

**STATE OF TEXAS
COUNTY OF DENTON
CITY OF CORINTH**

On this the 17th day of October 2019 the City Council of the City of Corinth, Texas met in Workshop Session at the Corinth City Hall at 5:45 P.M., located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

Members Present:

Mayor Heidemann
Sam Burke, Mayor Pro Tem
Scott Garber, Council Member
Tina Henderson, Council Member

Members Absent:

Kelly Pickens, Council Member
Lowell Johnson, Council Member

Staff Members Present

Bob Hart, City Manager
Kim Pence, City Secretary
Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director
Cody Collier, Director of Public Works
Patricia Adams, Messer, Rockefeller, & Fort
Jimmy Gregg, Police Captain
Helen-Eve Liebman, Planning and Development Director
Ben Rodriguez, Planning and Development Manager
George Marshall, City Engineer
Jason Alexander, Economic Development Corporation Director
Brenton Copeland, Technology Services Assistant Manager
Patrick Hubbard, Planning and Development, Development Coordinator

Others Present:

CALL TO ORDER:

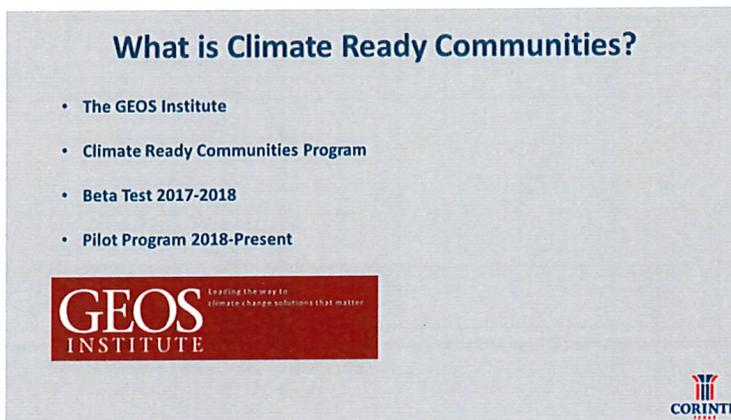
Mayor Heidemann called the meeting to order at 5:45 p.m.

WORKSHOP BUSINESS AGENDA:

1. Receive a presentation and update on the Climate Ready Communities project.

Bob Hart, City Manager – If you remember when we did the star program, the sustainability program. A lot of the initial contact came out of some of the work with me from ICMA and with the sustainability committee. On the heels of that we made a good connection with the Geos Institute and we became a beta test site for them and some of the background on that was the bond rating agencies are starting to look at cities responses for this. This is a very easy way to do this with without costing anything other than time. Patrick Hubbard has been leading the effort with the staff.

Patrick Hubbard, Planning and Development, Development Coordinator - So we started the actual plan phase in October of last year. The beta was a year prior to that.



Before we get too far ahead I just want to touch on why is this becoming more of a priority as time goes on? Here's some data from Yale University. It shows 69% of the community are concerned about the topic. About 60% are actually worried about it and about 55% think we should be more aggressive. It is consistently coming up more and more in the news being a concern of stakeholders such as bond raters, businesses looking at different locations and other factors of that nature and it tends to align up with other projects that we are doing so we get a lot of co-benefits from doing this program at a relatively low cost that aligned with many of our other initiatives.

Why Study Climate Change?

2018 Survey of Denton County Residents beliefs shows that:

- 69% believe that Climate Change is happening.
- 59% are worried about it.
- 54% believe that local officials should do more to address it.

The topic is increasingly a concern of stakeholders, credit rating agencies, businesses and partner organizations

This project intersects with many ongoing efforts (i.e. Greenbelt Preservation, Floodplain Management, Water Conservation, Emergency Preparedness, Asset Management, etc.)



To highlight some recent news is as these credit impacts, this is an article from earlier this month, a couple quotes. I won't read them to you but basically Mr. Bobby here was discussing, there's an expectation that there will be impacts on municipal bond market, next year, starting with the investors and working its way down to issuers. And stating that acting earlier, it is likely to be cheaper. And speaking directly from Moody's, Emily Raines, Vice President there, discussed that they are not just looking at the actual risk themselves that they are looking at whether or not cities are doing anything about it, whether or not they are taking it seriously.

Why Study Climate Change?

Expert Input on Upcoming Credit Impacts:

"We are about a year away from climate change beginning to affect the muni market [municipal bond market] — a little," ... "Changes on the investor side are going to happen first, [credit] ratings will come second, and issuer behavior will be a distant third."

...

"As investors get smarter about climate change risk, it will become more expensive for governments with the largest need to borrow," ... "Their costs to borrow could certainly be higher. Acting earlier is almost always cheaper."

