

STATE OF TEXAS

COUNTY OF COLLIN

COMMISSIONERS' COURT
MEETING MINUTES
SEPTEMBER 9, 2013

On Monday, September 9, 2013, the Commissioners' Court of Collin County, Texas, met in Regular Session in the Commissioners' Courtroom, City of McKinney Council Chambers, 222 N. Tennessee Street, City of McKinney, Texas, with the following members present, and participating, to wit:

Judge Keith Self
Commissioner Matt Shaheen, Precinct 1
Commissioner Cheryl Williams, Precinct 2
Commissioner Chris Hill, Precinct 3
Commissioner Duncan Webb, Precinct 4

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

Judge Self called to order the meeting of the Collin County Commissioners' Court at 6:00 p.m.

President Self called to order the meeting of the Collin County Health Care Foundation at 9:38 p.m. and adjourned the meeting at 9:39 p.m.

DECISIONS MANDATED BY LEGAL ENTITIES OUTSIDE OF COMMISSIONERS COURT AUTHORITY:

1. AI-37347 Personnel Appointments, Human Resources.
2. AI-37348 Personnel Changes, Human Resources.

FYI NOTIFICATION

1. AI-34688 Outstanding Agenda items, Commissioners Court.
2. AI-37208 Addendum No. 1 to Technical Assistance—Cisco IPCC Enterprise CVP/IVR/Studio/Audium (RFP No. 2013-286) to make various changes to the Request for Proposal, Purchasing.
3. AI-37252 Amendment No. 1 to Commissary Services: Jail (RFP No. 03149-09) with Aramark to extend the contract for one (1) year through and including September 30, 2013 with proposed price changes that represent a 1% increase to various items, Sheriff.

4. AI-37285 Voluntary Terminations, Human Resources.

5. AI-37241 Budget adjustment(s)/amendment(s) totaling \$70,310 (over \$5,000 per c/o 2005-589-08-01), Budget.

2. Public Comments.

Ann Lieber, Prosper, came forward with comments on SB 1029 as it relates to Commissioners' Court. Ms. Lieber attended the August 14 meeting of the NCTCOG (North Central Texas Council of Governments) titled "Access North Texas East West Funding Distribution". At the meeting COG provided a brief wrap-up of the 83rd legislative session. One slide pertaining to toll roads stated "removes process to convert non-toll lanes to toll lanes". SB 1029 was passed with five loopholes that give TxDOT carte blanche to build as many toll roads as they choose. Ms. Lieber provided a copy of the statute to Court members and expressed her concerns. (Time: 6:16 p.m.)

Additional public comments were heard under General Discussion.

3. Presentation/Recognition.

4. Consent agenda to approve: Judge Self noted FYI Notification No. 3 would be deleted from the agenda. The Judge asked for any comments on the consent agenda. Commissioner Webb pulled items 4d3, 4e2, 4e3, 4e5 and 4k3 for discussion. Commissioner Shaheen pulled item 4c2. Hearing no others, a motion was made to approve the remainder of the consent agenda. (Time: 9:25 p.m.)

Motion by: Commissioner Chris Hill
Second by: Commissioner Cheryl Williams
Vote: 5 – 0 Passed

a. AI-37221 Disbursements for the period ending September 3, 2013, Auditor.
COURT ORDER NO. 2013-656-09-09

b. AI-37246 Tax refunds totaling \$357,041.09, Tax Assessor Collector.
COURT ORDER NO. 2013-657-09-09

c. Award(s):

1. AI-37280 Services, Emergency Medical (Ambulance Service) (RFP No. 2013-016), Fire Marshal.

Judge Self called Fire Marshal Jason Browning forward. The Court had before them a successful RFP (Request for Price) and recommendation from the Northern and Eastern EMS Coalition Committees. Commissioner Webb asked about liability insurance being \$500,000. He thought that was low. The Commissioner asked Ms.

Rains why umbrella coverage wasn't provided on top of the \$500,000 for motor vehicle coverage.

Michalyn Rains, Purchasing, stated her office worked with Risk Management for the recommendations. She deferred to Ms. Jacobson. Cynthia Jacobson, Human Resources, stated she would check into the matter. Sara Hoglund, Purchasing, came forward and added the current contract expires October 31, 2013. There is time to look at the contract.

Commissioner Webb asked the Court to hold the matter until the question is resolved.
(Time: 6:04 p.m.)

HELD

2. AI-37181 Audio Visual for the Justice of the Peace (JP) Courtrooms (RFP No. 2013-185) and budget amendment in the amount of \$41,449 for same, Justice of the Peace, Precinct 1.

Commissioner Shaheen wanted to discuss the AV arrangements for the JP courtrooms. The Commissioner was concerned about taking the analog audio infrastructure from the Courthouse and placing it in the JP courtrooms. The concern was that the JP courtrooms would have the same problems as the District Courts which would result in a large financial burden to upgrade. Commissioner Shaheen proposed taking the configurations before the Court today, not including the audio, but provide the JP courts with polycoms so people can dial in during court sessions and participate without having to physically be present. Brief discussion followed.

Paul Raleeh, Justice of the Peace Precinct 1, came forward and requested this item be removed from the agenda to allow him time to work on this issue with Commissioner Shaheen and IT. The future is digital. This is not a budget item.

A motion was made to reject the item as presented. (Time: 9:32 p.m.)

Motion by: Commissioner Duncan Webb
Second by: Commissioner Cheryl Williams
Vote: 5 – 0 Denied

COURT ORDER NO. 2013-658-09-09

d. Agreement(s):

1. AI-37183 Annual contract with the Collin County Community Supervision and Corrections Department (CSCD) to establish a system for CSCD employee benefits, pay the Judicial District Fund \$60,433 for fee collections and further authorize the County Judge to finalize and execute same, CSCD.

