



**NOTICE OF SPECIAL MEETING AGENDA
LANCASTER CITY COUNCIL
MUNICIPAL CENTER CITY COUNCIL CHAMBERS
211 N. HENRY STREET, LANCASTER, TEXAS**

May 18, 2015 - 7:00 PM

CALL TO ORDER

INVOCATION: Ministerial Alliance

PLEDGE OF ALLEGIANCE: Mayor Pro Tem James Daniels

CITIZENS' COMMENTS:

At this time citizens who have pre-registered before the call to order will be allowed to speak on any matter other than personnel matters or matters under litigation, for a length of time not to exceed three minutes. No Council action or discussion may take place on a matter until such matter has been placed on an agenda and posted in accordance with law.

PRESENTATION:

Public Safety Academy Certificate

Special Presentation Jim Masters

ACTION:

1. Consider a resolution canvassing the returns and declaring the results of the General Election for City Officers held on May 9, 2015.
2. Administer oaths of office and present Certificates of Election.

CONSENT AGENDA:

Items listed under the consent agenda are considered routine and are generally enacted in one motion. The exception to this rule is that a Council Member may request one or more items to be removed from the consent agenda for separate discussion and action.

- C3. Consider a resolution approving the terms and conditions of the City owned tie down T-Spot non-commercial lease at the Lancaster Regional Airport.
- C4. Consider a resolution approving the terms and conditions of the City owned T-Hangar non-commercial lease from building 680-109 at the Lancaster Regional Airport.
- C5. Consider a resolution approving the terms and conditions of the City owned T-Hangar non-commercial lease from building 690-115 at the Lancaster Regional Airport.
- C6. Consider a resolution approving the Settlement Agreement between Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corporation, Mid-Tex Division ("Atmos" or "Company") that resolves the 2015 RRM proceeding pending with Cities for a rate increase that is approximately \$15 million less than what the Company would be entitled to receive under the GRIP statute. Additionally, the Settlement Agreement resolves the 2014 RRM case that Atmos appealed to the Railroad Commission. Settlement of both cases was authorized by the ACSC Executive Committee.

ACTION:

- 7. Consider election of a Mayor Pro Tempore.
- 8. Consider election of a Deputy Mayor Pro Tempore.

ADJOURNMENT

EXECUTIVE SESSION: The Council reserves the right to convene into executive session on any posted agenda item pursuant to Section 551.071(2) of the TEXAS GOVERNMENT CODE to seek legal advice concerning such subject.

ACCESSIBILITY STATEMENT: The Municipal Center is wheelchair-accessible. For sign interpretive services, call the City Secretary's office, 972-218-1311, or TDD 1-800-735-2989, at least 72 hours prior to the meeting. Reasonable accommodation will be made to assist your needs.

Certificate

I hereby certify the above Notice of Meeting was posted at the Lancaster City Hall on May 15, 2015 @ 4:45 p.m. and copies thereof were provided to the Mayor, Mayor Pro-Tempore, Deputy Mayor Pro-Tempore and Council members.



Sorangel O. Arenas
City Secretary

LANCASTER CITY COUNCIL

Agenda Communication

May 18, 2015

Item 1

Consider a resolution canvassing the returns and declaring the results of the General Election for City Officers held on May 9, 2015.

This request supports the City Council 2014-2015 Policy Agenda.

City Charter Provision

Background

At a time posted in accordance with the Open Meetings Act and as required by the Texas Election Code § 67.004(a), the canvass of the returns is read and results declared. The Mayor asks for a motion and vote from the City Council approving the canvass and results of the general election held May 9, 2015. Only two members of the authority constitute a quorum for the purpose of canvassing an election. Election results must be canvassed not later than the 11th day (May 20) following the election.

Considerations

Under the Election Code, the last day to receive ballots from voters outside of the United States is Thursday, May 14. The Ballot Board has until Monday to count any overseas ballots. A copy of the canvass from Dallas County Elections may not be available until Wednesday, May 20.

I will provide a copy of the canvass at Monday's meeting and an updated canvass resolution.

Attachments

- Draft resolution of canvass in English and Spanish
-

Submitted by:

Sorangel O. Arenas, City Secretary

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, CANVASSING THE RETURNS AND DECLARING THE RESULTS OF THE GENERAL ELECTION FOR THE OFFICE OF MAYOR HELD ON MAY 9, 2015.

GENERAL ELECTION

Lancaster, Texas

May 9, 2015

CANVASS OF RETURNS AND DECLARATION OF RESULTS OF ELECTION

BE IT REMEMBERED THAT on this the 18th day of May 2015, at a meeting of the City Council of the City of Lancaster, Texas, a quorum being present, the meeting was called to order and the following business was transacted.

Upon motion it was unanimously ordered that the City Council consider the official returns of a General Election held in the City on May 9, 2015, for the election of Mayor for a three-year term.

WHEREUPON said official returns were opened, examined, canvassed and the results declared as follows:

CANVASS OF RETURNS AND DECLARATION OF RESULTS

WHEREAS, heretofore, the City Council of the City of Lancaster, Texas, called a General Election to be held in the City on May 9, 2015, to elect a Mayor for a three-year term; and

WHEREAS, immediately after said election the Presiding Judge and other officials holding said election made their returns of the results thereof to the City Council as follows, and said returns being made according to law, and duly authenticated, and it being shown that written notice of said election was posted for the time and in the manner provided by law, and all other proceedings pertaining to said election having been shown to have been done and performed at and within the manner provided by law, and all papers pertaining thereto having been returned and filed with the City Council and no protest or objection being made to or regarding any matter pertaining to said election.

NOW, THEREFORE, be it resolved by the City Council of the City of Lancaster, Texas, after examining said returns and opening and canvassing the votes of said election, that the results of said election are as follows:

That the following number of votes was cast for the following named candidates for the office of Mayor, to-wit:

	EARLY VOTING	BY MAIL	ELECTION DAY	PROVISIONAL VOTING	TOTAL VOTES	%
Marcus E. Knight	951	33	390	0	1,374	62.20%
Carolyn A. Morris	308	2	135	0	445	20.14%
Clyde C. Hairston	213	6	127	0	346	15.66%
Chassity A. Freeny	38	1	5	0	44	1.99%

It appearing that Marcus Knight received a majority of all votes cast for the office of Mayor, Marcus Knight is hereby declared to be elected to the office of Mayor to serve a three-year term after qualifying.

IT IS FURTHER ORDERED that this canvass and declaration of results of said election be entered in the Minutes of the City Council.

This Resolution, declaring the results of the general election, shall become effective immediately after its passage.

DULY PASSED by the City Council of the City of Lancaster, Texas, on this the 18th day of May 2015.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Marcus E. Knight, Mayor

APPROVED AS TO FORM:

Robert E. Hager, City Attorney

RESOLUCIÓN NO.

RESOLUCIÓN DEL CONSEJO MUNICIPAL DE LA CIUDAD DE LANCASTER, TEXAS, EL ESCRUTINIO DE LOS DEVOLUCIONES Y LA DECLARACIÓN DE LOS RESULTADOS DE LAS ELECCIONES GENERALES PARA LA OFICINA DE ALCALDE EL 9 DE MAYO 2015.

ELECCIÓN GENERAL

Lancaster, Texas

9 DE MAYO 2015

SONDEO DE LOS RESULTADOS Y LA DECLARACIÓN DE RESULTADOS DE LA ELECCIÓN

Debe recordarse que, en este día 18 de mayo de 2015, en una reunión del Consejo Municipal de la Ciudad de Lancaster, Texas, habiendo quórum, la reunión fue llamada al orden y el siguiente negocio fue tramitado.

Tras moción se ordenó por unanimidad que el Ayuntamiento considere los resultados oficiales de las elecciones generales celebrada en la ciudad el 9 de mayo de 2015, para la elección de alcalde, por un período de tres años.

LO CUAL, fueron abiertos los resultados oficiales, examinados, escrutados y los resultados declaran como sigue:

ESCRUTINAR LOS RESULTADOS Y DECLARACIÓN DE RESULTADOS

VISTO QUE, antes, el Consejo de la ciudad de Lancaster, Texas, la ciudad ordenar una elección general que se celebrará en la ciudad el 9 de mayo de 2015, para elegir a un Alcalde por un período de tres años ; y

VISTO QUE, inmediatamente después de dicha elección, el Juez Presidente y otros funcionarios de la celebración de dicha elección hizo sus declaraciones sobre los resultados de la misma al Ayuntamiento de la siguiente manera, y dijeron retornos se hacen de acuerdo a la ley, y debidamente legalizados, y se muestra que la notificación por escrito de dicha elección fue publicada por el tiempo y en la forma prevista por la ley, y todos los demás procedimientos relativos a dicho que se ha demostrado que las elecciones se han realizado y realiza en y dentro de la forma prevista por la ley, y todos los documentos relativos a la misma hayan sido devueltos y presentar ante el Ayuntamiento y no protesta u objeción que se realizan para o con respecto a cualquier cuestión relacionada con dicha elección.

AHORA, POR LO TANTO, se resuelto por el Consejo Municipal de la Ciudad de Lancaster, Texas, después de examinar dicho resultados y la apertura y el escrutinio de los votos de dicha elección, los resultados de dicha elección son los siguientes:

Que el siguiente número de votos fueron emitidos por los siguientes candidatos nombrados para el cargo de concejal del Distrito 2, a saber:

	Votacion Temprana	Votacion por Correo	Dia Eleccion	Provisional	Total Votos	%
Marcus E. Knight	951	33	390	0	1,374	62.20%
Carolyn A. Morris	308	2	135	0	445	20.14%
Clyde C. Hairston	213	6	127	0	346	15.66%
Chassity A. Freeny	38	1	5	0	44	1.99%

Apareciendo que Marcus Knight recibió una mayoría de todos los votos emitidos para el cargo de alcalde, Marcus Knight se declara a ser elegidos para el cargo de Alcalde para servir un término de tres años después de la calificación.

ADEMÁS SE ORDENA que este escrutinio y la declaración de resultados de dicha elección se consignará en el acta del Consejo Municipal. Esta Resolución, declarando los resultados de las elecciones generales, entrará en vigencia inmediatamente después de su aprobación.

DEBIDAMENTE APROBADA por el Consejo Municipal de la Ciudad de Lancaster, Texas, en este día 18 de mayo de 2015.

DAR FE:

APROBADO:

Sorangel O. Arenas, Secretaria de la Ciudad

Marcus E. Knight, Alcalde

APROBADA EN FORMA:

Robert E. Hager, Abogado de la Ciudad

LANCASTER CITY COUNCIL

Agenda Communication

May 18, 2015

Item 2

Administer oaths of office and present Certificates of Election.

Background

In accordance with Texas Election Code, after the completion of a canvass, the local canvassing authority prepares a Certificate of Election for each candidate who is elected to office. The oath of office is administered, followed by the presentation of the Certificate of Election.

Submitted by:

Sorangel O. Arenas, City Secretary

LANCASTER CITY COUNCIL

Agenda Communication

May 18, 2015

Item 3

Consider a resolution approving the terms and conditions of the City owned tie down T-Spot non-commercial lease at the Lancaster Regional Airport.

This request supports the City Council 2014-2015 Policy Agenda.

Goal: Sound Infrastructure

Background

The City owns and leases tie down T-Spots on the airport ramp. There are 72 spots that the City rents for aircraft outdoor storage. This agenda item brings forward a non-commercial lease agreement for T-Spot 60 for a tenant, L-29 Holdings, LLC.

Considerations

- **Operational** - The City T-Spot non-commercial lease is used for private aircraft owners.
- **Legal** - The lease agreement was reviewed and approved as to form by the City Attorney.
- **Financial** - All rates were approved in the City's Master Fee Schedule. The monthly rate for a T-Spot is \$75.00 per month.
- **Public Information** - This item is being considered at a meeting of the City Council noticed in accordance with the Texas Open Meeting Act.

Options/Alternatives

1. Council may approve the resolution as presented.
2. Council may reject the resolution.

Recommendation

Staff recommends approval of the resolution.

Attachments

- Resolution
 - Exhibit "A" Lease Agreement
-

Submitted by:
Mark Divita, Airport Manager

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, APPROVING THE TERMS AND CONDITIONS OF THE CITY OWNED TIE DOWN T-SPOT NON-COMMERCIAL LEASE AT LANCASTER REGIONAL AIRPORT; AUTHORIZING THE CITY MANAGER TO EXECUTE SAID LEASE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Lancaster Regional Airport has aircraft tie down T-spots available for monthly rental for revenue gain; and

WHEREAS, the City Council of Lancaster, Texas, desires to authorize the T-spot lease pursuant to the lease listed in Exhibit "A".

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

SECTION 1. That the City T-spot lease agreement attached hereto and incorporated herein by reference as Exhibit "A" having been reviewed by the City Council of the City of Lancaster, Texas and found to be acceptable and in the best interest of the City and its citizens, be, and the same is hereby, in all things approved.

SECTION 2. That the City Manager is hereby authorized to execute said lease agreement.

