

REGULAR CITY COUNCIL MEETING

June, 2, 2015

7:00 P.M.

A Regular City Council Meeting was held on Tuesday, June 2, 2015, at 7:00 p.m. in the City Council Chambers located at 201 East Nash Street, Terrell, Texas with the following members present:

COUNCILMEMBER #1 HAL RICHARDS
COUNCILMEMBER #2 TOMMY SPENCER - ABSENT (EXCUSED)
COUNCILMEMBER #3 SANDRA WILSON
COUNCILMEMBER #4 CHARLES WHITAKER
COUNCILMEMBER #5 D.J. ORY

1. Call to order.

Mayor Hal Richards, called the meeting to order.

2. Invocation.

Don Lindsey, gave the opening prayer.

3. Honoring the "Building a Better Community" City Logo.

Jack Jones Presented the following Proclamation on behalf of the Council:

WHEREAS, the City of Terrell has utilized numerous logos for city business, promotional programs and individual projects, including three spanning a period from 1970 through 1989 that variously depict the 1873 centennial, a "T" design, and a traditional Texas star; and

WHEREAS, the City of Terrell held a design contest to create a new city logo in late 1989; and

WHEREAS, the "Building a Better Community" logo was selected as the winning design; and

WHEREAS, the Terrell City Council officially adopted the logo on January 16, 1990; and

WHEREAS, fifth-grader Lauren Gipson and middle school teacher Karen Corey were named joint winners of the contest and honored as such by Mayor Don Lindsey and the City Council on February 6, 1990; and

WHEREAS, Lauren Gipson explained, "I liked the interracial handclasp because I felt before our city could develop and grow further, we would need to work together as a team in order to meet our goals of tomorrow"; and

WHEREAS, seventeen Council Members served on the Terrell City Council since the logo's adoption. Those Council Members include Frances Anderson, Rick Carmona, Guy Feaker, James Huffman, Jack Jones, Ricky Jordan, Debra Kelley, Robert Messer, John Moore, D.J. Ory, Hal Richards, Lee Schaeffer, Tommy Spencer, Don Thurman, Floyd Trammell, Charles Whitaker, and Sandra Wilson ; and

WHEREAS, four individuals have held the office of Mayor since the adoption of the logo. Those Mayors include Don Lindsey, Henry Madgwick, Frances Anderson, and Hal Richards; and

WHEREAS, the logo indeed has contributed to “Building a Better Community” for 25 years and will continue to inspire Terrell citizens to work together toward a shared vision of our community;

NOW THEREFORE, I, Hal Richards, by virtue of the authority vested in me as Mayor and on behalf of the Terrell City Council do hereby proclaim June 2, 2015

“25 YEARS OF TOGETHERNESS DAY”

in the city of Terrell and urge all citizens to join together in recognition that this logo has indeed contributed to “Building a Better Community” for 25 years, will continue to inspire Terrell citizens to work together toward a shared vision of our community, and as of today, be most honorably retired.

4. Discuss and Consider approval of meeting minutes of the Special City Council Meeting and Workshop of May 14, 2015, the Regular City Council Meeting of May 19, 2015.

Mayor Pro Tem D.J. Ory, made a motion to approve Meeting Minutes of Special City Council Meeting and Workshop of April 30, 2015 and Regular City Council Meeting of May 5, 2015. Councilmember Sandra Wilson, seconded the motion. Ayes - All. Nays - None. Motion carried.

5. Hear Remarks from Visitors.

This time is set aside on the agenda to invite any person to address the Council on issues not subject to a public hearing. Routine administrative matters are best discussed with the appropriate City Staff before bringing them to the Council. Speakers should limit their comments to 3 minutes and are asked to speak into the microphone provided, identifying themselves for the record. The total amount of time set aside for this place on the agenda is 15 minutes. Comments of a personal nature directed at the Council or Staff are inappropriate.

There were no remarks from visitors.

