

On this the 16th day of December, 2024 at 6:30 p.m., the City Commission of the City of Hereford, Texas convened in a regular session in the Commission Chamber in City Hall, 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 following members being present and in attendance, to-wit:

Cathy Bunch, Mayor
 Rose Mary Barrett, Commissioner Place One
 Angie Alonzo, Commissioner Place Two
 Clint Savoini, Commissioner Place Three
 Mark Collier, Commissioner Place Four
 James Stow, Commissioner Place Five
 Steve Bartels, City Manager
 Wade Hawkins, Assistant City Manager
 Franchesca Jimenez, City Secretary
 Audie Sciumbato, City Attorney

Absent: Deven Black, Commissioner Place Six

Jim Steiert was in attendance from the Hereford Brand to witness the proceedings.

Also in attendance were Kurt Jones, Todd Murray, Landon Swan, Margaret Del Toro, Ramon Nunez, and Chris Grotegut.

Mayor Bunch voiced the invocation and then asked Commissioner Savoini to lead the Pledge of Allegiance to the United States flag. She called the meeting to order and welcomed those in attendance.

REGULAR HEARINGS:

ITEM 1 – Public Comments.

Mayor Bunch reminded the audience of the 3-minute limit and also the rule that the public is not allowed to approach the dais and will be escorted out of the chamber after the meeting adjourns.

Dr. Grotegut expressed appreciation to the Commission and urged them to consider the long-term implications for natural resources. He encouraged them to adopt a proactive approach in their studies and planning for funding, moving away from short-term, hand-to-mouth city planning.

ITEM 2 – Consider approval of minutes for the November 18th, 2024 Regular meeting.

Commissioner Savoini made the motion to approve the minutes as presented. Commissioner Collier seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 3 - Consider approval of Resolution No. 12.18.24 suspending the December 21, 2024 effective date of Atmos Energy Corp., West Texas division's requested rate change to permit the city time to study the request and to establish reasonable rates; approving cooperation with the cities served by Atmos West Texas and authorizing intervention in Atmos West Texas' requested rate change proceedings before the Commission; hiring Lloyd Gosselink attorneys and consulting services to negotiate with the company and direct any necessary litigation and appeals; requiring reimbursement of cities' rate case expenses; finding that the meeting at which this resolution is passed is open to the public as required by law; requiring notice of this resolution to the company and legal counsel.

RESOLUTION NO. 12.18.24

RESOLUTION OF THE CITY OF HEREFORD SUSPENDING THE DECEMBER 21, 2024 EFFECTIVE DATE OF ATMOS ENERGY CORP., WEST TEXAS DIVISION'S REQUESTED RATE CHANGE TO PERMIT THE CITY TIME TO STUDY THE REQUEST AND TO ESTABLISH REASONABLE RATES; APPROVING COOPERATION WITH THE CITIES SERVED BY ATMOS WEST TEXAS AND AUTHORIZING INTERVENTION IN ATMOS WEST TEXAS' REQUESTED RATE CHANGE PROCEEDINGS BEFORE THE COMMISSION; HIRING LLOYD GOSSELINK ATTORNEYS AND CONSULTING SERVICES TO NEGOTIATE WITH THE COMPANY AND DIRECT ANY NECESSARY LITIGATION AND APPEALS; REQUIRING REIMBURSEMENT OF CITIES' RATE CASE EXPENSES; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL

WHEREAS, on or about October 25, 2024, Atmos Energy Corp., West Texas Division ("Atmos West Texas" or "Company") filed with the City of Hereford ("City") a Statement of Intent to increase gas utility rates in all municipalities exercising original jurisdiction within its service area, effective December 21, 2024; 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 efficiently and cost effectively facilitate the review of, and response to, natural gas issues affecting rates charged in the Atmos West Texas service area; and

WHEREAS, the Gas Utility Regulatory Act § 104.107 grants local regulatory authorities the right to suspend the effective date of proposed rate changes for ninety (90) days after the date the rate change would otherwise be effective; and

WHEREAS, the City retains its rights as a city with original jurisdiction including the right to suspend the application; and

WHEREAS, the City's consultants and attorneys recommend that the City suspend the application for further review; and

WHEREAS, Atmos West Texas has filed an application with the Railroad Commission that could become the docket into which appeals of city action on the Atmos West Texas filing are consolidated; and

WHEREAS, the Gas Utility Regulatory Act § 103.022 provides that costs incurred by Cities in ratemaking activities are to be reimbursed by the regulated utility.

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

SECTION 1. That the December 21, 2024, effective date of the rate request submitted by Atmos West Texas on or about October 25, 2024, be suspended for the maximum period allowed by law to permit adequate time to review the proposed changes and to establish reasonable rates.

SECTION 2. That the City joins other Cities Served by Atmos West Texas in this proceeding and, subject to the right to terminate employment at any time, hereby authorizes the hiring of Thomas Brocato of Lloyd Gosselink Rochelle and Townsend, P.C, and consultants to review the Company's filing, negotiate with the Company, make recommendations regarding reasonable rates and to direct any necessary administrative proceedings or court litigation associated with an appeal of city action.

SECTION 3. That the City shall work with Cities Served by Atmos West Texas in the review and evaluation of whether the proposed rates are appropriate, fair, just, and reasonable; and intervene as a necessary party in the Railroad Commission of Texas' consideration of Atmos West Texas' rate filing in Case No. 00018879 as it affects the customers in the unincorporated areas of Atmos West Texas' service territory.

SECTION 4. That the City's reasonable rate case expenses shall be reimbursed by Atmos West Texas.

SECTION 5. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

SECTION 6. 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 89424 (Philip.littlejohn@atmosenergy.com), and to Thomas Brocato at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701 (tbrocato@lglawfirm.com).

