

**REGULAR MEETING AND PUBLIC HEARING
CITY COUNCIL
CITY OF NASSAU BAY, TEXAS
OCTOBER 12, 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 Warters, 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.

APPOINTMENTS, PROCLAMATIONS, PRESENTATIONS, AWARDS

Presentation of a Proclamation for Arbor Day

Mayor Mark Denman indicated this was his ninth time as Mayor to issue this Arbor Day proclamation. Mayor Denman proclaimed Friday, November 6, 2020 as Arbor Day in the City of Nassau Bay and stated the proclamation will be formally presented the day of the event. He invited Joyce Mayor, President of the Nassau Bay Garden Club, to give an overview of the upcoming event. Ms. Mayor indicated the Garden Club will be commemorating the large magnolia tree located at 2020 NASA Road 1. At the event, a plaque will be presented to highlight this tree originally planted in the City in 1904.

Update on the COVID-19 Pandemic and CARES ACT Funding

Emergency Management Coordinator Dena Mahan provided an update on the City's CARES ACT funding status. Nassau Bay recently submitted the City's first reimbursement request. In the first issuance, the City requested reimbursement for COVID testing, public health expenses, sanitation signs, payroll expenses for staff substantially dedicated to COVID response, and compliance expenses. The City anticipates a response within the week. Mrs. Mahan emphasized that CARES ACT funds are federal funds, granted through Harris County.

At this time, Mayor Denman requested for the Parks & Recreation Committee report be heard at this time, in order to recognize two student volunteers.

Parks & Recreation Committee

Park & Recreation Committee Chairman Roscoe Lee presented the Parks & Recreation Committee report. He indicated the committee has not met recently due to COVID, but will have a meeting on October 21, 2020.

Chairman Lee wanted to acknowledge two student volunteers, proposed for recognition by Mayor Denman. Mr. Lee described the volunteer efforts of Nickie and Evan to clean up approximately twenty bags of dog feces left in the park. Chairman Lee also reminded residents that an ordinance exists instructing residents to pick up after their pets. He ended by thanking the two volunteers for their extensive time in cleaning up the park.

Mr. Lee continued by briefly discussing the partnership with CANBE to transition the City's benches to a uniform style of bench. The benches on the Upper Bay boardwalk were deteriorating and it was agreed upon by the Committee that Legacy benches would be a good solution to replace those benches.

Gayle Nelson spoke on behalf of CANBE and expressed appreciation to Mr. Lee and the Public Works Department for removing those existing benches on the Upper Bay boardwalk. This bench project initially began with Eagle Scout Stephen Himmel, who also volunteered to provide finishing touches on the newly installed benches. These legacy benches are nearly completed and will have a memorial plaque installed on each of them. Lastly, Ms. Nelson noted one of these benches will be dedicated in honor of Sergeant Kaila Sullivan. Mayor Denman commented on the success of the bench program, and respectfully requested for these volunteers to be recognized once their Eagle Scout projects were completed.

Chairman Lee ended his report by detailing the City's recent Scenic City award. Previously, the City was awarded the bronze award in 2015. Working with EMC Dena Mahan, the City was able to appeal their most recent review and received notification of the silver award level. Mayor Denman expressed his appreciation to both and hopes the City will reach the gold or platinum in the next application.

PUBLIC HEARING AND ACTION ITEMS FROM PUBLIC HEARING

Public Hearing on the adoption of an updated Comprehensive Master Plan as drafted by Kendig Keast, reviewed by the Planning Commission, and recommended by the City Manager

Mayor Denman announced a Public Hearing for citizens to address Council regarding the adoption of the updated Comprehensive Master Plan.

The Public Hearing was opened at 7:22 p.m.

Assistant City Manager Mary Chambers began the discussion, and expressed appreciation to all, including City Council, the CPAC committee, citizens, and the Planning Commission. She also congratulated Kendig Keast Collaborative on the successful process, especially during the COVID pandemic. She indicated she is asking for approval of the updated Comprehensive Master Plan, with consideration of the proposed Planning Commission changes.