PUBLIC HEARING

6.a. Conduct a Public Hearing to Receive Comment Regarding Terrell Housing Department Five Year Plan for Fiscal Year 2015.

Debbie Zajak, Housing Director, gave opening comments regarding Terrell Housing Department Five Year Plan for Fiscal Year 2015.

Mayor Hal Richards opened a Public Hearing to Receive Comment Regarding Terrell Housing Department Five Year Plan for Fiscal Year 2015. No one spoke against the Terrell Housing Department Five Year Plan for Fiscal Year 2015. No one spoke in favor of Terrell Housing Department Five Year Plan for Fiscal Year 2015. Mayor Hal Richards, closed the Public Hearing.

6.b. Discuss and Consider Approval of Resolution No. 794 - A Resolution Of The City Council Of The City Of Terrell, Texas, Approving The Submission To HUD Of The Terrell Housing Department Five Year Plan For Fiscal Year 2015 And The Certificate Of Compliance And Civil Rights Certification.

Councilmember Sandra Wilson, made a motion to approve Resolution No. 794; A Resolution Of The City Council Of The City Of Terrell, Texas, Approving The Submission To HUD Of The Terrell Housing Department Five Year Plan For Fiscal Year 2015 And The Certificate Of Compliance And Civil Rights Certification. Deputy Mayor Pro Tem Charles Whitaker, seconded the motion. Ayes - All. Nays - None.

NEW BUSINESS

7. Discuss and Consider Resolution No. 793; A Resolution Of The City Council Of The City Of Terrell, Texas, Approving The Administrative Plan To Establish Policies For The Housing Choice Voucher Program Consistent With HUD Regulation And Local Goals And Objectives Contained In The Agency Plan For The Terrell Housing Agency.

Debbie Zajak, Housing Director, presented to Council for Discussion and Consideration Resolution No. 793; A Resolution Of The City Council Of The City Of Terrell, Texas, Approving The Administrative Plan To Establish Policies For The Housing Choice Voucher Program Consistent With HUD Regulation And Local Goals And Objectives Contained In The Agency Plan For The Terrell Housing Agency. Mayor Pro Tem D.J. Ory made a motion to approve Resolution No. 793; A Resolution Of The City Council Of The City Of Terrell, Texas, Approving The Administrative Plan To Establish Policies For The Housing Choice Voucher Program Consistent With HUD Regulation And Local Goals And Objectives Contained In The Agency Plan For The Terrell Housing Agency. Councilmember Sandra Wilson seconded the motion. Ayes - All. Nays - None.

8. Discuss and Consider Amended Tax Abatement Agreement Between City of Terrell, Texas and Longhorn Fabrication Inc. and ES Building LLC. and Resolution No. 795; A Resolution Of The City Council Of The City Of Terrell, Texas, Authorizing The Mayor To Execute An Amended Tax Abatement Agreement Between The City Of Terrell, Texas And Longhorn Fabrication Inc. And ES Building LLC For Tax Abatement On Real And Personal Property.

Danny Booth, President of Terrell Economic Development Corporation presented to Council for Discussion and Consideration Amended Tax Abatement Agreement Between City of Terrell, Texas and Longhorn Fabrication Inc. and ES Building LLC. and Resolution No. 795; A Resolution Of The City Council Of The City Of Terrell, Texas, Authorizing The Mayor To Execute An Amended Tax Abatement Agreement Between The City Of Terrell, Texas And Longhorn Fabrication Inc. And ES Building LLC For Tax Abatement On Real And Personal Property. Mayor Pro Tem D.J. Ory made a motion to approve Amended Tax Abatement Agreement Between City of Terrell, Texas and Longhorn Fabrication Inc. and ES Building LLC. and Resolution No. 795; A Resolution Of The City Council Of The City Of Terrell, Texas, Authorizing The Mayor To Execute An Amended Tax Abatement Agreement Between The City Of Terrell, Texas And Longhorn Fabrication Inc. And ES Building LLC For Tax Abatement On Real And Personal Property. Councilmember Sandra Wilson seconded the motion. Ayes - All. Nays - None.

