

COUNTY OF CHAMBERS
STATE OF TEXAS

City of Beach City

City Council Regular Called Meeting Minutes

The City Council of the City of Beach City, Texas met in a **Regular Called Meeting on April 25th, 2023** at the Beach City Community Building, 12723 FM 2354 Beach City, TX. 77523

Members Present: Mayor Ken Pantin, Mayor Pro Tem Dana Colquitt, Alderman Danielle Blair, Alderman Paul Newman and Alderman Stephanie Farner

Members Absent: Alderman Ray Smith

Staff Present: City Secretary Evonne Donnelly

Legal Counsel: Daniel Jackson

1. Call to order and announcement of quorum

On Tuesday, April 25th, 2023, Mayor Pantin called the Regular Called Meeting to order at 6:00 PM.

2. Invocation and Pledge of Allegiance

Alderman Blair offered prayer and Mayor Pro Tem Colquitt led the Pledge of Allegiance to the United States and Texas flags.

3. Public Comments (Limited to three minutes per person)

No Comments

4. Hear report and update from Pct. 4 Chambers County Commissioner, Ryan Dagley

No Report

5. Hear report and update from Beach City Volunteer Fire Department (BCVFD)

Chief McDonald noted several bad and/or serious motor vehicle wrecks within our area. Several meetings were held for the VFD members that were present and trying to help an individual who was trapped in his truck after what ended up being a fatal crash / fire with an 18-wheeler. The VFD members were unable to free the trapped man and it was later concluded, by all involved at the scene, that there was nothing anyone could have done to save this man due to the fire and extreme circumstances.

There is a present need to replace some of the BCVFD's equipment and obtain lifting equipment that would lift an 18-wheeler off of a vehicle.

A meeting for the BCVFD pension board of directors is still to come.

6. Approve Minutes for Regular Called Meeting of March 28th, 2023

Motion to approve minutes of the Regular Called Meeting of March 28, 2023

Motion: Colquitt

Second: Farner

Approved: 4-0

7. Financial Consent Agenda (All financial consent agenda items are considered routine by Council and will be enacted by one motion. A Councilmember may request an item to be removed and considered separately.)

- (a) Review and approve the Financial Statement(s) for previous month
- (b) Review and approve Investment Update
- (c) Review and approve Expenditures for the current month
- (d) Review and approve Weekly Review of Accounts

Motion to approve the financial report

Motion: Newman

Second: Blair

Approved: 4-0

8. Discussion and possible action regarding a Resolution Approving Amendments to Promissory Note (Loan 9901) AND Promissory Note (Loan 9902) Among the Beach City Cultural Education Facilities Finance Corporation (BC CEFFC), McMurry University and Frost Bank and Related Matters

Bill Blicht noted that last August the CEFFC Board had approved these two loans. Mayor Pro Tem Colquitt added, the BC CEFFC Board members which includes Ms. Colquitt, Alderman Newman and Marge Bercaw (Ms. Bercaw was absent from this meeting) approved the loans.

Mr. Blicht reviewed with Council that the previously closed loan for McMurry University, which was approved last August, is being switched to the SOFR rate from the LIBOR Rate.

To recap for the new Aldermen, the only entities with tax exempt authority in the State of Texas are, Municipalities, Counties, the State, School Districts, Water Districts and a few others. The IRS and the State of Texas both approved lending tax exempt interest rate(s) to certain non-profit corporations that serve a public purpose.

A Cultural Education Facilities Finance Corporation (CEFFC) is created and may lend their tax exempt borrowing powers, in return the City receives \$10,000 for this transaction. The borrower indemnifies the CEFFC, City Council, employees, etc., against any action. Per Mr. Blicht, the City is not liable whatsoever for the payment of the debt.

The two benchmarks for a City/entity to lend their tax exemption status are:

- a). the City can issue tax exempt debt up to ten million dollars and have it be bank qualified, this means held by a bank and they will receive a better interest deduction off of their federal income taxes.
- b). if more than ten million dollars is issued in one calendar year, then it is not bank qualified and the bank does not get the special deduction.

Alderman Blair asked what stops the Universities/borrower from getting their own tax exempt status.

Mr. Blicht stated that they are not municipalities. The University of Houston, for instance, is in essence a municipal government, they hold a tax exempt status. The other private universities, YMCA's, etc. do not have access to tax exemption unless they come through a conduit, such as us.

