# The City of Liberty
## City Council

**Special Called Meeting**

**~ Minutes ~**

1829 Sam Houston
Liberty, TX 77575
www.cityofliberty.org

Dianne Tidwell
City Secretary
(936) 336-3684

**Tuesday, June 26, 2012** | **6:05 PM** | **City Council Chambers**

# I. CALL TO ORDER

The Meeting was called to order on June 26, 2012 at the City Council Chambers, 1829 Sam Houston, Liberty,TX at 6:05 PM by Mayor Carl Pickett.

| Attendee Name | Title | Status | Arrived |
|---|---|---|---|
| Carl Pickett | Mayor | Present | |
| Diane Huddleston | Councilperson | Present | |
| Dennis Beasley | Councilperson | Present | |
| Frank Jordan | Councilperson | Present | |
| Louie Potetz | Councilperson | Present | |
| Libby Simonson | Councilperson | Present | |
| David Arnold | Councilperson | Present | |
| Gary Broz | City Manager | Present | |
| Dianne Tidwell | City Secretary | Present | |
| Randy Gunter | City Attorney | Present | |

# II. ACKNOWLEDGEMENT OF GUESTS AND VISITORS / PUBLIC COMMENT

Mayor Pickett welcomed guests and visitors, opening the floor for public comment to those individuals wishing to address the Council. There were no comments.

# III. REGULAR AGENDA

### *A. Regular Session*

#### 1. Council Action 2012-58

Discuss with the Engineers, Financial Advisor, Potential Business Owners and Landowners the Future of the Proposed Street Extension Project, and Take Any Action Deemed Necessary.

**COMMENTS - Current Meeting:**

City Council and the Liberty Community Development Corporation held a joint meeting in which a presentation was made regarding the future of the Proposed Street Extension Project. Mr. Tommy Kuykendahl and Mr. Ben Galvan, Civil Corps Engineers, and Mr. Robert Henderson, the City's Financial Advisor presented facts and figures regarding various issues related to the project. Mr. Kuyhendahl presented the project description to include breaking the project into phases, acquiring all right-of-way prior to commencement, utilities and storm sewer plan, and other related topics. Mr. Kuykendahl reported that this project will consist of a two-lane street, with a continuous turn lane ( total three lanes) that can be expanded to five lanes in the future. The total project extends from Main and Jefferson, east on Jefferson to Lakeland Drive, then to Hwy. 146 Bypass through undeveloped property, for a total project cost of $8.3 million. Phase 1 begins at the Hwy.146 Bypass and continues west approximately 2300 feet and ending in a

temporary cul-de-sac, for an approximate cost of $2.95 million dollars which includes utilities and drainage costs. Mr. Kuykendahl requested direction and approval to proceed with Phase I of the project.

Mr. Henderson addressed Council regarding funding issues related to the project. Mr. Henderson stated that Sales Tax Revenue Bonds would be issued and secured solely by sales tax revenue collected by the LCDC. Mr. Henderson reviewed project funding, using no cash contributions, stating that this would be the more extreme route, borrowing all $2,950,000, for Phase I. As a result, there would be debt service of $215,000-$220,000 per year, and taking on $5 million dollars in debt in budget year 2015-2016 for Phase II. The fund balance would continue to grow, and at the end of five years would be approximately $5.4 million dollars, barring the funding of other major projects.

Mr. Henderson also reviewed project funding, using cash contributions, expending $1 million from the LCDC fund balance and borrowing $1.95 million to complete Phase I. Proposed funding for Phase II would be to use LCDC funds with a second borrowing of less than $3.5 million dollars. This approach would be expending more cash, but acquiring less debt. This would leave the LCDC with a respectable fund balance at the end of five years, of $3.4 million dollars. Additional discussion included basis points, coverage ratio, interest rates, and other topics.

Mr. Adam Ott, Magnolia Manor Health Care Administrator was present to discuss plans for a new nursing home to be constructed, upon completion of Phase I of the new street. Mr. Ott stated that he currently has an option to purchase eleven acres along the new roadway. Mr. Bruce Stratton, Liberty County Hospital District No. 1, addressed Council regarding the need and proposed plans for a new hospital to also be located on the new roadway, within the next 3-5 years. Further discussion was held regarding a proposed new medical complex, donation of right-of-way by the landowners, underground electric service, project cost estimates, contingencies, and additional issues.

Consensus of the Council was to begin negotiations with landowners regarding right-of-way acquisition, with the engineers being directed to return to Council, in one month, with a further definite cost estimate for all portions of the project.

**RESULT: NO ACTION TAKEN**

### 2. Council Action 2012-57

Review Presentation Relative to the Sam Rayburn Municipal Power Agency, and Take Any Action Deemed Necessary.

**COMMENTS - Current Meeting:**

The City's Financial Advisor, Mr. Bob Henderson, was present to offer his analysis regarding an email, and subsequent financial modes, put for by Ralph Gillis, General Counsel for the Sam Rayburn Municipal Power Agency, relating to an initiative regarding the City of Liberty leaving SRMPA as a member city. The substance of this correspondence was to offer the City a chance to exit the Agency prior to the current bond refunding taking place, at a substantial savings to the City. Mr. Henderson reviewed with Council the issues and assumptions involving the financial models, including administrative charges for economic development loads, adder fees, Cambridge, and power usage. As a result of his review of the documentation and his

knowledge of the business of the City of Liberty and bond markets in general, Mr. Henderson suggested to Council that the City not exit the Agency.

Motion was made not to exit the Sam Rayburn Municipal Power Agency.

| | |
|---|---|
| **RESULT:** | **APPROVED [UNANIMOUS]** |
| **MOVER:** | Frank Jordan, Councilperson |
| **SECONDER:** | Libby Simonson, Councilperson |
| **AYES:** | Pickett, Huddleston, Beasley, Jordan, Potetz, Simonson, Arnold |

## IV. ADJOURNMENT

**Motion To:** Adjourn

**COMMENTS - Current Meeting:**

There being no further business before the Council, the meeting was adjourned at 8:30 p.m.

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| **RESULT:** | **APPROVED [UNANIMOUS]** |
| **MOVER:** | Louie Potetz, Councilperson |
| **SECONDER:** | Libby Simonson, Councilperson |
| **AYES:** | Pickett, Huddleston, Beasley, Jordan, Potetz, Simonson, Arnold |

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Carl Pickett, Mayor

ATTEST:

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Dianne Tidwell, City Secretary