

STATE OF TEXAS

COUNTY OF COLLIN

COMMISSIONERS' COURT
MEETING MINUTES
NOVEMBER 11, 2013

On Monday, November 11, 2013, the Commissioners' Court of Collin County, Texas, met in Regular Session in the Commissioners' Courtroom, Jack Hatchell Collin County Administration Building, 4th Floor, 2300 Bloomdale Road, 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.

1. Judge Self called to order the meeting of the Collin County Commissioners' Court at 1:30 p.m. The meeting was recessed at 3:54 p.m. and reconvened at 3:56 p.m.

President Self called to order the meeting of the Collin County Toll Road Authority at 3:54 p.m. and adjourned the meeting at 3:56 p.m.

President Self called to order the meeting of the Collin County Health Care Foundation at 3:56 p.m. and adjourned the meeting at 3:56 p.m.

DECISIONS MANDATED BY LEGAL ENTITIES OUTSIDE OF COMMISSIONERS COURT AUTHORITY:

1. AI-37655 Personnel Changes, Human Resources.

FYI NOTIFICATION

1. AI-34688 Outstanding Agenda items, Commissioners Court.

2. AI-37639 Addendum No. 1 and 2 to Surveillance IP Based Camera System and Storage Solution (RFP No. 2013-296) to provide various changes to the Request for Proposal, Purchasing.

3. AI-37634 Amendment No. 1 to Consulting Services, Energy Management Integration (RFP No. 2013-112) with Rockwall Controls Company, Inc. to provide various changes to the contract, Facilities.

2. Public Comments. Public comments were heard under General Discussion Item No. 6.

3. Presentation/Recognition:

a. Service Pins, Human Resources.

Jeff May, Auditor, presented Kathy Moss with a service pin for ten years of service to Collin County. (Time: 1:32 p.m.)

Greg Willis, District Attorney, presented Gail Leyko with a service pin for 20 years of service to Collin County. (Time: 1:34 p.m.)

4. Consent agenda to approve: President Self asked for comments on the consent agenda. Commissioner Webb pulled the check to Schindler Corporation and asked for discussion on item 4e2. Hearing no others, a motion was made to approve the remainder of the consent agenda. (Time: 1:47 p.m.)

Motion by: Commissioner Cheryl Williams

Second by: Commissioner Matt Shaheen

Vote: 5 - 0 Passed

a. AI-37623 Disbursements for the period ending November 5, 2013, Auditor.

All disbursements, with the exception of Schindler Corporation, were approved with the consent agenda vote. (Time: 1:47 p.m.)

COURT ORDER NO. 2013-930-11-11

A motion was made to approve the disbursement to Schindler Corporation. Commissioner Webb did not participate in the vote. (Time: 1:47 p.m.)

Motion by: Commissioner Cheryl Williams

Second by: Commissioner Chris Hill

Vote: 4 - 0 Passed

Abstained: Commissioner Duncan Webb

COURT ORDER NO. 2013-931-11-11

b. Agreement(s):

1. **AI-37620** Interlocal Cooperation Agreement with the Allen Independent School District (ISD) for the use of space located within the Allen ISD (Allen High School) at 300 Rivercrest Blvd., Allen, Texas for Justice of the Peace proceedings conducted by a Justice of the Peace and other Collin County elected officials through and including September 30, 2014 and further authorize the County Judge to finalize and execute same, Construction & Projects.

COURT ORDER NO. 2013-932-11-11

2. **AI-37625** Interlocal Agreement with the City of Royse City for funding through the 4th Series-2007 Parks/Open Space Project Funding Assistance Program (Bond Project No. 07PG58) for improvements to City Lake Park and further authorize the County Judge to finalize and execute same, Special Projects.

COURT ORDER NO. 2013-933-11-11

3. **AI-37626** Funding Agreement with the Trinity Trail Preservation Association for funding through the 4th Series-2007 Parks/Open Space Project Funding Assistance program (Bond Project No. 07PG50) for improvements along Trinity Trail and further authorize the County Judge to finalize and execute same, Special Projects.

COURT ORDER NO. 2013-934-11-11

4. **AI-37627** Funding Agreement with the Trinity Trail Preservation Association for funding through the 4th Series-2007 Parks/Open Space Project Funding Assistance Program (Bond Project No. 07PG51) for sycamore tree remediation and further authorize the County Judge to finalize and execute same, Special Projects.

