

MINUTES OF THE

COMMISSIONERS' COURT

BUDGET WORKSHOP MEETING - AUGUST 3, 2020

On the 3rd day of August, 2020, there was a Budget Workshop Meeting of the Commissioners' Court in the Commissioners' Courtroom, 2840 Hwy 35 N, Rockport, Aransas County, Texas, with the following members present in person, via ZOOM, or via YouTube: C. H. "Burt" Mills, Jr., County Judge; Jack Chaney, Commissioner, Precinct 1; Leslie "Bubba" Casterline, Commissioner, Precinct 2; Charles Smith, Commissioner, Precinct 3; Wendy Laubach, Commissioner, Precinct 4; and Valerie K. Amason, County Clerk.

Other County Officers present in person, via YouTube, or via Zoom, were Kristen Barnebey, County District Attorney; Jeri Cox, Tax Assessor-Collector; Alma Cartwright, Treasurer; Pam Heard, District Clerk; Bill Mills, Sheriff; Diane Dupnik, Justice of the Peace, Precinct 1; Diana McGinnis, Justice of the Peace, Precinct 2; Tracy Orr, Administrative Assistant to the County Judge; Jacky Cockerham, County Auditor; Tana Taylor, First Assistant County Auditor; Anna Marshall, Chief Deputy Tax Assessor & Tax Assessor Elect; David Reid, Road Administrator/Drainage Engineer/Stormwater Management Engineer; Valerie Gonzalez, Environmental Health Director; John Strothman, Pathways Project Manager; Rene Butler, Facilities Director; Collin Jackson, IT Director; Linda Doane, Human Resources Director; Elizabeth Guerra, Human Resources Assistant; Carrie Arrington, Office & Contracts Manager, County District Attorney's Office; Michele Carew, Elections Administrator; Lois White, Chief Deputy Treasurer; Julie Gifford, Deputy Elections Administrator; Iris Sanchez, County Librarian; Lori Cesar, Animal Control Director;

Long-Term Recovery Specialists: Will Whitson;

Members of Local City Government, Community Groups and other Interested Parties present:

RBC Global Asset Management (U.S.) Inc.: Robert "Bob" V. Henderson, Senior Portfolio Manager;

Aransas County Citizens: Amanda Oster, County/District Attorney Elect; Pat Rousseau, County Commissioner, Pct. 3; Allan Smith; Mike Fields;

The Rockport Pilot Newspaper: Mike Probst, Editor and Publisher;

The Meeting was convened at 10:00 a.m. at which time a quorum was declared by Judge Mills, WHEREUPON, the following proceedings were had and done to wit:

ITEMS FOR DELIBERATION AND/OR ACTION

1. Report on Calculation of 2020 No-New-Revenue, Voter-Approval, and Debt Tax Rates using Certified Values from Chief Appraiser. Jeri Cox went over the Tax Rate Calculations she had prepared for the Court.

2. General Discussion of 2021 Budget with elected officials and department heads.

Judge Mills: Does anyone have any questions for Mr. Henderson, since he's here?

(See Insert)

Commissioner Laubach: When you gave us a presentation on July 13th, you were aiming at a budget, a bond process that dove tails with the Budget process and I didn't understand at the time how that worked, so I'm hoping for some clarification. I need to understand what part of, what do we have to achieve as far as the part of the Budget and Tax Rate setting exercise, that I think has to be completed by August 31st, how does it dove tail with our ability to issue a bond at that same time, what could we do after August 31st, if anything, to issue a bond, if we can't make the August 31st deadline, how does that work with the budget and tax process?

Robert Henderson: First of all the deadline is really not August 31st, that was a budget adoption schedule that the County had put in place. From a State law perspective, and I want to be careful, I'm not a lawyer and I'm not giving legal opinions, but the actual date, the County adopts its Tax Rate anytime it chooses to prior to September 30th and the levy is effective October 1st, so you have until September 30th to actually put into place the mechanisms required to adopt a tax rate.

Commissioner Laubach: But it is before the November election, I guess is the main point.

