

September 17, 2018

A City Council workshop and regular meeting was held on the above date in the City Council Chamber, 100 South Houston Avenue with all officers and members present.

Mayor Anderle called the workshop to order at 5:30 p.m.

City Manager JRhett Parker briefly reviewed the agenda items.

City Manager JRhett Parker reviewed the following items of interest:

- October 1, 2018 begins the new budget year.
- October 2, 2018 National Night Out.
- TML Annual Conference will be held October 10-12, 2018.
- Steaktobor Fest will be held October 12-13, 2018.
- October 15, 2018 Meeting will possibly be cancelled.

City Manager JRhett Parker called the Department Heads to review their monthly reports:

- Street Supervisor Craig Arnold reported an issue with new bridge at Ledbetter Park; however, it has been fixed. Continue street cuts for water and patching potholes.
- Fire Chief Henry Horelica reported that call volume has decreased. Fire convention will be held in Cameron on October 6-7, 2018.
- Police Chief Lonnie Gosch reported hiring a new dispatcher as well as working a shooting case.
- Municipal Judge Sam Berry reported that court is working fine. Court Clerk Wrenie Wheeless is doing a great job.
- Librarian Marie Christopher presented a calendar for the rest of 2018. Purchasing new items through a Williams Foundation grant.
- Airport held a pre-design meeting with TxDOT Aviation and Engineer for the upcoming project. Airport will be closed 8 a.m. to 5 p.m. next week.
- CEDC Director Ginger Watkins presented monthly reports. Working on marketing and research activity.
- Retail Director Melanie Reed reported five ribbon cuttings for the month of August. Downtown Revitalization Committee met during August as well.
- City Secretary Amy Harris reported air conditioning repair for city hall. End of year procedures are ongoing.
- Utilities Director Jerald Brunson reported all testing has been normal, major leak on FM 1600 and no water complaints.
- City Manager JRhett Parker reported that the railroad quiet zone looks to be unattainable at this time due to the potential cost. Continuing to collect information from other cities.

Mayor Anderle called the regular meeting to order at 5:54 p.m.

Council Member Deal offered the invocation.

Council Member Hardeman led the pledge of allegiance.

There were no citizen's comments at this time.

Council Member Schiller moved to approve the minutes of the regular meeting of September 4, 2018 and September 10, 2018. Council Member Deal seconded the motion and it carried unanimously.

Mr. Dave Melton, representing All Saints Episcopal Church, requested a street closure on 3rd Street from Travis Avenue to Crockett Avenue for the Annual Blessing of Animals Day on October 7, 2018. The event will include a petting zoo, camel rides and non-track train rides.

Council Member Schiller moved to approve the street closure as requested. Council Member Willie seconded the motion and it carried unanimously.

John Mendoza, representing Milam County Crime Stoppers, requested street closures for the Crime Stoppers Haunted House on October 26-27, 2018. Streets needed to be closed are East 1st Street between Fannin Avenue and Washington Avenue and Lamar and East 2nd Street from 6 p.m. to 2 a.m.

Council Member Willie moved to approve the requested for street closure. Council Member Sims seconded the motion and it carried unanimously.

Brian Stork, representing Cameron ISD, requested permission to close East 12th Street in front of the Yoe High gym on October 24, 2018 from 7 p.m. to 8 p.m.

Council Member Willie moved to approve the request for street closure. Council Member Williams seconded the motion and it carried with Council Member Deal abstaining.

Trey Tow and Melissa Contreras, representing Waste Connections Lone Star, Inc., presented a first amendment to the exclusive franchise agreement. This would allow residents to receive one green container at no additional charge. The agreement extends the contract to 7 years. Pick up days will continue with no changes. Bulk pick-up days will still occur on the first pick-up day of the week.

Council Member Schiller moved to approve the agreement. Council Member Hardeman seconded the motion and it carried unanimously.