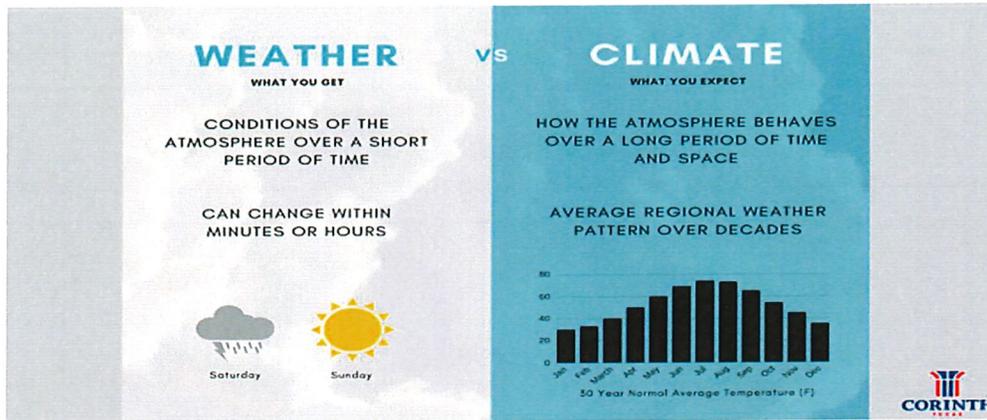
- Matt Fabian, Municipal Market Analytics (October, 2019)

"We look not just at the vulnerability of state and local governments, but their ability to manage the impact ... we'll also be looking at what these governments are doing to mitigate the impact."

- Emily Raines, Vice President, Moody's Public Finance Group



It's important at this point to make sure they have common understanding of what the project consists of, this slide addresses that. Basically, when we talk weather and climate, people confuse them, weather is day to day climate is over a period of years. You may ask a question about weather, you might say, we will have Pumpkin Palooza on Saturday, it is going to be hot and what should you wear. If you're going ask a question about climate, it might be, what is the average date of the first frost of the year? and if it is moving further out how is that impacting anything else that might occur within the calendar.



So, the first phase of this process was actually to assess our hazards. We did that by integrating the most current data, published principally from the federal government, with respect to our existing hazard mitigation plan. I took the framework laid out by our own local professionals and overlaid the data that has most recently been published on the topic. This chart summarizes from our current hazard mitigation plan what we have previously identified to be our greatest risks.

BASELINE HAZARD ANALYSIS

High Risk (PRI 2 - 3)	Tornado Extreme Heat
Moderate Risk (PRI 1.05 -1.9)	Drought Winter Storm Hail Lightning High Winds Earthquake
Low Risk (PRI 0.50 - 1)	Flooding Wildfire
Negligible to No Risk (PRI 0 - 0.49)	Dam Failure Expansive Soil

Source: Denton County Hazard Mitigation Plan

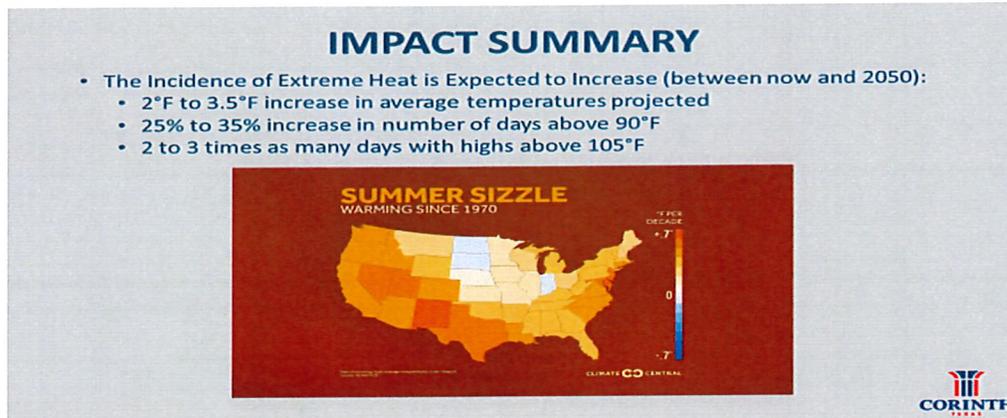
Mayor Heidemann – That data that you are showing, is that accumulated through COG?

Patrick Hubbard, Planning and Development, Development Coordinator - This is Corinth specific so this came from the Denton County hazard mitigation plan through the Corinth annex so this something that Corinth specifically put together for ourselves. It is published in our Hazard Mitigation Plan which you can access through the Denton Department of Emergency Management. I believe the Fire Department also has a copy of that. So this is our existing hazard mitigation plan.

Mayor Heidemann – Because I know that COG just appointed a committee down there of meteorologists to study this very same thing for the 16 counties that are here in North Texas.

Patrick Hubbard, Planning and Development, Development Coordinator – I will be sure to look into that. So basically the impacts that we identified, they kind of flow downstream from two basic trends that we are seeing emerge. We are seeing an increase in temperatures

estimated to be between about two degrees and three and a half degrees between now and 2050 and then of course there is a down-stream effect on the number of days, over a certain temperature, falling from fact that there is a two to three and a half percent increase. You are expecting about 25% to 30% increase in number of days above 90 degrees and two to three times as many days above 105 degrees. This chart here summarizes warming since 1970. We have been seeing close to .7 degrees per decade increase since that time as well.



The other issue that you will see is an increasing precipitation. Rather not an increase in total precipitation increasing but an increase in the incidence of heavier storms with about the same rate of overall precipitation you are going to see basically the same amount of total precipitation events, roughly, but it is expected to be concentrated in fewer, heavier events.



We have done some preliminary analysis of how we have built our city to this point. That leads us to conclude that we have built to meet that future demand. That doesn't mean there won't ever be catastrophic flood but there is not an expectation of needing to go back and retrofit necessarily a large amount of infrastructure or anything in that sense.

