



**CITY OF WHARTON
FINANCE COMMITTEE MEETING**

**Monday, September 14, 2020
5:45 PM**


CITY HALL

**NOTICE OF
CITY OF WHARTON
FINANCE COMMITTEE MEETING**

Notice is hereby given that a Finance Committee Meeting will be held on Monday, September 14, 2020 at 5:45 PM at the Wharton City Hall, 120 East Caney Street, Wharton, Texas, at which time the following subjects will be discussed to-wit:

SEE ATTACHED AGENDA

Dated this 10th day of September 2020.


By: 
Andres Garza, Jr., City Manager

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the Finance Committee Meeting is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the bulletin board, at City Hall of said City or Town in Wharton, Texas, a place convenient and readily accessible to the general public at all times, and said Notice was posted on September 10, 2020, at 4:30 p.m. and remained so posted continuously for at least 72 hours preceding the scheduled time of said Meeting.

The Wharton City Hall is wheelchair accessible. Access to the building and special parking is available at the primary entrance. Persons with disabilities, who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, or large print, are requested to contact the City Secretary's Office at (979) 532-4811 Ext. 225 or by FAX (979) 532-0181 at least two (2) days prior to the meeting date. BRAILLE IS NOT AVAILABLE.

Dated this 10th day of September 2020.

CITY OF WHARTON

By: 
Paula Favors
City Secretary



A G E N D A
CITY OF WHARTON
Finance Committee Meeting
Monday, September 14, 2020
City Hall - 5:45 PM

Call to Order.

Roll Call.

Public Comments.

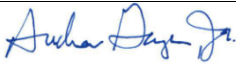
Review & Consider:

- [1.](#) Minutes from the meeting held August 24, 2020.
- [2.](#) Resolution: Resolution authorizing Publication of Notice of Intention to Issue Certificates of Obligations.
- [3.](#) Resolution: Resolution of the City Council of the City of Wharton, Texas, expressing intent to finance expenditures to be incurred.

Adjournment.

City of Wharton
120 E. Caney Street
Wharton, TX 77488

FINANCE COMMITTEE

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| Meeting Date: | 9/14/2020 | Agenda Item: | Minutes from the meeting held August 24, 2020. |
| Attached are a copy of the draft minutes from the meeting held August 24, 2020. | | | |
| City Manager: Andres Garza, Jr. | | Date: Thursday, September 10, 2020 | |
| Approval:  | | | |
| Mayor: Tim Barker | | | |

**MINUTES
OF
CITY OF WHARTON
CONSULTANT SELCTION COMMITTEE AND FINANCE COMMITTEE MEETING
120 EAST CANEY STREET
WHARTON, TEXAS 77488
Monday, August 24, 2020 –5:30 p.m.**

City Manager Andres Garza, Jr. declared a meeting of the City Council Consultant Selection Committee and Finance Committee duly open for the transaction of business at 5:33 p.m.

Committee Members present were: Mayor Tim Barker, Councilmember Russell Machann and Councilmember Alice Heard.

Committee Member absent was: None.

City Council Member present was: Councilmember Terry Freese and Councilmember Don Mueller.

Staff members present were: City Manager Andres Garza, Jr., Assistant to the City Manager Brandi Jimenez, Finance Director Joan Andel and Community Development Director Gwyn.

Staff member absent was: None.

Visitors: None.

Public Comments. There were no public comments.

The first item on the agenda was to review and consider minutes from the meeting held August 10, 2020. Councilmember Russell Machann made a motion to approve the minutes as presented. Mayor Tim Barker seconded the motion. All voted in favor.

The second item on the agenda was to review and consider Waste Corporation of America, L.P. (WCA) Rate Modification to the Solid Waste Collection and Disposal Service Franchise Agreement:

A. Resolution: A resolution of the Wharton City Council approving Amendment No. 2 to the Franchise Agreement for Solid Waste Collection Services with Waste Corporation of America dated October 1, 2018 and authorizing the Mayor of the City of Wharton to execute said agreement.

B. Ordinance: An ordinance repealing and replacing the City of Wharton Code of Ordinances, Chapter 86 Utilities and Services, Article III, Solid Waste Disposal Exhibit A, providing that a violation of the ordinance or any part of the Code as adopted hereby shall constitute a penalty upon conviction of a fine and setting an effective date. Finance Director Joan Andel stated to the Committee that she received a letter dated June 17, 2020 from Mr. Trevor Royal of Waste Corporation of America (WCA) regarding their rate modification regarding to the Solid Waste Collection and Disposal Service Franchise between the City of Wharton and WCA. She stated that WCA could request rate modifications in accordance with Section 14.00, Basis and Methods of Payment, Item 14.02 Modification of Rates of the General Specifications of the Franchise Agreement (copy attached). She stated that the rate increase is 2.8% in accordance with the price index mentioned in the City's franchise agreement with WCA. She stated that after discussions with WCA that WCA Representatives had agreed to not impose the 2.8% increase.

