COURT ORDER NO. 2011- 759 -09-27

STATE OF TEXAS

COUNTY OF COLLIN

COMMISSIONERS' COURT
SPECIAL SESSION MEETING MINUTES
SEPTEMBER 6, 2011

On Tuesday, September 6, 2011, the Collin County Commissioners' Court met in Special Session in the Collin County Courthouse, Room 10256, 2100 Bloomdale Road, City of McKinney, Texas, with the following members present, and participating, to wit:

Judge Keith Self
Precinct 1 Commissioner Matt Shaheen
Precinct 2 Commissioner Cheryl Williams
Precinct 3 Commissioner Joe Jaynes
Precinct 4 Commissioner Duncan Webb

Commissioner Webb led the Invocation.
Judge Self led the Pledge of Allegiance.
Commissioner Shaheen led the Pledge of Allegiance to the Texas Flag.

1. Judge Self called to order the meeting of the **Collin County Commissioners' Court Special Session** at 1:30 p.m. on Tuesday, September 6, 2011.

2. Public Comments. Public comments were heard under General Discussion Item No. 4.

GENERAL DISCUSSION

3. AI-34143 Public Hearing – Proposed Fiscal Year 2012 Tax Rate and Budget, Budget.

Monika Arris, Budget Director, came forward for the Public Hearing on the FY 2012 tax rate. The current tax rate is $0.2400. Collin County has had no tax rate increase for the past 18 years; there has been a 5% homestead exemption for three years. A slide was presented showing the adjusted taxable value from the Collin County Central Appraisal District dating back to 1991. It is showing a growth of about 1.2% in FY 2012. The average home in Collin County for FY 2011 is valued at $230,944. The average homeowner will pay $526.55 in county taxes for the 2011 tax year. That is a decrease of .1%, or .57, from last year.

Ms. Arris showed a slide of planned bond sales. She also presented an estimated projected debt service and M&O rate going forward should the county sell those bonds at those rates.

The effective tax rate is $0.241295. It is a calculated rate that would provide Collin County the same amount of revenue it received the year before on properties that were taxed in both years. The effective operating rate is $0.185577 and the debt service rate, which is required to pay the county's obligations, is $0.063954. The rollback rate provides Collin County with the same amount of tax revenue it spent last year for the day to day operations, plus an additional 8% increase for those operations. The total rollback tax rate is $0.264377. Ms. Arris said they are proposing a tax rate for FY 2012 of $0.240000 which is less than both the effective and rollback tax rates.

In conclusion, Ms. Arris stated there will be another public hearing on the FY 2012 tax rate in Commissioners Court on Monday, September 12th, in Room 10256 of the Collin County Courthouse at 6:00 p.m. The proposed budget will also be filed on September 12th. There will be a public hearing on the proposed budget on Monday, September 19th, at 1:30 in the Commissioners' Courtroom. At that time the court will also adopt the FY 2012 fee schedule, FY 2012 tax rate, FY 2012 budget and elected officials' salaries.

Judge Self opened the public hearing portion of the meeting and asked for any speakers. Hearing none, Judge Self closed the public hearing.

Judge Self asked for any discussion amongst court members. Commissioner Jaynes noted not many entities other than the City of Allen can say they've gone 18 years without raising taxes. (Time: 2:00 p.m.)

NO ACTION TAKEN

4. AI-34157 Commissioners Redistricting, Commissioners Court.

Philip Sanders, City Manager, City of Anna, said the City of Anna was notified on Friday about a proposal submitted by the City of McKinney to alter the redistricting map approved by the Commissioners Court. The proposal submitted by the City of McKinney would divide the City of Anna in half. Mr. Sanders stated the Anna City Council would like an opportunity to review this map and study the impact it would have on the City of Anna. Anna has concerns that they would like to review before the Commissioners Court would act on a new redistricting proposal. (Time: 1:32 p.m.)

Roger Harris said he resides at 821 Hills Creek Drive, McKinney, which is one of the neighborhoods affected by the redistricting. He also represents the City at Large on McKinney City Council. The City of McKinney has had an opportunity to participate in the redistricting process both on a city and state level so they understand the complexity of the process. Mr. Harris stated the impact of this redistricting will affect Collin County residents and their representation for the next ten years. The City of McKinney has a proposed alternative to the redistricting map which Mr. Harris believes will serve the county and the citizens of McKinney better than the one proposed by the Commissioners Court. McKinney is the county seat and Mr. Harris believes the map the City of McKinney is proposing will give population equity. Mr. Harris stated the previous map carved out the most active voter base and moved it from Precinct 3 to

Precinct 1. McKinney's interest is to ensure the best representation for the citizens and businesses of McKinney. They believe voters should be in one county precinct. Mr. Harris urged the court to accept the plan submitted by the City of McKinney. (Time: 1:36 p.m.)

