

September 12, 2019

On this the 12th day of September, 2019 at 6:30 PM the City Council of the City of Friona, Texas, convened in regular session at the regular meeting place thereof, in the Friona City Council Chambers, 619 Main Street, the meeting being open to the public and notice of said meeting having been given as prescribed by Chapter 551 of the Government Code, with the members being present and in attendance, to wit:

Ricky White, Mayor
Greg Lewellen, Alderman
Brent Loflin, Alderman
Bruce Fleming, Alderman
Alan Monroe, Alderman
Jeff Stowers, Alderman
Leander Davila, City Manager

Others present included: Rosa Mendez, City Secretary
Chief Isidro Jimenez, FPD
Officer John Marquez, FPD
Clint Mears, Friona Star
Jill Timms, Chief Appraiser
Salvador Gracia, Public Works Director
Virginio Ortega, Operations Manager, Atmos Energy
Betsy Clark, citizen
Manuel Toledo, West Texas Protein

Mayor White called the meeting to order at 6:30 P.M.

ITEM 1 ROLL CALL

The Mayor called roll and announced that a quorum was present.

ITEM 2 INVOCATION AND PLEDGE OF ALLEGIANCE

Alderman Monroe gave the invocation and Mayor White led the Pledge of Allegiance to the United States Flag.

ITEM 3 HEAR PUBLIC COMMENTS.

None

PUBLIC HEARING:

ITEM 4 HEAR COMMENTS FROM THE PUBLIC REGARDING THE PROPOSED CITY BUDGET FOR FY 2019-2020

Mayor White opened the Public Hearing at 6:31 P.M.

No public comments.

ITEM 5 HEAR PUBLIC COMMENTS REGARDING PROPOSED 2019 TAX RATE OF \$0.689400/\$100 VALUATION

No comments.

Mayor White closed the Public Hearing at 6:3 P.M.

REGULAR HEARING:

ITEM 6 CONSIDER AND TAKE ACTION ON APPROVAL OF THE MINUTES OF THE REGULAR CITY COUNCIL MEETING AUGUST 12, 2019, AND THE AUGUST 23, 2019 PUBLIC HEARING MEETING AND AUGUST 30, 2019 PUBLIC HEARING MEETING

MOTION The motion was made by Alderman Fleming to approve the minutes of the Regular City Council Meeting August 12, 2019, and the August 23, 2019 Public Hearing Meeting and the August 30, 2019 Public Hearing Meeting. The second to the motion was made by Alderman Monroe and the motion passed with a vote of 5/0.

ITEM 7 CONSIDER AND TAKE ACTION ON AN APPLICATION FOR TAX REFUND FROM THE PARMER COUNTY APPRAISAL DISTRICT IN THE AMOUNT OF \$32,578.49 FOR OVERPAYMENTS OR ERRONEOUS PAYMENTS TO WEST TEXAS PROTEIN INC.

The City of Friona was notified by the county tax assessor collector that West Texas Protein Incorporated had been paying city taxes although they were outside of the city limits.

MOTION Alderman Fleming made the motion to approve the application for tax refund from the Parmer County Appraisal District in the amount of \$32,578.49 for overpayment or erroneous payments to West Texas Protein Inc. Alderman Lewellen made the second to the motion and the motion was passed with a vote of 5/0.

ITEM 8 CONSIDER AND TAKE ACTION ON APPROVAL OF REQUEST FOR A VARIANCE FOR A CARPORT TO BE BUILT AT 1707 W 10TH (WESTERN BLOCK 2 LOT 14) JUSTIN JETER

All the required signatures were on the variance form.

MOTION Upon a motion by Alderman Lewellen and a second from Alderman Stowers the request for a variance for a carport to be built at 1707 W 10th (Western Block 2 Lot 14) Justin Jeter was approved. The motion was passed by a unanimous vote of 5/0.

ITEM 9 CONSIDER AND TAKE ACTION ON APPROVAL OF REQUEST FROM MIKE AND RITA MARTIN TO RECEIVE OUTSIDE CITY LIMIT WATER SERVICE AS WELL AS THE COSTS FOR SUCH SERVICE AT A-1 SERVICE CENTER 1799 US HWY 60 W

A-1 service center is requesting city water service. A-1 is located outside of the city limits which comes at a cost of service that is three (3) times the regular rate. Additionally, the city would have to install a water tap, meter, tapping saddle, PVC line and other materials needed for service at this location.

MOTION Item 9 was tabled until City of Friona is granted an easement to move forward with the request from Mike and Rita Martin.