Robert: Well yes, but I guess there are two different answers to your question. The first question is, what do you have to do by September 30th to actually adopt a tax rate and levy a tax rate on October 1st? The answer with respect to the issuance of debt was that we needed to have the Ordinance authorizing the Certificates of Obligation actually adopted by the Court by September 30th so that it would be a legally outstanding debt and eligible for Jacky and Jeri to levy a tax on it, so that

deadline is September 30th. The second part of your question, if I understood it correctly, if there is a November Election, and there have been some changes in the last Legislative Sessions that have limited bond elections to occur at uniform election dates in May and November of every year. They also have time frames by which those elections have to actually be called and for a November election the latest date by which it can be called and meet all of the publication and advance notice requirements is August 17th.

Commissioner Laubach: So if we wanted to put a bond election on the November election, we would have to start by August 17th?

Robert: Yes ma'am.

Commissioner Laubach: If we don't make the deadlines and achieve an Election in November and one turns out to be required because the petition works, do we have any options for this fiscal year to issue a bond?

Robert: If an Election is not called by August 17th and the court is forced to an election by virtue of a CO petition, the earliest opportunity to call that election would be in May of 2021 and then we could issue the debt. There is a 30 day contestation period, so we could probably issue the debt sometime in mid to late June 2021, that would be the earliest time that is could be issued following a May election, assuming that election passes.

Commissioner Laubach: Suppose, one more scenario is, suppose we miss the November election and can't do this currently proposed bond in this budget year, could we do a different, new, proposed certificate of obligation bond, perhaps not requiring

an election either this fall, or would that not work because we couldn't have folded it into the tax rate?

Robert: Here's the problem, the new legislation, as I understand it, the new restrictions on the certificate of obligation act places severe limitations on the County to move forward in the event of either, a cancelled issuance of a certificate of obligation, or a failed bond election. If a petition is submitted to the court that requires them to go to a bond election, and that bond election were to fail, it would be three years before you could come back with another bond election and the Attorney General's office, during that intervening three year period of time, would not approve the issuance of those Certificates of Obligation. So if this petition, that I'm hearing about, is submitted and forces the Court to go to an election then the Court's going to have to have that election at the earliest opportunity, which would be May of 2021, and if that election fails you can't come back with another CO issued or a General Obligation Bond Election for three years.

Commissioner Laubach: Let's suppose that there is a new CO proposed that is different enough to satisfy the state law, so it's not just considered a re-hash of the old one, can that be done this coming year, or does it have to wait until our next budget process, so that we can fix the tax rate to support it?

Robert: What I would say Commissioner, is that, as I understand it, the changes in the Certificate of Obligation Act have substantially raised the hurdle as to what constitutes a substantially different project.

Commissioner Laubach: Let's just pretend for a minute that it is substantially different CO, can we do one anytime during the

coming year or do we have to wait until next August to put it into the Tax Rate?

Robert: I think if it's a completely different project, you could potentially do it this year, but again I'm not an attorney.

Commissioner Laubach: So it doesn't have to happen contemporaneous with a new tax rate dedicated to pay off the CO, is that what you're saying?

Robert: Well, the CO debt, or any kind of debt, but the CO debt or Voter General Obligation Bonds has to be outstanding at the time that you levy the tax, not the time that you set the tax rate, and that's the difference. Because you might set the tax rate, for example, the number that Mrs. Cox has provided the Court anticipates the issuance of \$19,900,000 for...

Commissioner Laubach: But the bond has to pre-date the tax rate setting and does not have to happen contemporaneously with the bond, is that right?

Robert: I'm not sure I'm understanding your question.

Commissioner Laubach: The bond has to be in effect before you can set the tax rate, but the tax rate does not have to be set the same day that the bond..

Robert: That's right, you set your tax rate and of course with your normal budgetary process, but the debt has to be legally outstanding at the time you levy the taxes, which you levy them on October 1st.

Commissioner Laubach: But we could conceivably, in December of this year, issue a bond and not get around to setting the tax rate to support it until next August?

