

**Regular City Council Meeting  
Meeting Minutes**



**Tuesday, September 12, 2023 @ 6:00 PM**

**Anna Municipal Complex - Council Chambers  
120 W. 7th Street, Anna, Texas 75409**

The City Council of the City of Anna met on September 12, 2023 at 6:00 PM in the Anna Municipal Complex-Council Chambers, located at 120 W. 7th Street, to consider the following items.

**1. Call to Order, Roll Call, and Establishment of Quorum.**

Mayor Pike called the meeting to order at 6:09 PM.

**Members Present:**

Mayor Nate Pike

Mayor Pro Tem Lee Miller

Deputy Mayor Pro Tem Randy Atchley

Council Member Kevin Toten

Council Member Stan Carver

Council Member Elden Baker

Council Member Pete Cain

**Members Absent:**

None

**2. Invocation and Pledge of Allegiance.**

Mayor Pike led the Invocation and Pledge of Allegiance.

**3. Neighbor Comments.**

Joe Crowder spoke about his concerns about customary fees charged by the Fire Department.

**4. Reports.**

Mayor Pike presented a Proclamation proclaiming September 17th to the 23rd, 2023 as Constitution Week.

**5. Work Session.**

- a. Utility Rate Discussion. (Interim City Manager Ryan Henderson)

**6. Consent Items.**

Mayor Pike recused himself at 6:27 PM.

MOTION: Council Member Toten moved to approve items a,b,c,d,e,g,h, and i. Council Member Baker seconded. Motion carried 6-0.

- a. Approve City Council Meeting Minutes for August 22, 2023 and September 6, 2023. (City Secretary Carrie Land)
- b. Approve an Ordinance amending Article A3.000 Development Fees and Article A6.000 Utility Fees within Appendix A: Fee Schedule of The City of Anna Code of Ordinances. (Director of Development Services Ross Altobelli)

The City is in the process of modifying the City of Anna Planning and Development Regulations. As part of that process, development fees need to be added to reflect actual costs of administration, plan review, and filed inspections account for new plan/plat submittal types.

It was recommended that the City Council approve amendments to the fee schedule by creating new Development Fees (Article A3.00) for services required by the Planning and Development Regulations within the Code of Ordinance. The new fees are associated with the following plan/plat types.

- 1. Preliminary Site Plan
- 2. Conveyance Plat

Pertaining to Utility Fees (Article A6.000), the city is proposing to add 3 inch water meter set and tap fees and an 8 inch sewer meter tap fee to meet the needs/requests of the development community.

AN ORDINANCE OF THE CITY OF ANNA, TEXAS AMENDING THE ANNA CITY CODE OF ORDINANCES BY AMENDING APPENDIX A (FEE SCHEDULE) PROVIDING FOR AN EFFECTIVE DATE; PROVIDING FOR A PENALTY CLAUSE NOT TO EXCEED \$2,000 OR THE HIGHEST PENALTY AMOUNT ALLOWED BY LAW, WHICHEVER IS LESS; AND, PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF.

- c. Approve an Ordinance Amending the Code of Ordinances with Regard to Fees for Certain Emergency Services. (Interim City Manager Ryan Henderson)

From time to time, the City of Anna will be providing emergency services to community partners such as the ISD, Chamber of Commerce, etc. for games or community events. As such, the City Manager is seeking the flexibility, through the amendment of this ordinance, to be able to enter into agreements that offer emergency services at a reduced rate as prescribed in the ordinance. This flexibility will be used to make sure that City of Anna public safety personnel are the choice provider for these community partners at a negotiated rate that works for the organization and the community.

The amending ordinance allows the City Manager to enter into interlocal agreements or agreements with nonprofits to offer a reduced rate for emergency services as prescribed currently in our code of ordinances.

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ANNA, TEXAS AMENDING THE ANNA CITY CODE OF ORDINANCES WITH REGARD TO FEES FOR CERTAIN EMERGENCY SERVICES**

- d. Approve a Resolution amending signatories to execute checks currently on file at Independent Financial. (Finance Director Alan Guard)

Finance Director Alan Guard is currently authorized as a signatory on the bank accounts at Independent Financial. His term as Finance Director will formally end September 15, 2023 and Aimee Ferguson will serve as Interim Finance Director. It is recommended that Alan Guard's name be removed from and Aimee Ferguson's name be added to the list of authorized signatories on the City's accounts.

