

Minutes
Regular Council Meeting
February 19, 2019

On this 19th day of February 19, 2019, at 6:00 p.m., the City Council of the City of Devine convened in a Regular Meeting; the same being opened to the public at their regular meeting place thereof, at City Hall, 303 S. Teel Drive, Devine, Texas. Notice of said Meeting having been prescribed in Chapter 551, Government Code, and Vernon's Texas Codes, Annotated, and the following members being present:

Mayor William L. Herring
Alderman Steve A. Lopez
Alderman David Espinosa
Alderman Cory Thompson
Alderwoman Jennifer Schott

Absent being: Alderman David Valdez, thus, constituting a quorum.

Personnel present: Dora V. Rodriguez, Interim City Administrator/City Secretary; Denise Duffy, City Accountant; Mary Rodriguez, City Financial Advisor; Tom Cate, City Attorney; Ismael Carrillo, Director of Public Works; Rob Flores, Superintendent of Public Works; Ruben Chapa, Superintendent of Devine Municipal Golf Course; Vickie Pumphrey, Airport Manager; and Stephanie Barker, Telecommunications Officer, Devine Police Department.

Others present: Marly Davis – Devine News; Stephen Horton – Coleman, Horton & Company, LLP; Josefina Garcia, Springfield, Missouri; Justin Parks, Orelia Gonzalez, Arturo Gonzalez, Debbie Randall, Brent Haass, Linda Gunn, Eva Thompson, Glenn Thompson, Judy A. Montgomery, David Ehlinger, Linda Kreinhop, Laura Sinclair, Phillip Fitch, Krista Aguero and James Spurgers, of Devine, Texas.

Mayor Herring, presiding, called the meeting to order.

Mayor Herring delivered the Invocation and Alderman Espinosa led the Pledge of Allegiance.

The first order of business was the Citizens/Visitors Forum.

No one spoke under this item.

The second order of business was Recognition.

- Letter from Stephen Horton, Auditor - Mayor Herring read a letter from our auditor addressed to Interim City Administrator/City Secretary Dora V. Rodriguez, in which he thanked Dora and her city staff for making the audit a pleasure to be a part of. He stated that he's visited many different governmental entities throughout the year and Devine is the most anticipated visit as they know everything will be correct and readily available for their needs.

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- David Espinosa – Mayor Herring recognized Alderman David Espinosa for his six and a half years of service to our country. Mayor Herring announced that David M. Espinosa, Sr., formerly known as E5 Sergeant, served in the United States Army from May 1976 to December 1983. He took his basic training at Ft. Bliss, and was stationed at Ft. Hood, Texas; Ft. Sill, Oklahoma; Ft. Bliss, Texas, and did TDY at Ft. Knox, Kentucky and in Germany (each one for several months). His MOS was 16P which is Air Defense and ADA. He received the following medals and citations: A Good Conduct Medal, NCO Professional Development Ribbon and #2, Army Service Ribbon, and Overseas Service Ribbon. Alderman Espinosa had his medals with him; Devine News took pictures. Alderman Lopez, Senior Vice Commander of the VFW, announced that Alderman Espinosa was honorably discharged in 1983 but he just received his medals six months ago; quite a delay. He stated that it was an honor for him to recognize Alderman Espinosa with his medals. Mayor Herring thanked Alderman Espinosa for his service to our country.

The third order of business was to discuss and consider Approval of Minutes: Special Meeting, December 4, 2018; Special Meeting, December 11, 2018; Special Meeting, January 8, 2019 and Regular Meeting, January 15, 2019.

Council reviewed minutes.

Motion by Alderwoman Schott, seconded by Alderman Lopez to approve the minutes for Special Meeting, December 4, 2018; Special Meeting, December 11, 2018; Special Meeting, January 8, 2019 and Regular Meeting, January 15, 2019.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

Motion carried.

The fourth order of business was to discuss and consider Trends by the Financial Advisor.

City Financial Advisor Mary Rodriguez went over the Trends with Council and highlighted the following:

Page 12 – Five-Year Summary of Operating Results – Mrs. Rodriguez explained that the City of Devine goes back five years to gather the trends to get a snapshot of the operating results. She discussed the General Fund Revenues which include Property taxes, Sales tax, Franchise tax, Charges for services, and Other. She then went over the Operating expenditures which include Administrative, Streets, Police, Municipal Court, Health and Sanitation, Animal Control, Golf Course, Recreation/Airport, Library/Community Center, and Code Enforcement, giving us a total of Operating Income for the last five years.

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Mrs. Rodriguez explained that the next section, Capital Expenditures (which excludes the grants that the City obtains), includes the Streets, Golf, Airport, and Other, which provides us the total income before any loans or transfers for the last five years. She shared that the debit proceeds were zero for the last five years. She also went over the Income before transfers and the Net transfers in (out), for the total Net Income (loss) for the last five years.

