CITY OF BELLAIRE
CITY COUNCIL
Minutes of Meeting
Monday, April 20, 2009

REGULAR SESSION – 7:00 P.M.

A. CALL TO ORDER AND ANNOUNCEMENT OF A QUORUM – Mayor Cindy Siegel.

Mayor Cindy Siegel called the City Council of the City of Bellaire, Texas, to order at 7:02 p.m. on Monday, April 20, 2009. The Bellaire City Council met at that time and on that date in Regular Session in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas 77401. Mayor Siegel announced that a quorum was present consisting of herself and the following members of City Council:

Councilman Will Hickman, Position No. 1;
Councilman James P. Avioli, Sr., Position No. 2;
Councilman Phil Nauert, Position No. 4;
Councilman Pat McLaughlan, Position No. 5; and
Councilman John Jeffery, Position No. 6.

Mayor Pro Tem Peggy Faulk, Position No. 3, was absent. Other officials present were City Manager Bernard M. Satterwhite, Jr., City Attorney Alan P. Petrov, and City Clerk Tracy L. Dutton.

B. INSPIRATIONAL READING AND/OR INVOCATION – Councilman Will Hickman.

Councilman Will Hickman presented the inspirational reading for the evening regarding San Jacinto Day (April 21st) and The Battle of San Jacinto as follows:

Sam Houston disposed his forces in battle order about 3:30 in the afternoon while all was quiet on the Mexican side during the afternoon siesta. The Texans’ movements were screened by trees and the rising ground, and evidently Santa Anna had no lookouts posted. The battle line was formed with Edward Burleson’s regiment in the center, Sherman’s on the left wing, the artillery under George W. Hockley on Burleson’s right, the infantry under Henry Millard on the right of the artillery, and the cavalry under Lamar on the extreme right . . . they sprang forward to run with the cry, “Remember the Alamo!” “Remember Goliad!” The battle lasted but eighteen minutes. According to Houston’s official report, the casualties were 630 Mexicans killed and 730 taken prisoner. Against this, only nine of the 910 Texans were killed or mortally wounded thirty and were wounded less seriously. Houston’s ankle was shattered by a rifle ball. The Texans captured a large supply of muskets,
pistols, sabers, mules, horses, provisions, clothing, tents, and $12,000 in silver. Santa Anna disappeared during the battle . . . but was later found.

Councilman Hickman advised that the outcome of The Battle of San Jacinto and one of the eight inscriptions on the base of the San Jacinto Monument reads: "Measured by its results, San Jacinto was one of the decisive battles of the world. The freedom of Texas from Mexico won here led to annexation and to the Mexican War, resulting in the acquisition by the United States of the states of Texas, New Mexico, Arizona, Nevada, California, Utah, and parts of Colorado, Wyoming, Kansas, and Oklahoma. Almost one-third of the present area of the American nation, nearly a million square miles of territory, changed sovereignty."

--Excerpt from The Handbook of Texas Online, Battle of San Jacinto

Councilman Hickman noted further that just last week the site of the surrender was found in Houston, Texas.

In addition, Aggie Muster would be celebrated on San Jacinto Day. Aggie Muster was an annual gathering and ceremony to remember those who had passed away during the previous year. This year’s gathering in Houston would be at the Marriott Houston Westchase, 2900 Briarpark, Houston, Texas, beginning at 5:30 p.m. Among those remembered would be former Municipal Court Judge Bill Berryhill, Class of 1956.

C. PLEDGES TO THE FLAGS – Councilman Will Hickman.

1. U.S. PLEDGE OF ALLEGIANCE.

2. PLEDGE TO THE TEXAS FLAG.

Councilman Will Hickman led the audience and City Council in the U.S. Pledge of Allegiance and the Pledge to the Texas Flag.

D. PERSONAL/AUDIENCE COMMENTS.

Lynn McBee, 5314 Evergreen Street, Bellaire, Texas:

Ms. McBee addressed City Council and noted that a bid was awarded on April 6, 2009, in the amount of $422,000+ for sidewalk construction. Included in the agenda packet for that bid was a color-coded map of Bellaire showing where the sidewalks would be placed. The detail on the map was difficult to understand. In speaking with Director of Public Works Joe Keene, it was confirmed that the plan was to repair sidewalks rather than to build new ones.
Director Keene also indicated that given City Council’s discussion of the project on April 6, 2009, that before the final plan was approved that the City Manager would likely submit the sidewalk locations to City Council for review.