Robert: That is correct, but I don't understand the context in which you are asking the question, because there wouldn't be a debt transaction in December. We are either going to do the certificate of obligation and have it approved by the Court before September 30th or we are going to be forced to an Election in May of 2021 in which case, if the Election passes, we wouldn't be issuing debt until June or July of 2021.

Commissioner Laubach: Right, because the next available election will be in May, so we know the next time we could actually float an issue would be in June, or so?

Robert: Yes, 30 days after the May Election. And again, I want to clarify, because I've heard some talk about a substantially different project, not only would the number of the debt have to change substantially, the use of funds, you would have to find a whole different physical location for the Courthouse, it would have to be a very substantially different project. It could not be done in conjunction with Celebration Station or the City Hall project, it would have to be substantially different. I would advise the court, as a whole, that it would really put this community in a serious bind if this petition is filed and that Election fails, because it would put the Court and this community in a position to where it could be three years before it could be put back to the citizens to do the Courthouse in the same location that is being contemplated now in conjunction with the City Hall, and so forth.

Commissioner Laubach: And that restriction applies not only to a new CO, but a new General Obligation Bond?

Robert: Yes ma'am.

Commissioner Laubach: Well they've got, I think, 500 signatures and they only need about 850 and they've only been at it for two days, so far.

Robert: Well I hope that with this new information, that the debt tax rate would fall a half a penny as opposed to the multiple penny increases that have been discussed in the community. I would hope with the information, that the organizers would consider not submitting the petition, and I would also hope that the citizens, I would bet, and I don't get to vote in this community, but I've owned property in this community since 1984, and so I am also a taxpayer in this community and I would hope and expect that probably a whole lot of those 500 people, that signed that petition, have done so under false pretenses, that they were induced with false information and I would wonder how many of them would have signed the petition after knowing what the actual facts are.

Commissioner Chaney: I don't know that the term "false information" shouldn't be "inaccurate information".

Robert: Inaccurate, I stand corrected Commissioner, you are correct.

Commissioner Casterline: I don't know if this question would be for you or Jeri, or both, is there a difference, a CO vs. the General Obligation Bond on the taxes of a person whose taxes have been frozen?

Robert: No, people whose taxes have been frozen are not going to receive a tax rate...

Commissioner Casterline: It doesn't matter what kind of a bond it is?

Robert: You know what, I'm going to stand corrected a second time, actually because the debt rate is falling, if the County

were to adopt a tax rate and general fund together, that is less than the nominal rate that we had last year, even whose people's taxes are frozen, would see their tax basis, their taxes are frozen unless their new evaluation and the new tax rate lowers that threshold. There are circumstances under which people who pay frozen taxes could see their frozen tax bill fall, but it will never go up.

Commissioner Casterline: The reason I ask the question is, in the back of my mind, when all of this came up, I thought I remembered something that there's a way that their values can be increased by certain types of bonds that are voted on after...

Robert: No sir, there's no circumstances in which that can happen. For a person whose taxes have been frozen because they are over 65, the only time that the taxes can be raised is if they do a substantial improvement to their property and they have re-evaluations of their property. Other than that, there is no opportunity, and no amount of issuance of debt, that is going to change a frozen tax levy.

Commissioner Laubach: So if I understand this correctly, if the petition is successful we are required to hold an election and we cannot do it before May. If we succeed between now and May in persuading the public to vote for this bond to build the Courthouse in whatever amount we set the bond in by the deadline, then we could issue this debt next June or July. The only way we are going to be disqualified from ever doing a bond on the Courthouse again, is if we lose the Election in May.

Robert: Not, ever, but if we lose the Election in May then you would have to wait three years before you could call another Bond Election for substantially the same project.

Commissioner Laubach: But that won't be a problem for us if we use the time between now and May to get the public on board to support the bond? It does cause delay because we would rather borrow now and not next June, but it can be done next June or July.

Robert: If the election is positive, but I want to answer your question, as soon as we issue debt you can have an Election, I think it is the first week in May, then you have to canvass the election returns, it only takes about 8-10 days, and then you have a 30 day contestation period after that, so that's why I'm saying middle of June.

