

**CITY COUNCIL MEETING**  
**April 2, 2009, 8:30 a.m.**

**CITY COUNCIL OF THE CITY OF ABILENE, TEXAS**  
**COUNCIL CHAMBERS, CITY HALL**

The City Council of the City of Abilene, Texas, met in Special Session on April 2<sup>nd</sup> at 8:30 a.m. in the Council Chambers at 555 Walnut Street. Mayor Archibald was present and presiding with Councilmen Sam Chase, Stormy Higgins, Joe Spano, Anthony Williams, Robert O. Briley and Councilwoman Laura Moore. Also present were City Manager Larry Gilley, City Attorney Dan Santee, City Secretary Danette Dunlap, and various members of the City staff.

Mayor Archibald gave the invocation.

Councilman Spano led the Pledge of Allegiance to the Flags of the United States of America and the State of Texas.

4. Mayor Archibald announced that he would be abstaining from discussion on this item due to a conflict of interest as he serves on the Life Sciences Foundation Board he then turned the meeting over to Mayor Pro-tem Sam Chase. Mayor Pro-tem Sam Chase called on Richard Burdine Assistant City Manager, to brief the council on the agreement with the Abilene Life Sciences Foundation, Inc., to provide administrative and staff support, and provide meeting space for board meetings.

The DCOA was recently approved by the National Development Council for a 2009 New Markets Tax Credit (NMTC) allocation that will net an additional \$2 million for reinvestment in the biotech sector. As with the NMTC transaction that took place several years ago for the Taylor County Health Facility on N. 6<sup>th</sup>, a new entity was formed to facilitate the NMTC process. The new entity is the Abilene Life Sciences Foundation, Inc. (ALSF), a Texas non-profit with the purpose of facilitating scientific research and educational activities for the benefit of one or more of the Abilene colleges and universities. DCOA will convey ownership of both properties on Pine to the ALSF then lease back for the purpose of sub-leasing to eligible biotech companies.

Because the DCOA has no employees, a contract is approved each year by City Council to provide staff support and administrative services and to cover the DCOA's properties under the City's self insurance plan. In exchange the DCOA pays 100% of salaries and operating expenses for staff of the Department of Economic Development plus an indirect fee to the City for services provided by Legal, Finance, Accounting, Administration, Human Resources, and other departments, and a pro-rata share of the self-insurance cost. The ALSF also has no employees and desires a similar contractual arrangement with the City. The contract with the ALSF, however, will not be renewed annually and will terminate only when one or both parties deem it necessary. A similar contract has been in place since 1994 with the Abilene Improvement Corporation. The DCOA will master lease both facilities from the ALSF and will therefore be responsible for costs associated with operating and upkeep.

Council and Staff discussion included: 1) staff support from DCOA; and 2) meeting areas provided.

Councilwoman Moore made the motion to approve the oral resolution to Contract with the Abilene Life Sciences Foundation, Inc. for Administrative and Staff Services. Councilman Spano seconded the motion, motion carried.

AYES: Councilman Chase, Spano, Williams, Higgins, Briley Councilwoman Moore.

NAYS: None

ABSTAIN: Mayor Archibald

5. Larry Gilley City Manager, briefed the council on the first reading of the ordinance that establishes a Municipal Golf Course Advisory Board for the City. This ordinance establishes that the board shall be comprised of (7) seven citizens of the City of Abilene and the purpose of the committee is to make recommendations to the City Council to assist in developing and overseeing municipal golf programs and courses to meet the needs of the community. That the board will continually study the golf industry, find out what works and bring it to Abilene.

Council and Staff discussion included: 1) obtaining a spreadsheet of the current rates; 2) letter by Amber Cree. She asked that the council consider the following things when considering board members: a) be someone who has in mind a program of Junior Golf and b) someone who is both interested in and good at "fund raising". There is considerable money in many forms to be used for youth sports; 3) additional language to the ordinance under section 3 that reads: specifically including: the enhancement of junior and women's golf programs by seeking creative ways to obtain public and private funding of municipal golf through grants and partnering opportunities; and 4) holding a public hearing on this ordinance on April 9, 2009.

Councilman Higgins made the motion to approve on first reading the Ordinance of the City Council of the City of Abilene, Texas establishing a Municipal Golf Course Advisory Board along with the additional language in Section 3. Councilman Williams seconded the motion, motion carried.

AYES: Councilmen Chase, Spano, Williams, Briley, Higgins Councilwoman Moore and Mayor Archibald.