Motion to approve amendments to Promissory Note (Loan 9901) AND Promissory Note (Loan 9902) Among the Beach City Cultural Education Facilities Finance Corporation (BC CEFFC), McMurry University and Frost Bank and Related Matters

Motion: Farmer

Second: Newman

Approved: 4-0

9. Discussion and possible action regarding the continued participation in the Beach City Cultural Education Facilities Finance Corporation (BC CEFFC)

Mayor Pantin referred Council to the BC CEFFC loan summary that was made available showing the current eight loans and the length of each loan.

Motion to continue participation in the Beach City Cultural Education Facilities Finance Corporation

Motion: Colquitt

Second: Newman

Approved: 3 **Abstained:** Blair

Discussion: Alderman Blair asked what is the end goal by taking on these loans. Mayor Pro Tem Colquitt responded, \$10,000 every time we do this. It is a no risk thing, and you get \$10,000 for me to sign some papers.

Mayor Pantin asked, what is the paperwork for the City Secretary? Secretary Donnelly answered, every time there is an amendment, or a new loan, anything that is processed through this office. Secretary Donnelly's concern is that these loans are not just a few years, rather they will go through a few generations of City Secretary's having to deal with this. Also, due to the volume of Sales & Use Tax coming in every month to the City, Secretary Donnelly felt that Council may want to move away from this. Mayor Pro Tem Colquitt doesn't understand why they would move away from this, it is silly to say there is \$10,000 sitting there and you do not have to do anything but a little bit of paperwork and sign your name and you get \$10,000. Secretary Donnelly replied, it is her job to bring this to Council's attention and you get to decide how you want to vote. Mayor Pro Tem Colquitt responded that she does not see a downside, there is no risk. It would be like someone saying, here you want \$10,000 and you say no, I don't want it.

Secretary Donnelly was uncertain if Council is aware the term of these loans are not five, ten or fifteen years. Mayor Pro Tem Colquitt asked if they should care about the length of the loans? Secretary Donnelly added, that is up to Council to decide.

10. Discussion and possible action on maturing CD #323 in the approximate amount of \$240,841.00

Mayor Pantin quoted the interest rate for a CD with Capital Bank as 3.7% and the TexPool rate is 4.65%. Mayor Pantin would like to keep a portion of this CD money with Capital Bank and place the rest in TexPool. There are two more CD's still at Capital Bank, and both mature by September.

Secretary Donnelly looked at the TexPool website and noted the seven (7) day net yield, as of April 25, 2023, is 4.81%. After a discussion regarding the current CD rates with Capital Bank and the penalties to withdraw the CD's early, it was determined that Council would like to see both of the remaining CD's pulled and sent to TexPool, due to the higher interest rate.

11. Discussion and possible action to accept CenterPoint Energy's FY 2023-2024 Franchise Fee Payment Calculation(s)

Motion to approve the franchise agreement with CenterPoint

Motion: Newman

Second: Colquitt

Approved: 4-0

Discussion: The idea of going forward with questioning the current estimated franchise fee amount was briefly discussed. It was noted that many years ago it was debated with CNP and it did not prove fruitful for the City.

12. Discussion and possible action regarding CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) request for Approval to Amend its Distribution Cost Recovery Factor (DCRF)

Jason Fabre is the Government Relations and Regulatory Director for CenterPoint (CNP) Electric. Mr. Fabre spoke to Council regarding the DCRF and it being their annual filing mechanism that allows CNP to recover their incremental cost of capital over the past year.

Mr. Fabre stated that for four (4) years they may file a DCRF however, on the fifth (5) year they must go in for a full rate proceeding. This allows CNP to charge a step up rate increase, charging several hundred million dollars, vs. filing for several billion dollars of investment at one time and resulting in one large rate increase every five years.

Regardless of whether or not the City joins a Coalition of Cities the Public Utilities Commission (PUC) will make the final determination on this.

No action taken by Council.

RECESS: 7:01 PM

RECONVENE: 7:06 PM

13. Hear report and update regarding the Application of CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) for Approval to Amend its Temporary Emergency Electric Energy Facilities Rider (TEEEF)

CenterPoint (CNP) Electric representative Jason Fabre spoke to Council about the TEEEF. CNP filed the TEEEF with the PUC but only had to notify the municipalities with written notice.

Senate Bill 2483 (SB 2483) was signed by Governor Abbott in September 2021 after Winter Storm Uri. CNP does not own or operate any generators and this winter storm caused ERCOT to lose approximately 48% of its generation. CNP serves ninety-five (95) cities, with roughly 2.6 million customers in a 5,000 square mile area.

CNP invested in 500 megawatts (MW) worth of mobile standby generation, now known as TEEEF. The generators are either 5 MW or 30 MW units.