To summarize the impacts of some of the more downstream effects. Basic results are moving towards arid conditions. Arid as opposed to humid, we are moving to more desert like conditions, from where we are now. With that, we have seen a higher frequency of droughts which has a propensity to create wildfires as well as impacts on water quality, water scarcity and so on. The impacts on certain extreme weather events, like tornadoes which is our highest

risk are not really certain at this point time. I mean, we understand that these things affect those types of phenomena, but there are a lot of factors that affect those things like El Nino patterns and things of that nature. So the current data is not conclusive on how exactly we expect to see a set of change and that sort of thing but there is an expectation that there will be some change.

IMPACT SUMMARY

- Climate is expected to become more arid overall.
 - Higher frequency of droughts due to increased heat and longer drying out periods.
 - Worsening air and water quality due to heat and drought conditions.

- It is not clear yet how extreme weather events (such as tornadoes, lightning storms, winter storms, hail, etc) will be impacted but these events will likely be influenced by changing precipitation patterns.



This was the baseline for which we use to carry out our workshops. We had a one day workshop, which was actually two parts. The first phase was a service vulnerability assessment, we took that data which was provided to you all and completed an assessment of how that specifically relates to sectors of our community, natural environment, economic sector, health and cultural sectors of our community. That was the first half of that workshop.

Vulnerability Assessment and Resiliency Plan Workshop

- 2 Part Workshop
 - Vulnerability Assessment Workshop
 - Related the specific changes in climate to sectors within Corinth
 - Built
 - Natural
 - Economic
 - Health
 - Cultural
 - Resiliency Plan Workshop

- Results of Workshops are to be drafted into Climate Resiliency Plan (to be presented in a future meeting)



And the second part was actually to identify the likely problems are, identify how they specifically relate to us and the third phase is what we are going to do about it. We have started working on a resiliency plan which is what we are currently preparing and from that workshop, and I apologize, I am going to read these to you because I want to make sure I go through them. We had some preliminary results that I am going to go through. Our workshop participants which consists of several people in this room, as well as some other departments and folks from the community as well, are concerned with making sure that we have the infrastructure maintenance in place to meet changes as they occur. They are concerned about the increased incidence of heat related illness, environmental disasters, which might impact emergency operations. There is concerned about water scarcity, which also has effects on

water and air quality, that has been discussed in what is provided, you see an increase in ozone, see increase algal blooms which is something that was brought up by Upper Trinity at the event, things of that nature that could have long term effects on water quality as would be consistent with drought conditions as well as impacts on vegetation and wildlife and an increasing cost of living and doing business stemming from having to address all the various issues.

Preliminary Workshop Results

- Workshop participants are concerned about the impact of changes on:
 - Infrastructure Maintenance (including public facilities and utilities)
 - Increased incidence of heat related illness and environmental disasters impacting emergency operations
 - Water scarcity
 - Negative impacts on air and water quality
 - Negative impacts on vegetation and wildlife
 - Increased cost of living and doing business



Strategies that we generally grouped here to address this really consists, thankfully, a lot of things we have already kind of got the ball rolling on, which is investment in green infrastructure, emergency management preparedness, green development standards, asset management planning, environmental planning and education for our community, make sure that people understand things about water conservation for example, solar power and decentralization of our power grid, working to make sure we have some resiliency there so we are not dependent entirely, improvements to diversify and make our town vibrant, so we are resistant to particular shocks that may affect certain sectors and heat safety and health initiatives to minimize heat related illnesses. That is where we are at on this, we are working out the draft resiliency plan. We are shooting for towards the latter half of the first quarter of 2020 calendar for completion of that.

Preliminary Workshop Results

- Workshop participants suggested addressing these concerns through:
 - Green Infrastructure
 - Emergency Management and Preparedness
 - Green Development Standards
 - Asset Management Planning
 - Environmental Planning and Education
 - Solar Power and Decentralization of the Power Grid
 - Improvements in Economic Diversity and Vibrancy
 - Heat Safety and Health Initiatives



Mayor Heidemann – Very good, any questions from Council?

Bob Hart, City Manager – We should get a copy of what you've done today to Edith.

George has her contact information.

Patrick Hubbard, Planning and Development, Development Coordinator – I have been in communications with some of the folks there, I will check on Edith as well.

Mayor Heidemann – I know we just approved several meteorologists just for this reason.

2. **Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of closed session items as set forth in the Closed Session agenda items below.**

There was no discussion on the Regular Session agenda items.

3. **Receive a presentation and discuss the Tax Increment Reinvestment Zone (TIRZ) and the Transit Oriented Development (TOD) District.**

Bob Hart, City Manager – We talked about this at the last meeting, I wanted to circle back after our visit with Hugh Coleman and make sure everyone is on the same page as we move forward. We are down to about a six week window to bring all of this together. As a reminder, we have about 995 acres involved. I will talk about the TIRZ and the TOD area recognizing that everything is within the TIRZ but I am separating them for the ease of conversation here. So the TIRZ is everything in the TIRZ outside the TOD and then the TOD. We are looking at 36 years and it would generate about 124 million dollars. That is based on the assumption that the city's in and 50% and the county is in at 100%. If you remember Hugh's comment, they don't have any money to put in at the front end but we ought to be looking at 100%. So we have gone back and rerun the numbers, based on that so that is why we have to go back and have that conversation. Total of about 124 million, ours is about 74 million so that leaves the county roughly with 50 million being in from that perspective.

