



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 SPECIAL MEETING AGENDA
 September 4, 2018**

Notice is hereby given of a Special Council Meeting of the Palacios City Council to be held September 4, 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:

SPECIAL COUNCIL MEETING 7:00 PM

WORKSHOP 7:30 PM

Workshop with Mike Ferdinand from Palacios Economic Development Committee to review and update city council on current economic development code sections and applied programs available to assist business and industry in the jurisdiction of the City of Palacios.

CALL TO ORDER

INVOCATION – Councilmember McGovern

PLEDGE OF ALLEGIANCE – Councilmember Lewis

PLEDGE TO TEXAS FLAG – Councilmember Lewis

PLEDGE TO PALACIOS FLAG – Councilmember Lewis

VISITOR / CITIZEN FORUM

ITEMS TO BE CONSIDERED

1. Discuss and consider action to approve Ordinance 2018-O-6 adopting the City of Palacios Budget for Fiscal Year 2018-2019.
2. Discuss and consider action to ratify the proposed property tax rate as reflected in the City of Palacios Budget for Fiscal Year 2018-2019.
3. Discuss and consider action to approve Ordinance 2018-O-7 adopting the Ad Valorem Tax Rate for 2018-2019.
4. Discuss and consider action to approve the lease with Friends of Elder Citizens for the property located at 705 Commerce for another term and waive the 90 day notice requirement to renew the lease.

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)

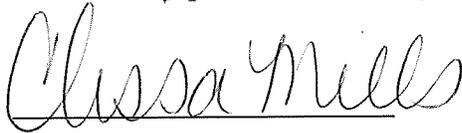
Discuss economic development negotiations (551.087)

ADJOURN

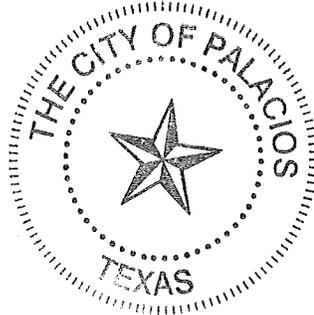
In compliance with the Americans with Disabilities Act, the City of Palacios will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meeting. Please contact City Hall, at 361.972.3605.

CERTIFICATION

I certify that a copy of the September 4, 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 August 31, 2018.



Clissa Mills, City Secretary



CITY OF PALACIOS, TEXAS

ANNUAL BUDGET 2018 - 2019

APPROPRIATION ORDINANCE

ORDINANCE NO. 2018-O-6

AN ORDINANCE SETTING FORTH AN ITEMIZED ESTIMATE OF THE EXPENSES OF CONDUCTING EACH DEPARTMENT, DIVISION, AND OFFICE OF THE MUNICIPAL GOVERNMENT OF THE CITY OF PALACIOS, TEXAS, FOR THE ENSUING FISCAL YEAR, AND APPROPRIATING MONEY FOR THE VARIOUS FUNDS AND PURPOSES OF SUCH ESTIMATE: APPROPRIATING MONEY TO PAY INTEREST AND PRINCIPAL, SINKING FUND REQUIREMENTS ON ALL OUTSTANDING INDEBTEDNESS, PROVIDING FOR PUBLIC HEARING OF THIS ORDINANCE BEFORE THE ENTIRE CITY COUNCIL SITTING AS A COMMITTEE OF THE WHOLE AND PROVIDING A SAVINGS CLAUSE FOR THE REPEAL OF ALL ORDINANCES AND APPROPRIATIONS IN CONFLICT WITH THE PROVISIONS OF THIS ORDINANCE, AND FOR THE PUBLICATION AND FINAL PASSAGE THEREOF.

BE IT ORDAINED BY THE CITY COUNCIL OF PALACIOS, TEXAS,

SECTION 1.