Melanie Reed, representing the Cameron Chamber of Commerce, requested use of the downtown square on October 31, 2018 to host a Halloween Trunk or Treat.

Council Member Williams moved to approve the request as presented. Council Member Schiller seconded the motion and it carried unanimously.

Council Member Schiller moved to approve the following ordinance on its second and final reading. Council Member Willie seconded the motion and it carried unanimously.

**ORDINANCE NO. 2018-09-17-011
CITY OF CAMERON, TEXAS
FISCAL YEAR 2018-2019
ANNUAL BUDGET**

Council Member Schiller moved to approve the following ordinance on its second and final reading. Council Member Sims seconded the motion and it carried unanimously.

ORDINANCE NO. 2018-09-17-012

AN ORDINANCE OF THE CITY OF CAMERON, TEXAS LEVYING AD VALOREM TAXES FOR USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2018 AND TERMINATING SEPTEMBER 30, 2019 PROVIDING FOR APPORTIONING EACH LEVY FOR SPECIFIC PURPOSES; AND PROVIDING WHEN TAXES SHALL BECOME DUE AND WHEN SAME SHALL BECOME DELINQUENT IF NOT PAID.

WHEREAS, the City Council of the City of Cameron, Texas, approved the municipal budget for the fiscal year beginning October 1, 2018 and ending September 30, 2019; and

WHEREAS, it is necessary that an ordinance be passed levying an ad valorem tax on all property, both real and personal, within the corporate limits of the City of Cameron, Texas in accordance with such budget and the Texas Tax Code;

WHEREAS, the City of Cameron was required to hold public hearings on the proposed tax rate and did such on September 4, 2018 and one on September 10, 2018.

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

Section 1. There is hereby levied and there shall be collected for the use and support of the municipal government of the City of Cameron (herein the "City) and to provide an Interest and Sinking fund for the 2018/2019 fiscal year, upon all property, real, personal and mixed, within the corporate limits of said City on January 31, 2019 subject to taxation, a tax of \$0.75327 on each \$100.00 valuation of property, said tax being so levied and apportioned to the specific purposes here set forth:

1. For the maintenance and operation of the general government (General Fund), \$0.515626 on each \$100.00 valuation of property; and
2. For the interest and sinking fund, \$0.237653 on each \$100.00 valuation of property.

Section 3. That taxes levied under this ordinance shall be due October 1, 2018 and if not paid on or before January 31, 2019 shall immediately become delinquent.

Section 4. All taxes shall become a lien upon the property against which assessed, and the Milam County Tax Office as the assessor and collector of the City is hereby authorized and empowered to enforce the collection of such taxes according to the Constitution and laws of the State of Texas and ordinances of the City, and shall, by virtue of the tax rolls, fix and establish a lien by levying upon such property, whether real or personal, for the payment of said taxes, penalty and interest, and, the interest and penalty collected from such delinquent taxes shall be apportioned to the general fund of the City. All delinquent taxes shall bear interest from date of delinquency at the rate as prescribed by state law.

Section 5. That this ordinance shall take effect and be in force from and after its second and final reading.

FIRST READING read by Mayor Anderle on the 10th day of September 2018.

PASSED AND APPROVED THIS 17th DATE OF SEPTEMBER, 2018 by the following motion "I move that tax rate of \$0.753279 be adopted which is an increase of the effective tax rate" was made by Council Member Schiller seconded by Council Member Sims to approve this ordinance having received 6 votes for 0 against and 0 abstaining and 0 absent.