COURT ORDER NO. 2013-935-11-11

c. Amendment(s):

1. **AI-37605** No. 6 to the Interlocal Agreement with the City of Lucas for Animal Control Services to set the rate and extend the agreement for one (1) year through and including September 30, 2014. Payment will be made in quarterly installments for an annual amount of \$19,030, further authorize the Purchasing Agent to finalize and execute same, Development Services.

COURT ORDER NO. 2013-936-11-11

2. **AI-37606** No. 6 to the Interlocal Agreement with the City of Lucas for Facility Construction and use of the Animal Shelter to set the rate for FY2014, payments to be made in quarterly installments for an annual amount of \$14,970 effective October 1, 2013 through and including September 30, 2014 and further authorize the Purchasing Agent to finalize and execute same, Development Services.

COURT ORDER NO. 2013-937-11-11

3. **AI-37576** No. 7 to the Interlocal Agreement with the City of Celina for Animal Control Services to set the rate and extend the agreement for one (1) year through and including September 30, 2014. Payment will be made in quarterly installments for an annual amount of \$19,585, further authorize the Purchasing Agent to finalize and execute same, Development Services.

COURT ORDER NO. 2013-938-11-11

4. **AI-37583** No. 7 to the Interlocal Agreement for Animal Control and Animal Shelter Services with the City of Lavon to extend the agreement for one (1) year through and including September 30, 2014. Payment will be made in quarterly installments for an annual amount of \$6,250, further authorize the Purchasing Agent to finalize and execute same, Development Services.

COURT ORDER NO. 2013-939-11-11

5. **AI-37580** No. 7 to the Interlocal Agreement with the City of Melissa for Animal Control Services to set the rate and extend the agreement for one (1) year through and including September 30, 2014. Payment will be made in quarterly installments for an annual amount of \$17,326, further authorize the Purchasing Agent to finalize and execute same, Development Services.

COURT ORDER NO. 2013-940-11-11

6. **AI-37582** No. 7 to the Interlocal Agreement for Animal Control and Animal Shelter Services with the Town of New Hope to extend the agreement for one (1) year through and including September 30, 2014. Payment will be made in quarterly installments for an annual amount of \$4,125, further authorize the Purchasing Agent to finalize and execute same, Development Services.

COURT ORDER NO. 2013-941-11-11

7. **AI-37579** No. 7 to the Interlocal Agreement with the City of Celina for the Facility Construction and use of the Animal Shelter to set the rate for FY2014, payments to be made in quarterly installments for an annual amount of \$15,814 effective October 1, 2013 through and including September 30, 2014 and further authorize the Purchasing Agent to finalize and execute same, Development Services.

COURT ORDER NO. 2013-942-11-11

8. **AI-37581** No. 7 to the Interlocal Agreement with the City of Melissa for the Facility Construction and use of the Animal Shelter to set the rate for FY2014, payments to be made in quarterly installments for an annual amount of \$13,990 effective October 1, 2013 through and including September 30, 2014 and further authorize the Purchasing Agent to finalize and execute same, Development Services.

COURT ORDER NO. 2013-943-11-11

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

1. **AI-37628** October 21, 2013.

COURT ORDER NO. 2013-944-11-11

e. Miscellaneous

1. **AI-37618** Acceptance of the FY2014 Juvenile Accountability Block Grant in the amount of \$18,850 (County Match \$2,095) from the Governor's Criminal Justice Division for grant period beginning September 1, 2013 through and including August 31, 2014, Juvenile Probation.

COURT ORDER NO. 2013-945-11-11

2. **AI-37636** Purchase of iPhone 5s, accessories and data plan for the Utility Manager and budget amendment in the amount of \$855 for same, Facilities.

Commissioner Webb asked Dan James, Facilities, about the need for the iPhone requested in the item. Mr. James explained the iPhone would be for the use of the newly reclassified position of Utility Manager. The Utility Manager will be on call 24 hours a day. The County is participating with ERCOT (Electric Reliability Council of Texas) and secondary programs. ERCOT requires an eight-minute response time to switch from the grid to generator power. If the mandate of the contract is not met, the penalty is twice the cost that the County receives from these entities. The expenditure for the iPhone would be minute compared to the cost of a penalty. A policy will be in place saying the iPhone must be with the Utility Manager 24/7. Mr. James will act as the backup.

A motion was made to approve the purchase of an iPhone 5s, accessories and data plan for the Utility Manager. (Time: 1:51 p.m.)

