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COMMISSIONERS' COURTSPECIAL MEETING

September 19, 2011

Notice is hereby given that the Titus County Commissioners' Court met in a special meeting on Monday, September 19, 2011 at 10:00 a.m. in the Titus County Courtroom, with the following members present:

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| Brian P. Lee | County Judge |
| Don Boggs | Commissioner Precinct 1 |
| Mike Fields | Commissioner Precinct 2 |
| Phillip Hinton | Commissioner Precinct 3 |
| Thomas Hockaday | Commissioner Precinct 4 |
| Dianne Norris | County Clerk |
| Carl Johnson | County Auditor |
| Sheryl Preddy | County Treasurer |
| Kay McNutt | Justice of the Peace Precinct 1,3 and 4 |
| Judy Cook | County Tax Assessor |

Public Attending Meeting:

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| Shirley Chism | Gladys Chism | O.M. Adams |
| Karen Adams | Doug Hobbs | Steve Eaton |
| Mary Dunn | Scott Spruill | Sherri Spruill |
| Dixie Spruill | Kim Britt | Ron Britt |
| Florence Clark | Wylie Carpenter | Shirley Rainey |
| Elmer Patton | Patricia Scarborough | |

Pledge of Allegiance led by: Judge Lee

Invocation by: Commissioner Fields

1) Proposed 2011-2012 Budget

This budget will raise more total property taxes than last year's budget by $888,839 (9.36%), and of that amount, $48,195 is tax revenue to be raised from new property added to the tax roll this year.

a. Judge Lee: Is there anybody who has some questions about the tax rate, how it affects you, over 65 exemptions, homestead exemptions. Maybe we can utilize this for discussion of the technicalities of our tax rate. Some of you I am sure are curious of how this is going to impact you based on the size of your home or the cost/value of your home or other business interests you may own.
b. Florence Clark: Expresses concerns regarding what is going to change with the 65 and over tax break with the new increase.
    i. Commissioner Fields: Explains that county taxes, at 65, with your homestead exemption it will be frozen at that price. If you are a Veteran and 100% disabled you, pay no taxes, if you are 70% disabled then you receive a 70% discount, etc. Some other things are involved in there that we do, and will look at next Monday. I have no doubt that we will adopt that, we have for the last four or 5 years that is has been in existence. These are ways that we can help our senior citizens.
c. Gladys Chism: Discusses her appraised taxes.
    i. Judge Lee explains that the opportunity may have passes to dispute the value that was assessed on that property and one that deadline has passed it is difficult to go back.
d. Wiley Carpenter: Conveys the message of "you pay for what you get".
e. Shirley Rainey: Discusses her appraised value on her property.
    i. Judge Lee explains that this is a question for the Tax Appraisal District.
    ii. Commissioner Fields discusses the State's role in the Appraisal process.
    iii. Commissioner Boggs explains that the Comptroller of Public Accounts is the entity that pushes all of the appraisals upward according to their appraisal base.
f. Commissioner Boggs reiterates that the tax rate in Mt. Pleasant affects him as much as it does anybody else. The tax rate that Titus County has is, in his opinion, a very fair tax

rate. One of the good sides of this process is that it caused him to do research on tax rates in the State of Texas. Our tax rates that we are dealing with today is divided into two sections; one is the "Interest and Sinking" ("I&S") that is the bonds on any kind of building that we are doing, that is not what I am discussing right now. The other "Maintenance and Operations" ("M&O") and that is what we use to run the entire county; all the personnel, offices, Elected Officials, everything comes out of this budget. Our M&O budget (I got this from the Comptroller Public of Accounts Website) is .22 cents right now. If you get mad at that .22 cents and you want to move to a county that has a cheaper tax rate you have four options: Denton County and Collin County, but you might want to know that the appraisal values of your property are high. You can go to Midland County or Upton County, now those are neighboring counties in Central Texas that happens to be very wealthy in oil and minerals. Matter of fact, there is a class of oil called Midland Crude, so if you like pump jacks across the street, cactus, and mesquite that is probably the place to go to get a cheaper tax rate. This Court has taken a very serious tactic at setting our tax rate in Titus County to make it a fair tax rate and actually take advantage of the benefits of the oil and generating ability in this county. Like I said, I hate to raise the taxes, but it is fair.

i. Elmer Patton: Expresses his discontent with the Tax Increase.