That the appropriation for the ensuing fiscal year beginning October 1, 2018, and ending September 30, 2019, of the different departments and purposes of the City of Palacios be fixed and determined as follows:

I. GENERAL FUND

Mayor and City Council	27,650.00
Elections	2,300.00
Administration	596,050.00
Legal	8,000.00
Corporation Court	100,400.00
Library	30,000.00
Police	1,094,700.00
Fire	45,000.00
Recycle Center	25,500.00
Pool	20,000.00
Parks	124,100.00
Streets	195,400.00
Animal Control	28,400.00
Special Items	434,500.00

II. WATER/SEWER FUND

The Water/Sewer Fund shall be provided with such revenues as may be secured from the sale of water and other sources as shown by other ordinances heretofore passed. Such money shall be used to meet the requirements of that fund as provided in the Budget of the City Manager, which includes the total Water/Sewer fund appropriations of \$1,689,000.

CITY OF PALACIOS, TEXAS

ANNUAL BUDGET 2017-2018

APPROPRIATION ORDINANCE

III. AIRPORT FUND

The Airport Fund shall be provided with such revenues as may be secured from the various sources included in the budget of the City Manager and such money shall be used to meet the requirements of that fund as provided by the Budget of the City Manager, which includes a total Airport appropriation of \$61,350.00.

IV. EQUIPMENT FUND

The Equipment Fund shall be established as an internal service fund and be provided with such revenues as may be secured from the various sources included in the budget of the City Manager and such money shall be used to meet the requirements of that fund as provided by the Budget of the City Manager, which includes a total Equipment Fund appropriation of \$155,000.00.

V. DEBT SERVICE FUND

The Debt Service Fund shall be provided with such revenues as may be secured from property taxes and other transfers from the general fund. Such money shall be used to meet the debt service requirements as provided in the Budget of the City Manager, which includes the total Debt Service Fund appropriations of \$108,700.00.

VI. HOTEL/MOTEL TAX FUND

The Hotel/Motel Tax Fund shall be provided with such revenues as may be secured from the various sources included in the budget of the City Manager and such money shall be used to meet the requirements of that fund as provided by the Budget of the City Manager, which includes a total Hotel/Motel Fund appropriation of \$31,100.00.

VII. ECONOMIC DEVELOPMENT FUND

The Economic Development Fund shall be provided with such revenues as may be secured from the various sources included in the budget of the City Manager and such money shall be used to meet the requirements of that fund as provided by the Budget of the City Manager, which includes a total Economic Development Fund appropriation of \$176,500.00.

VIII. EQUIPMENT REPLACEMENT FUND

The Equipment Replacement Fund shall be established as an internal service fund and be provided with such revenues as may be secured from the various sources included in the budget of the City Manager and such money shall be used to meet the requirements of that fund as provided by the Budget of the City Manager, which includes a total Equipment Replacement Fund appropriation of \$60,100.00.

IX. PAVILION FUND

The Pavilion Fund shall be provided with such revenues as may be secured from the various sources included in the budget of the City Manager and rentals of the pavilion and such money shall be used to meet the requirements of that fund as provided by the Budget of the City Manager, which includes a total Pavilion Fund appropriation of \$30,500.00.

SECTION 2.

That the distribution and division of the above-named appropriation be made in accordance with the Budget of the City Manager as revised by the City Council, in accordance with the provisions in the State of Texas and adopted by the City Council, which Budget is made a part of this ordinance by reference thereto and shall be considered in connection with the expenditure of the above appropriations.

CITY OF PALACIOS, TEXAS

ANNUAL BUDGET 2018 - 2019

APPROPRIATION ORDINANCE

SECTION 3.

That the City Council of the City of Palacios sat as a committee of the whole in the Council Chambers at the City Hall in the City of Palacios on the 28th day of August 2018 at 7:00 P.M. to hear any complaints, suggestions or observation that any citizens, taxpayer or party interested, may desire to make, with reference to any or all provisions of this ordinance, and such

committee continued its deliberations until the public had been given full opportunity to be heard.

SECTION 4.

That then after the public hearing for which provision has been made in the preceding Section, this Ordinance shall be published on the 4th day of September 2018.

SECTION 5.

