

STATE OF TEXAS:

COUNTY OF MILAM:

BE IT REMEMBERED, that on Wednesday, the 7th day of September A. D. 2016, the Commissioners' Court of Milam County, Texas, convened in PUBLIC HEARINGS in the Commissioners' Courtroom, Milam County Courthouse, 102 S. Fannin, Cameron Texas, with the following members of the Court present, to-wit:

DAVID BARKEMEYER, COUNTY JUDGE

RICHARD "OPEY" WATKINS, COMMISSIONER PRECINCT NO.1

DONALD SHUFFIELD, COMMISSIONER PRECINCT NO. 2

JOHN FISHER, COMMISSIONER PRECINCT NO. 3

JEFF MUEGGE, COMMISSIONER PRECINCT NO. 4

BARBARA VANSAN, COUNTY CLERK

**Others present, to-wit:
John Redington, Legal Counsel**

Kyle Nuttall, Legal Counsel

And the proclamation having been made the Court was in session, the following business came on to be considered:

MILAM COUNTY 2017 BUDGET AND TAX RATE

Judge Barkemeyer officially opened the Public Hearing on the Milam County 2017 Budget and Tax Rate at 9:00 A.m.

Judge – we have held six community meetings throughout the County. My presentation and the 2017 proposed budget are on the website, you can view the budget or you can buy a copy from Barbara's office.

MIKE BURLESON – I emailed each of you written comments and wanted to make sure you all got them. You can call me anytime if you want to discuss them.

JUDGE – I would like to meet with you personally. Call me when you have time.

COMMISSIONERS – responded they all got it.

County Court Members: Attached are my written comments regarding the above subject. I have chosen to do this in writing in order to simplify and expedite the public comment meeting on Wednesday, September 7 and also the next subsequent regular meeting of the Commissioner's Court on Monday, September 12. Please include these comments in the record of both meetings. I will be present to answer any questions you may have at both meetings, but may not actually testify in order to avoid a "bogging down of the process" with too much material. I will try to visit with each member privately, prior to the September 12 meeting. These comments are a little lengthy, which is contrary to my nature. I was raised in a split-denomination church environment as a kid. My Dad's side of the family were Baptist, while my Mom's family were Methodist. Contrary to my usual demeanor, these comments lean toward

the Baptist side, lacking brevity. I prefer the Methodist influence, as we always were dismissed no later than lunch time! Sorry, MB.

Mike Burleson 512-659-0865 (cell)

Mike Burleson
Milam County Court Comments
Regarding the County Budget/Tax Rate
September, 2016

I. Discussion

A. Luminant Litigation: It appears that the largest property tax revenue source in Milam County is currently operating in Federal Bankruptcy Chapter 11 and accordingly, has refused to pay the full amount of property taxes for 2015 (due in 2016). I am told that the amount left owing is between \$1.5M and \$2M, which creates a shortfall that has resulted in litigation between Luminant (defendant) and the Milam County Taxing Authority (plaintiff). As of last Tuesday, 8-30-16, according to District Clerk records, no trial date had yet been set to hear the case. As I believe the county court now is aware, this case may take an extended amount of time to reach a final conclusion. Even when (and if), a judgement is rendered in favor of the plaintiff, an appeal is almost certainly eminent. If Luminant has the desire and the resources to pursue it, the combination of a full appellate court process, combined with possible intervention by the Federal Bankruptcy Judge, could literally take years for Milam County to receive any revenue distribution. Long term planning is required for an eminent revenue shortfall, and it is required now!

B. Budget:

- 1. Short Term Loan:** The court has proposed a six-month loan of \$800,000 to carry budget shortfalls, on the hope of a Luminant settlement. As previously discussed, this in my opinion is not fiscally responsible. A loan placed by a professional firm will cost, based on my previous experience, approximately 3% to place (\$24,000). The interest rate will in all probability, be no less than 6% APR (another \$24,000 for six months). The cost of this loan would then approach \$50,000. Then, when the February due date arrives the probability of Milam County having received any revenues from a Luminant settlement will be somewhere between slim and none.