Commissioner Chaney: What's the last day that any petition like that could be presented to the court?

Robert: It would be presented to the Court, the last day would be the anticipated day that you adopt the Ordinance of the Certificate of Obligation, which was originally scheduled for August 31st.

Commissioner Laubach: And we can't move it earlier than that because we have a 45 day notice period that we have to adhere to. I mean, it could be later but it can't be earlier.

Robert: It could be earlier but it can't be later.

Commissioner Laubach: We can't make it earlier because we have a 45 day notice period, which we only published on July...

Robert: Oh, you mean you can't make it earlier in terms of issuing the debt? Right, we cannot move the debt issuance up, the petition could be submitted earlier, but you can't move

the debt issuance up, you're right, because of the 45 day publication requirement.

Commissioner Laubach: And the deadline for submitting the petition to us, therefore, is before August 31st.

Robert: That was the original date of the 45 day notice, yes.

Commissioner Laubach: And if we move that date later the petition date would be later, but we can't make it earlier.

Robert: Right, you can't make it earlier.

Judge Mills: Any other discussion?

Michele Carew: Judge, may I say something? As far as the August 17th deadline goes, the petition would need to be submitted to us sooner, because my office would need to certify it by that date. So it's not a matter of the signatures being turned in on the 17th, the signatures would need to be turned in sooner to give us ample time to certify it. The 17th is the date to certify the Election, not the actual deadline of signatures, if that makes any sense.

Robert: Yeah, that does make sense.

Commissioner Laubach: I thought the August 17th deadline was already moot in this conversation.

Robert: The August 17th deadline is the last date, under State Law, in which you can call a November Election and what Michele is pointing out is, once the petition is signed, she has her job to validate it. And the way that you validate it is to confirm that the language in the petition is correct and that the signatures are valid signatures of valid registered voters.

Commissioner Laubach: If we call an Election by whenever this deadline is before August 17th, do we still have open to us the

option of this bond proposal approved in the November Election?

Robert: No, if this Court were to decide to call a Bond Election before August 17th, we could meet a November Election.

Commissioner Laubach: And we can do that, either because somebody has given us a petition or just because we decide to? Do we have to have a petition or can we just do it?

Robert: That's a two-part question. I think the answer is, the Court could decide to call a Bond Election, what I'm not clear on is, what happens with the Notice of Intent that the Court has already given with respect to the Certificates of Obligation. I don't know what the legal procedures are for cancelling that notice because you've already given it and that is why we really need Mr. Mendez's legal input.

Commissioner Laubach: So there still may be a path to a November Election that allows us to obtain this funding this year if we get the voters on board, but we're not sure yet because there are some problems?

Robert: Again, I think that the Court would have the latitude to call a November Election, if they took action by August 17th, but I don't know what the legal standing of the Certificate of Obligation Notice of Intent would be, I need a legal opinion on that.

Commissioner Smith: Bob, basically when we issued the Notice of Intent, that didn't bind us in any way, based on what you said.

Robert: Right, it did not bind you to issue the debt, but it may very well bind you to take action, one way or the other, to not issue the debt, and I think it's an important point.

Commissioner Smith: I think it's important to always call for a Bond Election and the only restriction there would be based upon the timing to get it on the Election.

Robert: And on that point Commissioner, as you know, because of the discussion on July 13th, I think it was, we gave Notice of Intent to issue up to \$24,250,000. And since then, the Court has gone through their Budget Workshop era and they have settled on a number of \$19,900,000, so you could certainly issue, again, less than the \$24,250,000 that you talked about and I think that everybody is clearly understanding that we are talking about less than \$20,000,000 now.

Commissioner Smith: Yeah, this is the point, you know those were all preliminary numbers, they were numbers that just came off of the top of what some people, I think you were asked that day, "How much additional money could it be?" "Oh it could be another \$10,000,000". Well, so many people may have taken that to represent that we were going to borrow an extra \$10,000,000.