Meredith Dang, Community Planning Practice Leader for Kendig Keast Collaborative, provided an introduction and overviewed the Comprehensive Plan and process. Upon adoption, she noted the plan will be a long-term guidance document for City officials and staff during the budget process, capital projects, department work plans, and more. Ms. Dang indicated the comprehensive plan requires City Council approval and oversight through the process.

Ms. Dang continued the discussion with the implementation of the plan, which describes the roles and responsibilities for various groups and actions forward. The plan is intended to be updated, not set in stone, through annual progress reports, interim amendments, a five-year update and evaluation, and appraisal report.

Ms. Dang presented two documents for review, the Existing City Report and the Future City Report. The Existing City Report has information on the current City demographics and layout. This plan was informed by community engagement, through a citizen survey, town hall meeting, joint workshops, advisory committee, and listening sessions. Another important component for the City's forward progress is the Future Land Use and Character Map, as it shows the general pattern of uses for the City.

Planning Commission Chairman Roscoe Lee began his discussion by detailing actions for moving forward. His presentation extracted a shortened version of the Comprehensive Plan, beginning with a historical timeline and general Nassau Bay statistics. Mr. Lee overviewed the development of the Comprehensive Master Plan and provided key areas of the plan, including goals that will ultimately be attained through a multitude of specific actions.

The discussion continued with an overview of the action agenda, which was largely focused on water and flood coordination and planning, recruitment of new establishments, leveraging existing incentive programs, and exploration of a market study. Additionally, the City can pursue coordinated efforts to encourage maintenance and reinvestment in existing housing, continuing to focus on the potential of waterfront development. Lastly, there needs to be a focus on utilizing a dedicated volunteer base of engaged residents, while also cultivating new volunteers.

Mr. Lee provided a summary of the Comprehensive Master Plan focus areas, and highlighted the priority to recharge the corridor, including the Houston Methodist Clear Lake Hospital expansion. Discussion continued with details on the new neurorehabilitation center, which is sponsored by the Moody Foundation. Other development includes the new office / warehouse facility on Space Park Drive, a new dental office, and the relocation of McDonald's into Nassau Bay.

There was a brief discussion on the desire for a grocery store, but unfortunately Nassau Bay does not have the population density for such pursuit. Planning Commission Chairman Lee indicated a need for continued support of Griffin Partners to build out the Town Square. Additionally, there continues to be a need for further investigation on the potential for future waterfront development, in line with the previously completed living centers study.

Focusing on recharging the corridor, there is a continued need for community branding. The City works to achieve branding with the international space station monument, palm

tree lighting on the NASA Parkway esplanades, and the soon to be installed art spire near Space Center Boulevard.

Continuing discussion on renewed infrastructure, Mr. Lee provided details on the continued implementation of the 15-year water and sewer infrastructure rehabilitation plan. Additionally, the City will continue water and flood coordination efforts with local and regional partners. He concluded that the Public Works Department is vital to maintaining, repairing, and installing infrastructure.

As for focusing on a safe and peaceful community, the City maintains a strong and efficient first responder department. The recently opened \$4.1 million Fire & EMS station is a highlight of the City's public safety departments. Additionally, the Nassau Bay Police Department actively monitors the City's apartment complex crime index. Lastly, the Police Department and the NBVFD work in conjunction to perform water patrols, emergency operations, and trainings.

The City's priority of maintaining a neighborhood of dreams involves several efforts through various departments. There is an emphasis on increased code compliance, with education efforts aimed towards homeowners. The City maintains a code enforcement report with map on the City's website. Additionally, the City recently completed the legal process to demolish two residences with severe code violations. There is active enforcement on commercial properties and apartment complexes in violation as well.

Another City focus is vibrant environments and includes a priority park project list and greater park opportunities for individuals across the age span. In recent developments, there has been major renovation to the pavilion and the installation of two pickleball courts. Additionally, there is a new parking lot and walking path has been installed, as well the completion of the sidewalk from the parking lot to the dog park.

Mayor Denman opened the meeting for comments from the public.

