



NOTICE OF A PUBLIC MEETING
TOWN OF RANCHO VIEJO
BOARD OF ALDERMEN
REGULAR MEETING

JULY 11, 2017
6:00 P.M.

NOTICE is hereby given of a REGULAR MEETING of the BOARD OF ALDERMEN of the TOWN OF RANCHO VIEJO, TEXAS, to be held on JULY 11, 2017 at 6:00 P.M., in the TOWN MUNICIPAL OFFICE, 3301 CARMEN AVENUE, RANCHO VIEJO, TEXAS to consider the following items:

1. Call to Order
2. Roll Call
3. Invocation and Pledge
4. Public Comment
5. Approval of Minutes - Regular Meeting June 13, 2017
6. Report from Street Committee
7. Discussion/Consideration/Action on Statements of Qualifications for Geotechnical Engineering Services and Materials Testing
8. Consideration/Action to Execute an Interlocal Agreement between Valley MUD NO. 2 and the Town of Rancho Viejo for Street Repair and Paving Improvements Phase 1
9. Consideration/Approval on a Resolution of the Town of Rancho Viejo Approving Cooperation with the Cities Served by AEP to Review AEP Texas Inc.'s Requested Approval of an Adjustment to its Energy Efficiency Cost Recovery Factor; Hiring Legal and Consulting Services to Negotiate with the Company and Direct any Necessary Litigation and Appeals; Finding that the Meeting at Which this Resolution is Passed is Open to the Public as Required by Law; Requiring Notice of this Resolution to Legal Counsel
10. Consideration/Approval on a Resolution of the Board of Aldermen of the Town of Rancho Viejo, Texas Suspending the July 20, 2017 Effective Date of the Statement of Intent of Texas Gas Service Company to Increase Rates within the Incorporated Areas of its Service Territory to Permit the Town time to Study the Request and to Establish Reasonable Rates; Finding that the Town's Reasonable Rate Case Expenses Shall be Reimbursed by the Company; Authorizing Participation with other Rio Grande Valley Texas Municipalities; Hiring Legal and Consulting Services to Negotiate with the Company and Direct any Necessary Litigation and Appeals; Finding that the Meeting at Which this Resolution is Passed is Open to the Public as Required by Law; Requiring Notice of this Resolution to the Company and Legal Counsel
11. Consideration/Action of Resolution Extending the Provisions of Section 33.07 of the Property Tax Code which enables the Governing Body to assess an Additional Collection Penalty
12. Consideration/Action to Designate an Auditor for September 30, 2017
13. Consideration/Action of Amendment to Agreement with Rio Rancho Nuevo Phase I, LLC, Concerning Second Entrance to Rancho Nuevo Subdivision
14. May 2017 Financial Report - Town Administrator
15. June 2017 Police Report - Police Chief
16. Public Comment
17. Adjourn


Fred Blanco, Town Administrator

1. Call to Order by Mayor Rathbun

2. Roll Call

by Isabel Perales

Aldерwoman Guerrero

Alderman Lucio

Aldерwoman Salinas

Aldерwoman Truan

Alderman Vera

Legal Counsel, Daniel Rentfro, Jr.

Town Administrator, Fred Blanco.

3. Invocation and Pledge

The pledge of allegiance to the United States Flag:

“I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.”

And the pledge of allegiance to the Texas State Flag is,

“Honor the Texas Flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.”

4. Public Comment

5. Approval of Minutes - Regular Meeting Regular Meeting June 13, 2017

MINUTES OF A REGULAR MEETING
TOWN OF RANCHO VIEJO
JUNE 13, 2017

A Regular Meeting of the Board of Aldermen of the Town of Rancho Viejo, Texas, to be held on, June 13, 2017 at 6:00 P.M., in the Town Municipal Office, 3301 Carmen Avenue, Rancho Viejo, Texas to consider the following items:

1. CALL TO ORDER:

The meeting was called to order by Mayor Rathbun at 6:04 P.M.

2. ROLL CALL:

Roll call was made by Isabel Perales, Assistant Town Secretary. Members present at the meeting were:

Mrs. Maribel Guerrero
Mrs. Grace Salinas
Mrs. Bitty Truan
Mr. Javier Vera

Members absent:

Mr. Erick Lucio

A quorum was present at the meeting.

Legal counsel Daniel Rentfro, Jr. was present at the meeting. Town Administrator, Fred Blanco was also present at the meeting.

Those present in the audience were:

Zele Luna	Scott Fry	Jon Pederson
Chief M. Cruz, Jr.	Vicente Mendez	Antony De Ponce
Alfredo Balderas		

3. INVOCATION AND PLEDGE:

Alderman Guerrero led the group in the invocation and pledge of allegiance to the American and Texas flags.

