

**CITY OF SULPHUR SPRINGS, TEXAS
REGULAR MEETING OF THE
CITY COUNCIL
September 2, 2025
7:00 p.m.**

The following council members and staff were present:

Councilman Jay W. Julian
Councilman Harold Nash Sr
Mayor Pro Tem Oscar Aguilar
Councilman Tommy Harrison
Councilman Gary Spraggins
Mayor Tyler Law
Councilman John A. Sellers

Absent: None

Staff: Marc Maxwell, City Manager
Natalie Burling, City Secretary
Nate Smith, City Attorney
Tory Niewiadomski, Director of Community Development/Asst City Manager
Lesa Smith, Finance Director/Assistant City Manager
Gordon Frazier, H.R. Director
James Jordan, Director of Utilities
Jason Ricketson, Chief of Police
Chris Brown, Director of EDC

An Executive Session was held at 6:30 p.m. in accordance with Texas Government Code, Title 5, Chapter 551 - §551.071, Consultation with Attorney; §551.087 Deliberations Regarding Economic Development: Thermo 4,5,6,7 and 8 and Project Maverick.

The regular meeting of the Sulphur Springs City Council was held at 7:00 p.m. on Tuesday September 2, 2025.

RECONVENE

Mayor Law called to order the regular meeting of the Sulphur Springs City Council at 7:00 p.m.

PLEDGE OF ALLEGIANCE TO THE UNITED STATES FLAG, TEXAS FLAG.

AND INVOCATION

Mayor Law led in the pledge of allegiance to the United States Flag and the Texas Flag, and Councilman Spraggins led the invocation.

PRESENTATIONS, PROCLAMATIONS, AND ANNOUNCEMENTS

CONSTITUTION WEEK PROCLAMATION

WHEREAS: September 17, 2025, marks the two hundred and thirty-eighth anniversary of the drafting of the Constitution of the United States of America by the Constitutional Convention; and

WHEREAS: It is fitting and proper to accord official recognition to this magnificent document and its memorable anniversary; and to the patriotic celebrations which will commemorate the occasion; and

WHEREAS: Public Law 915 guarantees the issuing of a proclamation each year by the President of the United States of America designating September 17 through 23 as Constitution Week,

NOW, THEREFORE I, Tyler Law, by virtue of the authority vested in me as Mayor of the City of Sulphur Springs, Tx and on behalf of the City Council do hereby proclaim the week of September 17 through 23 as

CONSTITUTION WEEK

AND ask our citizens to reaffirm the ideals of the Framers of the constitution had in 1787 by vigilantly protecting the freedoms guaranteed to us through this guardian of our liberties, remembering that lost rights may never be regained.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Sulphur Springs to be affixed this 2nd day of September of the year of our Lord two thousand twenty-five.

Tyler Law, Mayor

Charlotte L. Abbott, Chairman of the Daughters of the American Revolution, Constitution Week Committee accepted the proclamation.

MANAGER'S REPORT WILL INCLUDE A STATUS REPORT OF CAPITAL IMPROVEMENTS, MUNICIPAL OPERATIONS, ACCIDENTS AND CLAIMS FOR THE MONTH, AND A REVIEW OF EXPENDITURES AND REVENUES

Claims

We had no workers compensation claims or liability claims filed in August.

Thermo 18" Water Line

Crews made further progress on the Thermo mine area water line project in August, installing 1,420 feet of new 18-inch water main and bringing the total installed to over

15,500 feet. In addition, crews cleared fences and trees along the pipeline route and identified existing underground utilities around the building site to prevent conflicts. Areas where the line crosses private property were cleaned up after installation, and a new access gate was put in place for the Thermo site.

Alabama Street Project

The street reconstruction on Alabama Street reached a major milestone: paving was completed in August. With the new concrete curb and gutter already in place from July's work, the roadway is now fully paved and stabilized. This marks the conclusion of the first half of the Alabama Street capital improvement project (Como Eastward), barring final clean-ups and inspections.