COURT ORDER NO. 2013-659-09-09

2. AI-37190 Interlocal Agreement with the City of Allen for Right-of-Way participation at the interchange of US 75 (Central Expressway) and SH 121 (Sam Rayburn Tollway) (Bond Project No. 07-00-22), budget amendment in the amount of \$444,285 and further authorize the County Judge to finalize and execute same, Engineering.

COURT ORDER NO. 2013-660-09-09

3. AI-37219 Interlocal Agreement with the City of Sachse and the City of Wylie concerning the construction of Woodbridge Parkway from SH 78 to Hensley Lane improvements (Partial Funding ILA No. 2) (Bond Project No. 03-072), budget amendment in the amount of \$2,732,449 and further authorize the County Judge to finalize and execute same, Engineering.

Commissioner Webb pointed to an error on page 319 of the Agreement; ILA No. 1 should be ILA No. 2. Tracey Homfeld, Engineering, agreed and will make that correction. A motion was made to approve the Interlocal Agreement with the correction as noted. (Time: 9:34 p.m.)

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

COURT ORDER NO. 2013-661-09-09

4. AI-37229 Interlocal Cooperation Contract with the Texas Department of Public Safety (Agreement No. 2013-365) to purchase supplies for use in the Breath Testing and Laboratory Alcohol and Drug Testing Program effective September 1, 2013 through and including August 31, 2015 and further authorize the County Judge to finalize and execute same, Sheriff.

COURT ORDER NO. 2013-662-09-09

5. AI-37198 Renewal of Maintenance Contracts in the amount of \$426,950.32 for Motorola communications equipment & software (Contract No. 03511-09) through and including September 30, 2014 and further authorize the Purchasing Agent to finalize and execute same, Sheriff.

COURT ORDER NO. 2013-663-09-09

e. Amendment(s):

1. AI-37223 First Amendment to the Interlocal Cooperation Agreement with Denton County for the Design Schematic and Environmental Assessment for US 380 from the Denton/Collin County Line to West of FM 423 in Denton County, approve the reimbursement of \$293,739.07 to Denton County and further authorize the County Judge to finalize and execute same, Engineering.

COURT ORDER NO. 2013-664-09-09

2. **AI-37220** No. 3 to the lease Agreement with the Collin County Health Care Trust Foundation and Collin County for property located at 900 East Park Boulevard, Suite 140A-C and Suite 210, Plano, Texas to increase the rent by \$1.00 per square foot, base price of the lease \$115,155 payable in monthly installments of \$9,596.25 and further authorize the County Judge to finalize and execute same, Construction & Projects.

COURT ORDER NO. 2013-665-09-09

3. **AI-37256** No. 3 to the Lease Agreement with the Collin County Health Care Trust Foundation and Collin County for property located at 900 East Park Boulevard, Suite 200, Plano, Texas to increase the rent by \$1.00 per square foot, base price of the lease \$170,235 payable in monthly installments of \$14,186.25 and further authorize the County Judge to finalize and execute same, Construction & Projects.

Items 4e2 and 4e3 were discussed simultaneously. Commissioner Webb asked about the effective date for the rent increase. The intent is for the increases to be effective October 1, 2013. Bill Burke, Director of Building Projects, came forward and said he would make that change. A motion was made to approve items 4e2 and 4e3 with the change as noted. (Time: 9:36 p.m.)

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

COURT ORDER NO. 2013-666-09-09

4. **AI-37238** No. 3 to the Personal Services Agreement: Deceased Livestock Pickup (Contract No. 09443-10) with Jan Kearney to extend the contract for one (1) year through and including September 30, 2014 and further authorize the Purchasing Agent to finalize and execute same, Development Services.

COURT ORDER NO. 2013-667-09-09

5. **AI-37262** No. 4 to the Lease Agreement with the Collin County Health Care Trust Foundation and Collin County for property located at 920 East Park Boulevard, Plano, Texas to increase the rent by \$1.00 per square foot, base price of the lease \$381,660 payable in monthly installments of \$31,805 and further authorize the County Judge to finalize and execute same, Construction & Projects.

COURT ORDER NO. 2013-668-09-09

f. Change Order(s):

1. **AI-37251** No. 2 to Food: Bread Products (IFB No. 04201-12) with Earthgrains Baking Companies, Inc. to extend the contract for one (1) year through and including September 30, 2014 and further authorize the Purchasing Agent to finalize and execute same, Sheriff.

COURT ORDER NO. 2013-669-09-09

g. Ratification of the County Judge's prior approval:

1. **AI-37259** Outdoor Burn Ban in the unincorporated areas of Collin County, Fire Marshal.

COURT ORDER NO. 2013-670-09-09

h. Budget adjustment(s)/amendment(s):

1. **AI-37255** \$622 to purchase one (1) printer, Justice of the Peace, Precinct 1.

COURT ORDER NO. 2013-671-09-09

2. **AI-37245** \$12,250 for final payment to TxDOT for right-of-way funds for SH 121 at the US 75 Interchange (Bond Project No. 03-123), Engineering.

COURT ORDER NO. 2013-672-09-09

3. **AI-37242** \$99,346 for final payment to TxDOT for right-of-way funds for FM 455 from US 75 to SH 5 roadway (Bond Project No. 03-117C), Engineering.

COURT ORDER NO. 2013-673-09-09

i. Receive and File, Monthly Financial Report(s), Auditor:

1. **AI-37199** April 2013.