4. PUBLIC COMMENT:

Mr. Scott Fry with Valley Municipal Utility District #2 stated that they are experiencing higher than normal algae levels in the Resacas and they are responding by turning up the reverse osmosis facility to combat the algae. They have gotten numerous complaints and just got a new shipment of algacide to help control the levels.

5. APPROVAL OF MINUTES - REGULAR MEETING MAY 16, 2017:

Motion was made by Alderman Salinas, seconded by Alderman Guerrero, and unanimously carried, to approve the Minutes of a Regular Meeting held on May 16, 2017 as written.

6. AN ORDINANCE GRANTING TO ONE GAS, INC., ACTING BY AND THROUGH ITS TEXAS GAS SERVICE COMPANY DIVISION, AND ITS SUCCESSORS AND ASSIGNS, FOR A PERIOD OF TWENTY-FIVE (25) YEARS FROM APPROVAL AND ACCEPTANCE OF THIS ORDINANCE, A NON-EXCLUSIVE FRANCHISE AND RIGHT TO ENTER THE PUBLIC WAYS TO INSTALL, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM WITHIN, ALONG, ACROSS, OVER AND UNDER THE PUBLIC WAYS OF THE TOWN OF RANCHO VIEJO, TEXAS FOR THE TRANSPORTATION, DISTRIBUTION AND/OR SALE OF GAS TO CUSTOMERS AND THE PUBLIC GENERALLY IN THE CITY; DEFINING THE WORDS AND PHRASES THEREIN; PROVIDING FOR ASSIGNMENT, SALE OR LEASE OF THE FRANCHISE; PROVIDING THAT THE CITY MAY ENACT AN ORDINANCE CHARGING PERSON TRANSPORTING GAS THROUGH GRANTEE'S DISTRIBUTION SYSTEM A FEE ON THE CALCULATED VALUE OF SUCH TRANSPORTED GAS; PROVIDING FOR USE AND REPAIR OF THE PUBLIC WAYS; PROVIDING FOR REGULATION OF SERVICE; ESTABLISHING DEPTH OF PIPELINES; ESTABLISHING RIGHTS AND DUTIES IN THE MOVEMENT AND ALTERATION OF PIPELINES; PROVIDING FOR INDEMNIFICATION OF THE TOWN OF RANCHO VIEJO; PROVIDING FOR GRANTEE'S RULES AND REGULATIONS; PROVIDING FOR INSPECTION OF GRANTEE'S RECORDS; REQUIRING GRANTEE TO PAY A FRANCHISE FEE; PROVIDING FOR CONDITIONS OF THE FRANCHISE; PROVIDING FOR CONSTRUCTION OF THIS ORDINANCE UPON THE INVALIDITY OF ANY PART THEREOF; PROVIDING FOR ACCEPTANCE OF THIS FRANCHISE BY GRANTEE AND BOTH AN EFFECTIVE AND AN OPERATIVE DATE THEREOF; REPEALING ALL OTHER ORDINANCES DIRECTLY IN CONFLICT HEREWITH; AND PROVIDING FOR SEVERABILITY:

Town Attorney Daniel Rentfro mentioned that the only change made to the Ordinance is the franchise fee will now be 5% compared to the old 2%, everything else stays the same. This Ordinance is considered a renewal of the existing franchise.

Motion was made by Alderman Guerrero, seconded by Alderman Salinas, and unanimously carried, to approve Ordinance No. 223 to include a cover letter stating that TGS understands they need to cooperate with Valley Municipal Utility District No. 2, and that the Town intends to refer any construction permits to VMUD#2 for comment and whenever requesting a right-of-way permit they need to verify the alignment to make sure they are not on private property - AN ORDINANCE GRANTING TO ONE GAS, INC., ACTING BY AND THROUGH ITS TEXAS GAS SERVICE COMPANY DIVISION, AND ITS SUCCESSORS AND ASSIGNS, FOR A PERIOD OF TWENTY-FIVE (25) YEARS FROM APPROVAL AND ACCEPTANCE OF THIS ORDINANCE, A NON-EXCLUSIVE FRANCHISE AND RIGHT TO ENTER THE PUBLIC WAYS TO INSTALL, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM WITHIN, ALONG, ACROSS, OVER AND UNDER THE PUBLIC WAYS OF THE TOWN OF RANCHO VIEJO, TEXAS FOR THE TRANSPORTATION, DISTRIBUTION AND/OR SALE OF GAS TO CUSTOMERS AND THE PUBLIC GENERALLY IN THE CITY; DEFINING THE WORDS AND PHRASES THEREIN; PROVIDING FOR ASSIGNMENT, SALE OR LEASE OF THE FRANCHISE; PROVIDING THAT THE CITY MAY ENACT AN ORDINANCE CHARGING PERSON TRANSPORTING GAS THROUGH GRANTEE'S DISTRIBUTION SYSTEM A FEE ON THE CALCULATED VALUE OF SUCH TRANSPORTED GAS; PROVIDING FOR USE AND REPAIR OF THE PUBLIC WAYS; PROVIDING FOR REGULATION OF SERVICE; ESTABLISHING DEPTH OF PIPELINES; ESTABLISHING RIGHTS AND DUTIES IN THE MOVEMENT AND ALTERATION OF PIPELINES; PROVIDING FOR INDEMNIFICATION OF THE TOWN OF RANCHO VIEJO; PROVIDING FOR GRANTEE'S RULES AND REGULATIONS; PROVIDING FOR INSPECTION OF GRANTEE'S RECORDS; REQUIRING GRANTEE TO PAY A FRANCHISE FEE; PROVIDING FOR CONDITIONS OF THE FRANCHISE; PROVIDING FOR CONSTRUCTION OF THIS ORDINANCE UPON THE INVALIDITY OF ANY PART THEREOF; PROVIDING FOR ACCEPTANCE OF THIS FRANCHISE BY GRANTEE AND BOTH AN EFFECTIVE AND AN OPERATIVE DATE THEREOF; REPEALING ALL OTHER ORDINANCES DIRECTLY IN CONFLICT HEREWITH; AND PROVIDING FOR SEVERABILITY.