City Hall Expansion Project

Design work continued for the City Hall expansion. Construction has begun on the shared parking lot between Journey Baptist Church and the City. Capital Construction crews have laid conduit for future light poles and data lines. The concrete contractor Bar H Concrete has begun setting forms.

Street Improvement Plan (SIP) 2025

The 2025 Street Improvement Plan is wrapping up. In August, several additional streets were paved using remaining Street Maintenance Fee funds. Newly paved segments include Bowie, Alamo, Marriane, Brinker, Barbara, Pauls, Jarbo, Water Oak, Sheffield, and Randolph Streets. With these completions, the 2025 SIP program is essentially finished, utilizing residual funds to address as many street segments as possible. City staff are now evaluating the results and planning for the next round of street improvements.

2025 Street Improvement Program		
Street	From/To	Length
Hodge	Davis to Fisher and Texas to Brinker	925
South Davis	Lee to Industrial	1047
Debbie/Kayla/Price	Camp thru Cul de sac	961
Foscue	Jefferson to Weaver	808
Middle	Church to Mulberry	918
Turtle Creek	Main to end	702
Village	Linda to End	301
Ponder	Connally to Van Sickle	702
Sunset	Houston to RR	1193
Sprite	End to End	1109
Stacy/Beckton/C P Alley	Fuller to College	1244

Tate	Texas to Brinker	570
Michel	College to Gena	850
McGrede	Sprite to Lemon	1660
Lilly/Bird Cir.	MLK to Cul de sac	570
Ponder	Van Sickle to Houston	449
Levi/Cottonwood	End to End	988
Ingram	Texas to Locust	359
Locust	Tate to Bellview	449
Asphalt/Concrete repairs	Various	1000
Coleman Parking	Expansion	250 x 190
Camp	Texas to Brinker	550
Kimberly	End to end	675

Subdivision Development – Stonewood

Construction of the Stonewood Phase I subdivision infrastructure (located near Como St. and Veterans Dr.) is nearing completion. This first phase of the new residential development covers ~14.8 acres and will create 130 duplex lots plus open space. Infrastructure work in Stonewood is finishing up, and the developer is applying for Final Plat approval. Once approved and recorded, the subdivision will be ready for home construction to begin.

Comprehensive Plan

Kimley Horn has requested another meeting with the City Council and the Planning and Zoning Commission for further direction.

Miracle League Field

Kimley Horn has proposed a fee of \$17,000 to re-engineer the project to get costs in line. Staff is evaluating whether to have a different firm perform the value engineering rather than the one that gold-plated the project.

SECO Grant

Staff is preparing bid requests for this \$250,000 project to upgrade the Coleman Baseball/softball lights to LED. The grant funding is already approved.

Elsewhere around the City...

- **Streets & Public Works:** Repaired 225 potholes on city streets. Cleaned out storm drains on 3 occasions to improve drainage. Replaced or repaired 6 stop signs at various intersections. Removed 3 fallen trees from roadways after storms. Sprayed herbicide at multiple bridge and culvert locations to control vegetation. Trimmed overgrown vegetation in the Camp Street drainage ditch. Installed a new access ramp at the Service Center maintenance bay (replacing the old ramp). Hauled street-sweeper debris to the landfill for disposal. Repaired and repaved street cuts at 11

locations following water or sewer line repairs.

