The City Council of the City of McLendon-Chisholm convened in Regular Session on Tuesday, September 12, 2017, at City Hall, 1371 West FM 550, McLendon-Chisholm, Texas, with the following members present:

Robert Steinhagen  Mayor
Adrienne Balkum  Council Member
James Herren  Council Member
Wayne Orchard  Mayor Pro Tem
Sim Woodham  Council Member
Scott Turnbull  Council Member

Staff Present:  David Butler  City Administrator
Lisa Palomba  City Secretary

1. Mayor Steinhagen called the meeting to order at 6:36 p.m.

Mayor Steinhagen changed the order of the agenda and moved to Item 4 on the agenda.

4. Mayor Steinhagen introduced Daughters of the American Revolution representative Mindy Lovell. Steinhagen presented Lovell with a Proclamation recognizing September 17, 2017 as the two hundred thirteenth anniversary of the framing of the Constitution of the United States of America by the Constitutional Convention and recognized the week of September 17-23, 2017 as Constitution Week in the City of McLendon-Chisholm and asked citizens to reaffirm the ideals of the Framers of the Constitution had in 1787 by vigilantly protecting the freedoms guaranteed to us through this guardian of our liberties.

Mayor Steinhagen moved to Item 2.

2. Mindy Lovell then led the Pledge of Allegiance to the United States and Texas Flags. Mayor Steinhagen provided the Invocation.

3. Mayor Steinhagen welcomed those attending the meeting and those viewing the meeting online via Facebook Live. Mayor Steinhagen then reminded everyone that Rules of Decorum are still in place.

5. Citizens Comments.

Mark Kipphut, 31 Fireside Drive, thanked Ms. Lovell for bringing attention to Constitution Week; expressed concerns and frustrations to Council regarding not receiving a response
from a letter written to TxDOT regarding needed turn lanes into Chisholm Crossing; intentions of the City Council to sell or keep the current City Hall building; praise for accelerating the City’s debt repayment; support for fully funding the McLendon-Chisholm Volunteer Fire Department and the proposed 7 days per week hours; fire station building on SH 205; questioned Council ability to execute the budget as approved without deficit spending; property value increases and tax increase for his property from 2014-2017; growth in the tax rate; expenditures; revenue; poor budget execution in the past; increase in oversight costs; length of Council Meetings; appreciation for City Council efforts and noted he experienced a tax increase from 2014-2017 but no differences in services provided.

No one else spoke during the comment period. Mayor Steinhagen closed the comment period.

Mayor Steinhagen moved to Item 11.

11. **Budget Public Hearing.** Mayor Steinhagen opened the public hearing at 6:56 p.m. to receive comments regarding the proposed Budget for Fiscal year starting October 1, 2017 and ending September 30, 2018. No one spoke. Mayor Steinhagen closed the public hearing at 6:57 p.m.

12. **Tax Rate Public Hearing.** Mayor Steinhagen opened the public hearing at 6:57 p.m. to receive comments regarding the proposed decreased in Tax Rate to $0.150000 per $100 valuation on all taxable property for Fiscal Year starting October 1, 2017 and ending September 30, 2018. No one spoke during the public hearing. Mayor Steinhagen closed the public hearing at 6:57 p.m.

Mayor Steinhagen announced Council is moving to Executive Session Items 19a and 19b.

19. **Mayor Steinhagen recessed into Executive Session (closed meeting) at 6:58 p.m. in accordance with Government Code:**

a) Section 551.071: Consultation with Attorney, to conduct a private consultation with the City Attorney to seek advice about pending or contemplated litigation or on a matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, regarding extraterritorial jurisdiction (ETJ) matters; and

b) Section 551.071: Consultation with Attorney, to conduct a private consultation with the City Attorney to seek advice about pending or contemplated litigation or on a matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, regarding Board of Adjustment Member.
20. Reconvene Regular Meeting. Mayor Steinhagen adjourned the Executive Session and reconvened the Regular Meeting at 7:15 p.m.

