

**STATE OF TEXAS
COUNTY OF DENTON
CITY OF CORINTH**

On this the 20th day of February 2020 the City Council of the City of Corinth, Texas met in Workshop Session at the Corinth City Hall at 5:45 P.M., located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

Members Present:

Mayor Heidemann
Sam Burke, Mayor Pro Tem
Scott Garber, Council Member
Tina Henderson, Council Member
Lowell Johnson, Council Member
Kelly Pickens, Council Member

Members Absent:

Staff Members Present

Bob Hart, City Manager
Kim Pence, City Secretary
Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director
Chris Rodriguez, Assistant Finance Director
Patricia Adams, Messer, Fort & McDonald
Jerry Garner, Police Chief
Michael Ross, Fire Chief
Jason Alexander, Corinth Economic Development Corporation Director
Helen-Eve Liebman, Planning and Development Director
Cody Collier, Public Works Director
Cleve Joiner, Building Official
Brenton Copeland, Technology Services Assistant Manager
Angie Watson, Utility Billing Supervisor

Others Present:

CALL TO ORDER:

Mayor Heidemann called the meeting to order at 5:45 p.m.

WORKSHOP BUSINESS AGENDA:

- 1. Receive a report, hold a discussion, and give staff direction on the Water and Wastewater Rates.**

Bob Hart, City Manager – We want to talk about the water/wastewater system. In the past we have always had a consultant present, this year we sent Lee Ann and Chris to an American Water Works class on how to present. You are going to see quality work for a fraction of the cost.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director –
I will be as brief as possible. We will cover the following items:

OVERVIEW



**ISSUES
AFFECTING THE
UTILITY INDUSTRY**



**REVENUE
REQUIREMENTS
AND THE COST OF
SERVICE**



**WATER AND
WASTEWATER RATE
DESIGN**



**RATE COMPARISON
WITH OTHER AREA
CITIES**



The AWWA publishes the State of the Water Industry Report and provided the top issues everyone is dealing with and are going on nationwide, in order of priority. We will touch on some of these and how we are dealing with them.

Water Utility Industry Issues

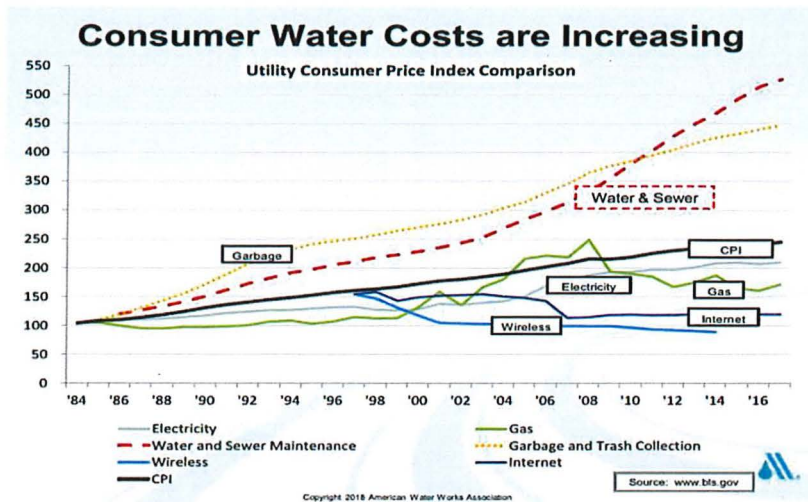
Top 10 – 2019

1. Renewal and replacement of aging water and wastewater infrastructure
2. Financing of capital improvements
3. Long-term water supply availability
4. Public understanding of the value of water systems and services
5. Watershed/source water protection
6. Public understanding of the value of water resources
7. Groundwater management and overuse
8. Aging workforce/anticipate retirements
9. Emergency preparedness
10. Cost recovery (reflect the true cost of service)



Source: American Water Works Association
2019 State of the Water Industry report

This slide was intriguing. We hear folks say all the time that their water usage is increasing at a higher rate than their garbage and other utilities. AWWA tracked the average costs. Water was increasing but found when cities were developing and putting in their infrastructure, they were getting grants or developers would pay for some of it. Now with the aging cities, the city is having to deal with the infrastructure cost.



A main issue cities are facing is drought and water shortages. We put this up here because these are the items the AWWA says utilities should strive for to deal with it. We already do three of the four. The last one, utilities are creating two rate tiers, one for normal conditions and one for drought/shortages. We do not plan to do this.

DROUGHT/WATER SHORTAGE



- Establish a Drought Management Plan to identify severity indicators and response actions to preserve supply
- Create a rate stabilization reserve
- Adjust operating budget – Delay or cancel non-essential projects
- Develop drought or water shortage rates and implement in advance of an event.

We talked with council last year and there was a lot of discussion about affordability, primarily within the senior citizen population. We had some suggestions to see if there were any affordability programs we could implement or what we could do to mitigate it. We researched affordability within the water system and how to measure it. We found an index to measure.



AFFORDABILITY

Defining Affordability

- Continual increase in utility bills may lead to affordability issues
- Defining "affordability" let alone addressing the issue can be a challenge for utilities
- Traditional measures are based upon community-wide median household income

How to Measure Affordability

- An average residential bill which exceeds 4.0% Median Household Income is considered "unaffordable" on a community wide basis
- Dilemma: Rate may be affordable on a community wide basis, but some segments of the community may still have affordability issues.

When we applied the affordability test to the community, its based on the median household income, applying 4%, so the monthly bill is \$332. Basically any utility above \$332 means the community is having a problem baying their utility bills. For us, the monthly combined rate is \$108.00. It is based on 8,882 gallons of water and 5,023 gallons of wastewater. Looking at the overall community, we fall well below what our community can afford.

COMMUNITY WIDE AFFORDABILITY TEST

Affordability Index equals the average annual water cost for the primary residential class divided by median household income

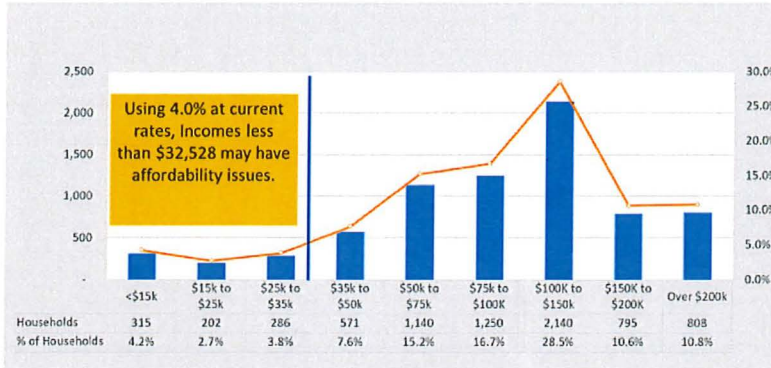


	Range of Affordability	
	4.00%	4.50%
Annual Bill at Affordability Limit	\$3,989	\$4,487
Monthly Bill at Affordability Limit	\$332	\$374
Current Combined Monthly Rates = \$108	Pass	Pass

Median Household Income = \$99,721

When looking at affordability based on distribution of household income, we have roughly 10% of our community that falls below the range of affordability. Those are the households with an income of less than \$32,000 per year. That represents about 800 households, it could be apartments. It is hard to say that we have an affordability issue but we do have some that when you do the basic test, they do seem to fall below that ratio.

DISTRIBUTION OF MEDIAN HOUSEHOLD INCOME (MHI)



Current Average Combined Bill \$108 x 12 months = \$1,301 annually
 4.0% of \$32,528 = \$1,301

Now that we know this exists, what happens. It is difficult to identify the people, what qualification and parameters. You can look at how to implement such as children who qualify for low cost lunches, etc. We noticed utility-wide that you must have this test to start looking at affordability each year because demographics change. You always want to look at your community to make sure you're not putting to stress by charging too much for you water and wastewater. We will also review our late payments and disconnection fees. We will review those in April and discuss.