Joyce Abbey, 1406 San Sebastian Lane, expressed her appreciation to all those involved in the final product of the Comprehensive Master Plan. She did voice concern on the City's consideration of increasing the number of multi-family units, as she believes them to be outnumbering single family residences within the City.

Pete Seroka, 18226 Nassau Bay Drive, expressed thanks to all those involved in the completion of this plan. He noted there was increased focus on the Sapphire Apartments. He requested for Council to increase future vision on the build out of David Braun Park.

Councilmember Bryce Klug expressed his appreciation to Planning Commission Chairman Roscoe Lee for his extensive work on the Comprehensive Plan. He also thanked the City staff and volunteers who were also involved.

Councilmember Ashley Graves indicated the same appreciation to City staff, Chairman Lee, and all of the volunteers. She also thanked Ms. Dang and her positive feedback on the plan. She expressed excitement in moving forward with the action plan.

Mayor Pro Tem Don Matter echoed similar sentiments of resident Joyce Abbey, and indicated a need for balance between single family and multi-family units within the City.

Councilmember John Mahon also echoed the sentiments expressed by previous Councilmembers and acknowledged the plan's ability to provide concrete actions for the City's future. He believes future mayors and councils will have a good outline to work with in the future. He recognized the herculean effort to complete this plan, especially during a pandemic.

Mayor Mark Denman congratulated Chairman Lee and Kendig Keast on the Comprehensive Master Plan, noting it has been ten years since the last professional update was completed for the City.

There were no other public comments and the Public Hearing was closed at 8:04 p.m.

Resolution adopting the updated Comprehensive Master Plan

The caption of the resolution reads as follows:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NASSAU BAY, TEXAS, ADOPTING THE UPDATED COMPREHENSIVE MASTER PLAN.

(Said Resolution is of record in Resolution Book No. 19 of the City of Nassau Bay, Texas, being Resolution No. R2020-2203.)

It was moved by Councilmember Bob Warters, seconded by Councilmember Ashley Graves, to approve the updated Comprehensive Master Plan, inclusive of the recommendations given by the Planning Commission.

Motion passed 7 – 0.

CITIZENS' REQUEST FOR HEARING BEFORE CITY COUNCIL

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

The Public Hearing was opened at 8:05 p.m.

Pete Seroka, 18226 Nassau Bay Drive, provided updates on the Nassau Bay Homes Association. Mr. Seroka indicated the NBHA does support the recently approved Comprehensive Plan plan and will continue to work closely with the City for any necessarily action implementation. With almost 900 homes, the NBHA is preparing for their board election in November. He reminded residents that the NBHA election is separate from the Mayoral election. There are currently three individuals running for two open positions. More information is available on the NBHA website, including early voting hours and election hours. He concluded by providing updates on the marina improvements and the remodeling of the boat launch.

Councilmember-Elect Phil Johnson, 2011 Back Bay Court, complimented the Police Department on their efforts in crime reduction. He inquired on additional details on crime statistics, and requested that basic statistics be reported on the City's website. He asked for Council's consideration for these metrics to be more available, noting that the crime

reduction information should be more readily accessible to the public. He ended by emphasizing the reduction in crimes against persons by 30%.

There were no other public comments and the Public Hearing was closed at 8:12 p.m.

COUNCILMEMBERS' COMMENTS/REPORTS

Councilmember Matt Prior expressed appreciation to the Public Works Department and their efforts in preparation for the potential storm activity. In light of recent events, he thanked the Police Department for their phenomenal response time in the recent domestic violence incident. The Department is a significant asset to the City.

Councilmember Bob Wartens was in agreement with Councilmember-Elect Phil Johnson's comments regarding a reduction in crime this year within the City.

Councilmember Bryce Klug echoed Councilmember-Elect Phil Johnson's comments. Although the City has faced fiscal restraints, City Council has continued to emphasize the Police Department as a financial priority.

Councilmember John Mahon provided a reminder to citizens regarding the commencement of Early Voting. He encouraged all to plan to vote to ensure their voice is heard.

