

**Special Citizens Bond Advisory Committee Meeting**  
**Thursday, May 30, 2019**  
**Meeting Minutes**

The Special Citizens Bond Advisory Committee of the City of Denton, Texas convened in a meeting on Thursday, May 30, 2019, at 6:00 p.m. in the Public Safety Training Facility, Training Room D, at City Hall East, 719 E., Hickory Street, Denton, Texas.

**PRESENT:** Committee members: Tammy Bradley, Peggy Capps, Jennifer Collins, John Crew, Tim Crouch, Karen Devinney, Pati Haworth, Nanci Kimmey, Diana Leggett, Cody Lewis, Kate Lynass, Queen Janata Montgomery, Susan Parker, Eric Pruett, Randy Robinson, Suzanne Rumohr, Janet Shelton, and Patrick Smith.

**STAFF PRESENT:** Todd Hileman, City Manager, Mario Canizares, Deputy City Manager, Sara Hensley, Assistant City Manager, Antonio Puente, Jr., Chief Financial Officer, David Gaines, Director of Finance, Kenneth Hedges, Fire Chief, Todd Estes, Director of Capital Projects, Nick Vincent, Budget Manager, Brian Hogan, Assistant Controller, Nancy Towle, Treasury Manager, Rachel Wood, Chief of Staff for the City Manager's Office, Ryan Adams, Deputy Director of Public Affairs and IGR, Jenny Wang, Accountant, Randee Klingele, Sr. Treasury Analyst, Hailey Payne, Treasury Analyst, and Theresa Jaworski, Executive Assistant and Recording Secretary.

**Welcome from City staff and introduction of Committee members and support staff.**

Todd Hileman, City Manager, thanked the City Council appointed members of the Special Citizens Bond Advisory Committee (Committee) for their service in assisting staff in vetting the bond programs, providing feedback and ideas as recommendations are determined for what a bond election would look like so that information could be taken back to Council.

Hileman explained the intent and goals of the meetings with the first being organizational.

**A. Receive a report and hold a discussion regarding the policies and procedures governing City of Denton Boards and Commissions, including but not limited to the Texas Open Meetings Act.**

Committee members and City staff introduced themselves.

Hileman shared the emphasis of accountability, as well as the accounting changes that were made, and tracking that has been implemented over the last couple of years to deliver and empty the bond funds.

Staff has put a plan in place and continues to review that plan with the City Council, so that by the end of 2021, we will hopefully be emptying out all of the bond packages.

The major emphasis on and discussions for this meeting and over the summer are: do the programs and projects make sense and are they properly sized or are we taking on too much in your opinion?

Hileman then asked for nominations to elect a Committee Chairperson, who will follow in taking nominations for a Vice-Chair.

**B. Receive nominations and hold an election for Chair and Vice Chair of the Special Citizens' Bond Advisory Committee.**

Committee member Pati Haworth motioned that Pat Smith be nominated to Chair the Committee. Janet Shelton seconded the motion. Motion carried unanimously.

Committee Chair Pat Smith requested nominations for the Vice-Chair of the Committee.

Randy Robinson, Committee member, nominated Susan Parker as Vice-Chair of the Committee. Nanci Kimmey seconded the motion. Motion carried unanimously.

**C. Receive a report and hold a discussion regarding the scope and charge of the Special Citizens' Bond Advisory Committee as prescribed by City of Denton Resolution #19-920.**

David Gaines, Director of Finance, reviewed the scope and duties of the Committee members as set out in the resolution. The Committee's charges are to make recommendations to the City Council for the projects included in the bond program. The Committee will meet regularly and utilize staff to further vet and discuss capital projects and if the Committee recommends that Council go forward with and hold an election, the Committee will dissolve on Election Day, November 5, 2019.

Gaines stated the charges that the City Council laid out for the Committee in preparing for a possible 2019 Bond Election will be to consider previously presented bond program projects in the following categories: public safety facilities, major roadway projects, local street improvements, street lights, sidewalks, and parks and open spaces.

Included in the program presentation, are dollar amounts tied to the projects and what was initially presented to Council as they decided to move forward with the resolution.

Gaines continued pointing out the two dollar amounts included in the resolution: not to exceed \$210 million in total costs for the bond package and to consider a \$100 million alternative. Considering the financing piece, we will look at how the dollar amounts came about.

Essentially, \$210 million, based on current estimates, would keep our tax rate flat, whereas \$100 million would follow our effective tax rate. There are very high level assumptions that are associated with those numbers. Should the Committee decide to go above the \$210 million in considering different aspects of the program, it could be taken back to Council and have them provide a resolution, if that is the direction from the Committee.