AFFORDABILITY

IDENTIFYING LOW INCOME CUSTOMERS

- Identifying low income customers
 - Qualifications
 - Administration
 - Tag-alongs, not low-income
- Who pays the bill?

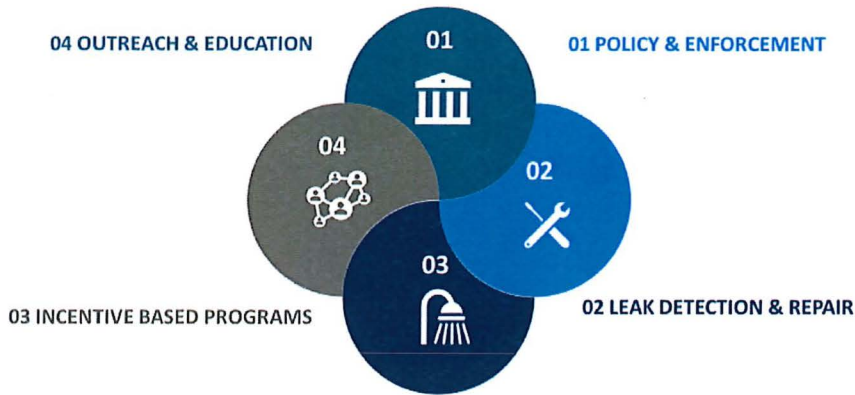
- Routinely build an affordability analysis into the rate analysis
- Regardless of the community's MHI, recognize that all communities have affordability issues
- Review Policies
 - Shut-off and late payment policies
- Implement Affordability programs
 - Fixed Charge

HOW TO ADDRESS AFFORDABILITY ISSUES



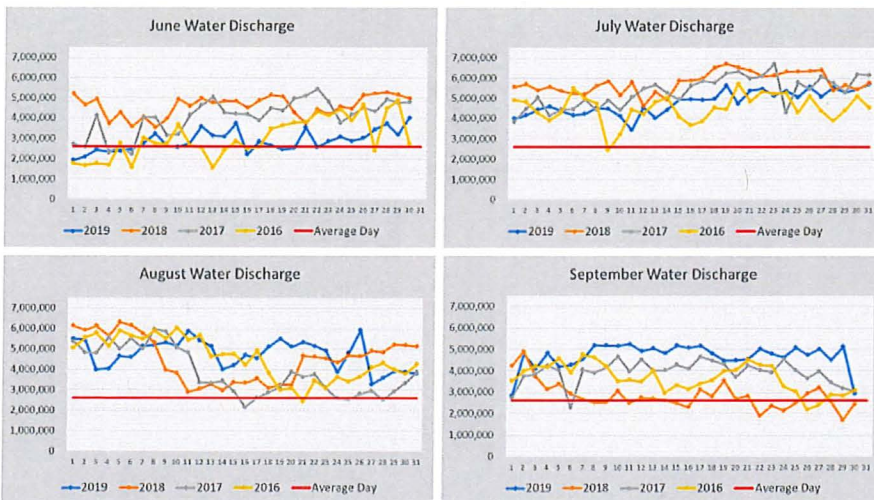
We feel we have a four-prong approach to water conservation as outlined below.

APPROACH TO WATER CONSERVATION



These are the four months when we have the most usage. The red line represents our average day consumption throughout the year. We increase from 3 – 7 mgd per day in the summer.

Mayor Heidemann – Is that just if we go over in one month, that we will get an increase or is it over several months?



Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – That is our next slide. We cannot go over it unless we request it. Once we begin to reach the level, Cody will start using our storage capacity. If we have to request additional water, even once, it automatically increases permanently.

WHAT HAPPENS IF WE EXCEED THE 7.5 MGD THRESHOLD?



The City has a daily contracted subscription from UTRWD of 7.5 MGD

The water system will not allow the subscription to exceed the threshold without City authorization

* City current storage capacity is 7.5MGD

Can Request in 100,000 gallons increments.

* Demand charge of \$4.48 per 1,000 gallons

If requested the daily threshold increases permanently.



Looking at our water conservation program, we haven't had a lot of participation and from a communications standpoint we will be promoting it this year. We budget \$25,000 per year.

Mayor Heidemann – I was a recipient and if you call Upper Trinity, they will come out free of charge and evaluate. It is up to you whether you take advantage or not.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – The water my yard program? We have advertised it and when we have spoken with Upper Trinity, our residents utilize that program.

Water Conservation Incentive Program

Rain and Freeze Sensor	Watering Timer	SMART Irrigation Equipment	Irrigation System Upgrades	WaterWise Landscape/Irrigation Design
\$30 per household No permit required for installation	\$25 per household No permit required for installation	50% of purchase and installation (up to \$250) One-time rebate per household	50% of cost of services (Check-Up up to 100, Upgrades up to \$250)	50% of cost of services up to \$500 for irrigation design per property
2018: \$30-1 rebate		2018: \$250-1 rebate 2019: \$395-2 rebates 2020: \$175-1 rebate	2018: \$57 – 2 rebates 2019: \$300-2 rebates	

Program Year to Date Rebates = \$1,207

One of the benefits of us doing the rate study internally is getting into the raw data. When a consultant does it, you only see the nice polished report on the end. Our top consumption accounts. IRR is irrigation accounts, COM is commercial accounts, MF is multi-family accounts. The chart shows an average month and peak month usage, with the peak months in the summer. The majority of the accounts are irrigation accounts, which are not charged sewer.

TOP 20 CONSUMPTION ACCOUNTS

Class	Account Name	Annual Consumption	Average Monthly	Peak Month Usage	Peak Month	Peak Ratio
MF	KENSINGTON APTS/RESIDENT	9,696,300	808,025	879,000	January	1.09
IRR	CO-SERV/QUAIL RUN 1ST ENTRANCE	3,879,648	323,304	1,155,289	August	3.57
IRR	KENSINGTON APTS/BD 1 IRRIGATE	3,518,000	293,167	451,991	May	1.54
IRR	LAKE DALLAS HS SPORTS IRR	3,454,213	287,851	639,591	July	2.22
COM	DESTINY DALLAS RV RESORT	3,421,414	285,118	352,915	August	1.24
IRR	LAKE DALLAS HIGH SCHOOL (IRR)	3,315,564	276,297	381,240	July	1.38
MF	AUTUMN OAKS OF CORINTH	3,246,929	270,577	336,893	August	1.25
COM	LIBERTY DIALYSIS	3,176,688	264,724	559,963	August	2.12
IRR	DATCU	2,730,094	227,508	545,829	August	2.40
IRR	N.C.T.C.	2,577,167	214,764	950,699	September	4.43
IRR	BILL UTTER FORD (IRR)	2,502,042	208,504	506,514	August	2.43
COM	GLORY OF ZION INTER. MINISTRIES	2,484,448	207,037	635,620	July	3.07
WHL	C/C COMMUNITY PARK (SOCCER)	2,265,640	188,803	719,316	July	3.81
MF	CORINTH REHABILITATION SUITES	2,205,837	183,820	256,175	Oct	1.39
IRR	RESPONSIVE EDUCATION SOLUTION	2,179,594	181,633	599,269	August	3.30
IRR	CORINTH ELEMENTARY/IRR	2,171,172	180,931	372,246	August	2.06
IRR	HUFFINES IRR	2,114,123	176,177	568,802	August	3.23
COM	ALBERTSON'S GROCERY STORE	1,958,285	163,190	531,045	August	3.25
IRR	LAKE DALLAS HIGH SCHOOL (IRR)	1,957,186	163,099	289,019	August	1.77
IRR	OXFORD AT THE BOULEVARD	1,820,014	151,668	430,418	August	2.84
		60,674,358	5,056,197	11,161,834		2.21

One way to deal with the consumption is to create a key account water conservation program. We are looking at implementing a program where we reach out to customers on hot days and have them shut off their watering for that day which will decrease our load and help us stay below 7.5mgd. It will be a partnership between Public Works and Utility Billing.