COURT ORDER NO. 2013-674-09-09

2. **AI-37200** May 2013.

COURT ORDER NO. 2013-675-09-09

3. **AI-37201** June 2013.

COURT ORDER NO. 2013-676-09-09

j. Filing of the Minute(s), County Clerk:

1. **AI-37212** August 12, 2013.

COURT ORDER NO. 2013-677-09-09

2. **AI-37253** August 19, 2013.

COURT ORDER NO. 2013-678-09-09

k. Miscellaneous

1. **AI-37152** 50/3 application for the Wylie Cinema Company, LLC, Budget.

COURT ORDER NO. 2013-679-09-09

2. **AI-37279** Re-designation of FM 1461 between County Road 161 and County Roads 123 & 162 to N. Lake Forest Dr. (with associated updates), GIS Rural Addressing.

COURT ORDER NO. 2013-680-09-09

3. **AI-37244** Grant Application for the CoServ Charitable Foundation Grant in the amount of \$18,250 to purchase law enforcement individual first aid kits (IFAK) and training, further authorize the County Judge to finalize and execute same, Sheriff.

Commissioner Webb questioned the request for \$18,250. In reading the write-up, the total cost of the project is listed as \$22,250. The Commissioner questioned the difference. Sheriff Box stated the request is for \$18,250. The additional amount will be removed from the request. Following brief discussion, a motion was made to approve the grant application with the correction as noted. (Time: 9:38 p.m.)

Motion by: Commissioner Duncan Webb

Second by: Commissioner Chris Hill

Vote: 5 – 0 Passed

COURT ORDER NO. 2013-681-09-09

4. **AI-37349** Personnel Appointments, Human Resources.

COURT ORDER NO. 2013-682-09-09

5. **AI-37350** Personnel Changes, Human Resources.

COURT ORDER NO. 2013-683-09-09

GENERAL DISCUSSION

5. **AI-37237 Public Hearing** – FY 2014 Preservation and Restoration Plan and Records Archive, County Clerk.

County Clerk Stacey Kemp came forward to request a Public Hearing regarding the County Clerk's Fiscal Year 2014 Preservation and Restoration Plan and Records Archive. The purpose of creating a restoration plan is to define the restoration and preservation plans of the County Clerk's Office for the upcoming year. The plan is updated each year and presented to the Commissioners' Court as an option. The ultimate goal of these efforts is to digitize permanent documents in the County Clerk's possession and make them readily available and useable to the public online, thus protecting the original documents. To date, over 3,200 volumes have been cleaned, de-acidified and encapsulated in an archival polyester pocket. In the upcoming year official public deed records and civil and criminal documents will be preserved and archived. Ms. Kemp requested the Court's approval for the FY 2014 Preservation and Restoration Plan and Records Archive.

Judge Self asked about the possibility of displaying some of the more unique records in display cases in the Courthouse. Ms. Kemp said she can do that.

Judge Self opened the Public Hearing at 9:22 p.m. Anthony Shuman came forward and offered to donate glass cases that are available from a non-profit organization. Judge Self accepted the donation. Hearing no other public comments, the Public Hearing was closed at 9:22 p.m.

A motion was made to accept the County Clerk's FY 2014 Preservation and Restoration Plan and Records Archive. (9:23 p.m.)

Motion by: Commissioner Chris Hill
Second by: Commissioner Cheryl Williams
Vote: 5 – 0 Passed

COURT ORDER NO. 2013-684-09-09

6. AI-37206 McKinney Crape Myrtle Trail update, Commissioner, Precinct 3.

Phil Wheat came forward with a Power Point presentation and update for the Court on the Crape Myrtle Trails of McKinney. The mission of the Board is to be an integral part of elevating the beauty and appeal of the City of McKinney to the highest levels by showcasing the premier flowering plant of the South. One of the objectives of the Board is continual development and improvement of the World Collection Park. Every fifth grade student in McKinney receives a crape myrtle on the Friday immediately prior to Mother's Day. In conclusion, the Board continues to promote McKinney as America's Crape Myrtle City. Commissioner Hill asked for a raise of hands of students in the audience who received crape myrtles. (Time: 6:12 p.m.)

NO ACTION TAKEN

7. AI-37286 Employee Choice Plan, County Judge.

Judge Self had a Power Point presentation entitled "Employee Choice Plan". Collin County will pay more than \$100 million in tax dollars into the retirement system over five years, including 2014. Judge Self's presentation would cover all employees, current employees and future employees. The purpose of the presentation is to ensure the future financial health of Collin County as we grow and as our number of retirees grows. The briefing suggests an alternative that keeps our current employees whole while lowering future county costs and unfunded liability risk.

The Texas Legislature will not lower the guaranteed rate of return. TCDRS (Texas County and District Retirement System) suggests that counties change the employee contribution level or match rate in order to lower costs to the county.

All employees must, under State law, participate in TCDRS. The proposed plan reduces the employee contribution into TCDRS from 7% to 4%. All TCDRS requirements and decisions will continue: match, interest and how to handle future liabilities. Current employees would have the option to invest up to 3% of their paycheck into a 401(a) or 457 investment plan in addition to the 4% TCDRS contribution. For current employees, the county match will mirror TCDRS (currently 2:1) until retirement. The yearly returns

for the 401(a) and 457 will earn unlimited returns in the market. The county will guarantee a 7% floor as currently guaranteed under TCDRS.

To summarize, Judge Self stated under the proposed plan current employees will continue to receive the TCDRS match and guaranteed interest; current employees' total returns will be no less than TCDRS returns (possibly more based on market conditions); and there will not be any county future unfunded liabilities for 401(a)/457 accounts (they will be paid yearly as the county has been doing with TCDRS).