Motion by: Commissioner Duncan Webb
Second by: Commissioner Chris Hill
Vote: 5 - 0 Passed

COURT ORDER NO. 2013-946-11-11

3. **AI-37630** Reject all bids received for Services, Maintenance: Plumbing Contractor (IFB No. 2013-297), Facilities.

COURT ORDER NO. 2013-947-11-11

4. **Sale of Struck Off Property to Earl Holloway and further authorize the County Judge to finalize and execute the Special Warranty Deed, County Judge:**

- a. **AI-37650** 407 Kincaid Street, McKinney, Texas in the amount of \$5,340.

COURT ORDER NO. 2013-948-11-11

b. **AI-37651** 1102 Rockwall Street, McKinney, Texas in the amount of \$7,000.
COURT ORDER NO. 2013-949-11-11

c. **AI-37652** 1105 East Standifer Street, McKinney, Texas in the amount of \$10,400.
COURT ORDER NO. 2013-950-11-11

d. **AI-37653** 1124 Westmoreland Drive, McKinney, Texas in the amount of \$10,300.
COURT ORDER NO. 2013-951-11-11

e. **AI-37654** 2733 Windmill Drive, McKinney, Texas, in the amount of \$7,200.
COURT ORDER NO. 2013-952-11-11

5. **AI-37647** Personnel Appointments, Human Resources.
COURT ORDER NO. 2013-953-11-11

6. **AI-37648** Personnel Changes, Human Resources.
COURT ORDER NO. 2013-954-11-11

GENERAL DISCUSSION

5. **AI-37632** Development presentation for Southwest corner of US75 and Bloomdale Road, Construction & Projects.

Paris Rutherford, President, Catalyst Urban Development, came before the Court with a development presentation for the southwest corner of US75 and Bloomdale Road. The property under discussion is 100 acres surrounding the courthouse facility. The developer went through the zoning process with the City of McKinney. The City of McKinney approved rezoning the property into a mixed use/urban town center environment. McKinney is looking at how to generate more tax base in this area of the county. It is estimated that in the next 27 years there will be 22,000 additional households in the area and 14,000 new jobs. The plan is to eventually have Bloomdale Road go through to Hardin Road, allowing that area of the county to open up for development. Mr. Rutherford stated the City would like a go-to person from the County to engage with as development moves forward.

Commissioner Williams asked Tracy Homfeld, Engineering, about going back to the cities for a list of their priorities. Ms. Homfeld replied with the discussion of discretionary dollars, that could happen any time now. Commissioner Shaheen asked if there were any bond funds for road projects for the City of McKinney. According to Ms. Homfeld, McKinney has indicated they have allocated all of their savings to projects. (Time: 1:46 p.m.)

NO ACTION TAKEN

6. AI-37659 Retirement Plan, County Judge.

Judge Self presented an update to the proposed Retirement Plan. By way of background, pension reform started in 2005. Collin County was giving 8% COLAs (Cost of Living Adjustment). State legislature decided that was excessive and the law was changed to limit COLAs. In 2010 Collin County dropped their match from 2.5-1 to 2-1. Today the Court is looking at the Employee Choice Plan (ECP) which is designed to keep current employees whole and allow them to participate in positive market movement, while providing savings to the county. That is not legal because of a provision in the Texas Constitution, so it limits what the county can do. A 457(b) deferred compensation plan, not a parallel retirement system, is something that can be considered.

There are three options, and everything revolves around the 8% discount rate across the nation. Collin County is no different than any other government in the nation with 7% for employee and 1% for administration fees. Governments are finding it unsustainable. It is hidden somewhat because Collin County is required to pay it every year while most governments decide when they will pay which drives up their unfunded liabilities. The guarantee means our taxpayers are paying the cost. Smoothing hides what we're doing, but the guarantee is the issue here. It's unsustainable.

The first option is to do nothing because we cannot change the guarantee under TCDRS without legislative relief.

Another option is to change the TCDRS contribution and/or match down in order to lower costs. A matrix showed 20 different contribution/match levels.

The third option is to change the TCDRS contribution and/or county match and add a 457(b); however, it is not mandatory to add the 457(b).

TCDRS options were presented with figures ranging from 7% to 4% for employee contribution and 2-1 to 1-1 for a match. Judge Self added that with an employee contribution of 7% with a 2-1 match, the guarantee is 14%, or 8.06% of payroll. An employee contribution of 4% with a 1-1 match equals a 4% guarantee, or 1.37% of payroll.

