

August 9, 2021

On this the 9th day of August, 2021 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
Bruce Fleming, Alderman
Greg Lewellen, Alderman
Brent Loflin, Alderman
Alan Monroe, Alderman
Jeff Stowers, Alderman (absent)
Leander Davila, City Manager

Others present included: Rosa Mendez, City Secretary
Virginio Ortega, Operations Manager, Atmos
Alex Guerrero, PRPC, Local Gov. Service Prog. Coordinator
Maria Mendoza, Citizen
Kristy Harris, Municipal Court Clerk
Deborah Campbell, Friona Municipal Judge
Jose Quinones, Citizen

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 Lewellen gave the Invocation and the Mayor led the Pledge of Allegiance to the United States Flag.

ITEM 3 HEAR PUBLIC COMMENTS

No public present.

REGULAR HEARINGS:

ITEM 4 CONSIDER AND TAKE ACTION ON APPROVAL OF MINUTES OF THE JULY 12, 2021 REGULAR CITY COUNCIL MEETING

Alderman Lewellen made the motion to approve the minutes of the July 12, 2021 Regular City Council Meeting. The second to the motion was made by Alderman Loflin. The City Council approved the minutes with a vote of 4/0.

ITEM 5 CONSIDER AND TAKE ACTION TO APPROVE REQUEST FROM JORGE TORRES, 1215 WHITE STREET (LAKESIDE BLOCK 4 LOTS 17-18) TO ENCROACH ON THE EASEMENT BY 3 FEET TO BUILD A CARPORT

The process involves the homeowner obtaining required signature and presenting it before city council in an open meeting for approval. On July 30, 2021 the Planning and Zoning Commission approved the variance.

MOTION The motion was made by Alderman Monroe to approve the request from Jorge Torres, 1215 White Street (Lakeside Block 4 Lots 17-18) to encroach on the easement by 3 feet to build a carport. The second to the motion was made by Alderman Fleming and the motion passed by a vote of 4/0.

ITEM 6 CONSIDER AND TAKE ACTION TO APPROVE REQUEST FROM DENNIS & VICKIE FIELD, 1707 WEST 9TH STREET (WESTERN BLOCK 3 LOT 19 & W50' OF 18) TO ADD A METAL COVERING THAT WILL ENCROACH 3 FEET BEYOND THE 5 FEET EASEMENT LINE ON THE EAST SIDE OF PROPERTY

This request was also discussed and approved at the Planning and Zoning Commission open meeting on July 30, 2021.

MOTION Alderman Loflin made the motion to approve the request from Dennis and Vickie Field, 1707 West 9th Street (Western Block 3 Lot 19 & W 50' of 18) to add a metal covering that will encroach 3 feet beyond the 5 feet easement line on the East side of property. The second to the motion was made by Alderman Monroe and the motion passed with a vote of 4/0.

ITEM 7 CONSIDER AND TAKE ACTION ON APPROVAL OF REQUEST FROM JOSE QUINONES AND ANGELICA LOPEZ TO RECEIVE CITY WATER AS WELL AS THE COSTS FOR SUCH SERVICE AT 306 E 16TH STREET (TOWNSHIP 1-4, LOT4 OF THE SE -4, SECTION 31, ACRES 4)

Jose Quinones and Angelica Lopez signed an agreement with the City of Friona. The agreement was delivered in both English and Spanish. The cost of service will be three (3) times the regular water rate.

MOTION A motion was made by Alderman Monroe to approve the request from Jose Quinones and Angelica Lopez to receive city water as well as the costs for such services at 306 E 16th Street (township1-4, Lot 4 of the SE-4, section 31, acres 4).

The second to the motion was made by Alderman Lewellen. The motion passed with a unanimous vote of 4/0.