7. STREET COMMITTEE REPORT:

Alderman Guerrero reported that they are getting ready to accept bids for the construction of Phase 1A of the Street Repair Program and they are also getting ready to advertise for the Material Testing Services as they proceed with construction.

8. DISCUSSION/CONSIDERATION/ACTION ON BIDS AND AWARD OF CONTRACT FOR STREET REPAIR AND PAVING IMPROVEMENTS PHASE 1A:

Mr. Vicente Mendez from Ambiotec Engineering stated that the Town received 3 bids. After review he recommended the low bidder, Pederson Construction at \$ 1,115,635. Mayor Rathbun and the Board asked Mr. Jon Pederson, owner of Pederson Construction several questions about existing problems with some of our streets. Mr. Mendez stated that after they have the preconstruction conference, the 1st order of business would be for the contractor to submit bonds with the contract. Once finished with the project there will be a 1 year period that they are under obligation to fix any construction problems at no cost to the Town.

Motion was made by Alderman Guerrero, seconded by Alderman Salinas, and unanimously carried, to accept the bid and award the contract to Pederson Construction for Street Repair and Paving Improvements Phase 1A.

9. CONSIDERATION/ACTION ON APPOINTMENT OF A NON-COMPENSATED RESERVE POLICE OFFICER:

Chief Cruz stated that Javier Munivez is interested in becoming a reserve officer with the Rancho Viejo Police Department. He would be appointed as a non-compensated officer and complete 8 - 16 hours a month, this will keep his peace officer licensing current.

Motion was made by Alderman Guerrero, seconded by Alderman Salinas, and unanimously carried, to appoint Javier Munivez as a non-compensated Reserve Police Officer.

10. CONSIDERATION/DISCUSSION ON POLICE VEHICLES:

Police Chief Cruz talked about replacing two units that are over the service mileage as per our vehicle replacement policy. He mentioned that they had requested several grants but were unsuccessful. There are several different options for purchasing new units. Mayor Rathbun asked Chief Cruz to gather information on purchase and lease options available and the cost differential for further review.

11. CONSIDERATION/ACTION ON EXTENSION OF CONTRACT WITH BUILDING INSPECTOR:

Mayor Rathbun mentioned a correction in the inspections, for plumbing to be separate; she recommended the extension of the Building Inspector contract with Brent Cannon. Motion was made by Alderman Salinas, seconded by Alderman Guerrero, and unanimously carried, to approve the extension of Contract for Building Inspector with Brent Cannon for one year.

12. CONSIDERATION/REAPPOINTMENT OF CHAIRMAN AND MEMBERS TO THE BEAUTIFICATION COMMITTEE:

Mayor Rathbun recommended the reappointment of Rosie Fruia, Bridget Neubauer and Marie Phillips as members to the Beautification Committee. Motion was made by Alderman Vera, seconded by Alderman Salinas, and unanimously carried, to reappoint Rosie Fruia, Bridget Neubauer and Marie Phillips as members to the Beautification Committee, each for a two-year term.

13. CONSIDERATION/REAPPOINTMENT OF MEMBERS TO THE STREET COMMITTEE:

Motion was made by Alderman Guerrero, seconded by Alderman Salinas, and unanimously carried, to reappoint Grady Deaton as a regular member and to reappoint Cyndie Rathbun as an alternate member to the Street Committee.