The next section was the Water and Sewer Fund. City Financial Advisor Mary Rodriguez went over the Revenues which include: Water billings, Sewer billings, Penalties and Other, for the last five years. She then went over the Expenses which include Salaries, Utilities, Maintenance-labor, Maintenance-materials, Depreciation, Bond Interest and Other, which brings us to the Income before transfers showing the transfers in (out) including last year's 2018 transfer for \$322.00 and providing us with the total trend for Net Income (loss) for the last five years.

City Financial Advisor Mary Rodriguez then discussed the following graphs:

Page 1 – General Fund Revenue vs. Operating Expenses – This is the graph that shows the Revenue in the dark red and the Operating Expenses in the Pink; the Operating Income is the gap between Revenue and Expenses. In 2014 the Operating income was \$264,000; in 2015, the Operating income was \$140,000; in 2016 the Operating income was \$309,000; in 2017 the Operating income was \$365,000; and in 2018, the Operating income was \$289,000. She also went over the Operating expenses; this was only for the General Fund.

Page 2 – This is a graph of our operating income for the General Fund only. The goal is to far exceed break-even in order to have funds to cover necessary capital outlay expenditures.

Page 3 – This graph shows a General Fund Revenue Comparison of the last three years of all the revenues under the General Fund only, showing Property Taxes, Sales Tax, Franchise Tax, Charges for Services, and Other. This graphs shows the consistence of increase. She explained that the Property Tax shows a decrease for 2018 because the City received a letter from Mr. Lance Elliott that we needed to deposit monies for the Tiff, which was a little over \$100,000.

Page 4 – General Fund Revenue by Source – This gives you a picture of a pie graph which compares the General Fund from 2017 and 2018. The current pie chart we are viewing on page 4, shows the difference in Property Taxes which goes from 26% in 2017 to 21% in 2019 which is from our deposit of monies towards the Tiff.

Page 5 – Property Tax Assessed Valuation – You can see the five year trend from 2014 to 2018, and it shows the consistency of increase each year. Mayor Herring commented we have no control over the Property Tax Assessed Valuation and Mrs. Rodriguez confirmed the City doesn't have any control in Property Tax Assessed Valuation.

Page 6 – Sales Tax Revenue – This chart covers from Year-end 2014 through Year-end 2018.

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Page 7 – Franchise Tax Revenue – Again from Year-end 2014 through Year-end 2018, Mrs. Rodriguez shared that the graph shows how consistent the trend is for Franchise Tax Revenue.

Page 8 – Municipal Court Revenue – This graph shows the trend increase of the Municipal Court beginning with Year ended September 30, 2014 through Year ended September 30, 2018.

Page 9 – General Fund Operating Expenses – This is a trend for the top five which include the Golf Course, Health/Sanitation, Police, Streets, and Administration departments. City Financial Advisor Mary Rodriguez pointed out that the City just took over the Golf Course and that’s why you only see it in blue for 2018. Also the Health/Sanitation and Police departments have been consistent in increasing as well. She explained that the Street department varies due to maintenance/repairs that are needed for our streets. In the Admin department we see an increase in 2015 because that reflects our grants. Mrs. Rodriguez explained that we took the recommendation of our auditors last year to separate the Home Program department to be on its own; we have done so, and now you can see how it reflects the balance.

Page 10 – General Fund Operating Expenses for the additional funds we have which include Animal Control, Municipal Court, Code Enforcement, Library/Community Center, Recreation combined with Airport. Mrs. Rodriguez shared that you can see how Animal Control has stayed consistent. The Municipal Court department shows how when the Revenue increases, so does the Expenses. She also pointed out the increase in Recreation/Airport departments for the year under audit.

Page 11 – Water & Sewer Fund Revenue vs. Operating Expenses – City Financial Advisor Mary Rodriguez explained that the darker blue is the Revenue and the lighter blue is the Operating Expenses. She shared anything in between is the actual income that we have.

Motion by Alderman Espinosa, seconded by Alderwoman Schott to approve the Trends as presented by Financial Advisor Mary Rodriguez.

Trends attached as Exhibit A.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

Motion carried.

The fifth order of business was to discuss and consider Audit Report/Management Letter by the Auditor.

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Mr. Stephen Horton addressed Council. He told Council that it's always a pleasure to be here and that he appreciates the acknowledgment the City gave to the ladies by reading the letter he sent. He shared that the audit went very smoothly with the assistance of the ladies mentioned, along with the support group. Mr. Horton told Council that he always enjoys coming to serve the City of Devine. He then proceeded with the Audit beginning from October 1, 2017 and ending September 30, 2018, and highlighted the following:

Page 4-10 – Management's Discussion and Analysis – Mr. Horton explained that this provides us six pages of narrative discussion of the financial operation of the City. He shared that there are some exhibits, and sections with comparative information as far as detailed revenues and expenses for the 2018 year compared to the 2017 year. Mr. Horton pointed out that the trends show similar presentation for the last five years, whereas, this just covers the most recent years.

