



GLEN SMITH – Mayor  
 JOHNNY TRAN – Councilmember Place 1  
 DONNA HARVEY SCHULMAN – Councilmember Place 2  
 MARY CROCKER – Councilmember Place 3  
 TROY LEWIS – Councilmember Place 4  
 ANDY ERDELT – Councilmember Place 5  
 STEPHEN MCGOVERN – Councilmember Place 6

**CITY OF PALACIOS  
 CITY COUNCIL REGULAR MEETING AGENDA  
 July 24, 2018**

Notice is hereby given of a Regular Council Meeting of the Palacios City Council to be held July 24, 2018, beginning at 7:00 p.m. in the Council Chambers of City Hall, 311 Henderson Avenue, Palacios, TX, for the purpose of considering the following items:

**REGULAR COUNCIL MEETING 7:00 PM**

**CALL TO ORDER**

**INVOCATION** – Councilmember Erdelt

**PLEDGE OF ALLEGIANCE** – Councilmember Schulman

**PLEDGE TO TEXAS FLAG** – Councilmember Schulman

**PLEDGE TO PALACIOS FLAG** – Councilmember Schulman

**VISITOR / CITIZEN FORUM**

**ADMINISTRATIVE REPORTS**

1. City Manager's Report as of June 30, 2018
2. Poker in Palacios
3. One City/One Book Thursday August 2, 2018 at Pavilion

**ITEMS TO BE CONSIDERED**

1. Discuss and consider adopting Resolution 2018-R-10 awarding a Professional Service Provider contract for services that include applying for the 2018 TX CDBG DR Grant
2. Discuss and consider accepting the Quarterly Financial Statement as of June 30, 2018
3. Discuss and consider accepting the Quarterly Investment Report as of June 30, 2018
4. Discuss and consider approving the City of Palacios Tax Abatement Program Administrative Procedures and Residential Application form
5. Discuss and consider approving the Residential Tax Abatement Agreement form
6. Discuss and consider approving the revised budget calendar

7. Discuss and consider action to approve the following consent agenda items:  
Minutes of the July 10, 2018 Regular Council Meeting  
Excuse the absence of Councilmember Erdelt from the July 10, 2018 council meeting

### **EXECUTIVE SESSION**

In accordance with Chapter 551, Government Code, (Open Meetings Law) the Council May go into Executive (closed) session in order to:

- Consult with its attorney (551.071)
- Discuss Real Estate transaction (551.072)
- Deliberation regarding prospective gifts or donation (551.073)
- Discuss personnel matters (551.074)
- Deliberation regarding security devices (551.076)
- Discuss economic development negotiations (551.087)

### **ADJOURN**

In compliance with the Americans with Disabilities Act, the City of Palacios will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meeting. Please contact City Hall, at 361.972.3605.

### CERTIFICATION

I certify that a copy of the July 24, 2018 agenda of items to be considered by the City Council was posted on the City Hall bulletin board by 5:00 p.m. on July 20, 2018.



Clissa Mills, City Secretary

**City Manager's**  
**MONTHLY REPORT**  
**JUNE 2018**

**HURICANE HARVEY**

- Receiving FEMA reimbursements for Harvey Damages, Emergency Protective Measures, and Debris Removal.
- Contractor is 90% complete with the installation of the new police antennae at the County Annex building under FEMA 90/10 reimbursements from Hurricane Harvey.
- Monitoring CDBG DR program for possible projects for the City.

**ADMINISTRATION**

- Engineer is designing the CDBD-DR grant; pass through funding from the County Ike Disaster Grant.
- Grant Works notified City that the Hazard Mitigation Grant for generators has been sent to FEMA for review and approval.
- TxDOT Aviation Department for Palacios Airport Improvements Grant to repair Runway 13-31, taxiways, and terminal apron received three engineering proposals for the project.
- Chief received word that the City was awarded the Criminal Justice Grant to H-GAC for new in-car video systems to replace existing outdated systems and two new vehicles.
- Engineer is working on plans for the Recycle Center Expansion Project Grant from HGAC.
- Engineer started survey work for the Downtown Revitalization Grant from Texas Department of Agriculture; construction to begin during the first quarter of 2019.
- HGAC Solid Waste Grant to purchase a new recycling vehicle and recycling trailers is being reviewed by the State. They will award the grant to the City through HGAC.

**PUBLIC WORKS**

- Cleaned up work sites.
- Work Orders Completed: 13 water leaks, 26 animal calls, 5 culvert installations, 3 sewer stoppage calls, 36 miscellaneous work orders, and repaired potholes; total 132 work orders.
- Mowed RR Park and other city properties, water plants, and 14 lift stations.

**AIRPORT**

- Mowed and sprayed around buildings, runways, and hangers
- Property was cut and bales for hay
- Issued notice to FAA to close runways to apply weed killer and remove dead grass off of the edges of the runways.

**PAVILION**

- Contractor is working on punch list; 99% complete
- Completing the GLO CMP grant; Plazas and Picnic Shelters are complete; working on planting around the wetland pond.

## **POLICE**

- Calls for Service 430
- Citations 68 Warnings 75
- 25 written reports, and 5 arrests

## **FIRE**

- Responded to several fires outside the city limits
- Fire Department is collecting donations for new Fire Station.
- Searching for grants for new Fire Station.