Staff recommended that Council approve the Resolution amending the authorized signatories to execute checks currently on file at Independent Bank.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANNA, AMENDING THE AUTHORIZED SIGNATORIES TO EXECUTE CHECKS CURRENTLY ON FILE AT INDEPENDENT FINANCIAL BY REMOVING ALAN GUARD FROM THE LIST OF AUTHORIZED SIGNATORIES; REMAINING WILL BE RYAN HENDERSON, CARRIE LAND, NATE PIKE, LEE MILLER, AND ADDING AIMEE FERGUSON TO THE NAMED AUTHORIZED SIGNATURES; AND PROVIDING AN EFFECTIVE DATE.**

- e. Approve a Resolution amending the representatives authorized to transact business with the Texas Local Government Investment Pool (TexPool). (Finance Director Alan Guard)

The Texas Local Government Investment Pool (TexPool) is one of the City's primary investment vehicles. Authorized representatives who can conduct business for the City must be identified by Resolution. The Resolution amends the list of City representatives by substituting Interim Finance Director, Aimee Ferguson for Alan Guard. It is necessary to bring this update for Council approval.

Staff recommended that Council approve the Resolution amending the representatives authorized to transact business with TexPool.

**A RESOLUTION OF THE CITY OF ANNA, TEXAS AMENDING THE AUTHORIZED REPRESENTATIVES AUTHORIZED TO TRANSACT BUSINESS WITH THE TEXAS LOCAL GOVERNMENT INVESTMENT POOL, "TEXPOOL/TEXPOOL PRIME", A PUBLIC FUNDS INVESTMENT POOL.**

- f. Approve an Ordinance Repealing the City Curfew for Minors. (Police Chief Dean Habel)

The City has previously adopted a curfew that restricts the movement and activities of persons under the age of 18 ("minors"), as an effort to mitigate the amount of

juvenile violence, vandalism, illegal drug activity, and other crime committed within the City.

Governor Greg Abbot has signed into law HB 1819, effective September 1, 2023, that creates a new Local Government Code § 370.007, that prohibits any political subdivision from adopting or enforcing ordinances which would impose curfews on the movements or actions of minors unless for emergency management purposes.

**AN ORDINANCE OF THE CITY OF ANNA, TEXAS, REPEALING ITS CURFEW FOR MINORS; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**MOTION:** Mayor Pro Tem Miller moved to approve. Council Member Atchley seconded. Motion carried 5-1. Council Member Toten opposed.

- g. Approve a Resolution adopting a minimum Value to Lien (VTL) ratio regarding the AnaCapri Development Agreement. (Director of Economic Development Joey Grisham)

The City Council approved a Development Agreement with Megatel on October 12, 2021 for the AnaCapri Development that stated any reduction to the value to lien ratio must be approved by the City Council via Resolution.

Based on the latest appraisal, the updated value to lien ratio is 1.76:1. Previously, the City Council approved a minimum of 1.8:1.

**A RESOLUTION OF THE CITY OF ANNA, TEXAS APPROVING A LIEN TO VALUE RATIO WITH RESPECT TO THE ANACAPRI PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT**

- h. Approve an Ordinance authorizing the issuance of the "City of Anna, Texas, special assessment revenue bonds, series 2023 (The Woods at Lindsey Place Public Improvement District Improvement Area #1 project)" in a principal amount not to exceed \$7,419,000 payable from special assessments to fund public improvements in improvement area #1 of The Woods at Lindsey Place Public Improvement District; approving and authorizing an indenture of trust, a bond purchase agreement, a limited offering memorandum, a continuing disclosure agreement and other agreements and documents in connection therewith; making findings with respect to the issuance of such bonds; and providing an effective date. (Director of Economic Development Joey Grisham)

The City Council approved the Preliminary Limited Offering Memorandum (PLOM) at its August 22, 2023 meeting.

The next step in the PID bond process for The Woods at Lindsey Place is approval of the indenture of trust, bond purchase agreement, limited offering memorandum, continuing disclosure agreement, and other documents in connection with the project. The bond closing is expected to take place on October 10, 2023.