- **Water & Sewer Utilities:** Repaired 17 water main breaks across the city (various pipe sizes). Repaired or replaced 4 sewer lines (two 4-inch and two 6-inch lines). Responded to 17 sewer backup calls. Flushed and cleaned over 100,000 feet of sewer mains and installed 1 new sewer service tap. Treated wastewater to an average effluent TSS of only 0.31 mg/L, maintaining excellent water quality. Hauled approximately 602.5 tons of wastewater sludge to the landfill in August.
- **Electrical & Facilities:** Performed extensive citywide lighting maintenance. Fixed or replaced lights at Buford Park (solar trail lights), Pacific Park (pole lights), the downtown memorial wall, and at several pedestrian crosswalk signals. Repaired the Police Department's backup generator after finding rodents had damaged wiring in the electrical box. Assisted with installing a new pump motor for the **Imagination Mountain** waterfall feature at Kids Kingdom Park. (Regular facility checks and minor HVAC repairs were also completed at City buildings during the month.)
- **Fire Department:** Performed 40 fire safety inspections in August and conducted maintenance on 76 fire hydrants. Responded to a total of 211 fire/rescue calls, which included 1 vehicle fire, 18 fire alarm calls, 7 other (non-structure) fires, and 1 mutual aid assist in the county. (**Notably, there were no structure fires in the city during August.**)
- **Community Development (Building Permits/Inspections):** Conducted 101 building inspections, 21 electrical inspections, 9 plumbing inspections, and 5 mechanical inspections during August. Issued 17 new building permits and 51 trade permits (for electrical, plumbing, HVAC, etc.) for various construction projects. The Planning & Zoning Commission reviewed one rezoning request (denied) in August and will consider a new Planned Unit Development proposal and a 130-lot final plat (Stonewood) at its September meeting. (*No Zoning Board of Adjustment cases were filed this period.*)
- **Police Department:** Responded to 2,074 police service calls in August, including 24 traffic accidents (with 8 reported injuries and no fatalities), 53 offenses, 523 citations, and 46 arrests. Officers continued active patrol and enforcement through the month, maintaining public safety and quick response times.
- **Animal Control:** Achieved a **96%** animal adoption rate for the month. Responded to 142 animal control complaint calls and handled 13 stray animals (dogs/cats) picked up in the field. Issued 12 citations for animal violations. Processed 9 animals dropped off by the public. There were 3 reported animal bite cases. A total of 8 animals were returned to their owners, and 1 animal was humanely euthanized. (*Eight animals remained in the shelter at month's end, reflecting the high adoption rate and reclaims.*)
- **Parks & Recreation:** With summer sports winding down, Parks staff shifted focus to maintenance and improvements. Removed 2 dead trees at the Coleman Park baseball complex and trimmed trees along popular walking trails. Installed a 450-foot French drain to improve drainage on soccer Field #5. Continued cleaning the

water's edge around Coleman Lake to remove debris and improve aesthetics. Performed routine groundskeeping across all parks and downtown **Plaza** areas – mowing lawns (including two rounds of mowing at the airport's grass runway), trimming landscaping, fertilizing grass, applying insect control, and power-washing facilities. The **Senior Citizens Center** hosted a busy schedule; staff assisted with 83 senior activities and events in August. Parks crews also prepared the **Grays Building** for 15 event rentals (meetings, parties, etc.) during the month.

- **Airport:** Managed 2,038 aircraft operations at the Sulphur Springs Municipal Airport in August. Sold 4,162 gallons of AvGas and 7,750 gallons of Jet-A fuel to visiting and based aircraft. (For comparison, this operational activity is slightly lower than the July peak.) Airport staff also assisted several local organizations with planning fall aviation events and continued providing tourism information to visitors.
- **Public Library:** The library saw 4,641 patron visits in August. A total of 4,235 physical items were checked out, alongside 942 electronic checkouts via our eBook collection. Library computers were used for 310 public computer sessions. Library staff continue to assist patrons with digital resources and even celebrated a new graduate from the online high school program earlier this summer.

Finance Director/Assistant City Manager Smith presented a review of expenditures and revenues.

DISCUSSION/ACTION ON CONSENT AGENDA

City Secretary Burling presented the staff report. Consider for approval the City Council Regular meeting minutes of 08/05/2025; the City Council Budget Workshop Meeting Minutes of 08/05/2025; the City Council Budget Workshop Meeting Minutes of 08/13/2025; the Economic Development Corporation Meeting Minutes of 06/23/2025; Planning and Zoning Board Meeting Minutes of 07/21/2025; Downtown Revitalization Board Meeting Minutes of 08/26/2025; 380 agreement for 319 Ardis Street; and a public hearing request by Robin Stevens to rezone property located at 702 Houston St. (Parcel #5361) from Single Family to Multi-Family ZC-250801 was submitted and then withdrawn August 25, 2025 by email. Councilman Spraggins made a motion to accept the consent agenda as presented. Councilman Harrison seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PUBLIC HEARING AND SECOND AND FINAL READING OF ORDINANCE NO. 2882, ZC# 250701 ON A REQUEST BY HOPKINS COUNTY HOSPITAL DISTRICT TO REZONE PROPERTIES AT 1201, 1207 & 1211, CHURCH STREET, PARCEL #'S R8481, R8482 & R8483 FROM SINGLE FAMILY-6 TO LIGHT COMMERCIAL

