

**MINUTES OF THE SEPTEMBER 28, 2015 SPECIAL MEETING OF THE
HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9**

A special meeting was duly called of the **HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9**, which was held on September 28, 2015, at the administrative offices of the District, 9630 Telge Drive, Houston, Texas 77095.

The meeting was called to order at 6:45 p.m. by **BETTY BOREN AVERY**, Vice President. Those Commissioners present were **SUZANNE DAVIS**, **ROBERT JANUSAITIS**, **BETTY BOREN AVERY**, and **SCOTT DeBOER**. Also present were **KYLE WILLIAMS**, District Managing Director, **AMY RAMON**, Fire Chief of the **CY-FAIR VOLUNTEER FIRE DEPARTMENT** (the "Department"), chief officers and members of the Department, **HOWARD KATZ**, of **COVELER & KATZ, P.C.**, the District's Counsel, and members of the public. Also present was Steve Ferguson of DSF Advisors, District planning consultant.

The Board addressed the proposed District 2016 budget. Counsel presented a proposed budget prepared by Counsel with input from District Bookkeeper Bill Russell and Steve Ferguson of DSF Advisors, District planning consultant. Counsel said this was a pro forma budget intended to assist with the 2015 tax rate setting process.

Counsel presented the 2015 tax rate scenarios. He said that this report was circulated earlier and follows the effective tax rate calculations:

2015 TAX RATES SCENARIOS (2016 FY)

2014 Rate:	\$.06000/\$100
Tax Base:	\$ 29,207,008,967
Tax Collection:	\$ 17,524,205

2015 Tax Base:	\$ 33,181,581,747
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1. Effective Tax Rate \$.055190/\$100:	\$ 18,312,915.00
(This rate <u>does not require</u> public hearings)	
	(INCREASE of \$788,710.00 from 2014 tax year)

2.
 Maximum Tax Rate Before Rollback
 \$.0596000/\$100: \$ 19,776,223.00
 (This rate does require public hearings)
 (INCREASE of \$2,252,018.00 from 2014 tax year)
 (INCREASE of \$1,463,308.00 from 2015 ETR)

3.
 2014 Tax Rate
 \$.06000/\$100: \$ 19,908,949.00
 (This rate does require public hearings)
 (This rate exceeds rollback)
 (INCREASE of \$2,384,744.00 from 2014 tax year)
 (INCREASE of \$1,596,034.00 from 2015 ETR)
 (INCREASE of \$ 132,726.00 from 2015 Rollback)

The Board then addressed the proposed District 2016 pro forma budget.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
 BUDGET SUMMARY OF REVENUE & EXPENDITURES
 FOR CALENDAR YEAR 2016

REVENUES

Property Taxes	\$ 17,338,000*
Sales Tax Revenue	20,000,000
Ambulance Collections	5,000,000
Dispatch Fees	20,000
Interest On Investments	65,000
TOTAL REVENUES	\$ 42,423,000

* Based Upon 2015 HCAD Certified Tax Rolls
 \$33,181,581,747/\$100x \$.05500 = \$18,250,000.00x 95% = \$17,338,000

EXPENSES (Operating and Capital)

Payroll	\$ 220,000
Payroll Taxes	30,000
Commissioner Fees	15,000
Legal Fees (Admin)	70,000
Legal Fees (Election)	15,000
Election Expenses (notices, workers, etc.)	30,000
Legislative Services	500
Bookkeeping	45,000
Rent	-0-
Station Renovation Loan (Phase 1)	-0-
Dispatch Equipment Loan (2012)	-0-
Real Estate Acquisition	500,000
Station Construction Loan (up to 3 station)	1,000,000
Motorola Radio program loan	-0-
Audit Fees	20,000
Professional Consultants	150,000
Long-Range Planning	10,000
Fire & Ambulance Service (CFVFD)	***
Capital Expenditures (CFVFD)	***
Harris County Appraisal	150,000

Legal Notices	30,000
Printing & Office Supplies	5,000
Insurance & Surety Bonds	100,000
Employee Health Insurance	40,000
TCDRS	20,000
Utilities	40,000
Building Maintenance	-0-
Website/Community Outreach	10,000
Misc Expenses	40,000
TOTAL EXPENSES	\$ 2,540,500
CURRENT YEAR AVAILABLE CASH	<u>\$ 39,882,500</u>

Additional estimated cash resources at 12/31:	
Capital	\$2,500,000
General operation	\$5,500,000
(LESS ANNUAL RESERVE-1 year property taxes)	(\$ 15,000,000)
(LESS CAPITAL RESERVE)	(\$ 1,500,000)

Counsel said that the tax revenue was based on the 2015 effective tax rate of \$.055190/\$100 (rounded down to \$.05500/\$100). Counsel said he used that rate as a starting point and which rate would not trigger public hearings. Counsel noted that the Board was not tied in to any particular tax rate and could set a rate anywhere from \$.000/\$100 to \$.0600/\$100. Counsel said the sales tax revenue and expenses were based on projections from the 2015 YTD report from Mr. Russell. The Board reviewed the information. Ms. **DAVIS** said she needed more information to review the budget. She said she needed the budget to reflect the future operating and capital requirements of the District projected over the coming years. Ms. **DAVIS** said she could not say whether the budget and tax rate were enough to make a determination. Counsel and Mr. Ferguson said future planning was important but the budget was a one-year tool. Counsel added that the District reserve is where any capital expenses outside of the one year budget would be covered. He said the budget is a budget for the upcoming year. Mr. Ferguson and the budget committee would prepare the specific line-item budget within the context of the pro forma budget when approved. Mr. Ferguson said he was working on the future year projections and the budget was a part of that but a budget itself does not reflect future planning. Ms. **DAVIS** said she still needs to know what the future District requirements will be in order to

see if the tax rate and budget are in line. Mr. Ferguson said that is what he is working on and the proposed budget presented does provide information about the District reserve for future planning. Ms. **DAVIS** said she would like to see the future projections and District and Department future needs. Ms. **AVERY** said that a line item for \$6,000.00 was needed for a District tuition reimbursement program under review for 2016. Ms. **DAVIS** said that Station Construction for up to three stations should be increased from \$1,000,000.00 to \$6,000,000.00 in case full financing is not done for the projects.

The Board addressed proposing the District 2015 tax rate. After review, Motion was made by Mr. **DeBOER**, seconded by Mr. **JANUSAITIS** to propose a 2015 District tax rate at \$.05500/\$100. Counsel said that this tax rate is under the effective tax rate and no public hearings would be required. The budget and tax rate setting will be done at an upcoming meeting but no later than the October 22 meeting. After discussion, the Motion to propose the 2015 tax rate of \$.05500/\$100 was approved by a vote of 4 to 0.

There being no further business brought before the Board nor any further public comment, upon Motion made the meeting adjourned at 7:20 p.m.

Secretary of the Board