Continuing, Judge Self stated Collin County has paid \$55 million into TCDRS over the last five years over their normal contribution. The system statewide had \$16 billion that they spent in 2008 to keep the system whole.

Moving to a comparison of the private sector 401(k) match, only 61% of employers in the private sector who offer a 401(k) also offer a match, with an average match of 3.57% of salary. The current county commitment to employees is 14% of salary. The minimum contribution of 4% with a 1-1 match still has a higher match than the private sector average of 3.57%.

With the 457(b) option the Judge wanted to see how close the County could get to keeping current employees whole. If the TCDRS employee contribution was lowered to 4%, employees could have the choice to invest 3% in a 457(b). Judge Self proposed keeping current employees at the current 2-1 match and adding a 1-1 match for future employees. Employees cannot vest under a 457(b); therefore, a four-year "qualification period" will be instituted. Under the qualification period there would be no county match until an employee has worked for the county for four years; current employees will be grandfathered to four years. The combined match for future employees for TCDRS at a 4% contribution with a 2-1 match, plus 457(b) at 3% with a 1-1 match is 11%, more than three times the private sector average match.

The benefits of a 457(b) for employees:

- Participate in market returns.
- Receive 457(b) county match after four years of county employment.
- Current employees grandfathered to four years.
- Employees can opt to take the 3% in their paychecks.

The benefits of a 457(b) for the County:

- Retention tool to encourage longevity past four years (about 50% leave before their fifth year).
- Estimated savings of about \$22 million over 20 years.

Judge Self added a legal memo which included FICA was not included with today's presentation.

By way of example, an employee with six years of county employment would have two more years to vest with TCDRS but if they elected to contribute to the 457(b), the county match would start immediately. An employee with one year of county employment would have seven more years to vest with TCDRS but if they elected to contribute to the 457(b), the county match would start immediately. For future employees, under the current plan they would have eight years to vest with TCDRS. With the new ECP, if they elected to contribute to the 457(b), the county match would start during their fifth year of employment.

By way of comparison, the break-even point is between five to six years; with FICA and Medicaid the break-even point is about seven years and lowers total savings to the county. An overview of the three options: the cost to the county under the current TCDRS plan with no 457(b) is approximately \$205,000,000 over the next 20 years. The cost to the county with the proposed ECP is approximately \$182,400,000 over the next 20 years. And if the employee contribution is lowered to 4% with a 1-1 match, eight years vesting and no 457(b), the cost to the county is approximately \$73,529,000 over the 20 years.

The timeline is TCDRS needs a decision by December 9, 2013. If the decision is to choose a 457(b), that decision will need to be made by March 1, 2014. Employee education would be from March 1 to April 1, 2014, with a go live date of April 1, 2014. Judge Self asked for public comments.

Larry Pintar, CSCD (Community Supervision and Correction Department), said he preferred to keep the present system. His concern for his department is they haven't heard from CJAD (Community Justice Assistance Division) whether they can participate in a 457 plan. He wondered how his employees could remain whole if they can't participate. Mr. Pintar proposed that his employees receive a one-time 5.5% pay increase. This would keep all employees whole, not just those who chose to participate. Additionally Mr. Pintar proposed increasing starting salaries by 2.75% which would be in line with the dollar for dollar match if employees were able to participate in the deferred compensation plan. This would keep his employees whole, new hires and those currently working without the need for a two-tiered system. If the county would look at something like this, you may not have to operate two plans. You may be able to operate just the TCDRS side of it and make current employees whole now and in the future by giving employees the raise. (Time: 2:09 p.m.)

Judge Self said with the \$55 million what the County has done is pushed the costs to present day rather than future unfunded liabilities.

Bob Hughes, CSCD, stated he spoke with a representative from Grayson County. Grayson County has voted this plan in. Grayson County has not heard from CJAD, so they are in the same predicament as Collin County CSCD. Mr. Hughes doesn't know what to tell employees if they can't participate. If they can participate, he will encourage them to do so. Commissioner Shaheen asked if the Court can help him get an answer. Mr. Hughes replied with only two counties going in this direction, it is a concern, but not on the front burner. Typically CSCD gives raises in line with the county. If they can't take advantage of a plan like this, it changes everything for them. (Time: 2:12 p.m.)