**ONE CITY/ONE BOOK**



# **CELEBRATE OUR HISPANIC COMMUNITY**

**Thursday, August 2<sup>nd</sup>, 6:00 pm**

**New Palacios Pavilion**

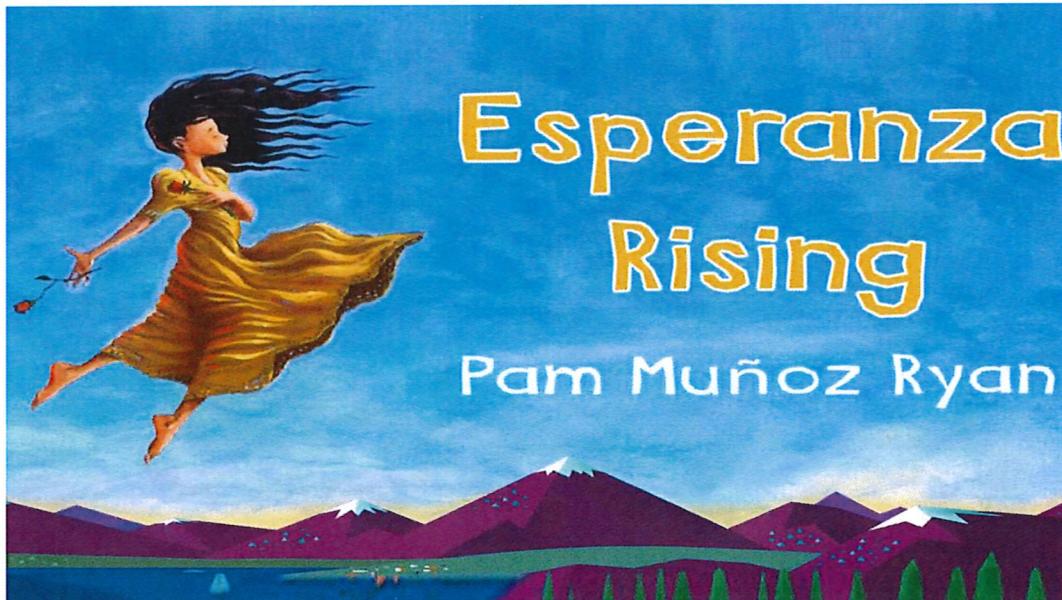
## **Music, Speakers, and Dinner**

**Bring a dish to share if you like!**

**(RSVP – [paha@citybytheseamuseum.org](mailto:paha@citybytheseamuseum.org) or 361-972-1148)**

**Even more fun if you read the book!**

**(Copies at the Old Main Book Store, Museum, and Library)**



**Sponsored by City by the Sea Museum, Palacios Book Club, Palacios Library and First Book Matagorda**

For more information contact Edith Gower ([paha@citybytheseamuseum.org](mailto:paha@citybytheseamuseum.org)). Everyone welcome, but please RSVP.

**RESOLUTION NO. 2018-R-10**

**A RESOLUTION OF THE CITY OF PALACIOS, TEXAS  
AUTHORIZING THE AWARD OF PROFESSIONAL  
SERVICE PROVIDER CONTRACTS TO APPLY FOR THE  
2018 TX CDBG DR GRANT**

WHEREAS, the anticipated award of the 2018 TX CDBG contract requires implementation by professionals experienced in the administration of federally-funded disaster recovery grants;

WHEREAS, in order to identify qualified and responsive providers for these services a Request for Proposal (RFP) process for administrative services has been completed in accordance with TX CDBG DR requirements;

WHEREAS, the submissions received by the due date have been scored to determine the most qualified and responsive providers for each professional service;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PALACIOS, TEXAS:**

Section 1. That Grant Works be awarded a contract to provide Disaster Recovery project-related **administrative services** for the 2018 contract.

Section 2. That any and all contracts or commitments made with the above-named services provider is dependent on the successful negotiation of a contract with the service provider.

PASSED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney



City of Palacios  
Financial Statement  
As of June 30, 2018

Water Fund

Percent of Year Complete                      75%

<b>Revenues</b>	Budget	Y-T-D Actual	Percent of Budget
Water & Sewer	\$ 1,615,000	\$ 1,151,480	71%
Service & Penalty Charges	\$ 47,500	\$ 42,319	89%
Garbage	40,000	33,150	83%
Miscellaneous	3,500	4,272	122%
<b>Total Revenues</b>	<b>\$ 1,706,000</b>	<b>\$ 1,231,220</b>	<b>72%</b>
<b>Expenditures</b>			
Water Department	\$ 597,750	\$ 442,195	74%
Sewer	297,600	160,247	54%
Special Items	822,850	444,912	54%
<b>Total Expenditures</b>	<b>\$ 1,718,200</b>	<b>\$ 1,047,354</b>	<b>61%</b>
<b>Revenue Over/ (Under) Expenditures</b>	<b>\$ (12,200)</b>	<b>\$ 183,866</b>	
<b>Beginning Fund Balance</b>		<b>\$ 10,701,124</b>	
<b>Ending Fund Balance</b>		<b>\$ 10,884,990</b>	

City of Palacios  
Financial Statement  
As of June 30, 2018

Airport Fund

Percent of Year Complete 75%

	Budget	Y-T-D Actual	Percent of Budget
<b>Revenues</b>			
Fuel Sales	\$ 20,000	\$ 9,645	48%
Hangar Rent & Tiedowns	6,300	4,815	76%
PISD School Barn Lease	150	148	99%
Golf Assoc Lease	100	104	104%
T Hangar Lease	6,000	4,500	75%
Farming Lease	1,900	1,800	95%
Grazing Lease	21,900	21,938	100%
Interest Income	-	56	
Misc Receipts	25	-	0%
TxDot Reimbursement	5,000	\$ 2,457	49%
<b>Total Revenues</b>	<b>\$ 61,375</b>	<b>\$ 45,462</b>	<b>74%</b>

<b>Ependitures</b>			
Airport	\$ 40,375	\$ 19,533	48%
Special Items	21,000	15,338	73%
<b>Total Expenditures</b>	<b>\$ 61,375</b>	<b>\$ 34,871</b>	<b>57%</b>

<b>Revenue Over/ (Under)</b>			
<b>Expenditures</b>	\$ -	\$ 10,591	

<b>Beginning Operating Balance</b>		\$ 44,606
<b>Ending Operating Balance</b>		\$ 55,197

<b>Beginning Fund Balance Including Fuel Inventory</b>	\$ 48,942
<b>Ending Fund Balance Including Fuel Inventory</b>	\$ 59,533

City of Palacios  
 Financial Statement  
 As of June 30, 2018

Equipment Fund

Percent of Year Complete 75%

	Budget	Y-T-D Actual	Percent of Budget
<b>Revenues</b>	\$ 157,000	\$ 117,829	75%
<b>Expenditures</b>	\$ 157,000	\$ 81,473	52%
<b>Revenue Over/ (Under) Expenditures</b>	\$ -	\$ 36,355	
<b>Beginning Fund Balance</b>		\$ 194,222	
<b>Ending Fund Balance</b>		\$ 230,577	

City of Palacios  
 Financial Statement  
 As of June 30, 2018

Hotel/Motel Tax Fund  
 Percent of Year Complete

75%

	Budget	Y-T-D Actual	Percent of Budget
<b>Revenues</b>	\$ 28,100	\$ 24,058	86%
<b>Expenditures</b>	\$ 28,000	\$ 14,500	52%
<b>Revenue Over/ (Under) Expenditures</b>	\$ 100	\$ 9,558	
<b>Beginning Fund Balance</b>		\$ 98,808	
<b>Ending Fund Balance</b>		\$ 108,366	

City of Palacios  
 Financial Statement  
 As of June 30, 2018

Economic Development Fund  
 Percent of Year Complete

75%

	Budget	Y-T-D Actual	Percent of Budget
<b>Revenues</b>	\$ 169,300	\$ 122,967	73%
<b>Expenditures</b>	\$ 169,300	\$ 99,761	59%
<b>Revenue Over/ (Under) Expenditures</b>	\$ -	\$ 23,206	
<b>Beginning Fund Balance</b>		\$ 505,960	
<b>Ending Fund Balance</b>		\$ 529,166	

CITY OF PALACIOS, TEXAS  
QUARTERLY INVESTMENT REPORT  
FOR THE QUARTER ENDED JUNE 30, 2018

The investment portfolio detailed in the attached report includes all investment transactions made during the above referenced period. The investment portfolio and all related transactions comply with the investment policy of the City of Palacios, Texas and the Public Funds Investment Act of the State of Texas.