SECTION 3. This Resolution shall become effective immediately from and after its passage, as the law and charter in such cases provide.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 18th day of May 2015.

ATTEST:

APPROVED:

Sorangel Arenas, City Secretary

Marcus E. Knight, Mayor

APPROVED AS TO FORM:

Robert E. Hager, City Attorney



LANCASTER Regional AIRPORT

Agreement for Lease of T-Spot for Storage of Aircraft

Non-Commercial Tenants

This CONTRACT and AGREEMENT OF LEASE, made this **18** day of **May** 2015, between the City of Lancaster, Texas, a municipal corporation, ("LESSOR") and **L-29 Holdings, LLC**, (LESSEE"), evidences the following:

I.

LESSOR leases to LESSEE, and LESSEE takes from LESSOR, the following described premises located at the Lancaster Regional Airport ("Airport"), in the City of Lancaster, Dallas County, Texas, for and in consideration of the uses and for the terms and the rental hereinafter set forth, and subject and in accordance with the standard terms and provisions below.

1. **Premises:** Tie down **T-Spot 60**, located at the Airport, and consisting of approximately 800 square feet ("Leased Premises").

2. **Uses:** The leased premises shall be used and occupied only for the storing of aircraft owned, leased, and/or legally operated by LESSEE and related equipment. The leased premises shall be used and occupied only for the personal, business, and/or private use of the LESSEE. LESSEE shall provide LESSOR with a copy of the FAA Certificate of Aircraft Registration for the aircraft to be stored under this agreement. If the registration is not in the name of LESSEE, a copy of a valid lease or other documentation showing a possessory interest in the aircraft shall be provided. LESSEE shall not store non-aviation items such as house hold goods in leased premises. LESSEE shall not use the leased premises for any on going business or commercial operations warehousing goods or services for sale to third parties.

3. **Term:** The term of this lease will be from month to month, beginning the **18th** day of **May** 2015. Either party may cancel and terminate this agreement by serving thirty (30) days written notice of its election to do so.

4. **Rent:** LESSEE shall pay LESSOR as rent **\$75** per month per T-spot, due and payable in advance on the first day of each month.

a. All rental payments shall be delivered to LESSOR at the following address:

City of Lancaster
Finance Department
P.O. Box 940
211 N. Henry Street
Lancaster, TX 75146

b. All payments not received by the 10th of each month shall constitute a default and breach of this Lease Agreement as set forth in paragraph 10 herein. All payments not received by the 10th of each month shall be considered "past due" for purposes of incurring late charges as calculated in subsection (c) herein, and additional late charges will begin to accrue on the 11th day of each month.

c. In the event the payment is received after the 10th day of the month, there shall be added a late charge of ten percent (10%) of the amount due.

d. LESSEE'S agreement to make rental payments shall be a covenant independent of all other covenants herein.

e. LESSOR retains the right to review the monthly rental rates and to make adjustments to said rental rates to reflect the then current market rental rates charged for similar facilities.

5. **Utilities:** Utilities are included in LESSEE's rental payment.

II.

STANDARD TERMS AND PROVISIONS

1. **Prohibited Uses:** LESSEE shall not use or permit the use of the premises or any part thereof for any purpose or purposes other than those set forth herein. LESSEE shall not commit or cause to be committed any waste in or upon the premises or maintain any public or private nuisance or any other action which may interfere with or disturb the quiet enjoyment of any other tenant of the building or buildings, or permit the use of the premises for any improper or unlawful purposes. Hazardous activities such as, but not limited to: smoking, painting, doping or the other application of hazardous substances are expressly prohibited. Nothing contained in this Section 1 shall, however, prohibit or limit LESSEE's right to use any apparatus, machinery, equipment or devices necessary or useful to LESSEE in the conduct of its activities on or about the premises.

2. **Disabled Aircraft:** LESSEE shall store only the following aircraft on the lease premises under any of the following conditions:

1. Aircraft in a current airworthy condition according to Federal Aviation Regulations with a current FAA airworthiness certificate and U.S. or foreign registration,
2. Aircraft with a current FAA airworthiness certificate and registration in a continuing process of overhaul and/or repair showing monthly progress,
3. Final assembly of amateur built aircraft in preparation to obtain airworthiness certification.

a. Restoration or construction of an aircraft shall be completed (and an airworthiness certificate issued for amateur built aircraft) within 5 yrs from the beginning of this lease.

b. Monthly progress is defined as a major component, subcomponent, major system or subsystem is completed or installed on the aircraft every 30 days with appropriate

log entries made.

c. Upon request from the Airport Manager, LESSEE shall provide monthly evidence of progress. Evidence includes but is not limited to: visual inspection of aircraft, photographs and log entries.

d. Should LESSEE sell the aircraft, LESSEE shall have ninety (90) days to acquire an aircraft to house upon the leased premises or LESSEE shall relinquish said premises to LESSOR.

e. Any exception to forgoing requirements must be approved by LESSOR'S Airport Manager.

3. **Compliance with Applicable Laws:** LESSEE shall comply with all applicable laws, ordinances, rules, regulations, and orders of any Federal, State, and City law governing the conduct of LESSEE'S activities on or about the premises.

4. **Alterations.** LESSEE shall make no structural or electrical changes or alterations, or construct any permanent additions or improvements, or do any work in connection therewith, on or about the premises without the prior written consent of the LESSOR'S Airport Manager, whose decision shall be final, and which consent shall not be unreasonably withheld. Any permanent improvements or additions to the leased premises shall be deemed to be fixtures and title to said improvements or additions shall vest in the LESSOR immediately upon completion of construction or attachment.

5. **Entry and Inspection:** LESSOR shall have the right to enter upon and inspect the premises from time to time during the term hereof, to make any repairs deemed necessary by the LESSOR for the safety, improvement, or preservation of the leased premises, without abatement of rent; provided however, that LESSOR shall not, during the course of any such inspection or repairs, unreasonably interfere with the LESSEE'S use and enjoyment of the premises. In lieu of an airport lock/key, LESSEE shall provide a copy of a key or lock combination to airport office.

6. **Services Furnished by LESSOR:** LESSOR shall furnish adequate utility power service for night time lighting. LESSOR assumes no liability to LESSEE for failures or interruptions of any and all services or utilities furnished to LESSEE when due to causes beyond the control of LESSOR, including but not limited to floods, fire, and power failures.

7. **Care of Premises by LESSEE:** LESSEE shall keep the leased premises in a safe, neat, clean, and presentable condition at all times and shall promptly repair any damage caused by LESSEE, its officers, agents, employees, or invitees.

8. **Indemnity and Hold Harmless:** LESSEE agrees to indemnify, defend, and hold LESSOR, its officers, agents, employees, or invitees harmless from and against all claims, demands, causes of actions, suits or judgments (including costs and expenses incurred in connection therewith) for injuries to persons or for loss or damage to property arising out of or in connection with the negligent or intentional act or omission of LESSEE, its officers, agents, employees, or invitees related to or

association with the use and occupancy of the Leased Premises and airport facilities including, but not limited to, claims or damage related to or associated with the storage or maintenance of LESSEE's aircraft upon Airport, or from injury or damage caused to any person's property by reason of the operations of said aircraft. LESSEE further covenants and agrees that LESSEE shall not hold LESSOR or any of its officers, agents, or employees responsible for any loss to LESSEE'S aircraft, automobile, personal property, parts, or supplies that may be located or stored in, on, or about the Leased Premises, where such loss is caused by Natural Disaster fire, rain, windstorm, hail.

9. **Disclaimer:** LESSEE agrees to accept all facilities and the leased premises in the condition in which they are found. LESSOR disclaims and LESSEE accepts LESSOR'S disclaimer of any warranty, express or implied, of the conditions or fitness for the use of the leased premises.

10. **Default:** The following events shall be deemed to be events of default by LESSEE under this Lease Agreement:

a. LESSEE shall fail to pay any installment of rent, and such failure shall continue for a period of ten (10) days following the due date of said installment.

b. LESSEE shall fail to comply with any term, provision or covenant of this Lease Agreement, other than the payment of rent, and shall not cure such failure within twenty (20) days after written notice thereof to LESSEE.

c. LESSEE shall fail to provide lock combination or key to lock on assigned hangar to airport administration.

d. LESSEE shall fail to provide accurate and correct contact information as set forth in paragraph 18 – "Notices".

Upon the occurrence of any event of default specified above, LESSOR shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

e. Terminate this Lease Agreement in which event LESSEE shall immediately surrender the premises to LESSOR; and if LESSEE fails to do so, LESSOR may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession and expel or remove LESSEE, any other person who may be occupying said premises or any part thereof, and contents therein, including LESSEE'S aircraft, by force if necessary, without being liable for prosecution or any claim of damages therefor; and LESSEE agrees to pay to LESSOR on demand the amount of all loss and damage which LESSOR may suffer by reason of such termination, whether through inability to re-let the premises on satisfactory terms or otherwise.

f. Enter upon and take possession of the premises and expel or remove LESSEE and any other person who may be occupying the premises or any part thereof, by force if necessary, without being liable for prosecution or any claim of damages therefor; and if LESSOR so elects, re-let the premises on such terms as LESSOR shall deem advisable and receive the rent thereof; and LESSEE agrees to pay to LESSOR on demand any deficiency that may arise by reason of such re-letting.

g. Enter upon the premises, by force if necessary, without being liable for prosecution or any claim of damages therefor and do whatever LESSEE is obligated to do under the terms of this Lease Agreement; and LESSEE agrees to reimburse LESSOR on demand for any expenses which LESSOR may incur in thus effecting compliance with LESSEE's obligations under this Lease Agreement; and LESSEE further agrees that LESSOR shall not be liable for any damages resulting to LESSEE from such action.

h. No reentry or taking possession of the premises by LESSOR shall be construed as an election on its part to terminate this Lease Agreement, unless a written notice of such intention be given to LESSEE. Notwithstanding any such re-letting or reentry or taking possession, LESSOR may at any time thereafter elect to terminate this Lease Agreement for a previous default. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall the pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to LESSOR hereunder or of any damages accruing to LESSOR by reason of the violation of any of the terms, provisions and covenants herein contained. LESSOR's acceptance of rent following an event of default hereunder shall not be construed as LESSOR's waiver of such event of default. No waiver by LESSOR of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. Forbearance by LESSOR to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default. The loss or damage that LESSOR may suffer by reason of termination of this Lease Agreement or the deficiency from any re-letting as provided for above shall include the expense of repossession and any repairs or remodeling undertaken following possession. Should LESSOR at any time terminate this Lease Agreement for any default, in addition to any other remedy LESSOR may have, LESSOR may recover from LESSEE all damages LESSOR may incur by reason of such default, including cost of recovering the premises and reasonable attorney's fees expended by reason of default.

11. **Assignment, Encumbrances, and Subletting:** LESSEE shall not assign, pledge, or otherwise encumber this lease or the premises covered thereby. LESSEE shall not sublet the premises or any part thereof, or furnish to any other person any ground space, office space, aircraft storage space, or other right or privilege in or on any Airport property without the prior written consent of the LESSOR's Airport Manager. Said consent shall not be unreasonably withheld. The rental rate paid by the SUBLESSEE shall not be greater than that paid by LESSEE to LESSOR.

a. It is understood that consent of the LESSOR to any subletting in one instance shall not constitute consent of the LESSOR to any other subletting. Any assignment, sublease, or other such agreements consented to shall be in writing and shall be approved as to form by LESSOR'S City Attorney.

12. **Surrender of Premises:** Upon termination of this lease by either party, or by reason of default or otherwise, LESSEE shall remove itself, aircraft, and all other personal property, debris and equipment stored by LESSEE in and upon the premises. LESSEE shall, at its own expense, repair any damage cause by LESSEE'S use. LESSEE shall, upon termination of this lease, surrender the premises to LESSOR in the same condition as received, ordinary wear and tear excepted. LESSOR will charge a reasonable fee for cleaning and/or disposal

of any items left behind upon the premises.

13. **Rules and Regulations:** LESSEE shall faithfully observe and comply with all rules and regulations of LESSOR, including any rules and regulations promulgated by LESSOR'S Airport Manager, not inconsistent with the provisions of this lease. Such rules and regulations shall be communicated by LESSOR'S Airport Manager, in writing, to LESSEE and necessary for the reputation, safety, care, or appearance of the building, or preservation of good order, the operation or maintenance of equipment, or the comfort or safety of other Airport tenants.

14. **Successors and Assigns:** The terms, covenants, agreements, and conditions contained herein shall be binding upon LESSEE'S heirs, successors, executors, administrators, and assignees. This provision shall not in any way affect the requirements set forth in section II, paragraph 9.

15. **Signs:** LESSEE shall not erect, install, or place any signs on or about the leased premises without the prior written consent and approval of the LESSOR'S Airport Manager.

16. **Ingress and Egress:** LESSEE, its invitees, visitors, and suppliers of materials and services shall have full and free rights of ingress and egress to and from the premises and to and from other Airport buildings subject to rules and regulations of LESSOR and LESSOR'S Airport Manager.