Page 11 – Exhibit A-1, Statement of Net Position – This is the balance sheet of the City as of September 30, 2018. Mr. Horton explained that there are three columns of numbers: Governmental Activities, which covers the General Fund. The second column is the Business Types Activities which covers the Water and Sewer operations. The third column is the two columns combined, added across. Mr. Horton explained that the top third of the page covers the total City assets, which is over \$11.5 Million. The middle section is the Liabilities section which is everything that the City owes and is liable for. Total Liabilities are a little over \$4.8 Million. Mr. Horton pointed out that the two figures for Net Pension Liability and the Net OPEB Liability (the underfunded pension obligation for the State of Texas in which each governmental entity that participates in the state's retirement system has to report their pro-rata share) are amounts that we never expect to have to write a check for, but by accounting standards, they are required to be reported. According to Mr. Horton, at the bottom of the page is the Net Position, which is the difference between Assets and Liabilities, which is City wide at \$7.1 Million. Mr. Horton said the City is in a very healthy financial position.

Page 16 – Exhibit C-3, Statement of Revenues, Expenditures, and Changes in Fund Balances. These are the City's Governmental Funds which are the General Fund including the Revenues up on top with \$3.5 Million; Expenditures are in the middle section at \$3.9 Million, so it shows the Net Change in Fund Balance in the negative at (\$159,544) which means that the General Fund spent more money than what it brought in throughout the year, reducing the General Fund balance to just around \$2 Million. Even though we had our losses last year, the General Fund Balance as of September 30, 2018 at about \$2 Million, represents at least six months of operating reserves, and anything over three months is very satisfactory. The City of Devine has doubled what we consider a conservative fund balance.

Page 19 – Exhibit D-2, Statement of Revenues, Expenses, and Changes in Fund Net Position. These cover the Proprietary Funds for the Sewer and Water Operations. Revenues are at \$1.9 Million and Expenditures are at \$1.8 Million. Profit shows \$155,772 which can be used for upcoming projects for upgrading throughout the City.

Page 21-39 – Detailed Footnotes and Exhibits to support the Financial Statements.

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Page 40 – Exhibit E-1, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund. Mr. Horton explained column three is the same figures from Exhibit C-3. Mr. Horton shared that here you are able to see the Budgeted Amounts from the Beginning of the year and throughout the year; we may have amendments to the budget which reflects in the second column labeled “Final” which then brings us to the “Actual Amounts” numbers in column three. In the fourth column, it shows the “Variance with Final Budget”, which shows Positive or (Negative) for Revenue, which was over budgeted at (\$10,000); and Expenditures over budgeted at (\$178,958), which is from the Capital Outlay from the Golf Course obligations. He concluded by saying that all-in-all the City is financially healthy, and this completed his report to the Council. The rest of the report, he said, are other additional requirement disclosures.

Mayor Herring and Council thanked Mr. Horton for his report; he also thanked all the ladies who helped with the audit preparation.

Motion by Alderman Lopez, seconded by Alderman Espinosa to accept the Audit Report/Management Letter by the Auditor.

Audit Report/Management Letter attached as Exhibit B.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

Motion carried.

The sixth order of business was to discuss and consider accepting Contract with Coleman, Horton & Company, LLP for Fiscal Year ending September 30, 2019.

Motion by Alderwoman Schott, seconded by Alderman Thompson to accept the Contract with Coleman, Horton & Company, LLP for Fiscal Year ending September 30, 2019.

Contract attached as Exhibit C.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

Motion carried.

The seventh order of business was to discuss and consider Adopting Resolution for supporting proposed rehabilitation of Pine Hills Estate I currently known as Devine Manor Senior Citizens, and its application to the Texas Department of Housing and Community Affairs (TDHCA).

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Ms. Josefina Garcia addressed Council on behalf of KEH Development-Texas LLC, an affiliate of Hamilton Properties Corporation out of Springfield, Missouri. She told Council that they are proposing a rehabilitation of Devine Manor Senior Citizens, a 32 unit senior housing complex located at 112 Dixon Drive, in Devine. It's a 32 unit property and they are hoping to come in and rehabilitate that property into Pine Hills Estate I, in the City of Devine.

Interim City Administrator/City Secretary Dora V. Rodriguez informed Council that Ms. Garcia has been talking to our City Attorney, Tom Cate, and he's checked out everything for us; it's similar to our HOME Program.

Ms. Garcia explained that they've been working with USDA since September and they are looking at a \$45,000 to \$50,000 per unit renovation, so they're not just talking about painting the walls and redoing the floors. Current residents will have a 100% guarantee right to move back into their units after the renovations. Alderwoman Schott inquired what the tenants would do in the meantime and if the rates will increase for the tenants. Ms. Garcia explained that they will have a total relocation plan for the residents and they will cover it at cost; the tenants will not have any expenses on them while this is being completed in sections. She also said that the rates will not go up. It will remain low income housing, and the units will be handicap accessible as well. Alderman Espinosa asked when the project would begin. According to Ms. Garcia, an application will be submitted to TDHCA, the regulatory agency in the state of Texas. Once the property take-over is approved and finalized, it is estimated it will begin in eight to ten months, when awarded the funds, and it will have a one to one and one-half year turn-around completion.

