

City of Starbase

City Commission Meeting Minutes

39046 L B J Boulevard

Brownsville, TX 78521

Wednesday, August 20, 2025

7:00 PM

A Regular Meeting was held by the Starbase City Commission of the City of Starbase, Texas, on August 20, 2025, at 7:00 p.m. in the temporary city hall located at 39046 LBJ Blvd, Brownsville, Texas, 78521. The following City Commission members were present:

Mayor Bobby Peden
(by Teams video conference)

Commissioner Jordan Buss
Commissioner Jenna Petzelka

Commissioners absent: none

Staff Present:

City Administrator: Kent Myers
City Clerk: Caroline Cole
City Attorney: Marie Johnson (by Teams video conference)
Building Official: Tracy Rodriguez (by Teams video conference)

A. Call to Order and Quorum Determination

Mayor Pro Tem Buss called the meeting to order at 7:00 p.m. and a quorum was present.

B. Pledge of Allegiance

Mayor Pro Tem Buss led the Pledge of Allegiance.

C. Public Comment on Items Listed in Sections D, F, and G – comments limited to two minutes per individual, as set forth above.

There were no comments from the public.

D. Consent Agenda

1. Action regarding the minutes of the June 23, 2025, and July 16, 2025, City Commission meetings.
2. Action on an interlocal agreement with the City of Brownsville for mosquito testing services.
3. Action on a First Amendment to the Master Services Agreement with Tec-Refresh for municipal information technology services.
4. Action regarding an ordinance amending Ordinance No. 2025-05-30-F01-OR correcting a scrivener's error nunc pro tunc in the municipal boundary survey.

Kent Myers, city administrator, introduced the consent agenda. Mr. Myers stated for the record that the Brownsville City Commission has not yet acted on item D.2.

A motion was made by Commissioner Petrzekla to approve the consent agenda. Mayor Peden seconded the motion. The motion carried with a unanimous vote of 3-0.

E. Public Hearing

1. Conduct a public hearing, discussion and action on an ordinance nominating Space Exploration Technologies Corp. for designation as an enterprise project.

A Presentation was made by Damian Barrera of the tax team at SpaceX on their application for the Texas Enterprise project. From Mr. Barrera -

The Enterprise Texas program is a state tool to encourage job creation and investment in areas like Starbase. It would benefit SpaceX with a sales tax refund, and there would be no fiscal impact to Starbase.

SpaceX has invested over \$3 billion at Starbase, and the Gigabay project at a \$506 million investment, represents the next phase of growth at Starbase. Gigabay will be a vertically integrated facility for the stacking and assembly of Starship launch vehicles. This would qualify for the Triple Jumbo designation, at over \$250 million invested and over 500 jobs created. This would allow SpaceX a refund of around \$3.75 million in state sales tax.

The Gigabay project will create at least 500 new permanent, high-skill jobs in the City of Starbase. Average weekly wages from the new jobs are projected to be nearly double the 2024 Cameron County average wage. SpaceX will implement workforce training and skill development initiatives, including on-the-job training, to prepare employees for high-skill roles and support long-term career growth. SpaceX is committed to meeting Enterprise Zone requirements, with at least 25% of new jobs

filled by residents of any enterprise zone, economically disadvantaged individuals, or veterans.

The timeline of the enterprise designation and hiring will begin April 22, 2025. Construction began in March 2025, with Gigabay fully operational by December 31, 2026. The proposed designation would continue through 2030, but SpaceX is committed to retaining the jobs far beyond that.

The enterprise zone would benefit Starbase by supporting the creation of at least 500 high-quality jobs in the designated area. It will drive economic development in a newly incorporated municipality focused on aerospace innovation. The designation generates no fiscal impact to the City of Starbase since only the state sales tax is refunded. It promotes long-term capital investment with designated development zones and redirects state tax dollars back into the local economy through job creation and expanding Starship infrastructure.

Mr. Barrera thanked the City for working through the process, and for their consideration of this application.