KEY ACCOUNT WATER CONSERVATION PROGRAM



- Identify key account partners
 - NCTC
 - Co-Serv
 - Lake Dallas ISD
 - DATCU
 - Glory of Zion
 - Huffines
 - Oxford at the Boulevard
 - Responsive Education Center (Corinth Classical)
 - Albertson's
- Partner with UTRWD for "Water My Yard" evaluation and one-on-one conservation education meetings.
- Develop water conservation plans in order to meet daily MGD levels.

Before we go into rates, we have to determine how much money we will need over the next year

RATE STUDY GUIDELINES

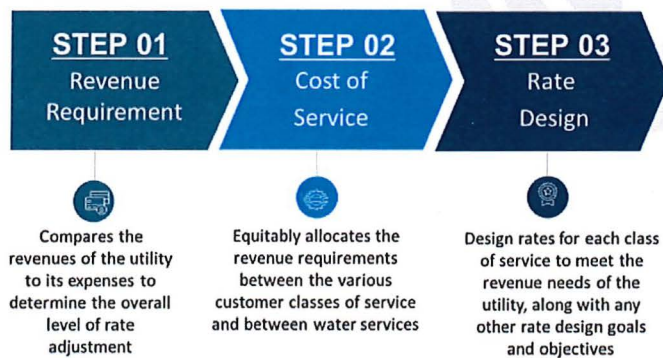
- Study was based on the American Water Works Association principles of ratemaking.
- Using cash basis, the goal is to determine if the expected revenues are sufficient to cover expected expenditures
- This rate study is intended to determine revenue requirements, examine current rate structures and recommend alternate structures, if appropriate, to achieve the City's goals.



to three years.



OVERVIEW OF RATE SETTING PROCESS



TOTAL REVENUE REQUIREMENTS

Total Operations & Maintenance for entire system
+ Debt (Principal, interest & coverage)
+ Asset Management Fund Contributions
+ Cash financed capital (includes depreciation)
= Total revenue requirements

Less: Other revenues (tap fees, etc)
= Total revenue requirements from rates



When we analyze our operating budget, in total we have about \$12.5 that we need to recover for both utilities. Water/wastewater purchase costs are about 56-57% of the total amount of cost for the utility system. Your debt is at 10, so roughly 70% is fixed. The council has control of about 30% of the expenditures for the water and wastewater system.

REVENUE REQUIREMENTS

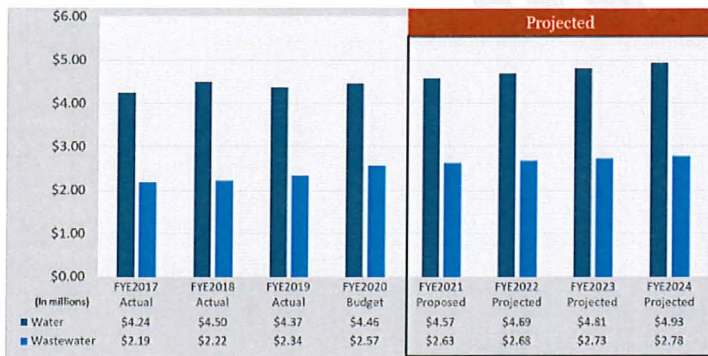


	Water	Wastewater	Combined	
O&M	1,732,607	1,288,247	3,020,854	23.8%
Water/Wastewater Purchase Cost	4,579,247	2,628,441	7,207,688	56.8%
Debt Service	773,905	492,284	1,266,189	10.0%
Transfers	657,028	241,999	899,027	7.1%
Asset Management Fund Transfer	250,000	50,000	300,000	2.4%
Rate Stabilization Fund Transfer	-	-	-	0.0%
Total	\$7,992,786	\$4,700,971	\$12,693,758	100.0%
Less Other Revenues	(403,456)	(175,100)	(578,556)	
Revenues Needed From Rates	\$7,589,331	\$4,525,871	\$12,115,202	

Transfers included funds for administrative costs to General Fund, Tap & Meter Replacement Fund, Vehicle Replacement Fund, and the Technology Replacement Fund

We pay Upper Trinity about \$7 million. Projecting out, we were very conservative; we did about 2 ½% for each utility from 2021 to 2024. As you can see, the costs increase each year.

WATER/WASTEWATER PURCHASE EXPENDITURES



When we did the asset management plan last year the recommendation was that we put \$3.5 million aside each year for water and \$1.17 aside for wastewater. AWWA recommends a minimum of \$1.9 million, obviously we cannot afford either one of those. We would have to almost double our rates in order to meet either one of those amounts. Our current plan is to put \$250,000 in water and \$50,000 into wastewater. We will have to review these each year.

Sam Burke, Mayor Pro Tem – How do we pick our depreciation rate?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – It is based on the assets that we currently have on the system, accounting base. Some of these

assets could be fully depreciated so we are not carrying any depreciated value on our books. Right now, we have more assets in water but the majority of assets in the wastewater system are fully depreciated. That stands in place as we will have some water lines we will have to replace in the coming years.

Bob Hart, City Manager – Your real number is what the asset management line is.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – This is ideal, maybe not real world. The AWWA tries to get a number people can actually quantify and may be attainable so that is why the best practice is to do annual depreciation. Unfortunately, that is a significant amount. We will keep evaluating this year and see how much we can put aside.

FUNDING ASSET MANAGEMENT PROGRAM

- 2019 Asset Management Program developed plan to achieve full funding within five to twenty years
 - FY2019-2020 budget included combined total of \$250k for water & wastewater
- American Water Works Association Best Practice
 - At a minimum an amount at least equal to annual depreciation expense

	Water	Wastewater
Annual Depreciation	\$858,585	\$1,091,813
Asset Management Plan Average Annual Investment Required	3,588,000	1,177,000
Amount Included in Rate Study	\$250,000	\$50,000



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Last year we created the rate stabilization fund. It was designed for when we have very hot years and that we over-recover in revenues that any excess we put into this fund, on the years we are under, it helps us stabilize the fund so we do not have to adjust rates. We did not put any funds in for this year. We will continue to analyze it yearly.

WATER/WASTEWATER RATE STABILIZATION FUND

- In 2019, a Rate Stabilization Fund was established to assist in offsetting temporary increases to the budget and increases from the Upper Trinity Regional Water District (UTRWD) and City of Denton. Use of the funds will require authorization from the City Council.
- Savings each year from the utility fund expenditure budget and revenue collections that exceed the budgeted amount for water and wastewater charges will be utilized as a means of funding the reserve.
- The fund shall strive to maintain a balance not to exceed 15% of the Utilities expenditure budget.



Fund Balance of \$250,000

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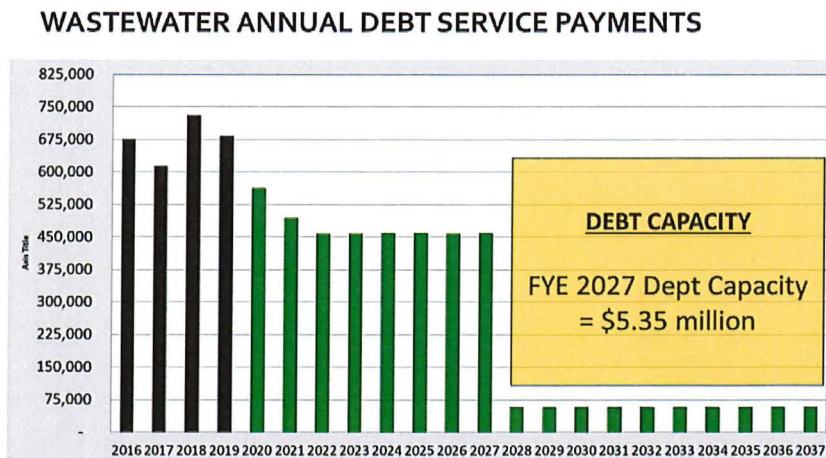
In factoring debt, we factor our outstanding debt and debt service payments. We also look at future projects requiring funding. We review the capacity we have within our current structure without raising rates. When we look at our debt service, we do not have the capacity to issue anymore debt without raising rates until 2027. At that point we will only have about \$3.76 million on the water side. That doesn't mean as a council you cannot elect to issue debt, that is within your purview, keep in mind that if we do issue debt, we will have to raise the rates.

