

**MINUTES OF THE REGULAR MEETING OF THE
HIGHLAND VILLAGE COMMUNITY DEVELOPMENT CORPORATION
CITY OF HIGHLAND VILLAGE, TEXAS
HELD IN THE MUNICIPAL COMPLEX TRAINING ROOM
1000 HIGHLAND VILLAGE ROAD, HIGHLAND VILLAGE, TEXAS
MONDAY, JULY 24, 2017**

The Highland Village Community Development Corporation of the City of Highland Village, Texas met on the 24th day of July 2017 at 5:30 in the Training Room.

1. CALL TO ORDER

President Smith called the meeting to order at 5:30 p.m.

ROLL CALL

Present:	Austin Adams	Citizen Representative
	Michael Anderson	Citizen Representative
	Fred Busche	Council Representative
	Barbara Fleming	Council Representative
	Michelle Schwolert	Council Representative
	Steven Smith	Citizen Representative
	Charlotte Wilcox	Council Representative

Staff Members:	Michael Leavitt	City Manager
	Ken Heerman	Assistant City Manager
	Fince Espinoza	Parks & Recreation Project Superintendent
	Crystal Babcock	Marketing Admin Specialist
	Andrew Boyd	Multi-Media Specialist

2. VISITOR COMMENTS

None.

3. CONSIDER APPROVAL OF MINUTES OF A REGULAR MEETING HELD ON JULY 11, 2017

APPROVED

Mr. Heerman stated that Item #6 (*Discuss Policy for Lightguard System Utilization*) in the minutes had been updated based on Mr. Smith's suggestion to include getting a recommendation from the Police Department regarding locations that the Lightguard Crosswalk System could be of use.

In addition, Mr. Adams requested that Item #7 (*Discuss Priority of Future Projects*) reflect the correct trail connector name – instead of Barton Creek it should be Barnett Boulevard.

MRS. SCHWOLERT MADE THE MOTION TO APPROVE THE MINUTES WITH THE DISCUSSED AMENDMENTS. MRS. WILCOX SECONDED THE MOTION.

Motion to approve carried 7 – 0

4. CONSIDER APPROVAL OF PROPOSED BUDGET AMENDMENTS FOR FISCAL YEAR 2016 – 2017

APPROVED

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The Bylaws state that the Highland Village Community Development Corporation will receive the Budget for the upcoming Fiscal Year as well as any Budget Amendments for the current Fiscal Year by the end of July. Both of which are submitted with the City's Budget for Council approval.

The City budgets according to categories: Personnel, Services/Supplies, and Capital – with an emphasis to stay within the budget limits of each category.

Mr. Heerman began the presentation by going over the current year's projections. Revenue projections (\$1,300,977) are relatively in line with the budgeted amount (\$1,339,045). In Expenditures, Personnel is going to exceed what was originally in the budget by \$25,000 (Budget - \$180,617; Projection - \$205,617). This is primarily due to overtime related to opening Doubletree Ranch Park. The Services/Supplies category is expected to exceed the budgeted amount by \$35,000 (Budget - \$153,690; Projection - \$188,690), again related to Doubletree Ranch Park.

- Pump House (vent installation; insulation; air conditioning): \$6,500
- IT Room/Concession Building (air conditioning): \$1,500
- Water meter for secondary water line: \$2,500
- Chemicals for Splash Pad: \$5,000
- Wi-Fi (partial year): \$1,760
- Power installed for Wi-Fi: \$2,814

Mrs. Schwolert asked if the City had considered hiring a pool service or chemical service to supply the chemicals and to test the Splash Pad daily as opposed to City Staff. Mr. Heerman stated that Mr. Adams had suggested researching an electronic monitoring system that would transmit that data. Mrs. Schwolert continued by stating that depending on the cost of that type of service it might be beneficial to relieve City Staff of that task.

Mr. Espinoza explained to the Corporation that staff is currently looking at setting up a demo for a wireless controller add-on to the system that will email and text staff when an alarm goes off to be included in the current year's budget. Also, there is not an automatic acid feeder so staff adds that in manually. Once the automatic feeder is installed staff will then test the water every four hours as opposed to every two hours to add chemicals. Mr. Heerman inquired if there is an automatic way to test the water. Mr. Espinoza explained that staff is able to set parameters on the controller where levels should be and in the event that they are not within those parameters it will send a notification to staff.