Commissioner Laubach: Absolutely, that's what they were exposed to, as a threat, you bet, and they still do.

Robert: Well, it's unfortunate, I would hope that as elected officials, the community, the fact that you are elected officials, would demonstrate a level of trust that the community has in you. So I think that when you make the pronouncement that it is going to be \$19,900,000, and not \$24,000,000 I would hope that the public would understand the trust. And back to your point Commissioner Smith, yes, how much, well \$10,000,000, I think we can do it for less than a penny. Well, as it turns out, because we are not issuing \$24,000,000, and we turned in a growth, the certified tax numbers that the County has come in

since that day and they came in on the 25th, we showed 9.92% growth in the tax base. Just by coincidence, and I think Mrs. Cox's numbers showed this, the debt rate that she's calculated, based on information that Jacky delivered to her, shows the debt rate declining 9.93% and that the tax base went up 9.92%, so coincidentally...

Commissioner Laubach: Does that mean that the 0.6 cent that we heard earlier is a possible estimated tax rate increase to service the entire \$19,900,000 is now becoming negative .5?

Robert: Yes, negative one-half a penny. Last year your debt rate was 0.052225 cents, now we are looking at 0.047037, so it's very slightly more than half a penny reduction in the debt rate, even with the issuance of the \$19,000,000.

Commissioner Laubach: Let me just clarify, just to make sure that I have this right, if we manage to get this \$19,000,000 bond through, with all of the obstacles in its way, we are telling the voters, the taxpayers, that we are actually able to reduce their tax rate this year by one-half penny?

Robert: The debt tax rate, not the over-all tax rate. The over-all tax depends on what the court does.

Commissioner Laubach: Just the part related to debt.

Robert: The part related to debt will go down one-half of a penny.

Commissioner Smith: Commissioner, if in fact we were to go with a No-New-Revenue Rate, our over-all tax rate would go down 1.79 cents.

Commissioner Laubach: How much would the debt rate go down if we just refinanced the \$3,500,000 that we were talking about refinancing and don't do a \$19,900,000 Bond?

Robert: The interesting thing about the 3.5, 4, or 5 million, you know, talking about refinancing, those are the Certificates of Obligation of 2021 and they were related to Road & Bridge, so if the market stays with us, we are going to save about \$47,000 per year and that would equate to about 1.0017, slightly less than 2/10ths of 1 penny. But, that's paid out of the Road & Bridge Fund, it's not paid out of the I&S Tax, so it's not going to impact the I&S Taxes one way or another.

Commissioner Laubach: So what you are saying is, even if we take on almost \$20,000,000 in debt, how is it that the tax rate goes down? Is it because values have increased?

Robert: It's a combination and that's what I was just referencing a minute ago, because the normal person would go "How do you issue \$20,000,000 in debt and not have an increase in taxes"?

Commissioner Laubach: Right, suppose the values just increased and we don't issue the \$19,900,000, how much does the increase in property values decrease our tax rate?

Robert: Well, I'll answer the question but just let me give you a little bit of background. As we talked about in July, the debt this county has is not only extremely modest, very low, but in fact it's very short and the problem that we've had with the Tax Rate impact of any debt issuance is literally just the first four years. How do we get from 2021 to 2025 where we've got this modest amount of debt that pays off quickly, how do we get past that? Well, there's three things that's helping us get past it, first of all is the growth in the tax base of 9.92%, that's a big one. The second thing is that, we are able under state law to defer principle a little bit and pay, largely,