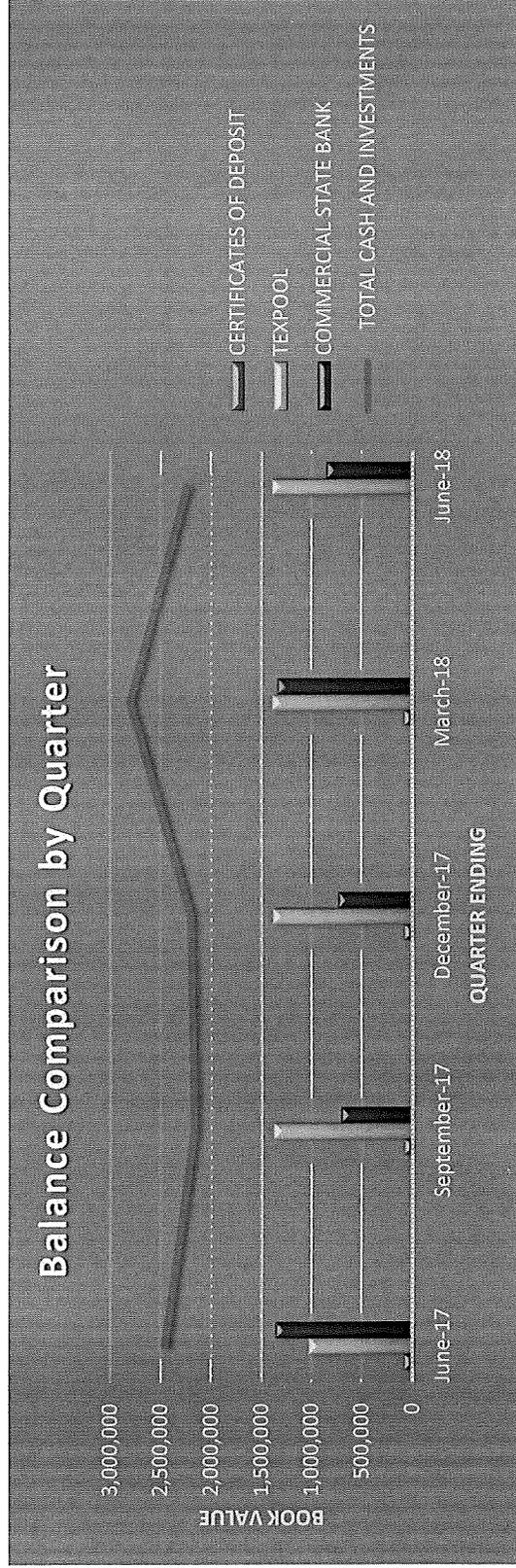
Investment Officer: Tammy McDonald  
Tammy McDonald, City Treasurer

Date: 7/5/2018

**CITY OF PALACIOS, TEXAS**  
**Quarterly Investment Report**  
**As of June 30, 2018**

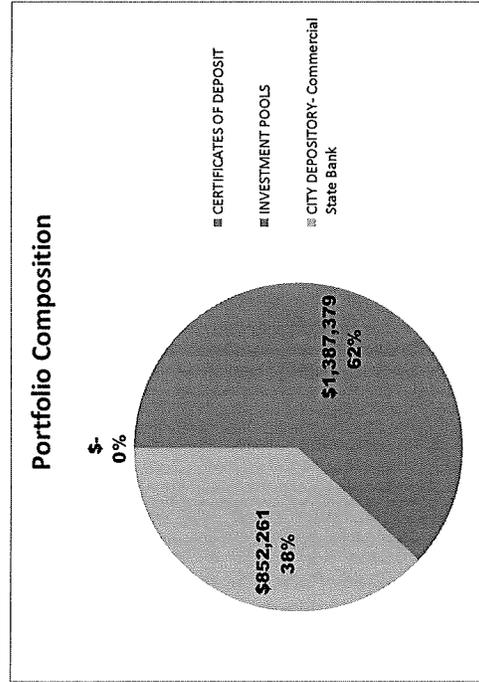
**Balance Comparison by Quarter**

<b>INVESTMENT BALANCES BY TYPE</b>	<b>Book Value 6/30/2017</b>	<b>Book Value 9/30/2017</b>	<b>Book Value 12/31/2017</b>	<b>Book Value 3/31/2018</b>	<b>Book Value 6/30/2018</b>
CERTIFICATES OF DEPOSIT	\$ 86,754	\$ 86,787	\$ 86,820	\$ 86,853	\$ -
TEXPOOL	\$ 1,019,636	\$ 1,372,926	\$ 1,376,690	\$ 1,380,454	\$ 1,387,379
COMMERCIAL STATE BANK	\$ 1,352,122	\$ 707,016	\$ 737,405	\$ 1,331,486	\$ 852,261
<b>TOTAL CASH AND INVESTMENTS</b>	<b>\$ 2,458,512</b>	<b>\$ 2,166,729</b>	<b>\$ 2,200,915</b>	<b>\$ 2,798,793</b>	<b>\$ 2,239,640</b>