Mayor Herring read the Resolution aloud.

Motion by Alderman Lopez, seconded by Alderwoman Schott to Adopt Resolution 2-19 for supporting proposed rehabilitation of Pine Hills Estate I currently known as Devine Manor Senior Citizens, and its application to the Texas Department of Housing and Community Affairs (TDHCA).

Resolution attached as Exhibit D.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

Motion carried

The eighth order of business was to discuss and consider approving \$250.00 for an in-kind match for the Pine Hills Estate I proposed rehabilitation.

Mayor Herring commented that this is the standard in-kind match amount that we would do for a Home Program.

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Motion by Alderman Espinosa, seconded by Alderman Thompson for approving \$250.00 for an in-kind match for the Pine Hills Estate I proposed rehabilitation.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

Motion carried.

The ninth order of business was to Discuss and consider Options for the Water Meter Project.

Andrew Freeman, one of the financial advisors with SAMCO Capital Markets, discussed the water meter options for the City's upcoming meter project, and how to go about financing it. Interim City Administrator/City Secretary, Dora V. Rodriguez first briefed Council that the City of Devine originally had applied through the Texas Water Development Board but somehow, on their end, the surveys that we hired someone to do ended up sitting on someone's desk and were not taken into consideration. She explained that regardless of what happened, we were ranked at 54 so by the time the money was distributed, unfortunately we were not awarded any funds. She explained that we could reapply on March 1st but we would have to wait until August to see if we would be ranked higher this time around to be awarded any funds, but our chances are slim. Mr. Freeman explained that this leaves the City in a predicament of: Do we proceed with this water meter project due to the immediate need to begin the project; or, do we wait and go through the Water Board and jump through all of their hoops in order to get their subsidized rate? He told Council that there are additional costs for all of the different hoops that all the consultants and lawyers have to jump through on behalf of the City that will drive the cost up, as well as the amount of time that it takes to get through all the bureaucratic red tape with the Water Development Board.

Interim City Administrator/City Secretary Dora V. Rodriguez informed Council that we have a total of 1,700 meters of which approximately 700 meters are currently not working properly and this count is increasing daily. She also shared there are meters that are stuck and not reading accurately. Mr. Freeman explained that with meters being stuck and not working properly, we have a lot of people who are paying just the base rate for their water regardless of how much water they are using. He explained that our billing will go up sometimes very substantially because now we're actually registering all the water that we are selling rather than just giving it away. He said these meter projects tend to pay for themselves in the long run. But, the flip side is that all of the residents who have been paying just the bare minimum, are now going to get a water bill for their actual usage. However, with the new high tech meters, we will be able to pull up a customer's account and be able to show them in 15 minute increments when they are using water and how much, so we'll be able to substantiate their water bill. Interim City Administrator/City Secretary Dora V. Rodriguez stated that a lot of these meters are past the end of their life, and we need to do something because Water is our revenue.

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Mayor Herring inquired into our financial options. Mr. Freeman told Council that the City has a bid from the company selling the water meters for a lease purchase and they provided the City with proposed interest rates for either a 10 or 12 year lease purchase agreement. Mr. Freeman shared that in his opinion, the City would get a lower interest rate when we borrow money on our own merit through either a tax note or a certificate of obligation, rather than going through a lease purchase route. He held lengthy discussion on this. Replacing all 1,700 meters will cost \$1.4 Million. Mr. Freeman explained that if the City wants to borrow for a term longer than seven years, it would be a certificate of obligation; the same process that we went through last summer. He told Council that given the size and a shorter amortization, he feels that we can probably place it with either a local bank or a regional bank to keep the cost down. Interim City Administrator/City Secretary Dora V. Rodriguez inquired about the possibility of cashing in one of our CD's to help out. Mr. Freeman mentioned that we just heard our auditor say that we have very healthy fund balances. He told Council that we don't want to get below having fund balances 25% of our operating expenditures, but we've doubled that. Because this is a utility project, Mr. Freeman told Council that he prefers to look at it on the utility side of the books which is not quite as strong, but he said we could use available cash that we are comfortable with to buy down essentially how much we are having to finance. He advised that we want to be careful not to use all of our cash or all of our investments or have to pay penalties in liquidating assets. He said that it is certainly the City's prerogative to essentially reduce the size of our borrowing in order to finance less. Mayor Herring inquired if he was recommending that we do this. According to Mr. Freeman, he would be happy to look into it in greater detail to better refine what cash we would be comfortable with. According to Interim City Administrator/City Secretary Dora V. Rodriguez, she was just trying to look at different options and every possibility we can look at. Mr. Freeman recommended, given the projects that we have going on from our prior Water Development Board projects, that sitting on our cash may be the more prudent move right now until our projects are completed. However, he's not aware of how our projects are going. He added that we also don't want to get into multiple bids and get into too many projects and then not having the cash and having to go to market again. Mr. Freeman told Council that if it's the Council's will and desire to move forward with the financing, the next step would be for them to get back with Interim City Administrator/City Secretary Dora V. Rodriguez over the next week or so and determine the date of the next council meeting that we would like for them to bring forth the Notice of Intent Resolution to kick off that process. He explained that from there, it will be roughly 60-90 days before the funds are put in our depository bank, as opposed to six to nine months with the Texas Water Development Board.

