



1111 Bayou Road
La Marque, Texas
409-938-9202

Mayor Bobby Hocking

Mayor Pro- Tem Keith Bell- District A

Councilmember Chris Lane- District B

Councilmember Robert Michetich- District C

Councilmember Casey Mc Auliffe- District D

OFFICIALLY POSTED ON THE
WEB:
DATE: 9.13.2018 TIME: 5:30 p.m.

**CITY OF LA MARQUE
SPECIAL CALLED CITY COUNCIL
AGENDA
Of
September 17, 2018**

Notice is hereby given that the City Council of the City of La Marque, Texas will conduct a Special Called City Council Meeting on **Monday, September 17, 2018,** beginning at 6:00 p.m. at 1109-B Bayou Road for the purpose of considering the following agenda:

(1) CALL MEETING TO ORDER

(2) ROLL CALL

(3) PUBLIC HEARINGS

- a. Conduct Public Hearing to hear public input regarding adopting Ordinance No. **O-2018-0010**, making appropriations for the support of the City of La Marque for the fiscal year beginning October 1, 2018 and ending September 30, 2019 appropriating money to a sinking fund to pay interest and principal due on the City's indebtedness; and adopting the annual budget for the City of La Marque for 2018-2019 fiscal year.
- b. Conduct Public Hearing to hear public input regarding adopting Ordinance No. **O-2018-0011**, levying ad valorem taxes for use and operation of the municipal government of the City of La Marque, Texas for the 2018 tax year; providing for apportioning each levy for specific purposes; and providing when taxes shall become due and when same shall become delinquent if not paid.

(4) OLD BUSINESS

- a. Discussion/possible action regarding adopting Ordinance No. **O-2018-0010** making appropriations for the support of the City of La Marque for the fiscal year beginning October 1, 2018 and ending September 30, 2019 appropriating

money to a sinking fund to pay interest and principal due on the City's indebtedness; and adopting the annual budget for the City of La Marque for 2018-2019 fiscal year – Finance Director S. Kou **THIS IS THE SECOND AND FINAL READING**

- b. Discussion/possible action regarding adopting Ordinance No. **O-2018-0011**, levying ad valorem taxes for use and operation of the municipal government of the City of La Marque, Texas for the 2018 tax year; providing for apportioning each levy for specific purposes; and providing when taxes shall become due and when same shall become delinquent if not paid – Finance Director S. Kou **THIS IS THE SECOND AND FINAL READING**
- (5) Discussion/possible action regarding adopting Resolution No. **R-2018-0023** to deny Texas-New Mexico Power's electric rate increase request for the maximum period allowed by law

(6) ADJOURNMENT

CERTIFICATION:

I hereby certify that the above notice of meeting was posted at 1109-B Bayou Road, La Marque, Texas on or before September 14, 2018, before 5:30 p.m.

Robin Eldridge, TRMC
City Clerk

.....
• This facility is wheelchair accessible and accessible parking spaces are available. Request for accommodations or
• interpretive services must be made 48 hours prior to this meeting. Please contact the City Clerk's office at (409) 938-
• 9259, or Fax (409) 935-0401, or e-mail cityclerk@cityoflamarque.org for further information.
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CITY COUNCIL AGENDA FORM

Meeting Date: September 17, 2018

Prepared by: Suzy Kou

Department: Finance

Agenda item: 1a

Reviewed by: Charlene Warren

AGENDA ITEM DESCRIPTION: Discussion/possible action regarding adopting Ordinance No. **O-2018-0010** making appropriations for the support of the City of La Marque for the fiscal year beginning October 1, 2018 and ending September 30, 2019 appropriating money to a sinking fund to pay interest and principal due on the City's indebtedness; and adopting the annual budget for the City of La Marque for 2018-2019 fiscal year. **THIS IS THE SECOND AND FINAL READING**

☒ X

ATTACHMENTS FOR REFERENCE

1. Ordinance
2. City Manager's proposed budget fiscal year 2018-19 (online) and Council's recommended changes.

STAFF BRIEFING:

- Per City Charter, Council must adopt annual budget no later than September 27th each year.
- Should Council fail to adopt the budget by such date, the budget as submitted by City Manager shall be deemed to have been finally adopted by City Council.

HISTORY: N/A

TARGET IMPLEMENTATION:

- **September 10, 2018**- Budget adoption approved by City Council on First Reading.
- **September 17, 2018**- Budget adoption on Second and Final Reading.