NAYS: None

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS ESTABLISHING A MUNICIPAL GOLF COURSE ADVISORY BOARD FOR THE CITY OF ABILENE, ESTABLISHING THE NUMBER OF BOARD MEMBERS, AND EMPOWERING THE BOARD TO DEVELOP AND RECOMMEND POLICIES, PROCEDURES, RATE STRUCTURES AND CAPITAL IMPROVEMENTS FOR MUNICIPAL GOLF TO THE CITY COUNCIL.

6. City Manager Larry Gilley and Finance Director Mindy Patterson reviewed the key issues for the upcoming budget process. To begin the review they called upon Richard Petree, CEO of the Central Appraisal District who gave a review of the projections of property tax roll for 2009.

Legal Assessment Date – January 1 of each year (very important date to remember when dealing with taxes)

Current Economic Issues – National real estate crisis, residential property down 20% and the time of recovery unsure

## **What about Abilene?**

- Few foreclosures – around 20 to 25 per month on average
- Few homes “creatively” financed – local financial lending was conservative in nature
- Prices never rose to unrealistic levels
- Dyess keeps market moving
- Large supply of homes for sale
- Buyers’ market

## **Home Values**

- 2008 - \$2,756,094,087
- 2009 - \$2,806,381,235
- New construction \$34,475,133
- Increase in existing home values - \$15,812,015

## **Apartment Values**

- 2008 - \$271,439,538
- 2009 - \$289,391,549
- New construction - \$10,076,720
- Increase from existing apts. \$7,875,291

## **Commercial Real Estate**

- 2008 - \$1,053,835,300
- 2009 - \$1,098,181,838
- New construction - \$30,757,132
- Increase in existing - \$13,589,406

## **Business Personal Property**

- 2008 - \$754,816,268
- 2009 - \$740,844,541
- Tentative decrease \$13,971,727
- Closed businesses for 2008 – 2009
- Stein Mart, Dunlaps, Circuit City, Goodys, The Gap, Spaghetti Warehouse

## **What is likely change to 2009 Taxable Value?**

- 2008 - \$4,773,846,457
- 2009 estimate - \$4,700,000,000
- Virtually no change although individual properties and areas **May increase or decrease** according to the market in those areas.

## **Projections for 2010**

- Most national economists project that the recession will continue well into 2010
- Texas A&M Real Estate Center chief economist, Mark Dotzour, projects loss of residential value to be 15% statewide
- Commercial values could decline as much as 40% as additional retail closings continue and little demand is present for renting existing vacant commercial property.

## **What will happen in Abilene?**

- Increase in unemployment
- Reduction in number of workers working
- Impact of over-supply of housing to drive values down
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- Inventories & Equipment likely down

Discussion included: 1) Property taxes are a big part of the city budget; 2) have a good housing market; 3) have been tracking foreclosures for the last 3 years; and 4) believe the 3 year recovery will begin in 2010.

City Manager Larry Gilley and Finance Director Mindy Patterson continued the review of the other key issues for the upcoming budget process.

## **Sales Tax**

- **General Fund Budget for 2009 = \$26,547,100**
- **3% increase over Budget 2008**
- **Currently 5.45% above last year**  
**(For October through March)**

## **TMRS**

- **Current rate (effective 1/1/09) is 16.18% of payroll; this includes ad hoc COLA for retirees granted 1/1/09.**
- **Retiree COLA will not automatically recur, but will have to be considered in budget process.**
- **Continued concern over funding of future liabilities requirement.**
- **TMRS is proposing legislation to support its actuarial and funding changes, including:**
  - **Establishing a floor of 5% for interest credits to members**
  - **Establishing variable interest rates for employer cities**
  - **Allowing TMRS to credit unrealized gains and losses back to cities**
- **Additional legislation being proposed by a group of cities to provide for alternative calculation methods for retiree COLAs (a true one-time adjustment, versus the “retroactive all the way back adjustment”).**
- **We will continue to monitor through legislative consultants.**
- **Abilene is hosting a pre-retirement seminar for the region on July 8.**

## **Pay Plan**

- **Across-the-Board Ranges 15–44 = 4%**
- **Across-the-Board Ranges 45–59 = 2%**

## **Fuel**

- **Original FY 09 projection - based on March 2008 market trends:**
  - **Unleaded - \$3.59 per gallon**
  - **Diesel - \$3.83 per gallon**
- **Actual Year to Date for FY 09:**
  - **Unleaded - \$2.21 per gallon**