Wade Cramer, 1123 Brookhill Road, McKinney, lives in one of the precincts affected. He understands the difficulties in handling redistricting, but he had questions. By the time he was made aware of the redistricting, the decision had been made. His initial reaction was how does this make sense? He can see the impact to the residents of McKinney. They're split and their vote is diluted in the county. They don't have the same voice. Mr. Cramer's next question is why at such a late date was this just becoming pubic knowledge? This map was not available to anybody. Why was community input not asked for and looked for before it was approved? Where's the openness that this Commissioners Court so highly touts? He is an individual citizen but one of many effected. Mr. Cramer said he would like to see this decision reconsidered. (Time: 1:38 p.m.)

McKinney Mayor Brian Loughmiller came forward to speak. He stated the City of McKinney is also in the middle of a redistricting process. Through the public input process they made adjustments to their maps. They heard from concerned citizens. The Mayor said what came out of their discussions is how do you draw a map that makes constituents feel they're being represented fairly and equally in terms of being able to vote? This is not about Commissioner Shaheen and Precinct 1 and how it's being represented. It's mainly about Precinct 3. This is about having the ability to vote for a commissioner who represents the city's interests. He asked the Commissioners Court to keep in mind that the City of McKinney is the county seat, it has the largest land mass and it has the largest population base in the county. They don't want their vote to be marginalized. They don't want to look back ten years from now and see they don't have the input into such things as transportation projects. In conclusion, Mayor Loughmiller asked the Court to consider the alternative map submitted by the City of McKinney and to consider how they can best serve the citizens of Collin County. (Time: 1:41 p.m.)

Jodi Ann LaFreniere was present representing the McKinney Chamber of Commerce. The Chamber is appreciative of the dialogue since the last meeting. As was discussed, the City of McKinney does not feel the approved map is in the best interest of the citizens and businesses of McKinney. The City of McKinney passed resolutions in support of the alternative map and is asking the court to reconsider their decision. They believe the City of McKinney is best served by the largest number of their voters being in one county precinct. Ms. LaFreniere said this is not politically motivated. The Chamber of Commerce does not endorse candidates. They would be voicing these same concerns whether Commissioner Jaynes was running again or not. Ms. LaFreniere stated that while the Chamber realizes the Commissioners Court has to look out for the best interests of the entire county, sometimes the needs of individual cities are not aligned. The City of McKinney wants to make sure they have the voice they

need to continue to grow in a responsible manner. They believe the map proposed by the City of McKinney makes better sense. The difference in the alternative map being used instead of the approved map makes a difference of only 132 residents and reduces the land mass covered by the Precinct 3 representative. The Chamber and the City feel strongly that this relates to how we are represented in the future. She hoped the Court would take a different position as this relates to the City of McKinney. (Time: 1:45 p.m.)

Commissioner Shaheen had a Power Point presentation for the audience. He wanted to make sure everyone understood the redrawn map and he wanted to present some history. The Commissioner stated the City of McKinney is already divided up. He showed a map depicting the area that was incorporated into Precinct 1 in 2010. Out of 200,000 citizens in Precinct 1, 24,000 make up McKinney residents. He viewed these citizens as being unrepresented. This redistricting corrects that issue. His precinct met the constitutional requirements of having 25% of the population. Precinct 4 was 30,000 below and Precincts 2 and 3 were above. He was not involved in the first two public meetings about redistricting. He saw an opportunity to fix this issue which is what the redrawn district does. This gives the City of McKinney greater representation on the Commissioners Court concerning transportation and other projects. Commissioner Shaheen thanked the City of McKinney for their alternative proposal. However, it presents a map with fewer McKinney residents in Precinct 1. It also adds cities to Precinct 1. Currently Commissioner Shaheen represents five cities; the new proposal would have him representing seven cities. Essentially the City of McKinney would have less representation under that option. The Commissioner said this marginalizes the city and that's not what the Court wants for the county seat. Additionally, the cities of Weston and Anna oppose the map. It splits Anna. Anna and Melissa are considered sister cities and this redrawn map splits them. Commissioner Shaheen stated he thinks a unanimous vote in redistricting is important, which the court had.

Judge Self said Geralyn Kever did not want to speak but she submitted a blue card on the alternate option map.