SIGNIFICANT ACTION DATES:

- **July 16, 2018**- City Manager proposed 2018-19 budget to Council.
- **July 23, 24, and 26, 2018**- Council workshops to discuss budget amendments from City Manager's proposal.
- **August 16, 2018**- First Public Hearing on 2018-19 Proposed Budget.
- **September 10, 2018**- Second Public Hearing on 2018-19 Proposed Budget with Council amendments.
- **September 10, 2018**- Budget adoption fiscal year 2018-19 First Reading.
- **September 17, 2018**- Budget adoption fiscal year 2018-19 Second and Final Reading.



CITY COUNCIL AGENDA FORM

ACTION:

- | | |
|--|--|
| ☒ Ordinance | ☐ Resolution |
| ☐ Proclamation | ☐ Special Present. |
| ☐ Finance Report | ☒ Public Hearing |
| ☐ Other (be Specific) | |
| ☒ Check box if there is no conflict with City Charter, ordinances, resolutions, policies, or procedures. | |

Cost Details:	
Budgeted	
Actual Bid	
Estimated Expenditure	
Acct. Name	
Line Items #	
Other Funding	

STAFF'S RECOMMENDATION: Motion to adopt Ordinance No. **O-2018-0010**, making appropriations for the support of the City of La Marque for the fiscal year beginning October 1, 2018 and ending September 30, 2019 appropriating money to a sinking fund to pay interest and principal due on the City's indebtedness; and adopting the annual budget for the City of La Marque for 2018-2019 fiscal year.
THIS IS THE SECOND AND FINAL READING

FISCAL IMPACT: See 2018-19 budget for details.

ORDINANCE NO. O-2018-0010

AN ORDINANCE MAKING APPROPRIATIONS FOR THE SUPPORT OF THE CITY OF LA MARQUE FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2018 AND ENDING SEPTEMBER 30, 2019 APPROPRIATING MONEY TO A SINKING FUND TO PAY INTEREST AND PRINCIPAL DUE ON THE CITY'S INDEBTEDNESS; AND ADOPTING THE ANNUAL BUDGET OF THE CITY OF LA MARQUE FOR 2018-19 FISCAL YEAR

WHEREAS, the budget, appended here as Exhibit "A", for the fiscal year beginning October 1, 2018 and ending September 30, 2019 was duly presented to the City Council by the City Manager and a public hearing was ordered by the City Council and a public notice of said hearing was caused to be given by the City Council and said notice was published in the Galveston County Daily News and said public hearing was held according to said notice and City Charter requirements; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA MARQUE:

SECTION 1. That the appropriations for the fiscal year beginning October 1, 2018 and ending September 30, 2019 be fixed and determined for said terms in accordance with the expenditures shown in the City's fiscal year 2018-19 budget, a copy of which is appended hereto as Exhibit "A"

SECTION 2. That the budget, as shown in words and figures in Exhibit "A", is hereby approved in all respects and adopted as the City's budget for the fiscal year beginning October 1, 2018 and ending September 30, 2019.

SECTION 3. That there is hereby appropriated the amount shown in said budget necessary to provide for a sinking fund for the payment of the principal and interest of the bonded debt of said City.

PASSED AND APPROVED by the City Council of the City of La Marque on this the **10th** day of **September**, 2018 on the First Reading.

PASSED, APPROVED AND ADOPTED by the City Council of the City of La Marque on the ____ day of _____, 2018 for the Second and Final reading.

CITY OF LA MARQUE, TEXAS

Bobby Hocking, Mayor

Ordinance No. O-2018-0010
Adoption of 2018-2019 Budget

ATTEST:

Robin Eldridge, TRMC, City Clerk

APPROVED AS TO FORM:

Ellis J. Ortego, City Attorney

CITY OF LA MARQUE
CHANGES RECAP-WORKSHOPS 7/23, 7/24, AND 7/26/2018

General Fund		Utility Fund			2005 CO		Court Tech Fund		Equip Repl		PEG	
City Clerk shared employee	35,789.93	Dept 22	Maintenance Tech (5)	198,704.40	60,000	Concrete sidewalk	Juvenile Case employee (P-T)	Fire Truck	625,000	Marquee	75,000	
Code Enforcement (1)	46,124.41	Dept 21	UB staff	37,187.48	20,000	Citywide drainage						
IT employee increase	5,616.00	Dept 22	1-ton Truck	13,000.00	40,000	Misc projects-contingencies						
Police Records clerk	44,510.66	Dept 22	Trench/Shoring box	10,000.00								
Maintenance Tech (3)	119,222.65	Dept 22	Boring Bullet	5,000.00								
Code vehicle	9,000.00	Dept 22	Portable air compressor	3,500.00								
IT vehicle	10,092.00	Dept 22	GIS	10,000.00								
City Marshal	8,500.00	Dept 22	Removal and install storage tanks	45,000.00								
Jail toilets (6)	12,000.00	Dept 22	Valve inventory	70,000.00								
Patrol vehicles replacement	86,317.00	Dept 25	Debts	751,163.19								
Server	5,500.00											
Playground equip	20,000.00											
Code vehicle	4,000.00											
Restrooms for Mahan and HB	16,500.00											
Installation of restrooms for Mahan & HB	15,000.00											
Asphalt overlay at library	22,000.00											
Mowing program on drainage	20,000.00											
Saltgrass park	20,000.00											
Omega Bay TIRZ	15,000.00											
ighting-Taylor Circle (4);	25,000.00											
KLMB	10,000.00											
Police CB	52,000.00											
Code vehicle	9,000.00											
Code staff	46,124.41											
Code uniforms	1,000.00											
Demolition	100,000.00											
SCBA 2019	44,000.00											
SCBA 2018	44,000.00											
TML-Windstorm	20,000.00											
Police CB physical incentive	15,000.00											
Fire CB	35,000.00											
Fire Part Time employees (9)	250,000.00											
Salary adjustments	35,000.00											
Debts	132,601.04											
Fund 15 Debt Service Fund	-206,056.55											
New fund-Bayou Fest Fund												
Transfers from HOT and Donation Fund to Bayou Fest Fund												



CITY COUNCIL AGENDA FORM

Meeting Date: September 11, 2018

Prepared by: Suzy Kou

Department: Finance

Agenda item: 2a

Reviewed by: Charlene Warren

AGENDA ITEM DESCRIPTION: Discussion/possible action regarding adopting Ordinance No. **O-2018-0011**, levying ad valorem taxes for use and operation of the municipal government of the City of La Marque, Texas for the 2018 tax year; providing for apportioning each levy for specific purposes; and providing when taxes shall become due and when same shall become delinquent if not paid. **THIS IS THE SECOND AND FINAL READING.**



ATTACHMENTS FOR REFERENCE:

1. Ordinance

STAFF BRIEFING: In order to meet statutory requirements for budget and state property Tax Code, the proposed ordinance is attached.

2018 Tax Information:

	2018-19	2017-18
Proposed Tax Rate:	\$0.490764/100	\$0.490764/100
Effective Tax Rate:	\$0.485918/100	\$0.471807/100
Rollback Tax Rate:	\$0.561158/100	\$0.550912/100

HISTORY: N/A

TARGET IMPLEMENTATION:

- **September 11, 2018**- 2018 Tax Rate adoption on First Reading.
- **September 17, 2018**- 2018 Tax Rate adoption on Second and Final Reading.

SIGNIFICANT ACTION DATES:

- **August 6, 2018**- Set dates and time for public hearings on proposed Tax Rate.
- **August 16, 2018**- First Public Hearing on proposed Tax Rate for tax year 2018.
- **August 28, 2018**- Second Public Hearing on proposed Tax Rate for tax year 2018.
- **September 11, 2018**- Adoption of Tax Rate 2018 approved by City Council on First Reading.
- **September 17, 2018**- Adoption of Tax Rate 2018 on Second and Final Reading.



CITY COUNCIL AGENDA FORM

ACTION:

- | | |
|--|---|
| ☒ Ordinance | ☐ Resolution |
| ☐ Proclamation | ☐ Special Presentation |
| ☐ Finance Report | ☐ Public Hearing |
| ☐ Other (be Specific) | |

- ☒ Check box if there is no conflict with City Charter, ordinances, resolutions, policies, or procedures.