17. **Chemicals and other Toxic Substances:** No chemicals or other toxic substances shall be stored unless in compliance with adopted Lancaster Regional Airport rules and regulations, as amended, which are incorporated herein as is set forth in full and on file with the City Manager or his/her designee.

18. **Notices:** All legal notices given or required in connection with this lease shall be in writing and shall be sent via Mail or E-Mail to the following persons(s):

LESSOR: City of Lancaster
Lancaster Regional Airport
P.O. Box 940
211 N. Henry Street
Lancaster, TX 75146

LESSEE: L-29 Holdings, LLC
C/O Zach McNeill
15119 Sundew Dr.
Carrollton, VA 23314
619-227-3329
Zach-McNeill@yahoo.com

19. **Insurance:** LESSEE shall, at its own option, carry its own insurance on its aircraft and other equipment which LESSEE stores in or on the leased premises.

20. **Waiver of Attorney Fees:** LESSOR and LESSEE covenant and agree that in the

event of any litigation arising between the parties to this lease, LESSEE shall be solely responsible for payment of its attorney's fees. In no event shall LESSOR be responsible for LESSEE'S attorney's fees regardless of the outcome of the litigation.

21. **Entire Agreement:** This agreement constitutes the entire understanding between the parties, and, as of its effective date, supersedes all prior or independent agreements covering the LESSEE'S occupation of the leased premises. Any change or modification hereof shall be in writing, signed by both parties. The parties to this agreement hereby agree and acknowledge that they are the principals to the agreement and have the power, right, and authority to enter into this agreement and are not acting on behalf, or as an agent, of any third party.

22. **Severability:** If any provision of this agreement shall be finally declared void or illegal by a court having competent jurisdiction, the entire agreement shall not be void, but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the parties. Venue governed by Texas law except where exempted by Federal law and Rules and Regulations.

23. **Governing Law; Venue:** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. Venue for any disputes arising from or related to the performance of this Agreement shall be in a state district court in Dallas County, Texas.

24. **Captions:** The Captions to the various clauses of this agreement are for informational purposes only and in no way alter the substance of the terms and conditions of this agreement.

25. **Landlord's Lien:** Pursuant to Section 54.021 of the Texas Property Code, LESSOR has a preference lien on the property of the LESSEE or any SUBLESSEE in the building for rent that is due and for rent that is to become due during the current 12 month period succeeding the date of the beginning of the rental agreement or an anniversary of that date.

IN WITNESS HEREOF, the parties executed this lease as of the day and year first above written.

CITY OF LANCASTER, LESSOR

LESSEE:

By: _____
Opal Mauldin-Robertson,
City Manager

ATTEST:

Sorangel O. Arenas, City Secretary

LANCASTER CITY COUNCIL

Agenda Communication

May 18, 2015

Item 4

Consider a resolution approving the terms and conditions of the City owned T-Hangar non-commercial lease from building 680-109 at the Lancaster Regional Airport.

This request supports the City Council 2014-2015 Policy Agenda.

Goal: Sound Infrastructure

Background

The City owns and leases five rows of T-hangars (buildings 660-700) of three different sizes based off aircraft wingspan. There are 92 units that the City rents for aircraft storage with end cap commercial spaces on the east end of each hangar row. The City T-hangars are near full occupancy most of the time. This agenda item brings forward a non-commercial lease agreement for T-hanger 680-109 (956 sqft) for a tenant, Mr. Alfonso Hernandez.

Considerations

- **Operational** - The City T-hangar non-commercial lease is used for private aircraft owners.
- **Legal** - The lease agreement was reviewed and approved as to form by the City Attorney.
- **Financial** - Lease rates vary based on size of the hangar. All rates were approved in the City's Master Fee Schedule. The monthly rate for this small size T-hangar is \$190.00 per month.
- **Public Information** - This item is being considered at a meeting of the City Council noticed in accordance with the Texas Open Meeting Act.

Options/Alternatives

1. Council may approve the resolution as presented.
2. Council may reject the resolution.

Recommendation

Staff recommends approval of the resolution.

Attachments

- Resolution
 - Exhibit "A" Lease Agreement
-

Submitted by:
Mark Divita, Airport Manager

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, APPROVING THE TERMS AND CONDITIONS OF THE CITY OWNED T-HANGAR NON-COMMERCIAL LEASE FROM BUILDING 680-109 AT LANCASTER REGIONAL AIRPORT; AUTHORIZING THE CITY MANAGER TO EXECUTE SAID LEASE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Lancaster Regional Airport has aircraft T-hangers available for monthly rental for revenue gain; and

WHEREAS, the City Council of Lancaster, Texas, desires to authorize the hangar lease pursuant to the lease listed in Exhibit "A".

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

SECTION 1. That the City T-hangar lease agreement attached hereto and incorporated herein by reference as Exhibit "A" having been reviewed by the City Council of the City of Lancaster, Texas and found to be acceptable and in the best interest of the City and its citizens, be, and the same is hereby, in all things approved.

SECTION 2. That the City Manager is hereby authorized to execute said lease agreement.

SECTION 3. This Resolution shall become effective immediately from and after its passage, as the law and charter in such cases provide.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 18th day of May 2015.

ATTEST:

APPROVED:

Sorangel Arenas, City Secretary

Marcus E. Knight, Mayor

APPROVED AS TO FORM:

Robert E. Hager, City Attorney



LANCASTER REGIONAL AIRPORT

Agreement for Lease of T-Hangar for Storage of Aircraft

Non-Commercial Tenants

This CONTRACT and AGREEMENT OF LEASE, made this **18th** day of **May**, 2015, between the City of Lancaster, Texas, a municipal corporation, ("LESSOR") and **Alfonso Hernandez**, (LESSEE"), evidences the following:

I.

LESSOR leases to LESSEE, and LESSEE takes from LESSOR, the following described premises located at the Lancaster Regional Airport ("Airport"), in the City of Lancaster, Dallas County, Texas, for and in consideration of the uses and for the terms and the rental hereinafter set forth, and subject and in accordance with the standard terms and provisions below.

1. **Premises:** Hangar Row and Suite **680-109**, located at the Airport, and consisting of approximately **956** square feet ("Leased Premises").

2. **Uses:** The leased premises shall be used and occupied only for the storing of aircraft owned, leased, and/or legally operated by LESSEE and related equipment. The leased premises shall be used and occupied only for the personal, business, and/or private use of the LESSEE. LESSEE shall provide LESSOR with a copy of the FAA Certificate of Aircraft Registration for the aircraft to be stored under this agreement. If the registration is not in the name of LESSEE, a copy of a valid lease or other documentation showing a possessory interest in the aircraft shall be provided. LESSEE shall not store non-aviation items such as house hold goods in leased premises. LESSEE shall not use the leased premises for any on going business or commercial operations warehousing goods or services for sale to third parties.

3. **Term:** The term of this lease will be from month to month, beginning the **11th** day of **May** 2015. Either party may cancel and terminate this agreement by serving thirty (30) days written notice of its election to do so.

4. **Rent:** LESSEE shall pay LESSOR as rent **\$190.00** per month, due and payable in advance on the first day of each month.

a. All rental payments shall be delivered to LESSOR at the following address:

City of Lancaster
Finance Department
P.O. Box 940
211 N. Henry Street
Lancaster, TX 75146

b. All payments not received by the 10th of each month shall constitute a default and breach of this Lease Agreement as set forth in paragraph 10 herein. All payments not received by the 10th of each month shall be considered "past due" for purposes of incurring late charges as calculated in subsection (c) herein, and additional late charges will begin to accrue on the 11th day of each month.

c. In the event the payment is received after the 10th day of the month, there shall be added a late charge of ten percent (10%) of the amount due.

d. LESSEE'S agreement to make rental payments shall be a covenant independent of all other covenants herein.

e. LESSOR retains the right to review the monthly rental rates and to make adjustments to said rental rates to reflect the then current market rental rates charged for similar facilities.

5. **Utilities:** Utilities are included in LESSEE's rental payment.

II.

STANDARD TERMS AND PROVISIONS

1. **Prohibited Uses:** LESSEE shall not use or permit the use of the premises or any part thereof for any purpose or purposes other than those set forth herein. LESSEE shall not commit or cause to be committed any waste in or upon the premises or maintain any public or private nuisance or any other action which may interfere with or disturb the quiet enjoyment of any other tenant of the building or buildings, or permit the use of the premises for any improper or unlawful purposes. Hazardous activities such as, but not limited to: smoking, painting, doping or the other application of hazardous substances are expressly prohibited. Nothing contained in this Section 1 shall, however, prohibit or limit LESSEE's right to use any apparatus, machinery, equipment or devices necessary or useful to LESSEE in the conduct of its activities on or about the premises.

2. **Disabled Aircraft:** LESSEE shall store only the following aircraft on the lease premises under any of the following conditions:

1. Aircraft in a current airworthy condition according to Federal Aviation Regulations with a current FAA airworthiness certificate and U.S. or foreign registration,
2. Aircraft with a current FAA airworthiness certificate and registration in a continuing process of overhaul and/or repair showing monthly progress,
3. Final assembly of amateur built aircraft in preparation to obtain airworthiness certification.

a. Restoration or construction of an aircraft shall be completed (and an airworthiness certificate issued for amateur built aircraft) within 5 yrs from the beginning of this lease.

b. Monthly progress is defined as a major component, subcomponent, major

system or subsystem is completed or installed on the aircraft every 30 days with appropriate log entries made.

c. Upon request from the Airport Manager, LESSEE shall provide monthly evidence of progress. Evidence includes but is not limited to: visual inspection of aircraft, photographs and log entries.

d. Should LESSEE sell the aircraft, LESSEE shall have ninety (90) days to acquire an aircraft to house upon the leased premises or LESSEE shall relinquish said premises to LESSOR.

e. Any exception to forgoing requirements must be approved by LESSOR'S Airport Manager.

3. **Compliance with Applicable Laws:** LESSEE shall comply with all applicable laws, ordinances, rules, regulations, and orders of any Federal, State, and City law governing the conduct of LESSEE'S activities on or about the premises.

4. **Alterations:** LESSEE shall make no structural or electrical changes or alterations, or construct any permanent additions or improvements, or do any work in connection therewith, on or about the premises without the prior written consent of the LESSOR'S Airport Manager, whose decision shall be final, and which consent shall not be unreasonably withheld. Any permanent improvements or additions to the leased premises shall be deemed to be fixtures and title to said improvements or additions shall vest in the LESSOR immediately upon completion of construction or attachment.

5. **Entry and Inspection:** LESSOR shall have the right to enter upon and inspect the premises from time to time during the term hereof, to make any repairs deemed necessary by the LESSOR for the safety, improvement, or preservation of the leased premises, without abatement of rent; provided however, that LESSOR shall not, during the course of any such inspection or repairs, unreasonably interfere with the LESSEE'S use and enjoyment of the premises. In lieu of an airport lock/key, LESSEE shall provide a copy of a key or lock combination to airport office.

6. **Services Furnished by LESSOR:** LESSOR shall furnish adequate utility power service for night time lighting. LESSOR assumes no liability to LESSEE for failures or interruptions of any and all services or utilities furnished to LESSEE when due to causes beyond the control of LESSOR, including but not limited to floods, fire, and power failures.

7. **Care of Premises by LESSEE:** LESSEE shall keep the leased premises in a safe, neat, clean, and presentable condition at all times and shall promptly repair any damage caused by LESSEE, its officers, agents, employees, or invitees.

8. **Indemnity and Hold Harmless:** LESSEE agrees to indemnify, defend, and hold LESSOR, its officers, agents, employees, or invitees harmless from and against all claims, demands, causes of actions, suits or judgments (including costs and expenses incurred in connection therewith) for injuries to persons or for loss or damage to property arising out of or in connection with the negligent or intentional

act or omission of LESSEE, its officers, agents, employees, or invitees related to or association with the use and occupancy of the Leased Premises and airport facilities including, but not limited to, claims or damage related to or associated with the storage or maintenance of LESSEE's aircraft upon Airport, or from injury or damage caused to any person's property by reason of the operations of said aircraft. LESSEE further covenants and agrees that LESSEE shall not hold LESSOR or any of its officers, agents, or employees responsible for any loss to LESSEE'S aircraft, automobile, personal property, parts, or supplies that may be located or stored in, on, or about the Leased Premises, where such loss is caused by Natural Disaster fire, rain, windstorm, hail.

9. **Disclaimer:** LESSEE agrees to accept all facilities and the leased premises in the condition in which they are found. LESSOR disclaims and LESSEE accepts LESSOR'S disclaimer of any warranty, express or implied, of the conditions or fitness for the use of the leased premises.

10. **Default:** The following events shall be deemed to be events of default by LESSEE under this Lease Agreement:

a. LESSEE shall fail to pay any installment of rent, and such failure shall continue for a period of ten (10) days following the due date of said installment.

b. LESSEE shall fail to comply with any term, provision or covenant of this Lease Agreement, other than the payment of rent, and shall not cure such failure within twenty (20) days after written notice thereof to LESSEE.

c. LESSEE shall fail to provide lock combination or key to lock on assigned hangar to airport administration.

d. LESSEE shall fail to provide accurate and correct contact information as set forth in paragraph 18 – "Notices".

