



CITY COUNCIL
City of McLendon-Chisholm, Texas
Meeting Minutes
May 28, 2019

The City Council of the City of McLendon-Chisholm convened in Regular Session on Tuesday, May 28, 2019, at City Hall, 1371 West FM 550, McLendon-Chisholm, Texas, with the following members present:

ATTENDING:	Keith Short	Mayor (Absent)
	Jim Bloom	Mayor Pro Tem
	Herman Larkin	Council Member
	Lorna Kipphut	Council Member
	William Dahl	Council Member
	Trudy Woessner	Council Member
Staff Present:	Lisa Palomba	City Administrator/City Secretary
	Jim Simmons	Fire Chief
	City Attorney	Michael Halla

1. CALL TO ORDER

Mayor Pro Tem Bloom called the meeting to order at 6:30 p.m.

2. Council Member Larkin delivered the Invocation and led the Pledge of Allegiance to the U.S. and Texas Flags.

3. Mayor Pro Tem Bloom announced the Rules of Decorum are in place and are to be observed throughout the meeting.

4. CITIZEN COMMENTS

Robert J. Quinn, 1401 Corrara Drive, Mr. Quinn appeared before the Council to address Items 6.4. and 6.5. on the agenda. He expressed concern over the items in marketing material used to sell homes in Sonoma Verde that have not happened. He was willing to pay his PID money for the things promised, but things have not been done.

Robert Davis, 1258 Livorno Dr., Mr. Davis appeared before the Council regarding Item 6.9. concerning animal control. He expressed his concerns regarding the proposed animal control contract being presented before the Council tonight.

Lance Agee, 1509 Via Toscana, Mr. Agee appeared before Council to discuss Items, 6.3., 6.4., and 6.5. He explained Sonoma Verde residents were promised things when they moved in that haven't come to fruition. He suggested the Council require a timeline before approving another development. He also expressed concern over the budget, especially

with the reduction in the number of building permits. He urged the Council not to increase taxes.

5. APPROVAL OF CITY COUNCIL MEETING MINUTES

5.1 MAY 10, 2019

MOTION: APPROVE MINUTES OF MAY 10, 2019 AS PRESENTED.

MADE BY: Council Member Kipphut
SECONDED: Council Member Larkin
APPROVED: Unanimously

5.2. MAY 14, 2019

MOTION: APPROVE MINUTES OF MAY 14, 2019 WITH CORRECTIONS. ITEM 5.12. [PARAGRAPH 5.] WAS RECORDED AS "THE ROCKWALL COUNTY TERRY FISHER AMERICAN LEGION POST HAS OFFERED TO DONATE FUNDS TO PREPARE THE SITE AND INSTALL THE BRICKS" AS PRESENTED BY COUNCIL MEMBER LARKIN. MOTION CHANGED TO READ "WILL CONDUCT A FUND RAISER FOR FUNDS TO PREPARE THE SITE AND INSTALL THE BRICKS." CORRECTIONS WERE ALSO MADE TO MAYOR PRO TEM'S REPORTS AND ANNOUNCEMENTS.

MADE BY: Council Member Larkin
SECONDED: Council Member Kipphut
APPROVED: Unanimously

6. ITEMS FOR CONSIDERATION

6.1. DISCUSSION AND ACTION REGARDING AN ORDINANCE DENYING THE PROPOSED CHANGE IN RATES OF ONCOR ELECTRIC DELIVERY COMPANY LLC.

Cindy Tayem with Oncor Electric was present to introduce and explain this item.

MOTION: APPROVE ORDINANCE 2019-02 DENYING THE PROPOSED CHANGE IN RATES OF ONCOR ELECTRIC DELIVERY COMPANY LLC, FINDINGS AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW AND DECLARING AN EFFECTIVE DATE.

