



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

**CITY OF PALACIOS  
 CITY COUNCIL REGULAR MEETING AGENDA  
 August 13, 2019**

Notice is hereby given of a Regular Council Meeting of the Palacios City Council to be held August 13, 2019, 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 Dodd

**PLEDGE OF ALLEGIANCE** – Councilmember Tran

**PLEDGE TO TEXAS FLAG** – Councilmember Tran

**PLEDGE TO PALACIOS FLAG** – Councilmember Tran

**VISITOR / CITIZEN FORUM**

**ADMINISTRATIVE REPORTS**

1. Update on Downtown Revitalization Project
2. Update on the 2018-2019 Fiscal Year Audit
3. Bid packets for the TxCDBG Grant (hospital equipment) will be opened at 2pm on Friday, August 23, 2019 at City Hall

**ITEMS TO BE CONSIDERED**

1. Discuss and consider adopting Resolution 2019-R-15 authorizing the submission of a CDBG-DR application to the Texas GLO and authorizing Mayor Glen Smith to act as the city's executive officer and authorized representative in all matters pertaining to the city's participation in the CDBG-DR Program.
2. Discuss and consider adopting Resolution 2019-R-16 finding that AEP Texas Inc.'s requested increase to its electric transmission and distribution rates and charges within the city should be denied
3. Discuss and consider declaring property owned by the City of Palacios located at 312 Main Street as unneeded and surplus property; directing the administration to schedule a date to receive sealed bids for the sale of the property; and authorizing the administration to prepare and publish the necessary notices.
4. Discuss and consider action to approve the following consent agenda items:

Minutes of the July 23, 2019 Regular Council Meeting  
Minutes of the August 6, 2019 Special Council Meeting  
Approve the absence of Councilmember Tran and Councilmember Schulman from the  
August 6, 2019 special 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) – Mike Ferdinand to discuss economic  
development project

### **ADJOURN**

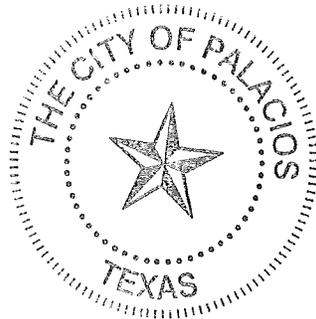
In compliance with the Americans with Disabilities Act, the City of Palacios will  
provide for reasonable accommodations for persons attending public meetings. To  
better serve attendees, requests should be received 24 hours prior to the meeting.  
Please contact City Hall, at 361.972.3605.

### CERTIFICATION

I certify that a copy of the August 13, 2019 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 9, 2019.

*Clissa Mills*

Clissa Mills, City Secretary



## RESOLUTION 2019-R-15

A RESOLUTION OF THE CITY COUNCIL OF PALACIOS, TEXAS, AUTHORIZING THE SUBMISSION OF A COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY (CDBG-DR) APPLICATION TO THE TEXAS GENERAL LAND OFFICE AND AUTHORIZING THE MAYOR TO ACT AS THE CITY'S EXECUTIVE OFFICER AND AUTHORIZED REPRESENTATIVE IN ALL MATTERS PERTAINING TO THE CITY'S PARTICIPATION IN THE CDBG-DR PROGRAM.

WHEREAS, the City of Palacios desires to develop a viable community, including decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low-to-moderate income; and

WHEREAS, certain conditions exist related Hurricane Harvey, an eligible federally declared disaster in 2017, which represent a threat to the public health, safety and welfare; and

WHEREAS, it is necessary and in the best interests of to apply for funding under the CDBG-DR Program;

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

1. That a CDBG-DR application is hereby authorized to be filed with the Texas General Land Office for funding consideration under the Hurricane Harvey Disaster Recovery Program.
2. That the application be for \$1,414,860.00 of grant funds to provide water system, street and drainage improvements.
3. That the Mayor is designated as the Chief Executive Officer and Authorized Representative to act in all matters in connection with this application and participation in the CDBG-DR Program.
4. That the Mayor is designated to oversee all grant activities so as to ensure there are no Conflicts of Interest.
5. That all funds will be used in accordance with all applicable federal, state, local and programmatic requirements including but not limited to procurement, environmental review, labor standards, real property acquisition, and civil rights requirements.
6. That contributing funds in the amount of \$0 in cash are committed by the City toward application activities;
7. That funds from the Hazard Mitigation Grant Program funded by the Federal Emergency Management Agency (FEMA) and administered by the State of Texas through the Texas Division of Emergency Management will be included in the application as other federal assistance for the water system project activities.