Upon the occurrence of any event of default specified above, LESSOR shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

e. Terminate this Lease Agreement in which event LESSEE shall immediately surrender the premises to LESSOR; and if LESSEE fails to do so, LESSOR may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession and expel or remove LESSEE, any other person who may be occupying said premises or any part thereof, and contents therein, including LESSEE'S aircraft, by force if necessary, without being liable for prosecution or any claim of damages therefor; and LESSEE agrees to pay to LESSOR on demand the amount of all loss and damage which LESSOR may suffer by reason of such termination, whether through inability to re-let the premises on satisfactory terms or otherwise.

f. Enter upon and take possession of the premises and expel or remove LESSEE and any other person who may be occupying the premises or any part thereof, by force if necessary, without being liable for prosecution or any claim of damages therefor; and if LESSOR so elects, re-let the premises on such terms as LESSOR shall deem advisable and receive the rent thereof; and LESSEE agrees to pay to LESSOR on demand

any deficiency that may arise by reason of such re-letting.

g. Enter upon the premises, by force if necessary, without being liable for prosecution or any claim of damages therefor and do whatever LESSEE is obligated to do under the terms of this Lease Agreement; and LESSEE agrees to reimburse LESSOR on demand for any expenses which LESSOR may incur in thus effecting compliance with LESSEE's obligations under this Lease Agreement; and LESSEE further agrees that LESSOR shall not be liable for any damages resulting to LESSEE from such action.

h. No reentry or taking possession of the premises by LESSOR shall be construed as an election on its part to terminate this Lease Agreement, unless a written notice of such intention be given to LESSEE. Notwithstanding any such re-letting or reentry or taking possession, LESSOR may at any time thereafter elect to terminate this Lease Agreement for a previous default. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall the pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to LESSOR hereunder or of any damages accruing to LESSOR by reason of the violation of any of the terms, provisions and covenants herein contained. LESSOR's acceptance of rent following an event of default hereunder shall not be construed as LESSOR's waiver of such event of default. No waiver by LESSOR of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. Forbearance by LESSOR to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default. The loss or damage that LESSOR may suffer by reason of termination of this Lease Agreement or the deficiency from any re-letting as provided for above shall include the expense of repossession and any repairs or remodeling undertaken following possession. Should LESSOR at any time terminate this Lease Agreement for any default, in addition to any other remedy LESSOR may have, LESSOR may recover from LESSEE all damages LESSOR may incur by reason of such default, including cost of recovering the premises and reasonable attorney's fees expended by reason of default.

11. **Assignment, Encumbrances, and Subletting:** LESSEE shall not assign, pledge, or otherwise encumber this lease or the premises covered thereby. LESSEE shall not sublet the premises or any part thereof, or furnish to any other person any ground space, office space, aircraft storage space, or other right or privilege in or on any Airport property without the prior written consent of the LESSOR's Airport Manager. Said consent shall not be unreasonably withheld. The rental rate paid by the SUBLESSEE shall not be greater than that paid by LESSEE to LESSOR.

a. It is understood that consent of the LESSOR to any subletting in one instance shall not constitute consent of the LESSOR to any other subletting. Any assignment, sublease, or other such agreements consented to shall be in writing and shall be approved as to form by LESSOR'S City Attorney.

12. **Surrender of Premises:** Upon termination of this lease by either party, or by reason of default or otherwise, LESSEE shall remove itself, aircraft, and all other personal property, debris and equipment stored by LESSEE in and upon the premises. LESSEE shall, at its own expense, repair any damage cause by LESSEE'S use. LESSEE shall, upon termination of this lease, surrender the premises to LESSOR in the same condition as received, ordinary

wear and tear excepted. LESSOR will charge a reasonable fee for cleaning and/or disposal of any items left behind upon the premises.

13. **Rules and Regulations:** LESSEE shall faithfully observe and comply with all rules and regulations of LESSOR, including any rules and regulations promulgated by LESSOR'S Airport Manager, not inconsistent with the provisions of this lease. Such rules and regulations shall be communicated by LESSOR'S Airport Manager, in writing, to LESSEE and necessary for the reputation, safety, care, or appearance of the building, or preservation of good order, the operation or maintenance of equipment, or the comfort or safety of other Airport tenants.

14. **Successors and Assigns:** The terms, covenants, agreements, and conditions contained herein shall be binding upon LESSEE'S heirs, successors, executors, administrators, and assignees. This provision shall not in any way affect the requirements set forth in section II, paragraph 9.

15. **Signs:** LESSEE shall not erect, install, or place any signs on or about the leased premises without the prior written consent and approval of the LESSOR'S Airport Manager.

16. **Ingress and Egress:** LESSEE, its invitees, visitors, and suppliers of materials and services shall have full and free rights of ingress and egress to and from the premises and to and from other Airport buildings subject to rules and regulations of LESSOR and LESSOR'S Airport Manager.

17. **Chemicals and other Toxic Substances:** No chemicals or other toxic substances shall be stored unless in compliance with adopted Lancaster Regional Airport rules and regulations, as amended, which are incorporated herein as is set forth in full and on file with the City Manager or his/her designee.

18. **Notices:** All legal notices given or required in connection with this lease shall be in writing and shall be sent via Mail or E-Mail to the following persons(s):

LESSOR: City of Lancaster
Lancaster Regional Airport
P.O. Box 940
211 N. Henry Street
Lancaster, TX 75146

LESSEE: Alfonso Hernandez
513 Trail View Ln.
Garland, TX 75043
972-743-3776
Ahern150@yahoo.com

19. **Insurance:** LESSEE shall, at its own option, carry its own insurance on its aircraft and other equipment which LESSEE stores in or on the leased premises.

20. **Waiver of Attorney Fees:** LESSOR and LESSEE covenant and agree that in the event of any litigation arising between the parties to this lease, LESSEE shall be solely

responsible for payment of its attorney's fees. In no event shall LESSOR be responsible for LESSEE'S attorney's fees regardless of the outcome of the litigation.

21. **Entire Agreement:** This agreement constitutes the entire understanding between the parties, and, as of its effective date, supersedes all prior or independent agreements covering the LESSEE'S occupation of the leased premises. Any change or modification hereof shall be in writing, signed by both parties. The parties to this agreement hereby agree and acknowledge that they are the principals to the agreement and have the power, right, and authority to enter into this agreement and are not acting on behalf, or as an agent, of any third party.

22. **Severability:** If any provision of this agreement shall be finally declared void or illegal by a court having competent jurisdiction, the entire agreement shall not be void, but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the parties. Venue governed by Texas law except where exempted by Federal law and Rules and Regulations.

23. **Governing Law; Venue:** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. Venue for any disputes arising from or related to the performance of this Agreement shall be in a state district court in Dallas County, Texas.

24. **Captions:** The Captions to the various clauses of this agreement are for informational purposes only and in no way alter the substance of the terms and conditions of this agreement.

25. **Landlord's Lien:** Pursuant to Section 54.021 of the Texas Property Code, LESSOR has a preference lien on the property of the LESSEE or any SUBLESSEE in the building for rent that is due and for rent that is to become due during the current 12 month period succeeding the date of the beginning of the rental agreement or an anniversary of that date.

IN WITNESS HEREOF, the parties executed this lease as of the day and year first above written.

CITY OF LANCASTER, LESSOR

LESSEE:

By: _____
Opal Mauldin-Robertson,
City Manager

ATTEST:

Sorangel O. Arenas, City Secretary

LANCASTER CITY COUNCIL

Agenda Communication

May 18, 2015

Item 5

Consider a resolution approving the terms and conditions of the City owned T-Hangar non-commercial lease from building 690-115 at the Lancaster Regional Airport.

This request supports the City Council 2014-2015 Policy Agenda.

Goal: Sound Infrastructure

Background

The City owns and leases five rows of T-hangars (buildings 660-700) of three different sizes based off aircraft wingspan. There are 92 units that the City rents for aircraft storage with end cap commercial spaces on the east end of each hangar row. The City T-hangars are near full occupancy most of the time. This agenda item brings forward a non-commercial lease agreement for T-hanger 690-115 (956 sqft) for a tenant, Mr. Brett Lummus.

Considerations

- **Operational** - The City T-hangar non-commercial lease is used for private aircraft owners.
- **Legal** - The lease agreement was reviewed and approved as to form by the City Attorney.
- **Financial** - Lease rates vary based on size of the hangar. All rates were approved in the City's Master Fee Schedule. The monthly rate for this small size T-hangar is \$190.00 per month.
- **Public Information** - This item is being considered at a meeting of the City Council noticed in accordance with the Texas Open Meeting Act.

Options/Alternatives

1. Council may approve the resolution as presented.
2. Council may reject the resolution.

Recommendation

Staff recommends approval of the resolution.

Attachments

- Resolution
 - Exhibit "A" Lease Agreement
-

Submitted by:
Mark Divita, Airport Manager

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, APPROVING THE TERMS AND CONDITIONS OF THE CITY OWNED T-HANGAR NON-COMMERCIAL LEASE FROM BUILDING 690-115 AT LANCASTER REGIONAL AIRPORT; AUTHORIZING THE CITY MANAGER TO EXECUTE SAID LEASE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Lancaster Regional Airport has aircraft T-hangers available for monthly rental for revenue gain; and

WHEREAS, the City Council of Lancaster, Texas, desires to authorize the hangar lease pursuant to the lease listed in Exhibit "A".

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

SECTION 1. That the City T-hangar lease agreement attached hereto and incorporated herein by reference as Exhibit "A" having been reviewed by the City Council of the City of Lancaster, Texas and found to be acceptable and in the best interest of the City and its citizens, be, and the same is hereby, in all things approved.

SECTION 2. That the City Manager is hereby authorized to execute said lease agreement.

SECTION 3. This Resolution shall become effective immediately from and after its passage, as the law and charter in such cases provide.

DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 18th day of May 2015.

ATTEST:

APPROVED:

Sorangel Arenas, City Secretary

Marcus E. Knight, Mayor

APPROVED AS TO FORM:

Robert E. Hager, City Attorney



LANCASTER REGIONAL AIRPORT

Agreement for Lease of T-Hangar for Storage of Aircraft

Non-Commercial Tenants

This CONTRACT and AGREEMENT OF LEASE, made this **18th** day of **May**, 2015, between the City of Lancaster, Texas, a municipal corporation, ("LESSOR") and **Brett Lummus**, (LESSEE"), evidences the following:

I.

LESSOR leases to LESSEE, and LESSEE takes from LESSOR, the following described premises located at the Lancaster Regional Airport ("Airport"), in the City of Lancaster, Dallas County, Texas, for and in consideration of the uses and for the terms and the rental hereinafter set forth, and subject and in accordance with the standard terms and provisions below.

1. **Premises:** Hangar Row and Suite **690-115**, located at the Airport, and consisting of approximately **956** square feet ("Leased Premises").

2. **Uses:** The leased premises shall be used and occupied only for the storing of aircraft owned, leased, and/or legally operated by LESSEE and related equipment. The leased premises shall be used and occupied only for the personal, business, and/or private use of the LESSEE. LESSEE shall provide LESSOR with a copy of the FAA Certificate of Aircraft Registration for the aircraft to be stored under this agreement. If the registration is not in the name of LESSEE, a copy of a valid lease or other documentation showing a possessory interest in the aircraft shall be provided. LESSEE shall not store non-aviation items such as house hold goods in leased premises. LESSEE shall not use the leased premises for any on going business or commercial operations warehousing goods or services for sale to third parties.

3. **Term:** The term of this lease will be from month to month, beginning the **11th** day of **May** 2015. Either party may cancel and terminate this agreement by serving thirty (30) days written notice of its election to do so.

4. **Rent:** LESSEE shall pay LESSOR as rent **\$190.00** per month, due and payable in advance on the first day of each month.

a. All rental payments shall be delivered to LESSOR at the following address:

City of Lancaster
Finance Department
P.O. Box 940
211 N. Henry Street
Lancaster, TX 75146

b. All payments not received by the 10th of each month shall constitute a default and breach of this Lease Agreement as set forth in paragraph 10 herein. All payments not received by the 10th of each month shall be considered "past due" for purposes of incurring late charges as calculated in subsection (c) herein, and additional late charges will begin to accrue on the 11th day of each month.

c. In the event the payment is received after the 10th day of the month, there shall be added a late charge of ten percent (10%) of the amount due.

d. LESSEE'S agreement to make rental payments shall be a covenant independent of all other covenants herein.

e. LESSOR retains the right to review the monthly rental rates and to make adjustments to said rental rates to reflect the then current market rental rates charged for similar facilities.

5. **Utilities:** Utilities are included in LESSEE's rental payment.

II.