Gaines went over the weekly meetings scheduled with the Committee and information on specific projects that will be covered. Weekly meetings will be on each Thursday, with the exception of July 4<sup>th</sup> holiday, when the Committee will not meet and plan to pick-up on the following Thursday meetings as required, until July 26.

A discussion followed on meetings that Committee members miss, options for accessing the information covered during the meetings missed, staff's offer to visit with the Committee members on information missed, finding alternate meeting dates, rules that apply under the Open Meetings Act, and the meeting in August that the Council requested that the Committee get back to them with a recommendation.

**D. Receive a report and hold a discussion to include the meeting schedule for the Special Citizens' Bond Advisory Committee; an overview of the 2005, 2012, and 2014 Bond Programs; an overview of preliminary plans for the proposed 2019 Bond Program and associated timeline for the proposed 2019 Bond Election.**

Gaines shared the remaining information with the focus on the 2005, 2012, and 2014 bond programs and to discuss the changes in the organization to get the projects completed, and going to the voters with confidence that the program presented can be accomplished. The information included the status of the projects included in each bond program, percentage of completion from January 2017 through the projected date of March 2020, and the process improvements that have been implemented to see the effect on the bond programs. These go back to planning internally, in coordination with departments, and externally with external utilities or state and local agencies to be aware of problems and address them to get the projects out the door.

Gaines added that cross-functional meetings are held each month with the City Manager's Office and with all departments in the City determining the status of each of these projects and monitoring them throughout the process. This is a big step to ensure nothing is getting left behind. The 2014 Bond Oversight Committee meetings also include an update at each quarterly meeting on the projects status, dollars spent to be transparent on the progress.

Gaines went through the slide presentation on the status of each of the propositions Included in the 2005, 2012 and 2014 Bond Program.

The Committee discussed the Police Station renovation that includes the Dispatch area, storm water drainage and flood control damage, damage to the Waterworks Park during recent storms, high flooding issues on Teasley and the state's responsibility for work in that area, the parks system improvements, the debt service tax history, financing in anticipation of future bond programs, the higher assessed values, and the effective tax rate, the advantage and disadvantages of breaking into individual committees to address projects, and tours that can be given on the projects.

Gaines directed the Committee's attention to the Bond Sale Schedule for a six year program that included discussion on Sherman (FM 428) and the information on roadways, infrastructure, street rehab, and sidewalks.

A discussion followed on leveraging bond funds with \$275 million in federal and state dollars for a total expenditure of \$.5 billion, using this different approach to get ahead of these projects, and a future discussion on bringing in TxDOT and COG are involved, the cost of projects for completion, the proposed fire station location, police substation, firing range location, the new development in the area, and consideration given to opportunities to partner with others for a firing range.

The Committee discussed projects affecting FM 2499, Bonnie Brae, Vintage Road, Ryan Road, Hickory Creek, the plans for traffic flow and connectivity.

Smith suggested that this topic be tabled for further discussion.

Gaines directed the Committee's focus on the tax rate and the financial considerations with the program. The current property tax rate and how it is applied to operations and management as well as the debt service payments, and the effect on the bond program.

Gaines followed with an explanation of the tax rate impact from 2013 through 2025 and the life of the bond program. Based on the current assumptions, keeping the tax rate stable will enable the payment of the \$210 million for the bond program, shifting our tax rate from the operations side to the debt service side.

A discussion followed on possible loss on the operations side, the impact of the projects in the bond program on future road maintenance needs, and who would be responsible for that, the recent loss \$700,000 in state funding and how that affects the budget in future years, a need for discussion on the resulting change in the effective rate, making cuts that will result from that loss in funding, the effects of the decision to take on \$210 million in projects, knowing there will be a need for tradeoffs over the next few years, discussing the budget process concurrently with the City Council, in what is being considered as it affects the effective tax rate, and how they all tie together, how other cities bond programs compare with Denton's, conservative growth estimates and interest rates being presented, and the staff's efforts to err on the side of caution.

Gaines emphasized the need for the resident's and the Committee member's confidence in the project's cost estimates, especially in funding the roadways, to avoid going too low as evidenced in past programs resulting in the need to issue additional forms of debt to complete the road work. Staff provided a full analysis on all estimates in the engineering group, taking a more comprehensive look and planning for inflation, contingencies, design, staff and right-of-way, to be sure they are accurate as possible, but not under cost.