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE "CITY OF ANNA, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023 (THE WOODS AT LINDSEY PLACE PUBLIC IMPROVEMENT DISTRICT**

IMPROVEMENT AREA #1 PROJECT)" IN A PRINCIPAL AMOUNT NOT TO EXCEED \$7,419,000 PAYABLE FROM SPECIAL ASSESSMENTS LEVIED UPON IMPROVEMENT AREA #1 OF THE WOODS AT LINDSEY PLACE PUBLIC IMPROVEMENT DISTRICT TO FUND PUBLIC IMPROVEMENTS IN SAID DISTRICT; APPROVING AND AUTHORIZING AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, A LIMITED OFFERING MEMORANDUM, A CONTINUING DISCLOSURE AGREEMENT AND OTHER AGREEMENTS AND DOCUMENTS IN CONNECTION THEREWITH; MAKING FINDINGS WITH RESPECT TO THE ISSUANCE OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE

- i. Approve a Resolution approving a Preliminary Limited Offering Memorandum for the sale of "City of Anna, Texas Special Assessment Revenue Bonds, Series 2023 (AnaCapri Public Improvement District Improvement Area #1 Project." (Director of Economic Development Joey Grisham)

The City Council previously approved a Development Agreement and Public Improvement District for AnaCapri.

The next step for PID bonds related to the AnaCapri Improvement Area #1 is approval of the Preliminary Limited Offering Memorandum (PLOM). Bond closing is currently scheduled for October 24, 2023.

RESOLUTION APPROVING A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR THE SALE OF "CITY OF ANNA, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023 (ANACAPRI PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)"

- j. Approve Resolution Authorizing Restoration of Historic Anna Fire Truck. (Interim Public Works Director Steven Smith)

In 2021, a landowner in Sweetwater, Texas contacted staff stating that he was in possession of a 1948 GMC fire truck which was previously in service in the City of Anna, Texas. Once verified, staff acquired the vehicle.

Fleet personnel assessed the vehicle, and it was substantially intact. Staff made several attempts to contact restoration facilities that handle classic fire truck restoration and repair. Luckily, a facility was located in Pilot Point, Texas and it is the sole facility in the region able to complete this type of project.

A RESOLUTION OF THE CITY OF ANNA, TEXAS AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR THE RESTORATION OF A HISTORIC FIRE TRUCK BY FIRETRUCKS OF AMERICA IN THE AMOUNT NOT TO EXCEED FIFTY-SIX THOUSAND FIVE HUNDRED DOLLARS AND ZERO CENTS (\$56,500.00); AND PROVIDING FOR AN EFFECTIVE DATE.

MOTION: Council Member Baker moved to approve. Council Member Toten seconded. Motion carried 6-0.

Mayor Pike returned to the meeting at 6:30 PM.

**7. Items For Individual Consideration.**

- a. Consider/Discuss/Action approving an Ordinance adopting the FY2024 Budget. (Budget Manager Terri Doby)

Texas Local Government Code 102.007 requires the adoption of the budget by the governing body of the municipality by a record vote.

The Annual Budget is developed through an extensive process of reviewing requests received from various City departments, then prioritizing those requests in a manner that utilizes resources effectively, within fiscal constraints, while working to achieve goals set forth by the City Council.

The proposed budget was presented to the City Council on August 8th and was posted on the City's website on August 9th. The public hearing on the proposed budget and tax rate were conducted on September 5th.

The FY2024 budget is funded with a tax rate of \$0.510717 per \$100 in taxable value, which less than the tax rate adopted last year.

While budgets are always a challenge, we have worked diligently to propose a budget that is both balanced and sufficient to meet the needs of the coming fiscal year while sustainable for years to come. We express our appreciation to the City Council for their diligent efforts throughout the year in providing guidance, direction and support for our efforts to serve the City of Anna.

As Anna continues to grow, the city remains committed to its Strategic Success Statements. The FY2024 budget is designed to preserve and enhance the quality of existing services and respond appropriately to our City's continuing growth and development.