Commissioner Williams represents 18% of the City of Plano. She said Plano will not tell you they are underrepresented in any way, shape or form. The Commissioner was concerned about the suggestion that having a portion of the city represented by another commissioner leads to less than active representation. A city the size of McKinney or Plano is going to have more than one representative as things grow. This is a logical step in that direction. Commissioner Webb agreed. His precinct was underrepresented. He needed 30,000 more residents. His only choice was to get population from Precinct 1 or 2. The City of Plano currently has three representatives. Precinct 1 goes through West Plano, so Precinct 1 has a material representation of the City of Plano. The Commissioner said the map approved is giving the City of McKinney a material input from two different precincts to give them more representation on their issues rather than less.

Commissioner Jaynes said as a representative of McKinney, he can understand McKinney's concerns about coming in and taking out basically the heart of a very dense community. McKinney doesn't have an issue with two representatives but with how it came about and how it affects that area. Commissioner Jaynes made a motion that the Court approve the City of McKinney's map or consider stretching the alignment out. Hearing nothing further, Judge Self stated the motion died for lack of a second. Judge Self said there was no reason to put forth a second here. The majority of the court has spoken. This issue has been in the public eye since early August. The Judge appreciated the people of Anna and Melissa coming forth with their concerns. (Time: 1:54 p.m.)

NO ACTION TAKEN

5. AI-34056 Early Voting locations, dates and hours for the November 8, 2011 Constitutional Amendment, Special Election, Elections.

Sharon Rowe, Elections Administrator, had a handout for court members. She stated the handout had updates as requested by Commissioner Jaynes. Texas Star Bank has been changed to a temporary early voting location and Melissa City Hall and Alliance Bank were added as early voting locations. Commissioner Jaynes said he requested Melissa City Hall to be an early voting location because on November 8th they are having a charter election. Judge Self asked if the issue in West McKinney was solved. Ms. Rowe said that was solved with Alliance Bank at 121 and Lake Forest. Commissioner Jaynes made a motion to approve the early voting locations, dates and hours. (Time: 2:02 p.m.)

Motion by: Commissioner Joe Jaynes
Second by: Commissioner Matt Shaheen
Vote: 5 - 0 Passed

COURT ORDER NO. 2011-620-09-06

6. AI-34055 Election Day Vote Centers for the November 8, 2011, Constitutional Amendment, Special Election, Elections.

Ms. Rowe remained before the court. She said the locations for the Election Day Vote Centers are in the Court's packet. The locations were reduced from 74 locations to 55 in a prior court. They added Stonebridge United Methodist Church and Alliance Bank. Commissioner Williams has issues with the vote center idea versus what we're putting into practice. She would ask that some of the commissioners get together and spend time with Ms. Rowe on how they can consolidate these further into more centralized

locations. Judge Self thought that was a great idea. Commissioner Jaynes agreed with Commissioner Williams. Commissioner Williams made a motion to approve the Election Day vote centers. (Time: 2:04 p.m.)

Motion by: Commissioner Cheryl Williams
Second by: Commissioner Duncan Webb
Vote: 5 - 0 Passed

COURT ORDER NO. 2011-621-09-06

7. AI-34159 Collin County voting Precinct boundary changes to maintain compliance with Section 42.031 and Section 42.032 of the Texas Election Code, Elections.

Ms. Rowe praised the County's GIS (Geographic Information Services) Department and Brett Fenster for their assistance through this process. Ms. Rowe said they are trying to make sure everything meets up with the lines the Commissioners Court had recommended and the state and federal government. Brett Fenster, GIS, was present to explain the major changes to the map. Judge Self explained the criteria they had to follow, they had to match to the House district lines, Congressional lines and state senate lines; they also had to match any commissioner precinct redraws, Justice of the Peace and Constable redraws. The Judge said this is a mandatory exercise. There is nothing left to the court's discretion. Commissioner Shaheen asked how the change is communicated to the public. Ms. Rowe replied there is a publication that will go out for three weeks to show new voting precinct information. If there is a new precinct, it will be labeled "new precinct". Commissioner Williams made a motion to approve the boundary changes as presented. Judge Self recognized the GIS Department for their work. (Time: 2:13 p.m.)