Passed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Mayor

Attest:

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

**RESOLUTION NO. 2019-R-16**

**A RESOLUTION OF THE CITY OF PALACIOS TEXAS FINDING THAT AEP TEXAS INC.'S REQUESTED INCREASE TO ITS ELECTRIC TRANSMISSION AND DISTRIBUTION RATES AND CHARGES WITHIN THE CITY SHOULD BE DENIED; FINDING THAT THE CITY'S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING REIMBURSEMENT OF CITIES' RATE CASE EXPENSES; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL**

**WHEREAS**, on or about May 1, 2019, AEP Texas Inc. ("AEP Texas" or "Company"), pursuant to Public Utility Regulatory Act ("PURA") §§ 33.001 and 36.001 filed with the City of Palacios ("City") a Statement of Intent to change electric delivery rates in all municipalities exercising original jurisdiction within its service area, effective June 5, 2019; and

**WHEREAS**, the City is an electric utility customer of AEP Texas and a regulatory authority [with exclusive original jurisdiction] over the rates and charges of AEP Texas within the City; and

**WHEREAS**, the City is a member of the Cities Served by AEP Texas ("Cities"), a membership of similarly situated cities served by AEP Texas that have joined together to efficiently and cost effectively review and respond to electric issues affecting rates charged in AEP Texas' service area; and

**WHEREAS**, Cities is an intervenor in the parallel proceeding at the Public Utility Commission of Texas to review AEP Texas' filing; and

**WHEREAS**, pursuant to its exclusive original jurisdiction over AEP Texas' rates and operations within city limits, the City previously suspended the effective date of the Company's requested rate increase; and

**WHEREAS**, PURA § 33.023 provides that costs incurred by cities in ratemaking activities are to be reimbursed by the regulated utility; and

**WHEREAS**, the City's attorneys and consultants recommend that the City deny the application.

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

SECTION 1. That the rates proposed by AEP Texas in an application submitted to the City by the Company on or about May 1, 2019, are hereby found to be unreasonable, and are denied.

SECTION 2. That the Company shall continue to charge its existing rates for transmission and distribution service to customers with the City.

SECTION 3. That Cities' reasonable rate case expenses shall be reimbursed by AEP Texas within 30 days of presentation of an invoice to AEP Texas.

SECTION 4. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law, and that the public notice was given of the time, place, and purpose of said meeting, as required.

SECTION 6. A copy of this Resolution shall be sent to AEP Texas, care of Jennifer Frederick, American Electric Power Company, 400 West 15th Street, Suite 1520, Austin, Texas 78701 (jffrederick@aep.com), and to Thomas Brocato at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701 (tbrocato@lglawfirm.com).

PASSED AND APPROVED this 13<sup>TH</sup> day of AUGUST, 2019.

\_\_\_\_\_  
MAYOR

**ATTEST:**

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

APPROVED AS TO FORM:

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

**From:** Thomas Brocato <tbrocato@lglawfirm.com>  
**Sent:** Friday, July 26, 2019 4:40 PM  
**To:** Thomas Brocato  
**Cc:** Judy McMahon; Sam Weaver; Jamie Mauldin  
**Subject:** ACTION REQUIRED: AEP Texas Electric Rate Case Denial Resolution  
**Attachments:** Model Staff Report Re Denial Resolution- 2019 AEP Rate Case.DOC; Denial Resolution for AEP Texas 2019 Rate Case.DOCX

**DEADLINE FOR CITY ACTION IS SEPTEMBER 3**

Dear Cities Served by AEP Texas:

As you are aware, AEP Texas currently has an electric rate case pending. Yesterday, we filed the direct testimony of our five consultants at the Public Utility Commission. Settlement discussions are tentatively set for August 5-6. The hearing is currently set for August 20-23.