Ms. McBee advised that in February of 2009 she pleaded the case for the City taking control and responsibility for its own easement between Randall’s and Bellaire Boulevard to the west. She referred to four small businesses in the area, the Watch, Clock & Jewelry Repair, the Bead Shop, Bellaire Shoe Repair, and a floor covering shop, noting that the City’s easement in front of those businesses was a disaster. The Randall’s section was fine, but stopped at Fifth Street.

In closing, Ms. McBee stated that she wanted to ensure that City Council saw to it that those four small shops she referred to were given a first-class, concrete pavement to fix the damage that was present and the hazard that presented itself to motorists if indeed the City was going to value its commercial downtown.

---

E. REPORTS:

CITY MANAGER’S REPORT regarding public infrastructure/utilities (street and drainage projects update, no parking on Fifth Street between Recreation Center parking lot and Linden Street, safe crossing of South Rice Avenue from Condit Elementary School parking lot, sidewalk blockage caused by traffic signal construction), cultural and recreational (debut of Wii gaming system in the Bellaire City Library and availability of Bellaire historical DVD), internal operations/productivity (City Hall security system update), quarterly indicators (crime and building permits), current issues/information (applications for boards, commissions, and committees, Fournace Place right-of-way status, and update on Comprehensive Plan), and list of upcoming City Council meetings/events – Presented by City Manager Bernard M. Satterwhite, Jr.

City Manager Bernard M. Satterwhite, Jr., presented the City Manager’s Report to City Council.

Public Infrastructure/Utilities

It was noted that the City’s street and drainage projects continued to progress very well. Evergreen Street on the west side was still one-way west. The Newcastle Drive project had progressed to the south toward Verone Street. City Manager Satterwhite had not heard of any major problems with either of those street and drainage projects. He referred to a letter received
from some residents near Park Court, noting how pleased they were with the progress of the work and the conduct of the contractor.

The City had instituted “no parking” on the east side of Fifth Street between the Recreation Center parking lot and Linden Street. A sign would also be installed on the west side to show that there was “no parking within 30 feet of the intersection.” City Manager Satterwhite noted that these regulations and signage should alleviate some of the congestion on Fifth Street.

City Staff had gone back to work on a safe crossing for South Rice Avenue from the Condit Elementary School parking lot. It was hoped that plans could be brought to City Council soon so that the crossing could be implemented.

With respect to the sidewalk blockage caused by traffic signal construction, City Manager Satterwhite indicated that the City would not be able to stop the sidewalk blockage at all times. The City had built some bypasses around the sidewalk blockage, where possible. There would be times when sidewalk at some of the intersections could not be left completely open during the construction, however, City Manager Satterwhite did not feel that this would be the situation the majority of the time.

**Cultural and Recreational**

A new feature of note for the Bellaire City Library was a Wii gaming system. This system was funded through a grant and had been very well accepted by patrons. There had even been one sporting tournament at the Bellaire City Library to date.

It was noted, as well, that the Bellaire historical DVD was available to all residents. Each resident could get one copy free of charge. Extra copies could be purchased online.

**Internal Operations/Productivity**

City Manager Satterwhite advised that the City Hall security system was progressing. The system consisted of 11 cameras located throughout the City Hall building. The cameras were digital and web-based and could be monitored through the Internet. He noted further that there would be various monitoring points in City Hall. The pictures on the cameras would be continuously recorded on a digital video recorder (DVR). The DVR had a capacity for two weeks of digital files or pictures. The digital files could also be archived.

The City Hall building would be covered 24 hours, seven days a week. Additionally, the cameras were day/night cameras. The cameras would be placed into a “night mode” in the evenings and if an intruder entered the building, the cameras would go infrared and digital video could be obtained from the “night mode.”
All of the outside doors to City Hall would have electronic locks, and some of the inside doors would have electronic locks. The inside of the building would be sectioned off to a greater extent than it currently was. Employees would be issued key fobs that could be placed in front of a scanner that would allow the electronic lock to open. All employees would not have access to all areas of City Hall. Some employees would have access to certain areas of City Hall during various hours of the day. The scanner would also keep a record of who was coming and going, and there would be a monitored alarm system in City Hall.

Plans were also being developed to better segregate the City Hall from the Civic Center and to create a single point of access to the City Hall side of the building. City Manager Satterwhite hoped to have a plan for that to show City Council in the not too distant future. He noted that he hoped to bring everyone “inside” the building. There would still be a receptionist, but the receptionist would not necessarily be out in the middle of the lobby as she currently was.

City Manager Satterwhite expected that the installation of the security measures would be completed within the next week or so. Following the installation would be two weeks of training and programming of key fobs. He indicated that Director of Facilities Management Karl Miller had been working very hard on the security measures.