Under the proposed plan for future employees, they will be able to invest 3% into a 401(a) or 457 investment plan in addition to the 4% TCDRS. The county match will be 0.5:1 which will be calculated and paid yearly as a defined contribution. They will not have guaranteed interest. For future employees who participate with a 7% employee contribution, the total county match (TCDRS and 401(a)/457) will be 1.36 which is higher than the public sector average of 1:1.

Under the current plan current and future employees make a 7% employee contribution to TCDRS. Employees receive a 2:1 county match on their TCDRS contribution. TCDRS accounts earn 7% regardless of market performance.

Under the proposed plan for current employees, employees will contribute 4% into TCDRS and receive a 2:1 county match. Employees may choose to invest an additional 3% into a 401(a)/457 or receive that money in their paycheck. For those who choose to invest the additional 3%, they will receive a 2:1 county match and either market rate or a guaranteed floor of 7%.

Under the proposed plan for future employees, employees will contribute 4% into TCDRS and receive a 2:1 county match. Employees may choose to invest an additional 3% into a 401(a)/457 or receive that money in their paycheck. For those who choose to invest the additional 3%, they will receive a 0.5:1 county match and market rate return.

Judge Self presented examples of down years in the market and up years in the market. Employees will choose their level of risk. Current employees will earn at least as much as under TCDRS but the market will determine county costs on the 401(a) and 457 plans just as it currently does. Future employees' pensions will be closer to the private sector plans and county costs will decrease as the current work force retires.

Moving forward to 401(a) and 457 plan management, the County must engage a fiduciary agent. Vendors are available. In terms of county employees, you must look at salary, benefits and job security. Judge Self feels the basic infrastructure is in place to make this happen in the next four months.

Judge Self opened the discussion to public comments.

Roy Serpa, Fairview, was the first speaker. Mr. Serpa has been a strong supporter of implementing contribution to the unfunded plan over the last five years because he feels there should be enough money to cover the obligations to employees. Mr. Serpa referred to a newspaper article that spoke about vague generalities of the impact of anything we want to do with respect to the taxpayers' investments in our employees. Mr. Serpa thinks this misleads people into not having data even though it is public information. TCDRS retirement plan provides average salaries of employees and what they will receive upon retirement. Presentations are given on judicial salaries and legislative updates but there is never a reference as to what do we mean by compensation? What is the average salary? What are the benefits? This year the benefits are 30.5%. The year prior it was 37%. Mr. Serpa questioned the drop of over 6%. Rather than hear vague generalities, Mr. Serpa feels the county owes it to our employees and taxpayers to know where we stand and what our employees and taxpayers can expect.

Last year Mr. Serpa asked department heads and committee chairs to present their budgets and accomplishments for the new year. He recommended the Court consider that information. In conclusion Mr. Serpa recommended the Maricopa County Strategic Plan would serve as an excellent plan for Collin County.

Judge Self addressed Mr. Serpa's concerns. The difference between the 30.5% and 37% has to do with longevity and miscellaneous wage items like auto allowance. This year HR took those items out to arrive at the 30.5% number but last year HR included those items in their presentation. (Time: 6:35 p.m.)

Kevin Lawrence was present on behalf of the Texas Municipal Police Association. The Texas Municipal Police Association represents all ranks of law enforcement in the State of Texas. The Association is opposed to Judge Self's proposal. Collin County has 1,791 employees. The average salary of a county employee is \$36,000 per year. Currently employees are required to make a 7% contribution into TCDRS. Employees were never involved in the creation, establishment or management of the retirement system. According to TCDRS, the current average retiree in the State of Texas is making about \$19,000 per year in pension. Under the proposal, current employees will have a voluntary requirement to contribute to the 401(a) or 457 plan. Mr. Lawrence stated the Association is concerned that a number of employees will not participate and their pension will decrease as a result.

Mr. Lawrence had questions. If the market loses 30%, will the county be responsible for making up 37%? Judge Self responded a similar situation occurred in 2008. Continuing, Mr. Lawrence stated \$100 million averages to \$1,000 per month per employee which still has the average employee earning less than \$50,000 per year. In the long run this will make it much more difficult for the county to compete in attracting quality employees.

Per Judge Self, the average 62-year-old Collin County retiree earns \$25,300 from TCDRS. The Wall Street Journal asked individuals what size nest egg they thought they needed for retirement. At \$25,300 for 20 years, our retiree will receive over \$500,000 which fits in with the average of what the Wall Street Journal projects most retirees will need.

Judge Self presented a regression chart which showed lower paid employees are above the market line. The County needs to do more to attract and retain upper level employees.

Commissioner Hill asked Mr. Lawrence his opinion. Early in his presentation Mr. Lawrence commented that employees did not have a choice but to contribute 7% to TCDRS; now they will have a choice as to how to invest their money. Mr. Lawrence replied in public debate it seems employees are the ones getting blamed when they had no say in how funds were distributed. (Time: 6:45 p.m.)

Tom Macri was present on behalf of the McKinney Police Association. Members of the McKinney Police Association are opposed to the current choice plan for reasons of public safety. The Association is concerned about the retention of senior officers and the ability to attract new officers. The county will have a difficult time attracting quality officers. New officers will opt to go to departments with better retirement plans. Judge Self said an urban legend was that we were losing officers to other police departments but that has not been true for the past seven years. (Time: 6:47 p.m.)