14. CONSIDERATION/ACTION ON RESOLUTION ON REAPPOINTMENT FOR MUNICIPAL JUDGE:

Motion was made by Aldermen Guerrero, seconded by Alderman Vera, and unanimously carried, to pass adopt and approve Resolution No. 302 - A Resolution Reappointing Judge Ricardo M. Adobbati as the Municipal Judge for the Town of Rancho Viejo for two years.

15. 2017 MOVIES UNDER THE STARS ANNOUNCEMENT:

Mayor Rathbun announced the 2017 Movies Under the Stars will be held on Friday, June 23, 2017 at 7:30 P.M., Friday, July 14, 2017 at 7:30 P.M. and August 4, 2017 at 7:30 P.M. We will have free popcorn, pickles and drinks. We will be announcing it on the Town's webpage on Facebook and flyers will be displayed at different locations around town.

16. APRIL 2017 FINANCIAL REPORT - TOWN ADMINISTRATOR:

Town Administrator Fred Blanco went over the April 2017 financial report and the bank balances for the General Account, Debt Account, Police Asset Forfeiture Account and the Certificates of Obligation Account and all interests.

17. MAY 2017 POLICE REPORT - CHIEF OF POLICE:

Police Chief Cruz went over the items on the May 2017 Police Report.

18. HURRICANE PREPAREDNESS PRESENTATION - CHIEF OF POLICE:

Police Chief Cruz went over the Hurricane Preparedness packet and updated the local Hurricane Plan for the 2017 Hurricane Season. He verified pickup and distribution dates and mentioned there is a power point presentation that is available through the county.

19. PUBLIC COMMENT:

Mr. Alfredo Balderas would like for the Town to encourage more people to come to the Board meetings with better notifications including the newsletter and alert system and web page.

20. ADJOURN:

Motion was made by Alderman Truan, seconded by Alderman Salinas, and unanimously carried to adjourn the meeting at 7:19 P.M.

BY: _____
Fred Blanco, Town Administrator

APPROVED: _____
Cyndie Rathbun, Mayor

DATE: _____

6. Report from Street Committee

7. Discussion/Consideration/Action on Statements of Qualifications for Geotechnical Engineering Services and Materials Testing

**8. Consideration/Action to Execute
an Interlocal Agreement between
Valley MUD NO. 2 and the Town of
Rancho Viejo for Street Repair and
Paving Improvements Phase 1**

STATE OF TEXAS

CAMERON TOWN

INTER LOCAL COOPERATION AGREEMENT

THIS AGREEMENT is between the "Parties," TOWN OF RANCHO VIEJO, TEXAS, hereinafter referred to as ("TOWN") and the VALLEY MUNICIPAL UTILITY DISTRICT NO. 2, hereinafter referred to as ("VMUD"), pursuant to V.T.C.A., Government Code, Chapter 791, cited as the Texas Interlocal Cooperation Act.

1. LOCATION AND DESCRIPTION OF PROJECT: Rehabilitation of various streets throughout the Town of Rancho Viejo, Cameron County, Texas, in one or more phases ("the Road Rehabilitation Project").
2. WORK TO BE COMPLETED: Water, Sanitary Sewer, and Drainage Repairs and Improvements ("the Utility Work").
3. The total estimated cost contribution which will be provided by the VMUD to TOWN to perform the Utility Work is approximately \$_____. The Utility Work will be performed by Town's Road Rehabilitation Project contractor, either as part of the original scope of work or under one or more change orders approved by both Town and VMUD. VMUD agrees to pay to the TOWN the cost of the Utility Work prior to commencement of the Utility Work, so that all funds are in place prior to TOWN commencing the Utility Work. The cost of the Utility Work shall be charged to VMUD by Town at actual cost without enhancement, surcharge, or administrative upcharge.
4. TOWN intends to commence the Road Rehabilitation Project as soon as is practicable, but no later than the third quarter of 2017. The Utility Work shall be coordinated with the street repairs to minimize the impact on completed street repairs.
5. VMUD shall maintain the Utility Work.
6. The rules, regulations and orders of TOWN shall govern this Agreement and the Parties agree the TOWN shall supervise the performance of this Agreement. All purchases shall be made in accordance with the state purchasing and competitive bidding laws applicable to TOWN.