Sam Burke, Mayor Pro Tem – Is the water tower already taken care of?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Yes



On the wastewater side it is the same. Any debt issuance before 2027 will have an impact on the rate.



We look at what capital improvement projects that might be on the horizon that will affect the rates. We discussed with the city manager and city engineer to look at the projects. These are the TOD and a lot of this is design.

Bob Hart, City Manager – This is the wastewater component, streets are separate.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Future projects total at approximately \$1.9 million. The amounts seem nominal, we felt we could use it by utilizing some fund balance in the water/wastewater fund and to not issue debt. We could possibly use impact fees as well to pay for some of the projects.

Tina Henderson, Council Member – How are the numbers the same?

Bob Hart, City Manager – Those are engineering estimates that George generated. When you are building the street, you include the water and wastewater components. I bet he put in the total and divided it by two. The bid prices would be different.

FUTURE UTILITY CAPITAL IMPROVEMENT PROJECTS

PROJECTS	WATER	WASTEWATER	TOTAL PROJECTS
N. Corinth Street (NCTC to Corinth Parkway)	275,000	275,000	550,000
NCTC Way (Frontage I35E to N. Corinth St)	137,500	137,500	275,000
Total FY2020/2021	412,500	412,500	825,000
Main St (Corinth Pkwy to NCTC)	182,500	182,500	365,000
Total FY2021/2022	182,500	182,500	365,000
Lion Blvd (N. Corinth St to Main)	116,875	116,875	233,750
Total FY2022/2023	116,875	116,875	233,750
Hospital Drive (Frontage I35E to Cliff Oak)	213,125	213,125	426,250
Total FY2023/2024	213,125	213,125	426,250
TOTAL PROJECTS ALL YEARS	\$935,000	\$935,000	\$1,870,000

Intent is to use Fund Balance instead of issuing debt for future projects through 2024.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Our consultants haven't presented our customer classes and during peak times, who is putting the most stress on our systems. When you compare resident to senior classes, seniors use more during the peak time but we bill less 5,000 gallons. The biggest demand is fire hydrant, this is new development.

Mayor Heidemann – What is wholesale?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – These are the city accounts. In 2008-2009, the council passed an ordinance stating city accounts would not be billed the same as the other classes. This is mostly to water the fields, neighborhood parks for irrigation. Buildings are still billed under commercial class.

Mayor Heidemann – How about the HOA's and POA's?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – It is billed under irrigation, if they have an irrigation meter.

CAPACITY DISTRIBUTION FACTOR



Class	Total Accounts	Total Annual Consumption	Avg Monthly Consumption	Avg Monthly			Peak Month Use	Peak Day Use (MGD)	Avg Monthly	
				Customer Usage	Average Day Use	% Avg Use			Customer Usage	Peaking Factor
Residential	5,639	601,022,796	50,085,233	8,882	1,646,638	65.04%	94,427,453	3,147,582	16,745	1.91
Senior	1,160	124,080,896	10,340,075	8,914	339,948	13.43%	21,964,370	732,146	18,935	2.15
Builder	46	4,500,806	375,067	8,154	12,331	0.49%	756,526	25,218	16,446	2.05
Commercial	144	48,075,641	4,006,303	27,822	131,714	5.20%	6,128,094	204,270	42,556	1.55
Wholesale	27	16,575,347	1,381,279	51,158	45,412	1.79%	3,141,096	104,703	116,337	2.31
Fire Hydrant	11	9,652,250	804,354	73,123	26,445	1.04%	2,498,300	83,277	227,118	3.15
Irrigation	187	88,046,669	7,337,222	39,236	241,224	9.53%	17,495,784	583,193	93,560	2.42
Multi Family	34	32,084,692	2,673,724	78,639	87,903	3.47%	3,117,573	103,919	91,693	1.18
Total	7,248	924,039,097	77,003,258	295,928	2,531,614	100%	149,529,196	4,984,307	623,391	1.97

Now we look at the rate structure.

WATER RATE STRUCTURE DESIGN



Do current structures reflect the philosophy of the city and follow federal and state guidelines?

- Senior Rates - Discount or volume in Base Rate
- Inclining, declining or fixed rate structures
- Include volume in the base rate
- Funding for Asset Management Program
- Develop rates to encourage water conservation

The data from GIS shows in the next five years, the senior group will increase by 30% again.

Sam Burke, Mayor Pro Tem – Will these be new users or just aging into that category?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Aging into that category. New users would be somewhere between 25-30%.

Sam Burke, Mayor Pro Tem – How many is that? It looks like we are about 500 residential accounts from the hot summer busting the 7.5 million gallons. On your peak day, if you divide that by 5,600, about 558 gallons per day and multiply that by 500, that is 558,000 gallons. If I remember, the other graph, we are about a half a million gallons of being in trouble and that assumes no commercial development.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – We are right at 500,000. This is one of the reasons it is important that we reach out to the irrigation customers. Their peak is five to seven hundred thousand gallons during that time. If we can get them to shut it off to zero on those days it will provide us some of that capacity. If we

grow, we get more residential and commercial accounts, it is inevitable that we will have to increase that threshold.

Sam Burke, Mayor Pro Tem – How much new storage capacity, if any, will we get in the water tank?

Cody Collier, Public Works Director – The new tank is a million gallons.

Sam Burke, Mayor Pro Tem – 8.5 buys us what, a few days in the really hot sun? or a day?

Cody Collier, Public Works Director – It depends on the timespan like Lee Ann was talking earlier. If I can span it in and actually fill my tanks and use some of the previous days water to get the tanks up, use that water to carry me over to the next day. If you run into five days to a week, I will run out of time. It is a matter if we hit 7.5, where we tier up to the next level.

Sam Burke, Mayor Pro Tem – Maybe you could buy us a week?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Annual volume, in five years, you can tell where we had wet years and very dry year. This past year, our volume was 813 million gallons so as we talked in the investment committee meeting earlier this morning, our revenues were down because the volume was down. We had 101.7 million below the annual average, right at a 12.5% decrease. One significant thing is that we have not experienced growth, as you will see in the wastewater graph. Our growth in the amount of customers has been slow. Your usage has stayed flat or gone down. Our expenditures continue to rise. It is specific to the Upper Trinity charges, that since 2014, those expenditures have increased by a million. This is why we had a rate increase in 2018 and we will probably have to do another in the next few years, unless we have some growth in there.

Scott Garber, Council Member - Seems to me that 2018-2019 we talked diligently about having that rate passed through so that if Upper Trinity doubles their cost, our customers can see this is variable cost associated with purchasing the water as opposed to Corinth just needs to raise water rates. We have done that, correct?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Yes, it was effective in 2018, it was the first year that we split it out between Upper Trinity and the city cost. The way the consultant did the distribution, it wasn't lined up with our actual revenues so we are going to fix that, going into next year, absolutely. You will be able to see the rate and that is the amount associated with Upper Trinity. Right now, they are inverted a little bit.

Scott Garber, Council Member - If Upper Trinity increased 10%, since we talked about this in 2017. My assumption is that the 10% pass through directly to our customers even in years like 2019 when we chose not to increase rates.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Correct and that is the beauty of the decision council made about splitting those. It is on the water bills and you would be able to see how much is the city's. Cody and staff do a good job of keeping our expenditures flat. We don't increase them if you look year to year. The increase in

the budget is almost entirely to Upper Trinity and to the City of Denton on the wastewater contract.