CITY OF PALACIOS, TEXAS  
 INVESTMENTS OUTSTANDING AS OF JUNE 30, 2018

Purchase Date	Description	Maturity Date	# Days to Maturity	Cost	Par Value	Coupon Yield	3/31/2018		Quarterly Activity			6/30/2018		Unrealized Gain/Loss	
							Book Value	Market Value	Purchases	Maturities	Interest	Book Value	Market Price		Market Value
<b>CERTIFICATES OF DEPOSIT</b>															
	First Financial Bank	5/5/2018	0	\$ 45,030	\$ 45,030	0.15%	\$ 86,853	\$ 86,853	\$ -	\$ 86,853	\$ 33	\$ -	\$ -	\$ -	-
							\$ 86,853	\$ 86,853	\$ -	\$ 86,853	\$ 33	\$ -	\$ -	\$ -	-
							3%								0%
<b>INVESTMENT POOLS</b>															
N/A	Texpool - Pooled	N/A	N/A	1,332,485	1,332,485	0.79%	\$ 1,325,833	\$ 1,325,833	\$ -	\$ -	\$ 6,652	\$ -	\$ 1,332,485	\$ 1,332,485	-
N/A	Texpool - Escrow Acct Beachside Dev	N/A	N/A	54,894	54,894	0.79%	54,621	54,621	-	-	273	-	54,894	54,894	-
							1,380,454	1,380,454	-	-	6,925	-	1,387,379	1,387,379	-
							49%								62%
<b>CITY DEPOSITORY- Commercial State Bank</b>															
N/A	Pooled Cash Savings	N/A	N/A	702,363	702,363	0.24%	1,101,744	1,101,744	1,172,798	(1,572,657)	477	-	702,363	702,363	-
N/A	Pooled Cash	N/A	N/A	142,809	142,809	0.00%	222,653	222,653	1,211,886	(1,291,730)	-	-	142,809	142,809	-
N/A	Police Dept Drug Seized Funds	N/A	N/A	4,802	4,802	0.00%	4,802	4,802	-	-	-	-	4,802	4,802	-
N/A	City Escrow Fund	N/A	N/A	787	787	0.00%	787	787	-	-	-	-	787	787	-
N/A	TDHCA Home Program	N/A	N/A	-	-	0.00%	-	-	-	-	-	-	-	-	-
N/A	TCDP	N/A	N/A	-	-	0.00%	-	-	8,250	(8,250)	-	-	-	-	-
N/A	Disaster Recovery Supp Rd 2.2	N/A	N/A	1,500	1,500	0.00%	1,500	1,500	-	-	-	-	1,500	1,500	-
							1,331,486	1,331,486	2,392,935	(2,872,637)	477	-	852,261	852,261	-
							48%								38%
				\$ 2,279,867	\$ 2,798,793	0.56%	\$ 2,798,793	\$ 2,798,793	\$ 2,392,935	\$ (2,785,784)	\$ 7,435	\$ -	\$ 2,239,640	\$ 2,239,640	-
<b>TOTAL PORTFOLIO</b>															



**City of Palacios  
Tax Abatement Program  
Administrative Procedures  
And Residential Application**

**RESIDENTIAL TAX ABATEMENT**

The following is an outline of recommended steps for review and consideration of applications for tax abatement in the City of Palacios based on the requirements contained in the Property Redevelopment and Tax Abatement Act (Tax Code, Chapter 312) and the “Guidelines and Criteria for the Granting of Tax Abatement in the City of Palacios,” adopted by the City Council on August 5, 1996, re-adopted and amended on July 3, 2006, re-adopted and amended on July 9, 2013, and re-adopted and amended on March 28, 2017.

**RESIDENTIAL TAX ABATEMENT APPLICATION**

**All applicants must complete the Residential Tax Abatement Application with Tax Certificates related to the project before construction begins.**

**Receipt of Application**

Upon Receipt of an application for tax abatement, the original and two (2) copies should be dated. The original should be placed in a central file in the City Clerk’s office.

One copy should be delivered to the City Tax Appraisal District Office and two copies should be provided to the City of Palacios.

**Analysis of Application**

Prior to approving the resolution providing for a tax abatement agreement, the City Council shall request the following information:

The City Manager will determine if the project is eligible under Section 2(a) and Section 12 of the Guidelines and Criteria, if the application was submitted prior to the commencement of construction as provided in Section 2(b), and will review the description of improvements to determine if the value of the improvements exceeds the \$75,000 minimum requirement.

The Matagorda County Tax Office will determine if the applicant is delinquent in payment of taxes to the City or other affected taxing jurisdictions. Applicant shall provide a tax certificate request from the Matagorda County Tax Office with the application.

The City Manager shall determine whether the application is in compliance with the adopted Guidelines and Criteria. If a variance from the Guidelines and Criteria is

requested, the City Manager shall determine if the request is consistent with the requirements provided in Section 12 of the Guidelines and Criteria.

**Annual Determination of Taxable Value**

At the inception of the tax abatement agreement, the Matagorda County Central Appraisal District shall determine the base value of the completed property. The base value of the project is defined as the appraised value of the January 1<sup>st</sup> prior to the execution of the agreement, plus the value of any improvement made between January 1<sup>st</sup> and the date of the agreement.

Annually, the Matagorda County Central Appraisal District shall determine the taxable value of the facility based on the Guidelines and Criteria and report such value to all affected taxing jurisdictions.

Annually, the City if so designated by the City shall determine whether the property improvements described in the application for abatement and has complied with the minimum investment and present such information to the City Manager with a recommendation on whether to continue or to terminate the agreement for non-compliance.

**Recapture in the Event of Non-compliance**

If a residence is not in compliance with the abatement agreement or the owner becomes delinquent in payment of any taxes, the City Manager shall provide notice to the owner of the determination of non-compliance and establish a deadline for resolution of the compliance issues as provided in Section 7(b) of the Guidelines and Criteria. If the compliance issues are not resolved, the City Manager shall provide the owner and the Matagorda County Central Appraisal District notice of termination of the abatement agreement. The Matagorda County Central Appraisal District shall recapture all taxes previously abated by virtue of the agreement as provided in Section 7(c)(2) of the Guidelines and Criteria.

**Consideration of the Resolution to Grant Tax Abatement**

At a regularly scheduled meeting of the City Council, the Council members shall consider the application for tax abatement.

Following a public hearing on the request for tax abatement, the Council members approve one resolution unless they find one of the following reasons for denying the tax abatement:

- (a) The application is not consistent with the adopted Guidelines and Criteria;
- (b) There would be a substantial adverse effect on the provision of government services or tax base,

- (c) Planned or potential use of the property would constitute a hazard to public safety, health, or morals,
- (d) Planned or potential use of the property violates other codes or laws, or
- (e) Action by the City Council would impose a penalty under Chapter 312 of the Texas Tax Code on any other tax jurisdiction.