Commissioner Williams was concerned that the Court has not yet received a legal review or an actuarial review. The Commissioner stated she is not prepared to move forward until the Court has that complete study in front of them. Many elements and assumptions are not in front of the Court today, including FICA and upfront costs and the Court hasn't looked at the time value of money. Commissioner Williams was disappointed in the amount of savings. She thought the savings would be greater than \$1 million per year. There could be issues that result from this that could eat away at that savings. The fact that CSCD cannot participate and that the Court does not make a determination of what their salaries will be, again that would play into additional costs of moving into this plan. The Commissioner also had concerns about how this plan will effect law enforcement, which makes up 45% of the County workforce, since law enforcement cannot be compared to the private sector. Until we have professionals giving us all the numbers and scenarios, Commissioner Williams is not prepared to move forward. The Commissioner doesn't know why the ECP has to be done this year

since the County budgeted for TCDRS already. There are additional costs not included in the five-year projected budget. The Court just lowered the tax rate based on assumptions where these costs were not included. Commissioner Williams wants more time to look at this issue.

Judge Self stated he thinks there will be a vote before December 9, whether the Court moves forward or not. The Judge asked Mr. Bilyeu to move up the actuarial study. This is about risk, not about savings. There will be a lot of employees retiring over the next couple of years. There is a concept called "crowding out". This sort of pension plan crowds out all the things you need to do. When looking at the risk factor, the danger is that we wouldn't be able to pay people as we should, to open new pods, provide new services and open new courts. The Judge stated he brought up the private sector match for a reason. Total package is made up of salary, benefits and job security. Everyone except law enforcement can be compared to the private sector.

Commissioner Shaheen stated he liked the approach; he liked the creativity of combining TCDRS with a 457. The Commissioner wanted to move forward and get answers to our questions.

Sheriff Box had a question. The Sheriff's Office did not ask for deputies this past year due to the fact that they could not fill their current openings from the last two years since the County's pay scale does not have a road map. The first civil service test was conducted last week. 22 individuals took the test, 11 passed, seven returned their personal history forms, six went before the Oral Review Board and three were forwarded for consideration. The Allen Police Department had 843 applicants for their positions and approved 499 for testing. 229 went before the Board to be tested; 122 passed the exam. Discussion of Collin County's benefits has gotten out in the public. Three Dallas officers were interested in coming to Collin County, but they withdrew their application due to this discussion on lowering retirement benefits. The Sheriff agreed that the County has to do something about liability but stated Collin County is not Grayson or Kaufman or Smith County. As of last week if an applicant has a college degree, Collin County will hire that applicant right out of college. The Sheriff concluded by saying it's difficult now, but if benefits are reduced by 30 or 40% for new hires, it will be hard to recruit new hires. (Time: 2:23 p.m.)

Judge Self said there is no doubt we may have to move funding for personnel as we've done for the last five years up to current spending as opposed to future spending. How we do that is part of this discussion. Everyone is addressing the issue of 8%, whether they address it today or in the future. No one is immune to market influences.

Greg Willis, District Attorney, is glad the Judge brought up the idea of risk. How do you define success? Most would agree for a business success is sustained profitability over time. With government we have a different measurement. How effectively do we accomplish our mission? Judge Willis stated the mission of the D.A.'s office is to pursue justice and protect the community. A significant component of doing their job is the

caliber of people we can attract and retain. A significant part of that is compensation. If we move our benefits down with competing counties not moving their benefits down, we will attract only lower caliber and lower quality people and we will lose our best people who prosecute murderers, child molesters and drunk drivers. Judge Willis is concerned that we will have a window where we won't be able to get the best people.

Judge Self asked the following question: if we crowd out future capabilities with pension entitlements, could the D.A.'s office double the number of cases with the current work force?

Judge Willis respects the Court and knows the Court is in good faith trying to do what's best for the county. His role is to let the Court know he has grave concerns about being able to attract and keep the best people. Judge Willis thought the Court should know that as they make their decision. (Time: 2:29 p.m.)

Judge Corrine Mason, County Court at Law 1, came forward. Judge Mason said we have a deferred compensation plan in Collin County. How does this plan interface with that? Judge Self said there are federal limitations and criteria to the 457(b). There are people who are highly paid who won't be able to take their whole contribution into the 457 because your match counts with your contribution. We are trying to keep as many current employees whole as possible but we may not be able to. That is the decision the Court has to make. We have 20 options under TCDRS. (Time: 2:31 p.m.)