9. Discuss and Consider Reappointment to the Building and Standards Commission.

Terry Capehart, Municipal Development Director presented to Council for Discussion and Consideration Reappointment to the Building and Standards Commission. Councilmember Sandra Wilson made a motion to reappoint Chris Simpson to the Building and Standards Commission. Mayor Pro Tem D.J. Ory seconded the motion. Ayes - All. Nays - None.

10. Discuss and Consider Appointments to the Planning and Zoning Commission.

Terry Capehart, Municipal Development Director presented to Council for Discussion and Consideration Appointment to the Planning and Zoning Commission. Mayor Hal Richards made a motion to appoint Tom Aldinger to replace Robert Lee's unexpired term contingent upon his written resignation from the Building Standards Commission. Deputy Mayor Pro Tem D.J. Ory seconded the motion. Ayes - All. Nays - None.

11. Discuss and Consider Resolution No. 796; A Resolution Of The City Of Terrell, Texas, Approving And Supporting The Submission Of A 2015 Federal Tiger Grant Application.

Mike Sims, Assistant City Manager presented to Council for Discussion and Consideration Resolution No. 796; A Resolution Of The City Of Terrell, Texas, Approving And Supporting The Submission Of A 2015 Federal Tiger Grant Application. Mayor Pro Tem D.J. Ory made a motion to approve Resolution No. 796; A Resolution Of The City Of Terrell, Texas, Approving And Supporting The Submission Of A 2015

Federal Tiger Grant Application. Councilmember Sandra Wilson seconded the motion. Ayes - All. Nays - None.

12. Discuss and Consider Interlocal Agreement Between the City of Terrell and Southwestern Christian College for Transfer of Surplus Property.

Torry Edwards, City Manager presented to Council for Discussion and Consideration Interlocal Agreement Between the City of Terrell and Southwestern Christian College for Transfer of Surplus Property. Mayor Pro Tem D.J. Ory made a motion to authorize the City Manager to execute the Interlocal Agreement Between the City of Terrell and Southwestern Christian College for Transfer of Surplus Property. Deputy Mayor Pro Tem Charles Whitaker seconded the motion. Ayes - All. Nays - None.

CONSENT AGENDA

Mayor Pro Tem D.J. Ory made a motion on consent agenda to adopt on Second Reading Ordinance No. 2637. Councilmember Sandra Wilson seconded the motion. Ayes - All. Nays - None.

13. Discuss and Consider on Second Reading Adoption of Ordinance No. 2637: An Ordinance Of The City Council Of The City Of Terrell, Texas, Approving A Negotiated Settlement Between The Atmos Cities Steering Committee (“ACSC”) And Atmos Energy Corp., Mid-Tex Division Regarding The Company’s 2014 And 2015 Rate Review Mechanism Filings; Approving A Settlement Agreement With Attached Rate Tariffs And Proof Of Revenues; 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 Settlement Tariffs To Be Just And Reasonable And In The Public Interest; Requiring The Company To Reimburse ACSC’s Reasonable Ratemaking Expenses; Determining That This Ordinance 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 Ordinance To The Company And The ACSC’s Legal Counsel.

ORDINANCE NO. 2637

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TERRELL, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC”) AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY’S 2014 AND 2015 RATE REVIEW MECHANISM FILINGS; APPROVING A SETTLEMENT AGREEMENT WITH ATTACHED RATE TARIFFS AND PROOF OF REVENUES; 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 SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE

PUBLIC INTEREST; REQUIRING THE COMPANY TO REIMBURSE ACSC'S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS ORDINANCE 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 ORDINANCE TO THE COMPANY AND THE ACSC'S LEGAL COUNSEL.