That should any part, portion, section or part of this Ordinance be declared invalid or inoperative or void for any reason by Court of competent jurisdiction, such decision, opinion of judgment shall in no way affect the remaining portion, part, section, or parts of sections of this Ordinance which provisions shall be, remain, and continue to be in full force and effect.

SECTION 6.

That all Ordinances and appropriations for which provision has heretofore been made are hereby expressly repealed if in conflict with provisions of this Ordinance.

SECTION 7.

That this Ordinance shall take effect and be in full force and effect from and after that date of its passage and publication as required by the laws of the State of Texas.

ADOPTED BY THE CITY COUNCIL of the City of Palacios, Texas on this 4th day of September, 2018.

SIGNED:

Glen Smith, Mayor

ATTEST:

Clissa Mills, City Secretary

ORDINANCE NO. 2018-O-7

AN ORDINANCE FIXING THE TAX RATE FOR THE CITY OF PALACIOS FOR THE YEAR 2018; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF

WHEREAS, the City of Palacios has complied with all notice and hearing requirements established by state law and its charter, and City Council has determined the tax rate established herein is needed to generate the revenue needed to fund the adopted budget for the 2018-2019 Fiscal year; NOW THEREFORE;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PALACIOS:

SECTION 1: That there is hereby levied for the year 2018 on all property situated, and on all property owned, within the limits of the City of Palacios on the first day of January of the current year, except so much thereof as may be exempted by the laws of this state or of the United States, as follows:

FIRST: An ad valorem tax for Maintenance and Operations of and at the rate of Eighty-three and two hundred and eight Thousand Cents (83.208) on the One Hundred and No/One Hundred (\$100.00) Dollars valuation thereof, estimated in lawful money of the United States, for the General Fund of the said City;

SECOND: An ad valorem tax for Debt Service of and at the rate of Two and One Hundred Forty-Three Thousand Cents (2.143) on the One Hundred and No/One Hundred (\$100.00) Dollars valuation thereof, estimated in lawful money of the United States, for the General Fund of the said City;

TOTAL TAX RATE adopted for the year 2018 being Eighty Five and Three Hundred Fifty One Thousand Cents (85.351) per \$100 valuation for the City of Palacios;

SECTION 2: As provided by TEX. TAX CODE.§ 26.05(b), City Council further finds that

THIS TAX RATE WILL NOT RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

THE TAX RATE WILL EFFECTIVELY BE RAISED BY 0.00 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$0.00.

SECTION 3: This Ordinance shall become effective immediately after its approval and adoption by City Council.

PASSED, APPROVED AND ADOPTED on this 4th day of September, 2018.

CITY OF PALACIOS, TEXAS

GLEN SMITH, Mayor

ATTEST:

CLISSA MILLS, City Secretary

August 31, 2018

Cheryl Dodd
Friends of Elder Citizens, Inc.
PO Box 791
Palacios, Texas 77465

Dear Mrs. Dodd,

Friends of the Elder Citizens, Inc. has asked us to provide a letter stating the fair market rental of the building and land being leased from the City of Palacios. The City of Palacios leases the property at 705 Commerce to you, with the rent being in the form of programs and services which would otherwise be provided by the City, instead being provided by Friends of the Elder Citizens, Inc.

The City has determined that the value of the programs and services you provide exceeds the rent that could be obtained by the City, and therefore the City has met its obligation to obtain fair market value for the rental of public property. The City also previously determined that the rental amount it could obtain for the property would be \$500 per month, or \$6,000 per year.

Sincerely,

Glen Smith, Mayor
City of Palacios

STATE OF TEXAS

PROPERTY LEASE

COUNTY OF MATAGORDA §

This lease is made and executed in duplicate by and between the City of Palacios, a municipal corporation located in Matagorda County, Texas "LESSOR," and Friends of Elder Citizens, a Texas corporation located in Matagorda County, Texas, "LESSEE."

Section I. Description of Premises

LESSOR leases to LESSEE the premises located at 705 Commerce in the City of Palacios, County of Matagorda, State of Texas.