After some discussion, Councilmember Russell Machann made a motion to not approve the resolution approving Amendment No. 2 with WCA and recommend to the City Council the approval of the ordinance repealing and replacing the City of Wharton Code of Ordinances, Chapter 86 Utilities and Services, Article III, Solid Waste Disposal Exhibit A. Mayor Tim Barker seconded the motion. Councilmember Alice Heard voted against the motion. The motion passed.

The third item on the agenda was to review and consider Ordinance: An ordinance amending the City of Wharton Code of Ordinances, Chapter 86, Sections 86-15, 86-16, 86-17, 86-18 and 86-21, Utilities and Services, Article I in General; Providing that a violation of the ordinance or any part of the Code as adopted hereby shall constitute a penalty upon conviction of a fine; Providing a savings clause and revoking all ordinances or parts of ordinances in conflict herewith only to the extent same are in conflict herewith otherwise provided herein. Finance Director Joan Andel stated that the proposed increase in utility rates for customers to be effective October 1, 2020. She stated that as discussed in the City Council Budget Workshop on August 11, 2020, the proposed budget included a 10% increase in water and sewer rates. After some discussion, Councilmember Russell Machann made a motion to recommend to the City Council the approval of the ordinance amending the City of Wharton Code of Ordinances, Chapter 86, Sections 86-15, 86-16, 86-17, 86-18 and 86-21, Utilities and Services, Article I in General. Mayor Tim Barker seconded the motion. Councilmember Alice Heard voted against the motion. The motion passed.

The fourth item on the agenda was to review and consider a Resolution: A resolution of the Wharton City Council adopting a Proposed Property Tax Rate for the City of Wharton October 1, 2020-September 30, 2021 Fiscal Year Budget as required by state law. Finance Director Joan Andel stated to the Committee that the 2020 Tax Rate Calculation Worksheet that was prepared listing the applicable tax rates to be used in consideration of setting the tax rate. She stated that the State requires the City Council to adopt a proposed rate. She stated that the City of Wharton's proposed budget is based on the Voter-Approval Tax Rate of \$0.43726. After some discussion, Councilmember Russell Machann made a motion to recommend to the City Council that the City Council adopt the Voter-Approval Tax Rate of \$0.43726. Mayor Tim Barker seconded the motion. All voted in favor.

The fifth item on the agenda was to review and consider Community Development Block Grant-Mitigation (CDBG-MIT) Grant Program Administrative Services. Community Development Director Gwyn Teves stated to the Committee that the City Council approved the establishment of a Consultant Selection Committee and authorized the City Staff to solicit for engineering services for the CDBG-MIT grant programs administered by the GLO on June 22, 2020. She stated that proposals were received on August 6, 2020. She stated that on August 10, 2020 the Committee received the proposals to score and would formulate a recommendation for City Council approval. After some discussion, Mayor Tim Barker made a motion to recommend to the City Council to award a contract to the highest-ranking firm, Grantworks, for the administration services for the Community Development Block Grant-Mitigation (CDBG-MIT) Grant Program. Councilmember Alice Heard seconded the motion. All voted in favor.

The sixth item on the agenda was adjournment. Councilmember Russell Machann moved to adjourn. Councilmember Alice Heard seconded the motion. All voted in favor.

The meeting adjourned at 6:00 p.m.

City of Wharton
120 E. Caney Street
Wharton, TX 77488

FINANCE COMMITTEE


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|---------------|-----------|--------------|---|
| Meeting Date: | 9/14/2020 | Agenda Item: | Resolution: Resolution authorizing Publication of Notice of Intention to Issue Certificates of Obligations. |
|---------------|-----------|--------------|---|

The City staff has been working with Mr. James Gilley of U.S. Capital Advisors LLC, the City's financial advisor, and Tom Sage, bond counsel with Hunton Andrews Kurth LLP, regarding the intention to issue certificates of obligation for the State Infrastructure Bank (SIB) loan thru the Texas Department of Transportation (TxDOT) for the Extension of FM1301 from SH 60 to US 59 in Wharton. This notice is required to be published once a week for two (2) consecutive weeks, the date of the first publication to be at least forty-six (46) days before the date of the passage of the ordinance authorizing the issuance of the certificates of obligation.