Mike Rumfield, Collin County Deputy Association, is confused. During this budget session the Commissioners' Court has acknowledged we have retention and recruitment problems. People come to us under the current benefit program. Is this a financial issue or a political issue? Collin County has a AAA bond rating and over 300 days of fund balance. The Court is looking for a tax reduction this year. The plan as proposed will decimate the county's competitiveness to hire competitive new employees. Collin County will be able to compete with McKinney, Frisco, Plano or Allen. Recruits have now said Collin County is no longer an option for me. This will put citizens at risk. Mr. Rumfield would like to return at a later date with an alternate plan for the sake of public safety.

In response, Judge Self said the \$40 million payment reduced the county's fund balance days by 1/6.

Commissioner Shaheen noted with the 457 plan, the employee has unlimited upside. The Commissioner asked if that was attractive. Mr. Rumfield said not considering the volatility of the market. Brief discussion followed. (Time: 6:54 p.m.)

Larry Pintar, Collin County Probation Department, was the next speaker. Mr. Pintar also has concerns about the current plan. He had questions: what is the estimated savings? What is the projected cost savings to the taxpayers in the first year? As an employee, if he chooses the 457 plan, why wouldn't he invest in the highest risk plan knowing he's guaranteed a 7% return from the county?

As an employee in the Probation Department, Mr. Pintar stated they are neither state nor county employees. They fall under the county retirement plan but the state plan for health benefits.

Mr. Pintar is concerned that they will lose employees to surrounding counties. Younger people are more concerned about what they can put on the table today, not what they can put on the table 30 years from now. A lot of employees work two jobs. Those employees will worry about it down the road and the county will recoup a lot of money from employees that don't choose to invest.

Judge Self said we would not allow the funds to be high risk. They would have to be something close to the market. Discussion followed.

Commissioner Hill asked Mr. Pintar if he thinks employees should not have that option. We're all responsible for our own finances and must make our own decisions. Mr. Pintar would like the match to be higher than \$0.50 on the dollar. Judge Self added other counties are looking at this option too. (Time: 7:02 p.m.)

Lucie Spencer, Allen, stated she is a concerned taxpayer and she proudly serves the citizens of Collin County as a reserve deputy with the Collin County Sheriff's Office. In determining a proper compensation package, Ms. Spencer asked the Court not to underestimate the skill, education and experience required of a certified peace officer in the State of Texas. She asked the Court not to underestimate the comparable pension plans and overall compensation adequate to retain and attract highly qualified individuals for the future. Retirement is not a freebie, gift or entitlement but part of compensation that an employee has earned and saved for. A comparison cannot be made between the public and the private sectors. Ms. Spencer asked the Court to keep the compensation plan the same as what was promised. (Time: 7:04 p.m.)

Bob Hughes, Director of the Probation Department, was not sure if his department could participate. Mr. Hughes has 101 employees in his department. He has an issue with having three minutes as a department head to figure this plan out. There was not opportunity for dialog during the presentation so it sounds as if a decision has been made. Mr. Hughes had many questions and would like to speak to the Court about the plan.

Judge Self stated the Court did not require Mr. Hughes to come up and speak for three minutes; that was his choice. Commissioner Shaheen said any department head or elected official can come by and talk to the Court. They are not limited to three minutes. Commissioner Hill offered Mr. Hughes as much time as he needed to ask questions.

By way of explanation, Judge Self stated he sees the 401(a) and 457 would match as close as possible with TCDRS. Vesting would remain at eight years. Employees would have the opportunity to invest their money in low, medium or high risk plans. Currently if an employee leaves before they're vested with TCDRS, they do not get their match. With the proposed plan, Judge Self thinks employees would get the match. Matching would be paid yearly into the county account to grow and then be disbursed to

employees upon retirement. Questions and answers continued. Commissioner Webb asked Mr. Hughes to remain in the courtroom. (Time: 7:13 p.m.)

Sheriff Terry Box came forward. The Sheriff understands the private sector but wanted to explain about certified peace officers and their benefits. Collin County's starting pay and top pay for law enforcement is good but Sheriff Box is unable to tell new recruits what they can expect to earn in ten years. The Sheriff asked the Court to take into consideration the future needs of certified peace officers and asked them to consider extending the current employee match to the new peace officers hired in the future. The Sheriff asked why an officer would leave a department with a 6% contribution and 2% match to come to Collin County. Law enforcement throughout the nation has a pay raise scale.

Judge Self wanted to discuss three issues: guaranteed pay raises, continuing the match and experience and education in hiring. Discussion followed. The Judge wanted to find a balance between the three issues. (Time: 7:24 p.m.)

Andrea Thompson, District Clerk, polled her staff and came forward with their questions. Ms. Thompson has not finalized her opinion on the matter. If job security is part of the reason employees are here, Ms. Thompson assured the Court there is no job security in her office. If you don't perform, you don't have a job. Commissioner Shaheen added when he thinks of job security, he thinks of corporations that existed twenty years ago but don't exist anymore. The County will always be here. Ms. Thompson asked the Court if they want to use the private sector as a model, then they should use the private sector pay and benefits. She cautioned against cherry picking the pieces that benefit the county and not the employee.

Among Ms. Thompson's questions: what percentage of the employees actually receive the match? If an employee decides not to invest in one of the options, will there be another open enrollment for that? If someone is vested and leaves employment with Collin County, will they continue to get their match for the 401(a) and 457? There were questions about administrative fees. Ms. Thompson suggested any employee who does not want to invest in the 401(a) or 457 be allowed to stay in the current plan as it exists. Ms. Thompson stated it is hard for employees to support the plan when they have so many questions on the details. Judge Self said a fiduciary agent would develop the plan. Ms. Thompson stated it feels like the plan has to be passed in order to know what's in it. Judge Self said that was unfair. If we move forward with this, employees will know exactly what will happen.