g. Trish Scarborough: Explains that Mt. Pleasant is becoming a hub commercially for this part of the country. Everything that we have costs money, we have to have a county with employees that are well trained, paid fairly (no raises this year), we want Titus County to be a mighty fine county, run professionally, and run well. If you are going to have a fine County well run, well operated, well funded, we need to do the .22 cents tax and tighten our belts. Surely, most of us can manage the increase so that we can keep our county running well. The Clerk's Office, County Treasurer, Sheriff, Titus County Appraisal District, Commissioners', build the road and bridges, we need to support our Commissioners' because we want a fine well-run County.

h. Carl Johnson: The tax rate for the current year is .3483 cents that is .1208 for Interest & Sinking and .2275 for the M&O rate for a total of .3483. The proposed rate that is out there now .3872 cents, that is .1348 for the Interest & Sinking rate and .2524 for the

M&O rate, for a total rate of .3872 cents. Therefore, you are talking about it going up from .3483 to .3872 that is just a little under four cents.

The notice that was in the paper is part of the standard information that has to be published, it comes straight of the Appraisal Districts report numbers. It indicated that the average taxable value of a homestead residence in Titus County is $82,683.00. Their taxes for the old rates would have been $287.98, under the proposed rate it will be $308.62, which is about $20.00 a year. The other thing to remember is that anyone, no matter how much your house (homestead) is worth, if you are over 65, your taxes are frozen.

i. Doug Hobbs: Have you started looking as to what if they win the lawsuit and how much taxes would have to go up to offset that? Have you started looking at: is their tax rate broken down according to the units that they have out there, and according to the mine. If it is, we need to start looking right now, at what we are going to do in a year or two years when their tax rate is totally off the books. We need to start looking at contingency plans for the County, and what we are going to do when Luminant is gone.
j. Carl Johnson: If they win the lawsuit, and the valuation goes down to where they are saying it should be, then this budget considers those matters. If they win this lawsuit, and the EPA comes in and they do close two more units, the valuation may go down some more, I do not know if they have already discounted for those units in their arguments. It is possible that we will have another problem with the units dropping in price.
k. Doug Hobbs: If they are not producing units, they are going to try to come back and try to tell you that the value of steel sitting out there is not…they are going to say that it is just steel now, the value is not there. We need to start now looking at some contingency plans.
l. Carl Johnson: We have taken into account the fact that this budget takes us through the fact that they value down to $500,000,000.00.
m. Commissioner Fields: We are looking at the worst-case scenario. We just found about this the first of August, which really caught us all off guard. I think we are all looking at the future and trying to look at the positive part of it, but you have to figure the worst too.
n. Doug Hobbs: How are you going to handle it if we win the lawsuit?
o. Commissioner Fields: To me it seems that the tax dollars are going to go down.
p. Carl Johnson: We would lower the rate back down.

q. Judge Lee: The question that I've had, if we are here now and we are raising four cents and we are fortunate and we win the lawsuit and things improve and we come back down on that rate, all that lowering does is impacts the year that we went up. What happens in that third year, you may be looking at substantial increase there, so it will be our job to do a good job explaining exactly how this is happening. We do not want to put ourselves in a position of being subject to a rollback tax… These are all questions that we are not sure of, and what the mechanics will be. Absolutely, the intentions of the Commissioners would be not to be asking for more taxes this year. If it ends up being a moot point and those additional taxes are not needed they need to be given back, whatever is the most appropriate?

r. Doug Hobbs: Reminds the Commissioners' and Judge Lee to look at their own budgets.

s. Judge Lee: I can assure you that there is nobody up here that is not listening and has not thought about this 24 hours a day for the last week. I am also hearing a wide variety of diverse expressions of opinions here today. For those of you that are strongly this way or that way, sometimes you tend to not listen to somebody else who does not agree with you has to say. Our job is to listen to all of these opinions. If there are conclusions arrived at, by this Commissioners' Court, do not happen to line up with yours; it does not mean that they did not listen to you, it does not mean that they do not like you, it does not mean that they think you are foolish. However, they have to listen to everybody and they have many factors that they have to consider as they make these decisions. I did not hear anybody here today that had an unreasonable position. We all appreciate every one of you.

2) Adjournment. (Listen to audio track 1, 00:19:38)

Motion made by Judge Lee and seconded by Commissioner Boggs. Motion carried unanimously.