Community Development Director/Assistant City Manager Niewiadomski presented the

staff report. The applicant is proposing to rezone the property to Light Commercial District to accommodate permitted uses. The property is located on the west side of Church Street adjacent to other district properties. The property is surrounded by other commercial zoned properties. The proposed zoning would permit uses allowable in the Light Commercial District and is consistent with some of the other adjacent zoning & uses. Staff sent 15 certified letters to surrounding property owners within 200 feet. There were no responses in favor and none in opposition. Councilman Sellers made a motion to approve the Ordinance on the second and final reading as presented. Councilman Spraggins seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON SECOND AND FINAL READING OF ORDINANCE NO. 2884 AMENDING CHAPTER 5A OF THE CODE OF ORDINANCES REGULATING VIDEO GAMING BUSINESSES

Chief of Police Ricketson presented the staff report. This item proposes the adoption of Ordinance No. 2884, which serves as a replacement for Ordinance No. 2810 regulating video gaming businesses in Sulphur Springs. The 2022 ordinance (No. 2810) modernized key definitions and introduced zoning, licensing, and advertising restrictions to respond to an increase in video game devices and illicit gaming activity. The previous rules dated back to Ordinance No. 889 (1982). The updated ordinance corrects a definitional flaw, improves legal clarity, and ensures that video gaming businesses remain appropriately zoned and regulated in accordance with City intent and state law. Councilman Spraggins made a motion to approve the ordinance on the second and final reading as presented. Mayor Pro Tem Aguilar seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2885 ADOPTING THE FY 2026 BUDGET AND APPROPRIATING CERTAIN FUNDS AND DIRECTING THEIR EXPENDITURE

Finance Director/Assistant City Manager Smith presented the staff report. This first reading of the budget ordinance includes all funds for next budget year which begins on October 1st. This is a \$61,893,485 total budget that includes \$30,062,719 in operating costs, \$27,418,343 in capital costs, and \$4,412,423 for debt service and other contractual obligations. Councilman Sellers made a motion to approve the ordinance as presented. Councilman Harrison seconded and the vote was as follows:

Ayes: NASH, AGUILAR, HARRISON SPRAGGINS, LAW, SELLERS
Noes: JULIAN

The motion carried.

PUBLIC HEARING ON SETTING TAX RATE

Mayor Law opened the hearing at 7:17 pm. There was no one to speak to the issue. Mayor Law closed the hearing at 7:17 pm.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2886 SETTING THE 2025 TAX YEAR PROPERTY TAX RATE FOR THE 2026 FISCAL YEAR

Finance Director/Assistant City Manager Smith presented the staff report. Property tax rate is set at \$0.43920 per \$100 of valuation as discussed in budget workshops. Taxes for properties on the tax roll as of January 1, 2025, will be assessed October 1, 2025. As stated below, the Local Government Code requires specific language for the motion, and the ordinance. The percentage increase in the motion is not the same as the percentage increase in the ordinance. The State requires different tax rate calculations for each one. The motion uses the no-new-revenue tax rate, and the ordinance uses the no-new-revenue maintenance & operations rate. There was a brief discussion. Councilman Spraggins made a motion to approve the ordinance as presented. Councilman Sellers seconded and the vote was unanimous.

The motion carried.