INTERLOCAL AGREEMENT

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TOWN OF RANCHO VIEJO TEXAS / VMUD # 2

7. The Agreement shall have no legal force or effect until it is properly adopted and approved by both TOWN'S Board OF Aldermen and VMUD'S Board of Directors. This Agreement shall terminate at the TOWN completion of the Project.
8. Any payments made by the VMUD under this Agreement will be made from the current revenues of the VMUD.
9. This Agreement is not an employment contract, joint venture, or partnership between the Parties, and shall not be legally construed as such.
10. No Third-Party Beneficiary. The Parties are entering into this Agreement solely for the benefit of their own public entities and agree that nothing herein shall be construed to confer any right, privilege or benefit on any person or entity other than the Parties hereto.
11. Waiver. The failure on the part of either Party herein at any time, to require the performance by the other Party, of any portion of this Agreement, shall not be deemed a waiver of, or in any way affect that Party's rights to enforce such provision, or any other provision. Any waiver by any Party herein of any provision hereof, shall not be taken or held to be a waiver of any other provision hereof, or any other breach hereof.
12. Governmental Functions. The Parties agree that both the Road Rehabilitation Project and the Utility Work are governmental functions in which the Parties are mutually interested.
13. Assignment. Neither Party shall assign this Agreement without the prior written consent of the other Party.
14. Force Majeure. If either Party shall be prevented from completing performance of its obligations under this Agreement by an Act of God, or other occurrence whatsoever, which is beyond the control of the acting Party, then the acting Party, after attempting to mitigate adverse impacts, shall be excused from any further performance of its respective obligations and undertakings.
15. State or Federal Laws. This Agreement is subject to all applicable Federal and State laws, statutes, codes, and any applicable permits, ordinances, rules, orders and regulations of any local, State or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any Party's right to question or contest any such law, ordinance, order, rule or regulation in any forum having legal jurisdiction.

16. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
17. Governing Law and Venue. The laws of the State of Texas shall apply to the interpretation and enforcement of this Agreement. Exclusive venue of any legal proceedings to enforce this Agreement shall be in Cameron County, Texas.
18. Counterparts. This Agreement may be executed in counterparts, with each counterpart being deemed an original agreement, but with all counterparts assembled together being one Agreement.
19. Entire Agreement. This Agreement and Attachment "A" attached hereto, constitute the entire Agreement, and supersedes all prior oral agreements and informal understandings between the Parties concerning the subject matter of this Agreement.
20. Dispute Resolution. If a dispute arises with respect to this Agreement, the Parties agree that their respective upper administrative management shall first negotiate in good faith to resolve the dispute; and if unsuccessful, would next pursue an administrative appeal to their respective governing Board and Commissioners; and failing resolution by such administrative means, the dispute shall then be submitted to a mutually agreeable, nonbinding dispute resolution process, utilizing a neutral entity, before resorting to any litigation.

TOWN OF RANCHO VIEJO TEXAS

VALLEY MUNICIPAL UTILITY
DISTRICT NO. 2

By: _____
Cyndi Rathbun, Mayor
Date Signed: _____

By: _____
Roger Nelson, Chairman
Date Signed: _____

9. Consideration/Approval on a Resolution of the Town of Rancho Viejo Approving Cooperation with the Cities Served by AEP to Review AEP Texas Inc.'s Requested Approval of an Adjustment to its Energy Efficiency Cost Recovery Factor; Hiring Legal and Consulting Services to Negotiate with the Company and Direct any Necessary Litigation and Appeals; Finding that the Meeting at Which this Resolution is Passed is Open to the Public as Required by Law; Requiring Notice of this Resolution to Legal Counsel

MEMORANDUM

TO: Cities Served by AEP Texas

FROM: Chris Brewster and Hannah Wilchar

DATE: June 5, 2017

RE: Energy Efficiency Cost Recovery Factor Application of AEP

On June 1, AEP Texas Inc. ("AEP") filed its 2018 Energy Efficiency Cost Recovery Factor ("EECRF") application. Pursuant to Public Utility Commission ("PUC" or "Commission") rules, AEP is required to annually apply no later than June 1 of every year to adjust the EECRF in order to reflect changes in program costs and bonuses and to minimize any over- or under-collection of energy efficiency costs resulting from the use of the EECRF.

Last year in Docket Nos. 45928 and 45929, the Commission authorized AEP to adjust its 2017 EECRFs to recover \$10,761,9123 (\$9,003,339 for the Central Division and \$1,758,574 for the North Division). In this filing, AEP is seeking to adjust its EECRF to collect \$11,618,997 (\$9,488,449 for the Central Division and \$2,130,548 for the North Division) in 2018 to reflect the following components:

- 1) recovery of \$8,650,863 for AEP Texas (\$6,813,091 for the Central Division and \$1,837,772 for the North Division) which is the forecasted 2018 energy efficiency program expenditures in excess of its projected energy efficiency revenues collected from base rates adjusted as outlined in the rule;
- 2) return to customers the amount of \$1,173,691 for the Central Division and \$328,735 for the North Division, representing the over-recovery of \$1,502,426 for AEP Texas actual energy efficiency costs for 2016;
- 3) recovery of \$3,492,251 for the Central Division and \$556,190 for the North Division representing AEP Texas' 2016 performance bonus of \$4,048,441 for achieving demand and energy savings that exceeded its minimum goals to be achieved in 2016;
- 4) recovery of \$5,713 (\$2,822 for the Central Division and \$2,891 for the North Division) representing 2016 EECRF proceeding expenses incurred in Docket Nos. 45929 and 45928 by municipalities as authorized by 16 TAC § 25.181(f)(3)(B); and
- 5) recovery of \$416,407 for AEP Texas' share of the EM&V costs to evaluate PY 2016 and PY 2017 (\$353,977 for the Central Division and \$62,430 for the North Division).