PASSED AND APPROVED this 16th day of December, 2024.

APPROVED:

/s/ Cathy Bunch
Cathy Bunch, Mayor
City of Hereford, Texas

ATTEST:

/s/Franchesca Jimenez
Franchesca Jimenez, City Secretary

APPROVED AS TO FORM:

/s/ Audie Sciumbato
Audie Sciumbato, City Attorney

City Manager Bartels stated every two years Atmos Energy will request a public rate increase and this resolution authorizes the attorney to negotiate those rates on behalf of the cities. Atmos Energy Corp., West Texas Division, is proposing a \$66.1 million increase, which will raise annual revenues from the city by \$26.9 million, resulting in a \$16.99 increase for residential customers. City Manager Bartels stated this resolution suspends the rate change for 90 days to allow attorneys to negotiate the rates on behalf of the city.

Commissioner Collier made the motion to approve Resolution No. 12.18.24 suspending the December 21, 2024 effective date of Atmos Energy Corp., West Texas division's requested rate change to permit the city time to study the request and to establish reasonable rates. Commissioner Alonzo seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 4 – Discuss and consider approval to authorize city manager to pursue sale of park property to Hereford ISD.

City Manager Bartels stated Hereford ISD is interested in purchasing a 5 acre of property from the city. It is part of Veterans Park. The Hereford ISD is currently using it as a FFA project center on Dairy Road. We could not find any agreement between the city and Hereford ISD for the use of the property. He stated according to a 2007 Attorney General opinion the city can sell the park property to another governmental agency for no less than the fair market value of the property. He noted the Commission will have the final authority to approve the sale of the park property.

Commissioner Savoini made the motion to authorize the city manager to pursue the sale of the park property to Hereford ISD. Commissioner Collier seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 5 – Hear report from HEDC Director.

HEDC Executive Director Jones reported on the following:

- Things are going well
- There are several small business incentives
- The new car wash project is done and open
- The emergency project went well – roads are opened back up
- Looking into a green energy project and expanding the discussion around it
- Discussion with Hereford Vet Supplies regarding the addition of a warehouse in Hereford

ITEM 6 – Consider approval of Hereford Economic Development Corporation’s incentive contract for Hereford Bar & Grill.

HEDC Executive Director Jones stated this is the second contract for a small business incentive bank loan. The Hereford Bar & Grill meets the metrics of creating and maintaining jobs. The EDC will ensure all contract requirements are met before the business receives the funds.

Commissioner Barrett inquired about how many employees the business must maintain.

HEDC Executive Director Jones stated the business is required to maintain 22 employees. He also noted if there is a breach of contract, they will be required to repay within 60 days, along with a 10% interest fee.

Commissioner Stow inquired if there is a benefit for increased sales tax revenue.

HEDC Executive Director Jones stated sales tax has increased \$15,000 this quarter. The idea of a small business loan is to very quickly build the local economy. Overall, the hotel occupancy tax and food sales tax exceeded \$600,000 for the year.

City Attorney Sciumbato stated there is a performance requirement, and if it is not met, it will result in a breach of contract.

Commissioner Alonzo made the motion to approve the Hereford Economic Development Corporation’s incentive contract for Hereford Bar & Grill. Commissioner Savoini seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 7 – Consider approval of re-appointment of member to the Firefighter’s Relief & Retirement Fund Local Board of Trustees.

City Manager Bartels stated the Firefighter’s Relief & Retirement Fund Local Board of Trustees meets on a quarterly basis. The Board must approve the number of calls and drills and verify the figures to report to the state for retirees. Mr. Murray is willing to serve another two-year term.

Commissioner Barrett made the motion to re-appoint Todd Murray as one of the City’s representatives on the Firefighter’s Relief & Retirement Fund Local Board of Trustees. Commissioner Stow seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 8 – Announcements and comments from Mayor and City Commissioners.

Commissioner Savoini thanked the public for attending the meeting and thanked the EDC for all their hard work. He wished everyone a Merry Christmas.

Commissioner Collier wished everyone a Merry Christmas and stated he is looking forward to a New Year.

Commissioner Alonzo also wished everyone a Merry Christmas.

Commissioner Barrett mentioned the Commission has passed ordinances for golf carts and side-by-sides but urged the Commission to consider regulations for e-bicycles. She expressed concern, stating that she has seen several e-bicycles in use and finds them dangerous. She wished everyone a Merry Christmas.

Commissioner Stow wished everyone a Merry Christmas and a Happy New Year. He also expressed his gratitude to the EDC board and Dr. Grotegut.

Mayor Bunch stated the pool water heater is being worked on. Hellas is winding down and about ready to turn over the keys. She noted the donation money will be used for the ballfield parking lot.

Mayor Bunch announced starting January 10th the search committee will begin scheduling interviews for the city manager position. She wished everyone a Merry Christmas and a Happy New Year.

ITEM 9 – Announcements and comments from City Staff.

City Manager Bartels gave an update on the following:

- The Main Street bridge is ready to be paved, and they will begin working on the cart path.
- Clements Street is currently open, but the second section is closed for backfilling.
- After the first week of January the two lanes on 25 Mile Avenue will be blocked off to set a manhole.
- Progressive Road crossing is closed, and the detour is on South Progressive and Dairy Road. This road is not suitable for heavy traffic. We are currently waiting for a local contractor to assess the situation and provide a plan for widening the road. The proposed long-term solution includes pouring hot mix and concrete on both sides.
- The sidewalk project on 25 Mile Avenue is moving along. The original completion date was set for May 2025, but TxDot is now aiming for a March deadline.

City Manager Bartels thanked the Commissioners and Mayor and wished everyone a Merry Christmas and Happy New Year.

There being no further business before the Commission, the meeting was adjourned at approximately 7:00 p.m.