Mr. Myers, city administrator, emphasized that this ordinance is only a nomination, but the application requires a nomination from the local government, with the State of Texas ultimately making the designation. The timeframe is about 8 weeks. 25% of the jobs created must be hired locally, average salary is about \$84,000/ year, and the capital investment for the city is about \$500 million.

Commissioner Petrzekla asked about when the 8-week timeline began, and Mr. Myers stated that the application will be submitted by September 1, and the City hopes to hear something by November.

The Mayor Pro Tem opened the public hearing at 7:13 p.m.

There were no comments from the public.

The Mayor Pro Tem closed the public hearing at 7:13 p.m.

Commissioner Petrzekla made a motion to approve the ordinance. Mayor Peden seconded. The motion carried with a unanimous vote of 3-0.

2. Conduct a public hearing on the proposed budget for fiscal year 2025-26.

The Mayor Pro Tem opened the public hearing at 7:15 p.m.

There were no comments from the public.

The Mayor Pro Tem closed the public hearing at 7:15 p.m.

F. Regular Session

1. Budget and Tax Rate

a. Presentation and discussion on Starbase's 2025 Final Certified Values.

Hector Briones, from the Cameron County Appraisal District, made a presentation at the behest of Commissioner Petrzekla.

Mr. Briones went over the basic calendar year for the property tax and the important annual dates. He directed the public to the comptroller's website for further information (<https://www.cameroncountytx.gov/tac/>)

b. Presentation and discussion on the revised FY 2026 Budget Calendar.

Kent Myers, city administrator, offered comments before he presented the FY 2026 budget. Starbase only has one fund, it's the general fund. It finances the general operations of the city. Most cities have enterprise funds, which normally cover utilities, which we do not have because we do not have utilities. Starbase has a very heavy reliance on property tax, because we do not have a sales tax or other revenue sources such as franchise fees. Hopefully in the future we can diversify our revenue sources. One challenge is the need for Tax anticipation notes, as we don't have any major source of revenue for the first four months of our fiscal year. Property tax is stable, but not necessarily growing during the year. State law has limitations on how much property tax revenues can be increased from year to year of more than 3.5%.

Mr. Myers began his presentation, with the caveat that there would be new expenses with the formation of a new city. \$182,000 needs to be added to the budget to account for Cameron County jail costs, software costs, funding for the appraisal district, and funding for a volunteer fire department.

Mr. Myers then moved on to item F(1)(d) and recommended approval of tax rate of \$0.55 due to the budget additions. That is the ceiling of the property tax, the Commission can adopt a lesser rate, but he recommends a rate of \$0.55.

If the commission passes a tax rate of \$0.55, that will generate total revenues of \$5,974,661.00. Adding the proposed expenses creates \$5,396,954, the difference is \$577,707.00. Mr. Myers would feel more comfortable having a bit of padding there to account for the unknowns the city is dealing with. If the commission supports the rate of \$0.55, the revenues will generate \$4,279,661 in revenues. He is proposing to use the fund balance of \$500,000. With these numbers, the city is projected to have a fund balance at the end of the upcoming fiscal year of \$859,986. This represents only 16% of the budget, and

traditionally cities like to maintain a fund balance of around 25%, and we will get there eventually.

Mr. Myers reviewed the major budget items and estimates, including contract law enforcement services, continuing contract services, a part time assistant city clerk, municipal court operations, mosquito control, elections, and the 2025B Tax Anticipation note.

The budget schedule highlights were presented, citing August 20th as the date recommended to table action on budget until a special meeting on September 11. At the special meeting it is proposed to adopt the Budget and Tax Rate, and ratify the Tax Rate included in the Budget. September 12 is the deadline for submitting the Tax Rate to Cameron County. Mr. Myers recommended to do a roll call vote on the Property Tax Rate Ordinance, with the recommended rate of \$0.55 as the ceiling. September 17th is the proposed date the approve the issuance of the 2025B Tax Anticipation Note and approve the final amendments to FY 2025-2026 Budget.