**Execution of an Abatement Agreement Contract**

Following approval of the resolution, the City Manager shall prepare an abatement agreement will be executed that, at a minimum lists:

- (a) The kind, number, and location of the proposed improvements;
- (b) Provides access to and authorizes inspection of the property by City employees to ensure that the improvements are made according to the terms and conditions of the abatement agreement;
- (d) Limits the use of property consistence with the general purpose of encouraging development or redevelopment of the zone during the period of the agreement, and
- (e) Provides for recapturing property tax revenue tax lost as a result of the agreement if the owner of the property fails to keep the property taxes current as provided for in the agreement.

The application for abatement should be attached to and incorporated within the abatement agreement.

(a) **Amount of Tax Abatement**

The tax abatement must adhere to the following schedule:

- Year 1 – 75% abatement
- Year 2 – 50% abatement
- Year 3 – 35% abatement
- Year 4 – 25% abatement
- Year 5 – 15% abatement

City of Palacios  
Application for Residential Tax Abatement

**Filing Instructions**

This application must be filed prior to the commencement of construction or the installation of equipment associated with the project for which the abatement is being sought. This filing acknowledges that the applicant has read and understands the "Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone the in City of Palacios," approved by the City Council on August 5, 1996; and re-adopted and amended on July 3, 2006; and re-adopted and amended on March 28, 2017. Furthermore, the applicant agrees to comply with all requirements stated in the Guidelines.

This application will become a part of any tax abatement agreement or contract executed between the applicant and the City of Palacios, and knowingly false representations therein will be grounds for voiding such agreement or contract.

An original and two copies of this application and attachments should be submitted to:

City Manager  
City of Palacios  
Post Office Box 845  
Palacios, Texas  
77465

**Applicant Information**

Company Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Street Address \_\_\_\_\_

Phone Number: ( \_\_\_\_ ) \_\_\_\_\_

Fax Number: ( \_\_\_\_\_ ) \_\_\_\_\_

Email: \_\_\_\_\_

Primary Contact Person: \_\_\_\_\_

Contact Person's Title: \_\_\_\_\_

Phone Number: (\_\_\_\_) \_\_\_\_\_

Fax Number: (\_\_\_\_) \_\_\_\_\_

Email: \_\_\_\_\_

Second Contact Person/Title: \_\_\_\_\_

Phone Number: (\_\_\_\_) \_\_\_\_\_

Fax Number: (\_\_\_\_) \_\_\_\_\_

Email: \_\_\_\_\_

Appraised Value of Land: \_\_\_\_\_

Estimated total value of improvements: \_\_\_\_\_

Estimated Cost to Build: \_\_\_\_\_

Building Contractor: \_\_\_\_\_

Contact Person/Title: \_\_\_\_\_

Phone Number: (\_\_\_\_) \_\_\_\_\_

Fax Number: (\_\_\_\_) \_\_\_\_\_

Email: \_\_\_\_\_

Interim Construction Lender: \_\_\_\_\_

Contact Person/Title: \_\_\_\_\_

Phone Number: (\_\_\_\_) \_\_\_\_\_

Fax Number: ( \_\_\_\_\_ ) \_\_\_\_\_

Email: \_\_\_\_\_

Mortgage Lender: \_\_\_\_\_

Contact Person/Title: \_\_\_\_\_

Phone Number: ( \_\_\_\_\_ ) \_\_\_\_\_

Fax Number: ( \_\_\_\_\_ ) \_\_\_\_\_

Email: \_\_\_\_\_

Estimated date Construction to Begin: \_\_\_\_\_

Estimated date of Completion of Project: \_\_\_\_\_

Project Location (Address and Legal Description, Please provide a map if available):

**CONSTRUCTION INFORMATION:**

Anticipated date construction will begin: \_\_\_\_\_

Anticipated date construction will be completed: \_\_\_\_\_

**Variance**

Does approval of this application by the City Council require a variance from the Guideline and Criteria, adopted by the City Council on July 6, 1998; readopted and amended on July 3, 2006; readopted and amended on July 9, 2013, and readopted and amended on March 28, 2017.

\_\_\_\_\_ Yes

\_\_\_\_\_ No

**If "Yes", applicant must provide a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of a request for a variance requires a three-fourths (3/4) vote of the governing body.**

Attachments

All applications must contain the following attachments. The City Council may not review an application until the requested information has been provided:

- (a) A map of the project location and legal property description (including current ownership).
- (b) Site plan
- (c) Building plans
- (d) Tax certificate request completed by the Matagorda County Tax Office

Assurances

I do hereby certify:

- (a) The information provided above is, to the best of my knowledge, complete and accurate.
- (b) That I have received and read a copy of the "Guidelines and Criteria for Granting Tax Abatement Reinvestment Zone in the City of Palacios," re-adopted and amended on March 28, 2017, and that I understand the conditions and terms under which a tax abatement agreement may be executed.
- (c) That employees and/or designated representatives of the City shall have access to the facility during the period of the abatement agreement to determine if the company is in compliance with the terms and conditions of the agreement, as provided in Section 7(b) of the "Guidelines and Criteria," referenced above. I understand that participation in an abatement agreement does not remove any obligation to satisfy all codes and ordinances issued by the City or any other affected taxing jurisdiction that may be in effect and applicable at the time this project is implemented.

Each address is an Individual and unique application and will be approved on a case by case basis.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Applicant

**SITE INSPECTION CERTIFICATION**  
**FOR**  
**CITY OF PALACIOS TAX ABATEMENT**  
**APPLICATION**

Date: \_\_\_\_\_

I, \_\_\_\_\_, City of Palacios Building Inspector, do hereby certify that I have inspected the site where the proposed property improvement(s) are to be made and further certify that at the time of this application, construction had not yet begun on the property in question.