Section II. Term

The term of this lease is five years, beginning June 1, 2018.

Section III. Rent

The parties agree that the rent paid to the LESSOR for use of the above described premises shall be paid in the form of programs and services provided by the LESSEE to the citizens of Palacios, such services and programs being those that might be provided by the City. The City, having determined that the cost of providing the programs provided by the LESSEE would exceed the rent that could be obtained from the premises, finds that it is receiving fair market value for renting the premises to LESSEE. The specific programs and services that LESSEE is obligated to provide are described in Section IV.

Section IV. Use of Premises, Programs

The premises are leased to be used as an office, meeting place, and recreational facility primarily devoted to offering services and assistance to the senior and elderly citizens of Palacios. Specific services to be provided include:

1. recreational opportunities for senior or elder citizens;
2. health care assistance to older citizens through
 - a. Medical education programs;
 - b. organizing medical services events, such as free blood pressure screenings, and similar type activities;
 - c. providing and/or supporting a meals on wheels program to insure nutritional meals are available to preserve and protect the health of Palacios citizens.

LESSEE agrees to restrict the use of the property to such purposes, and not to use, or permit the use of, the premises for any other purpose without first obtaining the consent in writing of LESSOR, or of LESSOR's authorized agent.

Section V. Prohibition against Waste, Nuisance, or Unlawful Use

LESSEE shall not commit, or allow to be committed, any waste on the premises, create or allow any nuisance to exist on the premises, or use or allow the premises to be used for any unlawful purpose.

Section VI. Payment of Utilities

LESSEE shall pay for all utilities furnished the premises for the term of this lease, including electricity, gas, water, telephone service; any tap fees, and the cost of extending any services to the property.

Section VII. Repairs and Maintenance

LESSEE, at LESSEE's expense, shall maintain and keep the premises, including without limitation, windows, doors, roof, skylights, adjacent sidewalks, storefront, air conditioning and heat units, and interior walls, in good repair.

Section VIII. Construction of Improvements

LESSEE, at LESSEE's expense, shall build the structures and/or buildings that it may need for purposes of providing the services contemplated by this Lease. LESSEE shall obtain the written approval of LESSOR of any building or structure prior to the construction or placement of said building or structure on the leased premises. Any such structure or building placed on the property shall conform to all applicable building codes. Any improvement to the premises, including any building or structure placed or constructed on the premises, shall become the property of the LESSOR upon completion of the lease term or termination of the lease. LESSEE shall not be entitled to any credit or reimbursement for the cost of the improvements made upon LESSOR's property. During the term of the lease, LESSEE shall be solely responsible for the care, upkeep, and maintenance of the entire leased property, including any improvement or structure placed thereon by LESSEE.

Section IX. Partial Destruction of Premises

Partial destruction of the leased premises shall not render this lease void or voidable, or terminate it except as provided in this lease. If the premises are partially destroyed during the term of this lease, LESSEE shall repair them, when such repairs can be made in conformity with local, state, and federal laws and regulations, within 180 days of the partial destruction. If the repairs cannot be so made in 180 days, either party to the lease has the option to terminate this lease. If the building in which the leased premises are located is more than one-third destroyed, LESSOR may at LESSOR's option terminate the lease.

Section X. LESSOR's Right to Inspect Premises

LESSOR reserves the right to enter the premises at reasonable times to inspect the premises.

Section XL Posting of Signs, Awnings, or Marquees by LESSEE

LESSEE agrees not to construct or to place, or to permit construction or placement of signs, awnings, marquees, or other structures projecting from the exterior of the premises without LESSOR's written consent. LESSEE further agrees to remove signs, displays, advertisements or decorations lessee has placed, or permitted to be placed, on the premises, which, in LESSOR's opinion, are offensive or otherwise objectionable. If LESSEE fails to remove such signs, displays, advertisements, or decorations within 10 days after receiving written notice from LESSOR to remove the same, LESSOR reserves the right to enter the premises and remove them, at LESSEE's expense.