Alderman Thompson inquired that if we finance, if we would need to increase water rates or if this would be absorbed in the actual extra that we have in our water. According to Mr. Freeman, our 2018 Audit doesn't show the rate increase to the extent that it was implemented; it doesn't show the debt service that we just put in. But, given the nature that these water meter projects tend to increase revenue and help pay for themselves, and without knowing what our 2019 budget looks like, he thinks that we'll be able to absorb this without any need for a rate increase. Mayor Herring commented that he hopes we won't have to increase the rates.

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Council held discussion on the possibility of waiting and going with the Texas Water Development Board, that we would be risking being ranked low again and not be able to receive the full amount that we apply for.

Motion by Alderwoman Schott, and seconded by Alderman Espinoza to allow Andrew Freeman and others to consider options for the Water Meter Project.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

Motion carried.

The tenth order of business was to discuss and consider approving the sublease for Hangar #2.

Airport Manager Vickie Pumphrey informed Council that she is leasing the ground for Hangar #2 from the City and she would like to sublease Hangar #2 to Joe Munoz for \$500 per month.

Motion by Alderman Lopez, and seconded by Alderman Espinoza for approving the sublease for Hangar #2.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

Motion carried.

The eleventh order of business was to discuss and consider entering into an Office and T-Hanger Lease with Joe Munoz for City Hanger #5, Bay #5, at \$250.00 a month.

Interim City Administrator/City Secretary Dora V. Rodriguez informed Council that there is a typo; she said it should be Hangar #6 (not #5) and Bay #5.

Mr. Munoz requested approval from Council to allow him to enter into an Office and T-Hanger Lease for Bay #5 at \$250 a month, in order to store his overflow of aircraft. Mayor Herring briefed Council on some background of when the City purchased the T-Hangers from the Estep's. He told Council that we allowed the Estep's to store their airplane there, for free, for six months or until time ran out or they got rid of their plane, or moved it. After the six months ran out, we extended them another three months.

Mr. Munoz shared that he and Airport Manager Vickie Pumphrey spoke with the Estep's about wanting to rent Bay #5 and asked them if they were okay with moving their plane to a smaller hangar. He told Council that the Estep's were totally fine with this as long as he offered to do all the work and move the plane for them. Mayor Herring stated that this was an agreement made between Mr.

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Munoz and the Estep's; the City had no involvement in this. It's been settled and the airplane has been moved. Mr. Munoz stated that Airport Manager Vickie Pumphrey is still working on the Estep's airplane.

Interim City Administrator/City Secretary Dora V. Rodriguez reminded Council that all the T-Hangars are being rented on a month-to-month basis right now. She explained that City Attorney Tom Cate is reviewing the leases, working on corrections and looking into other airports, so until we get new contracts, the rent will be paid monthly.

Mr. David Ehlinger addressed Council and expressed his concerns regarding Mr. Munoz' overflow of T-Hangar. He told Council that it is typically and historically known that a T-Hangar is designed and made for private ownership of the aircraft and/or renting the aircraft for private personal usage; not designing the T-Hangar and using it for commercial operations and making a business out of it. He told Council that business design is your commercial hangars – he has one, Airport Manager Vickie Pumphrey has one, and several other operators have commercial operations out there. Mr. Ehlinger told Council that he's not seen the sublease, and inquired if the sublease allows for commercial operation in the T-Hangars. Discussion broke out on the T-Hangar leases, and Mr. Ehlinger talked about leases from other airports and their stringent check lists of items that can't be done on the leases such as no painting and no overhauls. Mr. Ehlinger told Council, "My encouragement today would be that instead of letting the cart before the horse in voting for an operation of what you all are trying to decide on; that you be careful not to do that." He told Council that Mr. Munoz doesn't own an airplane and he doesn't lease airplanes; he's using it as a commercial overflow.