OVERVIEW

- The Tax Increment Reinvestment Zone (TIRZ) spans approximately 995 acres and includes an emerging Transit Oriented Development (TOD) District in Corinth's core
- The term of the TIRZ is for 36 years and is projected to generate \$124,374,355 in revenue and assuming that Denton County participates at 100 percent and the City participates at 50 percent:
 - Denton County and the City will participate in projects inside the TOD
 - The City will participate in projects outside the TOD
 - The City's participation at 50 percent is projected to be \$74,286,748

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The TOD projects, this is really what we would be focusing on, what is within the TOD and where you would see the county dollars flow. So that as we are talking, whether you do the TIF or whether you just put the money in for projects, that way we can be flexible and swing back and forth. All of these will look familiar, same projects, same dollars.

The two that are critical, that we do quickly will be the North Corinth Street realignment and building NCTC Way and that allows us to eliminate the crossings at Walton and North Corinth

Street. Everything else flows from the plan that Paris Rutherford did which deals with Main Street, Hospital Drive, Lion, rebuilding Walton and so forth. We have also included the parking facilities that are related to this, both surface parking that you have to have to make the TOD work with the rail stop. The land acquisition that would deal with the right of way, with the park and so forth to make that TOD happen. The park pavilion, the open space. We included Shady Shores in that and Old 77, rebuilding that. That is what we defined as the limits of the TOD boundary.

If you remember, we have broken out this notion of the TOD funding as our contributions into DCTA. There is a three year commitment that we wanted to go to COG to get help on and then we have 33 years that we still have to put in on this and then we have some drainage. The drainage is all related to the development across the street with Corinth Parkway, with the open space and so forth. That is what we would have there. We would have the county participation and the city's participation into the TOD and it puts us at about 96 million, so that would be the basis of when we start having those conversations.

TIRZ (TOD) PROJECTS

N. Corinth Street From NCTC To Corinth Pkwy	\$ 4,242,500
NCTC Way From Frontage (I-35E) To N. Corinth St	\$ 2,421,250
Main St From Corinth Pkwy To NCTC	\$ 2,801,750
Corinth Pkwy Narrowing From Main St To Hospital Dr	\$ 316,250
Hospital Drive From Lion Blvd To Corinth Pkwy	\$ 3,287,938
Walton Dr From North Corinth St to Shady Rest	\$ 5,205,750
Lion Blvd - From N. Corinth St to Main St	\$ 2,058,063

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TIRZ (TOD) PROJECTS – CONT'D

Annual rail operations (\$850,000/year - 33 years)	\$ 28,050,000
Drainage From Corinth Pkwy To I-35E	\$ 1,147,125
Drainage From Walton To Lynchburg (Main Channel)	\$ 1,147,125

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TIRZ (TOD) PROJECTS – TOTAL

Requested County TOD Participation ⁽¹⁾	\$ 57,199,017
City TOD Participation	\$ 38,740,270

TOTAL TOD PROJECTS	\$ 95,939,287
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⁽¹⁾ **Note:** The County's participation in the TIRZ (TOD) Projects is capped at \$57,199,017.

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The TIRZ projects, this is everything outside the TOD. The same that we have been talking about, the Dobbs/Lake Sharon alignment, Tower Ridge. Let me go back to Dobbs and Lake Sharon. We told Hugh we wanted the political support with the overpass. John Polster has been working on that, the mayor signed the letter that went over the other day that was well received and George was over there this morning meeting and that bridge overpass is the next project up on the list. George was at the county's road coordination meeting that Hugh Coleman has.

George Marshall, City Engineer – John Polster is everything transportation related to the whole region. He said there was basically 80 million dollars available and that project is about 40.

Bob Hart, City Manager – That is a real positive part of all of this, then everything else is everything we have been talking about, Tower Ridge, Lake Sharon, the water tower, Park Ridge and so on, no changes it is how we have allocated them.

We looked at trying to anticipate some of the issues with Realty Capital and then administrative costs to deal with the TIFF. Outside of the TOD, the TIRZ component, no county participation and that is where we have 35 million in. When we sit down and start talking with the county commissioners we start laying out, one is we have good contributions in within the TOD and then we have all the contributions in on the balance of the TIFF so we

will put more money in than the county.

TIRZ PROJECTS

Quail Run Realignment From Dobbs/Lake Sharon To Frontage (I-35E)	\$ 2,543,750
Tower Ridge Drive From Cliff Oaks To FM 2181	\$ 1,344,063
Lake Sharon/Dobbs From Tower Ridge To Quail Run	\$ 4,910,000
Parkridge From Church to Lake Sharon Dr	\$ 9,724,313
Parkridge/Long Lake From FM 2181 South (Wastewater)	\$ 1,725,000
Water Tower Near CoServ	\$ 4,197,500
Riverview From Fairview To Frontage (I-35E)	\$ 1,328,250

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TIRZ PROJECTS – CONT'D

Garrison Street From Frontage (I-35E) To Cliff Oaks Dr	\$ 2,609,063
Offsite Water From I-35E to Water Tower	\$ 1,063,750
Economic Development Grants/Parking Structure (Realty Capital Development)	\$ 4,792,742
Administrative Costs	\$ 1,308,047

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TIRZ PROJECTS – TOTAL

Requested County Outside TOD Participation	\$ -0-
City, Outside TOD Participation	\$ 35,546,478
TOTAL TOD PROJECTS	\$ 35,546,478

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This is where we are standing overall.

