The Irving City Council met in special session in the Council Conference Room of the City Hall Complex on August 25, 2016. The following members were present / absent:

<table>
<thead>
<tr>
<th>Attendee Name</th>
<th>Organization</th>
<th>Title</th>
<th>Status</th>
<th>Arrived</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beth Van Duyne</td>
<td>Irving City Council</td>
<td>Mayor</td>
<td>Present</td>
<td></td>
</tr>
<tr>
<td>John C. Danish</td>
<td>Irving City Council</td>
<td>Councilman</td>
<td>Present</td>
<td></td>
</tr>
<tr>
<td>Allan Meagher</td>
<td>Irving City Council</td>
<td>Councilman</td>
<td>Present</td>
<td></td>
</tr>
<tr>
<td>Dennis Webb</td>
<td>Irving City Council</td>
<td>Councilman</td>
<td>Present</td>
<td></td>
</tr>
<tr>
<td>Phil Riddle</td>
<td>Irving City Council</td>
<td>Councilman</td>
<td>Present</td>
<td></td>
</tr>
<tr>
<td>Oscar Ward</td>
<td>Irving City Council</td>
<td>Councilman</td>
<td>Present</td>
<td></td>
</tr>
<tr>
<td>Brad M. LaMorgese</td>
<td>Irving City Council</td>
<td>Councilman</td>
<td>Present</td>
<td></td>
</tr>
<tr>
<td>Kyle Taylor</td>
<td>Irving City Council</td>
<td>Councilman</td>
<td>Present</td>
<td></td>
</tr>
<tr>
<td>Wm David Palmer</td>
<td>Irving City Council</td>
<td>Councilman</td>
<td>Present</td>
<td></td>
</tr>
</tbody>
</table>

**Thursday, August 25, 2016**

8:00 A.M. Breakfast

8:45 A.M. First Floor City Council Conference Room

Mayor Pro Tem LaMorgese called the meeting to order at approximately 8:45 a.m.

Mayor Van Duyne arrived at 8:48 a.m.

Council immediately convened into executive session to discuss item J.2 on the agenda and item K.

A. City Manager’s Overview

Chris Hillman, City Manager, presented a broad overview of the budget presentations. He reviewed the Strategic Plan initiatives, FY 15-16 accomplishments, and economic development achievements. He noted that the priorities used to create the budget were maintaining current service levels, maintaining and improving the city’s current infrastructure, continuing to unwind budget-balancing decisions made during the last recession, and incorporating last years’ commitments. Mr. Hillman presented a FY 16-17 overview of the General Fund, salaries and benefits, utility rates and needed street improvements.

B. Budget Overview and FY 2016-17 Outlook

Bret Starr, Budget Administrator, presented the FY 16-17 overview of the general revenue fund revenues, major budget drivers, staffing walkforward, general fund expenditure summaries, comparisons to other cities, hotel occupancy tax funds, and debt service.
Council recessed for lunch at approximately 12:09 p.m.

Council reconvened from lunch at approximately 12:30 p.m.

C. Policy and Direction of Utility Rate Recommendations

1. Water and Sewer Rate, Operations and Capital Program discussion

   Todd Reck, Water Utilities Director, will present this information at a later date.

2. Solid Waste Services Rate, Operations and Capital Program discussion

   Brenda Haney, Solid Waste Services Director, discussed the proposed solid waste services rate, operations and capital program for the next fiscal year. Staff is recommending a solid waste service rate increase of $3.71 residential increase per month, from $19.55 to $23.26, and a $2.97 seniors/disabled increase per month from $15.64 to $18.61.

   Council and staff discussed the policy of elimination of commercial fee charges and the use of the franchise fees. It was the consensus of the Council to maintain the commercial fee charges.

   It was also the consensus of the Council to maintain the current solid waste services and this information will be communicated to the residents by the Communications Department.

3. Municipal Drainage Rate, Operations and Capital Program discussion

   Casey Tate, Capital Improvement Program Director, discussed the municipal drainage rate, operations and capital program for the next fiscal year. Staff is recommending no rate increases.

D. Salary and Benefits Discussion

   Chris Hillman, City Manager, provided an overview of the current and future salary and benefit challenges facing the city.

   Council and staff discussed a Cost of Living Adjustment (COLA). It was the consensus of the Council to give the employees a COLA beginning January 2017.

   Kathryn Usrey, HR Management Consultant, described the proposed insurance, I WIN benefits, and retirement contributions for the next fiscal year. She noted that staff is recommending the following changes to the current benefit program:

   - No out of network services will be covered at all.
• Prescription changes include no longer covering certain medications, some medications move from one tier to another tier, certain classes of medications will have a lower number of medications based on cost, and high costing specialty medications will have a higher co-pay.

• CVS and Walgreens will be removed from the pharmacy list beginning July 1, 2017, which includes Target, since CVS bought Target’s pharmacy.

• All Generics are $0 co-pay, Preferred Name Brand will increase from $30 to $40, Non-Preferred Brand will increase from $50 to $60, and Specialty Name Brand, a new tier, will be $100 monthly.

• Deductibles will increase by $200 for individuals and $600 for families and out-of-pocket maximums will adjust for inflation on the Quality and Quality Connect plans, however, no specific dollar amounts were stated. Currently, maximum out of pocket for Quality is $6,600 for individuals and $13,200 for families, and on Quality Connect it is $6,500 for individuals and $13,000 for employees + one or more family members.

She detailed the changes to the I WIN program which include requiring more I WIN points beginning FY 17-18, tobacco affidavits will be required on fitness test, and employees will no longer earn a Wellness Day off beginning October 1, 2016.

It was noted the 2017 retirement plan contribution rates will be at the Charter cap maximum due to TMRS actuarial assumptions and lower than expected turnover.