Property Owner's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Inspected by: \_\_\_\_\_

**PALACIOS ISD TAX OFFICE  
1209 12<sup>TH</sup> STREET  
PALACIOS, TEXAS 77465**

Date: \_\_\_\_\_

I, \_\_\_\_\_, of the Palacios ISD Tax Office, Palacios, Texas, do hereby certify that all taxes are paid and current as of the date of this affidavit for the purposes of a tax abatement application with the City of Palacios for the following property:

Property Owner's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Parcel Identification Number: \_\_\_\_\_

I certify that all taxes on the above property are paid and current:

\_\_\_\_\_  
Palacios ISD Tax Office, Palacios, Texas

STATE OF TEXAS

CITY OF PALACIOS

KNOW ALL BY THESE PRESENTS:

**RESIDENTIAL TAX ABATEMENT AGREEMENT**

The Palacios City Council, in the County of Matagorda, State of Texas (the "City"), and \_\_\_\_\_ who will be constructing a new residential construction in Palacios, Texas (hereinafter referred as the "Applicant"), enter into this Tax Abatement agreement (the "Agreement") as follows:

**RECITALS**

WHEREAS, the Property Redevelopment and Tax Abatement Act, section 312.001 et seq., Texas Tax Code, as amended, (the "Act") authorizes the City to create a reinvestment zone for residential tax abatement or commercial and industrial business tax abatement purposes; and

WHEREAS, the Palacios City Council has adopted an Ordinance establishing guidelines and criteria governing tax abatement and electing to become eligible to participate in tax abatement pursuant to the requirements of the Act, which Ordinance is incorporated herein by reference thereto for all purposes; and

WHEREAS, the Palacios City Council on the 28th day of March 2017, did enact and adopt an Ordinance designating a certain area as a Reinvestment Zone (the "Zone"), all pursuant to the Act, which Ordinance is incorporated herein by reference thereto for all purposes; and

WHEREAS, the Palacios City Council finds that the terms of the Agreement and the property subject to this Agreement meet the applicable guidelines and criteria governing tax abatement previously adopted and subsequently re-adopted as required; and

WHEREAS, the Applicant will use the taxable real property located in the Zone (the "Property") for residential purposes; and

WHEREAS, the City and the Applicant desire to enter into this Agreement to exempt from taxation a part of the increase in the value of the Property over its value during the term of this Agreement as hereinafter set forth, all pursuant to: (i) the Act; (ii) Ordinance; (iii) the Comprehensive Policy Statement on Tax Abatement; and (iv) the terms and conditions herein set forth and contained;

NOW, THEREFORE, and in consideration of the mutual covenants and agreements herein contained, the City and the Applicant agree as follows:

1. **Incorporation of Recitals.** The determinations recited and declared in the preambles to the Agreement are hereby restated, repeated and incorporated herein as part of this Agreement.
2. **Term.** Whereby the Applicant intends to construct, build or expand on the Property a residential building. The term is 5 years after the full value of the improvements determined by the Matagorda County Tax Office. The eligibility for the tax abatement provided by this Agreement begins with the \_\_\_\_\_ tax year and ends with the \_\_\_\_\_ tax year.
3. **Improvements.** In order to obtain any tax abatement under this Agreement, the Applicant agrees to construct a single family residence with improvements valued over \$75,000 excluding land value within the Zone, substantially as more particularly described as \_\_\_\_\_.
4. **Abatement of Real Property Taxes.** The City agrees to exempt from taxation all or such parts of the increase in the value of the Property by virtue of the improvements over its value in the year following the full value of the improvements determined by the Matagorda County Tax Office, as specified and in accordance with the Provisions of Exhibit "A" Residential Tax Abatement Application, and such exemption shall include any addition, change, or modification to the improvements after substantial completion due to casualty loss or otherwise. Provided however, that the abatement of taxes and exemption granted by this Agreement shall pertain only to the Property, the Improvements and other permanent fixtures within the Zone, and shall not include trade fixtures, inventory, or other personal property.
5. **Access to Property.** The Applicant agrees that the City shall, at reasonable times and upon reasonable notice, have access to the Property and the Applicant authorizes employees and agents of the City to inspect the Property to ensure that the Improvements are being made in accordance with the terms and conditions of this Agreement and utilized in accordance with this Agreement.
6. **Recapture of Property Taxes.** The Applicant agrees that should it fail to construct and install (or cause to be constructed or installed), or maintain the Improvements in accordance with the terms of this Agreement, then the City shall have the right, in addition to any other available remedy, to recapture all property tax revenue lost as a result of such breach of this Agreement. The City shall notify the Applicant, in writing, of default(s) by the Applicant in complying with the terms and provisions of this Agreement. The Applicant shall promptly reimburse the City for all city tax revenue lost as a result of the breach and the City may, without further notice to the Applicant, immediately cause all tax abatement to cease on the Property subject to this Agreement. Failure on the part of the City to exercise

any right contained in this Agreement shall not constitute a waiver of any right in the event of any subsequent default, and no waiver shall be effective unless in writing, executed by the City, and the Applicant.

7. **Miscellaneous.**

- a. **Assignment.** No party shall have the right to assign that party's interest in this Agreement without the prior written consent of the other party.
- b. **Modifications.** At any time before the expiration of the term of this Agreement, this Agreement may be modified by the joint action of the parties hereto to include other provisions that could have been included in the original agreement. Any such modification shall be in writing and signed by all the parties hereto and made by the same procedure by which the original agreement was approved and executed.
- c. **Notices.** Any notices required or desired to be given to any party hereto shall be deemed to be delivered: (i) on the date of delivery, if hand delivered; (ii) one (1) day after sending, if sent by overnight courier; or (iii) if sent by mail, three (3) days after the same is posted in a U.S. mail receptacle, postage prepaid, to the address of the applicable party set out below such party's signature herein below. Any party hereto may change such party's address for notice to another address within the United States of America, but until written notice of such change is actually received by the other party, the last address of such party designated for notice shall remain such party's address for notice.
- d. **Severability.** If any term or provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining terms or provisions of this Agreement shall not be affected hereby, and in lieu of each such illegal, invalid or unenforceable term or provision, there shall be added automatically to this Agreement a legal, valid or enforceable term or provision as similar as possible to the term or provision declared illegal, invalid or unenforceable. The City expressly disclaims any warranty or representation as to the legality or enforceability of this Agreement and the Applicant expressly disclaims the existence of any such warranty or representation.
- e. **Governing Law.** This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas and the Act in particular.
- f. **Paragraph Headings: Construction.** The paragraph headings contained in this Agreement are for convenience **only** and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs

hereof. All parties have participated in the negotiation and preparation of this Agreement so that this Agreement shall not be construed either more or less strongly against or for any party.

- g. Complete Agreement.** This Agreement contains the entire agreement among the parties and supersedes any and all prior understandings and agreements between the parties hereto relating to the subject matter hereof.
- h. Binding Effect.** Except as limited herein, the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal and legal representatives, successors and assigns.
- i. Counterparts.** This Agreement has been executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.
- j. Exhibits.** All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same. The Application shall be attached as the primary exhibit. Other exhibits may be required on a case by case basis.
- j. Relationship of Parties.** Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties.

