

MINUTES
Lefors City Council
Special Meeting - 7:00 p.m.
Lefors Civic Center
May 5, 2022

Mayor Michael Ray called the meeting to order at 7:00 p.m. Present were Council members Savannah Kingcade, James Gee, Keith Franks, and Aaron Hunt. Council member Codi Hess was absent. Guy Bennett with Panhandle Natural Gas and citizens Denny Boyd, Larry Franks, Danny Gilbert, Rick McMullen, and Beverly Klein also present.

Mayor Ray led the Pledge of Allegiance. Councilman Gee said the Invocation.

Councilman Hunt made a motion to approve the minutes from the April 11, 2022, regular meeting. Councilwoman Kingcade seconded. Vote unanimous. Motion passed.

Mr. Bennett addressed the Council and citizens, reading from a letter of intent he had presented to Council after previous meeting: "I, Guy Bennett, am writing you as the owner/President of Panhandle Natural Gas (PNG) in response to our April 11, 2022, city council meeting which my team and I attended. This letter is to notify you of my company's intent on taking over the gas distribution system currently in place and owned by the city of Lefors. Our takeover would include assuming all responsibilities for maintenance of and improvements to the system. Here ever after, along with all liabilities related to the gas system such as the repairs and replacement of the above ground and underground fixtures as required by the Texas Railroad Commission. It would also include all dealings with the Texas Railroad Commission going forward. In return, the city would relinquish all ownership of the system and all facilities related, and transfer ownership to PNG, thus relieving the city of Lefors of all liabilities related to the gas system. PNG agrees to guarantee "continuous operation" of the gas system serving the City of Lefors so long as PNG has available a safe and reliable gas source. PNG would assume the system in "as is" condition. In return for this transaction, our rates would be as follows: Deposit to start service \$100, Connection or re-connection fee \$15, Basic monthly charge \$15, Cost of gas service \$0.375 per CCF, cost of the actual gas would be passed on from the supplier to the customer at cost. A Franchise fee of 3% of the total bill would be collected from the customer monthly and remitted to the City of Lefors, TX on a quarterly basis around the 10th of the month following the end of the quarter." Once approved, our rates would not increase without the consent of the city council."

Mr. Bennett also stated that current customers in good standing will not be charged a deposit. The \$15.00 basic monthly charge includes the first unit of gas used. In answering questions from citizens, Bennett went on to say that the Railroad Commission record keeping is particularly challenging and that they require numerous plans; emergency plan, leak surveys, cathodic protection surveys, DIMP (Distribution Integrity Management Plan), Operator Qualifier plan, and Operations and Maintenance manual just to name a few, and it is very tough to get qualified, as well as costly. The Railroad Commission also requires that 8% of the lines be replaced yearly, and that is one of the things he intends to do; as well as rebuild meter loops, replace regulators and meters, and replace mains that are steel or coated steel to start with. He said it will take a lot of money and labor to get the gas system where it needs to be.

Councilman Hunt made a motion to consider and accept, subject to the following conditions, the Letter of Intent received from Panhandle Natural Gas dated April 25, 2022. The Letter of Intent is accepted subject to full approval by the City Council of the proposed Ordinance/Franchise Agreement submitted by PNG and further expressly subject to full approval by the City Council of a contract to be drafted by PNG for transfer of ownership of the City of Lefors Gas System to PNG. Acceptance and approval of the Letter of Intent is expressly subject to approval of the Ordinance/ Franchise Agreement and the Gas System Purchase Contract as submitted by PNG. The Motion which was made and approved on May 5, 2022. Councilman Gee seconded. Council members Hunt and Gee voted for. Council member Franks voted against. Council member Kingcade abstained. Motion passed. The Motion which was made and approved on May 5, 2022.

Councilwoman Kingcade made a motion to adjourn. Councilman Gee seconded. Vote unanimous. Motion passed.

Meeting adjourned at 8:35 p.m.


City Secretary

Mayor