**- Diesel - \$2.28 per gallon**

- **Fuel Under Budget Projection = \$510,000**
- **Maintenance Over Budget Projection = \$66,000**
- **At this time fuel cost is slowly rising for both diesel and gasoline.**
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### **Self Insurance Fund**

- **Health Plan performance indicators are pretty much tracking with prior year so far:**
  - **975 covered employees**
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  - **Fiscal YTD claims \$2,448,483 compared to \$2,278,738 for same period last year**
  - **FY 08 total claims were approximately \$5.6 million**
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- **COACH is running at a utilization rate of about 62 office visits per week, which is about a 19% increase over the utilization rate this time last year.**
- **We continue to actively pursue cost management and cost containment strategies through wellness initiatives, Health Risk Assessments, safety programs, assertive return to work programs, and employee education.**

### **Budget Policy**

The current budget policy has not been formally approved by council.

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### **EXECUTIVE SESSION**

No Executive Session

There being no further business the meeting was adjourned at 10:16 a.m.

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Danette Dunlap, TRMC  
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Councilwoman Moore made the motion to approve the oral resolution to Contract with the Abilene Life Sciences Foundation, Inc. for Administrative and Staff Services. Councilman Spano seconded the motion, motion carried.

AYES: Councilman Chase, Spano, Williams, Higgins, Briley Councilwoman Moore.

NAYS: None

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### **EXECUTIVE SESSION**

No Executive Session

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**April 2, 2009, 8:30 a.m.**

**CITY COUNCIL OF THE CITY OF ABILENE, TEXAS**  
**COUNCIL CHAMBERS, CITY HALL**

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Councilman Spano led the Pledge of Allegiance to the Flags of the United States of America and the State of Texas.

4. Mayor Archibald announced that he would be abstaining from discussion on this item due to a conflict of interest as he serves on the Life Sciences Foundation Board he then turned the meeting over to Mayor Pro-tem Sam Chase. Mayor Pro-tem Sam Chase called on Richard Burdine Assistant City Manager, to brief the council on the agreement with the Abilene Life Sciences Foundation, Inc., to provide administrative and staff support, and provide meeting space for board meetings.

The DCOA was recently approved by the National Development Council for a 2009 New Markets Tax Credit (NMTC) allocation that will net an additional \$2 million for reinvestment in the biotech sector. As with the NMTC transaction that took place several years ago for the Taylor County Health Facility on N. 6<sup>th</sup>, a new entity was formed to facilitate the NMTC process. The new entity is the Abilene Life Sciences Foundation, Inc. (ALSF), a Texas non-profit with the purpose of facilitating scientific research and educational activities for the benefit of one or more of the Abilene colleges and universities. DCOA will convey ownership of both properties on Pine to the ALSF then lease back for the purpose of sub-leasing to eligible biotech companies.

Because the DCOA has no employees, a contract is approved each year by City Council to provide staff support and administrative services and to cover the DCOA's properties under the City's self insurance plan. In exchange the DCOA pays 100% of salaries and operating expenses for staff of the Department of Economic Development plus an indirect fee to the City for services provided by Legal, Finance, Accounting, Administration, Human Resources, and other departments, and a pro-rata share of the self-insurance cost. The ALSF also has no employees and desires a similar contractual arrangement with the City. The contract with the ALSF, however, will not be renewed annually and will terminate only when one or both parties deem it necessary. A similar contract has been in place since 1994 with the Abilene Improvement Corporation. The DCOA will master lease both facilities from the ALSF and will therefore be responsible for costs associated with operating and upkeep.

Council and Staff discussion included: 1) staff support from DCOA; and 2) meeting areas provided.

Councilwoman Moore made the motion to approve the oral resolution to Contract with the Abilene Life Sciences Foundation, Inc. for Administrative and Staff Services. Councilman Spano seconded the motion, motion carried.

AYES: Councilman Chase, Spano, Williams, Higgins, Briley Councilwoman Moore.

NAYS: None

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5. Larry Gilley City Manager, briefed the council on the first reading of the ordinance that establishes a Municipal Golf Course Advisory Board for the City. This ordinance establishes that the board shall be comprised of (7) seven citizens of the City of Abilene and the purpose of the committee is to make recommendations to the City Council to assist in developing and overseeing municipal golf programs and courses to meet the needs of the community. That the board will continually study the golf industry, find out what works and bring it to Abilene.

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Councilman Higgins made the motion to approve on first reading the Ordinance of the City Council of the City of Abilene, Texas establishing a Municipal Golf Course Advisory Board along with the additional language in Section 3. Councilman Williams seconded the motion, motion carried.

