Mayor Spraggins called the special meeting of the Sulphur Springs City Council to order at 7:06 p.m. The following council members and staff were present:

Mayor Gary Spraggins  
Mayor Pro Tem Johnson  
Councilman Chris Brown  
Councilman Charles Oxford

Absent:  
Councilman Clay Walker  
Councilman Oscar Aguilar  
Councilman Freddie Taylor

Staff:  
Marc Maxwell, City Manager  
Gale Roberts, City Secretary  
Peter Karstens, Director of Finance  
Gordon Frazier, Director of Human Resources

PLEDGE AND INVOCATION
Mayor Spraggins led in the pledge of allegiance and Councilman Brown led in the invocation.

DISCUSSION ON PUBLIC HEARING FOR SECOND AND FINAL READING OF ORDINANCE NO. 2577, THE APPROPRIATIONS ORDINANCE FOR THE CITY OF SULPHUR SPRINGS FISCAL YEAR 2010-2011
Finance Director Peter Karstens presented the staff report. This is the second and final reading of the ordinance adopting the fiscal year budget for 2010-11 and appropriating certain funds and directing their expenditure. The budget is exactly the same as it was presented at the workshop with the added specific financial reporting conditions as a condition of receiving funds. The verbiage has been incorporated as part of the budget under a section titled “Policies” inserted in the budget directly after the budget ordinances. There was no one else to speak to the issue. Councilman Oxford moved to
adopt the ordinance on the second and final reading with the inclusion of the grant policy. Mayor Pro Tem Johnson seconded and the vote was unanimous.

The motion carried.

**DISCUSSION/ACTION ON PUBLIC HEARING FOR SECOND AND FINAL READING OF ORDINANCE NO. 2578, SETTING THE TAX RATE FOR THE CITY OF SULPHUR SPRINGS FOR 2010**
Finance Director Peter Karstens presented the staff report. The property tax rate overall stays the same at 44 cents per $100 of valuation. The taxes in ordinance are actually assessed on property tax as of January 1, 2010, though they are due after the tax rate is set. There was no one else to speak to the issue. Councilman Brown moved that property taxes be decreased by the adoption of a tax rate of $0.44 per $100 of valuation, adopting the ordinance on the second and final reading. Mayor Pro Tem Johnson seconded and the vote was unanimous.

The motion carried.

**DISCUSSION/ACTION ON PUBLIC HEARING FOR SECOND AND FINAL READING OF ORDINANCE NO.2579, SETTING THE WATER RATE FOR THE CITY OF SULPHUR SPRINGS FOR 2010**
Finance Director Peter Karstens presented the staff report. The water rates, as noted in the budget workshops, increase by 3.8% from last year’s budget. There was no one else to speak to the issue. Mayor Pro Tem Johnson moved to adopt the ordinance on the second and final reading. Councilman Oxford seconded and the vote was unanimous.

The motion carried.

**DISCUSSION/ACTION ON PUBLIC HEARING FOR SECOND AND FINAL READING OF ORDINANCE NO. 2580, SETTING THE SEWER RATE FOR THE CITY OF SULPHUR SPRINGS FOR 2010**
Finance Director Peter Karstens presented the staff report. The sewer rates, as noted in the budget workshops, increase by 3% from last year’s budget. There was no one else to speak to the issue. Councilman Brown moved to adopt the ordinance on the second and final reading. Councilman Oxford seconded and the vote was unanimous.

The motion carried.

**DISCUSSION/ACTION ON PUBLIC HEARING FOR SECOND AND FINAL READING OF ORDINANCE NO. 2581, SETTING THE SANITATION RATE FOR THE CITY OF SULPHUR SPRINGS FOR 2010**
Finance Director Peter Karstens presented the staff report. The sanitation rates, as noted
in the budget workshops, increase by 3.0% from last year’s budget. There was no one else to speak to the issue. Councilman Oxford moved to adopt the ordinance on the second and final reading. Councilman Brown seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PUBLIC HEARING ON SECOND AND FINAL READING OF ORDINANCE NO. 2582, APPROVING A NEGOTIATED RESOLUTION BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC” OR “STEERING COMMITTEE”) AND ATMOS ENERGY CORP., MID-TEX DIVISION (“ATMOS MID-TEX” OR “COMPANY”) REGARDING THE COMPANY’S THIRD RATE REVIEW MECHANISM (“RRM”) FILING IN ALL CITIES EXERCISING ORIGINAL JURISDICTION; DECLARING EXISTING RATES TO BE UNREASONABLE; REQUIRING THE COMPANY TO REIMBURSE CITIES’ REASONABLE RATEMAKING EXPENSES; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; APPROVING ATMOS MID-TEX’S PROOF OF REVENUES; EXTENDING THE RRM PROCESS FOR TWO CYCLES AND ADOPTING A NEW RRM TARIFF; RATIFYING THE SETTLEMENT AGREEMENT, INCLUDING COST RECOVERY FOR A STEEL SERVICE LINE REPLACEMENT PROGRAM; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE STEERING COMMITTEE’S LEGAL COUNSEL.