In order to have all of the funding in place to move forward with the implementation of the project, it is necessary to publish this notice of intent at this time with the first publication being on Saturday, September 19, 2020.

Attached is a draft resolution and notice of Intent to issue Certificates of Obligation prepared by Hunton Andrews Kurth LLP.

Finance Director Joan Andel will be present to answer any questions.

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| City Manager: Andres Garza, Jr. | Date: Thursday, September 10, 2020 |
| Approval:  | |
| Mayor: Tim Barker | |



City of Wharton

120 E. Caney Street ° Wharton, TX
77488

Phone (979) 532-2491° Fax (979) 532-
0181

MEMORANDUM

To: Mr. Andres Garza, Jr.
City Manager

From: Joan Andel

Date: September 10, 2020

Re: Notice of Intent

The City staff has been working with Mr. James Gilley of U.S. Capital Advisors LLC, the City's financial advisor, and Tom Sage, bond counsel with Hunton Andrews Kurth LLP, regarding the intention to issue certificates of obligation for the State Infrastructure Bank (SIB) loan thru the Texas Department of Transportation (TxDOT) for the Extension of FM1301 from SH 60 to US 59 in Wharton. This notice is required to be published once a week for two (2) consecutive weeks, the date of the first publication to be at least forty-six (46) days before the date of the passage of the ordinance authorizing the issuance of the certificates of obligation.

In order to have all of the funding in place to move forward with the implementation of the project, it is necessary to publish this notice of intent at this time with the first publication being on Saturday, September 19, 2020.

Attached is a draft resolution and notice of Intent to issue Certificates of Obligation prepared by Hunton Andrews Kurth LLP.

Please place this on the Finance Committee agenda for Monday, September 14, 2020 and if approved by the committee, to place on the Council agenda for the same date.

Please contact me if you have any questions.

Thank you.

RESOLUTION NO. _____
RESOLUTION AUTHORIZING PUBLICATION OF NOTICE
OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION

THE STATE OF TEXAS §
COUNTY OF WHARTON §
CITY OF WHARTON §

WHEREAS, the City Council of the City of Wharton, Texas (the “City”), deems it advisable to issue certificates of obligation of the City in accordance with the Notice hereinafter set forth; Now, Therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WHARTON:

Section 1. The facts and recitations contained in the preamble of this resolution are hereby found and declared to be true and correct.

Section 2. The City Secretary is hereby authorized and directed to cause to be published in the manner required by law and in substantially the form attached hereto as Exhibit A, a notice of intention to issue certificates of obligation (the “Notice”).

Section 3. The Notice authorized in Section 2 above shall be published once a week for two (2) consecutive weeks in a newspaper which is of general circulation in the City, the date of the first publication to be at least forty-six (46) days before the date tentatively set in said Notice for the passage of the ordinance authorizing the issuance of such certificates of obligation. Further, the Notice shall be continuously posted on the City’s Internet website, for at least forty-five (45) days before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates.

Section 4. For the purposes of the Notice, the City hereby designates as self-supporting those public securities listed in the attached Exhibit B, the debt service on which the City currently pays from sources other than ad valorem tax collections.

Section 5. The Mayor, City Secretary, and other officers and agents of the City are hereby authorized and directed to do any and all things necessary or desirable to carry out the provisions of this resolution.

Section 6. This resolution shall take effect immediately upon its passage.

Section 7. The Notice and agenda relating to this meeting and heretofore posted by the City Secretary, and the posting thereof, are hereby authorized, approved, and ratified.

PASSED AND APPROVED the 14th day of September, 2020.

Mayor
City of Wharton, Texas

ATTEST:

City Secretary
City of Wharton, Texas

(SEAL)