Councilmember Ashley Graves highlighted the Police Department, and their successful efforts in the recent domestic incident. She was proud of her City Council colleagues for prioritizing the Department in the recently approved budget. She also commented on CANBE, noting the organization will be presenting advertising specials for the holidays for Legacy Bricks and Legacy Benches.

Mayor Pro Tem Don Matter wished to echo all the previous comments expressed by his fellow Councilmembers.

MAYOR'S COMMENTS/REPORTS

Mayor Mark Denman briefly overviewed the domestic incident that occurred earlier in the day. He noted the Police Department's professionalism in managing the event and expressed appreciation to the Department for risking their lives day in and day out.

REPORTS FROM STAFF MEMBERS & COMMITTEES

City Manager

City Manager Jason Reynolds began his comments by noting that Early Voting begins October 13th. Residents can visit the City's website or visit harrisvotes.com for more information. Additionally, the website has more information on the twenty-two charter amendment propositions, along with the Charter Review Commission's recommendations on those propositions. Finally, he encouraged all to print out a sample ballot to utilize inside the polling station.

Mr. Reynolds continued by expressing appreciation to Assistant City Manager Mary Chambers, Planning Commission Chairman Roscoe Lee, Kendig Keast Collaborative,

and the volunteers of the CPAC committee for their efforts in the very involved Comprehensive Plan process. Mr. Reynolds indicated his excitement in enacting this new Comprehensive Plan.

City Manager Reynolds also thanked City staff, the Public Works Department, the Police Department and the NBVFD for all of their superb preparations. Thanks staff, PW, PD, VFD, and city staff for all of their preparations in the active hurricane season.

Transitioning to current City projects, City Manager Reynolds noted construction for the Founder's Park project will begin shortly, as there are several plans still to be finalized. He is optimistic for the project's renewal of Founder's Park.

He continued by thanking the Eagle Scouts for their project in conjunction with CANBE, which upgraded the benches along the Upper Bay boardwalk. He also expressed appreciation to EMC Mahan and Parks & Recreation Chair Lee for the Scenic City silver award, as he acknowledged it was a large undertaking. Their efforts in the application has given the City new policies to move forward to the platinum level. He ended his comments by congratulating Finance Director Csilla Ludanyi on her eleventh anniversary with the City. Her work is greatly appreciated by all.

Police Department

Chief Tim Cromie first began his update on the Department by acknowledging the kinds words spoken about the Department throughout all of the Councilmember comments. He continued by overviewing the crime statistics for September 2020, which may seem to have increased due to an administrative change. The Nassau Bay Police Department responded to 355 calls for service, assisted with three code enforcement cases, and patrolled 5,073 miles in the City.

Chief Cromie congratulated Officer Jason Vain, who celebrated his four-year anniversary with Nassau Bay Police Department on Saturday, September 26th. He also detailed the recent annual firearms qualifications on September 24th at the Alvin Community College law enforcement gun range. All officers in the department, both full-time and part-time volunteer, are required to successfully qualify with the pistol they carry on duty and/or off-duty. All officers with the NBPD successfully passed the qualifications course of fire this year.

He provided an update on a recent training attended by Detective Gino Gallegos, Officer Clint Brown and Officer Jason Vain on Crime Scene Investigations. This 40 hour course presents instruction in search techniques and processing of evidence from the crime scene to the court room. The goal of the training is to improve the competency of the investigator in searching for, recovering, and processing physical evidence at the crime scene. This training will advance these officers toward obtaining their Intermediate Peace Officer Certifications.

Chief Cromie ended his report by noting that October is National Domestic Violence Awareness Month. He affirmed that domestic violence affects millions, both women and men, and includes more than physical abuse. He offered the local and national resources, including Bay Area Turning Point, for those affected in our area.

Fire Department

Fire Department President Matt Roper presented the Fire Department's September status report. Mr. Roper stated the Department responded to 33 calls with 1,599 man hours. Membership remain at 41 members. Last week the Department concluded Fire Prevention Week, which was transformed to a virtual open house due to the COVID pandemic. The Department also shared fire safety videos online and on social media.