AN ORDINANCE MAKING APPROPRIATIONS FOR THE SUPPORT OF THE CITY OF ANNA FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2023 AND ENDING SEPTEMBER 30, 2024; APPROPRIATING MONEY TO AN INTEREST AND SINKING FUND TO PAY INTEREST AND PRINCIPAL ON THE CITY'S INDEBTEDNESS; AND ADOPTING THE ANNUAL BUDGET OF THE CITY OF ANNA FOR THE 2023 – 2024 FISCAL YEAR.

MOTION: Mayor Pike moved to approve. Mayor Pro Tem Miller seconded. Motion carried 7-0.

- b. Consider/Discuss/Action regarding a Resolution ratifying the property tax revenue increase reflected in the City of Anna FY2024 Budget. (Budget Manager Terri Doby)

Section 102.007 of the Local Government Code states that adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax increase reflected in the budget. A vote under this subsection is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate required by Chapter 26, Tax Code.

The budget is funded by a tax rate of \$0.510717. While this rate is less than the tax rate adopted last year, a separate vote of the governing body to ratify the property tax increase reflected in the budget is required. The total amount of revenue generated from property taxes will increase by \$3,057,846 which is a 23.6 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$1,934,510.

A RESOLUTION OF THE CITY OF ANNA, ACKNOWLEDGING AND RATIFYING THAT THE ADOPTION OF THE FISCAL YEAR 2023-2024 ANNUAL BUDGET WILL REQUIRE RAISING MORE REVENUE FROM PROPERTY TAXES THAN IN THE PREVIOUS FISCAL YEAR

MOTION: Mayor Pro Tem Miller moved to approve. Council Member Carver seconded. Motion carried 7-0.

- c. Consider/Discuss/Action approving an Ordinance adopting the FY2024 Tax Rate. (Budget Manager Terri Doby)

Section 26.05 of the Property Tax Code requires that the governing body of each taxing unit adopt a tax rate for the current year and shall notify the assessor for the taxing unit of the rate adopted. The governing body must adopt a tax rate before September 30th. The tax rate consists of two components, (operations and maintenance rate and debt service rate), each of which must be approved separately.

The FY2024 budget can be funded by adopting a tax rate of \$0.510717 cents per \$100 valuation. Of the total tax rate, \$0.365930 cents are dedicated to the general fund maintenance and operations (M&O) and \$0.144787 cents are dedicated for the payment of general fund debt obligations, or interest and sinking (I&S).

AN ORDINANCE LEVYING PROPERTY TAXES FOR USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF ANNA FOR THE 2023-2024 FISCAL YEAR; PROVIDING FOR AN INTEREST AND SINKING FUND FOR ALL OUTSTANDING DEBT OF THE CITY OF ANNA; PROVIDING FOR APPORTIONING EACH LEVY FOR THE SPECIFIC PURPOSES; AND, PROVIDING WHEN TAXES SHALL BECOME DUE AND WHEN SAME SHALL BECOME DELINQUENT IF NOT PAID.

MOTION: Mayor Pike moved that the property tax rate be increased by the adoption of a tax rate of \$0.510717, which is effectively a 10.0% percent increase in the tax rate. Council Member Cain seconded. Motion carried 7-0.

- d. First Reading of a Resolution approving the Fiscal Year 2023-2024 Anna Community Development Corporation Annual Budget. (Director of Economic Development Joey Grisham)

Two readings of the Resolution are required prior to adopting the CDC Budget. The Resolution is included in the proceeding item adopting the CDC Budget. The CDC Board approved the proposed FY 2023 budget on July 20, 2023. This was the first reading of the Resolution. The presiding officer read the following:

A RESOLUTION OF THE CITY OF ANNA, TEXAS RATIFYING AND APPROVING THE FISCAL YEAR 2023-2024 BUDGET FOR THE ANNA COMMUNITY DEVELOPMENT CORPORATION; AND PROVIDING AN EFFECTIVE DATE.