STANDARD TERMS AND PROVISIONS

1. **Prohibited Uses:** LESSEE shall not use or permit the use of the premises or any part thereof for any purpose or purposes other than those set forth herein. LESSEE shall not commit or cause to be committed any waste in or upon the premises or maintain any public or private nuisance or any other action which may interfere with or disturb the quiet enjoyment of any other tenant of the building or buildings, or permit the use of the premises for any improper or unlawful purposes. Hazardous activities such as, but not limited to: smoking, painting, doping or the other application of hazardous substances are expressly prohibited. Nothing contained in this Section 1 shall, however, prohibit or limit LESSEE's right to use any apparatus, machinery, equipment or devices necessary or useful to LESSEE in the conduct of its activities on or about the premises.

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1. Aircraft in a current airworthy condition according to Federal Aviation Regulations with a current FAA airworthiness certificate and U.S. or foreign registration,
2. Aircraft with a current FAA airworthiness certificate and registration in a continuing process of overhaul and/or repair showing monthly progress,
3. Final assembly of amateur built aircraft in preparation to obtain airworthiness certification.

a. Restoration or construction of an aircraft shall be completed (and an airworthiness certificate issued for amateur built aircraft) within 5 yrs from the beginning of this lease.

b. Monthly progress is defined as a major component, subcomponent, major

system or subsystem is completed or installed on the aircraft every 30 days with appropriate log entries made.

c. Upon request from the Airport Manager, LESSEE shall provide monthly evidence of progress. Evidence includes but is not limited to: visual inspection of aircraft, photographs and log entries.

d. Should LESSEE sell the aircraft, LESSEE shall have ninety (90) days to acquire an aircraft to house upon the leased premises or LESSEE shall relinquish said premises to LESSOR.

e. Any exception to forgoing requirements must be approved by LESSOR'S Airport Manager.

3. **Compliance with Applicable Laws:** LESSEE shall comply with all applicable laws, ordinances, rules, regulations, and orders of any Federal, State, and City law governing the conduct of LESSEE'S activities on or about the premises.

4. **Alterations:** LESSEE shall make no structural or electrical changes or alterations, or construct any permanent additions or improvements, or do any work in connection therewith, on or about the premises without the prior written consent of the LESSOR'S Airport Manager, whose decision shall be final, and which consent shall not be unreasonably withheld. Any permanent improvements or additions to the leased premises shall be deemed to be fixtures and title to said improvements or additions shall vest in the LESSOR immediately upon completion of construction or attachment.

5. **Entry and Inspection:** LESSOR shall have the right to enter upon and inspect the premises from time to time during the term hereof, to make any repairs deemed necessary by the LESSOR for the safety, improvement, or preservation of the leased premises, without abatement of rent; provided however, that LESSOR shall not, during the course of any such inspection or repairs, unreasonably interfere with the LESSEE'S use and enjoyment of the premises. In lieu of an airport lock/key, LESSEE shall provide a copy of a key or lock combination to airport office.

6. **Services Furnished by LESSOR:** LESSOR shall furnish adequate utility power service for night time lighting. LESSOR assumes no liability to LESSEE for failures or interruptions of any and all services or utilities furnished to LESSEE when due to causes beyond the control of LESSOR, including but not limited to floods, fire, and power failures.

7. **Care of Premises by LESSEE:** LESSEE shall keep the leased premises in a safe, neat, clean, and presentable condition at all times and shall promptly repair any damage caused by LESSEE, its officers, agents, employees, or invitees.

8. **Indemnity and Hold Harmless:** LESSEE agrees to indemnify, defend, and hold LESSOR, its officers, agents, employees, or invitees harmless from and against all claims, demands, causes of actions, suits or judgments (including costs and expenses incurred in connection therewith) for injuries to persons or for loss or damage to property arising out of or in connection with the negligent or intentional

act or omission of LESSEE, its officers, agents, employees, or invitees related to or association with the use and occupancy of the Leased Premises and airport facilities including, but not limited to, claims or damage related to or associated with the storage or maintenance of LESSEE's aircraft upon Airport, or from injury or damage caused to any person's property by reason of the operations of said aircraft. LESSEE further covenants and agrees that LESSEE shall not hold LESSOR or any of its officers, agents, or employees responsible for any loss to LESSEE'S aircraft, automobile, personal property, parts, or supplies that may be located or stored in, on, or about the Leased Premises, where such loss is caused by Natural Disaster fire, rain, windstorm, hail.

9. **Disclaimer:** LESSEE agrees to accept all facilities and the leased premises in the condition in which they are found. LESSOR disclaims and LESSEE accepts LESSOR'S disclaimer of any warranty, express or implied, of the conditions or fitness for the use of the leased premises.

10. **Default:** The following events shall be deemed to be events of default by LESSEE under this Lease Agreement:

a. LESSEE shall fail to pay any installment of rent, and such failure shall continue for a period of ten (10) days following the due date of said installment.

b. LESSEE shall fail to comply with any term, provision or covenant of this Lease Agreement, other than the payment of rent, and shall not cure such failure within twenty (20) days after written notice thereof to LESSEE.

c. LESSEE shall fail to provide lock combination or key to lock on assigned hangar to airport administration.

d. LESSEE shall fail to provide accurate and correct contact information as set forth in paragraph 18 – "Notices".

Upon the occurrence of any event of default specified above, LESSOR shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

e. Terminate this Lease Agreement in which event LESSEE shall immediately surrender the premises to LESSOR; and if LESSEE fails to do so, LESSOR may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession and expel or remove LESSEE, any other person who may be occupying said premises or any part thereof, and contents therein, including LESSEE'S aircraft, by force if necessary, without being liable for prosecution or any claim of damages therefor; and LESSEE agrees to pay to LESSOR on demand the amount of all loss and damage which LESSOR may suffer by reason of such termination, whether through inability to re-let the premises on satisfactory terms or otherwise.

f. Enter upon and take possession of the premises and expel or remove LESSEE and any other person who may be occupying the premises or any part thereof, by force if necessary, without being liable for prosecution or any claim of damages therefor; and if LESSOR so elects, re-let the premises on such terms as LESSOR shall deem advisable and receive the rent thereof; and LESSEE agrees to pay to LESSOR on demand

any deficiency that may arise by reason of such re-letting.

g. Enter upon the premises, by force if necessary, without being liable for prosecution or any claim of damages therefor and do whatever LESSEE is obligated to do under the terms of this Lease Agreement; and LESSEE agrees to reimburse LESSOR on demand for any expenses which LESSOR may incur in thus effecting compliance with LESSEE's obligations under this Lease Agreement; and LESSEE further agrees that LESSOR shall not be liable for any damages resulting to LESSEE from such action.

h. No reentry or taking possession of the premises by LESSOR shall be construed as an election on its part to terminate this Lease Agreement, unless a written notice of such intention be given to LESSEE. Notwithstanding any such re-letting or reentry or taking possession, LESSOR may at any time thereafter elect to terminate this Lease Agreement for a previous default. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall the pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to LESSOR hereunder or of any damages accruing to LESSOR by reason of the violation of any of the terms, provisions and covenants herein contained. LESSOR's acceptance of rent following an event of default hereunder shall not be construed as LESSOR's waiver of such event of default. No waiver by LESSOR of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. Forbearance by LESSOR to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default. The loss or damage that LESSOR may suffer by reason of termination of this Lease Agreement or the deficiency from any re-letting as provided for above shall include the expense of repossession and any repairs or remodeling undertaken following possession. Should LESSOR at any time terminate this Lease Agreement for any default, in addition to any other remedy LESSOR may have, LESSOR may recover from LESSEE all damages LESSOR may incur by reason of such default, including cost of recovering the premises and reasonable attorney's fees expended by reason of default.

11. **Assignment, Encumbrances, and Subletting:** LESSEE shall not assign, pledge, or otherwise encumber this lease or the premises covered thereby. LESSEE shall not sublet the premises or any part thereof, or furnish to any other person any ground space, office space, aircraft storage space, or other right or privilege in or on any Airport property without the prior written consent of the LESSOR's Airport Manager. Said consent shall not be unreasonably withheld. The rental rate paid by the SUBLESSEE shall not be greater than that paid by LESSEE to LESSOR.

a. It is understood that consent of the LESSOR to any subletting in one instance shall not constitute consent of the LESSOR to any other subletting. Any assignment, sublease, or other such agreements consented to shall be in writing and shall be approved as to form by LESSOR'S City Attorney.

12. **Surrender of Premises:** Upon termination of this lease by either party, or by reason of default or otherwise, LESSEE shall remove itself, aircraft, and all other personal property, debris and equipment stored by LESSEE in and upon the premises. LESSEE shall, at its own expense, repair any damage cause by LESSEE'S use. LESSEE shall, upon termination of this lease, surrender the premises to LESSOR in the same condition as received, ordinary

wear and tear excepted. LESSOR will charge a reasonable fee for cleaning and/or disposal of any items left behind upon the premises.

13. **Rules and Regulations:** LESSEE shall faithfully observe and comply with all rules and regulations of LESSOR, including any rules and regulations promulgated by LESSOR'S Airport Manager, not inconsistent with the provisions of this lease. Such rules and regulations shall be communicated by LESSOR'S Airport Manager, in writing, to LESSEE and necessary for the reputation, safety, care, or appearance of the building, or preservation of good order, the operation or maintenance of equipment, or the comfort or safety of other Airport tenants.

14. **Successors and Assigns:** The terms, covenants, agreements, and conditions contained herein shall be binding upon LESSEE'S heirs, successors, executors, administrators, and assignees. This provision shall not in any way affect the requirements set forth in section II, paragraph 9.

15. **Signs:** LESSEE shall not erect, install, or place any signs on or about the leased premises without the prior written consent and approval of the LESSOR'S Airport Manager.

16. **Ingress and Egress:** LESSEE, its invitees, visitors, and suppliers of materials and services shall have full and free rights of ingress and egress to and from the premises and to and from other Airport buildings subject to rules and regulations of LESSOR and LESSOR'S Airport Manager.

17. **Chemicals and other Toxic Substances:** No chemicals or other toxic substances shall be stored unless in compliance with adopted Lancaster Regional Airport rules and regulations, as amended, which are incorporated herein as is set forth in full and on file with the City Manager or his/her designee.

18. **Notices:** All legal notices given or required in connection with this lease shall be in writing and shall be sent via Mail or E-Mail to the following persons(s):

LESSOR: City of Lancaster
Lancaster Regional Airport
P.O. Box 940
211 N. Henry Street
Lancaster, TX 75146

LESSEE: Brett Lummus
2146 Bluebell Dr.
Forney, TX 75126
214-354-8301
Lummus45@yahoo.com

19. **Insurance:** LESSEE shall, at its own option, carry its own insurance on its aircraft and other equipment which LESSEE stores in or on the leased premises.

20. **Waiver of Attorney Fees:** LESSOR and LESSEE covenant and agree that in the event of any litigation arising between the parties to this lease, LESSEE shall be solely

responsible for payment of its attorney's fees. In no event shall LESSOR be responsible for LESSEE'S attorney's fees regardless of the outcome of the litigation.

21. **Entire Agreement:** This agreement constitutes the entire understanding between the parties, and, as of its effective date, supersedes all prior or independent agreements covering the LESSEE'S occupation of the leased premises. Any change or modification hereof shall be in writing, signed by both parties. The parties to this agreement hereby agree and acknowledge that they are the principals to the agreement and have the power, right, and authority to enter into this agreement and are not acting on behalf, or as an agent, of any third party.

22. **Severability:** If any provision of this agreement shall be finally declared void or illegal by a court having competent jurisdiction, the entire agreement shall not be void, but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the parties. Venue governed by Texas law except where exempted by Federal law and Rules and Regulations.

23. **Governing Law; Venue:** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. Venue for any disputes arising from or related to the performance of this Agreement shall be in a state district court in Dallas County, Texas.

24. **Captions:** The Captions to the various clauses of this agreement are for informational purposes only and in no way alter the substance of the terms and conditions of this agreement.

25. **Landlord's Lien:** Pursuant to Section 54.021 of the Texas Property Code, LESSOR has a preference lien on the property of the LESSEE or any SUBLESSEE in the building for rent that is due and for rent that is to become due during the current 12 month period succeeding the date of the beginning of the rental agreement or an anniversary of that date.

IN WITNESS HEREOF, the parties executed this lease as of the day and year first above written.

CITY OF LANCASTER, LESSOR

LESSEE:

By: _____
Opal Mauldin-Robertson,
City Manager

ATTEST:

Sorangel O. Arenas, City Secretary

LANCASTER CITY COUNCIL

Agenda Communication

May 18, 2015

Item 6

Consider a resolution approving the Settlement Agreement between Atmos Cities Steering Committee (“ACSC”) and Atmos Energy Corporation, Mid-Tex Division (“Atmos” or “Company”) that resolves the 2015 RRM proceeding pending with Cities for a rate increase that is approximately \$15 million less than what the Company would be entitled to receive under the GRIP statute. Additionally, the Settlement Agreement resolves the 2014 RRM case that Atmos appealed to the Railroad Commission. Settlement of both cases was authorized by the ACSC Executive Committee.

This request supports the City Council 2014-2015 Policy Agenda.