Council and staff discussed the recommended overall increases of healthcare costs.

It was the consensus of the Council to move forward with staff’s recommendation on insurance and retirement plan changes as long as the employees receive a COLA. It was unclear the direction of council to staff regarding premiums.

E. Capital Improvement Program Five Year Plan

1. General CIP

Casey Tate, Capital Improvement Program Director, presented the capital improvement (CIP) five-year plan. He detailed the proposed projects funded with the general obligation bond sale and the proposed projects funded by non-bond CIP funding.
2. Water and Sewer CIP

Casey Tate, Capital Improvement Program Director, presented the water and sewer CIP five-year plan. He detailed the proposed projects funded with the water and sewer revenue bond sale, the proposed projects funded by water and sewer non-bond CIP funding, Municipal Drainage (MDU) non-bond CIP, Heritage and Museum fund, and certificates of obligation.

3. Five-Year Funding for Streets

Jeff Litchfield, Chief Financial Officer, presented the streets CIP five-year plan. He detailed the proposed plan to invest $100 million in five years by dedicating the equivalent of one cent of tax revenues to street projects.

F. Policy Discussion and Direction

1. Allocation of Current Year Economic Development Incentive Savings for Economic Development Initiatives

Jeff Litchfield, Chief Financial Officer, detailed the proposed policy for allocating current year economic development incentive saving into the Economic Development Fund to help fund future incentives, up to the first $1 million, beyond that would be split 50% with the general fund.

It was the consensus of the Council to move forward with staff’s recommendation.

2. Special Events Support Program

Ryan Adams, Assistant to the City Manager, will present this item at a later date.

3. Solid Waste Services Commercial Fee

This item was discussed during the solid waste services rate, operations and capital program discussion earlier in the meeting.

4. Council Special Projects

Bret Starr, Budget Administrator, noted that staff proposes allocating $300,000 from the non-department general fund for special projects that are proposed throughout the year by councilmembers.

It was the consensus of the Council to use the Council Special Projects fund next fiscal year to help fund the cost of living adjustments.
G. Discussion of Chamber Budgets

Beth Bowman, Greater Irving/Las Colinas Chamber of Commerce President, presented the proposed budget for the Chamber of Commerce.

Mary Ann Kellam, Irving Hispanic Chamber of Commerce President, presented the proposed budget for the Hispanic Chamber of Commerce.

H. Update on Twin Wells and Funding Policy Direction

Joe Moses, Assistant Director of the Parks & Recreation Department, provided an update on the improvements to the Twin Wells Golf Course. He described the project funding; noting that $2.55 million is currently available with future funding coming from the self-insurance fund and savings identified in the long term financial plan for a total estimated funding of $5 million.

It was the consensus of the Council to move forward with staff’s recommendation.

I. Entrepreneurial Center Update

Scott Connell, Economic Development Director, presented an update on the entrepreneurial center that will be housed at the former Central Library.

It was the consensus of the Council to move forward with the project and receive more information on private funding options.

J. Council Action

1. Resolution RES-2016-299 -- Expressing Intent to Consider Adopting the Proposed Tax Rate

If the City Council determines an increase in revenue is necessary by adopting a tax rate that is above the effective rate, this action is needed to comply with state law.

<table>
<thead>
<tr>
<th>RESULT:</th>
<th>ADOPTED [8 TO 1]</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOVER:</td>
<td>Oscar Ward, Councilman</td>
</tr>
<tr>
<td>SECONDER:</td>
<td>Allan Meagher, Councilman</td>
</tr>
<tr>
<td>AYES:</td>
<td>Danish, Meagher, Webb, Riddle, Ward, LaMorgese, Taylor, Palmer</td>
</tr>
<tr>
<td>NAYS:</td>
<td>Beth Van Duyne</td>
</tr>
</tbody>
</table>

Motioned by Councilman Ward, seconded by Councilman Meagher to express the intent to consider adopting a tax rate that will not exceed $0.5941.

Motion approved 8-1.

Councilmember voting in opposition of this motion: Mayor Van Duyne.

<table>
<thead>
<tr>
<th>RESULT:</th>
<th>ADOPTED [UNANIMOUS]</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOVER:</td>
<td>John C. Danish, Councilman</td>
</tr>
<tr>
<td>SECONDER:</td>
<td>Dennis Webb, Councilman</td>
</tr>
<tr>
<td>AYES: Van Duyne, Danish, Meagher, Webb, Riddle, Ward, LaMorgese, Taylor, Palmer</td>
<td></td>
</tr>
</tbody>
</table>

Scott Connell, Economic Development Director, detailed the Texas Enterprise Zone application process and Michaels Stores, Inc. nomination request.

Motioned by Councilman Danish, seconded by Councilman Webb to Approve a Resolution -- Nominating Michaels Stores, Inc., to the Office of the Governor, Economic Development and Tourism through the Economic Development Bank for Designation as a Qualified Business and an Enterprise Project Under the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code.

Motion approved 9-0.

K. EXECUTIVE SESSION

Council convened into executive session pursuant to Section 551.071 and 551.087 of the Texas Local Government Code at approximately 8:48 p.m.

1. Legal Advice - Mohamed v. Irving ISD, Daniel Cummings, and the City of Irving Open Meetings Act § 551.071

And item J.2, pursuant to 551.087.

Council reconvened from executive session at approximately 9:49 p.m.

Council adjourned the meeting at 4:15 p.m.
Friday, August 26, 2016

The budget retreat concluded on Thursday, August 25, 2016.

_____________________________________
Beth Van Duyne, Mayor

ATTEST:

_____________________________
Shanae Jennings, TRMC
City Secretary