**Current Issues/Information**

City Manager Satterwhite advised that the City was still receiving applications for all boards, commissions, and committees through May 22, 2009. He urged citizens to sign up for boards, commissions, and committees, noting that there were 25 openings and only seven applications to date. Staff liaisons had been asked to go back to their boards and ask them to look for people that would be good candidates for those particular boards. The Recycling Committee had done a good job of recruiting applicants for their board.

It was noted further that the applications were online or could be obtained at City Hall. The terms for the boards would begin on July 1, 2009. Almost all of the openings were for two-year terms; however, there was one opening that was for a one-year term.

With respect to the Fournace Place right-of-way issue, the residents interested in petitioning the City to purchase the right-of-way had paid for an appraisal, and the appraisal was underway.

The final Comprehensive Plan Action Committee meeting was held this past week. The next step in the process would be to update City Council. Consultant Gary Mitchell of Kendig Keast Collaborative would give the update,
and shortly thereafter, a joint workshop session would be planned for City Council and the Planning and Zoning Commission to discuss the Comprehensive Plan Update project (i.e., during May). After the joint workshop session, a public hearing would be held, followed by action by the Planning and Zoning Commission, and then a public hearing, followed by action by the City Council.

**Upcoming Meetings**

May 4, 2009  -  Regular Session of City Council at 7:00 p.m.
May 18, 2009 -  Regular Session of City Council at 7:00 p.m.

**QUESTIONS/COMMENTS FROM CITY COUNCIL:**

{Legend:  A – Answer; C- Comment; Q – Question; R – Response}

Q: **Councilman Pat McLaughlan** advised that he assumed it was necessary to drill the traffic signal pole piers in the middle of the sidewalk. He asked for confirmation that part of this project included the installation of ramps at the intersections that were in compliance with the *Americans with Disabilities Act* (ADA). He also asked if there was adequate right-of-way between private property lines and the curb in order to develop some type of access around the traffic signal poles.

A: **City Manager Satterwhite** stated that he would bring some of the plans for the ramp access and show City Council how it would work around the traffic signal pole piers. He indicated that most of the sidewalk would go where the old traffic signal pole piers were.

Q: **Councilman Phil Nauert** referred to the City Hall security installations and inquired as to whether the City would be incurring any additional operational costs through a monitoring company or if the system would go straight into the Bellaire Police Department.

A: **City Manager Satterwhite** indicated that the security system would be monitored, and there would be a small operational cost for that.

C  **Councilman Nauert** advised that the Bellaire Police Department dispatchers monitored a great deal already.

R: **City Manager Satterwhite** stated that a company would monitor the alarm. There would also be panic buttons in certain areas in the event that there was a dire emergency during the day. Those panic buttons did go straight to the Bellaire Police Department Dispatch Office.
Q: Councilman James P. Avioli, Sr., inquired as to whether City Manager Satterwhite could quantify the cost associated with the City Hall security system.

A: City Manager Satterwhite indicated that $100,000 was budgeted for security citywide. He believed that the City Hall building security cost was between $20,000 and $30,000, but indicated that he would get back to City Council with that cost.

Q: Councilman Will Hickman referred to the crossing at South Rice Avenue from the Condit Elementary School parking lot. He noted that approximately two years ago some consultants had reviewed that situation, as well as the possibility for angled parking in front of City Hall. He inquired as to what happened to that review/study.

A: City Manager Satterwhite stated that the study was still out there, but he had not brought it back to City Council for action. He noted that the City did need to continue with that process.

The reason that it was not acted on sooner was at the time the City was trying to do a “fix” in conjunction with the resurfacing of South Rice Avenue. It was not brought forward for action soon enough, so it was left behind.

Q: Mayor Cindy Siegel asked if there were sufficient signage in place to alert pedestrians or others that sidewalks ahead of them were blocked.

A: City Manager Satterwhite stated that he did not believe any signage was in place regarding sidewalk blockages.

Q: Mayor Siegel inquired as to whether orange netting was erected to show areas that were closed or blocked.

A: City Manager Satterwhite indicated that orange safety netting was erected in those areas that were closed or blocked.

Q: Mayor Siegel inquired as to whether the City could request that the contractor install signage indicating those areas of sidewalk that were blocked.

A: City Manager Satterwhite indicated that he did not know if the City had ever done traffic control with respect to sidewalks. He was not saying that the City should not, but advised that there had been sidewalk blockage with most of the City’s road construction projects. He stated that City Staff could work this into the City’s traffic control plan. He had honestly never thought about having sidewalk traffic control.
Q: Councilman Avioli referred to the new black traffic signal poles and inquired as to whether the street names would be lettered on the poles. He had seen some in the Sharpstown area that had some very nice lettering for the street names.

A: City Manager Satterwhite advised that the City planned to put the red street sign names back up.

