



State of Texas ratio 40%/60%  
 Comal County 54%/46%

**CHAPTER 312 AGREEMENTS**

CITY under no obligation to provide to any applicant

Eligible enterprises match the target business sector

Maximum temporary abatement 70%, not 100%

Buy local - hire local included as criteria

**CHAPTER 312**

Used to stimulate, encourage and develop business location and commercial activity

Provide added tax base to the governmental entity

Provide tax relief to residential taxpayers

Arkansas CAD current ratio 87%/13% (residential vs non-residential)

State of Texas ratio 40%/60%

**CITY OF ROCKPORT  
 CHAPTER 311 POLICY**

**TAX INCREMENT FINANCING & PUBLIC FINANCING MECHANISM**

Growth in taxes (tax-incent) associated with new development or re-development captured

Used to pay costs associated with public improvements

Encourages economic development within a defined geographic area  
 (only bond-aided abatement for governmental property)

**OVERVIEW OF INCENTIVE POSSIBILITIES & PROCESSES - LGC - April 2021  
 Kim Kautz**

**CHAPTER 311 - TAX INCREMENT FINANCING**

- 1) Funds public infrastructure in a particular area.
- 2) Allows for the repayment of costs of public improvements with future tax revenues
- 3) Generated by additional new property tax revenues

**Chapter 372- Public Improvement Districts (PID)**

- ◆ Which meet community needs-goals
- ◆ Exceed development requirements
- ◆ Provide increased recreation and open space for public use
- ◆ Protect and preserve environmental asset



### Chapter 372- Public Improvement Districts (PID)

- Permits financing of qualified public improvement costs
- In a defined area of the city
- Bonds issued by the PID paid entirely by property owners within the PID



### Chapter 372- Public Improvement Districts (PID)

- Many set up to require 100% support of property owners within the PID for the formation to occur
- Generate economic benefits to the city beyond what normal development would
- Provide improvements in the public right of way
- Examples: landscaping, trees, specialty lighting, art, bike lanes, multi-use trails, signage, ADA accessibility, underground utilities



### PUBLIC IMPROVEMENT DISTRICTS (PID)

Via Chapter 372 of Government Code

- Water
- Wastewater
- Drainage
- Streets
- Public safety, etc.
- Businesses in a specific area agree to an additional levy and collect special assessments on property and the funds are dedicated to specific improvements as listed above.

### Bond Size Limitations



MAXIMUM APPLICABLE VALUE LIMIT RATION 5:1



LEVELLED ASSESSMENT DEBT SERVICE REQUIREMENT



MAXIMUM MATURITY FOR EACH SERIES OF BOND IS 30 YEARS

### CHAPTER 380 POLICY AND PROCEDURES

City committed to high-quality growth

Improve quality of life for all citizens

Overall goal of Chapter 380 Agreements:

PROTECT AND ENHANCE THE FISCAL ABILITY OF THE CITY OF ROCKPORT TO PROVIDE HIGH QUALITY GOVERNMENTAL SERVICES FOR THE SAFETY AND COMFORT AND ENJOYMENT OF ROCKPORT RESIDENTS

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### CHAPTER 380 POLICY AND PROCEDURES

PREFERENCES GIVEN TO PROJECTS THAT CONTRIBUTE TO PUBLIC INFRASTRUCTURE INVESTMENTS

City under no obligation to provide or sponsor by entities to city applicants

Requirements for Consideration (at least one)

- \* minimum taxable value of \$10 million
- \* if downtown Rockport, minimum \$400,000
- \* 50% job 25 jobs per generator
- \* provide hourly wages + 20% above MSA average

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### CHAPTER 380 POLICY AND PROCEDURES

#### IN ADDITION ....

will issue a permit or otherwise contribute to development or redevelopment efforts

make a significant contribution to any city economic development priority

will address the City's need ability to provide high quality services for residents

#### APPLICATION PROCESS

Do forms supplied by the City

Agreement with such as: landscaping, improvements, security, etc.