ITEM 10 HEAR DEPARTMENTAL REPORTS FROM THE FRIONA POLICE DEPARTMENT REGARDING BUDGET, EXPENSES, PERSONNEL, AND UPCOMING ACTIVITIES AND EVENTS

Chief Jimenez reviewed the August monthly Police Department activity report. A total of 240 calls were received during August. The officers covered 2,937 miles patrolling the town.

ITEM 11 CONSIDER AND TAKE ACTION ON INCREASE FOR 2019-2020 EMPLOYEE MEDICAL COVERAGE

MOTION Alderman Monroe made the motion to increase Employee Medical Coverage for 2019-2020. Alderman Lewellen made the second to the motion and the motion was passed by a unanimous vote of 5/0.

ITEM 12 CONSIDER AND TAKE ACTION ON APPROVAL OF ORDINANCE #2019.09.12A ADOPTING BUDGET AND MAKING APPROPRIATION FOR SUPPORT OF CITY GOVERNMENT FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019 AND ENDING SEPTEMBER 30, 2020

**ORDINANCE NO. #2019.09.12A
AN ORDINANCE OF THE CITY OF FRIONA, TEXAS
APPROVING THE BUDGET AND MAKING APPROPRIATION
FOR SUPPORT OF THE CITY GOVERNMENT FOR THE FISCAL**

**YEAR BEGINNING OCTOBER 1, 2019 AND ENDING
SEPTEMBER 30, 2020**

MOTION A motion was made by Alderman Lewellen to approve Ordinance #2019.09.12A Adopting Budget and Making Appropriation for Support of City Government for the fiscal year beginning October 1, 2019 and ending September 30, 2020

General Fund	\$2,222,045.00
Water and Sewer Fund	\$1,189,822.00
Interest and Sinking Fund	\$361,845.00
Operations and Maintenance Fund	\$476,500.00
Friona Economic Development Corporation	\$96,770.00

The second to the motion was made by Alderman Fleming and the motion carried with a unanimous vote of 5/0 of the Friona City Council.

**ITEM 13 CONSIDER AND TAKE ACTION ON APPROVAL OF
ORDINANCE NO. 2019.09.12B ADOPTING TAX RATE OF
\$0.689400/\$100 VALUATION FOR USE AND SUPPORT OF THE
MUNICIPAL GOVERNMENT GENERAL FUND OF THE CITY OF
FRIONA, TEXAS FOR THE FISCAL YEAR BEGINNING
OCTOBER 1, 2019 AND TERMINATING SEPTEMBER 30, 2020**

ORDINANCE NO. 2019.09.12B

**AN ORDINANCE LEVYING TAXES FOR THE USE AND
SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY
OF FRIONA, TEXAS GENERAL FUND FOR THE FISCAL YEAR
BEGINNING OCTOBER 1, 2019 AND TERMINATING
SEPTEMBER 30, 2020**

MOTION Alderman Monroe made the motion to approve Ordinance #2019.09.12B setting the Tax Rate by the adoption of \$0.6894/\$100 valuation with \$0.4840 going to the General Fund.

Maintenance and Operation (General Fund) \$0.4840 /\$100 valuation.

Alderman Loflin made the second to the motion and the motion passed with a unanimous vote of 5/0 of the Friona City Council.

ITEM 14 CONSIDER AND TAKE ACTION ON APPROVAL OF ORDINANCE NO. 2019.09.12C ADOPTING TAX RATE OF \$0.689400/\$100 VALUATION FOR USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF FRIONA, TEXAS INTEREST AND SINKING FUND FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019 AND TERMINATING SEPTEMBER 30, 2020

ORDINANCE NO. 2019.09.12C

AN ORDINANCE LEVYING TAXES FOR THE USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF FRIONA, TEXAS INTEREST AND SINKING FUND FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019 AND TERMINATING SEPTEMBER 30, 2020

MOTION A motion was made by Alderman Fleming to approve Ordinance No. 2019.09.12C setting the Property Tax Rate by the adoption of \$0.6894/\$100 valuation with \$0.2054 going into the Interest and Sinking Fund.

Debit Service (Interest & Sinking) \$0.2054/\$100 valuation

The second to the motion was made by Alderman Stowers and the motion passed by the unanimous vote of 5/0 of the Friona City Council.