Earlier this year, we advised cities to suspend AEP's application for a rate increase for 90 days. **The time has now come for you to take final action on the Company's rate request at the City level.** For those cities who have retained original jurisdiction over AEP Texas, I advise that you adopt the attached denial resolution. If your city does not have original jurisdiction, no action is necessary.

The purpose of this resolution is to deny the Company's proposed rates as unreasonable and excessive, as our analysis indicated that they are. We have also included a model staff report for your use. Previously, pursuant to your authority as the local regulator of AEP Texas, your city adopted a resolution that suspended the effective date of AEP Texas' proposed rate increase for an additional 90 days. **This means that your city must take final action on the Company's request by September 3, 2019.**

The attached resolution accomplishes this. Once your Council adopts the resolution, please send it to us to and to AEP Texas, as directed in the resolution itself. AEP Texas will then appeal your denial to the PUC, and the PUC will render a decision that will apply to all of AEP Texas' electric service territory, both within cities and outside of cities. Please call or email me if you have questions, or if you are concerned that you may not be able to take action by September 3.

Thanks,  
Thomas Brocato and Jamie Mauldin

## **MODEL STAFF REPORT REGARDING AEP TEXAS' REQUESTED RATE CHANGE**

### **PURPOSE:**

On May 1, 2019, AEP Texas Inc. ("AEP Texas" or "Company") filed an application with cities retaining original jurisdiction seeking to increase system-wide distribution rates by \$38.3 million per year (an increase of 4.2%), and decrease system-wide transmission rates by \$3.16 million (a decrease of 0.7%). According to AEP Texas, the impact of this approval on an average residential customer would be an increase of about \$4.75 per month for customers in the Central Division, and a decrease of \$5.01 for customers in the North Division.

In a prior City action, AEP Texas' rate request was suspended from taking effect for 90 days, the fullest extent permissible under the law. This time period has permitted the City, through its participation with Cities Served by AEP Texas ("Cities"), to determine that the proposed rate increase is unreasonable. Consistent with the recommendations of experts engaged by Cities, AEP Texas' request for a rate increase should be denied.

Accordingly, the purpose of the Resolution is to deny the rate change application proposed by AEP Texas.

### **Explanation of "Be It Resolved" Sections:**

1. This paragraph finds that the Company's application is unreasonable and should be denied.
2. This section requires AEP Texas to maintain its existing rates within the City.
3. This section states that Cities' reasonable rate case expenses shall be reimbursed by AEP Texas within 30 days of presentation of an invoice to AEP Texas.
4. This section recites that the Resolution was passed at a meeting that was open to the public and that the consideration of the Resolution was properly noticed.
5. This section provides that the City will notify counsel for AEP Texas and counsel for Cities of the City's action by sending a copy of the approved and signed Resolution to each counsel.



GLEN SMITH – Mayor  
 JOHNNY TRAN – Councilmember Place 1  
 DONNA HARVEY SCHULMAN – Councilmember Place 2  
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 TROY LEWIS – Councilmember Place 4  
 WAYNE DODD – Councilmember Place 5  
 STEPHEN MCGOVERN – Councilmember Place 6

## CITY OF PALACIOS CITY COUNCIL REGULAR MEETING MINUTES July 23, 2019

### BUDGET WORKSHOP 6:30 PM

The Budget Workshop was called to order by Mayor Glen Smith at 6:32 PM. City Manager, David Kocurek, reviewed the proposed 2019-2020 fiscal year budget with Council. The workshop adjourned at 6:57 PM.

### REGULAR COUNCIL MEETING 7PM

**CALL TO ORDER** – Mayor Glen Smith at 7:00 pm

**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 discussed the responsibilities of City Council and the proposed budget.
2. Mike Ferdinand told Council that the PEDC is researching how they can contribute \$37,500 toward the downtown revitalization project.
3. Chip Woolf discussed the proposed budget, the downtown revitalization project, and the new volunteer fire station.
4. Rick Klauss discussed his quality of water and the repair of pot holes.
5. Larry Glenn discussed flooding issues during Hurricane Harvey.