TOTAL FOR ALL TIRZ / TOD PROJECTS

TIRZ (TOD) Projects	\$ 95,939,287
TIRZ Projects	\$ 35,546,478
Rail Stop Construction (Political Support)	To Be Determined
TOTAL FOR ALL PROJECTS	\$ 131,485,765
LESS PROJECTED REVENUES	\$ 124,374,355
ADDITIONAL FUNDING REQUESTED	(\$ 7,111,410)

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Here is the financial assumptions, from our standpoint we have to generate sales tax from economic development so all of this TIRZ business, we have to get sales tax revenue in. What we are looking at here is a transit stop would be considered as a project, under the economic development, that is pretty crucial, which means that we could use the EDC half sales tax to pay for our share of the funding for DCTA. I think that is going to become important because what everybody is looking for right now from us, Denton and Lewisville in particular is how Corinth is going to generate money out of this TIRZ to make this thing fly. I mean they want to be able to be confident that money is there. By taking this approach, and taking the EDC money and setting it over there, then you are assured of having the half cent sales tax dedicated for that funding and that takes that issue off the table.

FINANCIAL ASSUMPTIONS

- TIRZ must generate sales tax revenues through economic development
- The transit stop is considered a "project" as defined by the Development Corporation Act
- The CEDC will use its ½ cent sales tax to fund the transit stop
- The Fire District Election in May – ¼ cent sales tax revenue
- Allow the Street Maintenance Fund to lapse
- While the CEDC is building a fund balance, it will use its authority as a Type B corporation to fund street improvements

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FINANCIAL ASSUMPTIONS – CONT'D

2020	2021	2022	2023	2024
\$ -0-	\$ -0-	50% (NCTCOG)	100% (NCTCOG)	100% (NCTCOG)
2025	2026	2027	2028	2029
50% (NCTCOG) 50% (CEDC)	100% (CEDC)	100% (CEDC)	100% (CEDC)	100% (CEDC)
2030	2031	2032	2033	2034
100% (CEDC)	100% (CEDC)	100% (CEDC)	100% (CEDC)	100% (CEDC)

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Sam Burke, Mayor Pro Tem - I think so, they have been contributing a half cent sales tax since it started and they don't want any free riders. And so, the discussion has been very loose at this point at DCTA but they want some mechanism for funding a contribution,

Scott Garber, Council Member – What is a half cent?

Bob Hart, City Manager – About \$850,000, it covers it. In the next slide or two I will be able to lay that out a little better.

Tina Henderson, Council Member – But we are saying that we have to generate sales tax revenue through economic development but if we put all of our economic development money in the transit stop, we have no money to help create economic development.

Bob Hart, City Manager – We can take money out of the TIFF to do that and I will address that in just a second.

Bob Hart, City Manager – Now the next thing is, we would recommend we do the fire district election in May like we have talked about but we allow the quarter cent street maintenance sales tax to lapse so that would go away. Then our sales tax would be a quarter for police, a quarter for fire and a half for EDC.

Sam Burke, Mayor Pro Tem – The committed portion of our sales tax does not go up?

Bob Hart, City Manager – That is right, it is already maxed out.

Mayor Heidemann – Does that lapse the same time as the election?

Bob Hart, City Manager – It would lapse and it would lapse at the end of September of next year, when the fire would start up.

Tina Henderson, Council Member – Please excuse my ignorance but if we don't have a street maintenance plan, how do we take care of our streets?

Bob Hart, City Manager – We are going to start with is using some EDC money. Because EDC is a 4B corporation, that would allow us to use money for streets, so that is kind of what we're doing here. Here is the way that we are suggesting we lay out these assumptions. We start but we do not put any money in 2020 and 2021 and then we ask COG for three years of money. Half of it we get in 2022 and then we do hundred percent from COG in 2023 and 2024 and then in 2025, which is the last half of that third year, we get 50% from COG. We have to go in and sell this to COG, they will put three years in but this is how we suggest we lay it out.

Mayor Heidemann – Is that COG or RTC?

Bob Hart, City Manager – Probably RTC.

Bob Hart, City Manager – Then we would come in, in 2025, use the last half of the COG money and then put in a quarter cent of the EDC money. That gives us five and a half years to build up the fund balance to deal with that, we also have some land sale money coming back with Realty Capital. We have a corpus of money to work with so that is how we would tend to the streets; we are using about \$130,000 a year to play with and then we would show DCTA and the members that we are putting in 100% of our contribution all from the EDC. That gives them 100% assurance that the money is there. What we'll do in the meantime, as the TIFF is growing, we can start to move and start to shift what comes out of the TIFF and what comes out of EDC. You look at all of our economic development efforts they are all going to be within the boundaries of the TIFF so I think that would make this work.

Sam Burke, Mayor Pro Tem – And then we become eligible to have a member on the DCTA board, a voting member.

Scott Garber, Council Member – Will that start in 2022 or will it start in 2025?