Lowell Johnson, Council Member – If our issue is with these irrigation meters, how many do we have?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – 187

Lowell Johnson, Council Member – Cody, is there a way that if we are modeling this after electric and gas usage, can we apply a meter that has a ground out feature? One that we can control how much water they can get through the system we already have?

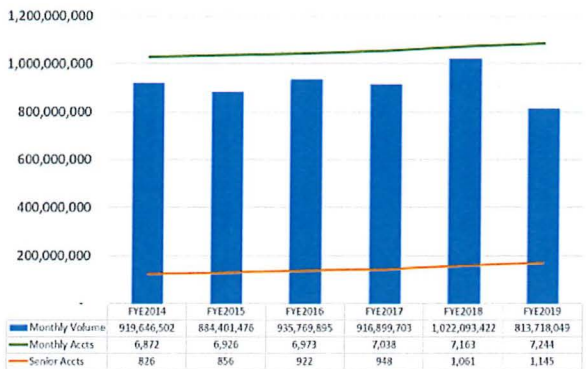
Cody Collier, Public Works Director – Indirectly, yes. They have a remote meter. It would basically take the system we have now, set a long limit on it, like the customer could do. When they hit a certain threshold, it would send an email to me and I could shut it off.

Lowell Johnson, Council Member – If we went to a system like that and prebilled or offered to these irrigation customers, right now they use the water, they pay, we're a month behind. For the irrigation meters, what if we went in and sold the contract water rate monthly. They can decide how much water they want to buy and we will set the max rate, so that we have recovered that money before we have ever gotten there with it. They don't get a refund, they want to buy 300,000 gallons for irrigation, they buy it up front, we bill them, it's paid, you adjust the meter and it is water, we can control the half million gallons. It will force compliance with xeroscape and things like that. This technology is used in electric and gas for years.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – We discussed this, the other caveat is on the electric side, my experience is in Denton, like with UNT, Peterbilt, the key accounts, they do have a contracted amount. As long as they stay below the contracted amount, the rate doesn't increase. It is their incentive to stay within the contracted amount.

Lowell Johnson, Council Member – But you are still billing a month behind in that situation.

WATER HISTORICAL ANALYSIS



- Residential accounts **increased** by 372 or 5.4%
- Senior accounts **increased** by 319 or 38.6%
- The FYE2019 usage was 101.7 million gallons **below** the annual average of 915 million or 12.5%

UTRWD charges have increased by \$975,169 or 27.9% since FYE2014

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – For our base water rate, we recommend no changes.

WATER RATE BASE RATE STRUCTURE



Base Rates	City	UTRWD	Total
5/8 x 3/4	13.35	31.27	44.62
full 3/4	14.68	34.40	49.08
1 inch	18.69	43.78	62.47
1 1/2 inch	24.02	56.29	80.31
2 inch	38.70	90.69	129.39
3 inch	146.80	344.01	490.81
4 inch	186.83	437.83	624.66
6 inch	280.25	656.74	936.99
10 inch	603.72	906.93	1,510.65

- Base Rates recovers 54.6% of total expenditures
- Base Rate Revenue = \$4,165,150
- Base Rates based on Meter Size
- Seniors citizen includes 5,000 gallons of water in base rate.

Recommendation
No changes to Base Rate

Looking at our current rates, it complicated the structure, so we kept the 0-5,000 at \$2.15. Not a big change in the rates, a small savings in residential. For commercial, we are proposing to equalize this between the classes so the cost is the same regardless of residential or commercial. The rates are consistent with other cities. We increased the 50,000 rate to increase it to conservation awareness. For commercial, it includes multi-family, builder class, irrigation meters. We are proposing a rate tier for irrigation and it is similar to other cities rates.

Scott Garber, Council Member – Two recommendations, any rate that is down from current, \$6.24 to \$6.15, \$9.21 to \$9.15, I am concerned, looking at all the information we are looking at, we have already paid the communication price for those increases and we have worked through substantial hurdles to get that, I hate to remove that and in two years from now we need to

increase them. Maybe we could consider keeping the rates the same with the exception of the \$3.15, how we lumped everybody in, so up to 5,000 gallons, they are all at \$2.15, I like that. The other thing I would consider on the senior rate, Corinth cares for their seniors and we have a number of them. We want the seniors to be able to have affordability of water. What I am not super happy about is to subsidize a huge increase in their watering, more than a normal citizen because they are getting the first 5,000 for free. Maybe, to explore, set a threshold to where if a senior is over an amount, then we are billing them for the first 5,000. That keeps our senior citizen rate viable into the future and that keeps it focused on the people that are truly conserving and need the cost savings.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director –

We can do that, at the council's discretion, as far as the rates. The reason I want to make it even and easier to tell was the primary but the secondary is that in a little bit we are going to get to the wastewater rates and they are not as pretty. The thought is, these were cents. If we get a little bit on this side, it may make the other side less painful.

VOLUMETRIC WATER RATE STRUCTURES

Volume is charged per 1,000 gallons, using a tiered structure

CURRENT				PROPOSED			
Residential	City	UTRWD	Total	Residential	City	UTRWD	Total
0-3,000	-	2.15	2.15	0-5,000	1.00	1.15	2.15
3,001-5,000	-	2.65	2.65	5,001-10,000	1.00	2.15	3.15
5,001-10,000	-	3.15	3.15	10,001-25,000	3.00	3.15	6.15
10,001-25,000	2.97	3.27	6.24	25,001-50,000	6.00	3.15	9.15
25,001-50,000	5.94	3.27	9.21	50,001+	9.00	3.15	12.15
50,001+	8.91	3.27	12.18				
Commercial	City	UTRWD	Total	Commercial	City	UTRWD	Total
0-10,000	0.84	3.27	4.11	0-50,000	3.00	2.15	5.15
10,001-25,000	0.84	3.27	5.11	50,001-200,000	5.00	2.15	7.15
25,001-50,000	2.84	3.27	6.11	200,001-500,000	7.00	2.15	9.15
50,001+	3.84	3.27	7.11	500,001+	10.00	2.15	12.15
				Irrigation	City	UTRWD	Total
				0-50,000	3.00	2.15	5.15
				50,001-100,000	5.00	2.15	7.15
				100,001-500,000	7.00	2.15	9.15
				500,001+	10.00	2.15	12.15

- Equalize the water rates between Residential and Commercial Rates
- Adjust water costs between City and UTRWD rates
- Create an Irrigation Rate Class

We did a survey of other cities, Upper Trinity customers and those who are not. By far, the utility industry is getting away from senior discounts because of the rising cost of water.

Kelly Pickens, Council Member - Do they ever consider doing budget billing? In December when it is \$100 and in July it is \$350, if it is spread out it may not be as much of a burden.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Angie, is our system sophisticated enough to handle budget billing?

Angie Watson, Utility Billing Supervisor – I believe it will be with the next upgrade.

Kelly Pickens, Council Member – For those who know what their water bill will be.

Lowell Johnson, Council Member – I have a problem with the equity of the rates. At 50,000 for the residential rates, we are proposing \$12.15, the commercial rate, they are paying less than

half of that for the same 50,000 gallons. If water is water, where is the equity in that? Why don't we start at \$12.15 at the 50,000 gallon level for your commercial, because that is what our residential customers are paying.

Sam Burke, Mayor Pro Tem – You would have to pull out multi-family if you did that.

Lowell Johnson, Council Member – Multi-family shows up in commercial.

Sam Burke, Mayor Pro Tem – That is what I mean, multi-family is housing. We don't need to pass through to individuals. People who live in apartments use less money per capita than those who live in homes by a big margin.