Mr. Adams would like to see a way that the water test results can be logged electronically and kept. Mr. Esponiza informed the Corporation that once staff has their issued tablets back that they will create a work order where logs will be updated.

Moving to the Capital category, Mr. Heerman explained that we show Capital in two sections: Working Capital and Projects. We budgeted \$42,680 in the Equipment line item, however are showing no expenditures due to equipment for Doubletree Ranch Park being funded in last year's budget.

Mr. Heerman reiterated that Doubletree Ranch Park was expected to be complete in Fiscal Year 2016, so when working on the budget for Fiscal Year 2017 there were no related expenditures anticipated in Capital. Since Doubletree Ranch Park was not complete in Fiscal Year 2016 as expected, the remaining expenditures associated with the completion of Doubletree Ranch Park were carried over to Fiscal Year 2017 (\$511,000). This also

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required funding from Operations. In total, we are re-appropriating funding to Capital to accommodate for those expenditures which will exhaust all available funding from bond proceeds and funds that were set aside for major projects.

The original budget for Capital was \$62,680, projections for Fiscal Year 2017 reflect \$522,680 at fiscal year-end.

MR. ADAMS MADE THE MOTION TO APPROVE THE PROPOSED BUDGET AMENDMENTS FOR FISCAL YEAR 2016 – 2017. MRS. FLEMING SECONDED THE MOTION.

Motion to approve carried 7 – 0.

5. CONDUCT A PUBLIC HEARING AND CONSIDER ADOPTION OF THE ANNUAL UPDATES TO THE FACILITIES DEVELOPMENT CAPITAL IMPROVEMENT PROGRAM (FDCIP) AND THE PROPOSED FISCAL YEAR 2017 – 2018 BUDGET INCLUDED THEREIN

APPROVED

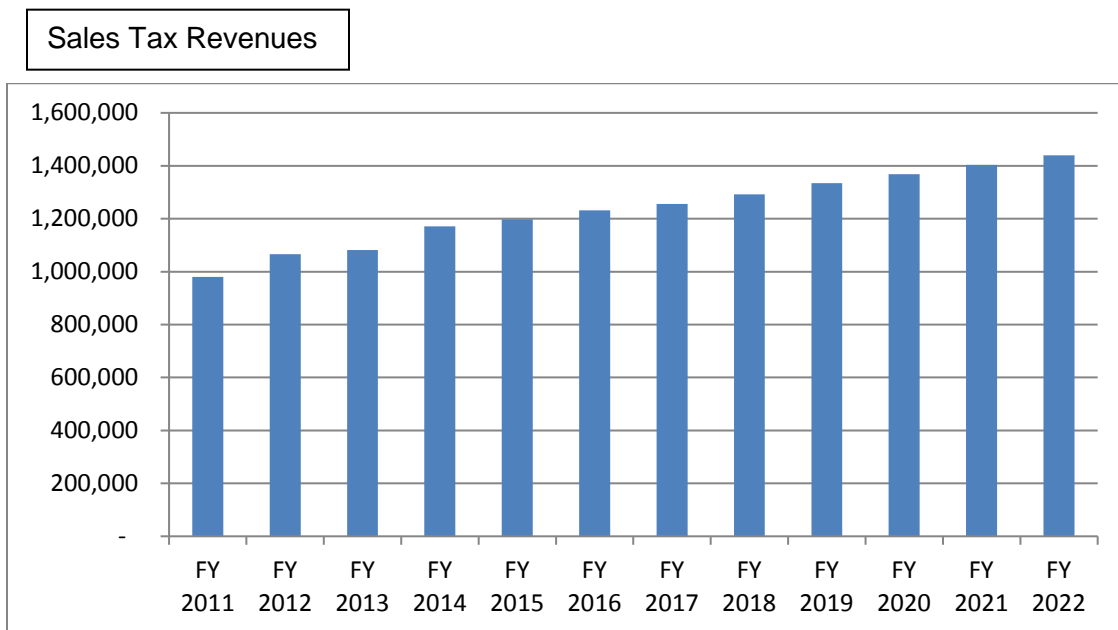
The Bylaws of the Highland Village Community Development Corporation (4B) require an annual update to the Facilities Development Capital Improvement Program (FDCIP), as well as approval of an annual Budget. The FDCIP details projects and implementation in regard to the approved 4B projects: the City Comprehensive Trail System and a Soccer Complex. As the Budget is an integral component of the FDCIP, it is presented together.