MADE BY: Council Member Larkin
SECONDED: Council Member Kipphut
APPROVED: Unanimously

6.2. DISCUSSION AND ACTION AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A LETTER OF ENGAGEMENT WITH RAY SMITH, CPA PLLC FOR ACCOUNTING SERVICES

MOTION: AUTHORIZE THE CITY ADMINISTRATOR TO EXECUTE A LETTER OF ENGAGEMENT WITH RAY SMITH, CPA PLLC FOR ACCOUNTING SERVICES

MADE BY: Council Member Kipphut
SECONDED: Council Member Dahl
APPROVED: Unanimously

6.3. DISCUSSION AND ACTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO AN AGREEMENT FOR PUBLIC IMPROVEMENT DISTRICT (PID) ADMINISTRATION SERVICES WITH P3WORKS

Mayor Pro Tem Bloom explained they had received qualifications from several companies offering their services and we, as a Council, submitted our rankings of those, independently, to Ms. Palomba and she calculated them and the one that scored the highest was P3Works.

A representative from P3Works was present to field any questions from the Council.

MOTION: AUTHORIZE THE CITY ADMINISTRATOR TO ENTER INTO AN AGREEMENT FOR PUBLIC IMPROVEMENT DISTRICT (PID) ADMINISTRATION SERVICES WITH P3WORKS

MADE BY: Council Member Larkin
SECONDED: Council Member Kipphut
APPROVED: Unanimously

6.4. DISCUSSION AND ACTION CONSIDERING THE ADOPTION OF A RESOLUTION ACCEPTING AND APPROVING A PRELIMINARY SERVICE AND ASSESSMENT PLAN UPDATE AND PRELIMINARY ASSESSMENT ROLLS FOR THE SONOMA PUBLIC IMPROVEMENT DISTRICT, CALLING A PUBLIC HEARING ON THE LEVY OF SPECIAL ASSESSMENTS AGAINST PROPERTY IN THE DISTRICT AND APPROVING ALL OTHER MATTERS RELATED THERETO.

Jim Sabonis with Hilltop Securities, the City's financial advisors, was present to explain the resolution and the need for it.

In 2007, the City put a development agreement in place. As part of the agreement, the developer ended their ability to have a municipal development district in the ETJ, and they agreed to annex into the City and pay taxes to the City. In return, the City offered to issue PID bonds to partially reimburse the developer for some of his infrastructure costs. The original development agreement was put in place in June 2007. The first amendment

was put into place in January 2008 which dealt more with engineering, specifically regarding wastewater and how it would be treated. The second amendment was done in 2012 and dealt with minor wastewater adjustments based on the sewer system.

Finally, the third amendment was done in January 2014. This was when Hilltop became involved as your financial advisors. That one focused on what the requirements are for the City to actually issue PID bonds. Those requirements are based on three general areas. 1) the developer complies with the development agreement and all agreements with the City; 2) current with taxes, assessments, and all things related to any PID issued; and, 3) there were a bunch of criteria that we feel would provide a credit worthy transaction that the City would do.

In March 2015, the City issued \$7.6 million in bonds for Phase 1 and those bonds were sold. They fund water, wastewater, drainage, and streets – public infrastructure and public infrastructure only. The service assessment plan that you have here shows the service assessments were levied in 2017. They are already levied on the property and now that the property is near construction completion and the developer has submitted a request to the City and has met the terms and conditions of the development agreement, he has requested that the bonds be issued. What you have here is the service assessment plan which provides exact details of how those assessments will be levied and used. It will be used for a bond issuing and a reimbursement of a note based on Phases 1C and Phase 2 of the PID bond issuance. Those assessments will start being levied the following year, as part of your budget process, and move forward with that process. Not only will the assessment be put in place, but the following agenda item has to do with the actual bond issuance, the final administrative step to actually market and issue bonds which will be on the next agenda if the Council so moves today. Again, this is not a new plan, it is simply an update for this bond issuance.

Council Member Kipphut asked for clarification that this is for Phase 2 and for Phase 1C and not for the existing homes.

Mr. Sabonis replied it has nothing to do with Phase 1. This is actually a phase that is under construction and contracts for building homes are in process. There are no city taxes and no impacts on the current home owners. This is a conduit to levy assessments, collecting assessments and those assessments to be used to pay all third-party costs, to administer it and pay back any bonds and any notes payable. In the legal documentation in the agreements with the developer and the offering documents of the bond holders, it indicates this is only a levy of assessments on the geographic area that is being issued.

Council Member Kipphut asked Mr. Sabonis if it is his opinion that the developer has met his obligations to Phase 1 of the project.