Mr. Ehlinger asked Council if was true that we haven't had a lease since six months ago when the City purchased the T-Hangars and if it was true that there is not a lease as we speak. City Attorney Tom Cate clarified that we do have a lease, but as Interim City Administrator/City Secretary Dora V. Rodriguez stated earlier, it is a month-to-month lease. He explained that we are working on a written lease and trying to get input from other airports around the area, on the terms and conditions. According to City Attorney Tom Cate, even Airport Chairman Hap Squires has given his input already, so we're trying to get that worked out. He said that even when the Estep's had it, it was a very short lease. Mr. Cate added that if something were to happen on Mr. Munoz' hangar, he is going to be subject to all the conditions on the written lease that we are working on now. Mr. Ehlinger kept pushing the issue of the City not having a lease "as we speak", and asked to see a copy of the lease. Mayor Herring advised that he would need to fill out a Request for City Records before he can get a copy.

Alderwoman Schott asked Mr. Ehlinger if his concern was not so much the lease happening but rather what they do with the lease. Mr. Ehlinger said he had two concerns: 1) that Mr. Munoz is getting the option to do the lease before the lease is actually approved; and 2) that it's being used for Commercial operations. Mr. Ehlinger argued that those who have invested thousands and thousands of dollars at the airport are now having to compete with a \$250 month-to-month lessee who comes in and sets up and says he's now a full-blown FBO operation. He told Council that when you compete with that type of operation, that is not on a market basis.

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Alderman Espinosa commented that once we have this in order, everyone will have to comply. Interim City Administrator/City Secretary Dora V. Rodriguez stated that this is exactly what we are trying to do – getting control of our airport and making sure that it’s all aviation-related – that’s what we want. She said we’re going to do the Fuel Farm, we’ve got FAA and we’ve got TxDOT Aviation now looking down on us. She said that we’re already telling TxDOT Aviation that we’re moving forward and we are complying with everything that they are asking us to do. She told Council that she doesn’t want us to have to pay \$2 Million back because we don’t have control of our airport.

City Attorney Tom Cate told Council that it is his understanding that Mr. Munoz is only going to use the T-Hangar as storage. Interim City Administrator/City Secretary Dora V. Rodriguez asked Mr. Munoz if he is going to be doing any painting. According to Mr. Munoz, he has his own section where he paints so he’s not doing any of that in the T-Hangar. He told Council that he’s actually getting possession of his own Geronimo and four more aircrafts that belong to customers. Mr. Munoz said that one of the main reasons he needs the extra space is for privacy. He explained that too many times, when he gets an airplane from a customer, he ends up having to tape up the tail number (for their privacy) because he’s being filmed and moments later he’ll get an email or phone call from the FAA questioning him about the airplane that he has there. He said that there’s no reason for this. Customers are bringing in their airplanes to him and he wants to give them as much privacy as he can, so that is the reason for needing more hangar space. Mr. Munoz added that if he needs to put his own airplane in there, he will; but he will not be doing any painting in there. Mayor Herring thanked him for the clarification.

Interim City Administrator/City Secretary Dora V. Rodriguez added that right now we have the office, a T-Hangar and another one that we’re not collecting money on. She told Council that we need to show TxDOT and the FAA that we are trying to make our own money. She said they know that we are doing the Fuel Farm, but we could be making money right now from those hangars. She told Council that the bottom line is that we’ve got the FAA and TxDOT Aviation looking down on us, and we’ve got to get control of our airport. Otherwise, we’ll have to pay \$2 Million back on grants, and we won’t get any more grants! Mayor Herring added that we’ve got the \$600,000 grant going on right now to do the resurface at the airport, and we’ve also got the Fuel Farm under the RAMP Grant, which is going to be done with two \$100,000 RAMP grants.

Interim City Administrator Dora V. Rodriguez added that when City Attorney Tom Cate gets done, this will be for the T-Hangar leases (for the City’s hangar). She said the next step will be Rules and Regulations, and Mr. Cate has already started working on that. City Attorney Tom Cate added that we are just trying to get everything done right.

Motion by Alderman Lopez, seconded by Alderman Espinosa to approve entering into a lease with Joe Munoz for Office and T-Hanger space for City Hanger #6, Bay #5, at the rate of \$250 a month.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

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Motion carried.

The twelfth order of business was the First Review of the Devine Municipal Golf Course Business Plan.

Council reviewed the Business Plan as Mr. Ruben Chapa, Golf Course Superintendent, offered a brief update on what's been done. He said that basically they've met about three times, and have come up with a 1-3 year business plan, a 3-5 year business plan, as well as a 5-10 year business plan which provides the Golf Course staying competitive with surrounding courses. Mr. Chapa also shared the Marketing plan for upcoming events and how the marketing plan will be used. He talked about the Club House and bringing in a bar & grill-type restaurant, and also talked about the pricing strategy and comparisons. Mr. Chapa also talked about rebuilding the greens and redesigning all 18 golf greens. He told Council that he's spoken to the gentleman who used to put on tournaments and he's very interested in coming back on board to help out. Alderman Thompson asked if projected costs could be included with the next review for each business plan because he's curious to know what the costs incurred will be over the next 3 years, and 5-10 years. Interim City Administrator/City Secretary Dora V. Rodriguez said we could come up with that. She told Council that we will continue to bring this back before Council until all the changes have been made so they can adopt it.