Planning Commission

Planning Commission Chairman Roscoe Lee provided an overview of the Special Planning Commission meeting held on October 27, 2020. The meeting's primary focus was Fred Griffin's application to amend the zoning of several parcels surrounding the current City Hall.

CONSENT AGENDA

Approval of Minutes of Regular Meeting on July 1, 2020

Resolution reappointing Sheila Self, Louis Nguyen, Beverly Morrison, and Clifford Hatch to the Parks Committee

The caption of the resolution reads as follows:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NASSAU BAY, TEXAS, REAPPOINTING MEMBERS TO THE PARKS & RECREATION COMMITTEE.

(Said Resolution is of record in Resolution Book No. 19 of the City of Nassau Bay, Texas, being Resolution No. R2020-2204.)

Resolution supporting the passage of legislation to allow for the expenditure of Municipal Hotel Occupancy Tax Revenue by the City for construction of improvements in municipal parks

The caption of the resolution reads as follows:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NASSAU BAY, TEXAS, SUPPORTING THE PASSAGE OF LEGISLATION DURING THE 87TH REGULAR SESSION OF THE TEXAS LEGISLATURE (2021), TO ALLOW FOR THE EXPENDITURE OF MUNICIPAL HOTEL OCCUPANCY TAX REVENUE BY THE CITY FOR CONSTRUCTION OF IMPROVEMENTS IN MUNICIPAL PARKS.

(Said Resolution is of record in Resolution Book No. 19 of the City of Nassau Bay, Texas, being Resolution No. R2020-2205.)

Resolution designating Councilmember John Mahon as Representative and Councilmember Ashley Graves as Alternate to the Houston-Galveston Area Council 2021 General Assembly

The caption of the resolution reads as follows:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NASSAU BAY, TEXAS, DESIGNATING A REPRESENTATIVE AND AN ALTERNATE TO THE 2021 HOUSTON-GALVESTON AREA COUNCIL GENERAL ASSEMBLY.

(Said Resolution is of record in Resolution Book No. 19 of the City of Nassau Bay, Texas, being Resolution No. R2020-2206.)

Councilmember Bryce Klug requested that the approval of minutes for the Budget Workshop on July 8, 2020 be removed from the Consent Agenda, as it was not included in the Council packet for City Council review.

It was moved by Councilmember Bryce Klug, seconded by Mayor Pro Tem Don Matter, to approve the Consent Agenda, excluding the approval of the July 8, 2020 Budget Workshop minutes.

Motion passed 7 – 0.

NEW BUSINESS

Discussion and consideration on the City of Nassau Bay's debt payment options for the TMRS Unfunded Actuarial Accrued Liability (UAAL)

Finance Director Csilla Ludanyi provided an overview of the City's pension obligations and began a discussion regarding items for consideration related to issuing Pension Obligations Bonds (POBs) to fund the Unfunded Actuarial Accrued Liability with the TMRS Pension. Items for consideration include timing, context, and a discussion of unknowns. She continued by reviewing the TMRS discussion timeline, as this discussion has been ongoing since 2017.

Councilmember Bryce Klug inquired on a higher tax rate, specifically an increase in the tax rate without an election. Finance Director Ludanyi indicated a potential tax rate increase would provide flexibility with the Maintenance & Operations rate and will allow City Council an opportunity to also focus on other priorities.

Finance Director Ludanyi continued by describing the optimal timing for possible action on a pension obligation for the TMRS Unfunded Actuarial Accrued Liability (UAAL). If achieving 100% funding of the pension plan via Pension Obligations Bonds (POBs) is a Council priority, the timing is optimal.

Ms. Ludanyi indicated the UAAL is valued on December 31st every year. The UAAL will be determined on the value of assets at December 31st and will drive the required contribution rate for Calendar Year 2022. Ms. Ludanyi indicated interest is not earned for any deposits in the year of payment. Therefore, logically it makes most sense to make lump sum payments in December.