**EXECUTED** this the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**THE CITY OF PALACIOS, TEXAS:**

By: \_\_\_\_\_  
Mayor City of Palacios

(SEAL)

I, Clissa Mills, City Secretary for Palacios, Texas certify that the above is a true and correct copy of Agreement on file in the City Hall of Palacios, Texas and that I, as City Secretary of Palacios, Texas, have legal custody of such writing.

By: \_\_\_\_\_  
City Secretary

**City of Palacios Budget Calendar**  
**Fiscal Year 2018-2019**

**May 22, 2018 – Regular City Council Meeting – 7:00 pm**

- a. Discuss and consider approving the Budget Calendar

June 26, 2018 – Budget Workshop – 6:00 pm

**Regular City County Meeting – 7:00 pm**

July 10, 2018 – Budget Workshop – 6:00 pm

July 24, 2018 – Budget Workshop – 6:00 pm-Cancelled

**July 27, 2018 – Submit proposed budget to City Secretary**

**July 31, 2018 – Special City Council Meeting – 7:00 pm**

- a. Discuss and consider setting the proposed tax rate
- b. If rate will exceed the lower of effective or rollback rate, take a record vote on the specified rate.
- c. Schedule the date to ratify tax rate.
- d. Schedule 2 public hearings on the proposed tax rate.
- e. Schedule public hearing on the Budget

August 3, 2018 – Palacios Beacon Deadline to publish following Wednesday

- a. Send “Notice of 2018 Tax Year Proposed Tax Rate for City of Palacios”
- b. Create and Send Notice of the Public Hearing on the Budget

**August 8, 2018 – Publication of Budget Hearing & Tax Rate Hearing Notices**

August 14, 2018 – Budget Workshop – 6:00 pm

**August 14, 2018 – REGULAR City Council Meeting – 6:00 pm**

- a. First Public Hearing on tax rate
- b. Announce date, time, and location of meeting to adopt the tax rate

**August 21, 2018 – SPECIAL City Council Meeting – 7:00 pm**

- a. Second Public Hearing on tax rate
- b. Announce date, time, and location of meeting to adopt the tax rate

**August 28, 2018 – Regular City Council Meeting – 7:00 pm**

- a. Public Hearing on Proposed Budget
- b. Adopt Budget
- c. Adopt Property Tax Rate

City of Palacios  
Budget Calendar  
Fiscal Year 2018-2019

Date	Activity	Governing Legislation
July 27 ( Fri)	Deadline to prepare proposed budget document, including budget message. If proposed budget will raise more property tax revenues than previous year, include cover page with mandatory statement specified by law	LGC 102.003 LGC 102.005(b)
July 27 ( Fri)	Last day to file proposed budget and accompanying budget message with City Council members and City Secretary. Must be available for public inspection for at least 30 days before City Council will make tax levy	LGC 102.005(a) LGC 102.005(c)
July 27 ( Fri)	Post proposed budget on City website	LGC 102.005©
July 27 ( Fri)	Post 72-Hour notice at City Hall of meeting to discuss property tax rate	
July 31 (Tues)	Meeting for City Council to discuss proposed property tax rate. If proposed rate will exceed lower of the effective tax rate or the rollback rate, take a record vote on specified rate and schedule 2 public hearings.	
August 1 (Wed)	Send proposed tax rate and public hearing dates to County Tax Assessor along with the description of the purpose of the tax increase to provide Notice for Proposed Tax Rate	
August 3 (Fri)	Send "Notice of 2018 Tax Year Proposed Tax Rate for City of Palacios" to the Beacon to publish following Wednesday. Also, post notice on City's Website	
August 3 (Fri)	Create and send Notice of Public Hearing on Budget to Beacon to be published no more than 30 days and no less than 10 days before the public hearing on proposed budget	
August 8 (Wed)	<p>Publish "Notice of 2018 Tax Year Proposed Tax Rate for City of Palacios" in newspaper.</p> <ul style="list-style-type: none"> <li>- If proposed rate <u>does not exceed</u> lower of effective tax rate or rollback tax rate, use shorter version of notice as prescribed by LGC 140.010 (d) and publish in newspaper and post on City's website no later than the later of September 1 or the 30th day after receiving the certified appraisal roll.</li> <li>- If proposed rate <u>exceeds</u> lower of the effective tax rate or rollback rate, use the longer version of notice as prescribed by LGC 140.010(e) and publish in newspaper and post on City's website at least 7 days before the first public hearing and no later than the later of September 1 or the 30th day after receiving the certified appraisal roll.</li> <li>- Newspaper notice must be one-quarter page or larger, headline must be 24-point or larger, and it must not be published in legal notices and classified section. Notice must be posted on City's website until adopted.</li> </ul>	TC 26.06(a) TC 26.06(b) TC 26.06©, and TC 26.065, with portions superseded by LGC 140.010

August 8 (Wed)	Publish notice of public hearing on proposed budget in newspaper. If proposed budget will raise more property tax revenues than previous year, include mandatory statement specified by law. Publication must take place no more than <b>30 days</b> and no less than 10 days before the public hearing on proposed budget.	LGC 102.0065 LGC 102.006
August 14 (Tues)	Regular City Council Meeting - First Public Hearing on proposed tax rate (at least 7 days after notice is published in newspaper.) At the end of the public hearing, City Council announces the date, time, and place of the meeting they will vote on proposed property tax rate.	TC 26.06(a) TC 26.06 (d), as superseded by LGC 140.010
August 21 (Tues)	6 pm Special City Council Meeting - Second Public Hearing on proposed tax rate (no earlier than 3 days after first hearing and not more than 14 days prior to adopting tax rate). At the end of the public hearing, City Council announces the date, time, and place of the meeting they will vote on proposed property tax rate.	TC 26.06(a) TC 26.06 (d), as superseded by LGC 140.010
August 28 (Tues)	<p>Regular City Council Meeting:</p> <ol style="list-style-type: none"> <li>1. Hold public hearing on proposed budget ( at least 10 days after notice published in paper) <span style="float: right;">LGC 102.006</span></li> <li>2. Adopt budget by Ordinance at conclusion of public hearing: <span style="float: right;">LGC 102.007</span> <ol style="list-style-type: none"> <li>a. Must be a record vote</li> <li>b. Any changes considered warranted by law or in taxpayers' best interest may be made beforehand.</li> <li>c. if adopted budget will raise more property tax revenue than in previous year, take separate vote to ratify property tax increase reflected in budget. (Vote is in addition to and separate from votes to adopt budget or set property tax rate.)</li> </ol> </li> <li>3. Adopt property tax rate by ordinance (not less than 3 days and not more than 14 days after second public hearing: <span style="float: right;">TC 26.05 (b) TC 26.06€</span> <ol style="list-style-type: none"> <li>a. Vote on ordinance setting tax rate must be separate from vote adopting budget.</li> <li>b. Vote must be a record vote and at least 60% of the Council must vote in favor.</li> <li>c. Tax rate must be adopted as separate components for M&amp;O and I&amp;S.</li> <li>d. Council motion to adopt ordinance setting tax rate that exceeds effective rate must be in form prescribed by law.</li> </ol> </li> </ol>	