Cost Details:	
Budgeted	
Actual Bid	
Estimated Expenditure	
Acct. Name	
Line Items #	
Other Funding	

STAFF'S RECOMMENDATION: Motion to adopt Ordinance No. **O-2018-0011**, levying ad valorem taxes for use and operation of the municipal government of the City of La Marque, Texas for the 2018 tax year; providing for apportioning each levy for specific purposes; and providing when taxes shall become due and when same shall become delinquent if not paid. **THIS IS THE SECOND AND FINAL READING**

"I move that the property tax rate be increased by the adoption of a tax rate of 0.490764 which is effectively a 0.9973 percent increase in the tax rate."

****VOTE TAKEN BY ROLL CALL**

FISCAL IMPACT: See 2018-19 Budget for details.

ORDINANCE NO. O-2018-0011

AN ORDINANCE LEVYING AD VALOREM TAXES FOR USE AND OPERATION OF THE MUNICIPAL GOVERNMENT OF THE CITY OF LA MARQUE, TEXAS FOR THE 2018 TAX YEAR; PROVIDING FOR APPORTIONING EACH LEVY FOR SPECIFIC PURPOSES; AND, PROVIDING WHEN TAXES SHALL BECOME DUE AND WHEN SAME SHALL BECOME DELINQUENT IF NOT PAID

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA MARQUE;

SECTION 1. That there is hereby levied and there shall be collected, for use and operation of the municipal government of the City of La Marque and to provide an Interest and Sinking Fund for the 2018-2019 fiscal year, upon all property, real, personal and mixed within the corporate limits of said City subject to taxation here set forth:

1. For the maintenance and operation of the general government 0.411281 on each \$100.00 taxable valuation of property; and
2. For the interest and sinking fund, 0.079483 on each \$100.00 taxable valuation of property.

For a total tax rate of 0.490764 on each \$100.00 taxable valuation of property tax being so levied and apportioned to the specific purposes here set forth above.

SECTION 2. All taxes shall become a lien upon the property against which assessed, and the assessor and collector for the City of La Marque is hereby authorized and empowered to enforce the collection of such taxes according to the Constitution and laws of the State of Texas and ordinances of the City of La Marque and shall, by virtue of the tax rolls, fix and establish a lien by levying upon such property, whether real or personal, for the payment of said taxes, penalty and interest and, the interest penalty collected from such delinquent taxes shall be apportioned to the general fund of the City of La Marque. All delinquent taxes shall bear interest from date of delinquency at the rate as prescribed by state law.

SECTION 3. That this ordinance shall take effect after the second reading.

PASSED AND APPROVED on the First reading on this 11th day of September, 2018, at a Special Meeting of the City Council of the City of La Marque, Texas, there being a quorum present, by 5 **AYES** and 0 **NAYES** and approved by the Mayor on the date above set.

PASSED, APPROVED and ADOPTED on the Second and Final reading on this the ____ day of _____ 2018, at a Special Meeting of the City Council of the City of La Marque, Texas, there being a quorum present by ____ **AYES** and ____ **NAYES** and approved by the Mayor on the date above set.

CITY OF LA MARQUE, TEXAS

Bobby Hocking, Mayor

ATTEST:

Robin Eldridge, TRMC, City Clerk

APPROVED AS TO FORM:

Ellis J. Ortego, City Attorney



CITY COUNCIL AGENDA FORM

Meeting Date: September 17, 2018

Prepared by: Robin Eldridge

Department: Administration

Agenda item: 3a

Reviewed by: Charlene Warren

AGENDA ITEM DESCRIPTION: Discussion/possible action regarding adopting Resolution No. **R-2018-0023** to deny Texas-New Mexico Power's electric rate increase request for the maximum period allowed by law.

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ATTACHMENTS FOR REFERENCE

1. Resolution
2. Texas-New Mexico Email September 12, 2018
3. Model Report
4. Resolution adopted to suspend Texas-New Mexico rate increase - July 9, 2018

STAFF BRIEFING:

- City of La Marque received Statement of Intent from TNMP on May 30, 2018, indicating a desire to increase residential customer rates by 23.4% and street lighting rates by 11.8%, approximately \$12.21 for an average residential customer.
- The City is a member of a coalition of cities known alternatively as Cities Served by TNMP (Texas-New Mexico Power), whose primary focus is to advocate for the public interest before the Public Utility Commission (PUC).
- Cities Served by TNMP is working together to review TNMP's application and, through legal counsel (Lloyd Gosselink), prepare a common response and negotiate with TNMP.
- If the City fails to take action before the effective date, TNMP's rate request is deemed approved.
- TNMP will reimburse the cities for their reasonable rate case expenses. No individual city will incur liability for payment of rate case expenses by adopting a denial resolution.
- Records indicate that no electric rate increases have been requested by TNMP since before 2015.

