

**REGULAR MEETING AND PUBLIC HEARING
CITY COUNCIL
CITY OF NASSAU BAY, TEXAS
JULY 13, 2020
7:00 PM
VIA TELECONFERENCE**

MEMBERS OF COUNCIL PRESENT: Mayor Mark Denman, Mayor Pro Tem Don Matter, Councilmembers Ashley Graves, John Mahon, Bryce Klug, Bob Wartens, Matt Prior, and Councilmember-Elect Phil Johnson (all members via teleconference)

MEMBERS OF COUNCIL ABSENT: None

OTHERS PRESENT: City Attorney Dick Gregg Jr., City Manager Jason Reynolds, City Secretary Sandra Ham, Assistant City Manager Mary Chambers, Finance Director Csilla Ludanyi, Public Works Director Paul Lopez, Police Chief Tim Cromie, Fire Chief Tom George, Human Resources Manager Chani Honeycutt, and Planning Commission Chairman Roscoe Lee (all members via teleconference)

PRESIDING: Mayor Mark Denman

CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Mark Denman called the meeting to order at 7:00 p.m. and announced a quorum of Council was present with all elected officials in attendance.

CITIZENS' REQUEST FOR HEARING BEFORE CITY COUNCIL

Mayor Denman announced a Public Hearing for citizens to address Council regarding any issues or concerns.

The Public Hearing was opened at 7:01 p.m.

Pete Seroka, 18226 Nassau Bay Drive, provided comments representing the Nassau Bay Homes Association (NBHA). He detailed current NBHA updates, including new board appointments, new pool hours, marina changes, and a new created task force. Mr. Seroka indicated there were three resignations on the board, with recent replacements including Glenn Poche, Spencer Carabajal, and Don Hollowell. He indicated the new office hours will be 9:00am to 2:00pm, with closures on Friday. The pool will be open 1:00pm to 8:00pm everyday. Currently, there are no vacant boat slips at the marina. Lastly, the NBHA created a task force to help the NBHA organization moving forward.

COUNCILMEMBERS' COMMENTS/REPORTS

Councilmember Matt Prior wanted to echo the importance of the Homeowner Associations in the Nassau Bay community.

Councilmember Ashley Graves expressed appreciation to the City for their efforts during the COVID-19 pandemic, noting that each department has done a great job in being flexible. She continued by detailing the most recent CANBE Board meeting. At this time, Legacy Benches and Legacy Bricks are still available. Additionally, CANBE is interviewing

for a Junior Board member. She ended her comments by inviting all to reach out to their neighbors and continue the community spirit.

Councilmember John Mahon stated he was pleased to see the forward movement with the Nassau Bay Homes Association and provided well wishes to the newest board members.

Mayor Pro Tem Don Matter echo similar sentiments regarding the NBHA, and extended appreciation for their efforts to turn the organization around forward.

MAYOR'S COMMENTS/REPORTS

Mayor Mark Denman reiterated the impressive comments regarding the City during the COVID pandemic, emphasizing that he does not want to see any business closures during this time. Additionally, he has continued conversations with Harris County Judge Lina Hidalgo and Harris County Commissioner Adrian Garcia and wanted to encourage residents to continue to practice social distancing and mask wearing.

REPORTS FROM STAFF MEMBERS & COMMITTEES

City Manager

City Manager Jason Reynolds emphasized the need to remain vigilant with COVID-19. He also encouraged social distancing and mask wearing practices. The City of Nassau Bay's COVID numbers have increased to 15, with cases tripling since June.

Although the 50th Anniversary Gala was canceled, he is hopeful that the celebration will occur in April 2021. Additionally, he stated refunds for the previously scheduled August celebration have been processed.

He continued his comments by expressing appreciation to all those who decorated their homes for the Fourth of July, as he believed it really brightened the City. He also wanted to congratulate Public Works employee James Green for celebrating eight years with the City. He continues to appreciate the many long-tenured employees with the City. He ended his report by announcing the upcoming Nassau Bay Art Spire monument ceremony on Thursday, July 16th.

