

A Special Meeting of the Houston City Council was held at 11:00 a.m. Tuesday, October 13, 2009, with Mayor Bill White presiding and with Council Members Jarvis Johnson, Anne Clutterbuck, Wanda Adams, Mike Sullivan, Pam Holm, James G. Rodriguez, Peter Brown, Sue Lovell, Melissa Noriega, Ronald C. Green and Jolanda "Jo" Jones; Mr. Anthony Hall, Chief Administrative Officer, Mayor's Office; Mr. Arturo Michel, City Attorney; Ms. Michele Mitchell, Director, Finance Department; Ms. Marty Stein, Agenda Director and Ms. Marta Crinejo, Assistant Agenda Director, present. Council Member Toni Lawrence absent on city business. Council Member M. J. Khan, P. E. absent due to death in family. Council Member Edward Gonzalez out of the city on city business.

At 11:09 Mayor White called the meeting to order. Council Members Holm, Green and Jones absent.

Mayor White stated that this was a committee meeting as a whole on the 2011 Budget, that in this meeting if there questions, now or later, one of the principle purposes was to be able to respond to those questions so that Council Members, as they continued on the balance of the calendar year and into the new administration could have some of the best thinking of the administration; that there were three purposes for this, first, to the citizens of the community, the taxpayers, they should be very proud that this City had prepared for the future and of the major cities in the United States of America they were an exception in not furloughing City employees, cutting back on basic services and raising taxes at the same time, that in large part that was a testament to many of the people who sat around the Council table with him who helped maintain the City in good financial footing, that just within the last two weeks he had talked to the Mayor of a very large American City going through their budget process and their operating deficit, which they would have to borrow or layoff City employees or raise taxes, was 48% of their budget, so they were neither proposing borrowing or laying off employees to meet any operating shortfalls, that to the employees of the City, they were working very diligently to navigate through these times in a way that respects their City employees and gives their City employees a sense of predictability for their futures, that they knew that their City was only as good as the men and women who worked for the City and this had been in the forefront of his mind in dozens of hours of meetings of making sure that they were not lurching from point to point in creating great uncertainty, that there would be times where there were tough choices made and yes, as a City, probably the only City in the Country, certainly the only City that was not laying off employees, that was having pay increases for their employees, all category employees, this fiscal year and planned to next, that it did require their City employees to be their partners and to find ways in which they could operate more efficiently and in particular when people left that other City employees were there to take up the slack so that they would not have to jeopardize anybody's job or forego contracted pay increases; the third sort of audience or purpose was for Members of City Council that he had been privileged to serve with for the last five years and nine months, that actually they do learn a few things through job experience and he wanted to share with them some of the things that he had learned, that he also wanted to encourage the staffs and candidates who were running for public office that there may be some materials that were presented here that would assist them in guiding the public debate, their City finances were open and transparent, that one additional audience was that they had City Hall press corp and just like from time to time those who of them who were elected officials there could be some turn over in that press corp but in a democracy it was critically important, the role of professional journalism was critically important, that there would be controversial things that they discuss today, what they did not particularly want or need was a controversy about things that did not exist or a controversy about things that had been rehashed previously and memories had faded; that he had passed two documents to the Members of City Council, one was a budget preparation which they would work through in hard copy, and there were some slides, and then there was a memo that he had that effected the 2010 and 2011 Budget but addressed issues that would continue into the next administration and in particular if the recession was more severe than was anticipated, that by any measure their projections were conservative in the

sense that they were anticipating a long and deep recession, they were anticipating that the recession, when they stopped to think about the Nation and what they started seeing about the summer of 2007 in different parts of the Country, throughout the calendar year 2007, they were basically not projecting and could not tell when in their fiscal year it was, but if they just wanted one citizens opinion who had looked at these things for an awful long time and read the consensus of economists with the global recession he did not think it would be prudent to plan for a recovery that would be this calendar year, and probably closer to the end of 2010, than the beginning of the calendar year 2010, that they did forecast some rebound in 2012 but not bringing them all the way back up to some of the levels that they were, in other words they were considering this by if they look at some of the recessions that the City of Houston and the Nation had experienced in the past they were considering this to be a very severe recession in it's length, depth and duration, that if it turned out even worse then they even had offered some advice on that, if it turned out that their economy was able to revive then just remember they could always build up some cash balances and deploy them at a later time, the money would not disappear. Council Members Holm and Jones absent.

Mayor White reviewed a PowerPoint presentation titled "City of Houston – FY2011 Budget Presentation", a copy of which is on file in the City Secretary's office for review. Council Member Holm absent.

Mayor White recognized Council Member Lovell for a point of personal privilege.

Council Member Lovell stated that she had just received word that Council Member Khan's father had died, that she knew she could speak on behalf of everyone in saying that they would keep him in their prayers and that they extend to him and his family our condolences and sympathies; that last Thursday she had the privilege of signing in the Mayor's Youth Council, who was present in the audience and said to them that this was one of the those meetings that may seem boring to them but was actually one of the most important things they were talking about in these economic times.

Council Member Sullivan asked where do they go from here, and Mayor White stated that first of all this was not binding on anybody, this was not being presumptuous, it was really addressed to three groups, the taxpayers to know that they were paying attention to the fact that there was a recession and were tightening their belt and doing it monthly and do so without compromising services; the second was to City employees to say that they and the new administration would need their help, that it was very unusual that they would have a City that was in the worst global recession since the great depression which City employees were, based on their performance and professionalism, all categories, getting pay increases and he needed them to demonstrate that professionalism in helping the City to make sure that as people retire that they cover and do not see any compromises in services to their public; and the third important point was to those who were around the table who would continue to serve on the City Council and to those who were candidates to make sure that people knew some of the choices which would need to be made, that it would affect decisions that they make in the next two months and the next six months, that he would give them examples, that since the collapse of Lehman and the downturn he had asked Mr. Christy and others to see if there were assets that they could sell, that he would ask the Council Member, so long as he was Mayor, to listen to things and try to act expeditiously on some of this because money did not come from nowhere if they wanted to take some extraordinary measures, it was not as if they were denoting the City of assets they had acquired some very substantial new assets that were important for long term growth and he had given them some examples, that next, health benefits, he had given some goals and marks to Ms. Aldridge and those who worked for her to avoid the escalation of health benefits and would hope that there may be some changes in federal law that would help them and other employers who were struggling with escalating health benefits, that he did not know what those would be but they could not have a situation in which every year health benefits

would go up more than the revenues of the City go up, that through discipline and changes that were difficult and did impose some hardship on their employees they had been able to reduce those escalations in health benefit costs, which they could see from the slide if they looked at some of the years, but those decisions would continue to be made in the future and they would need to be made early in the next administration because the new plan year begins in May, and there may be other things that come up from time to time during their discussions; that in order to both increase police pay and the headcount of the Police Department and in this scenario they changed their projection so that even through their headcount was going up they had assumed in 2011 that they do not have a reduction of overtime, both in increased headcount, compared to the beginning of this year and overtime that was constant, then they constantly needed to look for savings throughout the year in order to pay for that. Council Member Adams absent.

There being no further business before Council, the City Council adjourned at 12:34 p.m. Council Member Lawrence absent on city business. Council Member Khan absent due to death in family. Council Member Gonzalez out of the city on city business. Council Member Adams absent.

DETAILED INFORMATION ON FILE IN THE OFFICE OF THE CITY SECRETARY.

MINUTES READ AND APPROVED

/S/Anna Russell

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Anna Russell, City Secretary