HISTORY:

5.30.2018 - Texas-New Mexico Power filed Statement of Intent to changes electric delivery rates.

7.9.2018 - Resolution No. R-2018-0016 - adopted by City Council to suspend TNMP rate increase, that action was effective for 125 days.

TARGET IMPLEMENTATION: **September 17, 2018**

SIGNIFICANT ACTION DATES:

October 2, 2018 - Due date for cities with original jurisdiction for adoption of denial resolution.



CITY COUNCIL AGENDA FORM

ACTION:

- ☐ Ordinance ☒ Resolution
☐ Special ☐ Proclamation
Presentation
☐ Finance Report ☐ Public Hearing
☐ Other
☒ Mark if this item does not conflict with any
Resolution, Ordinance or City Charter,
policies, procedures

Cost Details:

Budgeted	
Actual Bid	
Estimated Expenditure	
Acct. Name(s)	
Line Items #	
Other Funding	

STAFF'S RECOMMENDATION: Motion to adopt Resolution No. **R-2018-0023** to deny Texas-New Mexico Power's electric rate increase request for the maximum review period allowed by law

FISCAL IMPACT: Dependent upon settlement finalization.

RESOLUTION NO. O-2018-0023

A RESOLUTION OF THE CITY OF LA MARQUE, TEXAS FINDING THAT TEXAS-NEW MEXICO POWER COMPANY'S ("TNMP") APPLICATION TO CHANGE RATES WITHIN THE CITY SHOULD BE DENIED; FINDING THAT THE CITY'S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; 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, the City of La Marque, Texas ("City") is an electric utility customer of Texas-New Mexico Power Company ("TNMP" or "Company"), and a regulatory authority with an interest in the rates and charges of TNMP; and

WHEREAS, the City is a member of Cities Served by Texas-New Mexico Power Company ("TNMP Cities"), a coalition of similarly situated cities served by TNMP that have joined together to efficiently and cost effectively review and respond to electric issues affecting rates charged in TNMP's service area; and

WHEREAS, on or about May 30, 2018, TNMP filed with the City an application to increase system-wide transmission and distribution rates by \$33.3 million or approximately 16.6% over present revenues. The Company asks the City to approve a 23.4% increase in residential rates and a 11.8% increase in street lighting rates; and

WHEREAS, the TNMP Cities is coordinating its review of TNMP's application and working with the designated attorneys and consultants to resolve issues in the Company's filing; and

WHEREAS, through review of the application, the TNMP Cities' consultants determined that TNMP's proposed rates are excessive; and

WHEREAS, TNMP Cities' members and attorneys recommend that members deny TNMP's application.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA MARQUE, TEXAS:

SECTION 1. That the rates proposed by TNMP to be recovered through its electric rates charged to customers located within the City limits, are hereby found to be unreasonable and shall be denied.

SECTION 2. That the Company shall continue to charge its existing rates to customers within the City.

SECTION 3. That the City's reasonable rate case expenses shall be reimbursed in full by TNMP within 30 days of the adoption of this Resolution.

SECTION 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.

SECTION 5. That a copy of this Resolution shall be sent to TNMP, care of Scott Seamster, Associate General Counsel, 577 N. Garden Ridge Blvd., Lewisville, TX 75067 and to Chris Brewster, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, TX 78767-1725, or cbrewster@lglawfirm.com.

PASSED, APPROVED AND ADOPTED by City Council of the City of La Marque on this _____ day of _____, 2018.