Mr. Chapa shared with Council that right now they've started spraying out the clover, and he talked about maintenance of the greens; he said all we need right now is good sunlight. Towards the end of this month, they will start with a procedure called verti-cutting, and they've also already started with a fertilizer plan as well. Mr. Chapa shared that we should be getting the TABC license any day now. He said we've done comparisons of local clubs as well for pricing info. Interim City Administrator/City Secretary Dora V. Rodriguez told Council that we already have accounts with beer distributors since our last crime stoppers tournament. According to Mr. Chapa, we have several tournaments lined up already. He said the month of June is full except for one weekend. He said we've got one in September, one in October and one on the first week-end of May.

Interim City Administrator/City Secretary told Council that Ruben Chapa has been very good about reaching out by going out and visiting different golf courses and calling and getting input, and they've been very helpful to him. Mr. Chapa told Council that we also need to consider what logo we plan to use.

No action was taken.

The thirteenth order of business was to discuss and consider approving recommendations of the Planning & Zoning Commission Meeting Minutes for January 28, 2019 on the following:

- a. Request made on changing the zoning classification of approximately 8.3898 acres of land located along the West & East of Live Oak Drive from Class A. Single-Family Residence to Class B. Single-Family Residence.

Mayor Herring informed Council that the Planning & Zoning Commissioners recommended for Council to approve this request.

- b. Request made for zoning classification of approximately 36.145 acres of land located between Colonial Parkway and West Hondo Avenue from Class A. Single-Family Residence to Class B. Single-Family Residence.

City Attorney Tom Cate informed Council that the hearing for Planning & Zoning was just to get their ideas on this but we still need to go through the proper procedure and send out notices to people within 200 feet of the area. He explained that a. and b. are two areas that in the past, we tried to change by resolution, and we can't do it by resolution; it has to be changed by an ordinance, which was not done. City Attorney Tom Cate explained that for a. and b., we are re-doing something that was not done correctly the first time. He advised that these are more like informational items, so no action needs to be taken for a. and b.

According to City Attorney Tom Cate, even though Planning & Zoning Commissioners had recommended to deny the request for b. above, we still need to go through the procedure of doing an ordinance.

No action was taken for 13 a. and 13 b.

- c. Request made by Arturo Gonzales for a twenty-nine-foot front setback requirement of forty feet from the front property line for 305 Harralton Circle, which bears the following legal description of Heritage Park, Block 4, NCB 20, Lot 2, 0.39 Acres.

Mayor Herring informed Council that the Planning & Zoning Commissioners recommended for Council to grant this request.

Motion by Alderman Thompson, and seconded by Alderman Espinosa for approve Planning & Zoning Commissioner's recommendation to grant the request by Arturo Gonzales for a twenty-nine-foot front setback requirement of forty feet from the front property line for 305 Harralton Circle, which bears the following legal description of Heritage Park, Block 4, NCB 20, Lot 2, 0.39 Acres.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

Motion carried.

- d. Request made by G & E Custom Homes for an advisory opinion concerning the possible resubdivision of Adams National Bank, Lot 40, NCB 139, Acres 1.039, located on Libold Drive, into 4 lots with widths of 80 feet, with each lot having a minimum total

area of more than 9,000 square feet (minimum lot area by ordinance). In addition, the 4 lots on the resubdivided land would have front yards/building setback lines of 30 feet instead of the minimum 40 feet required by ordinance.

City Attorney Tom Cate explained to Council that G&E Custom Homes is simply making an inquiry on if they were to purchase the property, whether they would be approved for a 30 foot front yard setback rather than the 40 foot minimum required by ordinance. He addressed the houses on Libold where several homes on the other side already have a 30 foot front setback, and told Council that our current ordinance already states that if two or more houses have already gone with the lesser footage, then we can do that. City Attorney Tom Cate advised Council that it would be in the best interest of the City (and for future development) to go ahead and pass an ordinance stating that for Libold Drive, from Colonial Parkway to Coker Avenue, we allow a 30 foot front yard setback instead of the 40 foot currently required. This way we wouldn't have to keep coming back before Council every time someone wants to request a variance.

Discussion was held with Alderman Thompson on the purchase of the property, of which he stated that it has not been purchased yet.

Based upon Planning & Zoning's recommendation that we approve this request, City Attorney Tom Cate recommended to Council that we pass an ordinance, so we would have to postpone this for now until we have the ordinance. He explained that it would be an amendment of the zoning, but it would be a new ordinance amending the front setback. According to City Attorney Tom Cate, we would need to have this done before G&E Custom Homes can get started.

