STATE OF TEXAS
COUNTY OF HIDALGO
CITY OF MCALLEN

The McAllen Board of Commissioners convened in a Workshop on **Monday, October 12, 2020** at 3:30 pm, at McAllen City Hall Third Floor (3rd) Commission Chambers, with the following present:

Mayor Jim Darling, Mayor Pro Tem Veronica Whitacre, Commissioner Javier Villalobos, Commissioner Joaquin Zamora, Commissioner Omar Quintanilla, Commissioner Tania Ramirez and Commissioner Victor "Seby" Haddad

Staff: City Manager Roy Rodriguez, City Attorney Kevin Pagan, Assistant City Manager Michelle Rivera, Assistant City Manager Jeff Johnston, Assistant City Manager Joe Vera, City Engineer Yvette Barrera and City Secretary Perla Lara

CALL TO ORDER

Mayor Jim Darling called the meeting to order.

1. PRESENT QUESTIONS TO STAFF RELATING TO THE OCTOBER 12, 2020 REGULAR MEETING AGENDA, TO BE DISCUSSED AT SUCH MEETING.

Questions were asked relating to items 3B, 3D and 4B.

2. PRESENTATION BY TEXAS DEPARTMENT OF EMERGENCY MANAGEMENT ON THE EMERGENCY MANAGEMENT PROCESS.

An update was provided on Texas Department of Emergency Management on the Emergency Management Process. Staff discussed the following:

- TDEM Initiatives
- Texas Population Growth
- Texas by the Numbers
- Stafford Act in Texas
- Disaster Declaration Threshold
- Response in Texas
- Incident management in Texas
- Local Governments and Authority in Texas
- Local Plans and State Regions
- State Disaster Districts
- District 21 Emergency Operations
- Emergency Management Council (EMC)
- Requesting Assistance
- Presidential Declaration Process
- Hazard Mitigation Grant Program
- Private Sector Preparedness
- Communication/Collaboration/Personal Responsibility

Comments and concerns were expressed by the Mayor and City Commission. Staff answered questions posed by the Mayor and City Commission.

Mayor Jim Darling thanked staff for their presentation.

3. DISCUSSION OF POSSIBLE REFUNDING OF BONDS.

Staff reported on possible refunding of bonds and briefly reviewed US Treasury Yields, 30 Year Treasury and Taxable MMD Yield Curve. Staff discussed the following:

- Series 2014 General Obligation Bonds
- Series 2014 Certificates of Obligations – February 15, 2023 call date
- Tax Cuts and Jobs Act 2017 eliminated the ability to undertake tax-exempt advanced refunding
- If City decides to move forward prior to November 15, 2022, the refunding would need to be done on a taxable basis
- With call dates on the 2014 GO's and CO's on February 15, 2023 this means that the City has to fund an escrow to pay principal and interest on the refunded bonds until the call dates

The negative arbitrage and taxable advanced refunding was briefly discussed. It was noted that if interest rates were to stay the same between now and the call date, negative arbitrage would

shift to savings for the City. This is because the City would only need to borrow the principal amount of bonds outstanding and not need to fund the interest payments to the call date.

Staff also highlighted on next steps to take:

- Provide guidance for consultants to initiate process
- Future meeting place on the agenda consideration of parameter / delegation bond sale ordinance
- Bond issue is in day to day mode
- Minimum Savings Threshold for Refunding
- Maximum Interest Rate
- Maximum Principal Amount of Issue
- Maximum Maturity Date
- Expiration of Delegated Authority (Generally 6 months)
- Delegation Authority – The Mayor, the City Manager and or the Director of Finance
- Prepare a proposed Timetable of Events
- Monitor Municipal Bond Interest Rate Markets for Changes

Staff also summarized the following:

- Interest rates at historical lows
- Even with call dates in 2023 and taxable advanced refunding bonds, the potential for the City of McAllen to achieve debt service savings exists
- Recommend different savings thresholds to clients for current refunding and taxable advanced refunding
- Generally, the savings threshold for advanced refunding is higher than current refunding
- Due to the potential inefficiencies in the escrow fund of the refunding bonds
- The savings threshold is often a function of the duration of the refunding escrow
- Additionally, measured the refunding efficiency by analyzing the negative arbitrage as a percent of the net present value savings

Comments and concerns were shared by the Mayor and City Commission. Staff answered questions posed by the Mayor and City Commission. It was the consensus of the Mayor and City Commission to bring back item to the next Regular City Commission Meeting.

Mayor Jim Darling thanked staff for their presentation.

4. EXECUTIVE SESSION, CHAPTER 551, TEXAS GOVERNMENT CODE, SECTION 551.071 (CONSULTATION WITH ATTORNEY), SECTION 551.072 (DELIBERATION REGARDING REAL PROPERTY), SECTION 551.074 (PERSONNEL MATTERS) AND SECTION 551.087 (ECONOMIC DEVELOPMENT)

A) CONSULTATION WITH CITY ATTORNEY REGARDING LEGAL ISSUES RELATED TO MUNICIPAL COURT. (SECTION 551.071, T.G.C.)

B) CONSULTATION WITH CITY REGARDING LEGAL ASPECTS OF LEGISLATIVE AGENDA. (SECTION 551.071, T.G.C.)

C) CONSULTATION WITH CITY ATTORNEY LEGAL ASPECTS OF POSSIBLE PURCHASE OF PROPERTY FOR DRAINAGE IMPROVEMENTS. (SECTION 551.072, T.G.C.)

D) DISCUSION AND POSSIBLE LEASSE SALE OR PURCHASE OF REAL ESTATE PROPERTY: TRACT 1. (SECTION 551.072, T.G.C.)

E) CONSULTATION WITH CITY ATTORNEY REGARDING LEGAL ASPECTS OF ACCEPTING AND PROCESSING RECYCLABLE MATERIALS. (SECTION 551.071, T.G.C.)

F) CONSULTATION WITH CITY ATTORNEY REGARDING LEGAL ISSUES RELATED TO COVID-19 SITUATION AND RESPONSE. (SECTION 551.071, T.G.C.)

G) CONSULTATION WITH CITY ATTORENEY REGRDING LEGAL ISSUES RELATED TO PARKS DEPARTMENT. (SECTION 551.071, T.G.C.)

H) CONSIDERATION OF ECONOMIC DEVELOPMENT MATTERS. (SECTION 551.087, T.G.C.)

PUBLIC COMMENT SESSION: Mr. Manuel Pescador spoke under the public comment session.

ADJOURNMENT

There being no other business to come before the Commission, the meeting was adjourned at 5:00 p.m.

Jim Darling, Mayor

Attest:

Perla Lara, TRMC/CMC, CPM
City Secretary