Manager Maxwell explained that the legislature forces us to use specific wording of a tax rate increase simply because property values went up.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2887 AMENDING WATER RATE ORDINANCE SETTING, NEW WATER RATES EFFECTIVE OCTOBER 1, 2025

Finance Director/Assistant City Manager Smith presented the staff report. This ordinance shows rates as proposed at the August budget meetings. Councilman Spraggins made a motion to approve the ordinance as presented. Mayor Pro Tem Aguilar seconded and the vote was as follows:

Ayes: NASH, AGUILAR, HARRISON, SPRAGGINS, LAW, SELLERS

Noes: JULIAN

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2888 AMENDING SEWER RATE ORDINANCE SETTING, NEW SEWER RATES EFFECTIVE OCTOBER 1, 2025

Finance Director/Assistant City Manager Smith presented the staff report. This ordinance shows rates as proposed at the August budget meetings. Councilman Spraggins made a

motion to approve the ordinance as presented. Mayor Law seconded and the vote was as follows:

Ayes: NASH, AGUILAR, HARRISON, SPRAGGINS, LAW, SELLERS

Noes: JULIAN

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2889, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SULPHUR SPRINGS, TEXAS, AMENDING ORDINANCE NO. 2865, THE MASTER FEE SCHEDULE FOR COSTS, FEES AND RATES ASSOCIATED WITH PERMITTING, UTILITY SERVICES AND OTHER SERVICES PROVIDED BY THE CITY

Finance Director/Assistant City Manager Smith presented the staff report. The purpose of user fees are for the City to recoup the cost (or most of the cost) of providing a service to an individual benefactor rather than putting the burden on all citizens. Councilman Spraggins made a motion to approve the ordinance as presented. Councilman Sellers seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2890, AUTHORIZATION OF UPDATED SERVICE CREDITS

Human Resources Director/Assistant City Manager presented the staff report. Staff recommends the city continues with the updated service credits for all current full-time employees. We choose to act on this annually so we have the option to discontinue at any time, which we have done for periods in the past. Our 2026 TMRS contribution rate is 8.23 % without updated service credits and increases to a total rate of 9.49% with the adoption of updated service credits. The cities funded ratio will decrease slightly from 97.6% to 95.5%. The additional cost of the updated service credits are estimated at \$168,365 for 2026 fund year. Updated Service Credits enhance each retirement account of current employees for inflationary factors above specific thresholds. Inflation decreases your buying power if you are on a fixed income, or if a lot of your retirement is based on the value of money from retirement contributions made early in your career while at a much lower wage. The higher inflation is over time combined with a large salary increase, the more problematic the issue can become. Updated Service Credits apply an actuarial formula to help mitigate that issue account by account. Councilman Sellers made a motion to approve the ordinance as presented. Councilman Spraggins seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2891, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SULPHUR SPRINGS, TEXAS, AMENDING ORDINANCE NO. 2861, THE 2024-2025 ANNUAL BUDGET ORDINANCE

Finance Director/Assistant City Manager Smith presented the staff report. This budget amendment addresses changes that have occurred during the fiscal year resulting from action by the City Council, and operational increases/overruns that have come about since the adoption of the budget in September. An explanation of what expenditures and revenues are changing as well as the reason for the changes is included as Exhibit A of the Ordinance. This budget amendment increases the overall expenditure limit by \$554,439. The budget amendment also recognizes the adjustments to revenue which amounts to a projected increase of \$554,439 due to grant reimbursement timing. Councilman Julian made a motion to approve the ordinance as presented. Councilman Nash seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON APPROVAL OF THE BUDGET FOR THE SULPHUR SPRINGS-HOPKINS COUNTY ECONOMIC DEVELOPMENT CORPORATION

EDC Director Brown presented the staff report. Attached is the budget for the SS-HC EDC. This document was produced by the staff and board of directors of the EDC. This budget will outline the spending of the EDC for the next fiscal year. The City Council approval of the budget is required by State Law. The budget goes into effect in October 1, 2025. Director Brown explained the budget in detail. There was a brief discussion and further detailed explanation. Councilman Julian made a motion to approve the budget as presented. Councilman Harrison seconded that the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON THE ANNUAL 2026 PLAN OF WORK FOR THE SULPHUR SPRINGS-HOPKINS COUNTY ECONOMIC DEVELOPMENT CORPORATION

EDC Director Brown presented the staff report. This document is intended to outline the plan of work and priority initiatives for the EDC. Director Brown explained the plan in detail. There was a brief discussion. Councilman Sellers made a motion to approve the plan as presented. Mayor Law seconded and the vote was unanimous.