Lowell Johnson, Council Member – How are they billed? They are billed on a master meter, aren't they? They have a private company that comes in and determines the rates for their apartment.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – When you look at your multi-family, their average monthly is 78,000 gallons. Their peak is 91, so when you look at the demand, the multi-family compared to residential account, compared to commercial, they are not using a greater amount or a demand on the system.

Scott Garber, Council Member – When an apartment complex is metered on a master meter, they are going to be on the \$12 per thousand bracket, so if an individual only uses 400 gallons, they are billed at the \$12 and not at the \$2.15. To Lowell's point, it almost seems like there needs to be another tier added to the residential from 50-150 thousand and at that point have one rate structure so that if commercial is using up to 100,000 instead of \$7.15 per thousand, that would be at \$12.15 per thousand.

Bob Hart, City Manager – We will show you our comparison with other cities in a minute.

WATER SENIOR DISCOUNTS



Entity	Senior Customer Class
Corinth	5,000 gallons in base rate = \$10.75
LCMUA	Discount of \$10/month
The Colony *	None
Little Elm	None
Flower Mound	None
Highland Village	None
Lewisville *	None
Denton *	None

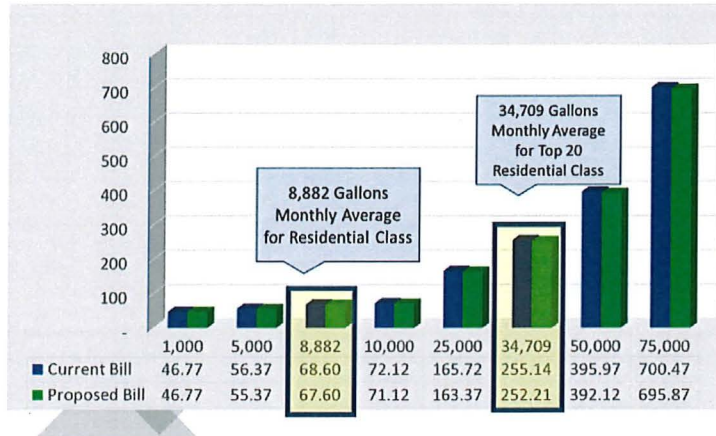
* Cities are not a member of Upper Trinity Regional Water District.

The total cost of the senior discount = \$180,223

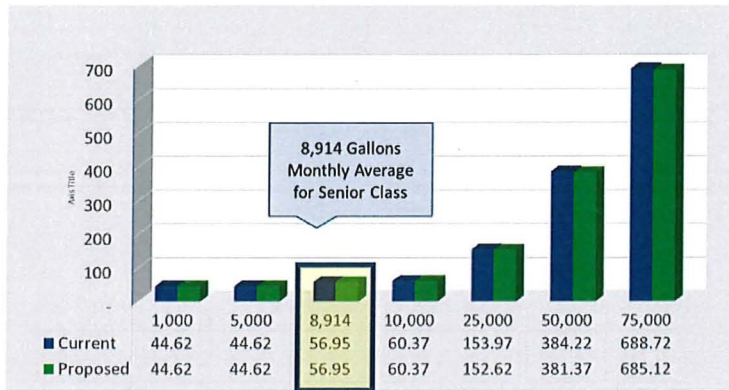
Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director –

The rate structures are below along with the revenue requirement.

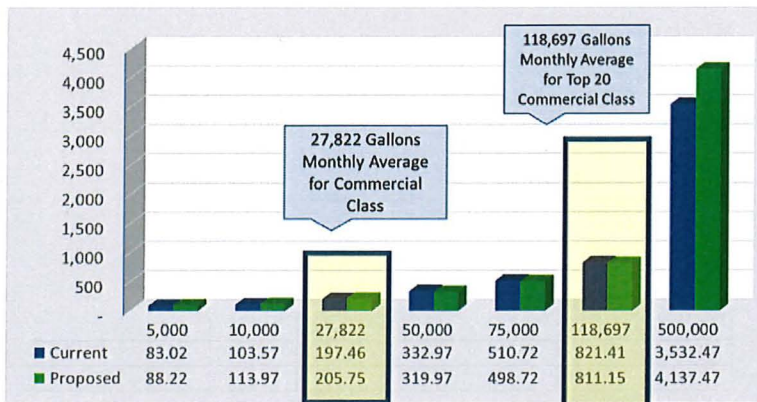
Residential Water Rate Structure Impact



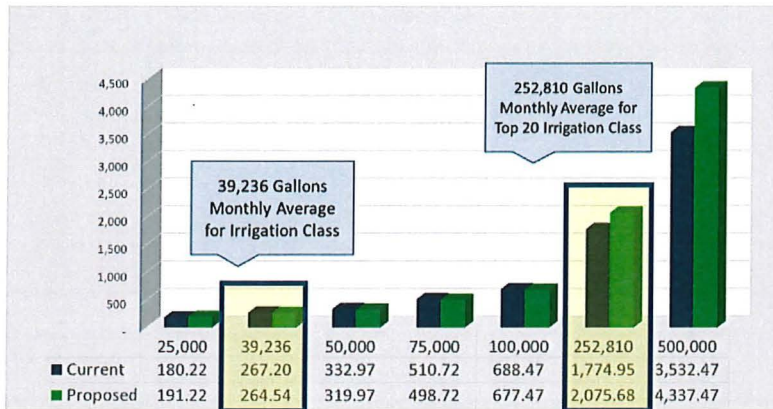
Senior Water Rate Structure Impact



Commercial Water Rate Structure Impact



Irrigation Water Rate Structure Impact



WATER REVENUE REQUIREMENT



	Current FYE 2020	Proposed FYE 2021			FYE 2022	FYE 2023
		City	UTRWD	Total		
Revenue Requirement	\$7,631,895	\$3,010,084	\$4,579,247	\$7,589,331	\$8,089,078	\$8,226,057
Projected Revenues	8,064,304	3,537,617	4,708,104	8,245,720	8,245,720	8,245,720
Revenue Gain/(Shortfall)	\$432,409	\$527,533	\$128,857	\$656,390	\$156,643	\$19,663

For wastewater we will follow the same process.

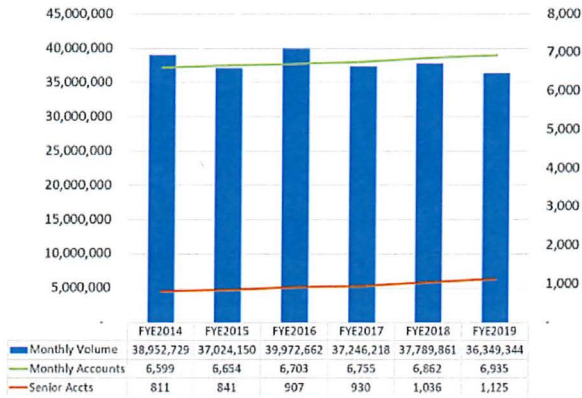
WASTEWATER RATE STRUCTURE DESIGN



Do current structures reflect the philosophy of the city and follow federal and state guidelines?

- Senior Rates – Discount or volume in Base Rate
- Inclining, declining or fixed rate structures
- Include volume in the base rate
- Funding for Asset Management Program

WASTEWATER HISTORICAL ANALYSIS



UTRWD and City of Denton Disposal and Facility charges have increased by \$300,251 or 13.2% since FYE2014

- Residential accounts **increased** by 336 or 5.1%
- Senior accounts has **increased** by 314 or 38.7%
- The average monthly volume **decreased** by 2.6 million gallons or 6.7%
- Under current rate structure - equal to an annual loss of revenue of \$114,653

Wastewater Base Rate structures

Current	City	UTRWD	Total
RESIDENTIAL			
Base	\$21.39	-	\$21.39
Volumetric	0.96	2.71	3.67

Sewer volume is based on Winter Quarter Average for residential customers and actual water volumes for commercial customers using a 1 tier structure

Senior citizens 1,000 gallons of wastewater included in the base rate.