ITEM 8 CONSIDERATION OF INTERLOCAL CONTRACT WITH PANHANDLE REGIONAL PLANNING COMMISSION FOR PROJECT ADMINISTRATION SERVICES FOR THE CITY OF FRIONA’S 2021 TEXAS PARKS & WILDLIFE GRANT FUNDED PROJECT

MOTION Alderman Lewellen made the motion to approve Interlocal contract with Panhandle Regional Planning Commission for project administration services for the City of Friona’s 2021 Texas Parks & Wildlife Grant funded project. Alderman Monroe made the second to the motion and the motion passed with a vote of 4/0.

ITEM 9 CONSIDER AND TAKE ACTION OF AGRICULTURAL LEASE WITH WADE SCHUELER FOR S/2 OF SECTION 29, TOWNSHIP 1 NORTH, RANGE 4 EAST SITUATED IN PARMER COUNTY APPROXIMATELY 320 ACRES TRACT OF LAND FOR 2021-2022 CROP YEARS

Item 9 tabled and will be presented at a future meeting.

ITEM 10 CONSIDER AND TAKE ACTION ON RESOLUTION NO. 21.08.09 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 2021 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. 21.08.09

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 2021 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, 2021, Atmos West Texas filed its 2021 RRM rate request with Cities based on a test year ending December 31, 2020; and

WHEREAS, Cities coordinated its review of the Atmos West Texas 2021 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 \$152,000 with an Effective Date of December 1, 2021; 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 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 \$152,000 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' 2021 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 \$152,000 in revenue 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 subject to any future settlement or decision regarding the balance of Excess Deferred Income Tax to be refunded to ratepayers, the 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 2021 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 December 1, 2021.

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 Thomas Brocato, 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 _____, 2021.

Mayor

ATTEST:

APPROVED AS TO FORM:

City Secretary

City Attorney

MOTION Alderman Fleming made the motion to approve Resolution No. 21.08.09 approving a negotiated settlement between the executive committee of cities served by Atmos West Texas (cities) and Atmos Energy Corp. West Texas Division. Alderman Lewellen made the second to the motion and the motion passed with a unanimous vote of 4/0.

ITEM 11 CONSIDER AND TAKE ACTION ON A REQUEST FROM RESIDENTS REGARDING THE PAVING OF 7TH AND 8TH STREET BETWEEN GRAND AND ASHLAND

Maria Mendoza addressed the council in regards to paving 7Th & 8Th street between Grand and Ashland. There are 45 unpaved street throughout the city of Friona. It was discussed that in the upcoming year it may be possible to build a build and delegate a portion, perhaps 20 percent of street budget, to capital improvements. It cost roughly \$125,000 to pave a city block.

MOTION A motion was made by Alderman Lewellen and a second by Alderman Loflin to take action regarding the paving of 7Th and 8Th street between Grand and Ashland.

ITEM 12 CONSIDER AND TAKE ACTION ON APPROVAL OF ACCOUNTS PAYABLE FOR JULY 2021

City Secretary Mendez reviewed Accounts Payable with the City Council.

MOTION A motion was made by Alderman Monroe to approve the July 2021 Accounts Payable. The second to the motion was made by Alderman Loflin and the motion passed with the unanimous vote 4/0 of the City Council.

ITEM 13 CONSIDER AND TAKE ACTION ON APPROVAL OF THE JULY 2021 FINANCIAL STATEMENT

MOTION Alderman Lewellen made the motion to approve the July 2021 Financial Statement. The second to the motion was made by Alderman Fleming and the motion passed with the unanimous vote of 4/0 of the City Council.

ITEM 14 DISCUSS REPORT FROM PARMER COUNTY APPRAISAL DISTRICT REGARDING THE 2021 EFFECTIVE TAX RATE AND CONSIDER AND TAKE ACTION ON THE PROPOSED 2021 TAX RATE AND SETTING DATES FOR REQUIRED PUBLIC HEARINGS IF NEEDED

MOTION A motion was made by Alderman Lewellen to set the property tax rate at \$0.662600 /\$100 valuation; with a debt service rate of \$0.167800 and M&O rate of \$0.494800. This rate is an increase of \$0.012800 per \$100 valuation than the effective tax rate of \$0.649800 and the proposed tax rate is set for adoption at the Regular City Council Meeting on September 13th at 6:30 p.m. The second to the motion was made by Alderman Fleming. Alderman Loflin and Alderman Monroe voted yes. Alderman Stowers was absent. The motion carried with a unanimous vote of 4/0.