CITY OF LA MARQUE. TEXAS

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

Robin Eldridge

From: Chris Brewster <CBrewster@lglawfirm.com>
Sent: Wednesday, September 12, 2018 4:34 PM
To: Ellis Ortego (work); Alvin (Diane Harper); Alvin (Suzanne Hanneman); Blue Ridge (Edie Sims); Blue Ridge (Rhonda Williams); Blue Ridge (Tonya Harrison); Celeste (Jenoa Lipsey); Dickinson (Alun Thomas); Dickinson (Bryan Milward); Dickinson (Chris Heard); Dickinson (Ron Morales); Emory (Donna Raper); Emory (Mike Dunn); Farmersville (Ben White); Farmersville (Sandra Green); Fort Stockton (Delma Gonzalez); Fort Stockton (Frank Rodriguez); Friendswood (Mary Kay Fischer); Friendswood (Morad Kabiri); Charlene Todaro; Robin Eldridge; Lewisville (Eric Ferris); Lewisville (Jennifer Malone); Lewisville (Lizbeth Plaster); Texas City (James Hartshorn); Texas City (Matthew T. Doyle); Texas City (Nick Finan); Texas City (Russell Plackemeier)
Cc: Sam Weaver; William (Cody) Faulk; Thomas Brocato; Judy McMahon
Subject: ACTION REQUIRED - TNMP Rate Case - CONFIDENTIAL
Attachments: Model Staff Report (TNMP Rate Case).DOC; Denial Resolution (TNMP Rate Case).DOC

Cities Served by TNMP:

As you may recall, earlier this summer, those of you that retain original jurisdiction over electricity rates in your city took formal Council action to suspend TNMP's requested rate increase. That action was effective for 125 days, the maximum extent allowable by law, and expires on October 2, 2018. Therefore, the time has come to now take final action on TNMP's rate request.

In my email below, I updated you regarding a settlement proposal that continues to be documented and reduced to writing this week. That settlement will likely not be ready for your adoption in the near term. As a result, **we recommend that all cities deny the Company's original request for a rate increase by October 2.** TNMP will then appeal those denials to the PUC, who will then (we anticipate) resolve the case in accordance with the settlement agreement.

Accordingly, attached to this email is a denial resolution and a model staff report for your use. I recognize that this timeframe is short, and I have requested extension of the time to act from the Company. I will let you know if I am able to obtain extra time. **Please let us know what Council meeting you are able to schedule this for, and update us on the action your Council takes.**

For those cities without original jurisdiction over electricity rates, no further action is required. This applies to Blue Ridge, Celeste, and Emory .

Please contact me if you have any questions or concerns.

Thanks –

Chris

From: Judy McMahon **On Behalf Of** Chris Brewster
Sent: Tuesday, September 11, 2018 4:17 PM
To: Ellis Ortego (ellis@ortego-law.com) <ellis@ortego-law.com>; Alvin (Diane Harper) <dharper@cityhall.cityofalvin.com>; Alvin (Suzanne Hanneman) <shanneman@cityofalvin.com>; Blue Ridge (Edie Sims) <esims@blueridgecity.com>; Blue Ridge (Rhonda Williams) <mayor@blueridgecity.com>; Blue Ridge (Tonya Harrison)

MODEL STAFF REPORT REGARDING TNMP'S APPLICATION TO CHANGE RATES FILING

The City is a member of a coalition of cities known as Cities Served by Texas-New Mexico Power Company ("TNMP Cities"). TNMP Cities have been an important interest advocating before the Public Utility Commission and the Courts on electric utility regulation matters for a number of years.

On May 30, 2018, Texas-New Mexico Power Company ("TNMP" or "Company") filed an application to change rates with cities retaining original jurisdiction. In the filing, the Company sought to increase system-wide transmission and distribution rates by \$33.3 million, or approximately 16.6% over present revenues. This equated to a 23.4% increase in residential rates and a 11.8% increase in street lighting rates. If approved, monthly rates would increase by approximately \$12.21 for an average residential customer.

In May, TNMP Cities engaged the services of two consultants, Mr. Lane Kollen and Mr. Richard Baudino, to review the Company's filing. The consultants identified numerous unreasonable expenses and proposed significant reductions to the Company's request. Accordingly, the TNMP Cities' attorneys recommend that all members adopt the Resolution denying the rate change. Once the Resolution is adopted, TNMP will have 30 days to appeal the decision to the Public Utility Commission of Texas where the appeal will be consolidated with TNMP's filing (i.e., PUC Docket No. 48401) currently pending at the Commission.

Under a pending settlement between parties (including TNMP Cities) and TNMP, the Company's request is substantially reduced. Under the proposed settlement, the Company would be permitted a \$10 million increase, or approximately a 6.6% increase in its revenues. This would result in a 9.9% increase to residential rates and no increase to street lighting rates. However, that settlement remains in the process of being finalized. The requested Council action is therefore denial of TNMP's original, \$33.3 million proposed increase.