interest only until we get past that four year spot. And then the other thing is that the County has very prudently built an Interest & Sinking Fund Balance, surplus balances in their I&S account. We are going to be able to use some of those surpluses to help mitigate this tax rate during that 4 year period of time. I'm going to digress to Mrs. Cox's presentation, one of the main things that Senate Bill 2 did, that is really disadvantaged all of the public entities in the State of Texas, Cities, Counties, Schools, everybody, is this whole concept of certifying a tax collection ratio based on previous years excess collections. You know, and she did not go into a lot of detail, she's had to certify 108% tax ration for this year, and you go, "How do you collect more than 100% of taxes"? Well, the reason that she's had to certify 108% is because of last year, the new roll values that Commissioner Smith was talking about, you had excess collections of \$95,200 something dollars. She has to fold that back into the Tax Rate calculation and that ends up a large part, that and the growth in the tax base, ends up in a large part of why you have a certified collection ratio of 108%. Conceptually, I can understand why the Legislature's in Austin did that, you say you don't want to have double dipping of the tax rate, true, but a community like Rockport, Aransas County, needs to have a surplus fund balance in their I&S Account, and in deed, their General Fund. And this is one of the things that you are going to have to talk about when you adopt either 3 ½%, or 8%, or some number in there, whatever the Court does, you've got to maintain a substantial amount of Fund Balances just for events like Hurricane Harvey. Even this Pandemic has created problems with the Hotel Occupancy Taxes and Sales Tax

collections, so you need some fund balances. The problem with Senate Bill 2 across the State is that it is not only going to eliminate the opportunities for communities to build up fund balances in their I&S account, it's actually going to reduce those fund balances and limit the latitude that communities have, to deal with emergencies.

Commissioner Laubach: Let me interrupt you for a moment, because we've wandered far field from my question, that I still need an answer to. Given the \$3,500,000 that we plan to refinance and given the fact that property values have risen almost 10%, if we don't borrow almost \$20,000,000 in a CO, how far can the tax rate drop?

Robert: It would be about the same amount of money, about the same 4.7 cents and here's why, because I would not advise, as the County's Financial Advisor, and I don't think the Court would want to use surpluses, some of these same I&S account fund surpluses, to reduce that tax rate.

Commissioner Laubach: So, suppose we did, what could the tax rate drop to if we did all of the same things, except the \$19,900,000 Bond?

Robert: If you did all of the same things except for the \$19,900,000, somewhere between, my guess would be 3 ½ cents.

Commissioner Laubach: Lower?

Robert: No, not lower, instead of being 4.7 cents, if we did all the same things with the fund balances, probably 3 ½ cents instead of 4.7 cents.

Commissioner Laubach: Ok, so 1.2 cent decrease?

Robert: This year, it may have to go back up next year.

Commissioner Laubach: So instead of a ½ cent decrease, so another .7 decrease for the bond, ok.

Commissioner Smith: You know, Bob, you amaze me with your knowledge, I would point out though, having a Courthouse, a place for the Judicial System and other services that we are required to furnish to the public, it's not discretionary, it is required. So, whether we spend X number of dollars to build one facility or X number of dollars, we still have to build a new facility, we sustained a humongous loss when Harvey got here, because all of the mitigation from the Federal Government does not reimburse Counties or Cities to replace their City Halls, Courthouses, or Police Stations. It's considered a general government function, so yeah, we took it on the chin from Harvey and nobody's going to get us out of that, other than ourselves. So our plan to go forward right here should be based on, how do we do it where we protect the taxpayers, as much as possible.

Robert: Commissioner, the question that you ask is a good one and I had a very lengthy discussion with the Commissioner's Court of Bandera County about, "What is the definition of good Government?", and "When are Elections advisable from a good Government prospective?", and maybe "When are Certificates of Obligation issued that don't require an election, and when is it a good alternative for Communities?" This gets to exactly what you are talking about, the difference between things that are mandated by the State Constitution that the Court has to provide its citizens such as Law Enforcement, Court Systems, Record Keeping and the like vs. things that are nice to have that are not mandated by the Constitution. Things such as Senior Citizens Centers, Community Centers, Parks, Airports, and so forth.

Commissioner Laubach: Third floors for new Courthouses are not mandated.