Discussion was held with Alderman Thompson who stated that the actual purchase is supposed to take place in about one week; it was pending this meeting. City Attorney Tom Cate stated that in order to subdivide the lots, they would need to come before Planning & Zoning with a subdivision plat. Interim City Administrator Dora V. Rodriguez stated that they will be doing a short form. According to Mr. Cate, it's either Planning & Zoning or go before Dora; "four or fewer." She said that the ordinance states that if it's "four or fewer," the City Secretary can do it. This is correct according to City Attorney Tom Cate but he added it still has to get surveyed out. The ordinance can get done and we can have a special meeting if needed, before he actually starts building. City Attorney Tom Cate advised that Council can take action tonight to approve the ordinance, pending the ordinance which he'll need to bring back to allow this. Alderman Thompson said he was okay with this. Mayor Herring added that pending an ordinance, we can grant the request submitted by G&E Custom Homes.

Motion by Alderman Espinosa, and seconded by Alderwoman Schott to grant request made by G&E Custom Homes, pending a new ordinance, for an advisory opinion concerning the possible resubdivision of Adams National Bank, Lot 40, NCB 139, Acres 1.039, located on Libold Drive, into 4 lots with widths of 80 feet, with each lot having a minimum total area of more than 9,000 square feet (minimum lot area by ordinance). In addition, the 4 lots on the resubdivided land would

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have front yard/building setback lines of 30 feet instead of the minimum 40 feet required by ordinance.

Ayes	--	Three
Nays	--	None
Absent	--	One – Alderman Valdez
Abstain	--	One – Alderman Thompson

Motion carried.

The fourteenth order of business was to discuss and consider Approving Minutes for the Park & Recreation Advisory Board Meeting held on October 2, 2018 and February 5, 2019.

Council reviewed the minutes.

Motion by Alderman Espinosa, seconded by Alderman Thompson to approve the minutes for the Park & Recreation Advisory Board Meeting held on October 2, 2018 and February 5, 2019.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

Motion carried.

The fifteenth order of business was the Executive Session: Pursuant to Section 551.072 Texas Government Code to deliberate the purchase, exchange, lease, or value of real property.

At 7:35 p.m., Mayor Herring announced to the public that the Council would go into a Closed Session.

At 7:54 p.m., Closed Session was open to the public.

No action was taken in Closed Session.

The sixteenth order of business was to RECONVENE into Regular Session and consider action, if any, on items discussed in Executive Session.

Motion by Alderman Lopez, seconded by Alderman Thompson to allow City staff to gather information concerning the property discussed in Closed Session.

Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

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Motion carried.

The seventeenth order of business was Informational Items.

- Interim City Administrator/City Secretary Dora V. Rodriguez shared that the City's Accounts Payable account was compromised. Apparently someone photo cropped a City Accounts Payable check in the amount of \$2,000.00 in the State of Tennessee, but tried passing it as a Payroll check, and the man trying to cash this was not even one of our employees; he was from Alabama. The check had the signatures of Dora V. Rodriguez and William L. Herring. A lady at a check cashing business called to verify that a gentleman was trying to cash a payroll check. Upon researching, City Accountant Denise Duffy found out that this particular Accounts Payable check number hadn't even been dispersed yet. Mrs. Rodriguez also got our Police Department involved and notified Stephen Horton, our auditor. His recommendation was for the City to close the Accounts Payable Account and open a new one. Our bank is aware not to approve any transactions without the City of Devine's approval.
- Alderman Espinosa asked about the RV Park status. Interim City Administrator/City Secretary Dora V. Rodriguez shared that Code Compliance Officer Eddie Diaz has been talking to them. She is aware that they were needing something from him and he has mailed them a letter, but she can get specifics from him.
- Alderwoman Schott asked when the work was going to begin at the Golf Course. Interim City Administrator/City Secretary Dora V. Rodriguez shared that the contractors need about two months to do what they need to do and for work to be completed, but with tournaments coming up they need to confirm when the best time to start is; they don't want to create a mess. So we're looking at the latter part of June, July and maybe August.
- Alderman Espinosa asked about the status of the road repairs. Mayor Herring shared that TxDOT was waiting on the guardrail work to be finished, and they should be finished by now. We've got the manholes taken care of, so they should be coming back. Discussion was held on the manholes
- Interim City Administrator/City Secretary Dora V. Rodriguez shared with Council, under Parks & Recreation information, that we never received the letter from Fred Morales concerning the swimming pool, so the agreement between the City of Devine and Fred Morales has been voided as of December 1, 2018; it's a done deal.
- Alderwoman Schott inquired about the drainage issue on Colonial Parkway. George Valle's house on Colonial Parkway is delinquent in taxes and the City is looking to purchase that property to be able to take care of the drainage issue in that area. City Attorney Tom Cate will check on this in the morning, and he will call Interim City Administrator/City Secretary Dora V. Rodriguez to give her an update.

There being no further business to come before the governing body, motion made by Alderman Thompson, seconded by Alderman Lopez to adjourn the meeting.

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Ayes	--	Four
Nays	--	None
Absent	--	One – Alderman Valdez

Motion carried.

Mayor

City Secretary