Joe Barton, Constable, Precinct 2, voiced opposition to changing the current retirement plan. From talking to people in the law enforcement community, the consensus of opinion is in North Texas Collin County is not the place you want to work anymore. Collin County had that reputation in the early 70's, but it improved and became a place you wanted to work. Now it's going in the other direction. Who would want to work for Collin County? The answer is people who didn't get hired in other cities. This hurts the employees and their families. The retirement system is one of the biggest perks. In the last few years Collin County has lost longevity. We've cut the retirement benefit back to 2-1. Now we're trying to cut it again. Constable Barton urged the Court not to change the current system. (Time: 2:33 p.m.)

Ken Maun, Tax Collector/Assessor, said when he comes before the Commissioners' Court, he feels he's treated as negative, small, undesirable and unwanted. Mr. Maun comes here to represent the people in his office. He doesn't represent attorneys or law enforcement. He represents the smallest people in the county. His staff is mostly women, mostly single parents. They work hard to serve the people of Collin County. Recently they had good applicants. They have good jobs and good benefits. They work to keep their good people. Collin County hasn't shut down like Washington. Every day 80 new people move to Collin County. The population in the County has grown the same as the motor vehicle count. Mr. Maun said the Court doesn't care about that but he does. The tax office hires people who need jobs and benefits. Mr. Maun stated you come here trying to run for Congress and worrying about running campaigns; he worries

about the people here. He's not running for Congress. The people in his office deserve to be treated well. Deferring the pension becomes a problem. Employees need to have something they can rely on to feed their kids. Going after employee benefits doesn't help us get good people or keep them. (Time: 2:44 p.m.)

Judge Self told Mr. Maun he misunderstood and misrepresented our payment to TCDRS. We have paid forward \$55 million over the past five years and paid it off. We have not deferred. Brief discussion followed. The Court stated they would look at the salary survey for Mr. Maun's office.

Andrea Stroh Thompson, District Clerk, was the next speaker. Ms. Thompson stated like Mr. Maun, her staff is on the lower end of the salary chain for the county. She would be concerned if benefits were reduced without looking at salary. A number of her staff qualifies for government programs because of the level of poverty they are at.

Ms. Thompson had questions of the Court. It was mentioned in a previous Court that employees would receive the 7% guarantee under the 457(b). She asked if that was still under consideration. Judge Self replied no, it is not included in this discussion. The Judge added the County funds TCDRS as if 100% of employees will vest. The County's funds remain in the County's account if an employee leaves. Far more than 50% of employees leave before eight years. Ms. Thompson noted there is a large number of employees who do stay until they get vested but then leave the County and pull their money out of TCDRS before retirement. (Time: 2:50 p.m.)

Cynthia Jacobson, Human Resources, stated according to TCDRS 30% of employees actually collect their retirement. Commissioner Williams said if we have four-year vesting, there's a scenario where it could cost the County more money.

Judge Barnett Walker, County Court at Law 2, addressed the Court. The Judge appreciates that Judge Self is trying to save taxpayers money; however, retirement benefits do not waste money. Benefits are also important to employees such as judges, who have invested a tremendous amount of money into their education. The County has to attract judges who will make the right rulings. A death penalty case can cost approximately \$500,000. If a case has to be retried, there could be liability issues. Judge Walker does not think a savings of \$1 million per year is significant enough to change benefits. That is approximately \$1 per citizen in the county per year. People that have stayed with the County have had a 2.5-1 match, now a 2-1 match, now possibly a 457(b) or even a 1.5-1 match. Employees need certainty as well. (Time: 2:51 p.m.)

Paul Raleeh, Justice of the Peace, Precinct 1, thanked the Court for the opportunity to speak. Judge Raleeh wanted to point out that the strong financial position of Collin County isn't just because of the great work of the Commissioners' Court; it's because of all the elected officials who are great fiduciaries of taxpayer dollars. Major department heads such as the District Attorney, the District Clerk and the Sheriff have asked the Court to hold off on this decision. This is a bigger decision than just the five

Commissioners. This topic was never discussed during the budget process. Judge Raleeh recommended forming a committee with the County's elected officials to discuss the liability the county faces.

Commissioner Shaheen said we've had this dialogue for two months and we've been getting input from department heads and elected officials. The Commissioner said we are not trying to punish employees. The problem is the County has had to pay over \$55 million to TCDRS over the past five years. At some point the County will not grow by 60%, and what happens when paying retirees impacts our current employees?

Judge Raleeh hears elected officials saying they're scared they're going to lose employees. He asked the Court to delay the vote. (Time: 2:55 p.m.)