Robert: Well, it's a matter of, it requires square feet, do you need the square footage. It doesn't matter in my opinion of whether it's on the third floor or just spreading out the first floor more, you need X number of square feet. Cities for example, one of the things that was a real sticking point in Legislative history was back during the depression we first started the Texas State Health Department and we started to put in requirements for the quality for potable water and the necessity for sanitary sewer systems, but all of the Elections and all of the debt issuance at that time was required to be done by a General Obligation Bond Elections, or they did also have Revenue Bond Elections. So what happened was, the communities were being mandated by the Health Department to do this, that, and the other for their water and sewer systems but the bond elections were failing and the cities were in the situation where "we either violate this law or that law", and that was the Genesis of the Certificate of Obligation Act, was to give cities, and by extension counties, the latitude to finance those items that they were constitutionally required to finance. Now it does have a petition thing in there that if the public does not trust their elected officials, there is a petition in there to force it to an election. But that's the history behind the whole Certificate of Obligation Act, is to give communities the opportunity to meet their constitutionally required duties without having an election.

Commissioner Laubach: Any way they were going to try to meet their Constitutionally mandated duties, the question is, were they going to convince the taxpayers to go along, or fail to

convince the taxpayers to go along? And what you are describing is a law that says "If you can't convince your taxpayers we will allow you simply to ignore them".

Robert: No, I think what happens is, they are not ignored, and that's what the petition is for, so they are not ignored. There's either an active approval of the debt through a voted bond election or there's a passive acknowledgment approval of the debt through failing to act on the petition option. I think the problem that communities had then and some communities still have, a Courthouse is not the same thing as a potable water system, you know I understand that, but it is a mandated requirement for law enforcement, record keeping, or certain things that the Courthouse has to do. If the people, if the voters of this community, feel like the scope of this project is so vastly beyond the need of the community, yeah, sign a petition by all means and take this thing to an election, it's not for me to decide whether 45,000 sq. ft. is adequate to the county's needs or 53,000, that's up to this court to decide. I just feel like when I'm asked a question, "When is an election appropriate, or when is it not necessarily appropriate", my standard answer is, if this is a function that the government is required to provide, I'm ok with Certificates of Obligation. Now if they want to go spend \$40,000,000 on a Civic Center or if they want to build a \$20,000,000 green space, then I'm going to say "Now wait a minute", I want to vote on these things because they are not Constitutionally mandated. So, that's my answer to your response.

Commissioner Casterline: Bob, if we would issue CO's we are not bound by \$19,900,000, if we choose to go for a lower number, that's still open, right?

Robert: Right.

Commissioner Laubach: Anything under \$24,250,000.

Robert: Right, anything under \$24,250,000, the court has the authority to say nay or yea to.

Commissioner Casterline: A lot of times, in conversation, people think, I think, that it's your settlement number, you know.

Robert: Well, personally I wish that we had had better information available on July 13th so we wouldn't have had to give a notice of \$24,250,000 to justify more time.

Commissioner Laubach: We started in January, July was way too late.

Robert: I wish we had had better information on July 13th, but it wasn't there, I would think that this Court could adopt some public Resolution limiting themselves to \$19,900,000, but I'm not a lawyer, I don't know.

Judge Mills: Again, thank you Bob for all of your input, we appreciate the new knowledge that we have gained. Are there any other questions or discussions?

Jacky: Well, what we have on our schedule is, next week on the 10th, for the court to propose a tax rate. I wanted to show you what just "No-New-Revenue" would do to the General Fund, right now it still has the current rate and our Fund Balance with doing the "No-New-Revenue Rate" will bring our deficit down to \$661,000, that would leave our Unreserved Fund Balance to a plus of \$6,000,000.

Commissioner Laubach: Let me make sure I understand that, if we adopt a No-New-Revenue Tax Rate, we can leave our reserve balance at around \$6,000,000?

Commissioner Smith: Well we would still be approving a Budget that had a \$600,000 deficit, but there are some other things that we need to talk about, probably this morning, and I'm glad the Sheriff is here. I know that for the last, almost a year, we've been trying to get an increase in our jail, a rate, where do we stand on that Sheriff?

