

CITY OF DENTON CITY COUNCIL MINUTES

May 30, 2017

After determining in Open Session that a quorum was present, the City Council convened in a Closed Meeting on Tuesday, May 30, 2017 at 2:00 p.m. in the Council Work Session Room at City Hall.

PRESENT: Council Member Briggs, Council Member Wazny, Council Member Gregory, Council Member Ryan, and Mayor Watts.

ABSENT: Mayor Pro Tem Bagheri and Council Member Hudspeth.

1. Closed Meeting:

A. ID 17-705 Consultation with Attorneys - Under Texas Government Code, Section 551.071

Receive information from, consult with, deliberate, and provide direction and/or recommendations to the City's attorneys regarding (i) the City's participation in the Atmos Texas Municipalities ("ATM") group, or any other such group, as it relates to the current gas utility Rate Review Mechanism ("RRM") with Atmos Energy Corporation, Mid-Tex Division ("Atmos") or any such future gas utility rate review procedure with Atmos, (ii) Atmos' 2017 application under the RRM ("2017 RRM") seeking a system-wide base-rate increase of \$57.4 million, (iii) the City's options with respect to Atmos' 2017 RRM, (iv) the status of the current RRM, and (v) how to proceed with respect to Atmos and future applications for gas utility rate increases. A public discussion of these legal matters would conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would jeopardize the City's legal position in any administrative proceeding or potential litigation.

Following the completion of the Closed Meeting at 2:55 p.m., the City Council convened in a Special Called Meeting to consider the following items:

1. **ITEMS FOR INDIVIDUAL CONSIDERATION**

- A. ID 17-706 Reconsider the approval of a resolution of the City Council of the City of Denton, passed on May 23, 2017, approving a change in the rates of Atmos Energy Corporation, Mid-Tex Division ("Atmos") as a result of a settlement between Atmos and the Atmos Texas Municipalities ("ATM") under the rate review mechanism; finding the rates set by the attached tariffs to be just and reasonable; finding that the meeting complied with the Open Meetings Act; declaring an effective date; and requiring delivery of the resolution to the company and legal counsel; and providing an effective date.

Mayor Watts stated that he had asked for the option to reconsider the resolution concerning an Atmos rate increase. He noted if 1A, the motion to reconsider, passed then Council could consider 1B. If 1A failed, then resolution from last week would stand.

Council Member Gregory stated that Council could vote to reconsider and after that could vote again for same resolution.

Speaker Cards were submitted by:

Willie Hudspeth felt that the Closed Session was not appropriate and illegal.
Deb Armintor urged the Council to vote yes to reconsider.

Interim City Attorney Leal stated that if Council approved the motion to reconsider, the previous action on the resolution would be reversed and Council would start over with a new resolution. He read the section of the Council's Rules of Procedure concerning reconsideration.

Mayor Watts stated that he had asked for the motion to reconsider as he wanted more information relative to the issue and noted his rationale for requesting reconsideration. At this point, he had the information he needed and was not in favor of reconsideration.

Council Member Gregory felt that Council made the right consideration at the last meeting. Even at best, the proposal of \$32 million, if approved by the Railroad Commission, would only increase the rate by \$.69 cents per month but would cost \$8-\$9 per month with legal fees added. That was not a win. He was willing to let the motion stand as approved last week.

Council Member Briggs wanted to go on record that she nervous about the increase. She felt there needed to be a policy discussion regarding the entire process.

Council Member Wazny stated that if Council questioned the process, then she would recommend a Council committee to start the process to reach out to the two different coalitions and re-evaluate which coalition would benefit the city the most and bring that information back to Council. A three member committee could be formed to help find the answers.

Council Member Gregory noted that in the two coalitions there were 227 cities that ranged in size from Sanger to Fort Worth and Austin. Of those 227 cities, none had rejected the settlement to the agreement. If Denton did, it would be separate fight from Dallas and the cost would be on Denton ratepayers. It would be a bad deal for Denton.

Council Member Ryan stated that he was glad for the information for reconsideration but still did not feel it should be reconsidered. He recommended that staff and the coalition work with legislators in the future.

Item 1A died for lack of a motion from an affirmative member.

Item 1B would not be considered as 1A did not pass.

- B. ID 17-707 Consider approval of a resolution by the City of Denton, Texas ("City"), either (i) approving a change in the rates of Atmos Energy Corporation, Mid-Tex Division ("Atmos") as a result of a settlement between Atmos and the Atmos Texas Municipalities ("ATM") under the Rate Review Mechanism and finding the rates set by the attached tariffs to be just and reasonable, OR (ii) finding that the 2017 Rate Review Mechanism filing of Atmos for a rate increase of \$57,400,000 is unjust and unreasonable and denying Atmos' proposed rate increase and, if desired, approving a different rate increase amount; finding that the meeting complied with the Open Meetings Act; declaring an effective date; and requiring delivery of

the resolution to the company and legal counsel; and providing an effective date. [This item to be considered only if a Motion for Reconsideration of the foregoing agenda item is approved.]

This item was not considered.

2. CONCLUDING ITEMS

- A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the City Council or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

Council Member Gregory requested action necessary to reassign or add to the Audit Finance Committee assignment the task of utility rates review and working with other cities in the coalition.

Council Member Gregory requested a Work Session on a comprehensive plan for economic development goals, objectives and specific strategies.

Council Member Briggs asked for a staff report on the City's Brady List.

With no further business, the meeting was adjourned at 3:20 p.m.

CHRIS WATTS
MAYOR
CITY OF DENTON, TEXAS

JENNIFER WALTERS
CITY SECRETARY
CITY OF DENTON, TEXAS