Commissioner Webb said based upon his calculations, for new employees, if we're matching 2:1 for 4% and 0.5:1 for 3%, assuming interest rates are the same, we are decreasing a person's benefit plan by 43%. The Commissioner asked Ms. Jacobson to confirm that. Continuing, Commissioner Webb said if we are reducing benefits to new employees by 43%, what kind of impact will that have for hiring new employees?

Ms. Thompson said she has a difficult time now finding qualified candidates. Reducing benefits will make it more difficult. The District Clerk's office loses staff to law firms. (Time: 7:34 p.m.)

Ms. Jacobson said the reduction in benefits to new employees is 32%.

Constable Sammy Knapp, Precinct 3, stated all 25 of his constables and deputy constables are certified peace officers. It will be hard to find someone else to come in and be compensated at \$0.50 on the dollar. A year ago the Court reduced the constable department's salary by 6%. Constable Knapp said some of his employees will not get anything from PFP.

Judge Self wanted it noted that the match is not 0.5:1; the match is at least 1.36:1 instead of 2:1. (Time: 7:37 p.m.)

Judge Raleeh came to listen to the discussion. We often get compared to the private sector but it's a private sector that makes widgets. We are a customer service based organization. Private industry looks at what they can sell and what their widgets are worth and what the projections are. We have to pull our employee base from the private market. Judge Raleeh asked the Court to take into account that he can't just hire someone without a lot of training to learn the civil and criminal aspect of court. If the Judge is training and trying to retain employees, he needs something to be able do that. Judge Raleeh appreciates the fact that the Court is looking at the \$100 million in taxpayer money.

Commission Hill noted training employees is no different from jobs in the private sector.

Ms. Jacobson said when looking at customer service jobs related to the legal field, they look at entry level clerks in a law office. (Time: 7:43 p.m.)

Commissioner Shaheen finds the dialog about the private sector interesting. Collin County is far superior to the private sector. The private sector matches an employee's contribution at .5%.

Commissioner Hill agreed that if we want to be compared to the private sector, we need to be fair with salary and benefits. 1:36:1 is superior to anything in the private sector. The Commissioner did have questions about law enforcement because that's not private sector applicable.

Commissioner Shaheen asked if the Sheriff's proposal would be possible. Judge Self replied it would be. Commissioner Williams has advocated treating law enforcement differently from other employees, whether it be benefits or salary.

Commissioner Webb is not opposed to looking at this plan or opposed to taking a private or public sector entity model. The Commissioner wants a competitive work force. To achieve that we need to look at total compensation, which includes wages and benefits. When presented with private sector data, the Court is not looking at their total wages and they haven't since Ms. Jacobson has been in office. If the Court is looking at

a private sector model, they have to look at bonuses as part of the compensation wage scale. Bonuses have not been included in the compensation calculation. The Commissioner used an example of a tax payable clerk in the private sector who earned \$54,130. What was not included was the \$8,736 bonus that the employee received. If the County is going to compete, we can't have it both ways.

Commissioner Webb had numerous questions. What do attorneys say? Is this legal? The Commissioner wants to see a legal opinion that says it is. His understanding is that the County cannot commit a Court to a guarantee in the future. Next year the Court does not have to give a 7% guarantee. What are we giving our employees if we can't commit to anything other than the current budget year?

What is the difference between the plans? The Commissioner wanted to know the key distinctions, the pros and cons. What is the difference between a 401(a) and 457? We can't guarantee the future. How does that effect our recruitment? How will this impact taxpayers' money?

Continuing, Commissioner Webb said we have over 1,600 employees. Do we look at employers who have over 1,000 employees? He called a friend whose company does more than a 1 to 1 match but he also got an \$86,000 bonus and stock options. How do we analyze this?

How much does the county spend on training each year? Commissioner Webb feels with this model the turnover will be intense. People will use the county as a training ground.

Can we go back if this doesn't work? What are the costs associated with doing so? If this doesn't work and we go back, we'll have administrative costs associated with a failed 401(a) and 457 plan.

Assuming an 8% growth rate, is the \$45 million figure correct? The Commissioner hasn't seen data to support what was in the presentation. Is that based upon assumption over the last five years? Judge Self replied those are actual payments year to date.

Commissioner Webb continued. Assuming we use a 4% contribution rate, these last five years, how much would Collin County have had to contribute to be fully funded? That is a potential benefit to the County. Assuming an 8% growth rate over the next eight years, what is the cost of the current plan vs. the proposed plan? What is the cost to operate this? Can the county invest that money in the market?

Jeff May, Auditor, replied the County cannot invest public funds.

Commissioner Webb asked, assuming we implemented this system five years ago, what would we have had to contribute? How do we budget for that? If we guarantee current employees 7%, if we have a 28% loss year, assuming 3%, what kind of liability do we have to contribute in that one year? That impacts our ability to do a tax cut and

impacts fund balance. What do bond agencies say if we have to reserve that money every year?

Why wouldn't we take this out for bid? This is a huge potential liability and benefit to the county. We have three companies on our consultant list to look at deferred compensation. They were put on the books in 1988 and we haven't had hardly any dealings with them since then. As of this afternoon we haven't heard from any of them. Ms. Jacobson said we did receive information from two of them right before the meeting.