EXHIBIT A

NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION

NOTICE IS HEREBY GIVEN that the City Council of the City of Wharton, Texas (the “City”), will meet at the Wharton City Hall, 120 East Caney Street, Wharton, Texas, 77488 at 7:00 p.m. on the 9th day of November, 2020, which is the time and place tentatively set for the passage of an ordinance and such other action as may be deemed necessary to authorize the issuance of the City’s certificates of obligation, in the maximum aggregate principal amount of \$15,000,000 payable from ad valorem taxation and from a limited pledge of a subordinate lien on the net revenues of the City’s waterworks and sewer system, bearing interest at any rate or rates not to exceed the maximum interest rate now or hereafter authorized by law, as shall be determined within the discretion of the City Council at the time of issuance, and maturing over a period of years not to exceed thirty (30) years from the date thereof, for the purpose of evidencing the indebtedness of the City to pay all or any part of the contractual obligations to be incurred for (i) the construction and rehabilitation of the extension of FM 1301 from State Highway 60 to U.S. 59 in Wharton to include a railroad overpass and drainage, (ii) utility relocation, (iii) engineering services, (iv) environmental services, (v) land and right of way acquisition, (vi) legal fees associated with the project and (vii) the cost of professional services or other expenses of issuing the Certificates.

It is estimated that the combined principal and interest required to pay the certificates is \$18,552,475. Such estimate is provided for illustrative purposes only, and is based on an assumed interest rate of 1.76%. As of the date of this notice, the aggregate principal amount outstanding of tax-supported debt obligations of the City (excluding public securities secured by an ad valorem tax but designated by the City as self-supporting in Resolution No. [____], dated September 14, 2020, which resolution is available from the City upon request) is \$11,885,275, and based on the City’s expectations, as of the date of this notice the combined principal and interest required to pay all of the outstanding tax-supported debt obligations of the City (excluding public securities secured by an ad valorem tax but designated by the City as self-supporting) on time and in full is \$14,662,580. Such amounts are derived from projections obtained from the City’s financial advisor based upon current market conditions and is provided from the City without assurance that such projections will be realized. The City cannot guarantee that such conditions will continue through the date of the sale of the Certificates.

WITNESS MY HAND this 14th day of September, 2020.

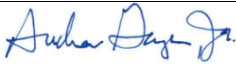
City Secretary
City of Wharton, Texas

EXHIBIT B
SELF-SUPPORTING DEBT

| Principal Amount Designated as Self Supporting | Series Designation |
|---|---|
| \$393,936 | General Obligation Refunding Bonds, Series 2010 |
| 326,400 | General Obligation Refunding Bonds, Series 2013 |
| 2,400,000 | Tax and Revenue Certificates of Obligation, Series 2013 |
| 1,690,689 | Tax and Revenue Certificates of Obligation, Series 2015 |
| 1,723,250 | Tax and Revenue Certificates of Obligation, Series 2019 |
| 1,185,450 | General Obligation Refunding Bonds, Series 2019 |
| \$7,719,725 | Total Principal Amount Designated as Self-Supporting |

City of Wharton
 120 E. Caney Street
 Wharton, TX 77488

FINANCE COMMITTEE

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|--|-----------|------------------------------------|---|
| Meeting Date: | 9/14/2020 | Agenda Item: | Resolution: Resolution of the City Council of the City of Wharton, Texas, expressing intent to finance expenditures to be incurred. |
| <p>The City issued Tax Anticipation Notes, Series 2019 on March 25, 2019 to be used to fund the acquisition of land or interest in land for the purpose of flood control and the cost of professional services incurred for the Lower Colorado River Basin Phase I, Texas Wharton Flood Risk Management Project in the amount of \$1,555,000. At that time, the staff thought that amount would be sufficient to cover the necessary expenditures and to be reimbursed timely from the USACE. The City is not receiving reimbursements timely from the USACE and is working diligently to provide all requested documentation and clarification of items to the USACE so that reimbursements can be made to the City but at this time, the City Staff feels the need to issue additional debt in the interim so that the project can move forward.</p> <p>The City staff has been working with James Gilley of U.S. Capital Advisors LLC, our financial advisor, to discuss additional funding for this project as well as any other funding needs that we could include. The City Staff is requesting that we seek additional funding in the amount of \$5,000,000 to cover costs incurred for the levee project, HMGP drainage projects, and the auxiliary power project. Mr. Gilley recommends the City seek to obtain Tax Anticipation Notes for maximum period of 7 years with the option of having these callable at any time.</p> <p>Attached is a draft reimbursement resolution prepared by Bond Counsel of Hunton Andrews Kurth LLP to be used to cover any expenses incurred sixty (60) days prior to the issuance of the Tax Anticipation Notes.</p> <p>Finance Director Joan Andel will be present to answer any questions.</p> | | | |
| City Manager: Andres Garza, Jr. | | Date: Thursday, September 10, 2020 | |
| Approval:  | | | |
| Mayor: Tim Barker | | | |