Sam Burke, Mayor Pro Tem – It would probably start in 2022.

Scott Garber, Council Member – So somebody is funding it on Corinth's behalf.

Sam Burke, Mayor Pro Tem – Yes, it is a half-cent sales tax or an equivalent.

Mayor Heidemann – I will defer to you, Sam, we make this presentation, is this something that we are going to have to document in a legal fashion so that both the City of Corinth sign off on it and DCTA sign off on it?

Sam Burke, Mayor Pro Tem – Defer to Patricia.

Patricia Adams, Messer, Rockefeller, & Fort – Yes

Sam Burke, Mayor Pro Tem – That is the weird part of all this, I don't know how you commit RTC or Michael Morris to it. There is going to have to be some agreement that is enforceable.

Patricia Adams, Messer, Rockefeller, & Fort – I don't understand fully the source of these funds where they say they just have money so do they have some mechanism set up to do grants or to partner in projects? I want to know their structured for the money. We have to be sure that they were structured where we can bind them.

Bob Hart, City Manager – It actually would be month to month because that is when the sales tax is remitted.

Patricia Adams, Messer, Rockefeller, & Fort – We always have to have a written document when money exchanges.

Scott Garber, Council Member – when you show 100% does that mean 100% of \$850,000? So if the economy dips a little bit it would still be 100%?

Bob Hart, City Manager – Yes, it would be 100% of the half cent sales tax, whether that is \$850, \$800 or \$900, as it fluctuates it would move, is what I would see. That is easy to track. This rail is not going to become operational, the stop will not be operational here until about 2024 so we are still generating money before the stop is actually operational. All of this is being built and going on so somewhere in this window 2023 to 2025 is when this becomes operational and we are already putting money in to make this thing happen.

Sam Burke, Mayor Pro Tem – Are we going to issue bonds to do the projects and then reimburse them out of the TIRZ?

Bob Hart, City Manager – I do not know the answer to that, that is going to be the next challenge because we have to build NCTC Way and North Corinth Street and we have to get some of the land acquisition done.

Tina Henderson, Council Member – To me, we're going to put all our money and rail stop but we are going to have nothing here for people to come because we do not have any money to bring people here. We don't have the money to do this if we can't incentivize people to come, how are we going to get people to come here?

Bob Hart, City Manager – In this period, this five year window is when we have to get the fund balance up so we do have money to work with and that is the other part of this, we have to be setting money back.

Tina Henderson, Council Member – For the next five years, we have absolutely nothing to give a business owner.

Bob Hart, City Manager – We do but we want to be careful but the objective is we are going to save as much money as we can.

Scott Garber, Council Member – What is our current fund balance in EDC?

Jason Alexander, Economic Development Corporation Director – We have 1.1 million, approximately.

Scott Garber, Council Member – And how much are we owed on the property?

Jason Alexander, Economic Development Corporation Director – About \$2.9, actually we paid that all off but we will get about \$2.9.

Scott Garber, Council Member – By the time we have to fund that 2025 there should be close to \$9 to \$10 million.

Bob Hart, City Manager – I would guess \$6 million.

Lee Ann Bunselmeyer, Finance Director - Each year even if you use some of the funds for some street maintenance projects, you will put away somewhere around \$500,000 a year into

EDC.

Tina Henderson, Council Member – But weren't we going to use some of that EDC money for Park Ridge and to buy some more property?

Bob Hart, City Manager – We can still do that because if you go back and look we still have the TIRZ stuff we have to do and we will be able to move money to make all that work. You always will be leveraging the money and some of it you will be advancing money, you have developer agreements, getting money back, so we are always going to be moving money around.

Scott Garber, Council Member – Just another point and correct me if I'm wrong but by 2026 and 2027 we would expect that sales tax would go up because development is going to be on the ground

Bob Hart, City Manager – No, it is always committed to a half cent.

Tina Henderson, Council Member – I am all for the rail stop, I am just concerned about our streets and things like that. I do not like to sacrifice anything and that is what concerns me.

Bob Hart, City Manager – The balance to that is for us to be sustainable long term, we have to get sales tax up as a percent and we have about a five year window here to make some headway.

Sam Burke, Mayor Pro Tem – We are making a place where the businesses will want to be, we won't be in a position where, we can offer you X Y or Z even though you do not really want to come here. It is that they want to be here, we are not going to have to ask or provide an incentive or as much of it.

3. **Review water meter reading software.**

Cody Collier, Director of Public Works - Back in 2016 I brought this to council and we all went with it. In November we received our first shipment and started receiving the registers and the transponders and our crews began swapping. We started noticing in early 2017 there was a problem with our transponders, the polymers were cracking; I think we talked about this in another workshop. They did a recall, RG3 came out, acknowledged the problem, retooled, changed the polymer design and got all the transponders back out. They started coming out and replacing them and then they started having some cable defects with the new system, they had a different style connector. They scrapped everything they had and developed a new style connector which is a much more durable product.

They started coming out and started replacing another thousand transponders due to the cable defect. While our crews were installing, they were coming in through warranty and removing and replacing everything that had the issue. They were doing us a great favor by doing that but in the process, they caused billing issues because the k-factor which is a multiplier factor. You have a register that sits on the meter, this register does not know if it is on a three quarter

inch meter or one inch meter and two inch meter so the k-factor is what you program into it to know if you are sitting on a two inch meter instead of a three quarter inch meter so every revolution should be more water consumption.