ITEM 15 CONSIDER DISCUSS AND TAKE ACTION ON COUNCIL BUDGET WORKSHOP MONDAY, AUGUST 30, 2021 OR TUESDAY, AUGUST 31, 2021 OR WEDNESDAY, SEPTEMBER 1, 2021

MOTION A motion was made by Alderman Lewellen to meet on Tuesday, August 31, 2021 at 6:30 p.m. for the Budget Workshop. The second to the motion was made by Alderman Loflin and the motion passed with a vote of 4/0.

ITEM 16 BRIEFING AND DISCUSSION ON THE COUNCIL PRIORITY LIST

City Manager Davila discussed and solicited feedback from the entire Council on their top priorities for the upcoming year.

EXECUTIVE SESSION:

The Mayor announced at 7:47 p.m. that the Friona City Council is going into Executive Session. Council moved to Item 18.

ITEM 17 ANNUAL EVALUATION OF MUNICIPAL COURT JUDGE, INCLUDING DISCUSSION REGARDING EMPLOYMENT STATUS OF MUNICIPAL COURT JUDGE, INCLUDING SALARY, BENEFITS, DISCIPLINE, TERMINATION, PROMOTION, AND/OR RECLASSIFICATION. (AUTHORIZED BY TEXAS GOVERNMENT CODE, SUBCHAPTER D, SECTION 551.074 PERSONNEL)

ITEM 18 CITY COUNCIL WILL CONVENE INTO CLOSED EXECUTIVE SESSION IN ACCORDANCE WITH TEXAS GOVERNMENT CODE,

SUBCHAPTER D, SECTION 551.074 (DELIBERATION REGARDING PERSONNEL MATTERS): THE DISMISSAL OF OFFICER DELIA RUIZ

ITEM 19 CITY COUNCIL WILL CONVENE INTO CLOSED EXECUTIVE SESSION IN ACCORDANCE WITH GOVERNMENT CODE 551.072 “DELIBERATIONS REGARDING REAL PROPERTY”: BENGER AERO PARK, 4-WAY PUMP, LOT ON HIGHWAY 60 BETWEEN THE HUB STORAGE AND 1ST NATIONAL BANK, CITY LOT ON HIGHWAY 60 BETWEEN A-1 AND THE OLD AG TEXAS BUILDING

REGULAR HEARING:

Mayor White opened into the regular meeting at 7:48 p.m.

ITEM 20 RECONVENE INTO REGULAR SESSION AND CONSIDER ACTION, IF ANY, ON ITEM 17 DISCUSSED IN EXECUTIVE SESSION

The Friona City Council unanimously agreed to increase Municipal Court Judge Deborah Campbell’s salary by 10 percent.

ITEM 21 RECONVENE INTO REGULAR SESSION AND CONSIDER ACTION, IF ANY, ON ITEM 18 DISCUSSED IN EXECUTIVE SESSION

No action needed.

ITEM 22 RECONVENE INTO REGULAR SESSION AND CONSIDER ACTION, IF ANY, ON ITEM 19 DISCUSSED IN EXECUTIVE SESSION

The Friona City Council unanimously agreed to make an offer to the owner of Benger Aero Spraying for the purchase of their land in an amount not to exceed \$1.5 million dollars.

ITEM 23 ADJOURNMENT

With no further business at hand, the meeting adjourned at 8:32 p.m.

APPROVED:

Ricky White, Mayor

ATTEST:

Rosa Mendez, City Secretary