Although you may receive a copy of the application in the mail or from your local AEP representative, cities do not have jurisdiction over this matter and are not legally required to take action. However, the Commission's decision on AEP's EECRF will impact your rates and the rates of your citizens. The PUC has previously determined that this is a ratemaking proceeding;

July 7, 2017

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therefore, the law allows for your city to be reimbursed for the reasonable cost of the services associated with reviewing the application. Under the Commission's rule, the cities' expenses associated with participation in this proceeding will be reimbursed in next year's EECRF proceeding. Accordingly, there is no direct cost to your city for participation in this proceeding.

While no council action is required on this matter, and you may send me an email authorizing us to include your city in the coalition that will participate in this case, we recognize that some councils may prefer (or require) formal action to join the group. Accordingly, we have attached a model resolution and staff report to this effect.

Please feel free to contact me at (512) 322-5831 or cbrewster@lglawfirm.com if you have questions or concerns.

RESOLUTION NO.

RESOLUTION OF THE TOWN OF RANCHO VIEJO, TEXAS APPROVING COOPERATION WITH THE CITIES SERVED BY AEP TO REVIEW AEP TEXAS INC.'S REQUESTED APPROVAL OF AN ADJUSTMENT TO ITS ENERGY EFFICIENCY COST RECOVERY FACTOR; HIRING LEGAL AND CONSULTING SERVICES TO NEGOTIATE WITH THE COMPANY AND DIRECT ANY NECESSARY LITIGATION AND APPEALS; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO LEGAL COUNSEL

WHEREAS, on or about June 1, 2017, AEP Texas Inc. ("AEP" or "Company"), pursuant to the Public Utility Regulatory Act ("PURA") § 39.905 and Public Utility Commission of Texas ("Commission" or "PUC") Substantive Rule 25.181(f), filed with the Commission an application for a 2018 Energy Efficiency Cost Recovery Factor ("EECRF"), PUC Docket No. 47236; and

WHEREAS, the Town of Rancho Viejo will cooperate with similarly situated city members and other city participants located within the AEP service area in conducting a review of the Company's application and to hire and direct legal counsel and consultants and to prepare a common response and to negotiate with the Company and direct any necessary litigation; and

WHEREAS, working with the Cities Served by AEP ("Cities") to review the rates charged by AEP allows members to accomplish more collectively than each city could do acting alone; and

WHEREAS, Cities has a history of participation in PUC dockets and projects, as well as court proceedings, affecting transmission and distribution utility rates in AEP's service area to protect the interests of municipalities and electric customers residing within municipal boundaries; and

WHEREAS, PURA § 33.023 provides that costs incurred by cities in ratemaking activities are to be reimbursed by the regulated utility.

THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS:

1. That the Town is authorized to participate with Cities in PUC Docket No. 47236.
2. That subject to the right to terminate employment at any time, the Town of Rancho Viejo hereby authorizes the hiring of the law firm of Lloyd Gosselink and consultants to negotiate with the Company, make recommendations to the Town regarding reasonable rates, and to direct any necessary administrative proceedings or court litigation associated with an appeal of this application filed with the PUC.
3. That the Town's reasonable rate case expenses shall be reimbursed by AEP.

4. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

5. A copy of this Resolution shall be sent to Chris Brewster, Counsel to Cities, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this the 11th day of July, 2017.

Cyndie Rathbun, Mayor

ATTEST:

Fred Blanco, Town Secretary

10. Consideration/Approval on a Resolution of the Board of Aldermen of the Town of Rancho Viejo, Texas Suspending the July 20, 2017 Effective Date of the Statement of Intent of Texas Gas Service Company to Increase Rates within the Incorporated Areas of its Service Territory to Permit the Town time to Study the Request and to Establish Reasonable Rates; Finding that the Town's Reasonable Rate Case Expenses Shall be Reimbursed by the Company; Authorizing Participation with other Rio Grande Valley Texas Municipalities; Hiring Legal and Consulting Services to Negotiate with the Company and Direct any Necessary Litigation and Appeals; Finding that the Meeting at Which this Resolution is Passed is Open to the Public as Required by Law; Requiring Notice of this Resolution to the Company and Legal Counsel

MODEL STAFF REPORT REGARDING TEXAS GAS SERVICE COMPANY'S STATEMENT OF INTENT TO INCREASE RATES IN THE RIO GRANDE VALLEY SERVICE AREA