So that improperly charged that k-factor so what was happening was bills were getting skewed by magnitudes depending on what size they programmed them. Those were corrected and verified.

In 2018 we had about 400 registers that were moved to do the blank screens and non-reporting and 600 transponders we noticed started failing. We contacted RG3 and found out that the manufacturing company who produced the circuit boards was soldering the circuitry on it and they did not have the proper acid and washing baths on the circuit boards, the flux that was on those soldering joints is corrosive. So if it is not properly bathed and removed it starts to eat up the joints and you lose connection on the circuitry. That is what started causing the registers and our transponders to go bad.

The results of that we were seeing was about 500 rereads a month, what was happening, the transponders would collect some data and hold it, and then lose, and then it would wait until it could make the connection. The connection was spotty in between so when it would update, you see a spike in a bill. It was the consumption, the register was right, but the transponder was collecting backed up data basically because it could not connect. Those are some of the issues we were seeing, and of course we had about an eight month delay, the delay was a result specifically of all these issues.

Currently, we have about 3800 meters that are reading properties for the AMI system through the radio read which requires no one to drive by physically to look at or touch it. We have about 2700 that we are having to drive by because they do not have all the collectors up yet. We are looking at about 607 where we are having to do manual reads and there are various reasons for that, some is because of the environment it is physically sitting in, some of our meters are still in driveways, which are concrete with rebar concrete boxes and cast iron lids. We have a shipment of new lids coming in that will allow us to bring those transponders up so they can transmit out and some of the manual reads are due to failures of some of the transponders that are in the ground. The register still physically works, you can see it take a reading but it cannot transmit.

Mayor Heidemann – Does this include commercial too?

Cody Collier, Director of Public Works – Yes sir. We talked about the radio antennas, we get about 53% collected from AMI. We have 22 towers up now.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director - we have had times when we had to go in and do an adjustment because we did see those spikes. There was some faulty equipment, however this time that kind of brought everything to light and we realized that we had this massive amount of accounts because all those that were replaced in September October, those five hundred were still on the ground and they were still reporting and when they failed they were reporting a low consumption. So even though on those houses they were reporting 3000 gallons a month, 4000 gallons per

month, when it was swapped out in October, now it recorded that actual number off the registers so it would spike up and say okay you actually used 92,000 from the last time that you actually received that signal from that register. The amount of water consumption on the bills is accurate; however, the impact to the resident, is that now instead of being billed at those lower tiers in August and September, now in that October month, they are getting billed at the 1278 tier that is the 50,000 and up so that has almost tripled the water bills for them.

For us right now, with this round we have not made any adjustments yet. We are waiting until we get done with the field audits to make sure that we have every single thing confirmed and everything is accurate because we only want to adjust the accounts one time. So we do feel we have been in discovery phase for the last two weeks. We think we've got a good handle on it and we probably start making some of those corrections the first of November, into those billing cycles. The other thing that I also wanted to mention is that it was very difficult for utility billing to catch this because we were coming off of the spring months and so typically during those months your households use somewhere around 6000 to 8000 gallons consumption. So as we were going along in August and September we do high/low reports to see if there is any variances. When it finally hit our variance report is when it starts spiking up at 92,000 gallons and that is when we realized we have a problem.

Cody Collier, Director of Public Works – The other issue we ran into, we have two laptops that we're using in the field to go out and take reads to AMR or to basically interrogate a meter to get information for utility billing. We discovered one of our laptops was functioning great and was updating the second laptop, which was set up for us did not have an automatic update, it was retaining old data. In one instance we went out and interrogated a meter with this laptop and it showed it to be an improper address, so I thought it was an error that we made. I called the crew back out and brought this laptop and they put them side by side and interrogated the same meter. One showed it to be the right house, the right address, everything is correct and good. The other laptop said that it did not even belong there, it reported a reading for another one because of a foul code, I guess how the files are read in the software, it had additional lines in it. That has all been addressed and correct so now all of our laptops are functioning and updated. They all have the same software updates and downloads from Tesla so it will prevent that from happening again.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director - As far as building, when that occurred, all the months were billing correctly but that one month that they used the laptop, that house might have had a higher consumption of 40,000 so it inflated that bill so again that resident was at a higher tier, but then once they came back with the proper laptop, then it actually said okay well you use less water than actually. Overall, they billed the right amount, it's just within the wrong tier so we will be evaluating that and so for those months they came in on that laptop they will have to be going in and doing an adjustment to bill the correct volume not the right price.