Motion by: Commissioner Cheryl Williams
Second by: Commissioner Duncan Webb
Vote: 5 - 0 Passed

COURT ORDER NO. 2011-622-09-06

8. AI-34202 Tax Abatement Policy for new businesses, Administrative Services.

Bill Bilyeu, Administrative Services, introduced Jim Shepherd, County Attorney, and Bo Daffin, Central Appraisal District, who were present for this item. Mr. Shepherd had a presentation for the court. He started by saying there are steps that need to be taken before the court can update the abatement policy. Mr. Shepherd referred the Court to Section 312 of the Texas Tax code which related to how to prepare, execute and benefit from a tax abatement program. For the benefit of audience members, Judge Self offered an update on the proposed tax abatement policy. Tax abatements are usually for large companies. The businesses that are hurting today are small businesses. The Judge said they are trying to design something that will bring jobs to Collin County. Small businesses employ more citizens than large businesses. This policy needs to be designed to meet state law. There will be opportunities for the cities to join us and

participate in this. While awaiting the power point, Commissioner Shaheen had questions of Mr. Shepherd on the economic development proposal.

Mr. Shepherd's power point was entitled "Collin County Economic Development Program" and it started with procedures for the tax abatement policy. Mr. Shepherd presented his power point while offering input and explanation. He also answered questions from court members. The first step is to develop and adopt guidelines and criteria governing the Tax Abatement Agreements. The second step is to create the reinvestment zones. Mr. Shepherd said reinvestment zones can only be created in unincorporated areas of the county and they must be done in a public hearing. We are unable to enter into a tax abatement condition with a business that is not in a reinvestment zone. The third step is to create agreements with municipalities who wish to participate in the program.

Commissioner Williams asked how this impacts municipalities' ability to do a TIF or TIRZ in the future. She could see reticence on the cities' part to do this with the county if they have an opportunity that would exceed what the county is offering. Mr. Shepherd said that was a fair question; the county needs to come up with the right answer so they can extricate themselves. He did not think there would be a problem with terminating the zone or shrinking it down to new businesses that entered into a tax abatement agreement based on this program.

Following additional questions from court members Mr. Shepherd continued his power point presentation. The next step under procedures, No. 4, is to create an application and process for review and approval by the county. Procedure No. 5 is to create procedures necessary to coordinate the plan with: Collin County Appraisal District, Tax assessor-collector's office and County administration. Mr. Shepherd explained the last portion under county administration refers to large abatements for large companies, the business must certify that they met the requirements. That is not hard to with a company like TI, but it is difficult to do with a doughnut shop. Commissioner Jaynes asked if there would be a procedure on how to deal with small businesses like a doughnut shop. Mr. Daffin from the Central Appraisal District answered questions on businesses that currently have tax abatements and the differences between real property and business personal property. Mr. Daffin noted a multi-tenant shopping center may contain 30 or 40 businesses.

Mr. Shepherd moved on to what is required to be in the tax abatement program. No. 1, the agreement must list: kind, number and location of all proposed improvements of the property. Mr. Shepherd had questions for the court. He asked if a franchise opens a location in McKinney and hires 50 people, do they qualify for the abatement? If they go out of business and the location is taken over by a husband and wife operation, do they qualify for the abatement? Discussion continued. Commissioner Williams said the City of Plano has a problem with offering abatements to retailers. They feel that it is a slap in the face to retailers already located there by giving incentives to people to come in and compete with existing businesses. Commissioner Williams wanted there to be

more in depth discussion with the cities on their willingness to work with the county. Commissioner Webb was concerned with who was going to administer this whole thing.

Mr. Shepherd continued with the required terms of tax abatement: No. 2, the agreement must provide access to and authorize inspection of the property by county employees. Commissioner Williams was having a hard time seeing very many cities that are going to say they are going to give every new business an abatement. Mr. Shepherd agreed. Commissioner Williams said we'd better be prepared to staff up for it. Judge Self thinks it should be done in steps. We ought to do the simple part, which is the county, and do the cities the simplest way we can.

Judge Self asked McKinney City Manager Jason Gray to come forward. Mr. Gray said the policy being discussed is laudable. City officials are interested to see how this plays out, but there is an administrative nightmare that goes along with this. The City of McKinney would love to sit down and talk through how this might work for the cities. Commissioner Williams asked Mr. Gray if he thought it would be a value to be able say at a minimum a 50% three-year abatement is available. Mr. Gray replied absolutely. He thinks the policy is a great idea but there is a significant amount of administrative burden that goes with it.

Mayor Loughmiller said with regard to the presentation, a lot of what's being talked about is the agreement, not the policy. Mayor Loughmiller said the City of McKinney will aggressively be seeking companies to come to Collin County Regional Airport as opposed to Love Field.