21. Executive Session Items. Steinhagen read the subject matter of the Executive Session items 19a and 19b and remarked that no action was taken.

Mayor Steinhagen moved to Item 13.

13. Budget for Fiscal Year starting October 1, 2017 and ending September 30, 2018. Mayor Steinhagen called for a motion. Council Member Turnbull moved to postpone action regarding an ordinance approving and adopting the Budget for the fiscal year starting October 1, 2017 and ending September 30, 2018 until the September 26, 2017 Regular City Council Meeting. Mayor Pro Tem Orchard seconded the motion. Brief discussion was held regarding inclusion of interest income and how it should be tracked. Turnbull suggested, and it was confirmed legal by City Attorney Paschall, to remove interest income from the Budget and track is separately. A vote cast and the motion to postpone carried with unanimous consent.

14. Tax Rate for Fiscal Year starting October 1, 2017 and ending September 30, 2018. Steinhagen announced no action is required this evening in regard to the Tax Rate. Steinhagen did announce that a second public hearing on the tax rate will be held on Tuesday, September 19, 2017 at a Special City Council Meeting at 6:30 located at City Hall and that Council will vote to approve the Tax Rate on September 26, 2017 Regular Meeting at 6:30 p.m. also at City Hall.

15. Resolution Calling a Portion of the City of McLendon-Chisholm, Texas Combination Tax and Limited Surplus Revenue Certificates, Series 2015 for Redemption. Council Member Turnbull moved to adopt Resolution No. 2017-23R calling a portion of the City of McLendon-Chisholm, TX Combination Tax and Limited Surplus Revenue Certificate, Series 2015. Mayor Pro Tem Orchard provided a second to the motion. Brief discussion was held and Council Member Turnbull read the proposed resolution in its entirety. Further discussion was held noting that early redemption of bonds will save the City a significant amount of interest.

Steinhagen remarked that anyone that has questions regarding plans for selling City Hall may contact him to discuss and that Council is still working on the idea of selling City Hall and that Council works on behalf of all the citizens of McLendon-Chisholm and not just a vocal minority. Steinhagen remarked the best way to get accurate information is to call and speak directly the Mayor. Steinhagen noted that if the City does keep City Hall, Council is making efforts to be fiscally responsible by reducing the debt associated with the building. Steinhagen also remarked the City has funded greater amounts to the Fire Department and that some people are trying to create misconceptions. Council Member Balkum thanked Turnbull for his efforts to save money. Mayor Pro Tem Orchard commented that the savings will allow the City to invest additional funds and may yield more revenue.
Steinhagen commented that Council is spending more on debt than what is required and that Council paying off the most expensive debt first and compared the situation to paying a mortgage off early. Steinhagen also commented that if future Councils continue to pay down debt at an aggressive rate that the amount of interest paid could be cut in half but even if future Council do not that the City will still reap the rewards of significant interest savings from the actions of the current Council.

A vote was cast on the motion to adopt Resolution No. 2017-23R calling a portion of the City of McLendon-Chisholm, TX Combination Tax and Limited Surplus Revenue Certificate, Series 2015. The motion carried by unanimous consent.

Turnbull requested to address Items 18b, 16 and 10. No objection was made to the change of order. Steinhagen granted the request.

18b. Council Member Reports. Council Member Turnbull clarified earlier comments regarding tracking of interest earned by reserve funds and retaining interest earned in those reserve funds to compound and grow the reserve fund balances. Turnbull further explained that tracking earned interest in the Budget would allow interest to be spent rather than grow the reserve fund in which it was earned. Turnbull noted that Ray Smith, the City’s CPA, agreed this is a good practice and the earned interest should be tracked differently. This removes $8,892 from revenue in the Budget, effectively removing line Item 306 and reducing the surplus to $107,105. Turnbull requested Council feedback. Balkum requested clarification. Turnbull clarified his previous remarks. Brief discussion was held among Council Members. All Council Members concurred with Turnbull regarding retaining interest revenue in the originating reserve fund.