ACTION MUST BE TAKEN TO SUSPEND THE EFFECTIVE DATE ON OR BEFORE JULY 20, 2017

On June 15, 2017, Texas Gas Service, a Division of ONE Gas, Inc. ("TGS" or "Company"), filed a Statement of Intent seeking to increase gas utility rates within the incorporated areas of the Rio Grande Valley Service Area ("RGVSA"). The affected Rio Grande Valley municipalities include the cities of Alamo, Alton, Brownsville, Combes, Donna, Edcouch, Edinburg, Elsa, Harlingen, Hidalgo, La Feria, Laguna Vista, La Joya, La Villa, Los Fresnos, Lyford, McAllen, Mercedes, Mission, Palm Valley, Palmhurst, Palmview, Penitas, Pharr, Port Isabel, Primera, Progreso, Rancho Viejo, Raymondville, Rio Hondo, San Benito, San Juan, Santa Rosa, and Weslaco, Texas ("RGV Cities"). In the filing, the Company asserts it is entitled to a \$4.54 million revenue increase from RGV Cities or an 18.35% increase over current adjusted revenues, excluding gas costs.

TGS has received annual rate increases in each of the past eight years based on a cost-of-service ("COS") tariff approved by the cities. Under the COS tariff, it was not necessary for cities to pass suspension resolutions. However, the COS approved last year required the Company to file a traditional rate case in 2017. A traditional rate case requires cities with original jurisdiction to act to suspend, deny, or approve the Company filing within 35 days from the date of filing. Cities must pass the suspension resolution by July 20, 2017.

The law provides that a rate request made by a gas utility cannot become effective until at least 35 days following the filing of the application to change rates. TGS has proposed an effective date of July 20, 2017. The law permits the City to suspend the rate change for 90 days after the date the rate change would otherwise be effective. **If the City fails to take some action regarding the filing before the effective date, TGS' rate request is deemed administratively approved.**

The purpose of the resolution is to extend the effective date of the Company's proposed rate increase and service area consolidation to give the City time to review the rate-filing package. The resolution suspends the July 20, 2017 effective date of the Company's request for the maximum period permitted by law to allow the City to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy to pursue, including settlement and ultimately to approve reasonable rates. The Resolution must be passed before July 20, 2017.

Explanation of "Be It Ordained" Paragraphs:

Section 1. This section incorporates the "whereas" provisions in preamble into the Resolution.

Section 2. This section confirms that the City is authorized to protect the interests of the City and TGS customers residing in the City.

Section 3. The City is authorized to suspend the rate change for 90 days after the date that the rate change would otherwise be effective so long as the City has a legitimate purpose. Time to study and investigate the application is always a legitimate purpose. Please note that the resolution refers to the suspension period as the "maximum period allowed by law" rather than ending by a specific

date. This is because the Company controls the effective date and can extend its effective date and, therefore, extend the deadline for final city action to increase the time that the City retains jurisdiction (for example, if necessary to reach settlement on the case). If the effective date is not otherwise extended by the Company, the City must take final action on TGS' request to raise rates by October 19, 2017.

Section 4. This section authorizes the hiring of outside attorneys and consultants to work on this matter. Geoffrey Gay has represented at least some portion of RGV Cities in each of the prior COS rate filings by TGS. Likewise, Mr. Nalepa has been the consultant evaluating TGS files in each of the COS filings.

Section 5. This section provides that the City shall work in coalition with the other affected Rio Grande Valley municipalities to review and evaluate TGS's filing.

Section 6. By law, the Company must reimburse the cities for their reasonable rate case expenses. Legal counsel and consultants approved by Cities will present their invoices to the City of McAllen which will then seek reimbursement from Texas Gas Service. The City will not incur liability for payment of rate case expenses by adopting a suspension resolution.

Section 7. This section merely recites that the resolution was passed at a meeting that was open to the public and that the consideration of the resolution was properly noticed.

Section 8. This section provides that both TGS' designated representative and counsel for Cities will be notified of the City's action by sending a copy of the approved and signed resolution to certain designated individuals.

Section 9. This section identifies the effective date of the Resolution as the time it is adopted.

Recommendation

The City Staff recommends adoption of the resolution suspending the effective date of TGS' proposed rate increase.