Sheriff Mills: The last two months we've really been trying to push the issue and I did contact Aneshia last Thursday in Washington, the one that is handling this, actually the paperwork. They have been working out of office for a while, it did require a letter of justification by the U.S. Marshall in San Antonio, and ironically on the day that we ordered test kits for COVID, he called challenging the rate that we were asking for, because we weren't in a position to test when other facilities were doing that. I told him that I had ordered kits that morning, they were overnighted and came in Saturday, we conducted COVID tests of the employees and the inmates in the Detention Center. He said that made it easier for him to write a justification letter, which he was responding back to Aneshia. He got that done and I contacted her back last week, asking Aneshia where we were at and she had just came back to the office and I had two questions. Jacky submitted replies to her on Friday, concerning things that we had not requested increases in, and she just wanted to make sure we were good with that.

Commissioner Laubach: Are you talking about increases in what the Feds pay us to house their inmates?

Sheriff Mills: Yes ma'am, last time it was negotiated I believe it was over 6 years ago and it was a 5 year contract, we were well beyond that. The time that we initially started trying to do it, this request has been lost, it got locked up in their system and we have been dealing with this for a year and half trying to get this thing moved. Last week she told me that she was forwarding it to her supervisor and that she should have a reply in a couple of days and expected to call us, at that time on Friday or Monday of this week to sit down and have a negotiation. So I expect a call or an email any time this week and then we will talk about a rate.

Commissioner Smith: You were asking for about a \$20 a day increase, \$63 to \$83, or something like that, is that right?

Jacky: It was over \$80, \$83 sounds about right.

Commissioner Laubach: So how much annual new revenue would that generate?

Commissioner Smith: I can answer that, it's about \$640,000 a year.

Commissioner Laubach: Ok, so if this works out we might have another \$640,000 added back into the budget.

Sheriff Mills: Yes ma'am, but that's based on a daily rate that fluctuates, as well. We try to set a target at the first of the year, that is a moving deal and right now the Feds are dropping their populations all across the facilities because of Court action activity, they're just not picking up as many people right now. But that's typical in Law Enforcement right now because of COVID.

Judge Mills: Thank you.

Commissioner Laubach: I have one more Budget Tax question, I understand we are talking about a No-New-Revenue Tax Rate that

would result in a deficit, but leave our General Reserve Balance at around \$6,000,000, that's not the same as changing the Tax Rate, right? What change in Tax rate will we need to get to the No-New-Revenue number?

Jacky: With what Jeri has calculated in your No-New-Revenue Rate is .433543, which is ultimately about 1.8 cents lower, it's a reduction in the tax rate.

Commissioner Smith: I would like to see you come back next week, assuming that we are going to get more revenue out of the Feds here, even if we budget the full 600 and some odd thousand dollars and we only get half of it, we'd still be probably \$300,000 over the \$6,000,000 over on our fund balance rainy day fund, which I would hate to see go below the \$6,000,000.

Judge Mills: Yeah, we found out about 3 years ago that having that fund was helpful.

Commissioner Smith: Yeah, when we have to pay and then get reimbursed.

Judge Mills: Alright, any other discussion?


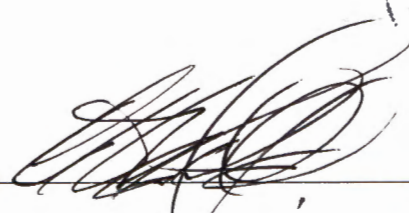
Sheriff Mills: On your current consideration of Budget, I'm going to ask to really consider a raise, the employees in this county I don't think have had a raise in three or four years, prior to Harvey. It's an expensive place to live and I'm losing officers again like I did in the cycle 5 years ago. They are going elsewhere because the pay is better.

Commissioner Laubach: Didn't we do cost of living raises last year?

Sheriff Mills: You gave them a cost of living, but I'm talking about a pay raise, and I think that was one in three years.

Judge Mills: Alright, if there is no other discussion.

No further business presenting, the Court adjourned at 10:57 a.m. on a motion made by Commissioner Smith and seconded by Commissioner Casterline.



C. H. "BURT" MILLS, JR., COUNTY JUDGE



Valerie K. Amason

VALERIE K. AMASON,
EX-OFFICIO CLERK OF THE
COMMISSIONERS' COURT