Mr. Heerman started the presentation by looking at a supplemental request for an additional position in personnel at Doubletree Ranch Park. At the onset of the Highland Village Community Development Corporation in Fiscal Year 2007, there was one Crew Leader position budgeted. Park Technicians were added in Fiscal Year 2010 and Fiscal Year 2016. Additionally, a Park Technician is proposed for Fiscal Year 2018. The associated cost related to the additional Park Technician would be \$60,970. While the new Park Technician will have defined responsibilities at Doubletree Ranch Park, they will operate as part of the crew to service all trails as well.

Mr. Heerman expanded further that the intention is to start lean with staffing and if a need arises to add additional personnel then that would be addressed at that point.

The primary revenue source for the Highland Village Community Development Corporation is the 4B Sales Tax. Over the past few years, there have been modest increases (averaging around 2.4%). While we did budget for a higher increase this Fiscal Year, with the closing of Kroger in the Town Center as well as lower sales tax revenue generated at The Shops we expect only a 2% increase over Fiscal Year 2016. Moving forward to Fiscal Year 2018 we are optimistic that this will increase slightly to reflect a 2.8% increase.

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In addition to sales tax revenue, revenue is also generated from facility rentals at that various parks as well as field rentals. As rentals at Doubletree Ranch Park are still an unknown at this time, we are estimating rental revenues to be at \$57,670.

Moving forward to expenditures for Fiscal Year 2018, the Personnel category reflects a \$77,848 increase over Fiscal Year 2017 primarily related to the additional Park Technician proposed in supplemental. Personnel is critical to our operations, however, we want to manage that as best we can in order to mitigate increases. The remaining increase in this category is related to salary increases and health insurance. At this point we do not have the final numbers back for our health insurance cost, so for budget purposes we have input a 15% increase.

Mr. Smith asked what percentage the salary increase reflects. Mr. Heerman replied that it is 3% - 4% increase overall with various components factored in such as benefits, Texas Municipal Retirement System (TMRS), as well as workers compensation rates. The 3% - 4% increase is in line with our market cities.

Services/Supplies reflects an increase of \$30,986 related to an increase in maintenance contracts (mowing \$4,256); park maintenance such as fertilizer, weed control, and supplies related to Doubletree Ranch Park (\$19,600); and communication expenses associated with the Wi-Fi at Doubletree Ranch Park (\$5,300).

There are no new projects budgeted in Capital.

Our Working Capital Fund Balance for Fiscal Year 2019 is projected to be \$204,499. Previously, the Corporation had established \$500,000 as the Working Capital Fund Balance threshold when it was new and we did not know what to expect in terms of operations. Now, we have consistency with personnel and services/supplies, therefore \$200,000 is closer to where we should be and represents 15% of the overall expenditures which is equal to the Fund Balance requirement in the General Fund. In the future we do want the Working Capital Fund Balance to increase in order to accommodate more debt service to fund more projects.

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Mr. Adams clarified that the policy in place for the General Fund is to keep a minimum of 15% in Fund Balance. Mr. Heerman further explained that yes, that is the policy but the target is to keep 20% in Fund Balance as a general practice. Mr. Adams asked what would happen if there was an event that prevented us to meet the 15% minimum? Would the City maintain as budgeted as long as the Working Capital Fund Balance did not go to \$0, or would staff take action to modify expenditures to keep the Working Capital Fund Balance above the 15% minimum? Mr. Heerman explained that the 15% is established to account for a particular year that might be less than expected, with the expectation that the next year corrective action would be taken. In essence the Working Capital Fund Balance is the Corporation's "rainy day fund," however it is not meant to sustain expenditures going forward.

Mr. Adams then asked if the \$204,499 should be viewed as a yellow caution light since it is getting down to the 15% minimum? Mr. Heerman said yes. This goes back a few years when we saw the trend decreasing but the objective was with Castlewood Trail, Lakeside Community Park, and Doubletree Ranch Park viewed as the core and a desired part of what we wanted to finish out with our trail system. When we issued the last debt issue of \$6.7M it was with the expectation that we were going to push the limits to get these projects complete knowing it would be a risk to draw the fund down. Following the completion of those projects we would pause for a few years to build the fund back up, but we have our core base in place and that was the prime objective.