MOTION TO ACCEPT REPORT INTO THE RECORD:

A motion was made by Councilman John Jeffery and seconded by Councilman Pat McLaughlan to accept the City Manager’s Report as presented by City Manager Bernard M. Satterwhite, Jr., into the record.

VOTE ON MOTION TO ACCEPT REPORT INTO THE RECORD:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
     Hickman, Will
     Avioli, James P., Sr.
     Nauert, Phil
     McLaughlan, Pat
     Jeffery, John

OPPOSED: None

ABSENT: Faulk, Peggy

F. NEW BUSINESS:

Mayor Cindy Siegel asked City Council to consider agenda item F. 3. at this point in the meeting. After noting no objections, agenda item F. 3. was considered.

3. ITEM FOR INDIVIDUAL CONSIDERATION:

Rebuild Bellaire Program

CONSIDERATION of and possible action regarding the acceptance of a Preliminary Official Statement and timetable for the sale of $7,000,000 in General Obligation Bonds, Series 2009, to be used for issuance costs, paving and drainage improvements, and facilities improvements under the Rebuild Bellaire Program – Item presented by James F. Gilley, Partner, Coastal Securities; Item submitted by Chief Financial Officer Donna Todd.
MOTION TO ACCEPT PRELIMINARY OFFICIAL STATEMENT AND TIMETABLE FOR BONDS:

A motion was made by Councilman Phil Nauert and seconded by Councilman Pat McLaughlan to accept a Preliminary Official Statement and timetable for the sale of $7,000,000 in General Obligation Bonds, Series 2009, to be used for issuance costs, paving and drainage improvements, and facilities improvements under the Rebuild Bellaire Program.

SUMMARY:

City Manager Bernard M. Satterwhite, Jr., stated that it was time for the City to issue bonds again. The $7,000,000 General Obligation Bonds, Series 2009, would pay for the completion of the Rebuild Bellaire Program, Phase Two, Street and Drainage Improvements, and for construction of the Bellaire Fire Station.

James F. Gilley, Partner, Coastal Securities, indicated that the $7,000,000 General Obligation Bonds, Series 2009, schedule called for a sale on May 18, 2009. However, the City would be entertaining Moody’s and Standard & Poor’s in Bellaire for a rating review prior to the sale of the bonds. Moody’s would visit Bellaire on May 5, 2009, and Standard & Poor’s would visit Bellaire on May 12, 2009. This might delay the sale until the first City Council meeting in June.

Additionally, the City was looking at a possible refunding opportunity. The City’s remaining 1998 bonds and 2001 bonds appeared to be refunding candidates in the present market, which was very good. Approximately $10,000,000 was outstanding between the two issues with an average rate of just under 5%. Based on today’s market, those issues could be refinanced at a rate of 3-½%, resulting in approximately $500,000 in savings to the City over the life of those bonds or $25,000 to $30,000 per year.

Mr. Gilley advised that it would be most efficient to include the refunding with the new bond sale. The best way to sell the bonds would be through a negotiated sale and an underwriting team would be assembled for that. If the City did not consider the refunding, then the average rate on the $7,000,000 bonds today would be approximately 4-½%.

QUESTIONS/COMMENTS FROM CITY COUNCIL:

{Legend: A – Answer; C- Comment; Q – Question; R – Response}

Q: Mayor Cindy Siegel advised that over the past few years Bellaire residents had inquired as to how they could purchase
Bellaire’s bonds. She read a month or two ago that the City of West University Place had offered their residents the option to purchase some of their bonds. She inquired as to whether this was possible.

A: Mr. Gilley stated that it was possible and described how it was most commonly done. The underwriters would set aside a special order period before they went out into the general market allowing residents to submit orders and requests for bonds and a priority would be given to those residents once that order period expired.

Q: Mayor Siegel inquired as to how difficult it was to set aside this special order period.

A: Mr. Gilley advised that it was not too difficult, it was just part of the pricing process. The underwriter had to agree to do that, which would not be a problem. The most difficult part would be getting the word to the residents who might be interested.

Q: Mayor Siegel inquired as to whether the special order period could be considered with the $7,000,000 issue under discussion.

A: Mr. Gilley advised that the City could do that with this issue.

Q: Mayor Siegel asked if part of the issue were carved off or set aside.

A: Mr. Gilley indicated that Mayor Siegel was correct. If the City included the refunding, there would be a total of approximately $18,000,000 in bonds offered. If the City did not do the refunding, then a negotiated sale would have to be done in order to set aside a special order period.

Q: Mayor Siegel inquired as to the length of the special order period.

A: Mr. Gilley indicated that he was not sure what his underwriting desk would say, but guessed that the special order period would occur the day before the negotiated sale.