- 2. Tax Increases:** The County Court has proposed raising the property tax to 70 cents per \$100 valuation. This increase is projected to generate some \$800,000 to help “bridge the gap” in the 2017 budget. Again, this is a long-term problem, requiring long-term solutions. “Bridging gaps” only brings with it a reincarnation of the same problems to be encountered in subsequent years. The challenge is not a steady increase in tax rates, but the development of long-term plans, incorporating ways to deliver services in a more responsible, more meaningful, more cost effective manner.

- 3. Law Enforcement Pay Increase:** The primary objective of any government in a Republic is public safety. It must, in all cases, occupy a frontal position in the “pecking order” of any federal, state or county budget. Our peace officers, when one considers the risk, responsibility and emotional pressure, under which they must perform, are all underpaid. Their department must, as all departments, however, be accountable to the public. Having said that, I believe these folks would understand a 6 month deferment of their approved raise, while we try to address the current and ongoing fiscal problem of Milam County. I am not in any way, suggesting that the law enforcement salary raises be

adjusted or removed, but only that they be deferred for six months, enhancing the chance to develop a long term plan for the county's future fiscal needs.

4. **Other County Pay Raises:** County employees not subject to the aforementioned pay raises have been approved for a 2% pay raise, contingent upon an acceptable resolution to the Luminant case. These employees deserve a pay raise, but the one approved seems as though it was granted as a "pie in the sky" determination. While it is a meaningful display of good faith, it seems really unrealistic. While the plan is to not pay the raises prior to an undetermined future date, it is included in the budget, I suppose to be "warehoused" by the county, pending the contingencies being satisfied. To a taxpayer, after he or she is separated from his or her money, what difference does it make whether or not it is paid out to the county employees? While we would all like to see our county's employee's get periodic raises, the truth of the matter is that many small counties such as ours, have a good measure of parity in wages and benefits. We are included in that group.

5. **Precinct Reserves:** I believe that each precinct in Milam County holds funds in reserve, in separate accounts. The approximate balances in these accounts include \$1,388,000 in Pct 1, \$ 496,000 in Pct 2, \$595,000 in Pct 3 and \$427,000 in Pct 4. These accounts total about \$2,906,000. I understand that about \$1 million of the reserve balance in Pct 1 was the result of a large FEMA settlement that remains unspent since it was granted some where in the time frame of 2006-2008. I understand it has been held for use in an emergency, which may or may not happen sometime. I spent some 13 years in upper management of a State Agency, the last 5 years of which as Deputy Director dealing with State budgetary matters every year. The Texas Legislative Budget Board (LBB) is charged with management and oversight of the budget of each and

every State Agency. It is made up of 10 members of the Legislature, consisting of 5 members of the House of Representatives (appointed by the Speaker) and 5 members of the Senate (appointed by the Lt. Governor). They scrutinize and grant final approval of every State Agency budget. That group of legislators would not allow an agency to “sit on” unused reserves for 10 months, much less 10 years. The “highest and best use” of available funds is the States number one priority. This practice by Milam County is not fiscally responsible. Furthermore, to me, it is ludicrous.

II. Recommendations:

- A. Loan: Suspend consideration of the loan. Borrowing money to cover a short-fall should be reserved as a last resort to cover a short fall. Even then, it should have as a prerequisite, negotiations with the entire group of county banks, with a goal of a joint participation loan by those banks for the good of the County.**
- B. Tax Increase: Defer consideration of the tax increase to next year, while considering all options regarding streamlining services to deliver those services at a reduced expense.**
- C. Law Enforcement Pay Raise: Keep approval of the raise in place, including the small number of non-law enforcement employees approved with the group, but suspend payments of the increased amounts for 6 months, October of 2016 through March of 2017. This issue should be made to happen, but more planning is necessary before it is implemented.**
- D. “Other” Pay Raises with Contingencies: As previously stated, these pay raises are deserved, but Milam County, at present, is near or at the pay levels of counties comparable in size and resources. Make this a serious goal, for the not-too-distant future and take it out of this budget.**

E. Precinct Reserve Accounts: These accounts should be combined, pooled into one account and capped at \$1,000,000. That account should be shared by all 4 Precincts, based solely on need. The excess, some \$1,906,000, should be transferred immediately to the General Fund, where it would totally cover the short payment by Luminant of its tax obligation for this year. This is probably the second most important proposal of this presentation for solutions to Milam County's budgetary problems. The most important being the development of long-term strategies, to be outlined next.