ITEM 15 CONSIDER AND TAKE ACTION ON APPROVAL OF FRIONA ECONOMIC DEVELOPMENT CORPORATION BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2019 AND ENDING SEPTEMBER 30, 2020

MOTION The motion was made by Alderman Loflin to approve the Friona Economic Development Corporation Budget of \$96,770 for fiscal year beginning October 1, 2019 and ending September 30, 2020. The second to the motion was made by Alderman Monroe and the motion passed with a unanimous vote of 5/0.

ITEM 16 CONSIDER AND TAKE ACTION ON APPROVAL OF ACCOUNTS PAYABLE FOR AUGUST 2019

City Manager answer question from the City Council

MOTION Alderman Stowers made the motion to approve the Accounts Payable for August 2019 as presented to the city council. The second to the motion was made by Alderman Loflin and the motion passed with a vote of 5/0.

ITEM 17 CONSIDER AND TAKE ACTION ON APPROVAL OF FINANCIAL STATEMENT FOR AUGUST 2019

MOTION The motion was made by Alderman Lewellen to approve the Financial Statement for August 2019 and Alderman Stowers made the second to the motion. The motion carried with a unanimous vote of 5/0.

ITEM 18 CONSIDER AND TAKE ACTION ON APPROVAL TO TRANSFER THE BALANCE OF \$92,000 FROM OPERATION AND MAINTENANCE ADMINISTRATIVE TAX TO THE GENERAL FUND REVENUES ADMINISTRATIVE TAX

MOTION The motion was made by Alderman Fleming to approve to transfer the balance of \$92,000 from Operation & Maintenance Administrative Tax to the General Fund Revenues Administrative Tax. The second to the motion was made by Alderman Monroe and the motion passed with a vote of 5/0.

ITEM 19 CONSIDER AND TAKE ACTION ON APPROVAL OF END OF YEAR TRANSFER FROM WATER AND SEWER TO THE INTEREST AND SINKING FUND FOR BOND PAYMENT UP TO \$115,876.00

MOTION A motion was made by Alderman Monro eto approve end of the year transfer from Water and Sinking Fund for bond payment up to \$115,876.00. Alderman Loflin second the motion and the motion carried with a vote of 5/0.

ITEM 20 CONSIDER AND TAKE ACTION ON APPROVAL OF ORDINANCE NO. 2019.09.12D AMENDING CODE OF ORDINANCES SECTION 13.307(a) RELATED TO THE COLLECTION OF RESIDENTIAL AND COMMERCIAL GARBAGE AS WELL AS THE COSTS FOR SUCH SERVICE

ORDINANCE NO. 2019.09.12D

AN ORDINANCE AMENDING FRIONA CODE OF ORDINANCESSECTION 13.307(a) RELATED TO THE COLLECTION OF RESIDENTIAL AND COMMERCIAL GARBAGE AS WELL AS THE COSTS FOR SUCH SERVICE

Type Refuse	Times per Week	Amount per Month
Residential Unit; 3 cubic yard container	1	\$ 19.70
Minimum charge for commercial customer		\$ 40.90

Commercial Unit; 3 cubic yard container	1	\$ 81.75
Commercial Unit; 3 cubic yard container	2	\$ 104.65
Commercial Unit; 3 cubic yard container	3	\$ 127.5
Commercial Unit; 3 cubic yard container	4	\$ 150.45

MOTION No action was taken on Item 20 until our next meeting.

ITEM 21 CONSIDER AND TAKE ACTION TO APPROVE RESOLUTION NO. 19.09.12 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIONA, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE EXECUTIVE COMMITTEE OF CITIES SERVED BY ATMOS WEST TEXAS (“CITIES”) AND ATMOS ENERGY CORP., WEST TEXAS DIVISION REGARDING THE COMPANY’S 2019 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHED EXHIBIT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; APPROVING AN ATTACHED EXHIBIT REGARDING AMORTIZATION OF REGULATORY LIABILITY; REQUIRING THE COMPANY TO REIMBURSE CITIES’ REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND THE CITIES’ LEGAL COUNSEL

RESOLUTION NO. 19.09.12

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIONA, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE EXECUTIVE COMMITTEE OF CITIES SERVED BY ATMOS WEST TEXAS (“CITIES”) AND ATMOS ENERGY CORP., WEST TEXAS DIVISION REGARDING THE COMPANY’S 2019 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHED EXHIBIT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; APPROVING AN ATTACHED EXHIBIT REGARDING AMORTIZATION OF REGULATORY LIABILITY; REQUIRING THE COMPANY TO REIMBURSE CITIES’ REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND THE CITIES’ LEGAL COUNSEL.