Under the law, cities with original jurisdiction over this matter have 125 days from the initial filing to take final action on the application. As such, all cities with original jurisdiction will need to adopt this resolution no later than October 2, 2018.

Purpose of the Resolution:

The purpose of the Resolution is to deny the rate application proposed by TNMP.

Explanation of "Be It Ordained" Sections:

1. This paragraph finds that the Company's application is unreasonable and should be denied.
2. This section states that the Company's current rates shall not be changed.

3. The Company will reimburse the TNMP Cities for their reasonable rate case expenses. Legal counsel and consultants approved by the TNMP Cities will submit monthly invoices that will be forwarded to TNMP for reimbursement.

4. 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.

5. This section provides TNMP and counsel for the cities will be notified of the City's action by sending a copy of the approved and signed resolution to counsel.

RESOLUTION NO. R-2018-0016

RESOLUTION OF THE CITY OF LA MARQUE, TEXAS SUSPENDING THE JULY 5, 2018 EFFECTIVE DATE OF TEXAS-NEW MEXICO POWER COMPANY'S (TNMP'S) REQUESTED RATE CHANGE TO PERMIT THE CITY TIME TO STUDY THE REQUEST AND TO ESTABLISH REASONABLE RATES; APPROVING COOPERATION WITH OTHER TNMP CITIES; HIRING LLOYD GOSSELINK ATTORNEYS 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 May 30, 2018, Texas-New Mexico Power Company (TNMP), pursuant to PURA §§ 33.001 and 36.001 filed with the City of La Marque a Statement of Intent to change electric delivery rates in all municipalities exercising original jurisdiction within its service area effective July 5, 2018; and

WHEREAS, the City of La Marque is a member of the coalition of TNMP Cities and will cooperate with the other similarly situated city members and other city participants in conducting a review of the Company's application and to hire and direct legal counsel and consultants to prepare a common response and to negotiate with the Company and direct any necessary litigation; and

WHEREAS, PURA § 36.108 grants local regulatory authorities the right to suspend the effective date of proposed rate changes for ninety (90) days after the date the rate change would otherwise be effective; 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 CITY COUNCIL OF THE CITY OF LA MARQUE, TEXAS:

1. That the July 5, 2018 effective date of the rate request submitted by TNMP on or about May 30, 2018, be suspended for the maximum period allowed by law to permit adequate time to review the proposed changes and to establish reasonable rates.
2. That the City is authorized to cooperate with other cities served by TNMP to coordinate efforts to protect the interests of the City and protect the interests of TNMP's end-use customers residing and conducting business within municipal limits.

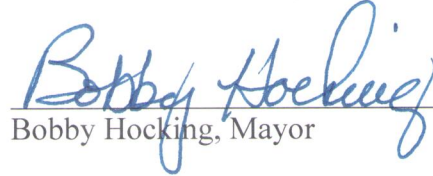
3. Subject to the right to terminate employment at any time, the City of La Marque hereby authorizes the hiring of Thomas Brocato and Christopher Brewster of the law firm of Lloyd Gosselink and consultants to negotiate with the Company, make recommendations regarding reasonable rates and to direct any necessary administrative proceedings or court litigation associated with an appeal of a rate ordinance and the rate case filed with the City or Public Utility Commission.

4. That the City's reasonable rate case expenses shall be reimbursed by TNMP.

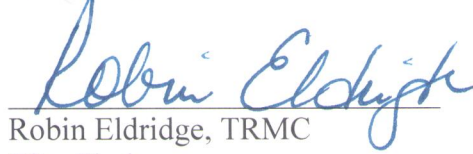
5. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

6. A copy of this Resolution shall be sent to TNMP, care of Scott Seamster, Corporate Counsel, 225 E. John Carpenter Freeway, Suite 1500, Irving, Texas 75062-2282 and to Thomas Brocato, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

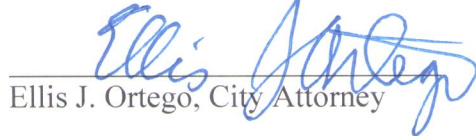
CITY OF LA MARQUE, TEXAS


Bobby Hocking, Mayor

ATTEST:


Robin Eldridge, TRMC
City Clerk

APPROVED AS TO FORM:


Ellis J. Ortego, City Attorney