Police Department

Police Chief Tim Cromie provided the department statistics for the month of June. In June, there were 352 calls for service, 33 reports taken, 131 traffic stops, 36 citations, 4 code enforcement cases, with 4,995 patrol miles. Chief Cromie indicated marine operations continue with the Fire Department on the weekends. Crews continue to monitor and address vessels with excessive wakes. In June, there were eight warnings for wake violations.

He continued by announcing that on June 30, 2020 Harris County Commissioners Court honored Sgt. Kaila Sullivan by renaming the Bay Area Museum to the Kaila M. Sullivan Chapel and Hall effective June 30, 2020. This museum is located at Clear Lake Park. He also overviewed the recent Briskets for Blue event on July 11th, in which individuals and

businesses joined together to express appreciation to local law enforcement. This group provided 30 briskets along with sides to eleven local police departments.

He ended his comments by providing notice of the heat advisory. He asked for those to please remember to check your car or truck before leaving and warned those to not leave children or animals inside a vehicle. Even with windows cracked for a short period of time the temperature inside a vehicle becomes deadly within minutes.

Fire Department

Fire Department President Matt Roper presented the Fire Department's June status report. Mr. Roper stated the Department responded to 35 calls, and volunteered 1,134 man hours, many of which were boat related. Current membership is at 43 members. The Department is currently working on the design of the boathouse which will be built on the far end of Leeward Lane. There are several advantages to building the boathouse in this location, as it allows the boat to be more easily deployed, providing quick response on the water.

Mayor Denman indicated that the City reached out to Harris County Commissioner Adrian Garcia for funding support of the boathouse. Commissioner Garcia was impressed with the location and the building and it is expected the City will receive financial support. President Roper indicated the Department is made up of a very diverse group of individuals on the team, including engineers, that have assisted in the creation of a full set of engineering plans for the boathouse. Additionally, he noted it would be a floating dock and described further details on the design.

CONSENT AGENDA

Approval of Minutes of Regular Meeting on May 11, 2020

It was moved by Councilmember Bob Warters, seconded by Mayor Pro Tem Don Matter, to approve the Consent Agenda.

Motion passed 7 – 0.

NEW BUSINESS

Awarded Bid No. 2020-03 Steel Platform and Generator Installation to Bey Commercial Construction LLC for a total amount of \$60,877.00

City Manager Jason Reynolds provided a brief discussion of the project, which includes the fabrication and construction of a galvanized steel platform at the City's Fire & EMS Station, and the placement and installation of a City-purchased generator atop the platform. This platform and generator will provide power for the entire station.

The City worked with Dave Kasper of ARKK Engineers throughout the bid process. Based on the scoring of the proposals, it is the recommendation of ARKK Engineers to award the bid to Bey Commercial Construction LLC. ARKK Engineers has not learned of any reason for the City to not award the project to the lowest bidder Bey Commercial Construction LLC in the amount of \$60,877.00.

Fire Chief Tom George indicated the total costs of the project include the generator for approximately \$54,000, and the platform, which is currently requesting approval in the amount of \$60,000. City Manager Reynolds added he will seek financial assistance from the EDC to pay for the generator.

Mayor Pro Tem Matter requested additional details on the elevation of the platform. Chief George stated the base of the generator will be elevated 23 feet.

It was moved by Councilmember Bryce Klug, seconded by Councilmember Bob Wartens, to award Bid No. 2020-03 Steel Platform and Generator Installation to Bey Commercial Construction LLC for a total amount of \$60,877.00

Motion passed 7 – 0.

Presentation and discussion of the City of Nassau Bay's participation in the TMRS system

Finance Director Csilla Ludanyi overviewed the discussion, noting the presentation will provide further details on the TMRS plan details, annual rates, the unfunded pension liability, and a focus on the COLA election benefit for employees.

While reviewing the TMRS plan options, Ms. Ludanyi provided the basic information on the City's participation, including the employee deposit rate, matching ratio, vesting requirement, and COLA based on CPI for retirees. She noted there are various elections and options to choose and overviewed the options Nassau Bay has currently selected.

Finance Director Ludanyi continued the discussion by describing Nassau Bay's funded position, noting the TMRS GASB (Government Accounting Standards Board) sets the standards for reporting. Acknowledging the recent focus on the unfunded actuarial accrued liability, she stated, based on the GASB 68 Report, Nassau Bay's NPL is 80.24%, meaning that on 12/31/2020, from a reporting standpoint, the City has surpassed our baseline goal for a well-funded plan.

