

MINUTES OF A STUDY SESSION OF THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS, HELD AT TOWN HALL, 4700 DREXEL DRIVE, HIGHLAND PARK, TX, 75205, AT 8:21 A.M. ON TUESDAY, SEPTEMBER 5, 2023.

Present at the meeting were Mayor Will C. Beecher, Mayor Pro Tem Craig Penfold, Town Council Members Lydia Novakov, Don Snell, and Leland White. Council Member Marc Myers was absent from the meeting.

**Future Agenda Discussion**

*Review and discuss a request to extend the construction time period for a remodeled single-family residence at 3906 Shenandoah Avenue.* Hugh Pender, Director of Development Services, explained that the property owners of 3906 Shenandoah Avenue requested a permit extension of six months beyond their 24-month permit time limit of August 31, 2023. At the 18-month construction progress inspection, it was identified that the project would not be completed in the permit's 24-month allowance. With approval of a six-month extension, the permit will expire on February 29, 2024. Mr. Matt Cain, the general contractor of Tatum Brown Custom Homes, identified that the additional time period is necessitated due to workforce shortages, extensive selective demolition, design and structural changes, flooded crawl space, and challenges with a solar energy storage system. In response to a question raised by Council Member White, Mr. Cain confirmed that they believe they can complete the project by February 29, 2024. To date, no responses have been received following the Town's letter mailed to surrounding property owners advising them of a permit extension request. In response to a question raised by Mayor Pro Tem Penfold, Mr. Pender confirmed that the property is required to maintain a screening fence during reconstruction.

*Review, discuss, and consider approval of engaging Weaver and Tidwell, L.L.P. as the Town's independent auditor to conduct the annual audit and alternative examination the fiscal year ending September 30, 2023.* Karen Kurtin, C.P.A., Deputy Chief Financial Officer, explained that during the Fiscal Year ("FY") 2020-21, staff conducted a request for proposals from external accounting firms to provide independent auditing services. Through that process, staff recommended to the Finance & Audit Advisory Committee that Weaver and Tidwell, LLP be engaged to conduct the annual audit for FY 2020-21, with the opportunity to conduct the Town's audit for the following four-year period subject to annual approval by the Town Council. In response to a question from Council Member Novakov, Ms. Kurtin confirmed that the staff has been satisfied with the work performed by Weaver and Tidwell, LLP. With Town Council approval, Weaver and Tidwell, L.L.P. is prepared to begin their contract in October. On a motion made by Council Member Lydia Novakov, seconded by Council Member Leland White, the Town Council unanimously voted to approve engaging with Weaver and Tidwell, L.L.P. as the Town's independent auditor to conduct the annual audit and alternative examination the fiscal year ending September 30, 2023.

*Review and discuss interlocal agreements with Dallas County for: (i) food establishment inspections and vector and/or mosquito control and (ii) health services.* Chelsey Gordon, Assistant Director of Development Services, explained that the Town contracts with the Dallas County Department of Health and Human Services ("County") for (i) food establishment inspections and vector and/or mosquito control and (ii) a variety of general public health services. These services are provided under two separate agreements which will begin on October 1, 2023, and terminate on September 30, 2023. Under this Agreement, the County conducts at least two inspections of

each food establishment in the Town during the year for \$210.00 per establishment. In response to a question raised by Mayor Beecherl, Ms. Gordon explained that the Town recovers this charge by issuing a health permit of \$260.00 per permit to each food establishment. If the County deems it necessary to conduct more than two inspections during the year, the County will charge the Town \$105.00 per inspection, which the Town subsequently bills to the food establishment. Under this agreement, the County may also provide additional environmental services such as vector control and/or mosquito abatement as needed or identified. The County offers various health-related services for the Town's residents, including but not limited to disease control services, laboratory services, immunizations, child health care, and others at an annual cost of \$132.00. In response to questions raised by Mayor Pro Tem Penfold, Ms. Gordon explained that the Town receives monthly reports from the County, and the Town does not charge schools for their cafeteria food inspections.