Q: Mayor Siegel asked for confirmation that the special order period was a very short window of opportunity.

A: Mr. Gilley advised that Mayor Siegel was correct and stated that the problem was that prices needed to be set and the
market was dynamic. If the special order period were too long beforehand, it might be necessary to reset the prices.

Q: Mayor Siegel inquired of City Attorney Alan P. Petrov as to whether City Council could make an amendment to the motion for this agenda item to include a special order period.

A: Mr. Gilley advised that he was not certain that there needed to be formal City Council action. He believed that the City Manager could direct the pricing and request that an order period be set aside. He also felt that he could go off of the sense of City Council.

Q: Mayor Siegel asked if it affected the bond structure to include a special order period.

A: Mr. Gilley indicated that it should not and advised that City Attorney Petrov commented that in the case of the City of West University Place, some of the residents were disappointed in the interest rate that was being offered.

City Attorney Alan P. Petrov advised that the agenda item was broad enough so that the City Council could take a motion, second, and action on directing that a special order period be included in the Preliminary Official Statement and timetable.

Mr. Gilley noted once more that the most difficult part was making sure that the special order period was communicated to the citizens. In a normal offering marketing process, the underwriters had a book of customers and would put together a balanced team in order to get as much coverage as possible. That book of customers might not include some of the citizens in Bellaire who would wish to participate. His experience in listening to bond lawyers was that for a City to get that word out care had to be taken as the City did not want to be soliciting orders and might not be authorized to do so.

C: Mayor Siegel stated that she was not looking to push these bonds on the residents, but noted that many residents felt that Bellaire was a good place to invest in.

R: Mr. Gilley would guess that the communication could be made by word of mouth.

C: City Attorney Petrov indicated that the City of West University Place had a bond sale a few months ago. Part of their process was to have the underwriters set aside a time on the sale day where they could take orders from residents first
before going to the general public. The period was only a few hours the day of the bond sale and the bonds sold out fairly quickly. Residents purchased over $1,000,000 of those bonds.

He noted further that a similar special order period was done for Hedwig Village a few years ago; however, there was not much interest from the residents.

**City Manager Satterwhite** stated that to provide a special order period, the City had to enter into a negotiated sale of the bonds, which was not how the City’s bond sales had occurred in the past. The City’s *Charter* required a competitive sale, but state law allowed a City to do the negotiated sale.

**Q:** Mayor Siegel inquired as to whether the negotiated sale would be a violation of the City’s *Charter*.

**A:** City Attorney Petrov advised that state law overrode the City’s *Charter*. The City had done negotiated sales with its refundings, which was pretty much the way refundings had to be done in order to lock in interest rates at a specific time to make the refunding workable and achieve a savings.

**Q:** Councilman Phil Nauert inquired as to whether the bonds would reflect a different interest rate with these twists in the mechanism (i.e., special order period and negotiated sale).

**A:** Mr. Gilley indicated that the bonds should not reflect a different interest rate. He would not expect that to be the case. The more interest the City had, generally speaking, the lower the interest rate would be.

**Q:** Councilman Nauert noted that the City’s bond counsel billed the City as a function of the amount of the bonds and not the mechanism. He inquired as to whether the bond counsel fee would change as a result of the special order period and/or negotiated sale.

**A:** City Attorney Petrov advised that the bond counsel fee would not change. In fact, his fee was a declining fee structure. In other words, the larger the bond issue, the less would be the bond counsel fee.

**Q:** Councilman James P. Avioli, Sr., referred to the *Preliminary Official Statement* and noted that Wells Fargo was named as the paying agent. He could understand why the City needed to name a bank, but inquired as to whether the language should be expanded due to the instability in the banking industry. He
advised that he believed that Bank of America currently owned Wells Fargo.

A: **Mr. Gilley** stated that he did not believe Wells Fargo was associated with Bank of America.

Q: **Councilman Avioli** stated that he was suggesting that the language be expanded due to the instability and inquired as to whether that needed to be done.

A: **Mr. Gilley** stated that the way in which the bond ordinance was written, the bank could be changed by action of the City Council.

**City Attorney Petrov** advised that Mr. Gilley was correct. It might not appear in the *Preliminary Official Statement*, but the bond ordinance ultimately adopted would include a provision allowing the City Council to change the bank serving as paying agent.

He advised further that the bank was only serving as paying agent and did not hold the funds. The paying agent acted as one of the clearinghouses. When the City had to pay the bondholders, the City would wire funds to the paying agent rather than each individual bondholder.