Proposed	City	UTRWD	Total
RESIDENTIAL			
Base	\$16.00	\$19.00	\$35.00
Volumetric	1.40	2.60	4.00
COMMERCIAL			
Base	\$19.00	\$26.00	\$45.00
Volumetric	1.40	2.60	4.00

Current Rate Structure

- One rate tier for all customer classes
- Base Rates recovers 38% of total expenditures

Proposed Rate Structure

- Separate rate tiers for residential and commercial customer classes
- Base Rates recovers 64.9% of total expenditures
- Volumetric cap of 25,000 gallons for residential customer class.

WASTEWATER DISCOUNTS



Entity	Senior Customer Class	Residential Customer Class
Corinth	1,000 gallons in base rate = \$4.00	None
LCMUA	Discount of \$10/month	None
The Colony *	None	2,000 gallons in base rate
Little Elm	None	2,000 gallons in base rate
Flower Mound	None	2,000 gallons in base rate
Highland Village	None	2,000 gallons in base rate
Lewisville *	None	2,000 gallons in base rate
Denton *	None	18,000 gallons volume cap

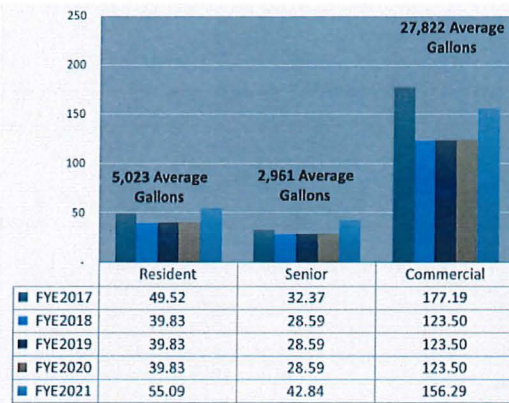
* Cities are not a member of Upper Trinity Regional Water District.

The total cost of the senior discount = \$43,645

WASTEWATER RATE PLAN

Year	Base Rate	Volumetric Rate
HISTORICAL FYE		
2015	\$21.39	\$5.60
2016	21.39	5.60
2017	21.39	5.60
2018	21.39	3.67
2019	21.39	3.67
2020	21.39	3.67
PROJECTED FYE		
Residential	\$35.00	\$4.00
Commercial	\$45.00	\$4.00

PROPOSED INCREASE
 Residential = \$15.27 or 38%
 Senior = \$14.26 or 50%
 Commercial = \$32.79 or 27%



WASTEWATER REVENUE REQUIREMENT



	Current FYE 2020	Proposed FYE 2021			FYE 2022	FYE 2023
		City	UTRWD	Total		
Revenue Requirement	\$4,689,254	\$1,897,430	\$2,628,441	\$4,525,871	\$4,599,684	\$4,670,230
Projected Revenues	3,374,995	1,946,473	2,726,706	4,673,179	4,673,179	4,673,179
Revenue Gain/(Shortfall)	(\$1,314,259)	\$49,043	\$98,265	\$147,308	\$73,495	\$2,949

TOTAL UTILITY REVENUE REQUIREMENT



	Current FYE 2020	Proposed FYE 2021			FYE 2022	FYE 2023
		City	UTRWD	Total		
Water Revenue Requirement	7,631,895	3,010,084	4,579,247	7,589,331	8,089,078	8,226,057
Projected Revenue	8,064,304	3,537,617	4,708,104	8,245,720	8,245,720	8,245,720
Revenue Shortfall	432,409	527,533	128,857	656,390	156,643	19,663
Wastewater Revenue Requirement	4,689,254	1,897,430	2,628,441	4,525,871	4,599,684	4,670,230
Projected Revenue	3,374,995	1,946,473	2,726,706	4,673,179	4,673,179	4,673,179
Revenue Shortfall	(1,314,259)	49,043	98,265	147,308	73,495	2,949
Overall Revenue Overage/(Shortfall)	(881,850)	576,575	227,122	803,697	230,138	22,612

Kelly Pickens, Council Member – All the other rates are current so we are comparing their current rates to our projected rates.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Correct

AVERAGE RESIDENTIAL RATE COMPARISON

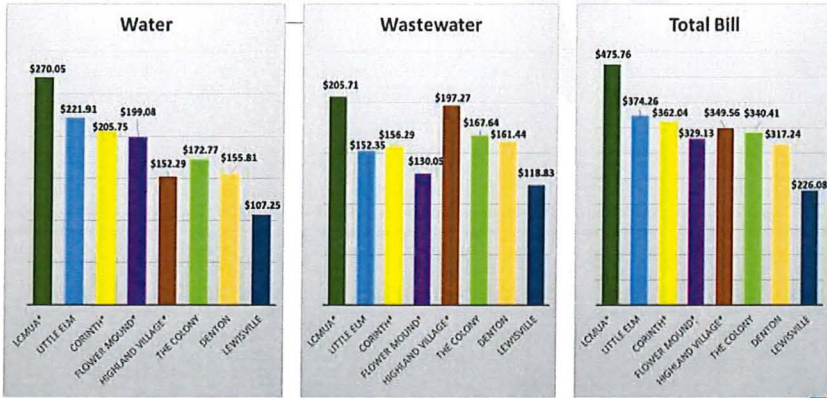
BASED ON 8,882 GALLONS WATER AND 5,023 GALLONS SEWER PER MONTH



* Cities serviced by Upper Trinity. Note, Flower Mound only subscribes for Water services, they do not subscribe for Wastewater Services.

AVERAGE COMMERCIAL RATE COMPARISON

BASED ON 27,822 GALLONS WATER AND SEWER PER MONTH



* Cities serviced by Upper Trinity. Note, Flower Mound only subscribes for Water services, they do not subscribe for Wastewater Services.

QUESTIONS?

- Conservation
 - Peaking Factor
 - Cost of Service
 - Separate Irrigation Rate Tier
 - Implement Key Account Program
 - Increase Education & Outreach
- Senior Discount
 - Water – 5,000 gallons in base rate
 - Wastewater – 1,000 gallons in base
- Asset Management Contribution Levels
 - Water - \$250,000
 - Wastewater - \$50,000
- Rate Stabilization Contribution Level
 - No Projected Contributions
- Affordability Programs
- Rate Approval Ordinance
 - Effective October 1, 2020



Sam Burke, Mayor Pro Tem – How many senior accounts are there?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – 1,160 on the water side.

Lowell Johnson, Council Member – Total CIP or total debt service we are working to roll into our base rate, we've got it there because if we start messing with conservation, if we don't have 100% of our debt service in the base rate, conservation programs will cause us problems with our debt services. We have to be careful with that and be sure we can cover, in our base rate, 100% of our debt service.

Bob Hart, City Manager – When you look at the schedule we have laid out, this is on here for discussion for the next several weeks.

Scott Garber, Council Member – This has been brought up a couple of times, can we cap the senior ad valorem tax rate? Can we include that while we are talking about this at the exact same time?

Bob Hart, City Manager – We can pull that together and I think that is one you want to talk about philosophically.

Scott Garber, Council Member – Philosophically but I want it to be fresh on our minds that we are doing 5,000 gallons per month for seniors.

Kelly Pickens, Council Member – I like Scott's idea, if they see 10,000, then they don't get the first 5,000 for free.

Scott Garber, Council Member – The senior rate is great, it is costing those of us who aren't seniors \$30/month extra, apparently, which I think most people are okay with. I think what most people wouldn't be okay with is giving a senior that is using 100,000 gallons an extra free 5,000. It is like capping a senior's tax rate when they live in a \$10 million home, they don't need the discount.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – What I am hearing is, look to see what threshold, either 15,000 gallons or 20,000 gallons and come up with how that affects.

Scott Garber, Council Member – Yes, also I found it interesting that our seniors are third or fourth on the list that are pressuring us into 7.5 million gallons. I think they were fourth. I almost wonder if the subsidy we are offering isn't encouraging that difference.