The motion carried.

PUBLIC HEARING ON CREATION OF REINVESTMENT ZONE 25-02

Mayor Law opened the public hearing at 7:38 pm.

Jamie Mitchell (Country Club Road) voiced concern about potential AI data centers in the reinvestment zone and requested postponement with more public information.

Sandra Higgins (Highway 11) stated that she is originally from California and expressed opposition to data centers.

There was no one else to speak to the issue. Mayor Law closed the public hearing at 7:43 pm.

DISCUSSION/ACTION ON ADOPTION OF ORDINANCE NO. 2892, THE CREATION OF SULPHUR SPRINGS REINVESTMENT ZONE 25-02

Director of EDC Brown presented the staff report. In order for a 312 Agreement to be considered, a Reinvestment Zone must first be established designating a specific area. The adoption of the following Reinvestment Zones does not commit the City to a tax abatement or limit a potential agreement to a specific company. (A tax abatement is an economic development tool that cities, counties and special districts use to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions.) Councilman Spraggins made a motion to approve the ordinance as presented. Councilman Harrison seconded and the vote was unanimous.

The motion carried.

PUBLIC HEARING ON CREATION OF REINVESTMENT ZONE 25-03

Mayor Law opened the public hearing at 7:46 pm. There was no one to speak to the issue. Mayor Law closed the public hearing at 7:46 pm.

DISCUSSION/ACTION ON ADOPTION OF ORDINANCE NO. 2893, THE CREATION OF SULPHUR SPRINGS REINVESTMENT ZONE 25-03

EDC Director Brown presented the staff report. The adoption of the following Reinvestment Zones does not commit the City to a tax abatement or limit a potential agreement to a specific company. (A tax abatement is an economic development tool that cities, counties and special districts use to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions.) Councilman Spraggins made a motion to approve the ordinance as presented. Mayor Law seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION REGARDING A REQUEST BY COUNCILMAN JAY W. JULIAN FOR THE CITY MANAGER TO ASSIGN A SPECIAL PROJECT TO THE ASSISTANT CITY MANAGER/FINANCE DIRECTOR TO CONDUCT AN EVALUATION OF THE SULPHUR SPRINGS–HOPKINS COUNTY ECONOMIC DEVELOPMENT CORPORATION (EDC), INCLUDING: (1) POTENTIAL BENEFITS AND CONSEQUENCES OF REALLOCATING A PORTION OF THE

EXISTING TYPE A EDC SALES TAX TO CREATE A CRIME CONTROL AND PREVENTION DISTRICT (CCPD) AND A FIRE CONTROL, PREVENTION, AND EMERGENCY MEDICAL SERVICES DISTRICT (FPD) UNDER CHAPTERS 363 AND 344 OF THE TEXAS LOCAL GOVERNMENT CODE; AND (2) POTENTIAL BENEFITS AND CONSEQUENCES OF CONVERTING THE EXISTING TYPE A EDC INTO A TYPE B EDC

Councilman Julian presented the staff report. This is a request for the review of the Sulphur Springs - Hopkins County Economic Development Corporation (EDC). The City Council is being asked to decide whether the City Manager should assign a special project to the Assistant City Manager/Finance Director. The purpose of this project is to take an objective look at our Economic Development Corporation (EDC) and study two possible changes. The goal is to see what is best for the citizens and taxpayers of Sulphur Springs, both now and in the future.