C/Q: **Councilman Avioli** indicated that if Mr. Gilley and City Attorney Petrov were okay with the language, then he was too. He next referred to a section of the *Preliminary Official Statement* indicating where the City could invest its money, which was the State of Israel. He inquired as to why there and not somewhere else.

A: **Mr. Gilley** stated that the U.S. Government guaranteed the bonds of Israel, which was a state law. He noted further that the City’s investment policy might be more restrictive. The state law provided the framework and governmental entities could further restrict their investment guidelines.

Q: **Councilman Will Hickman** indicated that he was confused when it was stated that the current market was 4-½%, while the refinancing would be at 3-½%. He inquired as to whether the difference in the spread was a negotiated sale versus a competitive sale.

A: **Mr. Gilley** advised that the bonds that the City was considering refunding had an average life of about seven years, whereas the new money bonds had an average life of about 15 years.
The difference in rate between the new money and the refunding was reflective of the ascending nature of the yield curve. In other words, the farther out one went, the higher the rate.

Q: **Councilman Hickman** asked for confirmation that both the refinancing and the new money would be packaged in the same negotiated sale.

A: **Mr. Gilley** advised that Councilman Hickman was correct and that the City would save some financing costs that way. In other words, it would be a more efficient package to market for the underwriters. If the City wanted to segregate the refinancing from the new money for bookkeeping purposes, then the two could be segregated. After speaking with City Attorney Petrov, it was determined that there was no reason that the City could not consolidate the two into one issue, which would save some financing costs.

Q: **Councilman Hickman** inquired as to how the rate was set. In other words, were negotiations conducted between various buyers?

A: **Mr. Gilley** stated that his firm negotiated on the City’s behalf with the underwriters who would market the City’s bonds. The underwriting desk would survey the marketplace and enter into discussions with the senior managing underwriter to come up with a consensus scale. The underwriter would go out and try to market the bonds at that scale. Most of the time the underwriter would be successful in some maturities. Other maturities might be harder to market. Bellaire’s transaction as a AAA/AA1 credit would be highly regarded. In other words, there would be an aggressive market for Bellaire’s bonds.

Q: **Councilman Hickman** inquired as to whether a purchase of Bellaire’s bonds would be good ideas in his Fidelity account under retail bonds for new issues.

A: **Mr. Gilley** stated that what would happen was that if “XYZ, Inc.” was the underwriter and XYZ, Inc., represented a syndicate of certain firms, then those firms would have exclusive right to market those bonds during the order period. Then, when XYZ, Inc., had satisfied themselves that they were willing to underwrite, they would make a commitment. XYZ, Inc., might sell some of those bonds to Fidelity or to other funds. Mr. Gilley’s firm would not see who the purchasers were until the bonds had been distributed.
Q: Councilman Hickman referred to page 7 of the Preliminary Official Statement, selected financial information. He advised that there were outstanding bonds, new bonds, total gross general obligation debt, and estimated overlapping debt. He inquired as to what the estimated overlapping debt was.

A: Mr. Gilley indicated that estimated overlapping debt was information that the rating agencies and other credit analysts liked to see. He was not certain how meaningful that information was, but it was intended to represent the debt burden that a citizen who paid taxes to multiple jurisdictions would pay to support debt. For example, Bellaire residents paid Harris County taxes (Harris County, Harris County Flood Control District, Harris County Hospital District, Port Authority of Houston), Houston Independent School District, Houston Community College (possibly), etc. The overlapping debt was a calculation to try to make some estimation of what kind of debt an individual resident would be supporting in the tax process. The credit analysts would compare that information to other communities across the country.

Q: Councilman Hickman again referred to the Preliminary Official Statement, selected financial information. He advised that there was average annual debt service and maximum annual debt service for net debt and direct debt. He inquired as to the meaning of net debt and direct debt.

A: Mr. Gilley advised that direct debt was the debt the City had outstanding. The net debt was the debt supported by, for example, an Enterprise Fund (such as transfers from water and sewer). The average annual and maximum annual debt was calculated from the sample debt service schedule and was probably a little overstated from the current market.

Q: Councilman Hickman referred to the population for the City of Bellaire for 2008, which was listed at the top of the Preliminary Official Statement, selected financial information, as 17,206. He inquired as to how the population figure was calculated.

A: Mr. Gilley stated that the number probably came from the Finance Department, but he was not certain.

City Manager Satterwhite indicated that he would look into that.

Mayor Siegel noted that some recent studies that were performed for the City had projected population numbers in
them and surmised that the number might have come from some of those studies.

**Mr. Gilley** advised that if the population number was not accurate, then he needed to know that and would appreciate being made aware of it.

Q: **Mayor Siegel** referred to the recent economic conditions and inquired as to whether Mr. Gilley knew how the bond raters were feeling. In other words, would the City of Bellaire have anything to worry about?