There are seventeen (17) generators now in position around the greater Houston area at substations. In the event of another storm that causes loss of power, these generators will be activated. The load trade event, how many megawatts are needed, will determine how many hours these generators will run.

After the EF3 tornado that went through Deer Park, Pasadena and Baytown in January 2023, two mobile units were deployed.

Mayor Pantin added, right now CNP is leasing these units and they have a \$750 million dollar investment, he is aware that CNP would rather purchase these units. Mr. Fabre stated that according to House Bill 2483 (HB 2483) it only allows for the leasing of said equipment, not purchase. Also, mobile generators can only be used when a widespread power outage lasts eight hours or more. The bill allows for the lease payment to end in 2029. CNP will have to recover their costs prior to 2029. CNP's lease is with Life Cycle Power.

The cost impact offered by CNP is approximately \$3.00 per month, per customer; with a proposed low income option for the underprivileged/underserved.

Another bill is being drawn up to allow for the cost recovery to extend beyond 2029 and allow CNP to purchase the units, which will help with cost reduction in the long run.

It is anticipated that the new rate will go into effect September 1st, 2023, depending on the PUC's approval.

14. Discussion and possible action to adopt an Ordinance Denying the Application of CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) For Approval To Amend Its Distribution Cost Recovery Factor (DCRF)

In attendance with Mr. Fabre is Carlton Porter, our CNP Electric Service Area Manger and Paul Locke who is the Local Relations Manager.

Mr. Porter noted that he has been the Service Area Manager here for close to sixteen years now. Due to the massive growth of Cedar Port Industrial and also the growth in Mont Belvieu, there is a new substation that CNP will break ground on closer to the end of this year. This substation will be located off of TX 99, near Kilgore Parkway. According to Mr. Porter this will bring a great deal of redundancy and resiliency to the area, especially during major weather events.

Some enhancements are being made to the Trinity Bay Substation by adding a temporary substation to help with the Trans Global Solutions (TGS) Cedar Port growth. until improvements can be made to the main substation. This substation is located just south of FM 1405 and TX 99.

No action was taken.

15. Discussion and possible action to adopt a Resolution Authorizing Participation in the Coalition of Cities Pertaining to Proceedings Concerning CenterPoint Energy Houston Electric, LLC's (CenterPoint Houston) at the Public Utility Commission (PUC) of Texas

No motion

16. Discuss and consider a date for FY 2023-2024 Budget Workshop to be held in May or June

Alderman Newman will be on vacation June 3rd-10th. Alderman Farner will also be on vacation during that time.

It was determined that Wednesday, May 31st is doable for all present. A backup day of June 13th is also approved in case the building is not available for May 31st.

17. EXECUTIVE SESSION: City Council will hold a closed executive meeting pursuant to the provision of Chapter 551, Texas Government Code. *Items for executive session may include, but are not limited to, applicable sections under Texas Government Code*

- (a) Consultation with attorney – Section 551.071
- (b) Employee matters – Section 551.074

Executive Session was not held.

18. Reconvene into Regular Called Meeting and consider action, if any, for items discussed in Executive Session

No action

19. Update and discussion on non-compliance to City ordinance(s) regarding On-Site Sewage Facilities (OSSF's)

A phone call came into the office last week about a home in Barrow Ranch with a raw sewage smell. A complaint form was sent to the complainant and returned to the office via email. Secretary Donnelly called the homeowner in question, and he stated he will handle this issue.

Tomorrow, Wednesday, the homeowner and Secretary Donnelly will revisit this issue to see if further action is necessary on the City's behalf.

20. Report and update from the Mayor

Mayor Pantin reviewed the costs for having the concrete and benches around the Fallen Heroes Memorial (FHM) redone. Also, Precision Lawns will be out soon to pull all the plants and rework the landscaping.

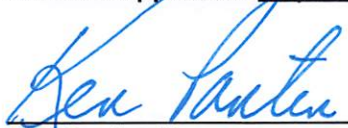
21. Council Comments

Alderman Newman: Some portions of FM 1405 traffic is being diverted, so be careful. Also, the stop sign at the Steel Mill was not replaced. Secretary Donnelly referred Mr. Newman to Commissioner Dagley for assistance.

Mayor Pro Tem Colquitt: Asked if anyone has heard about a stolen vehicle that was pulled over at Tri-City Beach Grocery. No one present at the meeting was aware of this event.


22. Adjourn at 7:43 PM

Minutes Approved: May 23rd, 2023



Ken Pantin, Mayor

Attest:



Evonne Donnelly, City Secretary