She noted if a Pension Obligations Bond (POB) were issued in March 2021, no interest would be earned from April to December 2021, and the December 31st valuation impact would not be felt on the rate until Calendar Year 2023.

Ms. Ludanyi provided a visual presentation of the December POB issuance timing implications. In 2019, there was a valuation of \$2,401,711, which determines the required rate for January 2021. The 2021 rate would be set, and the payment would be affected the following year. Finance Director Ludanyi also provided comparisons should the City opt to pay the amount at a different point in time, specifically providing an example for payment in March 2021. If paid in March 2021, the POB issuance can only be issued for the most recent certified valuation on December 31, 2019. There would be two double payment years for 2021 and 2022, therefore, the best way to maximize a POB is to issue the debt at the end of the year December 2020.

Finance Director Ludanyi indicated there are several legislative limitations. She noted the 2021 Texas Legislative Session once again threatens to have limiting impacts on cities. There could be possible further changes to the tax rate setting process in Senate Bill 2. Additionally, there may be possible election requirements for Certificates of Obligations and Pension Obligation Bonds. Based on the recommendation of a December debt issuance due to the TMRS valuation schedule, the City remains uncertain about the legal restrictions that could be in place next fall to limit the issuance of POBs.

Councilmember Klug inquired on the certainty of these legislative changes, with City Manager Reynolds noting that TML has given strong indication that the limitations could come into fruition.

Councilmember Klug also inquired on the payment timing and emphasized the City could see financial benefits on paying the TMRS UAAL, regardless of the proposed legislative limitations. Finance Director Ludanyi responded with information on interest rates. There is currently a low interest rate environment. As POBs are taxable, the low interest rate environment is essential for ensuring the financial benefit of securing low debt rates as compared to the interest rate earnings at TMRS.

Councilmember Bob Warters emphasized the TMRS pension is currently funded at 80%, which he believes to be an acceptable ratio. He acknowledges that issuing debt changes the funding level to 100%. He voiced concern that in issuing a POB, the City was attempting to pay an obligation that is not necessarily needed to be paid so quickly. He indicated that generally municipalities borrow money on capital as residents pay through to a future point, which is directly related to the future benefit those individuals receive from that capital. Councilmember Warters also voiced concern on limiting the City's debt capacity, as he believes there are other large items, such as a ladder truck for the Fire Department, of greater precedence for the City to issue debt. Councilmember Warters ended his comments by affirming the City's position of 80% funded to be an acceptable ratio for the TMRS UAAL.

Finance Director Ludanyi overviewed the several Senate Bill 2 considerations and provided additional details on the terminology of the No-New-Revenue Tax Rate and the Voter-Approval-Rate. In the Senate Bill, it is proposed to move the UAAL payment from Maintenance and Operations (M&O) to Interest and Sinking (I&S), which would provide additional M&O capacity for the first year of the tax rate calculation should a new POB be approved. As mentioned during the tax rate setting process, any new debt could result in an overall increase in the tax rate.

Ms. Ludanyi noted there are risks with Pension Obligation Issuance. City Council would be utilizing the City's debt capacity for the TMRS pension. Currently the City abides by a percent cap of 20% for the annual debt obligation as compared to annual General Fund expenses. The FY2021 annual debt service leaves about 8% before reaching this cap. There is an argument to be made for excluding the POB out of such a capacity calculation since the annual debt payment is already a liability and payments are paid from the M&O.

The City's Financial Advisor has advised that the addition of default risk with POBs is the reason for applying this debt against the City's capacity. Existing debt is laddered such that it will be six years before any issuance rolls off the City's debt payment schedule. Additionally, market fluctuations, TMRS discount rate adjustments, demographic or plan changes, will all impact future year experiences and the future UAAL. Any UAAL lump sum payments do not guarantee any future year's experiences.

Ms. Ludanyi provided an overview of the UAAL amortization as of December 31, 2019. She highlighted the City's current payment rate of 16% and indicated the City would pay approximately \$3.4 million over 12 years. Lastly, Finance Director Ludanyi described the timeline of required activities should a POB be desired for issuance by Council. To maximize the financial benefits of a POB, the timeline would require approval and finalization by December 31, 2020.