A: **Mr. Gilley** indicated that he always worried. He did not really think at this point that Bellaire had anything to worry about. Bellaire’s revenues were still holding up, although the rate of increase might have slowed somewhat. New construction might have slowed, which was also typical throughout the economy. Based on what he had seen thus far, Mr. Gilley felt that the City was holding up relatively well. The bond raters had not expressed any concerns at this point.

Q: **Mayor Siegel** asked if he had noted whether any of the cities near to Bellaire had experienced a change in their bond ratings.

A: **Mr. Gilley** advised that he had not seen any changes. If there were a concern, it would not be with Bellaire’s financials, but rather the economic environment.

**AMENDMENT (NO. 1) TO MOTION TO ACCEPT PRELIMINARY OFFICIAL STATEMENT AND TIMETABLE FOR BONDS:**

An **amendment (no. 1) was made** by Mayor Cindy **Siegel** and **seconded** by Councilman Phil **Nauert** to include in the **Preliminary Official Statement** and timetable a special order period for Bellaire residents interested in purchasing Bellaire’s bonds.

**DISCUSSION ON AMENDMENT (NO. 1) TO MOTION TO ACCEPT PRELIMINARY OFFICIAL STATEMENT AND TIMETABLE FOR BONDS:**

**Councilman Hickman** inquired as to when the rate would be set for the sale of the bonds that Bellaire residents would purchase.

**Mr. Gilley** stated that the rate would be discussed with the underwriters and if the sale were to be approved by City Council on June 1, 2009, then he assumed that the special order period would occur on either the Wednesday or Thursday before June 1, 2009. He
indicated that he would recommend Wednesday, but would have to defer to the recommendation of the underwriting desk.

Typically, the underwriter would start on Wednesday with a special order period for Bellaire residents. On Thursday, the underwriter would be authorized to go out into the general market. Once the underwriter completed his efforts to sell enough of the issue, then there would be a verbal agreement and the rates locked in at that time. The lawyers would then be dispatched to complete the bond purchase agreement and Mr. Gilley’s firm would complete the refunding numbers. On Monday, there would be time to correct any items in the legal documentation and City Council would be presented with a purchase offer from the underwriters for consideration.

Councilman Hickman inquired as to whether the Bellaire residents would make their purchase on Wednesday knowing what the rate was.

Mr. Gilley stated that the residents would be offered some rates on that Wednesday. Those rates could change. The underwriters would go back to the residents and let them know if rates had changed. The residents could elect to back out or go forward. The residents would be asked to pay for those bonds 30 days later when the delivery of the bonds had occurred (i.e., after Attorney General approval).

VOTE ON AMENDMENT (NO. 1) TO MOTION TO ACCEPT PRELIMINARY OFFICIAL STATEMENT AND TIMETABLE FOR BONDS:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
     Hickman, Will
     Avioli, James P., Sr.
     Nauert, Phil
     McLaughlan, Pat
     Jeffery, John

OPPOSED: None

ABSENT: Faulk, Peggy

VOTE ON ORIGINAL MOTION TO ACCEPT PRELIMINARY OFFICIAL STATEMENT AND TIMETABLE FOR BONDS, AS AMENDED:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
FOR (CONT.): Hickman, Will
Avioli, James P., Sr.
Nauert, Phil
McLaughlan, Pat
Jeffery, John

OPPOSED: None

ABSENT: Faulk, Peggy

{Action on this agenda item as been summarized on Motion Document No. 2009-004}

The Bellaire City Council considered the remainder of the agenda in the order in which it was written.

1. CONSENT AGENDA:

Approval/Correction of Minutes

a. APPROVAL of minutes of the Regular Session of the City Council of the City of Bellaire, Texas, held Monday, April 6, 2009 – Item submitted by City Clerk Tracy L. Dutton.

Amendment to Ordinance

b. CONSIDERATION of and possible action on a recommendation from the Chief Financial Officer of the City of Bellaire, Texas, to adopt an ordinance of the City Council of the City of Bellaire, Texas, amending Ordinance No. 09-015 by repealing Exhibit A, Memorandum of Understanding to Harris County, Texas, evidencing the City of Bellaire’s intent to participate in the Harris County Consolidated Region (HCCR) Application for the Hurricane Ike Disaster Community Development Block Grant (CDBG) funding and replacing it with a new Exhibit A, AGREEMENT BETWEEN HARRIS COUNTY AND THE CITY OF BELLAIRE FOR THE PARTICIPATION IN THE APPLICATION AND DISTRIBUTION OF HURRICANE IKE DISASTER COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS, which includes additional state-required language for the CDBG funding – Item submitted by Chief Financial Officer Donna Todd.
MOTION TO APPROVE CONSENT AGENDA DATED APRIL 20, 2009:

