

CITY OF DENTON CITY COUNCIL MINUTES

June 14, 2016

The City Council had lunch on Tuesday, June 14, 2016 at 11:30 a.m. in the Council Work Session Room.

After determining that a quorum was present, the City Council convened in a Closed Meeting Tuesday, June 14, 2016 at 12:00 noon in the Council Work Session Room at City Hall.

PRESENT: Council Member Hawkins, Council Member Briggs, Council Member Wazny, Council Member Gregory, Mayor Pro Tem Roden, Council Member Bagheri, and Mayor Watts.

ABSENT: None.

1. Closed Meeting

- A. ID 16-763 Deliberations regarding a Personnel Matter under Government Code Section 551.074 - Consultation with Attorneys under Government Code Section 551.071.

Consultation, discussion, and deliberation about the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the City Manager or hear a complaint or charge regarding the City Manager; consultation with the City's attorneys regarding associated legal issues where discussion of these legal matters in an open meeting would conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would jeopardize the City's legal position in any administrative proceeding or potential litigation.

Following the completion of the Closed Meeting at 2:45 p.m., the City Council convened in a Work Session.

1. Work Session Reports

- A. ID 16-615 Receive a report; hold a discussion, and give staff direction regarding the preliminary FY 2016-17 Proposed Budget, Capital Improvement Program, and Five Year Financial Forecast.

Chuck Springer, Director of Finance, stated that the objective of the presentation was to present preliminary estimates for the FY 2016-17 budget and receive clarification of Council budget priorities. He presented budget overview procedures. The General Fund consisted of neighborhood services, public safety, transportation and administrative and community services. He noted the budget transparency items that were posted on the website such as a dedicated budget page on the website, posting all presentations, proposed budget and budgetary agenda items. Budgetary dates were reviewed. Budgetary themes included funding for strategic plan outcome/action steps, continue street maintenance expansion, expand public safety response capacity, utility infrastructure replacement and expansion, manage TMPA debt requirements in Electric Utility, maintain competitive compensation plan, and maintain conservative budgetary and management practices as recognized by the rating agencies.

A comparison to the prior year forecast was reviewed along with potential priorities to meet expanding demands. The Budget Development in terms of the General Fund was reviewed along with 2015 taxable values and tax year 2015 exemptions. Homestead exemptions were presented as well as over 65 and disabled person tax limitation (tax freeze).

Street Improvement Fund information, Electric Utility Fund, Water Utility Fund, Wastewater Utility Fund, Solid Waste and Recycling Fund, Tourist and Convention Fund, Debt Service Fund and General CIP were discussed.

- B. ID 16-695 Receive a report, hold a discussion, and give staff direction regarding the Renewable Denton Plan, the financing thereof, and activities related to the future power supply for Denton.

Phil Williams, DME General Manager, presented plant configuration options of twelve versus nine units and the advantages of two sites.

Council discussed the possible emissions of twelve engines at one site, the impact on revenue due to limitations of emissions, rate of savings, and congestion risks.

Bryan Langley, Assistant City Manager, presented debt options for the Renewable Denton Plan. Two options were available - Certificates of Obligation and Revenue Bonds. For either option staff was recommending a parameters ordinance. Once approved, it would allow staff to issue bonds within certain terms. Maximum project cost estimates indicated that most cost details were known but there were several relevant factors that were still not known such as interest rate, Euro/dollar exchange rate and land acquisition costs and timeline. Staff would be requesting \$265 million for the debt request authorization. Staff expected the actual cost to be lower. Information concerning the use of Revenue Bonds was reviewed as well as revenue bond refunding advantages.

Council discussed refunding of bonds and the release of restricted funds.

Langley continued with the advantages of the Certificates of Obligation option.

Council discussed a time frame for a possible petition to put the issue on a ballot for a citizen vote.

A matrix detailing a 20 year debt service comparison of Certificates of Obligation vs Utility System Revenue Bonds was presented. Next steps were presented in terms of proceeding with the financing of the project.

Council discussed revenue bonds versus COs for pledging of property taxes. It was noted that the time was now to move forward by using Revenue Bonds as opposed to Certificates of Obligation which could delay a vote in May with an impact on the rate payers.

Langley noted that there were three questions that Council needed to decide. They included whether there was a desire for the project, the desired plant configuration whether that be 12 or 9 units on 1 or two sites and the desired financing.

Council discussed TMPA obligations on funding, renewable contracts for consideration with two still in flux, renewable energy credits from various suppliers and the feasibility of phasing in more units over time versus building the units all at once at one site.