Mr. Myers again reminded the commission that as a new city there are a lot of unknown, and he hoped to finalize the numbers in the next week or so. When the final budget is presented to the commission, it will have a budget message which summarizes what we have accomplished in the last year, and what the City hopes to achieve in the next year.

- c. Presentation, discussion and take action to table approval to a future Commission meeting the proposed budget for FY 2026.

Kent Myers, city administrator, presented the proposed budget for FY 2026 and recommended to table the approval of the proposed budget for FY 2026 to a future meeting.

Commissioner Petrzekla made a motion to table the approval of the FY 2026 budget to the September 11, 2025 City Commission meeting. Mayor Peden seconded. The motion carried with a unanimous vote of 3-0.

- d. Presentation and discussion on Proposed Property Tax Rate.

Kent Myers, city administrator, presented the proposed property tax rate of \$0.55 per \$100 of taxable assessed value.

- e. Discussion and action on a resolution to approve a proposed property tax rate of \$0.50 per \$100 of taxable assessed value.

Kent Myers, city administrator, introduced the item, and noted that the proposed rate was increased from \$0.50 to \$0.55 per \$100 of taxable assessed value.

Commissioner Petzelka made a motion to approve the resolution with a proposed property tax rate of \$0.55 per \$100. Mayor Peden seconded. The City Clerk conducted a roll call vote:

Voting For: Mayor Peden
 Mayor Pro Tem Buss
 Commissioner Petzelka

Voting Against: None

The motion carried with a unanimous vote of 3-0.

2. Discussion and action on resolution approving a Plan of Finance in connection with the issuance of Tax Anticipation Note, Taxable Series 2025B.

Andre Ayala, of Hilltop Securities, presented on a plan of finance in connection with the issuance of Tax Anticipation Note, Taxable Series 2025B. The slide deck is attached.

The 2025A tax note was finalized in June 2025 and closed in July 2025. The final amount was \$1,528,000. These funds helped finance the budget thru September 30, 2025. The 2025B tax anticipation note's purpose is to finance the budget from October 1, 2025 through September 30, 2026. The city needs certain funds to operate now, while we wait on revenue that will mostly be generated in January 2026. The expected amount for the 2025B tax note is \$1,050,000. It will be a private sale. Mr. Ayala has been directed to negotiate the note with Space Exploration Technologies, Corporation, as a qualified buyer of the note. The note is structured to mature no later than 364 days after closing. Closing is anticipated for late September, which would allow the note to mature 364 days following. Starbase will be given the option to pay the note off early, with a ten day notice to note purchaser.

A zero percent interest rate will be negotiated, just like on the 2025A tax note. This is not reviewed by Texas Attorney General's office because it is not a long-term debt.

Mr. Ayala added that Starbase was considering a tax rate of up to \$0.55, and the minimum tax rate that would make the note financially feasible would be \$0.3313 per \$100 in taxable value. Anything in excess would be for city operations.

The timeline of the 2025B tax note would see the resolution to proceed with a plan of finance today, August 20. It is proposed that the commission consider and approve the ordinance issuing the 2025B note at the September 17th meeting, and close on the note on September 29th, the last day of the fiscal year.

Commissioner Petrzelka made a motion to approve the resolution of a Plan of Finance in connection with the issuance of Tax Anticipation Note, Taxable Series 2025B. Mayor Peden seconded. The motion carried with a unanimous vote of 3-0.

3. Discussion regarding a July 2025 Financial Report summarizing financial transactions through July 31, 2025.

Kent Myers, city administrator, introduced Matthew Montemayor of Carr Riggs and Ingram, who serve as the City's accountancy firm to present a financial report on the city.

Matthew Montemayor directed everyone to the information that he had included in the meeting packet. He explained the governmental fund balance sheet, and the balances of the city as of July 31, 2025.