F. Long Term Planning: I have felt for some time that a long term problem was quickly developing, resulting from Luminant's partial payment of last year's property taxes (due this year) and some smaller monetary needs of the County, which deserved some attention. I have also feared, and still do, that our County Court has been a bit short-sighted in dealing with these long-term problems. We can "kick the can down the road" for the short term, but we don't have to do that. We can buy another six months or more, by implementing the suggestions I have made. Real solutions, however, must be researched, developed and implemented for the long term or, as they say, "life as we know it" in Milam County, will drastically change. I strongly believe that the court should appoint a committee of successful, intelligent taxpayers from Milam County to research the financial problems of the county and develop long term strategies to address those problems. I believe this was an idea originated by the court some 10 years ago to address the feasibility of the construction of the new jail. The committee should be provided with some resources to use, not personally, but for outside expertise and counsel. It should be a volunteer committee, consisting of members with the ability to devote a serious amount of time to the project, because time is certainly "of the essence". It should research as many theories as possible to develop ways to furnish the

county services needed by the residents in a more cost efficient manner. Notice that I do not subscribe to the theory that the county will have to either “cut services or raise taxes”. The key phrase here is, as stated, to furnish needed services in a more cost effective manner. Options should include, but not be limited to, a restructuring of the county government, which might include consolidation of responsibility in various agencies, or county precincts. Perhaps the actual consolidation of some entire precincts should be on the table as well. It’s worked reasonably well in rural area school districts. Thank you for your consideration of these observations and ideas. I know this presentation is long.

CONN TATUM – Davilla –

Increased taxes on property and they should have been decreased. Every business I deal with has the same thought, Our values are going down, our values going up. I see values going straight down – I think it’s time to start decreasing taxes.

JUDGE – The Appraisal District is a totally different entity than we are. The biggest problem we are facing is the decrease in Luminant property and being challenged in court. The Appraisal District has a legal team defending us in the legal contest.

The term in increase of tax – land and home is what’s going up.

- **Taxable value - \$9M upon**
- **Homestead cap stopped @ \$40M**
- **You and I as property owners have a homestead cap**

CONN TATUM – Davilla –

I think we need to give credit where credit is due – when I pay my taxes at the Tax Office those ladies are very nice and helpful; the Deputies are

You can’t appreciate what you have here until you hear from others.

JUDGE – if we lose Luminant we will have to cut services and you & I will not be happy with that. I appreciate your comments.

COMMISSIONER FISHER to the Judge – Didn’t the State have something to do with the increase?

Judge – Yes, we won’t go into that right now.

FRANK ATKINSON – Davilla – Sounds to me like you’re penalized because we lost Luminant. I think we need to start cutting, I’m a retired Vet and on a fixed income. Obama & his people have put people out of work; I am voting No on tax increase.

TIM FOSTER – Minerva – The loan, borrowing \$800,000; anticipated loan. We are becoming enslaved to the borrower. I like living in America, in Milam County. You can do it different ways than raising the taxes. I have little options than moving out of the county and I do not want to do that. How do we fall in line with other counties with the 70cent tax? I realize you men have a tough job and I appreciate what you are doing.

JUDGE – there have been a lot comments about the \$800,000 and I have been talking to our financial advisor to make decision what we will need to do. I have heard feedback from ya'll, rather than borrowing we might not borrow but set up a line of credit so we don't have to borrow, however by end of next year if lawsuit is not settled or settled out of our favor we will have to borrow, we will have to finance long term. We have a \$6.4M bond debt, we have a relatively low debt.

COMMISSIONER MUEGGE – This morning I saw Williamson County's Budget just under \$1B debt.

RICHARDSON WILKERSON – 2 people, 1 doing nothing, 1 have to work. Our County Government, are you, do you agree with how our Federal Government is spending their money? Do you agree? Why are we spending in the same way? How bad does it have to get before they have to choose? We've been choosing the easiest path like we used Alcoa as our Ace in the Hole. I know there's an easy way out and that's what you are doing. You make a lot more than I do.