Judge Self asked for discussion from Court members. Commissioner Webb stated the program presented today is a different program than what was proposed two months ago. The Commissioner has a lot of concerns. The ECP is not a defined benefit plan. TCDRS is not a defined benefit plan. Employees are not guaranteed a specific benefit when they retire. They receive what is in their account. Commissioner Webb is concerned about the \$55 million additional contribution and the risk associated with it. Referring to a Power Point presentation, Collin County has the second lowest combined tax rate in the State of Texas and the second largest fund balance. Collin County has the highest ratio of county population to employees at 520-1. That shows this county is working at a high efficiency level which can be attributed to employees' experience and commitment levels.

Commissioner Webb is not convinced that moving to a 457(b) is going to allow us to minimize this risk. Without the actuarial calculations, there is a possibility this could end up costing the County more assuming full participation. Judge Self's presentation is assuming full participation. The Commissioner thinks we'll be lucky to get 10% participation.

Commissioner Webb is nervous about what this will do to the ability of elected officials and department heads to recruit new employees and retain existing key employees. The Commissioner doesn't mind going to a private benefit model if we want to compete with the private sector, but the County doesn't compete with the private sector on 45% of our employees. When cutting pension benefits by 29% under this proposal, how will we compete for employees and get competent and capable employees? How do we retain key employees when they have come here for the benefits? In the salary survey we use, we do not include bonus. We will have an issue if we don't bump up pay and compensate for bonus.

According to a calculation from HR requested by Commissioner Webb it would cost the county \$8.2 million per year to bring salaries up to be competitive so the County could compete with the private sector with pay plus benefits, which includes wages, pension and bonus. \$8 million for a savings of \$1 million doesn't make financial sense to the

Commissioner. The Commissioner is not willing to raise salaries \$8 million in order to compete with the private sector. The Commissioner is interested in reducing the risk of the \$55 million.

The reason Commissioner Webb doesn't think many people will participate in the ECP is because of FICA taxes. The 457(b) is a deferred compensation plan. Under the Judge's proposal, once an employee has worked here four years or is grandfathered, the County will make an annual contribution at the end of the year. The average county salary is \$50,127. If an employee wants to participate in the 457(b), at the end of the year their contribution would have been \$1,504. With the 2-1 match, the county would add \$3,008 for a total of \$4,512 into the account. Because this is a deferred compensation plan and employees are immediately vested and have rights to that money, the employee will be forced to pay their portion of FICA on the county's contribution at year end.

Commissioner Williams added the County will have to pay FICA also.

At the end of the year an employee making \$50,127 will have \$230 automatically deducted from their paycheck to cover FICA taxes. A new employee receiving a match of 1-1 will have \$115 deducted from their paycheck. Commissioner Webb asked employees if they could afford this. The answer from most employees was no. Additionally, employees will pay their share of FICA on the investment income which will be deducted from their paycheck. For example, if an employee earns \$1,000 of investment income, they will pay FICA taxes on \$1,000. Commissioner Webb wanted employees to understand the parameters and he wanted Court members to understand it is going to cause the County to have a competitive disadvantage. If there's a good investment year, a large amount will come out of employees' paychecks.

Commissioner Webb thinks there may be a better approach. TCDRS is lower, at .5%, on average to administer than most plans. In the private sector most groups will charge 1.5% to 4% to manage your money. If an employee wants to earn 7%, they will have to make 7% plus 3.5%, for a total of 10.5%, to stay where they are today.

At this time Commissioner Williams leaves the Courtroom.

Commissioner Webb spoke with TCDRS about options for a better way to do this. Currently the County pays 6.88% of payroll and the employees are guaranteed 14%. That's a huge recruitment tool. The Commissioner proposed that the Court agree that they will not pay more than an agreed upon percentage of payroll every year to retirement. The County could stay in TCDRS with a court order that says the County will not pay more than, for example, 6.88% of payroll each year. In a year where there are huge losses, the match might be 1-1 or 1.22-1, whatever equates to 6.88% of payroll. Employees will take a one-year hit but it will bounce back. Commissioner Webb thinks this will be the best of all worlds for employees with low administrative costs and a potential of a guarantee in good years.

Following discussion, Judge Self stated he liked Commissioner Webb's idea of \$8 million for bonuses because that is about 9.13% of payroll and the risk is lower. TCDRS is at 9% of payroll. Since the County cannot get out of TCDRS, if they reduce the contribution down to 4% at 1-1, that will lessen the risk. The Judge is concerned about the risk of 7% guarantee for retirees.