Mr. Sabonis answered that he would not be here if he did not feel like they would comply with the financial aspects. He stated he could not speak to other legal requirements and commitments, but clearly, in the third amendment, it states that the developer has to be compliant. As part of that process, he will have to provide certifications that will be reviewed and approved by your City Attorney and your bond counsel who works for the

City in issuing this and those will be presented to the attorney general who reviews and approves all municipal bond issuances. I believe that between now and the issuance of the bonds there will be a certification process that takes place. From a financial standpoint, we feel they are compliant and we will certify that.

As a point of order, Council Member Larkin pointed out that this resolution is about calling an assessment public hearing. It is not about whether the developer is complete with Phase 1. He stated they need to stay away from those questions. They are important questions, but we have to stay on the topic of the agenda item.

Council Member Kipphut stated she was going at the “and approving all other matters related thereto.”

Mr. Sabonis stated he feels like this agenda item is simply calling a public hearing on the assessment plan.

MOTION: APPROVE RESOLUTION 2019-14 ACCEPTING AND APPROVING A PRELIMINARY SERVICE AND ASSESSMENT PLAN UPDATE AND PRELIMINARY ASSESSMENT ROLLS FOR THE SONOMA PUBLIC IMPROVEMENT DISTRICT, CALLING A PUBLIC HEARING ON THE LEVY OF SPECIAL ASSESSMENTS AGAINST PROPERTY IN THE DISTRICT AND APPROVING ALL MATTERS RELATED THERETO.

MADE BY: Council Member Larkin
SECONDED: Council Member Dahl
APPROVED: Unanimously

6.5. DISCUSSION AND ACTION TO CONSIDER A RESOLUTION APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR CITY OF MCLENDON-CHISHOLM, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2019 (SONOMA PUBLIC IMPROVEMENT DISTRICT AREA #2 PROJECT)

Mayor Pro Tem Bloom asked Russell Phillips to address the Council regarding specific issues with the development.

Council Member Kipphut asked if this item can be postponed until after the public hearing. She stated she feels that 6.4. and 6.5. are related and if they pass 6.5., what is the reason for having 6.4.

Mr. Sabonis explained that we have a sewer assessment plan that details a number of things. The plan shows the assessment each home will pay and these assessments are based on the benefits each receives based on the streets, water and sanitary sewer. He explained they are not approving the bonds tonight. There will be an offering document in final form to release to market investors. At the next council meeting, we will actually price the bonds on the market to get the best interest rate at that time. This actual assessment plan, which is considered a draft, will be revised slightly so the actual rates and the dollar amounts to be paid will be reflected in the document. If this is approved at

the next council meeting, the bonds will be marketed with the final interest rate that will be offered. All documents will have the actual dollars and cents. At that meeting you will approve the bonds. You can set requirements on the developer between now and then. You can move forward with the bond issue, or you can postpone or cancel and start all over.

Mayor Pro Tem Bloom asked Mr. Phillips if he would be willing to take some of the plans discussed tonight and put a timeline on them.

Mr. Phillips responded that would not be a problem, he would be happy to do that.

MOTION: APPROVE RESOLUTION 2019-15 APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR CITY OF MCLENDON-CHISHOLM, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2019

MADE BY: Mayor Pro Tem Bloom
SECONDED: Council Member Larkin
APPROVED: Unanimously

6.6. PUBLIC HEARING, DISCUSSION AND ACTION REGARDING A REQUEST BY C&G ROS DEVELOPMENT LLC, SEEKING APPROVAL OF A PRELIMINARY PLAT FOR ROSINI VINEYARDS ADDITION, TRACT 63-2, 25 ACRES, ALSO DESCRIBED AS 411 STATE HWY 205

City Planner Michael Coker presented this item and explained that the Planning & Zoning Commission recommends approval of this plat. He stressed that this is the plat only and has nothing to do with the use of the property.

Mayor Pro Tem Bloom opened the public hearing at 7:55 p.m.

Mayor Pro Tem Bloom closed the public hearing at 7:58 p.m.