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Because the DCOA has no employees, a contract is approved each year by City Council to provide staff support and administrative services and to cover the DCOA's properties under the City's self insurance plan. In exchange the DCOA pays 100% of salaries and operating expenses for staff of the Department of Economic Development plus an indirect fee to the City for services provided by Legal, Finance, Accounting, Administration, Human Resources, and other departments, and a pro-rata share of the self-insurance cost. The ALSF also has no employees and desires a similar contractual arrangement with the City. The contract with the ALSF, however, will not be renewed annually and will terminate only when one or both parties deem it necessary. A similar contract has been in place since 1994 with the Abilene Improvement Corporation. The DCOA will master lease both facilities from the ALSF and will therefore be responsible for costs associated with operating and upkeep.

Council and Staff discussion included: 1) staff support from DCOA; and 2) meeting areas provided.

Councilwoman Moore made the motion to approve the oral resolution to Contract with the Abilene Life Sciences Foundation, Inc. for Administrative and Staff Services. Councilman Spano seconded the motion, motion carried.

AYES: Councilman Chase, Spano, Williams, Higgins, Briley Councilwoman Moore.

NAYS: None

ABSTAIN: Mayor Archibald

5. Larry Gilley City Manager, briefed the council on the first reading of the ordinance that establishes a Municipal Golf Course Advisory Board for the City. This ordinance establishes that the board shall be comprised of (7) seven citizens of the City of Abilene and the purpose of the committee is to make recommendations to the City Council to assist in developing and overseeing municipal golf programs and courses to meet the needs of the community. That the board will continually study the golf industry, find out what works and bring it to Abilene.

Council and Staff discussion included: 1) obtaining a spreadsheet of the current rates; 2) letter by Amber Cree. She asked that the council consider the following things when considering board members: a) be someone who has in mind a program of Junior Golf and b) someone who is both interested in and good at "fund raising". There is considerable money in many forms to be used for youth sports; 3) additional language to the ordinance under section 3 that reads: specifically including: the enhancement of junior and women's golf programs by seeking creative ways to obtain public and private funding of municipal golf through grants and partnering opportunities; and 4) holding a public hearing on this ordinance on April 9, 2009.

Councilman Higgins made the motion to approve on first reading the Ordinance of the City Council of the City of Abilene, Texas establishing a Municipal Golf Course Advisory Board along with the additional language in Section 3. Councilman Williams seconded the motion, motion carried.

AYES: Councilmen Chase, Spano, Williams, Briley, Higgins Councilwoman Moore and Mayor Archibald.

NAYS: None

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS ESTABLISHING A MUNICIPAL GOLF COURSE ADVISORY BOARD FOR THE CITY OF ABILENE, ESTABLISHING THE NUMBER OF BOARD MEMBERS, AND EMPOWERING THE BOARD TO DEVELOP AND RECOMMEND POLICIES, PROCEDURES, RATE STRUCTURES AND CAPITAL IMPROVEMENTS FOR MUNICIPAL GOLF TO THE CITY COUNCIL.

6. City Manager Larry Gilley and Finance Director Mindy Patterson reviewed the key issues for the upcoming budget process. To begin the review they called upon Richard Petree, CEO of the Central Appraisal District who gave a review of the projections of property tax roll for 2009.

Legal Assessment Date – January 1 of each year (very important date to remember when dealing with taxes)

Current Economic Issues – National real estate crisis, residential property down 20% and the time of recovery unsure

## What about Abilene?

- Few foreclosures – around 20 to 25 per month on average
- Few homes “creatively” financed – local financial lending was conservative in nature
- Prices never rose to unrealistic levels
- Dyess keeps market moving
- Large supply of homes for sale
- Buyers’ market

## Home Values

- 2008 - \$2,756,094,087
- 2009 - \$2,806,381,235
- New construction \$34,475,133
- Increase in existing home values - \$15,812,015

## Apartment Values

- 2008 - \$271,439,538
- 2009 - \$289,391,549
- New construction - \$10,076,720
- Increase from existing apts. \$7,875,291

## Commercial Real Estate

- 2008 - \$1,053,835,300
- 2009 - \$1,098,181,838
- New construction - \$30,757,132
- Increase in existing - \$13,589,406

## Business Personal Property

- 2008 - \$754,816,268
- 2009 - \$740,844,541
- Tentative decrease \$13,971,727
- Closed businesses for 2008 – 2009
- Stein Mart, Dunlaps, Circuit City, Goodys, The Gap, Spaghetti Warehouse

## What is likely change to 2009 Taxable Value?

- 2008 - \$4,773,846,457
- 2009 estimate - \$4,700,000,000
- Virtually no change although individual properties and areas **May increase or decrease** according to the market in those areas.