GLEN SMITH – Mayor  
 JOHNNY TRAN – Councilmember Place 1  
 DONNA HARVEY SCHULMAN – Councilmember Place 2  
 MARY CROCKER – Councilmember Place 3  
 TROY LEWIS – Councilmember Place 4  
 ANDY ERDELT – Councilmember Place 5  
 STEPHEN MCGOVERN – Councilmember Place 6

## CITY OF PALACIOS CITY COUNCIL REGULAR MEETING MINUTES July 10, 2018

**CALL TO ORDER** – Mayor Smith at 7pm

**INVOCATION** – Councilmember Lewis

**PLEDGE OF ALLEGIANCE** – Councilmember McGovern

**PLEDGE TO TEXAS FLAG** – Councilmember McGovern

**PLEDGE TO PALACIOS FLAG** – Councilmember McGovern

### **VISITOR / CITIZEN FORUM**

1. Patricia Loving was pleased with the budget and thanked Treasurer, Tammy McDonald for the financial information for the Pavilion. She would like a copy of the bylaws for the Palacios Beautification Committee and to also put in writing what each entity involved with the Pavilion is responsible for.
2. Chip Woolf discussed the accounting of the pavilion and also would like the relationship between the Palacios Beautification Committee and the City to have defined roles put into writing.
3. Jason Rozner asked for an explanation for the purpose of the visitor forum. He also discussed that there were no safety measures taken for escaped prisoners while he was employed at the Palacios Police Department.

### **ADMINISTRATIVE REPORTS**

1. Lions club 4<sup>th</sup> of July Celebration
2. Chamber of commerce event Poker in Palacios is Saturday, July 14<sup>th</sup> at 11am

### **ITEMS TO BE CONSIDERED**

1. Discuss the Pavilion Implementation and Funding Strategy prepared by Pegasus Planning and Development and Peter Ravella, Consultants.  
     No action needed or taken
2. Discuss the Pavilion expenditures  
     No action needed or taken

3. Discuss and consider approving on second reading Ordinance 2018-O-4 to establish a Pavilion Fee Schedule
  - Councilmember McGovern motioned to approve the second reading of Ordinance 2018-O-4 to establish a pavilion fee schedule
  - Councilmember Lewis seconded
  - AYE: 5
  - NAY: 1
  - The motion carried
4. Discuss and consider adopting Resolution 2018-R-9 approving a treasury management service agreement with First Financial Bank
  - Councilmember Crocker motioned to approve a treasury management service agreement with First Financial Bank
  - Councilmember Tran seconded
  - There was no opposition
  - With no opposition, the motion carried
5. Discuss and consider adopting Resolution 2018-R-10 awarding a professional service provider contract for the 2018 Hazard Mitigation Grant for Critical Facility Generators
  - This item was not discussed due to an error in the title of the grant and will be placed on the next agenda.
6. Discuss and consider adopting Resolution 2018-R-11 granting approval to the Palacios Economic Development Corporation on the expenditure of funds not to exceed \$27,000.00 from the PEDC fund balance to purchase the building they are currently located in at 420 Main Street, Palacios, Texas.
  - Councilmember Crocker motioned to approve adopting Resolution 2018-R-11 granting approval to the Palacios Economic Development corporation on the expenditure of funds not to exceed \$27,000.00 from the PEDC fund balance to purchase the building they are currently located in at 420 Main Street, Palacios, Texas
  - Councilmember McGovern seconded
  - There was no opposition
  - With no opposition, the motion carried
7. Discuss and consider approving the removal of Jackie Jones as an authorized representative and designating Tammy McDonald as the new authorized representative for TexPool
  - Councilmember Lewis motioned to approve the removal of Jackie Jones as an authorized representative and designate Tammy McDonald as the new authorized representative for TexPool
  - Mayor Smith seconded
  - There was no opposition
  - With no opposition, the motion carried
8. Discuss and consider approving the application for a residential tax abatement with Jose Ortiz for the property located at Lot 9 Black 102 in the original townsite of Palacios, Texas; the physical address is 1016 Humphrey, Palacios, Texas
  - Councilmember Tran motioned to approve the application for a residential tax abatement with Jose Ortiz for the property located at Lot 9 Block 102 in the original townsite of Palacios, Texas; the physical address is 1016 Humphrey, Palacios, Texas
  - Councilmember McGovern seconded
  - There was no opposition

With no opposition, the motion carried

9. Discuss and consider approving the residential tax abatement agreement with Jose Ortiz for the property located at Lot 9 Block 102 in the original townsite of Palacios, Texas; the physical address is 1016 Humphrey, Palacios, Texas

Councilmember Tran motioned to approve the residential tax abatement agreement (with the removal of Exhibit A) with Jose Ortiz for the property located at Lot 9 Block 102 in the original townsite of Palacios, Texas; the physical address is 1016 Humphrey, Palacios, Texas

Councilmember Crocker seconded

There was no opposition

With no opposition, the motion carried

10. Discuss and consider action to approve the following consent agenda items:

- a) Minutes of the June 26, 2018 Regular Council Meeting
  - b) Excuse the absence of Mayor Glen Smith from the June 26, 2018 council meeting
- Councilmember McGovern motioned to approve the minutes of the June 26, 2018 regular council meeting

Councilmember Tran seconded

There was no opposition

With no opposition, the motion carried

#### **EXECUTIVE SESSION:**

In accordance with Chapter 551, Government Code, (Open Meetings Law) the Council May go into Executive (closed) session in order to:

Consult with its attorney (551.071)

Discuss Real Estate transaction (551.072)

Deliberation regarding prospective gifts or donation (551.073)

Discuss personnel matters (551.074) –

Deliberation regarding security devices (551.076)

Discuss economic development negotiations (551.087)

#### **ADJOURN**

Councilmember Crocker motioned to adjourn the meeting at 7:51 pm

Councilmember Lewis seconded

There was no opposition

With no opposition, the motion carried

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Glen Smith, Mayor

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Clissa Mills, City Secretary