

**BUDGET WORKSHOP
CITY COUNCIL
CITY OF NASSAU BAY, TEXAS
July 24, 2017
7:30 PM**

MEMBERS OF COUNCIL PRESENT: Mayor Mark Denman, Mayor Pro Tem Sandra Mossman, Councilmembers Don Matter, John Mahon, Bryce Klug, Jonathan Amdur, and Bob Wartens

MEMBERS OF COUNCIL ABSENT: None

OTHERS PRESENT: City Manager Jason Reynolds, City Secretary Sandra Ham, Assistant City Manager Mary Chambers, Finance Director Csilla Stiles, Police Chief Kenneth Campbell, Fire Chief Tom George, Public Works Director Paul Lopez, HR Administrator Isela Castillo, and Planning Commission Chair Roscoe Lee

PRESIDING: Mayor Mark Denman

CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Mark Denman called the meeting to order at 8:05 p.m. and announced a quorum of Council was present with all elected officials in attendance.

BUDGET WORKSHOP

City Manager Jason Reynolds began by summarizing the workshop objectives to include follow-up on previous TMRS discussion, salary review, and response to any unresolved questions regarding the FY18 budget.

Finance Director Csilla Stiles presented a high-level overview of the TMRS retirement system as it currently operates, and also provided details such as deposit rate, matching ratio, vesting, and more, of the City's plan. Discussion expanded to determine how the City's plan compared to the provisions of other TMRS cities, and additionally if there were possibilities for the City to adjust the retirement plan. Mrs. Stiles indicated plan information for each TMRS participating municipality is available on the TMRS website.

Mrs. Stiles described the normal cost, prior service, and supplemental death benefit as elements factoring into the City's contribution rate of 16.21% for FY18. Within the prior service segment, the valuations, annual experiences, and actuarial changes render impact to the City's unfunded liability, which currently stands at \$2,944,088. Councilmember Bryce Klug expressed his discomfort with the FY18 contribution rate of 16.21%, noting the gradual increases in the rate year after year.

Mr. Reynolds urged Council to grant consideration for cost-saving measures within other areas of the City's budget, as the retirement system is a high priority for staff. Councilmember John Mahon countered by indicating that review of the retirement plan was not in regards to cost-saving, but rather a determination of the sustainability of the system.

Councilmember Klug reiterated his concern of the City's unfunded liability of \$2,944,088 for the TMRS system. Finance Director Stiles presented options for paying down the liability as the following:

- Continue as normal and pay the annual TMRS required rate
- Utilize reserves to pay smaller portions of the liability while continuing to pay the same flat rate
- Issue debt to pay a large portion of the liability and continue to pay the flat rate

Continued discussion on the options ensued with Mrs. Stiles navigating the Council through any potential savings or possible concerns of each option. Mrs. Stiles expanded the consideration of debt issuance, indicating the need for balance between paying the debt obligation with the capital needs of the City. Several councilmembers inquired on the possibility of running various scenarios for debt payment, and Finance Director Stiles responded she would provide those options to Council.

Workshop discussion continued with a review of current employee salaries, with Mrs. Stiles presenting the total cost of each position for the City, including medical, retirement and taxes. Finance Director Stiles indicated some portions of a couple positions are paid for by HOT funds.

Ending the workshop, brief conversation was held surrounding budget revenues, with inquiries on property values and sales tax. Mr. Reynolds noted in their plans for the FY18 budget it is projected for sales tax to remain flat. He also indicated more information would be made available regarding property values and tax rates in August.

EXECUTIVE SESSION

After a short break, meeting recessed to Executive Session at 8:57 p.m. as authorized by Texas Government Code, Chapter 551, Open Meetings, Subchapter D, Exceptions to Requirement that Meeting be Open, with Mayor Denman reading from the posted agenda the following topics to be discussed in Executive Session:

1. §551.074 Personnel – Discuss the employment, evaluation, compensation, goals, and duties of the City Manager.

Meeting returned to Open Session at 9:35 p.m.

ACTION ITEMS FROM EXECUTIVE SESSION

1. Consider and take action(s) regarding personnel matter(s) as discussed in executive session – City Manager.

No action was taken for personnel matter discussed in executive session.

ADJOURNMENT

There being no further business, the meeting adjourned at 9:35 p.m.

Minutes approved as submitted and/or amended this 14th day of August, A.D. 2017.

CITY OF NASSAU BAY, TEXAS



ATTEST

S. Ham

Sandra V. Ham
City Secretary

A handwritten signature in black ink, appearing to read 'Mark A. Denman', written over a horizontal line.

Mark A. Denman
Mayor