## Projections for 2010

- Most national economists project that the recession will continue well into 2010
- Texas A&M Real Estate Center chief economist, Mark Dotzour, projects loss of residential value to be 15% statewide
- Commercial values could decline as much as 40% as additional retail closings continue and little demand is present for renting existing vacant commercial property.

## **What will happen in Abilene?**

- Increase in unemployment
- Reduction in number of workers working
- Impact of over-supply of housing to drive values down
- Vacancies in commercial property will likely send those values downward also
- Inventories & Equipment likely down

Discussion included: 1) Property taxes are a big part of the city budget; 2) have a good housing market; 3) have been tracking foreclosures for the last 3 years; and 4) believe the 3 year recovery will begin in 2010.

City Manager Larry Gilley and Finance Director Mindy Patterson continued the review of the other key issues for the upcoming budget process.

## **Sales Tax**

- **General Fund Budget for 2009 = \$26,547,100**
- **3% increase over Budget 2008**
- **Currently 5.45% above last year**  
**(For October through March)**

## **TMRS**

- **Current rate (effective 1/1/09) is 16.18% of payroll; this includes ad hoc COLA for retirees granted 1/1/09.**
- **Retiree COLA will not automatically recur, but will have to be considered in budget process.**
- **Continued concern over funding of future liabilities requirement.**
- **TMRS is proposing legislation to support its actuarial and funding changes, including:**
  - **Establishing a floor of 5% for interest credits to members**
  - **Establishing variable interest rates for employer cities**
  - **Allowing TMRS to credit unrealized gains and losses back to cities**
- **Additional legislation being proposed by a group of cities to provide for alternative calculation methods for retiree COLAs (a true one-time adjustment, versus the “retroactive all the way back adjustment”).**
- **We will continue to monitor through legislative consultants.**
- **Abilene is hosting a pre-retirement seminar for the region on July 8.**

## **Pay Plan**

- **Across-the-Board Ranges 15–44 = 4%**
- **Across-the-Board Ranges 45–59 = 2%**

## **Fuel**

- **Original FY 09 projection - based on March 2008 market trends:**
  - **Unleaded - \$3.59 per gallon**
  - **Diesel - \$3.83 per gallon**
- **Actual Year to Date for FY 09:**
  - **Unleaded - \$2.21 per gallon**

**- Diesel - \$2.28 per gallon**

- **Fuel Under Budget Projection = \$510,000**
- **Maintenance Over Budget Projection = \$66,000**
- **At this time fuel cost is slowly rising for both diesel and gasoline.**
- **Prime fuel use is between April and September.**

### **Self Insurance Fund**

- **Health Plan performance indicators are pretty much tracking with prior year so far:**
  - **975 covered employees**
  - **2066 covered lives**
  - **Fiscal YTD claims \$2,448,483 compared to \$2,278,738 for same period last year**
  - **FY 08 total claims were approximately \$5.6 million**
- **We transferred \$500,000 to the Self Insurance fund at year end 08, primarily to fund accrual required by TPA for workers compensation claim.**
- **COACH is running at a utilization rate of about 62 office visits per week, which is about a 19% increase over the utilization rate this time last year.**
- **We continue to actively pursue cost management and cost containment strategies through wellness initiatives, Health Risk Assessments, safety programs, assertive return to work programs, and employee education.**

### **Budget Policy**

The current budget policy has not been formally approved by council.

Council and Staff discussion included: 1) May and June workshops – geared around Budget FY 2010; 2) any changes to the budget policy would need to get to City Manager within the next couple of weeks; 3) fund balances prior to workshop in July; 4) federal stimulus – do not see any direct impact in 2010. Projection of \$5 million in Transportation, \$2 million for transit programs, \$300,000 for Community Development Block Grant, \$150,000 Grant program for Police (COPS Grant), \$1.2 million Energy Assistance Program – looking at how it might apply. Program guidelines are not totally established yet; and 5) COPS Grant would pay for additional officers, the program would pay for 3 (three) years at 100% and at the end of the 3 (three) years the City would be responsible for all costs. Actively reviewing the COPS Grant and how it would impact the City.

## **EXECUTIVE SESSION**

No Executive Session

There being no further business the meeting was adjourned at 10:16 a.m.

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Danette Dunlap, TRMC  
City Secretary

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Norm Archibald  
Mayor