The City, along with approximately 148 other cities served by Atmos Energy Mid-Tex Division (“Atmos Mid-Tex” or “Company”), is a member of the Atmos Cities Steering Committee (“ACSC” or “Steering Committee”). On or about March 15, 2010, Atmos Mid-Tex filed with the City an application to increase natural gas rates pursuant to the Rate Review Mechanism (“RRM”) tariff approved by the City as part of the settlement of the Atmos Mid-Tex 2007 Statement of Intent to increase rates. This is the third RRM filing under a three year experimental program.

The Atmos Mid-Tex RRM filing sought a $70.2 million rate increase. The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its request to increase rates. The Ordinance and attached rate and RRM tariffs are the result of negotiations between ACSC and the Company to resolve issues raised by ACSC during the review and evaluation of ACSC’s RRM filing. The Ordinance resolves the Company’s RRM filing by authorizing an increase in the Company’s base rate of $27 million effective for bills rendered on or after October 1, 2010. Additionally, the
Ordinance authorizes supplemental revenue of $3.4 million to be recovered through the customer charge component of rates to cover direct costs associated with a steel service line replacement program. The monthly bill impact for the average residential customer will be a $1.40 increase (about a 3.15% increase in the total bill).

The ACSC Executive Committee and ACSC legal counsel recommend that all ACSC Cities adopt the Ordinance implementing the rate change.

There was no one else to speak to the issue. Councilman Brown moved to adopt the ordinance on the second and final reading. Mayor Pro Tem Johnson seconded and the vote was as follows:

Ayes: Johnson, Spraggins, Brown
Nays: None
Abstain: Oxford

The motion carried.

DISCUSSION/ACTION ON APPROVAL OF RESOLUTION NO. 1001 AUTHORIZING THE SUBMISSION OF A TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT
This resolution authorizes the submission of a grant application to the CDBG Program which has altered its scoring criteria. The project chosen must be in a neighborhood which scores as 51% low-mod. The grant application is for $275,000 with a $55,000 match of which $35,000 would be cash from the CIO and $20,000 forces account labor. The project chosen is two blocks of Rogers and Mulberry Streets from Connally Street north to Van Sickle Street which is the area behind the old library. There was no one else to speak to the issue. Councilman Oxford moved to approve the resolution as presented. Mayor Pro Tem Johnson seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON THE 2010 ADOPTED HOPKINS COUNTY APPRAISAL DISTRICT BUDGET
In accordance with Section 6.06 (a) of the Texas Property Tax Code the 2010 proposed Hopkins County Appraisal District’s budget was forwarded to the City Council for their information and review. The Hopkins County Appraisal District budget is brought before the City Council for approval each year. Bill Watts is the City’s representative on the Hopkins County Appraisal District Board of Directors and the budget has been approved by this board. There was a general discussion. It was determined that next year the City Council would like a representative of the Hopkins County Appraisal District to be present to answer any questions that may arise. There was no one else to speak to the
issue. Mayor Spraggins moved to approve the budget as presented. Councilman Oxford seconded and the vote was unanimous.

The motion carried.

**DISCUSSION/ACTION ON APPROVAL OF REIMBURSEMENT RESOLUTION NO. 1002**

This resolution allows the city to expend certain funds on projects and get reimbursed later by bonds (COs). However, this is not an authorization to expend funds which is done through the budget. The expenditures include initial work on the old library and two pumps at the water plant. The maximum amount will not exceed $400,000. There was no one else to speak to the issue. Councilman Oxford moved to approve the resolution as presented. Councilman Brown seconded and the vote was unanimous.

The motion carried.

**VISITORS/PUBLIC FORUM**

None.

**ADJOURN**

With all business complete the meeting was adjourned at 7:31 p.m.