

MINUTES OF REGULAR CITY COUNCIL MEETING

Call to Order

The City Council of the City of Katy, Texas, convened in regular session Monday, July 25, 2011, at 6:30 p.m., at Katy Municipal Complex, 910 Avenue C, Katy, Texas. The following City Officials were present:

Don Elder Jr., Mayor
 Hank Schmidt, Mayor Pro Tem
 Carol Adams, Councilmember
 Larry Gore, Councilmember
 Fabol R. Hughes, Councilmember
 Bill Lawton, Councilmember
 Art Pertile, III, City Attorney
 Missy Bunch, City Secretary
 Johnny Nelson, City Administrator
 David Leyendecker, City Engineer

FY 2010-2011 Third Quarter Operating Statement and Third Quarter Investment Report; Bank Statement and Check Register Thru 06-30-2011 (information items only)

City Treasurer Byron Hebert announced the reports are a part of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Brief discussion was held on 2008 Bond Series and interest earned on various accounts and the transferring of such.

Comments from the Audience

Mike Mastrangelo, V.F.W. Post 9182, announced the Post had received the "All State" Status, for the 14th consecutive year, out of 360 posts in Texas and also announced the Post had received "All American" status, two times in three years. Mastrangelo spoke of being in Katy for six years and has learned about the support of the Post by the City of Katy. He thanked City Council for all their support and the museum renovations/additions are moving forward.

Consent Agenda

Motion was made by Councilmember Schmidt, seconded by Councilmember Lawton, approving as presented:

- 6) Approve Minutes
 - A) 06-27-2011 Regular Meeting
 - B) 07-11-2011 Regular Meeting

All voted aye, and the motion carried.

Consider Approval of 05-23-2011 Special Workshop Minutes (tabled 07-11-2011)

Motion was made by Councilmember Lawton, seconded by Councilmember Schmidt, approving as revised 05-23-2011 Special Workshop Minutes, tabled at 0-7-11-2011 meeting. Councilmember Gore asked the City Secretary, if the new wording in the minutes was verbatim. She replied yes. All voted Aye, and the motion carried.

Award Bid for Land Clearing & Ditch Excavation for Katy Town Park Tract to N & Z Contracting, Katy, Texas, in the Amount of \$142,000.00 (bids received 07-19-2011)

Motion was made by Councilmember Hughes, seconded by Councilmember Adams, awarding the bid for Land Clearing and Ditch Excavation for Katy Town Park Tract to N&Z contracting, Katy, Texas, in the Amount of \$142,000.00. All voted Aye, and the motion carried.

Award Bid for Digester Solids Removal to Terra Renewal, Houston, Texas, in the Amount of \$132,000.00 with No Fuel Surcharge(bids received 07-19-2011)

Motion was made by Councilmember Schmidt, seconded by Councilmember Hughes, awarding the bid for Digester Solids Removal to Terra Renewal, Houston, Texas, in the amount of \$132,000.00 with no fuel surcharge. Councilmember Adams asked City Engineer David Leyendecker who currently had the contract. Leyendecker replied Terra Renewal. Brief discussion was held on fuel surcharge. All voted Aye, and the motion carried.

Resolution No. 459 Approving the Issuance of Refunding Bonds by Katy Development Authority

City Financial Advisor, Eugene B. Shepherd, RBC Capital Markets, Houston, Texas, spoke of the Katy Mills Project and the various financings; such as Series 1999 Issuance (Metro), which the Bonds were paid off last year; Series 1999B which was used for public purpose activities at the mall, including landscaping, parking, security, etc.; and, another Series of Harris-Fort Bend Municipal Utility District No. 4, Bonds that were used to fund the utilities. The Series 1999B Bonds about a year ago the City used cash money available to defease; the City put approximately \$10 million and bought down a considerable amount of principle. The current outstanding debt is almost \$6.0 million out of an original issue of approximately \$21.2 million. Shepherd is requesting City Council to approve a resolution that would authorize the Katy Development Authority to refinance those bonds that were issued at 6%, in 1999. There is a very attractive savings that would accrue to the benefit of the Development Authority if authorized to buy in and pay off those old bonds and reissue at a rate of 3.75. We have a private placement memorandum from a bank that is interested in buying those refunding bonds and then the proceeds could pay off the old bonds and they would go away. When those bonds go away, it would free up a reserve fund that is in the Series 1999 Bond Issue, in an amount of approximately \$2.1 million, it was set aside, when those Bonds were issued as a Reserve Fund in the event that principle and interest was not sufficient to pay the debt to be used to transfer to the debt service fund to pay that deficiency. He explained when the Bond Order is rewritten and new Bonds are issued, it frees that Reserve Fund. Shepherd is recommending to the Development Authority that the \$2.0 million be placed into the transaction and buy that principle amount down from \$5.7 million to approximately \$3.7 million. He explained that money is invested at 0.10, 0.25 and 0.50 and chances are rates are not going up anytime soon; therefore he believe the best use of the money is to put it into the transaction. He believes approximately \$1.0 to \$1.2 million is taken in annually from tax increment from Harris County. The debt service will be reduced to approximately \$600,000 to \$700,000. So within 2-3 years the City should be able to pay off those final maturities in 2018, 2017 and 2016. So somewhere around 2014, 2015 or 2016, the debt will be paid off and tax increment money that is now going to pay debt service will go to the City of Katy. He believes it is a very attractive financing and similar to others the City has done. He explained there are a post savings after all the transactions of about \$2.7 million; \$2.0 million is the amount being put in for the transaction and \$0.709 million is the reduction in debt service cost from the Series 1999 Bonds to the Series 2011 Bonds. He commented this is a significant transaction, keeping the City on course of paying off the bonds early. Motion was made by Councilmember Schmidt, seconded by Councilmember Adams, approving as presented a Resolution (No. 459) approving the Issuance of Refunding Bonds by Katy Development Authority. All voted Aye, and the motion carried.

Councilmembers' Reports

Councilmember Hughes expressed his condolences to the family of recently departed Bobby Jones, Jennifer Jones-Archer's father. Councilmember Schmidt thanked the City's Financial Advisor Gene Shepherd for his expert financial advice with bringing Katy Mills Mall to Katy and the positive impact it has been on the City. Councilmember Adams thanked Hank Schmidt and Johnny Nelson for their vision when Katy Mills Mall first approached the City. She also thanked the Katy Fire Department for their promptness with the fire earlier in the day and congratulated the V.F.W. Post on their awards. Councilmember Gore thanked Gene Shepherd for his presentation and was glad to see the renovations getting started at the V.F.W. Museum. Councilmember Lawton commented he had attended a TML Seminar for new City Councilmembers and thankful he lives in Katy after hearing other cities' problems. He thanked Gene Shepherd for his expert advice and congratulated the V.F.W. Post on their many awards.

Mayor's Reports

The Mayor reported the American Legion, Post 164, would be conducting their Annual Ice Cream Social on July 27, 2011, at the Katy Elks Lodge. He thanked the City Financial Advisors for handling the various bonds, debts and financial advice. The Mayor thanked the Katy Fire and Katy Police Departments, who have been busy and he appreciated these departments helping the community.

Adjourn

Motion was made by Councilmember Schmidt, seconded by Councilmember Adams, to adjourn the meeting. All voted Aye, and the motion carried. The meeting adjourned at 6:58 p.m.



Mayor

ATTEST:



City Secretary

