



**CITY OF HEDWIG VILLAGE, TEXAS
SPECIAL CITY COUNCIL MEETING
BUDGET WORKSHOP
WEDNESDAY, AUGUST 22, 2018
6:30 P.M. - 955 PINEY POINT ROAD**

MINUTES

1. CALL TO ORDER

Mayor Muecke called the meeting to order at 4:02 p.m.

Present: Mayor Brian Muecke

Councilmember Harry J. Folloder
(left at 5:50 p.m.)

Councilmember Dane Johnson
Councilmember Barry Putterman
(left at 5:45 p.m.)

Councilmember Shirley Rouse
Councilmember Matt Woodruff
(arrived at 5:21 p.m.)

Kelly Johnson, City Admin./Secr.-Treasurer
David Gott, Police Chief
Lisa Modisette, Assistant City Secretary

Absent: None

**2. DISCUSSION AND POSSIBLE ACTION WITH THE CITY'S BOND COUNSEL
REGARDING POSSIBLE FUNDING OPTIONS**

Tom Sage, Hunton Andrews Kurth LLP, discussed the various debt options available to the city.

- Tax Bonds (Bonds) – to be used to make permanent public improvements and must have voter approval. The Bonds must have approval by the Texas Attorney General and can be repaid with ad valorem taxes.
- Certificate of Obligations (CO's) – can be used for various purposes such as public work projects or purchase of land or buildings. Voter approval is not required unless a petition is submitted and must publish notice of intent to issue CO's. The CO's must have approval by the Texas Attorney General. The CO's can be repaid with ad valorem tax, general revenue, or a combination of the two.
- Tax Notes and Anticipation Notes (Notes) – can be used for various purposes such as public work projects or purchase of land or buildings. Voter approval is not required and publication is not required. The Notes must have approval by the Texas Attorney General. The Notes can be repaid with ad valorem tax, general revenue, or a combination of the two.
- Contractual Obligations – can be used for the purchase of personal property such as equipment or facilities. Voter approval is not required. The contractual obligations

must have approval by the Texas Attorney General and can be repaid using any city revenue, funds, or taxes that are available for public purposes.

- Revenue Bonds - can be used for various purposes, such as parks, libraries, and buildings. Voter approval is not required and must have approval by the Texas Attorney General and may be repaid using a wide variety of revenues
- Other options include Lease Purchase Financing (personal property) and Financing using Non-Profit Corporations

Tom Sage stated Texas has two possible dates for elections, May or November. He stated the proposed one million dollar issuance is small but can offer to banks or the market. He stated banks would have a shorter repayment period.

Mayor Muecke asked about an eight to ten million dollar issuance for drainage and road work. The repayment period would be longer and the city would get a competitive rate.

Mayor Muecke wants the tax notes to be in the 2018 tax rate.

Tom Sage stated the process would be:

- Hunton Andrews Kurth LLP would prepare the paperwork for the proposed debt,
- The city would publish the intent to issue debt,
- City council would approve the sale of the proposed debt, and
- The city would publish the proposed tax rate which would include the tax rate to repay the tax notes.

Tom Sage explained the tax-exempt reimbursement resolution the city council passed several months ago. He stated the city is under no obligation to use the reimbursement mechanism. The reimbursement resolution gives the city the option to reimburse itself for capital expenses already paid within the past sixty days.

Councilmember Rouse asked for a definition of a capital item.

Tom Sage stated the IRS and the State of Texas define capital items as any item that has a useful life of more than one year.

Councilmember Putterman moved, Councilmember Johnson seconded, to authorize Hunton Andrews Kurth LLP and US Capital Advisors to prepare the paperwork for the city to issue a tax note up to \$1,000,000 consistent with the council discussion at this meeting.

Councilmember Folloder amended the motion to include an increase in the dollar amount of the tax note up to \$1,030,000.

Councilmembers Folloder, Johnson, Putterman, and Rouse voted "Aye", "Noes" none.

MOTION CARRIED UNANIMOUSLY

3. DISCUSSION REGARDING THE PROPOSED 2019 BUDGET

Mayor Muecke reviewed the estimated General Fund cash balance of \$316,353 for December 31, 2018. The estimated cash balance is far less than the City of Hilshire Village. The other four villages will have significantly more estimated funds at the end of 2018.

Mayor Muecke reviewed actual and proposed expenditures over the next ten years. The Village Fire Department renovation is a known upcoming expense. The proposed expenses for drainage and street work include:

- Drainage/Street work on Magdalene
- Drainage/Street work on Joan of Arc/Denise/Constance
- Drainage work on North and South Lou Al
- Drainage/Street work on Hedwig Circle and Hedwig Way
- Drainage/Street work on Duart
- Drainage/Street work on Hunters Branch and Tiber
- Drainage/Street work on Constance
- Drainage/Street work on Echo Wood

Mayor Muecke reviewed the revenue from ad valorem taxes over the next ten years. He reviewed the debt payments for the next ten years for the existing debt the city has.

Mayor Muecke reviewed a salary survey provided by the City of Spring Valley Village. The salary survey showed the Hedwig Village Police Department's starting salaries are in the middle of the starting salaries of other entities.

Councilmember Rouse asked about employee performance evaluations and how the evaluations tie back to proposed pay raises.

Mayor Muecke stated city hall will have a proposed pool of \$25,000 for pay raises and he and Kelly Johnson will decide on the amount of any raise for city hall staff. The intent will be to use the pool to increase salaries including the vacant Building Official position.

Mayor, Councilmembers, Chief Gott, and Kelly Johnson discussed the proposed 457 retirement plan. The city could create a policy mandating employee participation in order for the city to make deposits in the employee account. All Councilmembers are in favor of the proposed 457 retirement plan.

Mayor, Councilmembers, and Kelly Johnson discussed participating in the unemployment insurance program. The city has repaid the State of Texas for unemployment benefits for two former employees this year. The expense was not budgeted during budget discussions last year. All councilmembers are in favor of participating.

Mayor Muecke stated the proposed tax rate is as follows:

- The rollback rate - \$0.292473
- The rollback rate plus \$0.01 - \$0.302473
- The rollback rate plus tax notes of \$1,030,000 - \$0.291339
- The rollback rate plus \$0.01 and plus tax notes of \$1,030,000 - \$0.301339

Councilmembers Folloder, Johnson, and Woodruff agree the city should implement long-term budgeting.

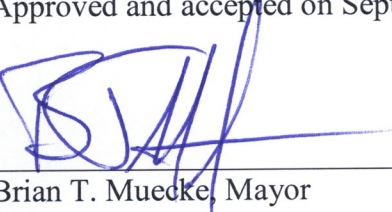
4. ADJOURN

Councilmember Rouse moved, Councilmember Woodruff seconded, to adjourn the meeting at 5:50 p.m. due to lack of quorum

Councilmembers Johnson, Rouse, and Woodruff voted "Aye", "Noes" none.

MOTION CARRIED UNANIMOUSLY

Approved and accepted on September 20, 2018.



Brian T. Muecke, Mayor

ATTEST:



Lisa Modisette, Asst. City Secretary