### **ADMINISTRATIVE REPORTS**

1. City Manager's Report for June 2019 – City Manager David Kocurek discussed his report with Council
2. Pavilion Report for June 2019 – City Manager David Kocurek reviewed the report with council
3. Update on Downtown Revitalization Project – City Manager David Kocurek updated Council on the project
4. Update on 2018-2019 Fiscal Year Audit – City Treasurer Tammy McDonald updated council on the audit

5. Public notices for the CDBG-DR Grant (Hurricane Harvey eligible water system and eligible street improvements) have been posted for the 30 day comment period at City Hall and on our website. – City Manager David Kocurek mentioned the public notices have been posted as required.

### **ITEMS TO BE CONSIDERED**

1. Discuss and consider accepting the Quarterly Financial Statement as of June 30, 2019.  
Councilmember Crocker motioned to approve the Quarterly Financial Statement as of June 30, 2019  
Councilmember Lewis seconded  
There was no opposition  
The motion was carried
2. Discuss and consider accepting the Quarterly Investment Report as of June 30, 2019.  
Mayor Glen Smith motioned to accept the Quarterly Investment Report as of June 30, 2019  
Councilmember Schulman seconded  
There was no opposition  
The motion was carried
3. Discuss and consider approving Ordinance 2019-O-5 which amends the City of Palacios Budget for 2018-2019.  
Councilmember McGovern motioned to approve Ordinance 2019-O-5 which amends the City of Palacios Budget for 2018-2019  
Councilmember Dodd seconded  
There was no opposition  
The motion was carried
4. Discuss and consider action to approve the following consent agenda items:  
Minutes of the July 9, 2019 Regular Council Meeting  
Approve the absence of Councilmember Dodd from the July 9, 2019 regular council meeting  
Councilmember Schulman motioned to approve the absence of Councilmember Dodd and the minutes of the July 9, 2019 regular council meeting  
Councilmember Tran seconded  
There was no opposition  
The motion was 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 Tran motioned to adjourn the meeting at 7:45 pm

Councilmember Dodd 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



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

**CITY OF PALACIOS  
CITY COUNCIL SPECIAL MEETING MINUTES  
AUGUST 6, 2019**

**SPECIAL COUNCIL MEETING 7PM**

**CALL TO ORDER** – Mayor Glen Smith at 7:02 pm  
**INVOCATION** – Councilmember Crocker  
**PLEDGE OF ALLEGIANCE** – Councilmember McGovern  
**PLEDGE TO TEXAS FLAG** – Councilmember McGovern  
**PLEDGE TO PALACIOS FLAG** – Councilmember McGovern

**VISITOR / CITIZEN FORUM**

There were none.

**ITEMS TO BE CONSIDERED**

1. Discuss and accept the proposed 2019-2020 Fiscal Budget by City Manager  
Councilmember Lewis motioned to accept the proposed 2019-2020 Fiscal Budget  
Councilmember Dodd seconded  
There was no opposition  
The motion carried
2. Discuss and consider passage of a proposal to adopt a tax rate for 2019 and schedule a meeting on September 10, 2019 to adopt the tax rate.  
Mayor Glen Smith motion to adopt a tax rate for 2019 and schedule a meeting on September 10, 2019 to adopt the tax rate  
Councilmember McGovern seconded  
There was no opposition  
The motion carried
3. Discuss and consider scheduling two Public Hearings (one on August 27, 2019 and one on September 3, 2019) for citizen’s comments on the proposed 2019 tax rate.  
Councilmember Crocker motioned to schedule two public hearing (one on August 27, 2019 and one on September 3, 2019) for citizen’s comments on the proposed 2019 tax rate.  
Councilmember Lewis seconded  
There was no opposition  
The motion carried

4. Discuss and consider scheduling a Public Hearing on September 3, 2019 for citizen's comments on the 2019-2020 budget.  
Councilmember McGovern motioned to schedule a public hearing on September 3, 2019 at 6:30 for citizen's comments on the 2019-2020 budget  
Councilmember Dodd seconded  
There was 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 Dodd motioned to adjourn the meeting at 7:15 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