Mr. Heerman presented the completed trails and sidewalk projects. He began by stating that we have trails extending from one end of the city to the other. Also, with Doubletree Ranch Park we accomplished our two approved uses (trail system and soccer facilities). In essence we have achieved our primary objective – there will always be more trails to build but at this point we have a good, solid, functional system. We are entering a period where we maintain what we have, ensure that we have resources to maintain those assets ongoing, and build up funds for the future.

Looking to the future, there are a few proposed trail improvements/additions including:

- Highland Village Road
 - Highland Village Road from City Hall to the Service Center: \$361,100 – This section would grant residents access to get to Doubletree Ranch Park. Being a smaller dollar amount, this might be something that the Corporation could fund in operations in future years.
 - Highland Village Road from the Service Center to Sellmeyer Lane: \$561,200 – This is considered one of the highest priority projects due to safety of pedestrians attempting to cross Highland Village Road to get to Doubletree Ranch Park.
- Chapel Hill City Trail/FM 2499 Pedestrian Tunnel Connector: \$195,500
- Marauder Park Trail Head: \$391,000

Mr. Adams pointed out that when the Chapel Hill Development was approved, the City required them to put a trail easement within their development. The implication was that there would be a connector to the City Trail System as part of our projects. Mr. Adams would like the Chapel Hill connector to be considered a priority due to the aforementioned agreement.

The City has also identified connector sections. Initially the City allocated \$20,000 per year to allow for these smaller projects, however, that amount does not account for

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many of the connector projects that should be done. The sections below would be candidates to fund out of 4B Operations once we have built the fund balance back up:

- Castlewood Boulevard at FM 2499: \$39,007
- FM 407 at Barnett Boulevard/Tartan Trail: \$100,000
- Briarhill Boulevard at City Trail: \$62,279
- Walgreens at Highland Forest Drive: \$14,550

Mr. Anderson inquired if the City had looked into any of the TxDOT Safe Routes to School Program for funding on any of these connector sections, specifically Barnett Boulevard/Tartan Trail? Mr. Heerman noted that TxDOT had installed ramps along FM 407, but did not actually install sidewalks along with those ramps. Mr. Heerman said that the City will look into the program.

Mr. Adams asked if the sections were presented based on priority. Mr. Heerman explained that they are not prioritized at this point. Once there are funds to complete the projects it will be up to the Corporation to prioritize them.

Looking ahead at the Five Year Outlook, sales tax is reflected to be maintained at the regular progression. With the completion of Doubletree Ranch Park, we are unsure of rental revenues so for the time being we have entered a static figure which will be updated as we progress and have a better idea as to how Doubletree will impact rental revenues. In Personnel, we anticipate maintaining the current number of employees, so there are only slight increases in future year projections which reflect an average of 4% increase each year. Services/Supplies does encompass items that hit every other year, however, when preparing the budget for the upcoming year the current year budget is used as a baseline and each line item is updated and justified annually as well as any increases.

Mr. Smith asked for clarification if the budget used as the baseline is the budget or actuals. Mr. Heerman explained that actuals are weighed into it, but they might be over or under based on the circumstances of that budget year or merely the time of year that the budget is prepared for the upcoming year. Therefore, a combination of both is taken into consideration when formulating the budget.

Moving forward, Mr. Heerman explained that the Corporation has an agreement with the City where the City issues Certificate of Obligations (debt issues) and the Corporation reimburses the City for the associated debt service annually. The last debt issue (for 20 years) was set up in a way that it would accommodate the reimbursement amount when taking into consideration the debt issue that will expire next year. Debt Service will stay level through 2025. Following that period we will be able to look at other projects.

The bottom line is that we will gradually increase our Working Capital Fund Balance. For the next couple of years, we need to focus on operations. Starting in Fiscal Year 2020 we could start to look at setting the Corporation up for a potential bond issue to be able to accommodate debt service, or to fund some of the smaller projects through operations while keeping our balances in the \$200,000 to \$300,000 range.

Mrs. Schwolert asked if it is determined this year that adding one Park Technician is not sufficient, will the addition of more staff be accounted for in the Corporation budget or would that come out of the General Fund budget? Mr. Heerman stated that there is an opportunity for either option. Mrs. Schwolert expressed her concern that with already

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being at the 15% minimum, adding the costs associated with another employee would drop the Corporation below the minimum.