Mr. Bilyeu asked for the timeframe to pursue an actuary. Judge Self said they will need an actuary ready for the December 2nd court.

A motion was made to authorize Judge Self to sign off on the actuarial contract. (Time: 3:37 p.m.)

Motion by: Commissioner Matt Shaheen
Second by: Commissioner Chris Hill
Vote: 4 – 0 Passed

COURT ORDER NO. 2013-955-11-11

Judge Self recessed the meeting of the Commissioners' Court at 3:37 p.m. and reconvened the meeting at 3:42 p.m.

7. Board/Committee Appointments, Commissioners Court:

a. AI-37649 Collin County Central Appraisal District Board of Directors.

Following discussion, a motion was made to split the vote among the five current members of the Collin County Central Appraisal District Board of Directors. (Time: 3:51 p.m.)

Motion by: Commissioner Duncan Webb
Second by: Commissioner Matt Shaheen
Vote: 4 - 0 Passed

COURT ORDER NO. 2013-956-11-11

b. AI-37660 Child Protective Services Board.

On behalf of Commissioner Williams, Commissioner Webb made a motion to appoint Oscar Zevallos to the Child Protective Services Board. (Time: 3:51 p.m.)

Motion by: Commissioner Duncan Webb
Second by: Commissioner Matt Shaheen
Vote: 4 - 0 Passed

COURT ORDER NO. 2013-957-11-11

8. AI-36908 TAPS update, Commissioner, Precinct 3.

Commissioner Hill provided the update for the Court. The TAPS (Texoma Area Paratransit System) Board met last week and announced that the City of Allen chose TAPS to provide their JARC (Job Access and Reverse Commute) grant provision. TAPS will launch the service November 18th and it will include three regular fixed routes in the City of Allen. TAPS has signed an access agreement with DART (Dallas Area Rapid Transit), so we now have a more formalized partnership between our two transit groups. The Council of Governments has agreed to cover the cost of access fees. Prior to July 1 when TAPS assumed responsibility, we were averaging about 108 trips a day in the county by our former provider. On November 6 TAPS provided 447 trips. Commissioner Hill is thrilled that we have a viable and robust transit solution for everybody in the county both in the DART area with rail and bus service and those outside of the DART area with bus service. The Court commended Commissioner Hill for his time and leadership. (Time: 3:54 p.m.)

NO ACTION TAKEN

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

NO ACTION TAKEN

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

Judge Self recessed the meeting of the Commissioners' Court at 3:54 p.m. and called to order the meeting of the Collin County Toll Road Authority. Judge Self adjourned the meeting of the Collin County Toll Road Authority and reconvened the meeting of the Commissioners' Court at 3:56 p.m.

EXECUTIVE SESSION

Judge Self recessed the meeting into Executive Session at 3:56 p.m. under Chapter 551.071, Legal, of the Local Government Code.

Legal (551.071)

AI-37621 Courthouse addition construction update, Construction & Projects.

NO ACTION TAKEN

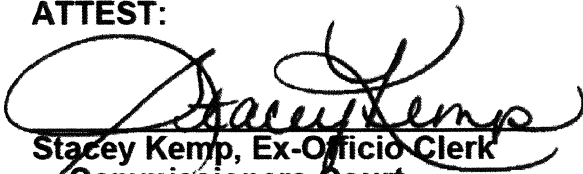
AI-37622 900 East Park Blvd. renovation update, Construction & Projects.

NO ACTION TAKEN

Judge Self reconvened the meeting of the Commissioners' Court at 4:27 p.m. There being no further business of the Court, the meeting was adjourned at 4:27 p.m.



ATTEST:



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



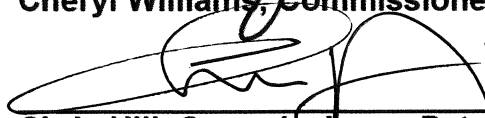
Keith Self, County Judge



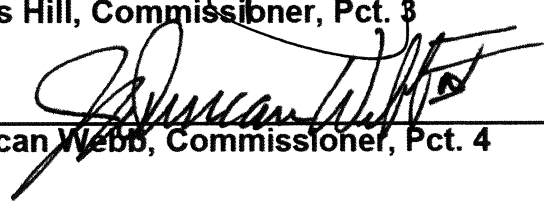
Mark Reid, Commissioner, Pct. 1



Cheryl Williams, Commissioner, Pct. 2



Chris Hill, Commissioner, Pct. 3



Duncan Webb, Commissioner, Pct. 4