16. Investment Policy. Turnbull remarked that researching and preparing the new Investment Policy has been very time consuming and that multiple reports and procedures must be put in place and a calendar needs to be put in place to project progress. Other items discussed included compliance with the Public Funds Investment Act; cash flow based budget; security; common sense principles, most investment policies 12-20 pages in length; no stocks; no risk; Certificates of Deposits; participation in local investment pools. Additional discussion was held among Council Members regarding quarterly reports; miniscule risk; FDIC or collateral security; security; liquidity, and yield. Turnbull remarked the Investment Policy will likely be ready for review by Council on September 19, 2017 and action on September 26, 2017. No action was taken.

10. Master Fee Schedule. Turnbull noted that the Master Fee Schedule is a work in progress and may be available for review by Council on September 19 and ready for action on September 26, 2017. No action was taken.

Herren thanked Turnbull for his efforts and remarked that it is a good idea to keep interest in reserves to take advantage of compounding and to build as much reserve as possible.

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Herren mentioned needing reserves for unexpected events such as recent Hurricane Harvey which devastated Houston.

Steinhagen responded to an earlier citizen comment regarding TxDOT commenting that the City has little control over TxDOT actions and encouraged citizens to reach out to their State representative or senator. Steinhagen also commented that he is generally happy to provide his signature in support of projects pertaining to TxDOT.

Mayor Pro Tem Orchard commented that Council Member Herren is another resource for information on road projects.

Mayor Steinhagen recessed the meeting at 8:04 p.m.

Mayor Steinhagen reconvened the meeting at 8:27 p.m.

Mayor Steinhagen moved to Item 6.

6. Historical monuments. Mayor Steinhagen summarized the City of Dallas’ efforts to remove the Robert E. Lee historical monument from Lee Park in Dallas noting that Dallas will incur significant costs for removal and storage of the historical monument. Steinhagen requested the Council authorize him to reach out to the City of Dallas and to other municipalities considering removal of their Civil War monuments and discuss the opportunity to bring those unwanted monuments to McLendon-Chisholm. He noted that great men of history often made mistakes including slave ownership but that mistakes do not eliminate good works already completed. Steinhagen further commented that removal of historical monuments is an attempt to erase history rather than speak to history. Steinhagen commented that the Robert E. Lee monument could open much needed public dialogue about the Civil War so people could express their various viewpoints. Steinhagen requested Council support for his efforts. Council discussion was held including; costs of care of the monument; costs for transporting the monument to McLendon-Chisholm; and possibility of fundraising for the cost of care.

Herren commented on associated costs; placement; financial constraints; concern that law breaking citizens might come to the City and could potentially cause problems; and that the City does not have the resources to handle those kinds of issues.

Steinhagen acknowledged that all were valid points. Woodham agreed with Herren and commented that these historical monuments are a pawn in a much larger issue and that protests will happen if the monument is moved to McLendon-Chisholm. Woodham said he would have concerns of property destruction by protesters and there is no way to prevent. Turnbull agreed with other Council Members. No action was taken.

7. Minutes of August 22, 2017 City Council Meeting. Mayor Steinhagen discussed his proposed edits to the minutes related to the Sonoma PID items and noted he preferred a lot of background information in the minutes so that anyone reading the minutes would
not have to refer to past meetings to understand Council activity. The minutes were tabled.