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### CHAPTER 380 KEY FLEXIBLE TOOL ALSO

Provides use for expedited plan review and permits

Workforce development center

Reimbursement of new sales tax

Development fee waivers

Land grants

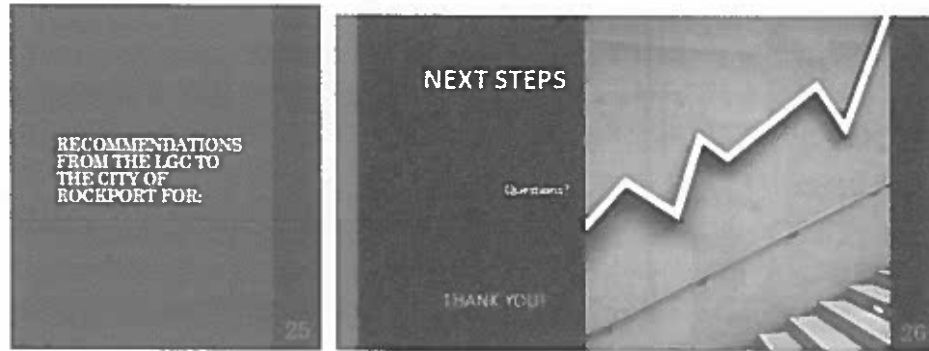
Trails improvements

Public infrastructure

And more

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- Policy on Chapter 312
- Policy on Chapter 380
- Policy on Chapter 311
- Policy on Chapter 372



Discussion was held among Council and Mr. Meeks.

It was the consensus of Council to schedule a Workshop in early March to discuss the economic development policies and incentives.

**13. Review and deliberate on a Resolution approving and adopting an Investment Policy and Strategy for the City of Rockport, Texas.**

Kristie Rutledge, 1411 Dana Drive, addressed the Council and commented: I really don't understand your Investment Policy other than I hope it's a result of the audit going on right now, maybe it's a result of the unspent bond money that was discovered recently. Whatever you do regarding your investments, I would like to be able to have a place where citizens can see and track the bonds, the debt that we have, and how they are being spent; easily accessible online and tied back to these investments – something that is traceable. I've seen in your monthly reports where there is a specific line item for investment on vehicle fund or maybe a particular bond. I would like to see individual line items in your investment policy traceable back to your bonds.

Director of Finance Katie Griffin addressed the Council. Ms. Griffin explained this is the annual review of the City's Investment Policy that is brought to Council; our investments are minimal. The Public Funds Investment Act designates what the Policy needs to say and how we are able to do our investing. Ms. Griffin stated she is asking Council to review the Policy and ask questions you may have or make any recommendations they may have.

Council Member Jackson commented that as she discussed with Ms. Griffin, the basic gist of this is that in accordance with the Public Funds Investment Act we are diversified, we are conservative, and we follow all the rules and regulations.

Ms. Griffin stated that was correct, but not only do we follow the law, we are certified in the law as well. Ms. Griffin said the City's Charter and State law requires that. Ms. Griffin explained the Public Funds Investment Act requires us to attend training every two years.

***Council Member Jackson requested a five-minute break.***

***Council recessed from 7:46 p.m. until 7:51 p.m.***

**14. Deliberate and act on a Resolution amending the Plan of Finance approved by Resolution No. 2022-1 on January 11, 2022.**

Kristie Rutledge, 1411 Dana Drive, addressed the Council and commented: The Plan of Finance was kind of rubber stamped by City Council when it was presented and you all were not presented with complete information on that night, didn't really understand that a Certificate of Obligation Notice of Intent was going to be issued a few days later, and it was, so we have a concern now. We had some unspent bond money that was presented. I would like to ask you all to rescind the Notice of Intent tonight from the January 11<sup>th</sup> Certificates of Obligation. I would like you to rescind refinancing old debt that is included in that Plan of Finance because you didn't have complete information. What is the cost to refinance, does the City Hall Tax Notes include your interest and fees? You got some of that information, but you don't have your interest. You don't understand what exactly the full cost is to the taxpayers. What is the impact of your I&S rate if you borrow a smaller amount just for the City Hall cost overages versus refinancing everything? Before considering new debt, what are your near-term and long-term goals? You have to put your capital improvement projects in your formula otherwise you end up having to refund your tax notes, etc. over and over again. I did a lot of research this weekend and I'm finding that there is a possibility of some refunding of old bonds back from 1996 that are still on the books, so what is the original term of those bonds? How many times have they been refinanced? We have a lot of unanswered questions here. You do not have enough information to approve any new debt that is not absolutely necessary, and you do not have a full plan of what your capital improvements are. You have to leave room for our capital improvements, and we cannot just be setting up tax notes because we want to avoid the voters. This is a bad precedent, and it has already happened to many times. Let your citizens vote on all the debt that is proposed. Do not borrow anything that is not absolutely necessary because you do not understand all of the information that hasn't been given to you. Require specificity instead of just vagueness from your financial advisor and city manager. Get all of the information. It is up to you City Council to require that, to ask the hard questions just like the debate on Tax Notes on City Hall. It took a long time to get the information, but it was too late. Tax Notes were approved. We were told they were affordable; obviously they were not for City Hall because here we are less than 18 months later and have to refinance them and we have no idea how much that is going to cost us. Get the information. I think your City Hall is up to over \$22 million right now.