WHEREAS, the City of Friona, Texas (“City”) is a gas utility customer of Atmos Energy Corp., West Texas Division (“Atmos West Texas” or “Company”), and a regulatory authority with an interest in the rates and charges of Atmos West Texas; and

WHEREAS, the City is a member of Cities Served by Atmos West Texas (“Cities”), a coalition of similarly-situated cities served by Atmos West Texas that have joined together to facilitate the review of, and response to, natural gas issues affecting rates charged in the Atmos West Texas service area; and

WHEREAS, Cities and the Company worked collaboratively to develop a new Rate Review Mechanism (“RRM”) tariff that allows for an expedited rate review process by Cities as a substitute to the Gas Reliability Infrastructure Program (“GRIP”) process instituted by the

Legislature, and that will establish rates for Cities based on the system-wide cost of serving the Atmos West Texas service area; and

WHEREAS, the RRM tariff was adopted by the City in a rate ordinance in 2018; and

WHEREAS, on about April 1, 2019, Atmos West Texas filed its 2019 RRM rate request with Cities based on a test year ending December 31, 2018, and filed an errata on April 26, 2019; and

WHEREAS, Cities coordinated its review of the Atmos West Texas 2019 RRM filing through its Executive Committee, assisted by Cities' attorneys and consultants, to resolve issues identified in the Company's RRM filing; and

WHEREAS, the Executive Committee, as well as Cities' counsel and consultants, recommends that Cities approve an increase in base rates for Atmos West Texas of \$4.7 million for Cities' members; and

WHEREAS, the attached tariffs (Exhibit A) implementing new rates are consistent with the recommendation of the Cities' Executive Committee, are agreed to by the Company, and are just, reasonable, and in the public interest; and

WHEREAS, the Exhibit A rate tariffs incorporate the federal income tax rates that became effective January 1, 2019; and

WHEREAS, the settlement agreement sets a new benchmark for pensions and retiree medical benefits (Exhibit B) and

WHEREAS, the settlement agreement establishes an amortization schedule for regulatory liability (Exhibit C); and

WHEREAS, the RRM Tariff contemplates reimbursement of Cities' reasonable expenses associated with RRM applications;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FRIONA, TEXAS:

Section 1. That the findings set forth in this Resolution are hereby in all things approved.

Section 2. That, without prejudice to future litigation of any issue identified by Cities, the City Council finds that the settled amount of an increase in revenues of \$11.1 million on a system-wide basis, and \$4.7 million increase for Cities, represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos West Texas within the municipal limits arising from Atmos West Texas' 2019 RRM filing, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

Section 3. That the existing rates for natural gas service provided by Atmos West Texas are unreasonable. The new tariffs attached hereto and incorporated herein as Exhibit A, are just and reasonable, and are designed to allow Atmos West Texas to recover annually an additional \$11.1 million in revenue on a system-wide basis, and \$4.7 million from customers in Cities, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

Section 4. That the ratemaking treatment for pensions and retiree medical benefits in Atmos West Texas' next RRM filing shall be as set forth on Exhibit B, attached hereto and incorporated herein.

Section 5. That amortization of regulatory liability shall be consistent with the schedule found in Exhibit C, attached hereto and incorporated herein.

Section 6. That Atmos West Texas shall reimburse the reasonable ratemaking expenses of the Cities in processing the Company's 2019 RRM filing.

Section 7. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.

Section 8. That the meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 9. That if any one or more sections or clauses of this Resolution is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Resolution, and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

Section 10. That consistent with the City Ordinance that established the RRM process, this Resolution shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after October 1, 2019.

Section 11. That a copy of this Resolution shall be sent to Atmos West Texas, care of Philip Littlejohn, Vice President of Rates and Regulatory Affairs, West Texas Division, 6606 66th Street, Lubbock, Texas 79424, and Geoffrey Gay, General Counsel to Cities, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this _____ day of _____ 2019.

Mayor

ATTEST:

APPROVED AS TO FORM:

City Secretary

City Attorney

MOTION A motion was made by Alderman Fleming to approve Resolution No. 19.09.12 Denying Southwestern Public Service Company's Proposed Rate Increase Request in connection with its statement of intent submitted on about April 1, 2019. The second to the motion was made by Alderman Monroe and the motion passed with a vote of 5/0.

ITEM 22 ADJOURNMENT

With no further business at hand the meeting was adjourned at 7:35PM.

APPROVED:

ATTEST:

Ricky White, Mayor

Rosa Mendez, City Secretary