On page 2, the statement of revenues, expenditures, and changes in fund balance were presented. Revenues totaled \$459,333, which was mostly from permit and fees. Expenditures totaled \$852,229, primarily related to contracting services. The deficiency of revenues over expenditures totaled \$392,896, which was covered by in proceeds from the 2025A tax anticipation note, which totaled \$1,528,000. The fund balance at the end of July was \$1,135,104.

The General Fund budget to actual schedule shows that total revenues were budgeted at \$519,719 and the actual revenues were \$459,333. Total expenditures budgeted were \$1,941,140, and actual expenditures as of 7/31/2025 were \$852,229, so it is still below budget at this time.

As the city grows, there could be other reports that could be included.

The listing of payments is also included, for awareness of normal city operations.

Mr. Myers commented that cities are required to do an annual audit, and as the fiscal year will close at the end of September, we will solicit accounting firms to do the audit. This will probably come up on the October agenda to approve an auditor.

This item did not require City Commission action.

4. Discussion and action on a master services agreement with CivicPlus, LLC for government content, workflow, and general management software solutions, platforms and associated services.

Kent Myers, city administrator, introduced the proposal from CivicPlus software to prepare agendas and minutes for the city. Caroline Cole, city clerk, added that it's a good choice for compiling information for agendas, and it is scalable software, so we can choose what parts we would like to use. Commissioner Petrzelka asked about the annual costs associated with the software for clarification, which would be around \$6,000 annually.

A motion was made by Commissioner Petrzelka to approve the master services agreement with CivicPlus, LLC. Mayor Peden seconded the motion. The motion carried with a unanimous vote of 3-0.

5. Discussion and action regarding a letter of intent for a wetland preservation bank.

Kent Myers, city administrator, introduced the letter of intent to the US Corp of Engineers to form a wetland preservation bank. Over 1,000 acres would be protected in perpetuity. In order to move forward, the City must be involved to act as the land steward for the property. A committee will have to be appointed to monitor the easement in October or November. No cost is associated; the costs will be covered by SpaceX.

Kent introduced Brandon Conroy, senior environmental engineer from SpaceX, who is helping to sponsor the initiative. Referred to as the "Rockhands" parcel, it is approximately 1,050 acres just north of Starbase. It is comprised mostly of wind tidal flats, with a mangrove fringe and virgin wetland that will be protected in perpetuity.

A motion was made by Commissioner Petrzelka to approve the issuance of a letter of intent for the wetland preservation bank. Mayor Peden seconded. The motion carried with a unanimous vote of 3-0.

G. Commission/City Manager Update

1. Items of Community Interest

Kent Myers, city administrator, issued a reminder for the special meeting of the city commission on September 11, 2025.

2. City Administrators Report

1. Building Activity Update

Kent Myers, city administrator, reported that today is the 90-day anniversary of the City of Starbase. Since incorporation, the city has issued 106 residential permits, 4

commercial permits, 3 commercial alterations, all valued at over \$125 million. He also noted that the new grocery store is open, along with the sushi restaurant.

2. Water Services Update

Mr. Myers gave an update from what was discussed at a previous meeting that Cameron County had discontinued water services to citizens of the city. Cameron County has notified the property owners that they will permanently discontinue water services on November 15th. The city is working with the property owners to find alternative solutions to the problem.

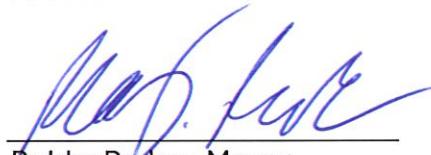
H. Adjourn

A motion was made by Commissioner Petrzekla to adjourn. Mayor Peden seconded. The motion carried with a unanimous vote of 3-0.

The meeting was adjourned at 8:06 p.m.

Approved by the City Commission on this 11th day of September, 2025.

APPROVED:


Bobby Peden, Mayor

ATTEST:



Caroline Cole, City Clerk