Patrick Kane, 11223 East Cedar Street – Mayor Rios read Mr. Kane's comments: Why are we seeing the same request today that we saw on January 11<sup>th</sup> for \$3.5 million in Certificates of Obligation and \$8.1 million in Tax Notes given the City Manager revealed the City staff found approximately \$4.5 million from prior year bonds as the January 25<sup>th</sup> workshop? It was clear during the January 11<sup>th</sup> meeting the City staff had no clue on the magnitude of available funds. This should give you pause and cause you to slow down to ensure due diligence has been done before taking on more debt. It is also clear the City is only borrowing the \$11.6 million dollars as it can do so without raising the Interest and Sinking portion of the tax rate. It is similar to a person maxing out their credit card every month, and it isn't a smart way to manage our taxpayer dollars. The Council needs to send City staff back to the drawing board. 1) Borrow what you can toward the City Hall without raising the I & S rate and refinancing the 2020 tax notes. If the amount you can borrow isn't sufficient to cover the added costs for construction, scale the project back to stay within available funds. 2) Defer all other debt until a clear, long-term plan has been developed, then bring your debt needs to the voters in the form of general obligation bonds.



Andrew Kane, 2106 Lakeview Drive, addressed the Council and commented: Tonight, I hope the Council realizes they have been given an incomplete status of our need for debt. Several years ago, we were told by our financial advisor aka bond salesman we needed to issue \$3.5 million in debt via a CO. Then immediately you found \$4.5 laying around for a decade plus incurring interest and tonight you will hear we still need that \$3.5 million. This doesn't pass the test of conservative responsible government. If you needed \$8 million a few weeks ago and found \$4.5 million then maybe you need \$3.5 million. I hope my math is correct, I know it is clearer than what your financial adviser provides us. So, knowing you will be responsible for signing off on the debt you put upon the taxpayers I hope one of you makes a motion fast to rescind the intent to issue that \$3.5 million CO. Let's get each Council person on record on that motion. Also, today you are asked to refund the taxpayer unapproved tax notes of \$14.5 million we were told we could afford to a \$16.5 million GO Bond. Do you know the interest rate and cost of this new debt instrument? The excuse we were given less than a year and a half ago when they rushed to issue tax notes was, we can't wait for an election and approval by voters because interest rates will go up fast, so we have to do this now. We were told this back in December 2020. So what interest rate is this refunding bond at? It isn't listed in the agenda packet. We have a 10-year tax note at 3% and you are being asked to approve a refunding bond at an unknown interest rate. What does it cost to do so? You don't know do you? Would you refinance your house without knowing the cost to do so and at what interest rate especially considering we are at a favorable 3% now for 10 years? I know you would not do so because you are smarter than signing off on a loan without the details, interest rate and total cost to do so. We also want to issue another \$8.2 million in 7-year term tax notes. It seems we can't afford the short-term 10-year tax notes they want to refund now that we just passed for City Hall, so why would we issue more down the same path for the same reason in a shorter term and what is the interest rate? This will cost another few hundred thousand of dollars to refund next year. Who wins with all these refinancing packages? The bond salesman telling you that you can afford it. The citizens lose. Don't mess around. Make a motion fast and make it to undo the intent to issue the CO for the \$3.5 million. If you don't, I promise you we will petition it again and I promise you we will be successful doing it again while making you seem irresponsible again being stewards of taxpayer money. Right now, many citizens are asking me and others about these topics especially the found \$4.5 million and you're still asking for \$3.5 million anyways. Do you realize you are increasing the debt of the taxpayers tonight by 25% after we seemed to have doubled the debt in the last two years? Where is our fiscal conservative republican values?

Interim City Manager Richard Morton addressed the Council and stated on January 11, 2022, the City Council unanimously but tentatively approved the proposed Finance Plan. Mr. Morton explained that Finance Plan, at the time, included \$8.1 million in Tax Notes, \$3.5 million in possible Certificates of Obligation, and General Obligation Refunding Bonds to refinance the 2012 GO Refunding Bonds and the 2020 Tax Notes. Mr. Morton said Council asked City staff to bring back to Council in a Workshop, which we did, to provide you more information, so tonight we are here seeking direction from Council; would you like to continue with the Plan as it, or would you like to amend it.

**MOTION:** Council Member Hattman moved to adopt a Resolution amending the Plan of Finance approved by Resolution No. 2022-01 by rescinding the Notice of Intention to issue Combination Tax and Revenue Certificates of Obligation in an amount not to exceed \$3,500,000.