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS SUSPENDING THE JULY 20, 2017 EFFECTIVE DATE OF THE STATEMENT OF INTENT OF TEXAS GAS SERVICE COMPANY TO INCREASE RATES WITHIN INCORPORATED AREAS OF ITS SERVICE TERRITORY TO PERMIT THE TOWN TIME TO STUDY THE REQUEST AND TO ESTABLISH REASONABLE RATES; FINDING THAT THE TOWN'S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; AUTHORIZING PARTICIPATION WITH OTHER RIO GRANDE VALLEY TEXAS MUNICIPALITIES; HIRING LEGAL AND CONSULTING SERVICES TO NEGOTIATE WITH THE COMPANY AND DIRECT ANY NECESSARY LITIGATION AND APPEALS; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL

WHEREAS, on or about June 15, 2017, Texas Gas Service Company, a Division of ONE Gas, Inc. ("TGS" or "Company") filed with the Town of Rancho Viejo ("Town") and the other affected Rio Grande Valley municipalities a Statement of Intent seeking to increase gas utility rates within the incorporated areas of the Rio Grande Valley Service Area effective July 20, 2017; and

WHEREAS, the Town is a gas utility customer of TGS and a regulatory authority with an interest in the rates and charges of TGS; and

WHEREAS, the Gas Utility Regulatory Act § 104.107 grants local regulatory authorities the right to suspend the effective date of proposed rate changes for ninety (90) days; and

WHEREAS, the Town retains its rights as a city with original jurisdiction including the right to suspend the application; and

WHEREAS, the Town's consultants and attorneys recommend that the Town suspend the application for further review.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS:

SECTION 1. That the findings and recitations set out in the preamble of this Resolution are found to be true and correct and are hereby adopted by the Board of Aldermen and made a part hereof for all purposes.

SECTION 2. That the Town is authorized to protect the interests of the Town and protect the interests of TGS customers residing and conducting business within municipal limits.

SECTION 3. That the July 20, 2017 effective date of the request to increase rates submitted by TGS on or about June 15, 2017, be suspended for the maximum period allowed by law to permit adequate time to review the proposed changes and to establish reasonable rates.

SECTION 4. That the Town joins the City of McAllen and the other Rio Grande Valley municipalities in this proceeding and, subject to the right to terminate employment at any time, hereby authorizes the hiring of Geoffrey Gay of the law firm of Lloyd Gosselink Rochelle and Townsend, P.C., and Karl J. Nalepa of the consulting firm of ReSolved Energy Consulting, L.L.C. to review the Company's filing, negotiate with the Company, make recommendations regarding reasonable rates and to direct any necessary administrative proceedings or court litigation associated with an appeal of city action.

SECTION 5. That the Town shall work with the City of McAllen and other affected Rio Grande Valley municipalities in the review and evaluation of whether the proposed rates are appropriate, fair, just, and reasonable; and, intervene as a necessary party in the Railroad Commission of Texas' consideration of the TGS rate filing as it affects the customers in the unincorporated areas of the Rio Grande Valley region.

SECTION 6. That the Cities' reasonable rate case expenses shall be reimbursed in full by TGS.

SECTION 7. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

SECTION 8. That a copy of this Resolution shall be sent to Stacey McTaggart, TGS at 1301 S. MoPac Expwy., Suite 400, Austin, Texas 78746 and to Geoffrey Gay at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

SECTION 9. That this Resolution shall be and become effective from and after its adoption.

PASSED, ADOPTED AND APPROVED this 11th day of July, 2017.

TOWN OF RANCHO VIEJO

Cyndie Rathbun, Mayor

ATTEST:

Fred Blanco, Town Secretary

**11. Consideration/Action of
Resolution Extending the
Provisions of Section 33.07 of the
Property Tax Code which enables
the Governing Body to assess an
Additional Collection Penalty**

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS, EXTENDING THE PROVISIONS OF SECTION 33.07 OF THE PROPERTY TAX CODE WHICH ENABLES THE GOVERNING BODY TO ASSESS AN ADDITIONAL COLLECTION PENALTY

WHEREAS, the Town of Rancho Viejo, Texas, had adopted the provisions of Section 33.07 of the Property Tax Code; and

WHEREAS, this section of the code permits the governing body to assess an additional fifteen (15) percent collection penalty to defray the costs of collection;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS, that:

SECTION 1. That the provisions of Section 33.07 be adopted and that Ad Valorem taxes remaining unpaid on July 1, 2016, be subject to fifteen (15) percent collection penalty.

SECTION 2. That the governing body of the TOWN OF RANCHO VIEJO complied with Section 6.30 of the Code in that a delinquent tax collection contract is presently in force with Linebarger Goggan Blair & Sampson , LLP of Brownsville, Texas.

PASSED, ADOPTED AND APPROVED by the Board of Aldermen of the Town of Rancho Viejo, Texas at a Regular Meeting on this the 11th day of July, 2017.

Cyndie Rathbun, Mayor

ATTEST:

Fred Blanco, Town Secretary

12. Consideration/Action to Designate an Auditor for September 30, 2017

**13. Consideration/Action of
Amendment to Agreement with Rio
Rancho Nuevo Phase I, LLC,
Concerning Second Entrance to
Rancho Nuevo Subdivision**

14. May 2017 Financial Report - Town Administrator

15. June 2017 Police Report - Police Chief

16. Public Comment

17. Adjourn