The Committee discussed the estimated point of construction, looking at all previous costs that were missed and avoiding mistakes that would require additional funding, outsourced design costs, incentive costs, contingency for cost amounts not currently available and inflation costs in stretching the program over a six year plan to keep the effective rate pushing the construction schedule raising inflation costs that must be factored in to avoid a shortage in funding.

Gaines presented the information on the needs for streets, with the greatest being the existing roadway infrastructure deficiencies. Roadway projects are based on the future capacity needs, and project leverage funding from other entities to bring up the streets overall condition index (OCI) from 64 to 72.

A discussion followed on the OCI's, the information that can be shared with the Committee, the history of the roadways, older roads, and traffic patterns.

Gaines gave a short presentation on the need for Public Safety Facilities with a more comprehensive look at the facilities during the next meeting that will begin with a tour of the Police headquarters.

Gaines also presented information additional projects submitted to Council for consideration with their charge for the Committee to review as follows: Street Lighting at \$5 million to \$10 million. More details will follow on this with locations of the street lighting and Open Space for parks that will be a new proposition with options and maps provided at a future meeting proposition.

Gaines addressed the importance of public engagement, in the upcoming community meetings in July and August, online comment submission, information provided by staff on the proposed bond program and previous bond programs at [www.cityofdenton.com/bondprograms](http://www.cityofdenton.com/bondprograms) and the Tentative 2019 Bond Election Timeline. These are great resources for the citizens to ask questions and request information.

## **CONCLUDING ITEMS**

**Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the Committee on Persons with Disabilities 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 salutary recognition of 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; an announcement involving an imminent threat to the public and safety of people in the municipality that has arisen after the posting of the agenda.**

Smith asked for general questions from the Committee and if they felt the need for subcommittees.

The Committee discussed dividing into subcommittees as a possible advantage in considering all the programs projects in smaller groups arriving at a consensus to bring back to the larger group, what the structure of the subcommittees would look like, how the subcommittees would be divided with what projects, and if the subcommittees could look at trade-outs or down-size, and how helpful maps would be for the Committee to see the roads, communities and areas these projects reference.

Robinson shared experiences with past bond committees splitting into subcommittees with three times the amount of projects. With the small amount of projects we are tasked to consider, there is a benefit to the whole Committee looking and considering together.

Smith clarified the Committee's consensus is to have a more defined set of projects, with a taskforce that considers the finance side with all of the Committee members considering the projects.

A discussion followed on getting a feel for project priorities in a subcommittee, avoiding a subcommittee's bias on certain projects, drawing a line above the floor of \$100 million, and determining the priority of what project, substituting projects.

Hileman added that the next meeting was set up for the entire Committee to consider the next program presentations. It would be very helpful to hear from the Police Chief and Fire Chief at the same time, then decide on breaking into subcommittees.

Following a discussion on the Committee's next direction, Committee Chair Pat Smith called for a notion to form a taskforce to focus on the bond program's financing; where to draw the funding line, based on affordability, researching and providing options to bring back to the whole Committee for their consideration.

Tim Crouch made a motion to form a taskforce focusing on the proposed 2019 Bond Program's financing, researching and providing options on funding, based on affordability, to provide options to the whole Committee. Peggy Capps seconded the motion. Motion carried unanimously.

Hileman suggested a standing item that would be included in future meeting agendas for the taskforce to report to the Committee.

Gaines advised the taskforce meetings be scheduled separately from the Committee's meetings and offered staff's assistance with posting the meetings.

Smith invited any of the Committee members who wanted to be involved in the taskforce to participate by contacting Susan Parker.

The Committee discussed the \$35 million Street Rehab in the Bond Program, why it is not part of Operations and Maintenance, clarification on current funding required for complete reconstruction for all road versus maintaining them, the critical condition on some roads, and the efforts to catch up on the road work to avoid repeating the current roadway situation.

Hileman explained the prioritization of the Firing Range, the issues surrounding the current location, and options of partnering with other firing range operations under consideration.

With no further items for the Committee's consideration, Chairman Pat Smith asked for a motion to adjourn.

Pati Haworth motioned that the meeting be adjourned, followed by a second by Susan Parker.

Meeting adjourned at 8:01 p.m.

The Special Citizens Bond Advisory Committee approved the corrected May 30, 2019, Meeting Minutes on June 13, 2019.



PAT SMITH  
COMMITTEE CHAIR  
CITY OF DENTON, TEXAS



THERESA JAWORSKI  
RECORDING SECRETARY  
CITY OF DENTON, TEXAS