Mayor Anderle read the first reading of the following ordinance:

ORDINANCE BY THE CITY OF CAMERON, TEXAS ("CITY") DENYING A PROPOSED INCREASE SOUGHT BY ATMOS ENERGY-MIDTEX DIVISION IN CONNECTION WITH THE

RATE INCREASE FILING IT MADE ON ABOUT JUNE 1, 2018; APPROVING AN ALTERNATIVE INCREASE IN RATES; DIRECTING ATMOS TO FILE CONFORMING TARIFFS AND TO REIMBURSE THE CITY'S RATE CASE EXPENSES; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; AND DECLARING AN EFFECTIVE DATE

WHEREAS, Atmos Energy ("Atmos Energy," "Atmos," or "Company") filed a Statement of Intent with the City on or about June 1, 2018, to increase its annual revenue by approximately \$4.5 million in the cities known as Atmos Texas Municipalities ("ATM"), which equates to an increase in annual revenue of approximately 8.0 percent, and is the equivalent of an increase of about \$46.0 million on a system-wide basis; and

WHEREAS, the City is a regulatory authority under the Gas Utility Regulatory Act ("GURA") and under Chapter 104, §103.001 et seq. of GURA has exclusive original jurisdiction over Atmos's rates, operations, and services within the municipality; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating Atmos's rate request and its changes in tariffs it is prudent to coordinate the City's efforts with a coalition of similarly situated municipalities; and

WHEREAS, the City, in matters regarding applications by Atmos to change rates, has in the past joined with other local regulatory authorities to form an alliance of cities known as Atmos Texas Municipalities ("ATM"), and hereby continues its participation in ATM; and

WHEREAS, Atmos's rate request consists of a voluminous amount of information including Atmos's rate-filing package, exhibits, schedules, and workpapers; and

WHEREAS, Atmos's rate application is the Company's first general rate case since about 2012, and follows annual increases approved under the now-expired tariff known as the "Rate Review Mechanism" ("RRM"); and

WHEREAS, Atmos proposed July 6, 2018, as the effective date for its requested increase in rates; and

WHEREAS, the City previously suspended Atmos' proposed effective from July 6, 2018, to October 4, 2018; and

WHEREAS, the City, exercising its duties as a local regulatory authority with regard to Atmos' rates, services, and operations, through ATM engaged the law firm of Herrera Law & Associates as Special Counsel and rate experts from the consulting firms of the Garrett Group, LLC, GDS and Associates, Inc., and J. Randall Woolridge, Ph.D, to review Atmos' rate filing package; and

WHEREAS, Atmos failed to establish the need for an increase of about \$46 million and the specific rates Atmos proposed; and

WHEREAS, merits at most an increase of about \$12.81 million, which is approximately an increase of \$1.25 million in the ATM cities, and the specific rates set forth in **Exhibit A** to this Ordinance, and made a part of this Ordinance as if fully set out in its body; and

WHEREAS, Atmos failed to establish the reasonableness of its proposed rate design; and

WHEREAS, a reasonable rate design is as set forth in **Exhibit A**;

WHEREAS, Atmos failed to establish the reasonableness of its proposed cost of capital, including Atmos' proposed capital structure; and

WHEREAS, a reasonable cost of capital and capital structure is as set forth in **Exhibit A** to this Ordinance; and

WHEREAS, pursuant to Gas Utility Regulatory Act § 103.022, cities have a statutory right to recover their reasonable rate case expenses.

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

Section 1. The findings set out in the preamble are in all things approved and incorporated herein as if fully set forth.

Section 2. Atmos failed to establish that its requested increase in revenue of about \$46 million, and its proposed changes in rates as set forth in its Statement of Intent submitted to the City on about June 1, 2018, result in just and reasonable rates, and are therefore, hereby **DENIED**.