City of Wharton

120 E. Caney Street ° Wharton, TX
77488

Phone (979) 532-2491° Fax (979) 532-
0181

MEMORANDUM

To: Mr. Andres Garza, Jr.
City Manager

From: Joan Andel

Date: September 10, 2020

Re: Reimbursement Resolution

The City issued Tax Anticipation Notes, Series 2019 on March 25, 2019 to be used to fund the acquisition of land or interest in land for the purpose of flood control and the cost of professional services incurred for the Lower Colorado River Basin Phase I, Texas Wharton Flood Risk Mangement Project in the amount of \$1,555,000. At that time, the staff thought that amount would be sufficient to cover the necessary expenditures and to be reimbursed timely from the USACE. The City is not receiving reimbursements timely from the USACE and is working diligently to provide all requested documentation and clarification of items to the USACE so that reimbursements can be made to the City but at this time, I feel we need to issue additional debt in the interim so that the project can move forward.

The City staff has been working with James Gilley of U.S. Capital Advisors LLC, our financial advisor, to discuss additional funding for this project as well as any other funding needs that we could include. I am requesting that we seek additional funding in the amount of \$5,000,000 to cover costs incurred for the levee project, HMGP drainage projects, and the auxillary power project. Mr. Gilley recommends the City seek to obtain Tax Anticipation Notes for maximum period of 7 years with the option of having these callable at any time.

Attached is a draft reimbursement resolution prepared by Bond Counsel of Hunton Andrews Kurth LLP to be used to cover any expenses incurred sixty (60) days prior to the issuance of the Tax Anticipation Notes.

Please place this item on the Finance Committee agenda for Monday, September 14, 2020 for committee approval and recommendation for City Council approval on the same date.

Please contact me if you have any questions.

Thank you.

RESOLUTION _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHARTON, TEXAS,
EXPRESSING INTENT TO FINANCE EXPENDITURES TO BE INCURRED

THE STATE OF TEXAS §
CITY OF WHARTON §

WHEREAS, the City of Wharton, Texas (the “City”), is a home rule city of the State of Texas, authorized to finance its activities by issuing obligations pursuant to the Texas Government Code and Texas Local Government Code, which may include obligations that qualify for an income tax credit or obligations the interest on which is excludable from gross income for federal income tax purposes (“tax-advantaged obligations”), pursuant to Section 103 of the Internal Revenue of 1986, as amended (the “Code”), or both; and

WHEREAS, the City has made, within the last 60 days, and will continue to make payments with respect to the acquisition of the projects listed on Exhibit A attached hereto (the “Financed Facilities and Improvements”); and

WHEREAS, the City reasonably expects to issue Tax-Advantaged Obligations to reimburse itself for the costs associated with the Financed Facilities and Improvements; and

WHEREAS, the City desires to reimburse itself for the costs associated with the Financed Facilities and Improvements from the proceeds of Tax-Advantaged Obligations to be issued subsequent to the date hereof; and

NOW, THEREFORE, be it resolved that:

Section 1. The City hereby declares its intent to reimburse itself for all costs paid within the last 60 days and that will be paid subsequent to the date hereof in connection with the acquisition of the Financed Facilities and Improvements from the proceeds of Tax-Advantaged Obligations to be issued subsequent to the date hereof.

Section 2. The City reasonably expects that the maximum principal amount of tax-advantaged obligations issued by the City to finance costs associated with the Financed Facilities and Improvements listed on Exhibit A and other improvements attached hereto will not exceed \$5,000,000.

Section 3. This Resolution will be kept in the books and records maintained by the City with respect to the tax-advantaged obligations.

PASSED AND APPROVED this ____ day of _____, 2020.

CITY OF WHARTON, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

(SEAL)

APPROVED AS TO FORM

Hunton Andrews Kurth LLP, Bond Counsel

EXHIBIT A**Financed Facilities and Improvements**Item or Fund - - Described by Character, Type or Purpose

The acquisition, construction, furnishing, equipment, repair, renovation, expansion, and improvement of facilities and infrastructure in the City related to the Lower Colorado River Basin Phase I, Texas Wharton Flood Risk Management Project, HMGP DR-4332 City of Wharton Water Plant Generators, TWDB FIF City of Wharton Flood Protection Plan including, but not limited to:

1. Utility relocation
2. Engineering services
3. Environmental services
4. Land/right of way acquisition
5. Property management
6. Acquisition relocation
7. Auxiliary power implementation
8. Drainage studies
9. Drainage improvements
10. Legal fees associated with the project
11. The cost of professional services or other expenses of issuing the Certificates