Commissioner Webb said a tremendous amount of analysis is going to have to be made to see how much this will save us and what our exposure is. The Commissioner wants a consultant to tell us how this will work and what the best plan is. What's in the best interest of the county and employees? Should it be vesting? How many plans should we offer? What happens if you're vested and you leave? Loss numbers could be in tens of millions of dollars. The Commissioner is pro-choice. Future guarantee is a huge legal issue. How quickly can we handle the selection of a consultant? To get this done by the end of the year would be aggressive. Why be so aggressive? What changes need to be made to PeopleSoft? What changes can employees make and how often? Who pays the fees? Does HR need additional staff to implement and manage this thing? It will take a lot of employee time to educate employees on how to make these decisions.

Commissioner Webb asked elected officials how a 32% reduction in benefits is going to affect the hiring of new employees.

Commissioner Webb wasn't here when the Court reduced the match from 2.5 to 2. He wants to see data. How effective was it? He wants to know what the county saved by implementing that reduction.

On the guaranteed piece, assuming we can legally do this, are we going to have to individually monitor every employee's return to calculate against the 7%? How much will that cost?

What if one employee picks an account that earns 8% and another earns 3%, how do you do that? Does it average? When will the make-up payment be made and is it also subject to vesting? How much is portable?

That can have a big impact on recruitment. What if an employee is not vested but dies? Does he lose a shot at it?

Because TCDRS is a state program with a guaranteed 7%, you're not at risk of ever losing. Another positive with TCDRS is it can smooth losses and pay them over time. Do we have that option with this plan if there's a 30% loss in a year? The cost of managing TCDRS is probably less than we'll find in the private sector world. We use money to offset when people leave before they vest. Could we use the same model? Judge Self said yes.

Judge Self said those are all good questions. The only one we do have past experience on is the 28% loss. We basically came back fully funded with that \$40 million. Commissioner Webb said reserving that would be a big chunk of money to put in contingency every year to reserve for a loss.

Judge Self said immediate savings will be with those employees who take the 3% in their paycheck and those who choose to leave before they are vested. As we change work forces, we would have additional savings. We have a fairly heavy mature set of employees and heavy set of young employees. Change is going to happen fairly quickly.

We must tell TCDRS our intentions by December 13th. Commissioner Williams thinks analysis will show it has merit, but she needs to have that in front of her. She has concerns about law enforcement. That's a career choice; not a job. Retirement plays a much larger role in their decision. Discussion continued among Court members.

Commissioner Webb wants to hire experts to look at the plan and do the necessary calculations to see how this would benefit the County. Mr. Bilyeu asked staff to get a list of questions for the consultants. In conclusion, Commissioner Hill is concerned with finding a balance between unknown future costs and a sense of current employees who have taken employment with the county because of benefits. We need to find a way to keep current employees whole.

(Time: 8:29 p.m.)

NO ACTION TAKEN

FY2013 Budget Items

8. AI-37168 Approve Uniform Pay Policy, Human Resources.

Judge Self read the Uniform Pay Policy aloud as follows: "The salary of county employees is based upon a 40-hour week unless otherwise noted. Upon failure to accumulate 40 hours of approved time, the employee shall be compensated at a pro-rata hourly rate. Approved time shall be calculated according to pay provisions incorporated in the adopted budget. Specifically, time clock and badge readers shall be used to record employee time."

A motion was made to approve the Uniform Pay Policy. (Time: 8:30 p.m.)

Motion by: Commissioner Cheryl Williams

Second by: Commissioner Duncan Webb

Vote: 5 – 0 Passed

COURT ORDER NO. 2013-685-09-09

9. AI-37270 Public Hearing – Proposed FY 2014 Tax Rate, Budget.

Monika Arris, Budget, came forward with a Power Point presentation to re-cap the previously discussed FY 2014 budget before the opening of the Public Hearing. The presentation was based on the proposed budget which was posted on the county website September 9, 2013.

The current tax rate is \$0.2400 per \$100 valuation. Collin County hasn't had a tax rate increase since 1993. The 5% homestead exemption has been in place for the last five years.

For 2013 the certified adjusted taxable value had a 6.1% increase over last year. The average home in Collin County is valued at \$238,030 according to the Central Appraisal District. The average homeowner in Collin County will pay \$542.71 in county taxes for the 2013 tax year – an increase of \$17.81 from last year.

Changes since the Budget Workshop: following a public hearing, CSCD adopted a 3% PFP increase. The County Auditor placed an accountant auditor position in contingency. Compa-ratio and PFP of 3% was approved by the Board of District Judges. Total increase to the budget was approximately \$78,000. Juvenile Services also held their public hearing. They moved the purchase of a restraint bed to contingency, continued stipends from last year and added a stipend for the Superintendent, received a \$208,444 state funded grant for Adolescent Counselor and Juvenile Mental Health expenditures and adopted a 3% PFP increase.

The total combined budget is \$278.0 million. Of that \$11.6 million is a one-time expenditure to TCDRS. Without the payment to TCDRS the total combined budget would have grown by 2.8%. \$266.4 million is the total combined budget without the TCDRS payment. TCDRS payment is a percentage of salaries, was reduced from 8.5% to 7.5% as of January 2014.

The operating funds include the general fund, road and bridge fund and permanent improvement fund. The total operating budget for FY 2014 is proposed at \$194.4 million. Of that \$11.6 million is a one-time expenditure to TCDRS. Without the one-time payment to TCDRS the total combined budget would have grown by 5.2%.

The total operating funds are \$194.4 million. Without the one-time payment to TCDRS it would be \$182.8 million.

The road and bridge fund has an increase of \$1.9 million from last year. Carry forwards have been greatly reduced.

For the general fund adopted budget five-year trend, the general fund budget is \$170.0 million. Without the TCDRS one-time payment of \$11.6 million, it would be \$158.4 million or 4.2%.