A motion was made by Councilman John Jeffery and seconded by Councilman James P. Avioli, Sr., to approve the Consent Agenda dated April 20, 2009, consisting of the following:

- Minutes of the Regular Session of the Bellaire City Council held Monday, April 6, 2009; and

- Recommendation from the Chief Financial Officer to adopt an ordinance amending Ordinance No. 09-015 by repealing Exhibit A, Memorandum of Understanding to Harris County, Texas, evidencing the City of Bellaire’s intent to participate in the HCCR Application for the Hurricane Ike Disaster CDBG funding and replacing it with a new Exhibit A, AGREEMENT BETWEEN HARRIS COUNTY AND THE CITY OF BELLAIRE FOR THE PARTICIPATION IN THE APPLICATION AND DISTRIBUTION OF HURRICANE IKE DISASTER COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS, which includes additional state-required language for the CDBG funding.

VOTE ON MOTION TO APPROVE CONSENT AGENDA DATED APRIL 20, 2009:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
     Hickman, Will
     Avioli, James P., Sr.
     Nauert, Phil
     McLaughlan, Pat
     Jeffery, John

OPPOSED: None

ABSENT: Faulk, Peggy

{Ordinance amending Ordinance No. 09-015 was subsequently numbered: 09-023}. 

Page 19 of 22
2. **ADOPTION OF ORDINANCE:**

**Budget Amendment**

CONSIDERATION of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, amending the budget for the City of Bellaire, Texas, for the fiscal year beginning October 1, 2008, and ending September 30, 2009, by transferring $213,100.00 from the Enterprise Fund, Unrestricted Net Assets, to the Enterprise Fund, Water Production Division of the Public Works Department, for the purpose of funding necessary water well maintenance and repairs at the Bellaire Central Water Plant – *Item submitted by Assistant City Manager Diane K. White.*

**MOTION TO ADOPT ORDINANCE AMENDING BUDGET:**

A **motion** was made by Councilman John **Jeffery** and **seconded** by Councilman James P. **Avioli, Sr.**, to **adopt an ordinance** of the City Council of the City of Bellaire, Texas, **amending the budget** for the City of Bellaire, Texas, **for the fiscal year beginning October 1, 2008, and ending September 30, 2009, by transferring $213,100.00 from the Enterprise Fund, Unrestricted Net Assets, to the Enterprise Fund, Water Production Division of the Public Works Department, for the purpose of funding necessary water well maintenance and repairs at the Bellaire Central Water Plant.**

**VOTE ON MOTION TO ADOPT ORDINANCE AMENDING BUDGET:**

Motion **carried** unanimously on a **6-0** vote as follows:

**FOR:**

- Siegel, Cindy
- Hickman, Will
- Avioli, James P., Sr.
- Nauert, Phil
- McLaughlan, Pat
- Jeffery, John

**OPPOSED:** None

**ABSENT:** Faulk, Peggy

{Ordinance amending budget was subsequently numbered: 09-024}. 
3. **ITEM FOR INDIVIDUAL CONSIDERATION:**

Rebuild Bellaire Program

CONSIDERATION of and possible action regarding the acceptance of a *Preliminary Official Statement* and timetable for the sale of $7,000,000 in General Obligation Bonds, Series 2009, to be used for issuance costs, paving and drainage improvements, and facilities improvements under the Rebuild Bellaire Program – *Item presented by James F. Gilley, Partner, Coastal Securities; Item submitted by Chief Financial Officer Donna Todd.*

**Note:** This agenda item was considered earlier in the meeting. See pages 8-18 of these minutes for discussion and action related to the agenda item.

**G. ADJOURNMENT.**

**MOTION TO ADJOURN:**

A motion was made by Councilman Will Hickman and seconded by Councilman Phil Nauert to adjourn the Regular Session of the City Council of the City of Bellaire, Texas, at 8:02 p.m. on Monday, April 20, 2009.

**VOTE ON MOTION TO ADJOURN:**

Motion carried unanimously on a 6-0 vote as follows:

**FOR:**
- Siegel, Cindy
- Hickman, Will
- Avioli, James P., Sr.
- Nauert, Phil
- McLaughlan, Pat
- Jeffery, John

**OPPOSED:** None

**ABSENT:** Faulk, Peggy

Respectfully submitted,

____________________________
Tracy L. Dutton, TRMC
City Clerk
City of Bellaire, Texas
Approved:

___________________________________
Cynthia Siegel, Mayor
City of Bellaire, Texas