MOTION: APPROVE A REQUEST BY C&G ROS DEVELOPMENT LLC SEEKING APPROVAL OF A PRELIMINARY PLAT FOR ROSINI VINEYARDS ADDITION, TRACT 63-2, 25 ACRES, ALSO DESCRIBED AS 411 STATE 205

MADE BY: Council Member Larkin
SECONDED: Council Member Dahl
APPROVED: Unanimously

6.7. DISCUSSION AND ACTION REGARDING AN ORDINANCE AMENDING THE MASTER FEE SCHEDULE AS RELATED TO RESIDENTIAL BUILDING PERMITS

City Administrator Palomba introduced this item. She explained this is a result of the legislation recently passed related to residential building permit fees. House Bill 852

prohibits the practice of basing building permit fees on the cost of a proposed structure or improvement. Since the City issues building permits in this manner, a new fee schedule must be established in order to continue issuing building permits. We propose charging by the square footage at this time for residential building permits. The proposed square footage price would be \$1.17. There are also some minor changes reflected in the fee schedule related to residential building projects other than new single-family builds. Palomba suggested staff would monitor building trends and revenue and advised the Fee Schedule could be changed anytime but the City needs to get something in place now as the new law went into effect immediately.

MOTION: APPROVE ORDINANCE 2019-03 AMENDING THE MASTER FEE SCHEDULE AS RELATED TO RESIDENTIAL BUILDING PERMITS.

MADE BY: Council Member Dahl
SECONDED: Councilmember Kipphut
APPROVAL: Unanimously

6.8. DISCUSSION AND ACTION REGARDING AN ORDINANCE APPROVING THE ADOPTION OF THE OFFICIAL ZONING MAP

MOTION: APPROVE ORDINANCE 2019-04 APPROVING THE ADOPTION OF THE OFFICIAL ZONING MAP

MADE BY: Council Member Larkin
SECONDED: Council Member Kipphut
APPROVED: Unanimously

6.9. DISCUSSION AND ACTION REGARDING A CONTRACT FOR LIMITED ANIMAL CONTROL SERVICES WITH ALL AMERICAN DOGS

Mayor Pro Tem Bloom gave a background on this item. He explained that the City and Sheriff's office occasionally receive calls regarding aggressive, injured, sick, or stray animals and animal welfare concerns. City Administrator Palomba explained this is not a permanent fix but will provide information to determine future needs. Staff recommends authorizing the City Administrator to enter into an agreement with All American Dogs.

Bob Matthews, owner of All American Dogs, was present to answer questions and clarify the services of his company.

MOTION: APPROVAL OF A CONTRACT FOR LIMITED ANIMAL CONTROL SERVICES WITH ALL AMERICAN DOG

MADE BY: Council Member Kipphut
SECOND: Council Member Larkin
APPROVED: Unanimously

6.10. DISCUSSION AND ACTION REGARDING ESTABLISHMENT OF A CODE ENFORCEMENT OFFICER AS REGULATED BY THE TEXAS DEPARTMENT OF LICENSING AND REGISTRATION

Council Member Kipphut introduced this item. In previous meetings, I think we all heard that we need a code enforcement officer. What I would like to do is work with the City Administrator to come up with the best options to get this done. I think we need to look at using existing personnel, but also see what time would be involved and come up with an amended job description if we do decide to do that. I think we should put it on the agenda for the next session and then if we needed to break into executive session, because it would then become a personnel matter, we could do that.

NO ACTION

6.11. ANNOUNCE THE OPENING OF THE APPLICATION PERIOD FOR PLANNING & ZONING COMMISSION VACANCIES AND DIRECTING THE CITY ADMINISTRATOR TO ADVERTISE VACANCIES, RESPONSIBILITIES AND TIME COMMITMENT FOR SUCH POSITIONS

Council Member Kipphut introduced this item. I thought we should make an announcement on our website that we have the Planning & Zoning Commission openings coming up in June. I believe we have the vice-chairman, two commissioners, and one alternate. I want to be sure the public knows that we want to get people who are really interested in being involved and work with the very important job of planning and zoning. One thing we are going to be focusing on is the Comprehensive Plan. The last Comprehensive Plan was done in 2015 and we need to get that updated asap so our City has a direction on a way to go. I want to be sure the citizens know we have these openings and that the Planning and Zoning Commission meets the first Thursday of each month at 6:30 p.m. here at city hall. I would like to see this posted on the website.

City Administrator Palomba pointed out that appointments are made to the Commission and the members then elect their chairman and vice- chairman.