*Review, discuss, and consider approval of an ordinance approving a negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corporation, Mid-Tex Division regarding 2023 Rate Review Mechanism filings.* Karen Kurtin, C.P.A., Deputy Chief Financial Officer, explained that the Town, along with 181 other Mid-Texas cities served by Atmos Energy Corporation, Mid-Tex Division (“Atmos Mid-Tex” or the “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 Gas Reliability Infrastructure Program (“GRIP”). That settlement created a substitute rate review process called the Rate Review Mechanism (“RRM”) as a substitute for future filings under the GRIP statute. 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 on December 31, 2022, entitled it to additional system-wide revenues of \$165.9 million. Application of the standards outlined in ACSC’s RRM Tariff reduces Atmos' request to \$156.1 million, \$113.8 million of which would apply to ACSC members. 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 from the Company’s initial request. This includes payment of ACSC’s expenses. The settlement also includes an additional \$19.5 million to securitize regulatory asset expenses related to Winter Storm Uri. The Texas Legislature and Railroad Commission previously approved this. The Effective Date for new rates is October 1, 2023. ACSC members should take action to approve the Resolution before September 30, 2023. On a motion made by Mayor Pro Tem Craig Penfold, seconded by Council Member Don Snell, the Town Council unanimously voted to approve Ordinance 2119, a negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corporation, Mid-Tex Division regarding 2023 Rate Review Mechanism filings.

#### ORDINANCE NO. 2119

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, 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 ORDINANCE 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 ORDINANCE TO THE COMPANY AND THE ACSC'S LEGAL COUNSEL.

*Review, discuss, and consider the opportunity for a Town Council Member to request an item to be placed on a future Town Council meeting agenda.* The Mayor asked if any Town Council Member would like to request an item be placed on a future Town Council study session agenda for discussion or consideration. No comment was made.

### **Reports**

*Review and discuss the proposed Combined Operating and Capital Budget for Fiscal Year 2023-24.* Karen Kurtin, C.P.A, Deputy Chief Financial Officer, explained that each year, the staff develops a proposed budget to submit to the Town Council for the next fiscal year. The budget ultimately adopted by the Town Council results from a process that receives input from the Town's citizens, departments, management, and the Town Council. Ms. Kurtin presented a report that reviewed the FY 2023-24 proposed budget changes. In the General Fund, the net effect of the personnel cost adjustments resulted from various reclassifications to personnel budgets. In the Utility Fund, the Dallas County Park Cities Municipal Utility District plans to approve their wholesale water rate, which is anticipated to represent 27% rather than a 32.21% rate adjustment. As such, the water rate adjustment currently included in the Proposed Budget can be lowered to 7.55% rather than a 10% adjustment. The alleyway project recently received bids, resulting in a \$1.1M increase in annual projections for FY 2022-23. The elevated storage tank received recent updates to the estimated probable cost of the new water tank, resulting in a \$1.1M increase in the anticipated budget for this project. In the Storm Water Fund, the project for the new pickleball court is moved forward from FY 2025 to FY 2024. The Town Council asked clarifying questions throughout the presentation, to which Ms. Kurtin was able to provide detailed information.

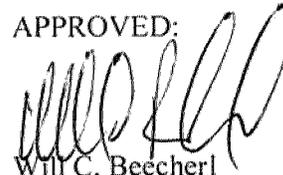
*Review and discuss the monthly Financial and Investment Report and Quarterly Investment Report for the period ending June 30, 2023.* Karen Kurtin, C.P.A, Deputy Chief Financial Officer, presented highlights of the Financial and Investment Report. This report is for the period ending June 30, 2023, which marks the completion of the ninth month of the 2022 - 2023 fiscal year. Therefore, the year-to-date percentage for budgetary comparison purposes is 75.0%. General and Utility Fund combined revenues amount to \$39,638,290, which is 86.2% of the annual budgeted amounts. The General and Utility Fund combined expenditures and encumbrances amount to \$29,890,552 or 64.6% of the Fiscal Year 2022-2023 Combined Budget. Ms. Kurtin also discussed the Quarterly Investment Report prepared by Valley View Consultants, the Town's investment advisors, for the quarter ending June 30, 2023. The total market value of the Town's cash and investment portfolio is \$63,795,527, with an average yield of 5.16% and an average maturity of 105 days. The current quarter and fiscal year-to-date average yield for the portfolio are 5.16% and 4.40%, respectively. Quarterly and year-to-date investment income was approximately \$781,936

and \$1,876,383, respectively. Mayor Beecherl asked the Town Council if they had any questions, to which there were none.

Mayor Beecherl adjourned the meeting at 9:15 a.m.

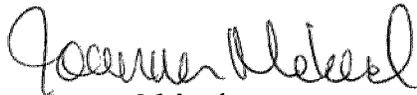
APPROVED on this 19<sup>th</sup> day of September 2023.

APPROVED:



Will C. Beecherl  
Mayor

ATTEST:



Joanna Mekeal  
Town Secretary