Continuing, she highlighted Council's priority on rate stabilization, with Council electing to make additional payments to reduce the unfunded liability, demonstrating a dedication to reducing the unfunded liability. The current approved contribution rate is 16.21%.

Finance Director Ludanyi overviewed the City's COLA election, which is an election in the TMRS retirement system that plans for Cost of Living Adjustments for retirees based on the Consumer Price Index. The COLA is selected as a plan option via the City Council by City Ordinance. The options available to the City are a COLA at 30%, 50%, or 70% of CPI, either repeating or non-repeating. Currently this election is set at 70%, repeating. Should City Council elect to make a change in this option, the election is retro-active.

Ms. Ludanyi provided additional details on the COLA election and the impact of such change on the unfunded actuarial accrued liability. She indicated TMRS is a pre-funded plan for all benefits, denoting all plan components are designed to be funded for participants prior to their retirement. The plan is designed so that liability is paid for by the time the member has retired. The Normal Cost Rate includes projected future costs of all plan components being earned in the current year and the Prior Service Rate includes future costs of plan components that were not fully funded in previous years due to annual

plan experience. The COLA election is calculated such that all future COLA increases are included in the Normal Cost for current year earnings and Prior Service Rate attributed to each prior year's experience.

A change in the percent of COLA increase from 70% to 50% would result in re-calculation for all COLA increases for all members in the Nassau Bay plan (retiree, vested but not yet retired, and active employees) retroactively, thereby decreasing both the Normal Cost Rate and Prior Service Rate. Finance Director Ludanyi presented a plan change study, highlighting changes of the COLA to 50% from the current selection of 70%. Referencing the draft budget, a change to 50% while maintaining the budgeted contribution rate of 16% could result in a savings of \$42,000.

There was brief discussion on the change scenarios, possible contribution rate versus the required rate, and savings to the draft budget. Finance Director Ludanyi indicated any plan changes will impact all members of the Nassau Bay plan, including retired members, vested but not retired, and active employees.

She continued with a visual summarization of the current gross monthly pension benefit, which already incorporates the planned COLA increases and minimum 5% interest annually. The only items that would substantially impact the projections for these employees is a large promotion, a separation from the City, or a signification plan change. She also provided a visual of the plan change impacts for current retirees.

Finance Director Ludanyi continued with an overview of the plan change implementation. She indicated any change to the TMRS plan requires official action with City Ordinance approval. An ordinance making a plan change must be received by 12/31/2020 in order to take effect January 1, 2021, and TMRS needs a week's notice to prepare the required ordinance. TMRS does not notify retirees of COLA decreases, only notifies if the COLA is entirely eliminated.

Ms. Ludanyi offered further insight on the timing of plan changes that should be considered. The City is still waiting on TMRS for UAAL projections that include the new proposed salaries and also what the UAAL run-off looks like with the various proposed plan changes and funding options. Additionally, the City is still uncertain about the tax rate and related property tax revenue for the coming year.

Councilmember Bryce Klug requested further details on passage of an ordinance reducing the COLA benefit, specifically if an ordinance is required. Ms. Ludanyi confirmed an ordinance is needed, and an affirmative Council vote is needed for passage. Councilmember Klug requested for action on this item to be moved to after the Executive Session.

Mayor Denman understood there was a preference from some Councilmembers on reducing the benefit for cost savings but emphasized the reality that the COLA reduction does indeed affect employees. He urged Council to consider benchmarks for surrounding cities, with Nassau Bay currently at average or on par with the region. For the two benefit items under consideration, COLA is 70%, similar to a large majority of the region, and Nassau Bay is currently below average for the Update Service Credit benefit. Mayor Denman cautioned that the City of Nassau Bay would not be competitive in those two options areas, and hesitated having any discussion which would make Nassau Bay

benefits less competitive. He reminded all that any discussion on benefits affects not only current employees but affects past employees and future employees.