Lowell Johnson, Council Member – Are we going to continue the winter averaging? Would it be better to cap winter usage at a certain level instead or just change the 25,000 cap? Why wouldn't we just want to cap the winter averaging rate?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – It is based on usage. Currently the average for sewer for residential is 5,023 gallons so if you do away with sewer averaging, the average for the average resident is 8,882, so you would have the additional 3,000 gallons that would be charged.

Scott Garber, Council Member – You could cap it at the average water consumption rate. As somebody who owns a pool, I don't see 8,800 gallons.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – We will look, on the sewer side, not sewer averaging. On the water side, looking at changing for seniors who water more than an average, look at budget billing.

Lowell Johnson, Council Member – I would also like you to look at pushing it all to one rate table.

Kelly Pickens, Council Member – As far as what we are projecting for the development, with the meeting we had earlier this week, an increase in multi-family, what does that mean to our water?

Bob Hart, City Manager – You will have your increase but where you gain is if you don't have your summer peaking.

Kelly Pickens, Council Member – As far as usage, that will put more strain on it.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Multi-family puts the least amount of strain on any of the classes. They do have a high monthly average of 78 but as far as peaking is concerned, they stay pretty consistent all year.

Sam Burke, Mayor Pro Tem – We really just have a summer watering problem, if we solve that, we are decades away from a problem.

Lowell Johnson, Council Member – Kensington had the largest consumption in January.

Sam Burke, Mayor Pro Tem – Do our codes require drip irrigation now?

Cleve Joiner, Building Official – Yes

Scott Garber, Council Member – The incentives for conservation, once we adjust the rates, perhaps we can sweeten the deal. From personal experience, moving to a rachio system, saved us a tremendous amount of water. It may be worth it for Corinth down the road to subsidize 90% or require smart meters in new developments. All of our rebated items should be required for new construction.

Sam Burke, Mayor Pro Tem – What's the price range of new homes?

Cleve Joiner, Building Official – We have three subdivisions, one starts at \$480,000, another at \$250,000 and the other at \$195,000.

Sam Burke, Mayor Pro Tem – Are the developers putting in sprinklers?

Cleve Joiner, Building Official – They are installing the drip systems. It isn't in the code, they are doing in on their own as a conservation measure.

Kelly Pickens, Council Member – How does that work for existing residents who want to install one?

Cleve Joiner, Building Official – They are held accountable by the TCEQ guidelines, so they have to follow those requirements.

Kelly Pickens, Council Member – The AMI meters and detecting leaks, what do we have for our water lines that run under our streets? Is there a detection system for that?

Cody Collier, Public Works Director – When the water main breaks, it will surface almost instantly on the street.

Sam Burke, Mayor Pro Tem – Are we going to break out multi-family homes? Or am I misunderstanding how those are metered?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Currently we have them under commercial.

Sam Burke, Mayor Pro Tem – If we are going to do the rate structure more aggressively, can we also look at that?

Lowell Johnson, Council Member – They are all on master meters, commercial meters, so how are you going to do that? Their water services are privatized. You have a private company that reads and measures.

Sam Burke, Mayor Pro Tem – That is why I am asking. If the water costs \$12 to get through the master meter, they are going to pass that through to an individual at \$12. That isn't equitable because they are using less water than if you live in a single-family home. A multi-family building should have a different rate. The rate structure shouldn't kick up. It is not the same as Co-Serv watering their grass in August, if the residents are showering. They are not watering anything.

Lowell Johnson, Council Member – If we go back to Kensington, if they are filling up their pool in January, that 180,000 gallons they used. If that comes through the commercial meter and the residents are going to benefit from it, I can't go swim there, why should I have to pay for it?

Sam Burke, Mayor Pro Tem – I think you design the cutoff so that you get to that, I am saying don't start 12,000 gallons at \$12.

Lowell Johnson, Council Member – If you look at what we are talking about, we are talking about adjusting that \$12 to where it is more equitable on your rate structure.

Bob Hart, City Manager – I understand the question and it is to get the cost equivalent back to back to a per unit basis.

Sam Burke, Mayor Pro Tem – That is all I am trying to do, I am not trying to subsidize their swimming pool.

Lowell Johnson, Council Member – They make money off of their water. There is a factor in how much they charge their residents that goes back to that business. Once it hits that meter, it would be like you charging each one of your family members for a different amount of water.

Sam Burke, Mayor Pro Tem – I know we can't control if they want to profiteer off of it but I would rather be charging them a dollar or two extra of an equivalent rate than \$12.00.

Scott Garber, Council Member – Can you please also reach out to the apartments to see how they bill? They may bill a flat rate and the rest is fixed with the rent.

Kelly Pickens, Council Member – Is there just one meter? Is there a meter for the residents?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – Kensington has one meter for the apartment and a second for irrigation.

Kelly Pickens, Council Member – The apartment meter goes for their office, their pool, laundry. The amenities are not separately metered than the units.

Sam Burke, Mayor Pro Tem – They separate it out on their end.

Kelly Pickens, Council Member – How many people live there for that much usage?

Lowell Johnson, Council Member – About five hundred.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – We will do some research. I know there are some cities that do have a separate tier for multi-family.

Mayor Heidemann came out of Closed Session as announced after the regular meeting and convened back into Workshop Session at 7:53 p.m.

2. Receive a Presentation and hold a discussion regarding the Lake Cities Fire Department/Joint Lake Cities Council Meeting.

Bob Hart, City Manager – We are finalizing the agenda on that for Monday. We will cover a lot of what we have covered previously. We have the item on the agenda to talk about the fire contract. Michael has been to the other three cities and given them the presentation on the fire study and on the contract. You all have seen both presentations. We will give an abbreviated version of that on March 3rd. Lee Ann, Michael and I will present it. Hopefully we will have some good conversation, discussing many of our programs.

3. **Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of closed session items as set forth in the Closed Session agenda items below.**

Tina Henderson, Council Member – On the interlocal agreement, Chief Garner, why are we selling the motorcycles?

Jerry Garner, Police Chief – They have been sitting in the garage, unused for a couple of years. We do not have a traffic team. We have all our officers on patrol to maintain our deployment on the street. If we ever restored a motorcycle program, these bikes are five years old, we would not want to use these. We have nobody qualified to work on a motorcycle except a sergeant who works nights. If we were able to restore a traffic unit, we will have our officers work out of cars. Motorcycles are good but limited with what they can do, you can do more with a car.

Kelly Pickens, Council Member – What is the value of them?

Tina Henderson, Council Member – We are selling them for \$9,700. The value with that low mileage is around \$11,375, third party \$15,270. These have really low mileage. Why are we selling them so cheap?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – We had them inspected to be sure they were alright. The value they came back at was \$9,700.

Kelly Pickens, Council Member – What do we have valued in them as far as lights and stuff? Do we have a lot of improvements on them?

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director – No and the thought is that if we are not going to use them and if they do put it up in two years we are going to have to buy new bikes, sell them now while they still have value.

Mayor Heidemann recessed into executive session at 8:01 p.m.

CLOSED SESSION

The City Council will convene in such executive or (closed session) to consider any matters regarding any of the above agenda items as well as the following matters pursuant to Chapter 551 of the Texas Government Code.

Section 551.071. (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

- a. **Discuss potential Economic Development incentives for businesses seeking to locate in Corinth and supporting the TOD.**

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON CLOSED SESSION ITEMS.

There was no action taken from Closed Session.

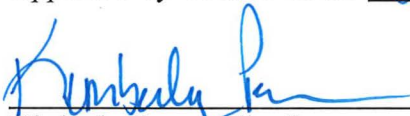
ADJOURN:

Mayor Heidemann adjourned the meeting at 9:11 p.m.

AYES: All

Meeting adjourned.

Approved by Council on the 2nd day of April, 2020.



Kimberly Pence, City Secretary
City of Corinth, Texas