Goal 5: Quality Development

Background

The City, along with other similarly situated cities served by Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “Company”), is a member of the Atmos Cities Steering Committee (“ACSC”). The RRM Tariff was adopted by the City as an alternative to the Gas Reliability Infrastructure Program (“GRIP”), the statutory provision that allows Atmos to bypass the City’s rate regulatory authority to increase its rates annually to recover capital investments. In February 2014, Atmos Mid-Tex filed its second annual filing under the Rate Review Mechanism (“RRM”) Tariff, seeking an increase of \$45.7 million. Although ACSC attempted to reach a settlement with the Company as it had in past years, the wide differences between the Company and ACSC’s consultants’ recommendations made a compromise impossible. On the recommendation of the ACSC Executive Committee and ACSC’s legal counsel, the City in 2014 adopted a Resolution denying the requested rate increase.

The Company appealed the City’s denial to the Railroad Commission of Texas (“Commission”), and revised its requested increase to \$43.8 million. A hearing was held on the Company’s appeal on September 3, 2014. On April 28, 2015, the Commission’s Hearings Examiner issued his Proposal for Decision (“PFD”) in the Company’s appeal of the City’s denial of the 2014 RRM rate increase. This PFD was not favorable to ACSC, but did recommend a reduction of approximately \$860,000 to the Company’s adjusted 2014 filing.

While the parties were waiting for the PFD from the Hearings Examiner in the appeal of the 2014 RRM filing, on February 27, 2015, Atmos Mid-Tex filed with the City another rate

increase request under the RRM Tariff, seeking additional revenues in the amount of \$28.762 million (total system) or \$24.0 million (affected cities). The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its 2015 request to increase rates. The Resolution and attached Settlement Agreement and tariffs are the result of negotiation between the Mid-Tex Executive Committee and the Company to resolve issues raised by ACSC during the review and evaluation of Atmos Mid-Tex's filing. The recommended Settlement Agreement also requires Atmos to abate its appeal of the City's rejection of the 2014 RRM rate increase pending approval by all ACSC cities of the Settlement Agreement. The Agreement requires Atmos to give the City the benefit of the adjustments to the 2014 rate increase recommended by the PFD.

Considerations

- **Operational** - As a result of the negotiations, the Executive Committee was able to reduce the Company's requested \$28.8 million rate increase for Mid-Tex cities to \$21,962,784. When added to the settlement of the 2014 RRM filing and the adjustments recommended by the PFD, the Company will receive total additional annual revenues of \$65.7 million. Because the 2014 rates have been in effect since June 1, 2014, the increase to currently-billed rates is \$21.0 million. Approval of the Resolution will result in rates that implement an increase in Atmos Mid-Tex's revenues effective June 1, 2015.

- **Legal** – The City Attorney has reviewed the resolution as to form.

- **Financial Impact** – The Resolution and Settlement tariffs approve rates that will increase the Company's revenues by \$65.7 million for the Mid-Tex Rate Division, effective for bills rendered on or after June 1, 2015. The monthly residential customer charge will be \$18.60. The consumption charge will change from \$0.08819 per Ccf to \$0.09931 per Ccf. The monthly bill impact for the typical residential customer consuming 60 Ccf will be an increase of \$1.14 (about a 1.59% increase in the base bill). The typical commercial customer will see an increase of \$2.69 or 0.96%.

- **Public Information** – This resolution is being considered at a regular meeting of the City Council, in accordance with the Texas Open Meetings Act.

Options/Alternatives:

1. Adopt the resolution approving the settlement agreement and the resulting rate change under the RRM tariff.
2. Reject the resolution and direct staff.

Recommendation:

Staff recommends approval of the resolution as presented.

Attachments

- Resolution
-

Submitted by:

Fabrice Kabona, Assistant to the City Manager
Opal Mauldin Robertson, City Manager

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC”) AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY’S 2014 AND 2015 RATE REVIEW MECHANISM FILINGS; APPROVING A SETTLEMENT AGREEMENT WITH ATTACHED RATE TARIFFS AND PROOF OF REVENUES; 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 SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; 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.

WHEREAS, the City of Lancaster, Texas (“City”) is a gas utility customer of Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “Company”), and a regulatory authority with an interest in the rates and charges of Atmos; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee (“ACSC”), a coalition of similarly-situated cities served by Atmos Mid-Tex (“ACSC Cities”) that have joined together to facilitate the review of and response to natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, ACSC and the Company worked collaboratively to develop a new Rate Review Mechanism (“RRM”) tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program (“GRIP”) process instituted by the Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

WHEREAS, the initial RRM Tariff was in effect for four (4) years; and

WHEREAS, ACSC Cities and Atmos Mid-Tex entered into another settlement agreement and revised the RRM Tariff; and

WHEREAS, ACSC Cities and Atmos Mid-Tex compromised and reached agreements on the amount of the rate increases to be in effect for the RRM Tariff filings for 2012 and 2013; and

WHEREAS, ACSC Cities and Atmos Mid-Tex were unable to reach an agreement on the 2014 RRM Tariff filing, resulting in the ACSC Cities’ rejection of the 2014 RRM filing; and

WHEREAS, Atmos Mid-Tex appealed the ACSC Cities’ actions rejecting its 2014 RRM filing to the Railroad Commission of Texas (“Commission”), pursuant to the provisions of the RRM Tariff; and

WHEREAS, Atmos Mid-Tex and ACSC litigated the appeal of the 2014 RRM filing at the Commission; and

WHEREAS, on February 27, 2015, Atmos Mid-Tex filed its 2015 RRM Tariff filing, requesting to increase natural gas base rates system-wide by \$28.762 million; and

WHEREAS, ACSC coordinated its review of Atmos Mid-Tex RRM filing through its Executive Committee, assisted by ACSC's attorneys and consultants, to resolve issues identified in the Company's RRM filing; and

WHEREAS, Atmos Mid-Tex has agreed to withdraw its appeal of ACSC's rejection of its 2014 RRM Tariff rate increase; and

WHEREAS, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve the attached Settlement Agreement (Attachment A to this Resolution) as well as the tariffs attached thereto, resolving both the 2014 and the 2015 RRM Tariff filings, which together will increase the Company's revenues by \$65.7 million over the amount allowed under City-approved rates set in 2013; and

WHEREAS, the attached tariffs implementing new rates are consistent with the negotiated Settlement Agreement and are just, reasonable, and in the public interest; and

WHEREAS, the RRM Tariff should be renewed for a period of time commencing in 2016 and continuing until the RRM Tariff is suspended by ordinance of the City; and

WHEREAS, the RRM Tariff contemplates reimbursement of ACSC's reasonable expenses associated with RRM applications;

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

SECTION 1. That the findings set forth in this Resolution are hereby in all things approved.

SECTION 2. That the City Council finds that the Settlement Agreement (Attachment A to this Resolution) represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 2014 and 2015 RRM filings, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

SECTION 3. That the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Attachment C, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional \$65.7 million in revenue over the amount allowed under currently approved rates, or \$21.0 million over currently-billed rates, as shown in the Proof of Revenues attached hereto and incorporated herein as Attachment B; such tariffs are hereby adopted.

SECTION 4. That the ratemaking treatment for pensions and other post-employment benefits in Atmos' next RRM filing shall be as set forth on Attachment D, attached hereto and incorporated herein.

SECTION 5. That in an effort to streamline the regulatory review process, the Atmos Mid-Tex RRM Tariff is renewed for a period commencing with the Company's March 1, 2016 RRM filing for calendar year 2015, effective June 1, 2016, and continuing thereafter until such time as the City adopts an ordinance suspending operation of the RRM Tariff.

SECTION 6. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's RRM application.

SECTION 7. That to the extent any resolution previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.

SECTION 8. That the meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

SECTION 9. That if any one or more sections or clauses of this Resolution is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

SECTION 10. That consistent with the City ordinance that established the RRM process, this Resolution shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after June 1, 2015.

SECTION 11. That a copy of this Resolution shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy Corporation, 5420 LJB Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

DULY PASSED by the City Council of the City of Lancaster, Texas, on this the 18th day of May 2015.

ATTEST:

APPROVED:

Sorangel O. Arenas, City Secretary

Marcus E. Knight, Mayor

APPROVED AS TO FORM:

Robert E. Hager, City Attorney

**SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORP., MID-TEX
DIVISION AND ATMOS CITIES STEERING COMMITTEE**

WHEREAS, this agreement (“Settlement Agreement”) is entered into by Atmos Energy Corp’s Mid-Tex Division and Atmos Cities Steering Committee (“ACSC”) whose members include the Cities of Abilene, Addison, Allen, Alvarado, Angus, Anna, Argyle, Arlington, Aubrey, Bedford, Bellmead, Benbrook, Beverly Hills, Blossom, Blue Ridge, Bowie, Boyd, Bridgeport, Brownwood, Buffalo, Burkburnett, Burleson, Caddo Mills, Canton, Carrollton, Cedar Hill, Celeste, Celina, Centerville, Cisco, Clarksville, Cleburne, Clyde, College Station, Colleyville, Colorado City, Comanche, Commerce, Coolidge, Coppell, Copperas Cove, Corinth, Corral City, Crandall, Crowley, Dalworthington Gardens, Denison, DeSoto, Duncanville, Eastland, Edgecliff Village, Emory, Ennis, Euless, Everman, Fairview, Farmers Branch, Farmersville, Fate, Flower Mound, Forest Hill, Fort Worth, Frisco, Frost, Gainesville, Garland, Garrett, Grand Prairie, Grapevine, Gunter, Haltom City, Harker Heights, Haskell, Haslet, Hewitt, Highland Park, Highland Village, Honey Grove, Hurst, Hutto, Iowa Park, Irving, Justin, Kaufman, Keene, Keller, Kemp, Kennedale, Kerens, Kerrville, Killeen, Krum, Lake Worth, Lakeside, Lancaster, Lewisville, Lincoln Park, Little Elm, Lorena, Madisonville, Malakoff, Mansfield, McKinney, Melissa, Mesquite, Midlothian, Murphy, Newark, Nocona, North Richland Hills, Northlake, Oakleaf, Ovilla, Palestine, Pantego, Paris, Parker, Pecan Hill, Petrolia, Plano, Ponder, Pottsboro, Prosper, Quitman, Red Oak, Reno (Parker County), Richardson, Richland, Richland Hills, Roanoke, Robinson, Rockwall, Roscoe, Rowlett, Royse City, Sachse, Saginaw, Sansom Park, Seagoville, Sherman, Snyder, Southlake, Springtown, Stamford, Stephenville, Sulphur Springs, Sweetwater, Temple, Terrell, The Colony, Trophy Club, Tyler, University Park, Venus, Vernon, Waco, Watauga, Waxahachie, Westlake, White Settlement, Whitesboro, Wichita Falls, Woodway, and Wylie.

WHEREAS, on February 28, 2014, Atmos filed with the ACSC Cities an application, hereinafter referred to as the 2014 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism, which were subsequently consolidated into GUD No. 10359 at the Railroad Commission of Texas; and

WHEREAS, on February 27, 2015, Atmos filed with the ACSC Cities an application, hereinafter referred to as the 2015 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism; and

WHEREAS, the Settlement Agreement resolves all issues between Atmos and ACSC (“the Signatories”) regarding the 2014 RRM filing, which is currently pending before the Commission, and the 2015 RRM filing, which is currently pending before the ACSC Cities, in a manner that the Signatories believe is consistent with the public interest, and the Signatories represent diverse interests; and

WHEREAS, the Signatories believe that the resolution of the issues raised in the 2014 RRM filing and the 2015 RRM filing can best be accomplished by each ACSC City approving this Settlement Agreement and the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to the

following Settlement Terms as a means of fully resolving all issues between Atmos and the ACSC Cities involving the 2014 RRM filing and 2015 RRM filing:

Settlement Terms

1. Upon the execution of this Settlement Agreement, the ACSC Cities will approve an ordinance or resolution to approve the Settlement Agreement and implement the rates, terms and conditions reflected in the tariffs attached to the Settlement Agreement as Exhibit A. (Attachment A to the Ordinance ratifying the Agreement). Said tariffs should allow Atmos to recover annually an additional \$65.7 million in revenue over the amount allowed under currently approved rates by implementation of rates shown in the proof of revenues attached as Exhibit B. (Attachment B to the Ordinance ratifying this Agreement). The uniform implementation of gas rates, terms and conditions established by the Settlement Agreement shall be effective for bills rendered on or after June 1, 2015. Consistent with the City's authority under Section 103.001 of the Texas Utilities Code, the Settlement Agreement represents a comprehensive settlement of gas utility rate issues affecting the rates, operations and services offered by Atmos within the municipal limits of the ACSC Cities arising from Atmos' 2014 RRM filing and 2015 RRM filing. No refunds of charges billed to customers by Atmos under the RRM in past periods shall be owed or owing.
2. In an effort to streamline the regulatory review process, Atmos and the ACSC Cities have agreed to renew the Rate Review Mechanism ("Rider RRM") for a period commencing with the Company's March 1, 2016 filing under this mechanism for the calendar year 2015, effective June 1, 2016, and continuing thereafter until such time as either the ACSC Cities issue an ordinance stating a desire to discontinue the operation of the tariff or Atmos files a Statement of Intent. Atmos and the ACSC Cities further agree that the RRM tariff shall remain in effect until such time as new, final rates are established for Atmos. Upon approval of this Settlement Agreement by the ACSC Cities, Atmos shall file an updated RRM Tariff with each city reflecting the provisions of this agreement.
3. Atmos and the ACSC Cities agree that rate base as of December 31, 2014 in the amount of \$1,955,948,256 is just and reasonable and shall be recovered in rates.
4. Atmos and the ACSC Cities agree that a pension and other postemployment benefits balance as of December 31, 2014 in the amount of \$18,284,949 is just and reasonable and shall be used as the beginning balance for purposes of determining pension and other postemployment benefits to be recovered in the next RRM filing (Attachment D to the Ordinance ratifying the Agreement).
5. With regard to the treatment of Atmos' Rule 8.209 regulatory asset under the RRM, Atmos and the ACSC Cities agree to the following with respect to any pending and future RRM filings:
 - a. the capital investment in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209;