WHEREAS, the City of Terrell, Texas ("City") is a gas utility customer of Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company"), and a regulatory authority with an interest in the rates and charges of Atmos; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee ("ACSC"), a coalition of similarly-situated cities served by Atmos Mid-Tex ("ACSC Cities") that have joined together to facilitate the review of and response to natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, ACSC and the Company worked collaboratively to develop a new Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program ("GRIP") process instituted by the Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

WHEREAS, the initial RRM Tariff was in effect for four (4) years; and

WHEREAS, ACSC Cities and Atmos Mid-Tex entered into another settlement agreement and revised the RRM Tariff; and

WHEREAS, ACSC Cities and Atmos Mid-Tex compromised and reached agreements on the amount of the rate increases to be in effect for the RRM Tariff filings for 2012 and 2013; and

WHEREAS, ACSC Cities and Atmos Mid-Tex were unable to reach an agreement on the 2014 RRM Tariff filing, resulting in the ACSC Cities' rejection of the 2014 RRM filing; and

WHEREAS, Atmos Mid-Tex appealed the ACSC Cities' actions rejecting its 2014 RRM filing to the Railroad Commission of Texas ("Commission"), pursuant to the provisions of the RRM Tariff; and

WHEREAS, Atmos Mid-Tex and ACSC litigated the appeal of the 2014 RRM filing at the Commission; and

WHEREAS, on February 27, 2015, Atmos Mid-Tex filed its 2015 RRM Tariff filing, requesting to increase natural gas base rates system-wide by \$28.762 million; and

WHEREAS, ACSC coordinated its review of Atmos Mid-Tex RRM filing through its Executive Committee, assisted by ACSC's attorneys and consultants, to resolve issues identified in the Company's RRM filing; and

WHEREAS, Atmos Mid-Tex has agreed to withdraw its appeal of ACSC's rejection of its 2014 RRM Tariff rate increase; and

WHEREAS, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve the attached Settlement Agreement (Attachment A to this Ordinance) as well as the tariffs attached thereto, resolving both the 2014 and the 2015 RRM Tariff filings, which together will increase the Company's revenues by \$65.7 million over the amount allowed under City-approved rates set in 2013; and

WHEREAS, the attached tariffs implementing new rates are consistent with the negotiated Settlement Agreement and are just, reasonable, and in the public interest; and

WHEREAS, the RRM Tariff should be renewed for a period of time commencing in 2016 and continuing until the RRM Tariff is suspended by ordinance of the City; and

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

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TERRELL, TEXAS:

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

Section 2. That the City Council finds that the Settlement Agreement (Attachment A to this Ordinance) represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 2014 and 2015 RRM filings, 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 Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Attachment C, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional \$65.7 million in revenue over the amount allowed under currently approved rates, or \$21 million over currently-billed rates, as shown in the Proof of Revenues attached hereto and incorporated herein as Attachment B; such tariffs are hereby adopted.

Section 4. That the ratemaking treatment for pensions and other post-employment benefits in Atmos' next RRM filing shall be as set forth on Attachment D, attached hereto and incorporated herein.

Section 5. That in an effort to streamline the regulatory review process, the Atmos Mid-Tex RRM Tariff is renewed for a period commencing with the Company's March 1, 2016 RRM filing for calendar year 2015, effective June 1, 2016, and continuing thereafter until such time as the City adopts an ordinance suspending operation of the RRM Tariff.

Section 6. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's RRM application.

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

Section 8. That the meeting at which this Ordinance 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 Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance and the remaining provisions of the Ordinance 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 Ordinance shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after June 1, 2015.

Section 11. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy Corporation, 5420 LJB Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this the 19th day of May, 2015.

PASSED AND ADOPTED this the 2nd day of June, 2015.

END CONSENT AGENDA

14. Discuss City Manager's Reports and Correspondence:

(a) Groundbreaking Ceremony for Police Department Headquarters.

Torry Edwards, City Manager presented to Council Groundbreaking Ceremony for Police Department Headquarters.

15. Adjourn.

There were no other matters discussed or acted on at this meeting. There being no further business the meeting was adjourned.

Hal Richards, Mayor

Attest:

John Rounsavall, City Secretary