- e. Second Reading of a Resolution approving the Fiscal Year 2023-2024 Anna Community Development Corporation Annual Budget. (Director of Economic Development Joey Grisham)

Two readings of the Resolution are required prior to adopting the CDC Budget. The Resolution is included in the proceeding item adopting the CDC Budget. The CDC Board approved the proposed FY 2023 budget on July 20, 2023. This was the second reading of the Resolution. The presiding officer read the following:

A RESOLUTION OF THE CITY OF ANNA, TEXAS RATIFYING AND APPROVING THE FISCAL YEAR 2023-2024 BUDGET FOR THE ANNA COMMUNITY DEVELOPMENT CORPORATION; AND PROVIDING AN EFFECTIVE DATE.

- f. Consider/Discuss/Action a Resolution approving the Fiscal Year 2023-2024 Anna Community Development Corporation Annual Budget. (Director of Economic Development Joey Grisham)

Staff proposed a \$5,321,405 FY 2023 Budget, and it was approved by the CDC Board on July 20, 2023.. The FY 2024 Budget is focused heavily on the Downtown Master Plan implementation, including \$2 million for the municipal plaza, and continuing to attract new businesses and developments to Anna.

A RESOLUTION OF THE CITY OF ANNA, TEXAS RATIFYING AND APPROVING THE FISCAL YEAR 2023-2024 BUDGET FOR THE ANNA COMMUNITY DEVELOPMENT CORPORATION; AND PROVIDING AN EFFECTIVE DATE.

MOTION: Council Member Carver moved to approve. Mayor Pro Tem Miller seconded. Motion carried 7-0.

- g. Consider/Discuss/Action on a Resolution approving the Fiscal Year 2023-2024 Anna Economic Development Corporation Annual Budget. (Director of Economic Development Joey Grisham)

Staff proposed a \$534,550 FY 2024 Budget, and it was approved by the CDC Board on July 20, 2023. The FY 2024 Budget is focused heavily on attracting primary jobs.

A RESOLUTION OF THE CITY OF ANNA, TEXAS RATIFYING AND APPROVING THE FISCAL YEAR 2023-2024 BUDGET FOR THE ANNA ECONOMIC DEVELOPMENT CORPORATION; AND PROVIDING AN EFFECTIVE DATE.

MOTION: Council Member Toten moved to approve. Mayor Pro Tem Miller seconded. Motion carried 7-0.

- h. Consider/Discuss/Action on a Resolution authorizing the City Manager to execute a Park Fee Development Agreement by and between the City of Anna, Texas and Skorburg Lot Development, LLC; in a form approved by the City Attorney; and providing for an effective date. (Interim Assistant City Manager Greg Peters, P.E.)

The zoning for the development project was approved at the June 27, 2023 City Council Meeting.

This item was discussed at the August 22, 2023 City Council Meeting where no action was taken. The developer met with the Park Board Liaison and backup Park Board Liaison and discussed the terms of the agreement in more detail. Following the meeting, the developer made the following changes to the agreement:

- Modified language to be clear regarding the park being dedicated to the City at the time of final plat for the first phase of the proposed single family development.
- Added language stating that any funds of the identified \$1,972,500 not spent on the park by the developer would be paid to the City for use by the City in constructing park improvements.
- Clarified that the Add Alternate Park Improvements may be constructed by the developer, or by the City, with scenarios.

Staff feels that these changes adequately address the concerns raised at the August 22, 2023 City Council Meeting and recommend approval.

Original item language:

Skorburg Lot Development, LLC is seeking to build a residential development known as Skorburg Anna Ranch, northeast of the intersection of East Foster Crossing and Leonard Avenue. The zoning for the project was approved at the June 27, 2023 City Council Meeting..

The Concept Plan shows a 28-acre (+/-) common area which the developer has agreed to dedicate to the City for a public park. The developer is seeking to utilize the Park Development Fees collected from the development to construct improvements on the park property for the benefit of both the Skorburg Anna Ranch neighborhood and all neighbors in Anna.

The developer has presented the overall park concept to the Park Board, who received the concept positively at the May Park Board Meeting. The park concept is attached as Exhibit B - Park Concept Plan. If this agreement is approved, the developer is prepared to return to the Park Board at their September, 2023 meeting to finalize the list of proposed amenities with input and feedback from the board, and begin the design process.