COMMISSIONER SHUFFIELD – I would like to say something. There is no easy way out – I lose lost sleep over it, You haven't made any of the meetings; we are very serious about what we do.

RICHARDSON WILKERSON – I'm not saying you are

COMMISSIONER SHUFFIELD – it seems like you think we are.

RICHARDSON WILKERSON – Utilities are going up and our income hasn't increase. Sometimes we are pressured to do things. I'm not saying ya'll don't care, I'm not saying that at all. Sometimes we need to tighten our belt but need to take another path.

Please forgive me for making you think You don't care, I know you do. When I read my Bible there were possible. We are all in your shoes to, we are all pressured. My Dad used to tell me If you would have disciplined yourself back then you wouldn't be here.

CONN TATUM – I think what he may be trying to say is “could we raise sales tax” and not on property owners?

JUDGE – Sales tax to County is limited to .5 cents. The County Jail is housing inmates from two other counties and bringing in \$750,000.

TIM FOSTER – Where is that money going?

JUDGE – It is going to the General Fund?

VESTER CROCKER – I have been here since 1989 & worked for Alcoa for 30 years. Luminant owes us a bunch of money and we will never get it. I have Crocker Reclamation Maintenance and thinking of closing it up, getting out of it – we will probably close and that involves 250 people/families losing their job and moving; \$100,000 payroll; plus equipment.

WELDON SMITH –Crocker Reclamation – 1989 business – worked for Alcoa & Luminant. That’s why we are in business. We still have to pay taxes, we have property in Rockdale. Where do we get our money from?

VESTER CROCKER – We went from getting our pay every 30 days to 90 days and us paying our employees every week.

BARBARA TATUM – How much of increase or \$800,000 is going into increase in pay for county employees? Whether it is in pay check or insurance.

JUDGE – Proposed across the board pay raise is ONLY if lawsuit is settled in the Appraisal District’s favor and paid. Insurance is implemented at next years time when S&W comes to the County. The County pays the premium for employees. I surveyed 12 other counties that are similar to Milam County, all 12 pay Insurance for their employees, we’re doing the same.

FRANK ATKINSON – What will the shortfall be?

JUDGE – Luminant \$4.5M less than their tax bill - \$800,000 pad this past year; \$700,000 this year vs. \$3M and if they win lawsuit they won’t pay anymore from now on.

FRANK ATKINSON – SHORTFALL OF \$4.5M THIS YEAR?

JUDGE – We cannot cut our county services that much? We can’t cut enough to cover that.

FRANK ATKINSON – Have you looked into other revenue besides raising taxes?

JUDGE – We can’t, sales tax ½ cent is all we can do. Sheriff is renting out cells. We will cut services if we have to. We have cut out the museum, Sherry cut her budget some this year. We will cut again and you won’t like it, we are trying to avoid it as long as we can.

CONN TATUM – Are we doing anything to bring businesses?

JUDGE – You heard what these gentlemen said. I have a business (restaurant) and will have to make some decisions about it.

FRANK SUMMERS –

Anyone who is complaining about your taxes, these guys aren’t the ones to be complaining to – go to your legislature. They don’t set your appraisals. The Appraisal District Does. The Peveto Bill of 1979 created appraisal districts that set your appraisal values.

I want to commend these guys on the job they are doing. I have made several workshops and two community information meetings and have not seen a lot of your faces there. They are making hard decisions.

2% raise, folks if we don't get money the raises are not going to happen; if Luminant wins no raise. The Judge has said that many times and it is written in the raise notice.

Over paid county employees - Support the jailers 100% - I challenge you to spend a day working with them if the Sheriff will let you. They do not pick up the kids after school, they do not go to doctor appointments or hair appointments. They are there for twelve hours.

Certain unpaid mandates for State inmates – asking the Sheriff “How long does the State have to pick up prisoners going to TDC? Sheriff – no time limit. How much does the state pay you for each day you keep them? Sheriff...nothing.

I see faces here when we were lowering the taxes you were complaining that they weren't going down enough.

Go back 5 to 6 years ago – jobs were cut, projects were cut the court has made some hard decisions.

