

**PALM VALLEY CITY COUNCIL
MINUTES**

**REGULAR MEETING
June 15, 2021**

The City Council of the City of Palm Valley met in a Regular Meeting on the 15th day of June 2021 at 6:00 p.m. at 1313 N. Stuart Place Road, Palm Valley, Texas. Council members attended in person. (ZOOM videoconferencing was available for the public).

Council members present.

Mayor George Rivera
Councilman Michael Galvan
Councilman Jerry Wade
Councilwoman Lisa L. Taylor

PRESENT VIA ZOOM:

Councilwoman Cynthia Thompson

ABSENT:

Councilman Eric Hoff

OTHERS PRESENT:

Jason Mann, City Attorney (In person)
A.R. Garcia, Chief of Police
Rosendo Flores, Director of Public Works
Elsa Guajardo, Support Services Aide

1. **CALL TO ORDER** - The meeting was called to order by Mayor Rivera. Mayor Rivera announced that City Hall is now open, however, seating for public meetings is still limited.
2. **PLEDGE OF ALLEGIANCE** - The Pledge of Allegiance followed led by Mayor Rivera.
3. **LEGISLATIVE PRAYER** – Led by Councilman Galvan.
4. **PRESENTATION BY BOBBY VILLARREAL, FINANCIAL ADVISOR (ESTRADA HINOJOSA) REGARDING THE ISSUANCE OF THE CERTIFICATES OF OBLIGATION**

Bobby Villarreal, financial advisor with Estrada Hinojosa, presented the plan to finance the South Drain Project. He explained that in November 2019 the State held elections for constitutional amendments after the flood problems that many

cities experienced in Texas. Many community hearings were held throughout the State and the voters voted for the amendments on the ballot. This allowed certain amount of money to be distributed to municipalities through some grants and low interest loans at a percentage interest rate. Historically, because Palm Valley has a high household income, grants for the City are minimal. The Texas Water Development Board introduced a new program – Flood Infrastructure Fund (FIF) to provide 0% interest loans and grants for flood control flood mitigation and drainage projects. Palm Valley applied to the TWDB FIF program and received funding of \$1,347, 000 (loan) and a grant of \$70,922. The City’s role is to issue the Certificates of Obligation to qualify for the 0% grant through the Texas Water Development Flood Infrastructure Fund (FIF)

The \$1,347,000 loan will be paid by Cameron County Drainage District No. 5 through a contractual agreement with the City. The loans are 0% interest over 30 years and will be considered unrated and taxable. Estrada Hinojosa is the financial advisor; Norton Rose Fulbright is the bond counsel, the purchaser is TWDB and Cameron County Drainage District #5 is paying for the project through a contractual agreement with the City.

Stephanie Liebe, attorney with Norton Rose Fulbright, stated that the City will NOT be making the payments, therefore, Palm Valley taxpayers will not be paying for the debt service.

Mayor Rivera asked that Ms. Liebe clarify the statements that are being made by some residents that these COs will place a lien on residents’ properties.

Ms. Liebe stated that there will be NO liens on the properties of Palm Valley taxpayers in relation to the issuance of the COs. A lien will be placed on the City drainage utility systems revenue for the COs---not the taxpayers. By law, the process had to be set up to receive the money from the Cameron County Drainage District No. 5. She added that a new drainage district is not being created; the drainage utility system will operate on behalf of the City. She again reiterated that Palm Valley taxpayers will not be paying for the debt service. By state law, these drainage COs have nothing to do with the water and sewer bond election that was held in May.

Councilwoman Taylor stated that we, here in Palm Valley, must make it clear to our residents that when you are talking property taxes and ad valorem taxes, they have nothing to do with the issuance of the COs. The residents of Palm Valley are not going to get a tax bill to pay for these COs because the Drainage District will pay. None of the property owners will have a lien on their property. Ms. Liebe affirmed this as being correct.

Ms. Liebe added that by law these are statutorily secured by ad valorem taxes.

Councilwoman Taylor also stated that this project is not to create a new drainage district #6. These COs are really a backdoor way to implement the issuance of the COs. She added that some comments that have been expressed by some citizens that these COs are to compensate for the bond issue that failed in May and asked Ms. Liebe if this is correct.

Mr. Villarreal explained that the bond issue was for water and wastewater improvements not drainage. The issuance of these COs is a win-win situation.

Councilwoman Taylor commented that through the diligence of Mayor Rivera the City of Palm Valley is getting free money to improve the drainage throughout the City.

Ms. Liebe continued to explain that the City has a three-year window of opportunity in which you cannot issue COs again for the same project.

It was noted that the subject of drainage in Palm Valley has been discussed throughout 10-12 meetings that have been held publicly.

5. **PUBLIC COMMENTS**

Public comments were submitted via questions as were reflected on the screen. A comment was expressed that the City did form a drainage district. Mayor Rivera stated that what is being referred to is the drainage fee assessment for \$24, \$60, and \$150 for the Club.

Ms. Liebe replied that the drainage district is a district legislatively created by the State. What the City is contemplating is a drainage distribution system like an enterprise system. Mayor Rivera affirmed that both Ms. Liebe and Mr. Villarreal had helped set up that system for the City for the purpose of starting up the other drainage projects.

Another public comment that was expressed was that discussions from the minutes have never included the ponds on the north end.

Mayor Rivera commented that this topic had been discussed way before he started as Mayor, but nothing was done. The Council at that time denied it. But discussing it, approving, and funding it are different things. But discussions have now been held for the second phase of the project to bypass the ponds and move the water out quicker. This project will be funded through the drainage assessment fees.

6. **MINUTES FOR APPROVAL – SPECIAL MEETING OF MAY 12, 2021, AND SPECIAL MEETING OF JUNE 1, 2021**

With no corrections to be made, Councilwoman Taylor made a motion to approve the minutes.

Councilman Wade seconded the motion.

Mayor Rivera took the votes and the motion carried unanimously by those present.

7. CONSENT AGENDA:

- A. Police Monthly Report – May 2021
- B. Municipal Court Monthly Report – May 2021
- C. Monthly Investment Report – May 2021
- D. Monthly Financial Report – May 2021
- E. Monthly Check Listings – May 2021
- F. Council/staff liaison reports

Mayor Rivera went briefly over the budget and explained that under administrative expenses, the Computer Assistance line item is over budget due to computer hacks that had to be addressed and the assessment of the drainage fees on the water bills, but this line item will be part of a budget adjustment for Council approval in June.

Regarding the recording of the ZOOM meetings, Mayor Rivera explained that this will be a major undertaking by the computer programmer to place the recordings on the City's website. He would like to see the recordings on the website but as it is that line item is already over budget. All the Council agreed that it would be good to have them on the City's website to stop an end to false rumors and misleading information.


Mayor Rivera announced that the 4th of July parade will be held this year on the actual date.

Councilwoman Taylor made a motion to approve the Consent Agenda.

Councilman Wade seconded the motion.

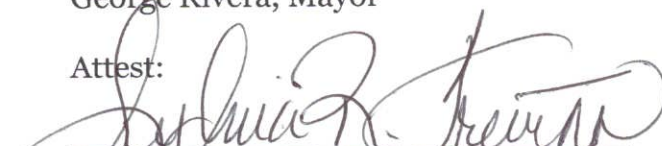
Mayor Rivera took the votes and the motion carried unanimously by those present.

There being no further business, the meeting adjourned at 6:40 p.m. upon a motion by Councilman Galvan and a second by Councilman Wade.



George Rivera, Mayor

Attest:



Sylvia R. Trevino, City Secretary