Ms. Arris had a list of potential future large expenditures which could impact the county over the next five years. The proposed budget was filed on September 9, 2013. The next public hearing on the proposed budget will be Monday, September 16, 2013. Following that there will be adoption of the FY 2014 fee schedule, elected officials' salaries, tax rate, and budget.

Judge Self recessed the meeting of the Commissioners' Court at 8:37 p.m. The meeting was reconvened at 8:44 p.m.

Judge Self called Mark Truskey of McKinney forward for public comment. Mr. Truskey stated he didn't have anything as profound as the last speakers but he has thoughts. He wanted to remind the Court and any elected officials that as a nation we've become a nation of spenders. After looking at the tax information presented, Mr. Truskey said we pay plenty of taxes. We don't want to spend any more. We need to get spending under control as a nation. He encouraged the Court to take a hard look at what we're spending money on and challenged the Court not to waste taxpayer money. Regarding the choice plan, Mr. Truskey said it fits in with the tax discussion. He commended the Court for looking at other options for those costs. (Time: 8:46 p.m.)

Judge Self asked for any other comments? Hearing none, a discussion followed on the possibility of \$0.025 tax rate decrease. Commissioner Shaheen is in favor of a \$0.025 tax rate decrease. Currently Collin County has 330 days of fund balance. In order to maintain a AAA bond rating, the county must have 180 days of fund balance. At the conclusion of the discussion, the Court moved to General Discussion Items 10 and 11.

10. AI-37283 Right-of-Way acquisition for Interchange at Outer Loop and US 75, Commissioner, Precinct 4.

11. AI-37284 Right-of-Way acquisition for Outer Loop Segment 3, Commissioner, Precinct.

Commissioner Webb wanted to discuss the five-year impact. The Commissioner wanted to spend more on transportation. Since state and federal funding will not be coming, Collin County will have to solve a lot of our own transportation issues. The Commissioner is not interested in a \$0.025 tax decrease. He wants to use the excess money to fund transportation in the future so we don't have to do a bond sale. Commissioner Webb is in favor of reserving money for purchasing right-of-way for US 75 and the outer loop and buying right-of-way for Segment 3. The Commissioner is not ready to build; he wants to buy the land at the lowest price possible. The Commissioner asked Engineering to come back with an estimate of what it would cost to buy the right-of-way at the interchange of US 75 and the outer loop. Commissioner Webb is requesting \$10 million per year for five years for these projects.

Additionally, an analysis was done asking every city to present their top five projects. The Commissioner is proposing using some of this excess money to put into a program in order to get some more of these projects completed. A lengthy discussion followed. Commissioner Williams agreed that the Court can reduce the tax rate by as much as \$0.025 but she wanted a commitment to start cash funding some projects. Following lengthy discussion, Commissioner Webb asked for a scenario from the Budget office of \$10 million for the next five years. (Time: 9:14 p.m.)

NO ACTION TAKEN

12. AI-35285 Medicaid 1115 Waiver, Regional Health Partnership, Administrative Services.

Dr. Leigh Hornsby, Public Information Associates (PIA), came forward to update the Court. PIA is part of the Project Management Team for the Regional Health Care Partnership. By way of background, Dr. Hornsby explained the creation of the Medicaid 1115 Waiver program. The program had two goals: 1) to make incentive payments to hospitals and community health care providers for innovative programs in an effort to expand health care and 2) to change the way hospitals are paid. There are two parts: uncompensated care and the delivery system reform incentive program (DSRIP) which is an effort to expand programs. Today there are 51 DSRIP projects as part of this plan, which equals approximately \$116 million in projects. Currently for DY3 there are 51 projects underway.

Going forward, the intent is for providers to continue projects into the future. The next steps include a public meeting open house on September 10, 2013, in the Collin County Courthouse. Providers will set up displays and answer questions. Dr. Hornsby stated they are on the verge of accepting proposals for three-year projects. Approximately \$3.6 million is left in the program for providers interested in that. Judge self commended the job done in getting people lined up and participating. (Time: 9:20 p.m.)

NO ACTION TAKEN

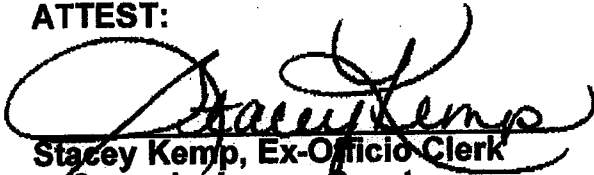
13. Possible future agenda items by Commissioners' Court without discussion.

EXECUTIVE SESSION

The Court did not recess into Executive Session. There being no further business of the Court, Judge Self adjourned the meeting at 9:38 p.m.



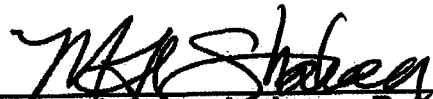
ATTEST:



Stacey Kemp, Ex-Officio Clerk
Commissioners Court
Collin County, T E X A S

Not Present

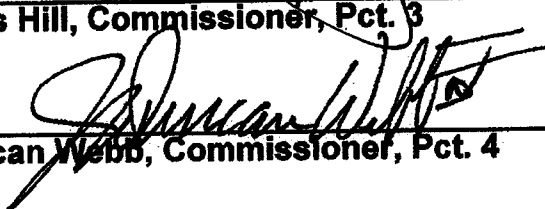
Keith Self, County Judge


Matt Shaheen, Commissioner, Pct. 1

Not Present

Cheryl Williams, Commissioner, Pct. 2


Chris Hill, Commissioner, Pct. 3


Duncan Webb, Commissioner, Pct. 4