8. Sonoma Public Improvement District (PID) 2017 Annual Service Plan Update Ordinance. Council Members commented that this item is back on the agenda due to questions from the City’s CPA, Ray Smith. Brief discussion was held indicating that Smith now has questions satisfactorily answered and is comfortable with the ordinance as presented this evening. **Turnbull moved to approve Ordinance No. 2017-11 approving and accepting the Sonoma public Improvement District (PID) 2017 Annual Service Plan Update as presented this evening. Balkum provided a second to the motion.** Discussion was held. Turnbull remarked this item was previously discussed at length and that Smith’s questions have been satisfactorily answered. Steinhagen made brief remarks regarding the maintenance portion of the budget. Butler noted the CPA is comfortable with the ordinance as written. Orchard noted previous concerns regarding administrative costs in the PID and the PID operating on a fiscal calendar that is different than the City’s fiscal calendar. **A vote was cast on the motion. The motion carried with unanimous consent.**

9. Housewarmers Service Agreement. Steinhagen provided a brief overview of services provided by Housewarmers noting that homeowners new to McLendon-Chisholm would receive a small package with promotional items as well as some information items related to City services and that it was a way to connect with citizens. Steinhagen noted that volunteers from the City Council could personally welcome new residents. Balkum remarked she is in favor of approving an agreement with Housewarmers as it is a reasonable price at $600 and provides residents information regarding business and services throughout Rockwall County and the City could add a welcome letter from the Mayor. Herren noted that if the City were to put the package together it would be costlier and that Council Members are volunteers and may not be able to follow through on welcoming each new resident. Balkum noted that Council could have difficulty reaching people at home. Herren remarked the service was a good value. Steinhagen asked if anything should be added to the packet. Woodham remarked that welcoming new residents is more of an HOA type of activity and much of the trinkets in the package would be thrown away. Balkum pulled promotional items from the package to show the contents. Additional discussion was held regarding the value of the Housewarmers service. Orchard indicated he was not in favor. **No action was taken on the item.**

17. Code of Conduct. Brief discussion was held among Council Members. Herren noted that a Code of Conduct was necessary so that individuals are discouraged from becoming self-serving. **Herron moved to approve Resolution No. 2017-24R adopting a Code of Conduct for City employees including salaried, hourly or contracted, vendors, volunteers or others representing the City of McLendon-Chisholm. Turnbull provided a second to the motion.** Brief discussion was held among Council Members. Turnbull noted the Code of Conduct will apply to all employees and contractors and will be part of future contacts and all will be expected to adhere to the policy. Herren noted that appointed board members are subject to the Code of Conduct. Steinhagen noted the Code of Conduct does not apply to Council Members as Council has a different set of
18. Council Member Reports.

a. Communications – Balkum noted that she had intended to announce that the website was live but there are still a few items that need attention. Balkum provided a preview of the new website going through each tab and item. Balkum indicated a desire for historical images for the website. Orchard and Butler discussed they may know someone with lots of McLendon-Chisholm history. Steinhagen suggested a “New to the City” tab which could include utilities, schools, government services, phone, internet, cable and other links to various service providers in the area. Turnbull suggested video histories to go along with historical images.

c. Roads and Transportation Update. Herren briefly discussed the August Transportation Consortium meeting and provided brief updates on area road projects and noted the next Transportation Consortium meeting will be held September 20, 2017 at 6:00 p.m.

d. Code of Ordinance Updates. Woodham suggested discussing at the last meeting in October and noted the City will be working on a new communication tower ordinance.

e. McLendon-Chisholm Volunteer Fire Department (MCVFD). Orchard offered no further comment regarding the MCVFD.

Mayor Steinhagen returned to Item 5.

5. Minutes of the August 22, 2017 Regular Meeting. Brief discussion was held among Council Members. Council Member Balkum moved to approve the minutes as presented. Council Member Herren seconded the motion. A vote was cast and the motion carried by unanimous consent.

22. Council Member Turnbull moved to adjourn the meeting, seconded by Council Member Woodham. The motion to adjourn was approved by unanimous consent. The meeting was adjourned at 10:11 p.m.

APPROVED: ATTEST:

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Robert Steinhagen, Mayor Lisa Palomba, City Secretary

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