Mr. Shepherd thought the county needed to talk to the EDC (Economic Development Centers) in the cities to find out what their thoughts are. Judge Self doesn't think we need 100% of the cities to agree. Commissioner Jaynes said he was seeing dual policies: a policy for cities with big businesses and a policy for small businesses. Judge Self said we can adjust our threshold. Commissioner Webb wanted to know if there could be a different policy for different cities and unincorporated areas. Mr. Shepherd replied the answer is yes.

Moving to No. 3, Mr. Shepherd said the agreement must limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that the property tax exemptions are in effect. Mr. Shepherd added, one of the nice things the legislature did is say because you have the policy does not mean you have to give it to everybody.

Continuing with the required terms of the tax abatement, Mr. Shepherd noted:

No. 4, agreement must provide for recapturing property.

No. 5, the agreement must contain each term agreed to or by the owner of the property.

No. 6, the agreement must require the owner of the property to certify annually to the governing body of the county they are complying with agreement.

No. 7, the agreement must provide that the governing body of the county may cancel or modify the agreement if the property owner fails to comply with the agreement.

Mr. Shepherd listed optional terms of the tax abatement agreement, and then moved on to abatement agreement criteria. Mr. Shepherd highlighted his economic development proposal for Collin County.

Mr. Shepherd said one of the criteria is the Court's input on TIF and TIRZ zones. In depth discussion followed between Mr. Shepherd and court members.

Mr. Daffin said on the 2011 certified roll there are 93 abatements for the county. To administer those it is taking the Central Appraisal District 1,000 clerical hours a year for the certification process. He gave an example of the process. On an annual and ongoing basis, there are 30,000 protests filed a year that deal with business personal property and real property. If you have a suite with 30 businesses in it, there could be 30 abatements on it. If those businesses leave and 30 more come in, there could be 30 more the following year. Mr. Daffin said there will be enforcement issues. This will be a significant administrative task for the appraisal district. Commissioner Shaheen said since the Court was not familiar with CAD's process, he wanted Mr. Daffin to provide the Court guidance on how they might structure follow up and audit to minimize costs. Mr. Daffin agreed. Judge Self said Mr. Daffin is dealing with larger companies. Small companies may not do that. Mr. Daffin noted between real and personal property there are about 312,000 parcels in Collin County. Judge Self said the goal is to increase that. Mr. Daffin said his perspective is to provide the court information without knowing the costs of what it will cost to administer the program. There will be individuals who will open and re-open to try to have a rolling abatement. Mr. Daffin noted he may need four or five people in his office to administer this program.

Following further discussion, Mr. Shepherd said he has an understanding of what the court wants next. He said he will draft up a summary of the policy guidelines that they discussed, and he thought the court should send out invitations to the cities and the county that would like to participate in the program to participate in discussions. Mr. Bilyeu said they will try to bring smaller groups and cities together. (Time: 3:51 p.m.)

NO ACTION TAKEN

9. **AI-34168** Appointment to the North Texas Behavioral Health Authority (NTBHA) Board, Commissioner Pct. 2.

Judge Self asked for an appointment to the NTBHA Board. Commissioner Williams appointed Mayor Brett Baldwin from the City of Murphy. The Commissioner said Mayor Baldwin is a psychologist and he is somebody who would represent the county well on that Board. (Time: 3:51 p.m.)

Motion by: Commissioner Cheryl Williams
Second by: Judge Keith Self
Vote: 5 - 0 Passed

COURT ORDER NO. 2011-623-09-06

10. Possible future agenda items by Commissioners Court without discussion.

Commissioner Webb had asked previously for information on how much the county was spending on capital defense. He asked when that would be presented. Mr. Bilyeu said that is posted quarterly on the county website. Commissioner Webb said he would like that to be discussed in Court. He recently attended a conference where he met a nonprofit group that does capital indigent defense. Three-quarters of the state use this group. The capital cost for a county the size of Lubbock is $144,000 total. The Commissioner wanted to find out what the county spends and look into possibly going into that program. (Time: 3:53 p.m.)

EXECUTIVE SESSION

There being no reason to recess into Executive Session and no further business of the Court, Judge Self adjourned the meeting at 3:53 p.m.

Keith Self, County Judge

Matt Shaheen, Commissioner, Pct. 1

Cheryl Williams, Commissioner, Pct. 2

Joe Jaynes, Commissioner, Pct. 3

ATTEST:

Duncan Webb, Commissioner, Pct. 4

Stacey Kemp, Ex-Officio Clerk
Commissioners' Court
Collin County, T E X A S