I do disagree – You can't borrow your way out of debt. I agree with others here on that. I suggested options one of which is using next years tax revenue this year to keep from having to borrow money. You will spend it next February to pay the short term notes anyway avoid the front end fees and interest – you are not going to jail so it's not illegal.

We are where we are and things could get a lot worse.

RICHARD WILKERSON – Is there anything that you can do to change your image to the public? If you talk to the people with lower income

Is there anything we can do to change Government?

I've been here since 1979 – my Dad said if there's anything to vote for vote no, that's the way he was, he would have been 105. That's how a lot of people think. I told my boss I wanted to come to this meeting and he said why bothers, they already have their minds made up. If we could change the

SHERRY MUECK, TAX ASSESSOR COLLECTOR – SHERRY MUECK, TAX ASSESSOR COLLECTOR – I've only been an elected official for 6 months, before that I worked for the County for 14 years. We do the best we can with the best we have. We have had meetings and the turnout was not good. If you think the people are judging us, ask them to come visit us. I am in my office almost every day for 8 hours every day. I

am also impressed with the turn out here today, the most I have ever seen. We have commissioners court twice a month and never have this kind of turn out. Decision are being made all the time, you are just not there to see them.

JUDGE - I don't reject your feedback, we need to be visible.

KAREN CLARK -

We have been here since 2000, we have been blessed.

Sherry, I agree with you, I appreciate everyone.

Rise of property values - doesn't arise from this court.

2nd Tax increase - intent of borrowing money, salary increases & keeping up with the Jones'

All County officials with travel should have to justify as others do.

Budget 9-7-16

1. Since the "public" votes their employees into their positions and pays their salaries, it seems reasonable that employees would heed suggestions and requests from their employers.
2. The rise in property values was our first tax increase. Now a second tax increase is being proposed and the intent of borrowing even more money, with that we get proposed salary raises for all and keeping up with the Joneses. We ran all the STOP Signs!
3. In hard times, conservative families and businesses do not use their ~~own~~ money on non-essential spending. The county uses tax payers' money.
4. All county officials with a job requiring travel should be required to justify their travel payments. Some already do that, why not all?
5. If we can't pay our bills now, how can we repay a loan?

WAYNE HORKHEIMER –

I would like to thank everyone for showing up. Let me clarify Wayne Horkheimer will not run for any county office.

The numbers in my 12 points, are not my numbers, they are the courts numbers.

I found in my auditing career that many people don't like auditors.

Like our prior Judge – 6 years ago I had attended the budget meeting in attempt to reduce the tax rate and at that time I had five people who were concerned with the budget.

- **He threatened to kick me out of court**
- **The Judge (at that time) asked me who gave him the questions and I said I did and it has my signature.**
- **4.8cent tax increase is not needed**
- **Budget needs an immediate freeze at \$18.6M**
 - **In 2009 President Bush did a budget freeze to decrease taxes.**
- **Prior Judge said to me where are all these people you said would be here?**
 - **Today they are here.**
- **There are some potential fraud waste & abuse issues included in my 12 points.**
- **There are a lot of people out there that have the same concerns but are unable to attend because they have jobs, they are working and can't afford to come here.**
- **At the last public meeting my commissioner said my phone doesn't have an answering machine and I'm not going to get one, you can call me on my cell number and I have put it in the paper.**
- **Travel – If it is not taken care of in the budget, necessary action will be taken.**

Milam County Government Wants to increase tax rate 4.8 cents from 65.2 cents to 70 cents per .\$1 00 valuation

First Budget Meeting 0900 on 31 August 2016

Second Budget Meeting 0900 on 07 September 2016

Final Budget Vote on 12 September 2016 at 1000 AM

Our 4.8 cents X Milam County taxable property value = \$805.050 for them

Vote Yes to let them take your money

Vote No to keep your money

Attend meetings or Vote by telephone or email

County judge David L. Barkemeyer at 254-697-7000 or email
dbarkemeyer@milamcounty.net

Commissioner 1 Richard "Opey" Watkins at 254-593-3171 or email mcpct1@farm-
market.net

Commissioner 2 Donald Shuffield at 254-697-7054 or email
dshuffield@milamcounty.net