Councilmember John Mahon inquired on the current plan for 27 years of payment in comparison to the proposed 13-year payment. Ms. Ludanyi indicated that the POB payment period would be approximately 10 to 12 years. There is not a financially viable option for the City to create a payment plan less than 10 years. Councilmember Bryce Klug requested additional details should the City wait until the June 30th increase, specifically if the City would see financial benefits. Ms. Ludanyi responded that there would be no benefit for that year. Councilmember Klug requested the City confirm with TMRS to ensure that no benefit was available.

Councilmember Mahon commented on the City's current debt capacity for FY21, as he recognizes the City is within 8% of the 20% capacity. Should the City move forward with the POB, he questioned the debt capacity availability. Ms. Ludanyi stated it would be approximately 5%. If the City moved forward, she indicated Council should work to create a more dedicated debt policy for the City.

Mayor Pro Tem Don Matter inquired on the likelihood the City won't need to issue new debt within the next five years. Ms. Ludanyi indicated this liability is related to the initial TMRS buy in and any resulting significant plan changes. She noted that any changes from year to year would be manageable, and any other small changes could be absorbed.

Mayor Pro Tem Matter also commented on the length of accumulation of this debt. Ms. Ludanyi indicated significant plan changes and legislative changes in 2009 and 2013 contributed to the UAAL. Mayor Pro Tem Matter recognized the need for the City to ensure there are not any other big fluctuations in the liability. Finance Director Ludanyi believes the City has been very proactive in reviewing the scope of the TMRS program and any possible fluctuations.

Councilmember Graves thanked Finance Director Ludanyi for her thorough presentation on the TRMS liability and the possibility of issuing a POB. She continued by requesting additional details on the City's maximum debt capacity. Should the City issue this POB,

she questioned whether other large projects would still be viable projects, specifically the purchase of a ladder truck. Finance Director Ludanyi stated the City is currently flexible as the City makes voluntary payments towards the TMRS UAAL. In comparison to a POB, there is a default risk, and payments would be required to be made each year. Additionally, Ms. Ludanyi agreed that the City would be afforded the ability to issue additional debt for a ladder truck. The most significant consideration for Council would be to move forward with the creation of a clearer debt policy. A liability such as a POB could be considered differently and not against the City's 20% capacity. This would be based on the type of debt policy the City implemented.

Mayor Mark Denman cautioned against issuing the POB, as this new liability would restrict capacity for future Mayor and City Council priorities. He felt the most adequate approach to be the additional extra payments of \$100,000 that the City currently pays towards the UAAL.

No motion was made.

EXECUTIVE (CLOSED) SESSION

Meeting recessed to Executive Session at 9:08 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. §551.074 Personnel – Discussion on the appointment of an Alternate Member to the Board of Adjustment.
2. §551.074 Personnel – Discuss the employment, evaluation, compensation, goals, and duties of the City Manager.

ACTION ITEMS FROM EXECUTIVE SESSION

Resolution appointing Oralia De Luna Jensen as an Alternate Member to the Board of Adjustment as discussed in Executive Session

The caption of the resolution reads as follows:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NASSAU BAY, TEXAS, APPOINTING AND REAPPOINTING MEMBERS TO THE BOARD OF ADJUSTMENT.

(Said Resolution is of record in Resolution Book No. 19 of the City of Nassau Bay, Texas, being Resolution No. R2020-2202.)

It was moved by Councilmember Ashley Graves, seconded by Councilmember Bryce Klug, to appoint Oralia De Luna Jensen as an Alternate Member to the Board of Adjustment.

Motion passed 6 – 1, Denman opposed.

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

No action taken.

ADJOURNMENT

There being no further business, the meeting adjourned at 9:55 p.m.

Minutes approved as submitted and/or amended this 8th day of February A.D. 2021.

CITY OF NASSAU BAY, TEXAS



Robert L. Warters
Mayor

ATTEST:



Sandra V. Ham, City Secretary