Council Member Brundrett asked if the motion was to rescind the \$3.5 million, but could continue to discuss the remainder, so his question served as a second to the motion.

Mayor Rios said the City met earlier this week with Standard and Poor's and asked Bob Henderson to brief the Council.

Bob Henderson, Managing Director of RBC Capital Markets, stated the City had a rating call with Standard and Poor's yesterday to have them review the bond rating status on the City of Rockport in anticipation of a public sale and we are anticipating a response back from them next Monday. It was a very positive meeting and a lot of positive things since Hurricane Harvey.

Mayor Rios stated he wanted to reinforce what Mr. Henderson said, the City was looked upon very favorably by the rating agency and they didn't indicate any problem with our existing debt or future debt.

Mr. Henderson said the rating agency commented we have very modest debt, and it is secured by the City's utility system. Mr. Henderson explained most communities the size of Rockport has approximately 4000 utility connections, Rockport has 9300. Mr. Henderson said this shows you how many second homes we have, and the abundant economic power of this City compared to other cities the same size.

Mr. Morton said that he heard from the citizens that spoke, that we are asking to refund the tax notes because we can't afford the existing payment, and I think that is inaccurate.

Mr. Henderson expressed that is inaccurate and explained: The maximum tax rate for a home in Texas like one in the City of Rockport is \$2.50 per \$100 taxable assessed valuation of which \$1.00 can be used for interest and sinking fund (I&S) or debt purposes. The City of Rockport actually levies a total tax rate of \$0.3927 per \$100 taxable assessed valuation including \$0.2084 for M&O purposes and \$0.1843 for I&S purposes. You are at a tax rate now that is only about 15% of what State Law allows. You have very modest rate. The purpose, when we discussed in 2020, the refinancing of the Tax Notes and putting in that two-year call was to give you the flexibility to extend the debt and meet your other capital needs and remain tax neutral. It's not a matter of the inability to afford paying off that 10-year debt at existing tax rate, it's a matter of extending the debt so the asset life and liability more closely match, and you can meet your future capital needs within that I&S tax rate parameter. What happens to the I&S tax rate if you don't refinance that debt? The answer is to do both the \$8.1 and \$3.5 CO, you are talking about a 6.4 increase in taxes, to drop off the \$3.5 the tax rate impact would be 5.09 cents for the \$8.1 million. One of the things we heard comment on is what is the interest going to be and we don't know that until we actually sell the debt.

Discussion was held among Mr. Henderson, Council, Ms. Griffin regarding refunding bonds, and what was included in the \$8.1 million.

Council Member Brundrett asked why the City would be incurring all the cost for the secondary dispatch.

Chief of Police Greg Stevens answered he did not know if it had been discussed with the County

and Council Member Brundrett had a relevant point. Chief Stevens said this backup would do exactly what dispatch does now, all inclusive, all public agencies.

Council Member Brundrett stated he was okay with creating redundancy, but he didn't think the City should bear the entire cost. Council Member Brundrett said he didn't think we should use Tax Notes to build something, to pull that and come back, partner with the County.

Mayor Pro-Tem Villa said that would be the same thing that is going on with the swimming pool.

Mayor Rios stated it would be our system; we know what happened during Hurricane Harvey – we were out of business.

Mr. Henderson said that one thing that was talked about at the January 11<sup>th</sup> meeting was the latitude at which the use of proceeds language is written; the \$8.1 million would cover City Hall, Dispatch, vehicles and equipment, and potential streets and drainage. Mr. Henderson stated he would encourage Council to leave in the Dispatch to help you from coming back and financing small amounts. Mr. Henderson expressed this community has a stellar reputation for long-term planning, and thoughtfulness in its approach to financial planning.

Discussion was then held among Council and Mr. Morton on the City Hall soft costs for AV equipment.

Mr. Henderson stated if the \$8.1 million is rescinded then the remaining has to be restructured to remain at the 18.43 cents I&S tax rate.

**MOTION AMENDMENT:** Council Member Hattman moved to amend her original motion to adopt a Resolution amending the Plan of Finance approved by Resolution No. 2022-01 by rescinding the Notice of Intention to issue Combination Tax and Revenue Certificates of Obligation in an amount not to exceed \$3,500,000 and include that the refunding bonds could be refinanced extending that final maturity up to 18 years. Council Member Jackson seconded the motion. Motion carried 3:2.

FOR MOTION: Council Member Hattman, Council Member Jackson and Council Member Brundrett.

AGAINST MOTION: Mayor Pro-Tem Villa and Mayor Rios.