- b. the classification of projects included in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209 and shall serve as a basis for classification of projects in future RRM filings;
 - c. the treatment of blanket replacement projects, system upgrades, relocations, and transmission line replacements in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209 and shall be included in future RRM filings.
 - d. the incurred expenses included in the Rule 8.209 regulatory asset in the 2014 RRM and the 2015 RRM are reasonable and consistent with the requirements of Rule 8.209 and shall be included in future RRM filings;
 - e. interest on the Rule 8.209 regulatory asset account shall be calculated using the pre-tax cost of capital most recently approved by the Commission. The use of the pre-tax cost of capital is consistent with Rule 8.209. A return on Rule 8.209 capital investment is only earned once the investment is included in rate base. No change in the Company's calculation of the interest component in its Rule 8.209 regulatory asset accounts is warranted through the period ended May 31, 2015. Beginning June 1, 2015, interest expense shall be calculated monthly using simple interest (*i.e.* 11.49% divided by 12, or approximately 0.96% per month) applied to the total value of the Rule 8.209 asset investment (exclusive of interest) until such time the Rule 8.209 regulatory asset is approved for inclusion in the Company's rate base.
 - f. While Atmos and the ACSC Cities agree to apply the treatments and methodologies set forth in this paragraph, subsections (a) – (e) in all future RRM filings, the regulatory authority retains its right to disallow any capital investment that is not shown to be prudently incurred, and any expense not shown to be reasonable and necessary, in future RRM filings.
 - g. Atmos and the ACSC Cities acknowledge that their agreement regarding the treatment and methodologies applicable to Rule 8.209 capital investments under the RRM tariff shall not prejudice the right of either party to argue for different treatments or methodologies in a future statement of intent proceeding.
6. Revenues approved pursuant to Paragraph 1 of the Settlement Agreement include reimbursement of rate case expenses owed to the ACSC Cities in connection with the 2014 RRM filing.
7. The Signatories agree that each ACSC city shall approve this Settlement Agreement and adopt an ordinance or resolution to implement for the ACSC Cities the rates, terms, and conditions reflected in the tariffs attached to the Settlement Agreement as Exhibit A. Atmos and ACSC further agree that at such time as all of the ACSC Cities have passed an ordinance or resolution consistent with the Settlement and Atmos has received such ordinance or resolution, Atmos shall withdraw its appeal of the currently pending RRM filing before the Railroad Commission of Texas in connection with the 2014 RRM filing.

8. Atmos and the ACSC Cities further agree that the express terms of the Rider RRM are supplemental to the filing, notice, regulatory review, or appellate procedural process of the ratemaking provisions of Chapter 104 of the Texas Utilities Code. If the statute requires a mandatory action on behalf of the municipal regulatory authority or Atmos, the parties will follow the provisions of such statute. If the statute allows discretion on behalf of the municipal regulatory authority, the ACSC Cities agree that they shall exercise such discretion in such a way as to implement the provisions of the RRM tariff. If Atmos appeals an action or inaction of an ACSC City regarding an RRM filing to the Railroad Commission, the ACSC Cities agree that they will not oppose the implementation of interim rates or advocate the imposition of a bond by Atmos consistent with the RRM tariff. Atmos agrees that it will make no filings on behalf of its Mid-Tex Division under the provisions of Section 104.301 of the Texas Utilities code while the Rider RRM is in place. In the event that a regulatory authority fails to act or enters an adverse decision regarding the proposed annual RRM adjustment, the Railroad Commission of Texas shall have exclusive appellate jurisdiction, pursuant to the provisions of the Texas Utilities Code, to review the action or inaction of the regulatory authority exercising exclusive original jurisdiction over the RRM request. In addition, the Signatories agree that this Settlement Agreement shall not be construed as a waiver of the ACSC Cities' right to initiate a show cause proceeding or the Company's right to file a Statement of Intent under the provisions of the Texas Utilities Code.
9. The Signatories agree that the terms of the Settlement Agreement are interdependent and indivisible, and that if any ACSC city enters an order that is inconsistent with this Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Settlement Agreement or its subsequent withdrawal. If any ACSC city rejects this Settlement Agreement, then this Settlement Agreement shall be void *ab initio* and counsel for the ACSC Cities shall thereafter only take such actions as are in accordance with the Texas Disciplinary Rules of Professional Conduct.
10. The Signatories agree that all negotiations, discussions and conferences related to the Settlement Agreement are privileged, inadmissible, and not relevant to prove any issues associated with Atmos' 2014 RRM filing and 2015 RRM filing.
11. The Signatories agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the ACSC Cities of an ordinance or resolution implementing this Settlement Agreement.
12. The Signatories agree that this Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes, and, except to the extent the Settlement Agreement governs a Signatory's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding.

13. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

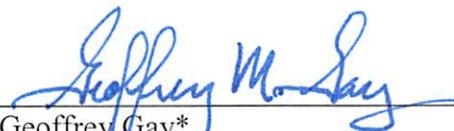
Agreed to this 7 day of May, 2015.

ATMOS ENERGY CORP., MID-TEX DIVISION

By: John A. Paris
John A. Paris
President, Mid-Tex Division

Agreed to this 7th day of May 2015.

ATTORNEY FOR ATMOS CITIES STEERING COMMITTEE, WHOSE MEMBERS INCLUDE THE CITIES OF ABILENE, ADDISON, ALLEN, ALVARADO, ANGUS, ANNA, ARGYLE, ARLINGTON, AUBREY, BEDFORD, BELLMEAD, BENBROOK, BEVERLY HILLS, BLOSSOM, BLUE RIDGE, BOWIE, BOYD, BRIDGEPORT, BROWNWOOD, BUFFALO, BURKBURNETT, BURLESON, CADDO MILLS, CANTON, CARROLLTON, CEDAR HILL, CELESTE, CELINA, CENTERVILLE, CISCO, CLARKSVILLE, CLEBURNE, CLYDE, COLLEGE STATION, COLLEYVILLE, COLORADO CITY, COMANCHE, COMMERCE, COOLIDGE, COPPELL, COPPERAS COVE, CORINTH, CORRAL CITY, CRANDALL, CROWLEY, DALWORTHINGTON GARDENS, DENISON, DESOTO, DUNCANVILLE, EASTLAND, EDGECLIFF VILLAGE, EMORY, ENNIS, EULESS, EVERMAN, FAIRVIEW, FARMERS BRANCH, FARMERSVILLE, FATE, FLOWER MOUND, FOREST HILL, FORT WORTH, FRISCO, FROST, GAINESVILLE, GARLAND, GARRETT, GRAND PRAIRIE, GRAPEVINE, GUNTER, HALTOM CITY, HARKER HEIGHTS, HASKELL, HASLET, HEWITT, HIGHLAND PARK, HIGHLAND VILLAGE, HONEY GROVE, HURST, HUTTO, IOWA PARK, IRVING, JUSTIN, KAUFMAN, KEENE, KELLER, KEMP, KENNEDALE, KERENS, KERRVILLE, KILLEEN, KRUM, LAKE WORTH, LAKESIDE, LANCASTER, LEWISVILLE, LINCOLN PARK, LITTLE ELM, LORENA, MADISONVILLE, MALAKOFF, MANSFIELD, MCKINNEY, MELISSA, MESQUITE, MIDLOTHIAN, MURPHY, NEWARK, NOCONA, NORTH RICHLAND HILLS, NORTHLAKE, OAKLEAF, OVILLA, PALESTINE, PANTEGO, PARIS, PARKER, PECAN HILL, PETROLIA, PLANO, PONDER, POTTSBORO, PROSPER, QUITMAN, RED OAK, RENO (PARKER COUNTY), RICHARDSON, RICHLAND, RICHLAND HILLS, ROANOKE, ROBINSON, ROCKWALL, ROSCOE, ROWLETT, ROYSE CITY, SACHSE, SAGINAW, SANSOM PARK, SEAGOVILLE, SHERMAN, SNYDER, SOUTHLAKE, SPRINGTOWN, STAMFORD, STEPHENVILLE, SULPHUR SPRINGS, SWEETWATER, TEMPLE, TERRELL, THE COLONY, TROPHY CLUB, TYLER, UNIVERSITY PARK, VENUS, VERNON, WACO, WATAUGA, WAXAHACHIE, WESTLAKE, WHITE SETTLEMENT, WHITESBORO, WICHITA FALLS, WOODWAY, AND WYLIE.

By: 
Geoffrey Gay*

* Subject to approval by ACSC City Councils

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2015	PAGE:

Application

Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 30,000 Ccf.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 40.00 per month
Rider CEE Surcharge	\$ 0.00 per month ¹
Total Customer Charge	\$ 40.00 per month
Commodity Charge – All Ccf	\$ 0.08020 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

¹ Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2014.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2015	PAGE:

Application

Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 3,500 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2937 per MMBtu
Next 3,500 MMBtu	\$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0461 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Curtailement Overpull Fee

Upon notification by Company of an event of curtailement or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailement or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2015	PAGE:

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2015	PAGE:

Application

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 18.60 per month
Rider CEE Surcharge	\$ 0.02 per month ¹
Total Customer Charge	\$ 18.62 per month
Commodity Charge – All <u>Ccf</u>	\$0.09931 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

¹Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2014.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2015	PAGE:

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2937 per MMBtu
Next 3,500 MMBtu	\$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0461 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Imbalance Fees

All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

Monthly Imbalance Fees

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2015	PAGE:

Curtailement Overpull Fee

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement

A transportation agreement is required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 11/01/2015	PAGE:

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

- i = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification
- $WNAF_i$ = Weather Normalization Adjustment Factor for the i^{th} rate schedule or classification expressed in cents per Ccf
- R_i = Commodity Charge rate of temperature sensitive sales for the i^{th} schedule or classification.
- HSF_i = heat sensitive factor for the i^{th} schedule or classification divided by the average bill count in that class
- NDD = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.
- ADD = billing cycle actual heating degree days.
- BL_i = base load sales for the i^{th} schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the j th customer in i th rate schedule is computed as:

$$WNA_j = WNAF_i \times q_{ij}$$

Where q_{ij} is the relevant sales quantity for the j th customer in i th rate schedule.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
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Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>
Abilene	10.22	0.1404	98.80	0.6372
Austin	11.59	0.1443	213.62	0.7922
Dallas	14.12	0.2000	208.11	0.9085
Waco	9.74	0.1387	130.27	0.6351
Wichita Falls	11.79	0.1476	122.35	0.5772

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at atmosenergy.com/mtx-wna, in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and a Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

**ATMOS ENERGY CORP., MID-TEX DIVISION
PROOF OF REVENUES AND PROPOSED TARIFF STRUCTURE
TEST YEAR ENDING DECEMBER 31, 2014**

(a)	(b)	(c)	(d)	(e)	(f)	(g)
1 Proposed Change In Rates:		\$21,066,527	Schedule A			
2 Proposed Change In Rates without Revenue Related Taxes:		<u>\$19,757,254</u>	Ln 1 divided by factor on WP_F-5.1			
3						
4						
5						
6	Revenue	Requirements	Allocations			
7 Residential	\$ 338,431,486		77.95%	Per GUD 10170 Final Order		
8 Commercial	\$ 84,223,622		19.40%	Per GUD 10170 Final Order		
9 Industrial and Transportation	\$ 11,490,316		2.65%	Per GUD 10170 Final Order		
10 Net Revenue Requirements GUD No. 10170	<u>\$ 434,145,424</u>					
11						
12						
17						
18	Rate Class	Current	Proposed Change	Proposed Rates	Proposed Change In Revenues	Proposed Revenues
19						with Rate Case Expenses
20 Residential Base Charge	\$ 18.20	\$ 0.36	\$ 18.56	\$ 6,351,350	\$ 327,447,398	\$ 18.60
21 Residential Consumption Charge	\$ 0.08819	\$ 0.01112	\$ 0.09931	\$ 9,049,383	\$ 80,817,829	\$ 0.09931
22 Commercial Base Charge	\$ 38.50	\$ 1.37	\$ 39.87	\$ 2,000,584	\$ 58,221,364	\$ 40.00
23 Commercial Consumption Charge	\$ 0.07681	\$ 0.00339	\$ 0.08020	\$ 1,834,968	\$ 43,411,339	\$ 0.08020
24 I&T Base Charge	\$ 675.00	\$ 22.35	\$ 697.35	\$ 220,192	\$ 6,870,292	\$ 700.00
25 I&T Consumption Charge Tier 1 MMBTU	\$ 0.2807	\$ 0.0130	\$ 0.2937	\$ 142,055	\$ 3,209,350	\$ 0.2937
26 I&T Consumption Charge Tier 2 MMBTU	\$ 0.2056	\$ 0.0095	\$ 0.2151	\$ 117,051	\$ 2,650,282	\$ 0.2151
27 I&T Consumption Charge Tier 3 MMBTU	\$ 0.0441	\$ 0.0020	\$ 0.0461	\$ 42,703	\$ 984,314	\$ 0.0461
28			\$	\$ 19,758,287	\$ 523,612,169	
29						