NO ACTION

6.12. DISCUSSION AND ACTION REGARDING AN ORDINANCE CHANGING THE APPOINTMENT DATE OF BOARD OF ADJUSTMENT MEMBERS FROM JANUARY TO JULY

City Administrator Palomba introduced this item. She explained that the previous Council changed the appointments from January to July. It seems to make sense to have the Board of Adjustment on that same schedule so they are also expiring in January so the new council coming in can make those appointments at the same time they do Planning and Zoning.

MOTION: APPROVE ORDINANCE 2019-05 CHANGING THE APPOINTMENT DATE OF BOARD OF ADJUSTMENT MEMBERS FROM JANUARY TO JULY.

MOTION MADE: Dahl
SECOND: Larkin
APPROVED: Unanimously

6.13. DISCUSSION AND ACTION REGARDING SCHEDULING A PUBLIC FORUM TO CONDUCT A SIX-MONTH REVIEW OF THE COMMUNITY WASTE DISPOSAL (CWD) CONTRACT

Council Member Kipphut introduced this item. She proposed having a forum to get the citizens to come and talk to them about their CWD experiences. We will have had the contract in place for a good six months and I would like to propose doing that at the July 9th meeting. My only question is what kind of forum do we do it at. Do we do it at a public hearing or a town hall – what would be the best way to get citizen comments?

City Attorney Halla explained that you can have a public hearing and as many citizens can come up and talk as want to in relation to their waste disposal situation. If you want to, you can call a special meeting or you could do it on a regular meeting night. But you can actually have it as an agenda item, as Council discussion with public regarding their experience with CWD.

In order to prevent banter between the citizens and the contractor, it was determined that the meeting should be to allow citizens to talk to the Council. At that point, if further action is needed, then they will have action and have CWD involved.

NO ACTION

6.14. DISCUSSION AND ACTION REGARDING SETTING A DATE, PLACE, TIME, AND AGENDA FOR A CITY COUNCIL RETREAT

Mayor Pro Tem Bloom explained that the purpose of this item is to have various professional service provides - CPAs, Planners, Engineers - educate us all as a Council, especially the new members, on what they do and how it works. It's helpful going forward. These are public, even if they are off-site. It's not an executive session or anything like that.

City Administrator Palomba put forth some dates for consideration and July 15th was established as the date for the retreat to be held at City Hall.

7. REPORTS

7.1. McLendon-Chisholm Fire Rescue Run Report

7.2. Building Official Report April 2019

7.3. Budget Report April 2019

7.4. Sheriff's Report April 2019

NO DISCUSSION

8. UPDATE, DISCUSSION AND DIRECTION TO STAFF

NO DISCUSSION

9. COUNCIL MEMBER REPORTS AND ANNOUNCEMENTS

9.1. Mayor's announcements including events, area happenings, and general information – Mayor Short Absent

9.2. Mayor Pro Tem Bloom's announcements including Economic Development Advisory Panel and Emergency Services Corporation

Mayor Pro Tem Bloom reported he has nothing new on the Emergency Services Corporation. Rockwall EMS has been very compliant in their response times, even improving in our district. There is nothing new from the Economic Development Committee. I do want to say that I tried to put on this agenda the idea of having work sessions or executive sessions prior to our meetings. Unfortunately, that item was pulled. If the Council feels it is worth discussion, you are free to place it on the agenda yourself.

9.3. Council Member Kipphut's announcements – None

9.4. Council Member Larkin's announcements including Veterans Memorial Brick Campaign Committee

Council Member Larkin reported that since their last meeting, the American Legion has already solicited donations. There are guarantees of donations to exceed \$5,000 for the infrastructure and Mr. Packer has donated the bricks, that's another \$1,492. So, we are already about \$6,500 into the good on the actual costs which was the real driver behind why we are able to reduce the price of the bricks to \$30. We are getting ready to get very aggressive selling them at \$30. Everything is looking really good and I'm very proud of that.


9.5. Council Member Woessner's announcements – None

9.6. Council Member Dahl's announcements – None

10. ADJOURN

There being no further business to discuss, Mayor Pro Tem Bloom adjourned the meeting at 8:50 p.m.

ATTEST:



Lisa Palomba, City Secretary

APPROVED:



Keith Short, Mayor