Cody Collier, Director of Public Works – Another issue we ran into was due to a bad gasket, moisture can get in there and corrode the terminals and you can lose signal. This is another function that we are looking at while we are doing our audit and I would say we have had a lot of good progress this week. We actually got a lot better training from the company now and understanding how their product is supposed to work in the software they

want us to use. We believe we solved the issue and the last phase is to have RG3 come out and do a warranty recall on all these failing transponders and allow my staff to go back out and do an audit and make sure that all of our numbers and accounts match up for every single address and that should clear all the problems. That is where we are going, we are doing subdivisions first, we have to do the residential accounts, and then review all the accounts with any swaps that RG3 comes to do. We want to make sure all of our numbers still sync up and are correct.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director - As you know it is a lot of data that you have to review. We are going back a year and pulling all the consumption, all the bills and analyzing and we just have absolutely got lucky that the utility systems auditor from the City of Denton retired the week that we found this problem and so she was gracious enough to come in and help us on a temporary basis to try to work through it and she has made great progress in a week, she is really good and helped us out a lot.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director - One of the things now how to communicate with the residents. We happened to have a meeting two weeks ago with our ambassadors group. They had some great suggestions and came up with the idea to develop a web page that actually lists everything that we are doing and be very transparent on what we are finding and then advertise that so that at any time residents can go to that web page and be up to date on what neighborhood we are auditing what we are finding and so I am trying to get to Pumpkin Palooza this week and then next week we are going to start working on that website so that we can go ahead and get that advertised.

We are also going to link that to the my Corinth app that is getting a lot of downloads and so that again is just an easy mobile way for them to get their information. The other thing is on a monthly basis, we are going to start, not only advertising the web page that they can go to but if there is relevant information, making sure that we have a bill insert, because there are a lot of folks that don't get on the website or they are not mobile savvy so we want to make sure that we communicate to them as well so we are going to try to do that on a monthly basis and then also do some short updates in the monthly newsletter.

Scott Garber, Council Member – My concern is once this gets out there and we become transparent that call back into the city may increase, I would imagine more than it already has. If there was a way to search their address or to have a list of addresses, these are known issues and we are in process that may assist.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director - One of the things that I have our tech department doing is we are about to get this one system that kind of does some auto call so to speak because we had somewhere around 300 or 350 inquiries that came in within about a two to three day period. We were getting well over about 150 calls a day requesting information so we are going to create a message because we want to get back to them but it is impossible to call them all back within 24 hours. It is going to allow us to get all those numbers in and at least give them an automated call that says we received your call we are looking at your account and put some basic information just so

that we don't leave them hanging. Those that have sent us emails we will just go ahead and make sure that we respond and try to tell them we will get with them within a 30 day period due to the volumes. Our feelings are we are going through this exercise and we still have to maintain the day to day of turn-ons turn offs and so forth and so we are trying to balance that right now because it has been a little bit overwhelming.

Cody Collier, Director of Public Works – The newer product that we have in the ground that they have repaired, it is functioning and it is functioning good, it is a good product. They have bad circuit boards. You know I hate it, but that's the reality of what we're dealing with and we are getting them swapped out getting them fixed. The system when it's working, it does work great. The dashboard does what it is supposed to do. I apologize for the delay and I am sure your phones are ringing too. I am sorry for that.

Tina Henderson, Council Member – The company that we bought the transponders from, they are replacing all of them. Are our guys having to replace them? How much does this cost us as a city and in man hours and time?

Cody Collier, Director of Public Works – RG3 is sending staff out, they are having their employees do the swap out so our staff does not have to go back and replace them. Further they even had their staff come out and do meter reading for us for the last couple of months so that we can continue to take care of our business and our work orders and rereads. They have been really good about their warranty work and beyond just the product, they are really good about giving us labor giving us time, manpower.

Tina Henderson, Council Member – I appreciate what we are going to put out to our residents because I have had several phone calls and they just want to know what is going on. One lady said I keep coming up there and they keep telling me it is my problem and it wasn't. She is one of those that wants restitution. Overall, they just want to know what is going on so the more transparent we can be, the better off we are.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director - Council has to be aware that not every account had an issue so there are some people that received high water bills but it is because they used a lot of water. Once we go through and they don't get an adjustment because their usage was consistent and a lot of those who have come in, their usage is consistent. We have sent out folks to do a test, everything is fine on their accounts and they are saying that it is not and so that is some of the stuff that our staff is dealing with and once we say this is concluded and everything is done, then I am sure that you will get those angry calls.

Pumpkin Palooza, Saturday, it is supposed to be 85 degrees and sunny all day long. We have started our love my Corinth campaign and some of the swag that we are going to be giving away at our information booth. You have a packet that has a parking pass, same as the prior years, at the back by the command center so we will have a spot for you and then we also have a schedule of events in there. I'll be out there I'll have my cell phone if you need me, you can always call me.

Scott Garber, Council Member – When you say back by the command?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – There should be a parking map.

Mayor Heidemann – Just out of curiosity when do you think you can give council another update on the progress that you are making with this?

Cody Collier, Director of Public Works – Every month or more.

Mayor Heidemann – I just want to make sure that they can answer questions if anybody calls.

Cody Collier, Director of Public Works – I think monthly is perfectly fine but I'm sure I'll work with Mr. Hart. Anytime there is a significant step, then, we will be happy to do an update too.

There was no Closed Session.

CLOSED SESSION

The City Council will convene in such executive or (closed session) to consider any matters regarding any of the above agenda items as well as the following matters pursuant to Chapter 551 of the Texas

Section 551.071. (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

a. MCM Contract for Lake Sharon Roadway Extension.

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON CLOSED SESSION ITEMS.

ADJOURN:

Mayor Heidemann adjourned the meeting at 7:10 p.m.

AYES: All

Meeting adjourned.

Approved by Council on the 9 day of January, 2020.

Kimberly Pence
Kimberly Pence, City Secretary
City of Corinth, Texas