The key developer deal points of the agreement are listed below:

- The developer agrees to dedicate 28-acres (+/-) of park land in lieu of paying Park Land Dedication Fees.
- The developer agrees to a total project budget of \$1,972,500 for the design and construction of improvements to the park. Said funding shall be provided

by the developer in lieu of paying Park Development Fees at the time of Final Plat. Should the developer spend less than \$1,972,500, the remaining balance shall be paid to the City as Park Development Fees on a per lot basis (\$1,500 for single family, \$2,000 for multi-family) at the time of building permit until the total budget is met.

- The developer agrees to provide the land surveying/engineering/landscaping design and construction plans for the park, including base items and alternate items.
- The developer agrees to construct the following base park amenities: North Parking Lot, Restroom, Pavilion, Playground, Soccer Field, East-West Trail.
- The developer agrees to construct the following add-alternate park amenities, if they can be constructed within the overall project budget of \$1,972,500: South Parking Lot, Trails to/from South Parking Lot, Pickleball & Tennis Courts, Volleyball Courts (sand).

The key City deal points of the agreement are provided below:

- The City agrees to waive Park Land Dedication Fees and Park Development Fees for the Skoburg Anna Ranch Project as noted above.
- The City may choose to provide additional funds to construct alternate amenities which do not fit within the project budget.
- The City reserves the right to use the construction plans to construct any alternate amenities in the future at the City's cost.

The agreement has specific timeline requirements, including:

- The Developer must commence design within 120 days of the execution of the agreement.
- The northern parking lot, restroom, and east-west trail must be completed prior to the 50th house being occupied.
- The pavilion, playground, and one or more soccer fields must be completed before the 100th house is occupied.
- All add-alternate improvements which fit in the project budget must be completed before the 200th house is occupied.

Staff recommends approval of the agreement for the following reasons:

- The proposed dedication meets the intent of the Park Master Plan and the Strategic Plan Success Statement: Active, "Diverse recreational venues."
- The park land identified is of a size and topography which will provide important outdoor public space for all Anna neighbors to enjoy.
- The Developer is seeking to work directly with the Park Board to design and construct park amenities based on community needs.

A RESOLUTION OF THE CITY OF ANNA, TEXAS AUTHORIZING THE CITY MANAGER TO EXECUTE A PARK DEVELOPMENT FEE AGREEMENT WITH SKORBURG AQUISITIONS, LLC FOR THE DESIGN AND CONSTRUCTION OF A PUBLIC PARK, IN A FORM APPROVED BY THE CITY ATTORNEY; AND PROVIDING FOR AN EFFECTIVE DATE.

MOTION: Council Member Carver moved to approve. Council Member Totten seconded. Motion carried 7-0.

- i. Conduct a Public Hearing/Consider/Discuss/Action on a Resolution approving a negotiated settlement between The Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division regarding the company's 2023 rate review mechanism filing. (City Attorney Clark McCoy)

The City, along with 181 other Mid-Texas cities served by Atmos Energy Corporation, Mid-Tex Division ("Atmos Mid-Tex" or "Company"), is a member of the Atmos Cities Steering Committee ("ACSC"). In 2007, ACSC and Atmos Mid-Tex settled a rate application filed by the Company pursuant to Section 104.301 of the Texas Utilities Code for an interim rate adjustment commonly referred to as a GRIP filing (arising out of the Gas Reliability Infrastructure Program legislation). That settlement created a substitute rate review process, referred to as Rate Review Mechanism ("RRM"), as a substitute for future filings under the GRIP statute.

Since 2007, there have been several modifications to the original RRM Tariff. The most recent iteration of an RRM Tariff was reflected in an ordinance adopted by ACSC members in 2018. On or about March 31, 2023, the Company filed a rate request pursuant to the RRM Tariff adopted by ACSC members. The Company claimed that its cost-of-service in a test year ending December 31, 2022, entitled it to additional system-wide revenues of \$165.9 million.

Application of the standards set forth in ACSC's RRM Tariff reduces the Company's request to \$156.1 million, \$113.8 million of which would be applicable to ACSC members. After reviewing the filing and conducting discovery, ACSC's consultants concluded that the system-wide deficiency under the RRM regime should be \$130.9 million instead of the claimed \$156.1 million.