Section 3. An increase of about \$12.81 million as shown in **Exhibit A**, and as detailed in **Exhibit B** to this Ordinance, each of which is hereby incorporated by reference, and the rates shown below, are hereby **APPROVED**, to wit:

Approved Increase in Annual Revenue (System Wide – MidTex Division)
\$12,807,858

Customer Class/Rate	APPROVED RATE
Rate R - Residential	
Customer Charge per month	\$17.89
Consumption Charge (per CCF)	\$0.16052
Rate C - Commercial	
Customer Charge per month	\$37.85
Consumption Charge (per CCF)	\$0.10081
Rate I & T – Indus. & Transp.	
Customer Charge per month	\$619.85
Consumption Chrg - First 1,500 MMBTU	\$0.3655
Consumption Chrg - Next 3,500 MMBTU	\$0.2908
Consumption Chrg - Over 5,000 MMBTU	\$0.0761

Section 4. A rate-case-expense surcharge (“RCE Surcharge”) as shown below to allow Atmos to recover the City’s rate case expenses is hereby **APPROVED**, said surcharge per class to be in effect for a period of five (5) years:

Rate Class	RCE Surcharge
Residential	\$0.00030 per ccf
Commercial	\$0.00011 per ccf
Industrial & Transportation	\$0.0001 per MMBtu

Section 5. Atmos is hereby ordered to submit to the City a report detailing the rate-case expenses recovered through the RCE Surcharges, said report to be filed by October 1 of each year until full recovery of the rate case expenses and in no event is Atmos permitted to recover in excess of the rate case expenses approved by this Ordinance.

Section 6. Atmos’ requested return on equity of 10.50% and its proposed capital structure of 60.18% equity and 39.82% long-term debt, are hereby **DENIED**.

Section 7. A return on equity of 9.80%; a cost of long-term debt of 5.45%; and a cost of short-term debt of 1.68%, are hereby **APPROVED**.

Section 8. A capital structure of 53.81% equity; 38.98% long-term debt; and 7.21% short-term debt, yielding a weighted cost of capital of 7.5189%, are hereby **APPROVED**.

Section 9. Atmos is hereby ordered to reimburse the City’s rate case expenses incurred as a member of the Atmos Texas Municipalities (“ATM”) through August 31, 2018, as set forth in **Exhibit B**, by no later than thirty (30) days from the effective date of this Ordinance.

Section 10. Atmos is hereby ordered to reimburse the City's rate case expenses incurred after August 31, 2018, for the City's reasonable costs associated with the City's continued activities related to this rate review or related to proceedings involving Atmos in proceedings before the City or any ATM city, the Railroad Commission of Texas, or any court of law, and that Atmos shall do so on a monthly basis and within 30 days after submission of the City's invoices to Atmos.

Section 11. Atmos is directed to submit to the City a set of tariffs modified to correspond to the rates approved by this Ordinance and that it do so by no later than fifteen (15) calendar days after the effective date of this Ordinance, said submittal to be accompanied by an affidavit from an officer of Atmos Energy attesting that the rates presented in the modified tariffs are in accordance with the rates approved by this Ordinance.

Section 12. The City shall continue its participation in a coalition of cities known as the Atmos Texas Municipalities ("ATM"), and authorizes intervention in proceedings related to Atmos' Statement of Intent before the Railroad Commission of Texas and related proceedings in courts of law that may have an impact on rates within the City; and

Section 13. Subject to the right to terminate employment at any time, the City continues its engagement of and authorizes the law firm of Herrera Law & Associates, PLLC to act as Special Counsel with regard to rate proceedings involving Atmos before the City, the Railroad Commission of Texas, or any court of law, and to retain such experts as may be reasonably necessary for review of Atmos's rate application in such proceedings and subject to approval by the steering committee of the ATM.

Section 14. Any relief not expressly granted or approved by this Ordinance is expressly denied.

Section 15. A copy of this Ordinance shall be sent to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, 816 Congress Ave., Suite 950, Austin, Texas 78701, and a courtesy copy to Atmos's local representative.

Section 16. Atmos shall implement the rates approved by this Ordinance beginning October 4, 2018, for service rendered on and after that date.

Section 17. To the extent of an inconsistency between this Ordinance and a prior ordinance or resolution related to Atmos' rates, this Ordinance governs and supersedes all prior ordinances or resolutions related to Atmos' rates.