Mr. Leavitt interjected that once we have had a full year of operations and maintenance at Doubletree Ranch Park we would be able to look at if it would be more cost effective and efficient to outsource some of the general operations such as mowing.

Mr. Smith asked what kind of savings the Corporation would be looking at if we were to outsource mowing. Mr. Leavitt responded that in our last contract renewal for rights-of-way mowing the amount went from \$100,000 down to \$40,000. It's possible that we can get to a point where there is enough competition that we can add Doubletree Ranch Park to the mowing contract and still remain cost effective.

Mrs. Schwolert added that during the initial conversation regarding outsourcing the mowing of the rights-of-way Mr. Leavitt's main concern was safety. In addition to safety, Mrs. Schwolert stated that it would grant the Parks Staff the ability to do other tasks. Mr. Leavitt explained that the Parks Staff maintains the athletic fields at a higher level of quality so outsourcing would be for non-athletic fields. Mr. Heerman brought up the fact that the City has set a high bar and does not want to lower those expectations. Mr. Adams suggested outsourcing something like mowing could be seasonal. Mr. Heerman stated that there is more mowing in the summer than in winter, and winter is typically when staff works on maintenance and projects. Contracting out services is one way of providing relief when needed.

Since Mr. Adams was absent with notice from the previous meeting, he reviewed the minutes and noted that the Lightguard Crosswalk System was discussed but there are none included in the proposed budget. Mr. Heerman responded that there are not any proposed expenditures for this year for the Lightguard Crosswalk System. That being said, there is one on hand that will be installed at the Tennis Center adjacent to the DuVall Center because it is a blind curve. The intent of the discussion was to be proactive in coming up with a means to justify what we have targeted for upcoming years. Additionally, if a need came up during the year that needed immediate action we could address that through a budget amendment.

PUBLIC HEARING CONDUCTED

Nature of request is to conduct a public hearing regarding the adoption of the annual updates to the Facilities Development Capital Improvement Program (FDCIP) and the proposed Fiscal Year 2018 Budget included therein.

Mr. Smith opened the public hearing at 6:16 and asked for anyone wishing to speak. There being no one, Mr. Smith closed the Public Hearing at 6:16.

APPROVED

Nature of the request is to consider adoption of the annual updates to the Facilities Development Capital Improvement Program (FDCIP) and the proposed Fiscal Year 2017 – 2018 Budget included therein.

MR. BUSCHE MADE THE MOTION TO ADOPT THE ANNUAL UPDATES TO THE FACILITIES DEVELOPMENT CAPITAL IMPROVEMENT PROGRAM (FDCIP) AND THE PROPOSED FISCAL YEAR 2017 – 2018 BUDGET INCLUDED THEREIN. MR. ADAMS SECONDED THE MOTION.

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Motion to adopt carried 7 – 0.

- 6. STATUS REPORTS ON CURRENT PROJECTS AND DISCUSSION ON FUTURE AGENDA ITEMS** *(A Boardmember may inquire about a subject of which notice has not been given. A statement of specific factual information or the recitation of existing policy may be given. Any deliberation shall be limited to a proposal to place the subject on an agenda for a subsequent meeting.)*

DISCUSSION ITEM ONLY

Mr. Leavitt informed the Corporation that the City is looking at a bond package that would go to the public for vote in November. Included in the package is improvements to Unity Park, utility funds, and street projects. Mr. Leavitt and Mr. Heerman have discussed that there is the potential to fund some additional projects such as one or two of the proposed trail segments. Mr. Heerman is presenting to Council Tuesday night the inclusion of the two Highland Village Road trail segments (as one project), then Chapel Hill would be paid for out of operations or contingency if that became available.

Mr. Anderson asked if Highland Village Road is just a two lane collector. Mr. Leavitt responded that yes, it is. In previous years, there was discussion to add turn lanes but the public voted against that.

Mr. Leavitt went on to explain that the city engineers have looked at the Highland Village Road Trail Project and have a design concept/profile that can be done. Mr. Heerman reiterated that from a safety stand point that section would be the number one priority. Mr. Leavitt clarified that the General Fund would pay for this project with the bond, however maintenance and operations would be accounted for in the 4B budget since those trails are on the Trail System Master Plan.

7. ADJOURNMENT

President Smith adjourned the meeting at 6:25 p.m.

Steven Smith, President

Crystal Babcock, Marketing Admin Specialist