After several settlement meetings, the parties have agreed to settle the case for \$142 million. This is a reduction of \$23.9 million to the Company's initial request. This includes payment of ACSC's expenses. The settlement also includes an additional \$19.5 million for the securitization regulatory asset expenses related to Winter Storm Uri. This was previously approved by the Texas Legislature and Railroad Commission. The Effective Date for new rates is October 1, 2023. ACSC members should take action approving the Resolution/Ordinance before September 30, 2023.

#### **RATE TARIFFS**

Atmos generated rate tariffs attached to the Resolution/Ordinance will generate \$142 million in additional revenues. Atmos also prepared a Proof of Revenues supporting the settlement figures. ACSC consultants have agreed that Atmos' Proof of Revenues is accurate.

## **BILL IMPACT**

The impact of the settlement on average residential rates is an increase of \$6.47 on a monthly basis, or 7.31%. The increase for average commercial usage will be \$24.72 or 5.19%. Atmos provided bill impact comparisons containing these figures.

## **SUMMARY OF ACSC'S OBJECTION TO THE UTILITIES CODE SECTION 104.301 GRIP PROCESS**

ACSC strongly opposed the GRIP process because it constitutes piecemeal ratemaking by ignoring declining expenses and increasing revenues while rewarding the Company for increasing capital investment on an annual basis. The GRIP process does not allow any review of the reasonableness of capital investment and does not allow cities to participate in the Railroad Commission's review of annual GRIP filings or allow recovery of Cities' rate case expenses. The Railroad Commission undertakes a mere administrative review of GRIP filings (instead of a full hearing) and rate increases go into effect without any material adjustments. In ACSC's view, the GRIP process unfairly raises customers' rates without any regulatory oversight. In contrast, the RRM process has allowed for a more comprehensive rate review and annual evaluation of expenses and revenues, as well as capital investment.

## **RRM SAVINGS OVER GRIP**

While residents outside municipal limits must pay rates governed by GRIP, there are some cities served by Atmos Mid-Tex that chose to remain under GRIP rather than adopt RRM. Additionally, the City of Dallas adopted a variation of RRM which is referred to as DARR. When new rates become effective on October 1, 2023, ACSC residents will maintain an economic monthly advantage over GRIP and DARR rates.

Note: ATM Cities and Environs rates are as-filed. Also note that DARR uses a test year ending in September rather than December.

Mayor Pike opened the public hearing at 7:04 PM.

No comments.

Mayor Pike closed the public hearing at 7:07PM.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANNA, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE ("ACSC") AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2023 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 ATTACHMENT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; REQUIRING THE COMPANY TO REIMBURSE ACSC'S 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 ACSC'S LEGAL COUNSEL.

MOTION: Mayor Pike moved to approve. Council Member Cain seconded. Motion carried 7-0.

**8. Closed Session (Exceptions).**

Under Tex. Gov't Code Chapter 551, the City Council may enter into Closed Session to discuss any items listed or referenced on this Agenda under the following exceptions:

- a. Consult with legal counsel regarding pending or contemplated litigation and/or on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Government Code (Tex. Gov't Code §551.071). Application of City authority and land-use regulations and related matters.
- b. Discuss or deliberate the purchase, exchange, lease, or value of real property (Tex. Gov't Code §551.072).
- c. Discuss or deliberate Economic Development Negotiations: (1) To discuss or deliberate regarding commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay, or expand in or near the territory of the City of Anna and with which the City is conducting economic development negotiations; or (2) To deliberate the offer of a financial or other incentive to a business prospect described by subdivision (1). (Tex. Gov't Code §551.087).
- d. Discuss or deliberate personnel matters (Tex. Gov't Code §551.074). Boards and Commission. Legal services review.

No Closed Session

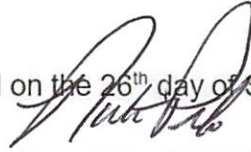
8. Consider/Discuss/Action on any items listed on any agenda - work session, regular meeting, or closed session - that is duly posted by the City of Anna for any City Council meeting occurring on the same date as the meeting noticed in this agenda.

No action taken.

**9. Adjourn.**

Mayor Pike adjourned the meeting at 7:07 PM.

Approved on the 26<sup>th</sup> day of September 2023



ATTEST:



City Secretary Carrie L. Land

Mayor Nate Pike