Council consideration of the three questions were:

- Council Member Gregory - yes for the project, 12 units on 2 sites and revenue bonds.
- Council Member Wazny - yes for the project, 12 units on 1 site and revenue bonds.
- Council Member Briggs – was not in favor of moving forward but if pressed for an opinion would be yes for the project, 9 units on 1 site and Certificates of Obligation
- Mayor Pro Tem Roden – yes for the project, 12 units on 2 sites and revenue bonds.
- Council Member Hawkins – yes for the project, 12 units on 2 sites and revenue bonds.
- Mayor Watts – yes for the project with a compromise of 9 units on 1 or 2 sites away from the airport and revenue bonds.
- Council Member Bagheri stated that the project deserved the route of Certificates of Obligation and not Revenue Bonds. She was in favor of 1 site; scaled in phases.

Council discussed the above opinions noting that it appeared that the consensus appeared to be yes for the project, 12 units, 1 site and revenue bonds.

Following the completion of the Work Session, the City Council convened in a Closed Meeting to consider the specific items listed below under the Closed Meeting section of this agenda.

1. Closed Meeting:

A. ID 16-692 Consultation with Attorneys - Under Texas Government Code, Section 551.071

Consultation, discussion, deliberation and receipt of information from the City's attorneys involving legal matters relating to A-1 American Fence Incorporated's appeal to the award of a contract for substation precast security fences for the City of Denton, and to provide the City's attorneys with direction, where a public discussion of these legal matters would clearly conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas.

B. ID 16-696 Deliberations Regarding Certain Public Power Utilities: Competitive Matters - Under Texas Government Code Section 551.086.

Discuss, deliberate, and give staff direction regarding the Renewable Denton Plan, including public power competitive and financial matters pertaining to plans, strategies, opportunities, and developments for generation improvements to the DME system; discuss and deliberate strategies regarding same; discuss and deliberate opportunities and strategies for the City to acquire purchased power and enter into agreements regarding the same, in order to meet its future energy needs.

- C. ID 16-754 Consultation with Attorneys - Under Texas Government Code Section 551.071.

Consult with the City's attorneys regarding the present status of pending litigation entitled: The City of Denton, Texas v. NRG Power Marketing, LLC, et al, Cause No. 15-01404-16, now pending before the 16th Judicial District Court in and for Denton County, Texas; discuss, deliberate and provide the City's attorneys with direction and any recommendations regarding such legal matter. A public discussion of this legal matter would conflict with the duty of the City's Attorneys to the City of Denton, Texas under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas.

- D. ID 16-765 Deliberations Regarding Certain Public Power Utilities: Competitive Matters – Under Texas Government Code Section 551.086.

Receive a presentation from staff regarding public power competitive and financial matters related to the City's participation in, and the overall operational and financial aspects of, the Texas Municipal Power Agency; discuss and deliberate strategies regarding same; discuss, deliberate and provide staff with direction. [TMPA]

Following the completion of the Closed Meeting, the City Council convened in a Special Called Meeting.

1. Items for Individual Consideration

Ordinance No. 2016-162

- A. ID 16-282 Consider adoption of an ordinance accepting competitive proposals and awarding a public works contract for construction of Substation Pre-Cast Security Fences for Denton Municipal Electric; providing for the expenditure of funds therefor; and providing an effective date (RFP 5963-awarded to Walsh's Hawk Construction Company, LLC in the three (3) year not-to-exceed amount of amount of \$6,200,000). The Public Utilities Board recommends approval (5-0).

Council Member Gregory motioned, Council Member Hawkins seconded to adopt the ordinance. On roll call vote, Council Member Briggs "aye", Council Member Wazny "aye", Mayor Watts "aye", Mayor Pro Tem Roden "aye", Council Member Gregory "aye", Council Member Hawkins "aye" and Council Member Bagheri "nay. Motion carried with a 6-1 vote.

2. Concluding Items

- A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the City Council or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding

holiday schedules; an honorary or salutory recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

Council Member Briggs requested a staff report on the animal shelter in terms of the live release rate, how many animals were returned to the shelter and number of dogs/cats killed per month.

Council Member Bagheri inquired about the possibility of a consolidation of the police/fire dispatch center.

Council Member Bagheri asked for a report on how economic development incentives were being distributed.

Council Member Bagheri suggested an expansion of the wildflower trail in North Lakes Park.

With no further business, the meeting was adjourned at 8:30 p.m.

CHRIS WATTS
MAYOR
CITY OF DENTON, TEXAS

JENNIFER WALTERS
CITY SECRETARY
CITY OF DENTON, TEXAS