Mayor Pro-Tem Villa stated he voted “no” because he believed the e Certificates of Obligation should be included.

**15. Deliberate and act on a Resolution of the City of Rockport, Texas, to award the bid to Teal Construction Company and authorize the Mayor to execute the construction contract for the new City Hall building to be located at 212 North Live Oak Street, Rockport, Texas.**

Kristie Rutledge, 1411 Dana Drive, addressed the Council and commented: I realize you have to award this contract so you can move forward with the project that we didn't get to vote on, but you've got a big problem with this project and the amount just keeps going up and up and I don't think anyone really knows how much it has gone up. I looked back at the record, and I see the



original conceptual budget for this and we're way over. We have no idea what the interest, the total cost of this refinancing that you just did for City Hall Tax Notes. We have from the debt repayment schedules what it would be to have paid off the 2020 Tax Notes, but we have no idea of what the cost is of City Hall now. I would like to see financial transparency on this. I would like to see a schedule as soon as possible, coming back and made available to the citizens where we know exactly what our costs are so we can start making measures to control them. Because it is up to you, you all just approved a slush fund for City Hall. We're buying things now that we don't need for 18 months, and we have no idea what the total cost is. We're talking about all of this inflation. How are we going to control this if there is not financial transparency? I would like to see this City Council and the City Manager require an on-going spreadsheet on the City website showing us what the costs are and updating those periodically or come back to us quarterly and let us know what the cost of City Hall is. That is reasonable and that is within financial transparency. This is stuff we wanted to vote on, and we disagreed with it because we knew during COVID shutdown that many of us were without work and suffering financial crisis that we would not be able to afford this luxury downtown; that's why people rushed out to sign that petition. The fact that it was thrown out is another issue. You are saddling us with more debt and you're eating into my children's inheritance and my ability to retire here, and I'm heavily invested in this community. You need to keep control of this cost and have financial transparency all the way along this project. Put a spreadsheet on the website, find out how much this interest rate and how much it cost you to refinance these Tax Notes because you have no idea. You have no idea what you just voted on. You have no idea how much debt you saddled your kids with and my kids with.

Mayor Rios said we have the initial contract moving forward with Teal Construction, and we need to have a hard look at that because the sub-contracts on that are getting skittish. Mayor Rios stated they are willing to commit to the current bid. Mayor Rios said increased cost could increase 20%-30%.

Interim City Manager Richard Morton explained Council is being asked to award the bid to Teal Construction Company in the amount of \$16,380,000 and in the Resolution to award the contract to Teal we say we are asking Council to award the bid and authorize the Mayor to execute the construction contract with Teal Construction with a base bid of \$16,380,000 and to reduce said amount by at least \$900,000 in value engineering. Mr. Morton said it is putting Teal on notice that we are expecting at least \$900,000 in value engineering, a reduction of that amount, and to get them going we need Council's approval of the bid.

Mayor Rios said we did have a telephone meeting last week with Broaddus and Teal and went through a schedule identifying areas where we could see significant reduction in costs.

**MOTION:** Mayor Pro-Tem Villa moved to adopt the Resolution awarding the bid to Teal Construction Company and authorize the Mayor to execute the construction contract for the new City Hall building to be located at 212 North Live Oak Street, Rockport, Texas. Council Member Brundrett seconded the motion. Motion carried unanimously.

## **16. 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.

Mayor Pro-Tem Villa stated the children of Aransas County did outstanding at the San Patricio and Aransas County Agricultural and Homemakers Show. Mayor Pro-Tem Villa said as soon as he knows the dates when the awards will be displayed at the County Extension office, he will let everyone know. Mayor Pro-Tem Villa expressed that this show is not just livestock, it is pictures, sewing, welding and more.

Council Member Hattman said she attended a meeting with the Interim City Manager and the Rockport Country Club Homeowners Association about possible drainage fixes in the Rockport Country Club; they came up with other ideas. Council Member Hattman stated hopefully things will get started.

Mayor Rios stated the City received most favorable results from Standards and Poor's and it was very encouraging to hear those words. Mayor Rios declared the City is in good shape.

### **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:**

- 17. 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.**

At 8:43 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.

### **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 9:02 p.m., Mayor Rios reconvened the Rockport City Council into open session pursuant to the provisions of Chapter 551 of the Texas Government Code.

**18. Adjournment.**

At 9:02 p.m., Council Member Jackson moved to adjourn. Motion was seconded by Mayor Pro-Tem Villa. Motion carried unanimously.

**APPROVED:**



  
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Patrick R. Rios, Mayor

**ATTEST:**

  
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Teresa Valdez, City Secretary