Councilmember Graves inquired whether Council would be amendable to waiting to have this discussion. Councilmember-Election Johnson asked for the cutoff decision date, with City Manager Reynolds noting should a decision take effect for January 1, 2021 a decision would need to be made by December. Otherwise, any decision made in 2021, regardless of when, would not be in effect until January 1, 2022.

This discussion was moved to after Executive Discussion.

FIRST READING OF ORDINANCES

Approval of an Ordinance amending the FY20 Budget (first and only reading)

Finance Director Ludanyi indicated approval of this ordinance was a housekeeping agenda item. Presented are two proposed budget amendments. For the General Fund, most expenditures and revenues are offsetting, so the amendment presented nets an increase of \$10 in General Fund reserves. This includes a transfer to the Capital Projects Fund for the Leeward townhome purchase. The second amendment is related to the Water Sewer Fund, Tourism Fund, Special Revenue & Grants Fund, and Capital Projects Fund and other funds. Special Revenue is related to the Home Elevation grant.

The caption of the ordinance reads as follows (first and only reading):

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NASSAU BAY, TEXAS, AMENDING THE FY20 BUDGET TO RECOGNIZE INCREASES IN GENERAL FUND REVENUE TOTALING \$445,210 AND IN GENERAL FUND EXPENDITURES TOTALING \$445,200; INCREASES IN WATER & SEWER FUND EXPENDITURES IN THE AMOUNT OF \$10,000; DECREASES REVENUE IN THE TOURISM FUND BY \$424,200; INCREASES IN SPECIAL REVENUE AND GRANTS FUND REVENUE TOTALING \$1,039,170 AND IN SPECIAL REVENUE AND GRANTS FUND EXPENDITURES TOTALING \$937,540; AND INCREASES IN CAPITAL PROJECTS FUND REVENUE TOTALING \$101,280 AND INCREASES IN EXPENDITURES TOTALING \$104,310.

(Said Ordinance is of record in Ordinance Book No. 13 of the City of Nassau Bay, Texas, being Ordinance No. O2020-800.)

It was moved by Councilmember Bob Warters, seconded by Councilmember Ashley Graves, to approve the FY20 Budget Amendment.

Motion passed 7 – 0.

EXECUTIVE (CLOSED) SESSION

Meeting recessed to Executive Session at 7:53 p.m. as authorized by Texas Government Code, Chapter 551, Open Meetings, Subchapter D, Exceptions to Requirement that Meeting be Open, with Mayor Denman reading from the posted agenda the following topic to be discussed in Executive Session:

1. §551.072 Deliberation Regarding Real Property – Discussion of real estate matters pertaining to property within the City limits.
2. §551.074 Personnel – Discuss the employment, evaluation, compensation, goals, and duties of the City Manager.

Meeting returned to Open Session at 9:07 p.m.

NEW BUSINESS

It was requested that this New Business item resume after the City Council Executive Session.

Presentation and discussion of the City of Nassau Bay's participation in the TMRS system

It was moved by Councilmember Bryce Klug, seconded by Councilmember Ashley Graves, to authorize City staff to draft an ordinance to lower the TMRA COLA benefit from 70% to 50%.

Motion passed 7 – 0.

ACTION ITEMS FROM EXECUTIVE SESSION:

Action regarding real estate matter as discussed in Executive Session – 24 Leeward Lane, Nassau Bay, TX 77058

It was moved by Councilmember Bryce Klug, seconded by Councilmember Bob Warters, to authorize the City Manager to negotiate the property at 24 Leeward Lane, Nassau Bay, TX 77058 with the funding amount of \$30,000, and to direct the City Manager to source additional funds from the Economic Development Corporation, RDA, and TIRZ, as discussed in Executive Session.

Motion passed 7 – 0.

Action regarding personnel matter(s) as discussed in Executive Session – City Manager

It was moved by Councilmember Bryce Klug, seconded by Councilmember Matt Prior, to authorize the Mayor to provide a merit increase and bonus to the City Manager as discussed in Executive Session.

Motion passed 7 – 0.

ADJOURNMENT

There being no further business, the meeting adjourned at 9:11 p.m.

Minutes approved as submitted and/or amended this 14th day of December A.D. 2020.

CITY OF NASSAU BAY, TEXAS



Mark A. Denman
Mayor

ATTEST:



Sandra V. Ham
City Secretary