Section XII. Liability Insurance

LESSEE agrees to procure and maintain in force during the term of this lease and any extension of the lease, at LESSEE's expense, public liability insurance in companies and through brokers approved by LESSOR, adequate to protect against liability for damage claims through public use of or arising out of accidents occurring in or around the leased premises, in a minimum amount of \$250,000 for each person injured, \$500,000 for any one accident, and \$250,000 for property damage. Such insurance policies shall provide coverage for LESSOR's contingent liability on such claims or losses. The policies shall be delivered to LESSOR for keeping. LESSEE agrees to obtain a written obligation from the insurers to notify LESSOR in writing at least 30 days prior to cancellation or refusal to renew any such policies. LESSEE agrees that, if such insurance policies are not kept in force during the entire term of this lease and any extension of this lease, LESSOR may procure the necessary insurance, pay the premium and that such premium shall be repaid to LESSOR as an additional rent installment for the month following the date on which such premiums are paid.

Section XIII. Assignment or Sublease

LESSEE agrees not to assign or sublease the premises leased, any part of the premises, or any right or privilege connected with it, or to allow any other person, except lessee's agents and employees, to occupy the premises or any part of the premises, without first obtaining LESSOR's written consent.

Section XIV. LESSOR's Remedies on LESSEE's Breach

If LESSEE breaches this lease, LESSOR shall have the following remedies in addition to its other rights and remedies in such event:

- a. Reentry. LESSOR may reenter the premises immediately, and remove all of LESSEE's personnel and property from the premises. LESSOR may store the property in a public warehouse or at another place of LESSOR's choosing at LESSEE's expense or to LESSEE's account.
- b. Termination. After reentry, LESSOR may terminate the lease on giving 30 days' written notice of the termination to LESSEE. Reentry only, without notice of termination, will not terminate the lease.

LESSOR may recover from LESSEE on terminating the lease for LESSEE's breach all damages proximately resulting from the breach, including the cost of recovering the premises, and the worth of the balance of this lease over the reasonable rental value of the premises for the remainder of the lease term, which amount shall be immediately due lessor from LESSEE.

Section XV. Liability for Attorneys' Fees

If LESSOR files an action to enforce any covenant of this lease, or for breach of any covenant in the lease, LESSEE agrees to pay LESSOR reasonable attorneys' fees for the services of LESSOR's attorney in the action, such fees to be fixed by the court.

Section XVI. Notices

Notices given pursuant to the provisions of this lease, or necessary to carry out its provisions, shall be in writing, and delivered personally to the person to whom the notice is to be given, or mailed postage prepaid, addressed to such person. LESSOR's address for this purpose shall be 311 Henderson, Palacios, Texas 77465, or such other address as it may in writing designate to LESSEE. Notices to LESSEE may be addressed to LESSEE at the premises leased.

Section XVII. Effect of LESSOR's Waiver of Covenants

LESSOR's waiver of breach of one covenant or condition of this lease is not a waiver of breach of others, or of subsequent breach of the one waived. LESSOR's acceptance of rent installments after breach is not a waiver of the breach, except of breach of the covenant to pay the rent installment or installments accepted.

Section XVIII. Binding Effect on Successors and Assigns

This lease and the covenants and conditions of this lease apply to and are binding on the heirs, successors, executors, administrators, and assigns of the parties to this lease.

Section XIX. Option to Renew

LESSOR grants LESSEE an option to renew this lease for a period of five years after expiration of the term of this lease or for another term equal to the term of this lease at the same consideration established by this lease, the other terms, covenants, and conditions of the renewed

lease to be the same as those in this lease. To exercise such option LESSEE must give LESSOR written notice of LESSEE'S intention to do so at least 90 days before this lease expires.

SIGNED this the 1st day of June, 2018.

CITY OF PALACIOS, TEXAS

GLEN SMITH, MAYOR

FRIENDS OF ELDER CITIZENS

ATTEST:

CLISSA MILLS, CITY SECRETARY