Commissioner 3 John Fisher at 512-446-2580 or email jlfpct3.Fisher@aol.com

Commissioner 4 Jeff Muegge at 512-898-2115 or email jmuegge@milamcounty.net

August 22, 2016

For All Milam County Residents

Subject: Milam County Proposed Draft Budget and Tax Rate for Calendar Year 2017

1. The time has come for all Milam County Taxpayers to stand united and stop the five Milam County Commissioners Court members from increasing the tax rate 4.8 cents from 65.2 cents to 70 cents per \$100 valuation for a total increase of about \$805,050 (7.34 percent).
2. The tax rate could be reduced 1.2745 cents from the 65.2 cents to the effective tax rate of 63.9255 cents per \$100 valuation and allow the Taxpayers to keep an additional \$200,000.
3. Milam County is already facing an annual \$2 million loss of property tax revenue for 2016 and 2017 from the Luminant lawsuit. Luminant is the largest taxpayer in Milam County.

4. The Milam County Appraisal District significantly increased the appraised property values for business, home, and land owners. My taxable value increases will cost me 19% more taxes.
5. The draft bUdget proposes borrowing over \$800,000, giving a 2% pay raise to all County employees for about \$200,000, adding two deputies for \$114,000 plus some other jobs.
6. Special pay raises for 52 employees (from \$1,000 to \$4,270 each) for \$20,440 effective in September 2016 were approved 8 August 2016. This pay raise will cost \$56,160 for 2017.
7. The draft budget includes an increase of \$600 per employee from \$7,800 to \$8,400 for health insurance premiums. This is a pay increase for each Milam County employee. I pay my own health insurance which increases each year. Many taxpayers can't afford health insurance.
8. The draft budget includes \$102,000 for travel without any reqUirement to justify that travel was for County work. This includes County Judge for \$3,500, Veterans Service for \$2,500, District Court for \$300, four Justices of the Peace for \$15,200, County Attorney for \$2,000, four Constables for \$60,000, Agricultural Extension Service for \$11,000, and Sheriff (hidden in pay) for \$7,500.
9. County Sheriff Operations will increase \$176,520 from \$1,412,007 to \$1,588,527. County Sheriff Jail will increase \$140,790 from \$3,070,854 to \$3,211,644. Housing inmates income is budgeted at \$730,000 and housing prisoners expense is budgeted at \$100,000. How much money are we really making or losing by housing prisoners from other counties?
10. During bUdget meetings, the Sheriff requested a \$7,000 pay increase to put him up with the Rockdale chief and a \$3,000 pay increase for each of the 66 employees for about \$230,000.
11. Thefts of funds occurred in two Milam County offices in the past year. The Internal Auditor did not check or report internal control weaknesses. Milam County needs an internal auditor with credentials, independence and ability to perform audits and review the budget.
12. Conclusion: All Milam County Taxpayers will be penalized and forced to pay over \$805,050

(7.34 percent) more property taxes if three of the five Commissioners Court members vote to approve the draft bUdget. What actions will you take to improve Milam County operations and reduce costs before your business, home, and land are sold at a tax foreclosure sale?

W~~

Submitted by Wayne Horkheimer
Taxpayer/Rancher/Retired Federal Auditor
Cameron, Texas 76520

Judge Barkemeyer closed the Public Hearing on the 2017 Budget and Tax Rate at 10:02 A.M.

Motion by Commissioner Shuffield, seconded by Commissioner Muegge to adjourn. This motion having been put to vote prevailed, the vote being unanimous.

The above and foregoing Minutes examined and approved in Open Court this 12th day of September 2016.

County Judge

**State of Texas:
County of Milam:**

I, Barbara Vansa, County Clerk, Milam County, Texas, attest that the foregoing is a true and correct accounting of the Commissioners' Court authorized proceedings for September 07, 2016.

**County Clerk and Ex-Officio Member of
Commissioners' Court, Milam County, Texas**

STATEMENT OF APPROVAL

September 07, 2016

Commissioner of Precinct No. 1

Commissioner of Precinct No. 3

Commissioner of Precinct No. 2

Commissioner of Precinct No. 4

**Minutes from the September 07, 2016 Milam County
Commissioners Court Public Hearing regarding the
Milam County 2017 Budget and Tax Rate ends on**