Data Sources:
GUD10170_FINAL.xlsm

ATMOS ENERGY CORP., MID-TEX DIVISION
 PROOF OF REVENUES AND PROPOSED TARIFF STRUCTURE
 TEST YEAR ENDING DECEMBER 31, 2014

(a) (b) (c) (d) (e) (f) (g)

1 Proposed Change In Rates: \$21,066,527 Schedule A
 2 Proposed Change In Rates without Revenue Related Taxes: \$19,757,254 Ln 1 divided by factor on WP_F-5.1

Revenue Requirements	Allocations
7 Residential \$ 338,431,486	77.95% Per GUD 10170 Final Order
8 Commercial \$ 84,223,622	19.40% Per GUD 10170 Final Order
9 Industrial and Transportation \$ 11,490,316	2.65% Per GUD 10170 Final Order
10 Net Revenue Requirements GUD No. 10170 \$ 434,145,424	

Rate Class	Current	Proposed Change	Proposed Rates	Proposed Change In Revenues	Proposed Revenues	Proposed Rates with Rate Case Expenses
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28			\$	\$ 19,758,287	\$ 523,612,169	
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Data Sources:
 GUD10170_FINAL.xlsm

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2015	PAGE:

Application

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Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

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Customer Charge per Bill	\$ 40.00 per month
Rider CEE Surcharge	\$ 0.00 per month ¹
Total Customer Charge	\$ 40.00 per month
Commodity Charge – All Ccf	\$ 0.08020 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

¹ Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2014.

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2015	PAGE:

Application

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Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

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Curtailement Overpull Fee

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Replacement Index

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RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
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Special Conditions

In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2015	PAGE:

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Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

Type of Service

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Commodity Charge – All <u>Ccf</u>	\$0.09931 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

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Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

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RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2015	PAGE:

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2937 per MMBtu
Next 3,500 MMBtu	\$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0461 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Imbalance Fees

All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

Monthly Imbalance Fees

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2015	PAGE:

Curtailment Overpull Fee

Upon notification by Company of an event of curtailment or interruption of Customer’s deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled “Daily Price Survey.”

Replacement Index

In the event the “midpoint” or “common” price for the Katy point listed in *Platts Gas Daily* in the table entitled “Daily Price Survey” is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement

A transportation agreement is required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company’s Tariff for Gas Service.

Special Conditions

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 11/01/2015	PAGE:

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

- i = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification
- $WNAF_i$ = Weather Normalization Adjustment Factor for the i^{th} rate schedule or classification expressed in cents per Ccf
- R_i = Commodity Charge rate of temperature sensitive sales for the i^{th} schedule or classification.
- HSF_i = heat sensitive factor for the i^{th} schedule or classification divided by the average bill count in that class
- NDD = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.
- ADD = billing cycle actual heating degree days.
- BL_i = base load sales for the i^{th} schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the j th customer in i th rate schedule is computed as:

$$WNA_j = WNAF_i \times q_{ij}$$

Where q_{ij} is the relevant sales quantity for the j th customer in i th rate schedule.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 11/01/2015	PAGE:

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>
Abilene	10.22	0.1404	98.80	0.6372
Austin	11.59	0.1443	213.62	0.7922
Dallas	14.12	0.2000	208.11	0.9085
Waco	9.74	0.1387	130.27	0.6351
Wichita Falls	11.79	0.1476	122.35	0.5772

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at atmosenergy.com/mtx-wna, in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and a Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

**ATMOS ENERGY CORP., MID-TEX DIVISION
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2014**

Line No.	Description (a)	Shared Services (b)		Mid-Tex Direct (c)		Mid-Tex Direct (e)		Adjustment Total (g)
		Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	Supplemental Executive Benefit Plan ("SERP")	Post-Retirement Medical Plan ("FAS 106")	
1	Fiscal Year 2014 Towers Watson Report (excluding Removed Cost Centers)	\$ 6,388,826	\$ 4,542,023	\$ 9,481,670	\$ 165,758	\$ 165,758	\$ 8,736,645	
2	Allocation to Mid-Tex	46.26%	46.26%	71.70%	100.00%	100.00%	71.70%	
3	FY14 Towers Watson Benefit Costs (excluding Removed Cost Centers) Allocated to MTX (Ln 1 x Ln 2)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 165,758	\$ 165,758	\$ 6,264,334	
4	O&M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
5	FY14 Towers Watson Benefit Costs To Approve (excluding Removed Cost Centers) (Ln 3 x Ln 4)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 165,758	\$ 165,758	\$ 6,264,334	\$ 18,284,949
6								
7								
8	Summary of Costs to Approve:							
9								
10	Total Pension Account Plan ("PAP")	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531			\$ 9,753,835	
11	Total Post-Retirement Medical Plan ("FAS 106")				\$ 6,264,334	\$ 6,264,334	\$ 8,365,356	
12	Total Supplemental Executive Retirement Plan ("SERP")				\$ 165,758	\$ 165,758	\$ 165,758	
13	Total (Ln 10 + Ln 11 + Ln 12)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 6,264,334	\$ 6,264,334	\$ 18,284,949	
14								
15								
16	O&M Expense Factor	95.82%	95.82%	43.03%	21.00%	43.03%		
17								
18	Expense Portion (Ln 13 x Ln 16)	\$ 2,831,859	\$ 2,013,260	\$ 2,925,600	\$ 34,809	\$ 2,695,721	\$ 10,501,250	
19								
20	Capital Factor	4.18%	4.18%	56.97%	79.00%	56.97%		
21								
22	Capital Portion (Ln 13 x Ln 20)	\$ 123,445	\$ 87,761	\$ 3,872,930	\$ 130,949	\$ 3,568,614	\$ 7,783,699	
23								
24	Total (Ln 18 + Ln 22)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 165,758	\$ 6,264,334	\$ 18,284,949	

LANCASTER CITY COUNCIL

Agenda Communication

May 18, 2015

Item 7

Consider election of a Mayor Pro Tempore.

This request supports the City Council 2014-2015 Policy Agenda.

City Charter Provision

Background

Section 3.05 (b) of the City Charter provides for the election of a Mayor Pro Tem and a Deputy Mayor Pro Tem. Section 3.05 (c) of the City Charter provides that the Mayor Pro Tem shall act as Mayor during the disability or absence of the Mayor and in this capacity shall have the rights conferred upon the Mayor.

Options/Alternatives

Council may elect a Mayor Pro Tem at this time or defer the action until the next regular meeting.

Recommendation

No staff recommendation. This matter is at Council's discretion.

Attachments

- Section 3.05 *Mayor, Mayor Pro Tem and Deputy Mayor Pro Tem* from the City's Home Rule Charter

Submitted by:

Sorangel O. Arenas, City Secretary

- (2) have resided in their district for a minimum of one (1) year prior to the date of the election and shall reside in that district during the term of office.

In the event that a citizen's residence is changed solely as a result of an approved redistricting plan in accordance with law; the one (1) year district residency requirement shall not apply.

SECTION 3.03 Compensation

The City Council shall serve without compensation. The City Council shall be entitled to reimbursement for actual expenses incurred in the performance of official duties.

SECTION 3.04 Mayor and the City Councilmember; Qualifications; How Nominated and Elected; Official Ballot.

(A) The names of candidates for City Councilmember and Mayor shall be placed on the official ballot upon the filing of a petition, in accordance with the TEXAS ELECTION CODE, with the City Secretary stating the candidate has resided in the City of Lancaster for a period of at least one year prior to such election. If filing for a Council district, the candidate must have also resided within the district for which the candidate is filing for a period of at least one (1) year prior to such election, except as provided herein. The petition shall be signed, in addition to the candidate, by twenty-five (25) qualified voters residing within the district for which the candidate is seeking election, or in the case of the Mayor, twenty-five (25) qualified voters of the City. Upon filing, such name shall be printed upon the official ballot. The order in which the names of the candidates for City Council shall appear on the ballot shall be determined by lot, in a drawing held under the supervision of the City Secretary.

(B) If a member of the Council shall file as a candidate for nomination or election to any public office other than his current office on the City Council, such candidacy shall constitute an automatic resignation.

SECTION 3.05 Mayor, Mayor Pro-Tem and Deputy Mayor Pro-Tem

(A) The Mayor shall preside at all meetings of the City Council, and shall be recognized as head of the City government for all ceremonial purposes, and by the Governor for purposes of military law, but shall have no regular administrative duties. The Mayor may participate in the discussion of all matters coming before the City Council. The Mayor shall be entitled to vote as a member thereof on all legislative or other matters. He shall sign resolutions/ordinances and conveyances made or entered into by the City and all bonds issued under the provisions of this Charter; and such other documents that he/she may be authorized by Council or by law. The Mayor shall not have power to veto any legislative or other matter.

(B) The City Council shall elect a Mayor Pro Tem and a Deputy Mayor Pro Tem at the first meeting as provided herein.

(C) The Mayor Pro-Tem shall be a Councilmember elected by the City Council at the first regular meeting after each election of Councilmembers and/or Mayor. The Mayor Pro-Tem shall act as Mayor during the disability or absence of the Mayor, and in this capacity shall have the rights conferred upon the Mayor.

(D) The Deputy Mayor Pro-Tem shall be a Councilmember elected by the City Council at the first regular meeting after each election of Councilmembers and/or Mayor. The Deputy Mayor Pro-Tem shall act as Mayor during the disability or absence of the Mayor and Mayor Pro-Tem, and in this capacity shall have the rights conferred upon the Mayor.

SECTION 3.06 Vacancies, Forfeiture and Filling of Vacancies

(A) The office of a Councilmember or the Mayor shall become vacant upon his/her death, resignation, forfeiture of, or removal from office by any manner authorized by law.

(B) Any person on the City Council who ceases to possess the required qualifications for office or who is convicted of a felony or is convicted of violating any State laws regulating conflicts of interest of municipal officers shall forfeit his/her office. Every forfeiture shall be declared and enforced by the City Council.

(C) If there is a vacancy in the office of Mayor, a new Mayor shall be elected as provided by state law.

(D) A vacancy in the office of any Councilmember shall be filled by special election in accordance with the TEXAS ELECTION CODE. If the vacated office is that of Mayor Pro-Tem (or Deputy Mayor Pro-Tem), the City Council shall elect a new Mayor Pro-Tem (or Deputy Mayor Pro-Tem) at the next regular meeting.

(E) Vacancies filled by special election shall be for the remainder of the term that was vacated.

SECTION 3.07 Duties and Powers of the City Council

(A) The City Council shall have all powers necessary and incident to the proper discharge of the duties imposed upon it and is hereby invested with all powers necessary to carry out the terms of this Charter; it being intended that the City Council and Mayor shall have and exercise all powers enumerated in this Charter or implied thereby and all powers that are or hereafter may be granted to municipalities by this Charter, the Constitution or laws of the State of Texas.

(B) Any member of the City Council shall have the unabridged right to place an item on the agenda of a duly convened meeting of the Council; nothing contained in this Charter shall be construed to limit or circumscribe such right.

(C) During each calendar year, the City Council shall undertake one (1) annual review of the performance of the City Manager in writing. The City Manager shall be responsible for

LANCASTER CITY COUNCIL

Agenda Communication

May 18, 2015

Item 8

Consider election of a Deputy Mayor Pro Tempore.

This request supports the City Council 2014-2015 Policy Agenda.

City Charter Provision

Background

Section 3.05 (b) of the City Charter provides for the election of a Mayor Pro Tem and a Deputy Mayor Pro Tem. Section 3.05 (d) of the City Charter provides that the Deputy Mayor Pro Tem shall act as Mayor during the disability or absence of the Mayor and Mayor Pro Tem and in this capacity shall have the rights conferred upon the Mayor.

Options/Alternatives

Council may elect a Deputy Mayor Pro Tem at this time or defer the action until the next regular meeting.

Recommendation

No staff recommendation. This matter is at Council's discretion.

Submitted by:

Sorangel O. Arenas, City Secretary