Section 18. 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 19. This Ordinance shall become effective from and after its passage.

Council Member Williams moved to accept Classic Bank as the City Bank Depository. Council Member Hardeman seconded the motion and it carried unanimously.

Council Member Schiller moved to approve the expenditures of September 1, 2018 to August 14, 2018. Council Member Hardeman seconded the motion and it carried with Council Member Deal abstaining.

The following expenditures exceeded \$25,000.00:

- Gexa Energy LP \$29,209.53

Council Member Williams moved to approve the August 2018 Financial Report. Council Member Hardeman seconded the motion and it carried unanimously.

AUGUST 2018 REVIEW

91.70%

General Revenues	3,506,389.31	101.32
EXPENSES		
Street Dept.	624,228.75	102.72
Fire Dept.	\$10,760.35	81.45
Police Dept.	\$1,001,032.98	88.57
Court	\$50,396.06	79.94
Library	\$58,109.60	86.04
Ambulance	\$107,781.38	101.77
Other Operating Exp	\$468,085.98	94.53
Cemetery & Parks	\$135,598.15	93.81
Administration	\$315,047.03	99.95
Debt Service	\$398,410.97	100
Total Expenses	\$3,266,651.25	94.4
GF Fund Profit	\$239,738.06	
Water & Sewer Revenues		
\$2,768,479.23	91.92	
EXPENSES		
Water Maintenance	\$479,248.52	99.75
Water Treatment	\$298,593.03	77.88
Sewer Treatment	\$247,274.31	73.09
W & S Administration	\$631,403.20	78.89
Bond Retirement	\$1,009,382.92	100
Total Expenses	\$2,665,901.98	88.51
Water & Sewer Profit	\$102,577.25	
Airport Revenues		
\$79,917.06	158.25	
Airport Expenses		
\$83,947.94	166.23	
Airport Loss	-\$4,030.88	
2018 CDBG #7217049		
CDBG Revenues	\$9,075.00	
CDBG Expenses	\$0.00	
Project Balance	\$9,075.00	

HOT Revenues	\$147,623.27
HOT Expenses	\$50,121.15
HOT Profit	\$97,502.12
Lib Revenues	
\$40,417.15	
LIB Expenses	
\$4,532.16	
Lib Profit	\$35,884.99
Fire Revenues	
\$49,955.02	
Fire Expenses	
\$22,910.87	
Fire Profit	\$27,044.15
CDBG #7216081	
CDBG Revenues	
\$240,355.28	
CDBG Expenses	
\$231,280.28	
Project Balance	\$9,075.00
TWDB-DWSRF-LF1000534	
DWSRF Revenues	
\$1,868,324.28	
DWSRF Expenses	
\$1,867,824.28	
Project Balance	\$500.00
TWDB-DWSRF-L1000517	
DWSRF Revenues	
\$4,152.40	
DWSRF Expenses	
\$1,826.20	
Project Balance	\$2,326.20
TWDB-CWSRF-L1000516	
CWSRF Revenues	
\$3,821.02	
CWSRF Expenses	
\$1,660.51	
Project Balance	\$2,160.51
TWDB-CWSRF-LF1000523	

CWSRF	
Revenues	\$0.00
CWSRF	
Expenses	\$0.00
<u>Project Balance</u>	<u>\$0.00</u>

The City Council went into Executive Session at 6:34 p.m. The Executive Session was held to discuss the following:

- \$551.074 to deliberate about personnel matters regarding the City Manager Annual Review

The City Council ended the Executive Session at 7:28 p.m. and resumed the regular session.

Council Member Deal moved to approve a 7% pay increase for City Manager JRhett Parker for an outstanding job. Council Member Schiller seconded the motion and it carried unanimously.

There being no further business for the Council to consider, Council Member Schiller moved to adjourn the meeting at 7:29 p.m. Council Member Deal seconded the motion and it carried unanimously.