Chris Brown (Wright Drive), David Black (Broadway St.), Joe Bob Burgin (Briarwood St.), Tom Sellers (Main St.), Charles Helm (FM 1870), and Doug Moore (Raintree Circle) all addressed the council in opposition to the study. They cited the continued need for the Type A EDC, its success to date, and referred to Section 344.051 of Local Government Code that prevents Sulphur Springs from creating a Fire Control, Prevention, and Medical Services District, due to the population requirement. Councilman Spraggins and Mayor Law expressed their support for the Type A EDC as it is, also referring to Section 344.051 of Local Government Code. Councilman Julian acknowledged the contributions and successes of the EDC and explained that that he is not asking for action but a study only. There was a lengthy discussion. Councilman Julian made a motion to approve the City Manager to assign a special project to the Assistant City Manager/Finance Director to conduct an evaluation of the Sulphur Springs Hopkins County Economic Development Corporation.

The motion failed for lack of a second.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2883 PROHIBITING THE SALE, USE, POSSESSION, AND DISTRIBUTION OF 7-HYDROXYMITRAGYNINE (7-OH) AND 7-OH-CONTAINING PRODUCTS WITHIN THE CITY OF SULPHUR SPRINGS

This item proposes a local ordinance to ban 7-hydroxymitragynine (7-OH), a highly potent psychoactive alkaloid derived from the kratom plant (*Mitragyna speciosa*), and any products containing it, within city limits. 7-OH is recognized as a much stronger opioid receptor agonist than morphine and mitragynine. While naturally occurring in small concentrations, it can be chemically concentrated and added to consumer products. 7-OH has been linked to opioid-like dependence, withdrawal syndromes, respiratory depression, seizures, and overdose. It is not approved or regulated by the FDA, and its presence in unregulated herbal extracts raises significant public health and safety concerns. The ordinance is intended as a preventative measure. Although Sulphur Springs has not yet

documented 7-OH-related incidents, nearby jurisdictions and federal health agencies have raised concerns about kratom extracts spiked with high concentrations of 7-OH. Local action would position the City to protect residents before emergencies arise.

Derek Funderburk (CR 1109), Christi Funderburk (CR 1109), Leigh Ann Klein (CR 2303), Bryan Maddox (CR 3319), Jeffrey Stokes (FM 900), all spoke to the dangers of 7-OH and to show support for the ordinance to ban synthetic 7-OH in Sulphur Springs. There was a lengthy discussion. Councilman Sellers made a motion to approve the ordinance as presented. Councilman Nash seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON RESOLUTION NO. 1494 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SULPHUR SPRINGS, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC”) AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY’S 2025 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHMENT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; REQUIRING THE COMPANY TO REIMBURSE ACSC’S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND THE ACSC’S LEGAL COUNSEL

Manager Maxwell presented the staff report. The City, along with 181 other Mid-Texas cities served by Atmos Energy Corporation, Mid-Tex Division (“Atmos Mid-Tex” or “Company”), is a member of the Atmos Cities Steering Committee (“ACSC”). In 2007, ACSC and Atmos Mid-Tex settled a rate application filed by the Company pursuant to Section 104.301 of the Texas Utilities Code for an interim rate adjustment commonly referred to as a GRIP filing (arising out of the Gas Reliability Infrastructure Program legislation). That settlement created a substitute rate review process, referred to as Rate Review Mechanism (“RRM”), as a substitute for future filings under the GRIP statute. Since 2007, there have been several modifications to the original RRM Tariff. The most recent iteration of an RRM Tariff was reflected in an ordinance adopted by ACSC members in 2018. On or about April 1, 2025, the Company filed a rate request pursuant to the RRM Tariff adopted by ACSC members. The Company claimed that its cost-of-service in a test year ending December 31, 2024, entitled it to additional system-wide revenues of \$245.2 million.

Application of the standards set forth in ACSC's RRM Tariff reduces the Company's request to \$225.6 million, \$163.5 million of which would be applicable to ACSC members. After reviewing the filing and conducting discovery, ACSC's consultants concluded that the system-wide deficiency under the RRM regime should be \$185.6 million instead of the claimed \$245.2 million.

After several settlement meetings, the parties have agreed to settle the case for \$205.6 million. This is a reduction of \$20 million to the Company's initial request. This includes payment of ACSC's expenses. The Effective Date for new rates is October 1, 2025.

ACSC members should take action approving the Resolution/Ordinance before October 1, 2025.

Atmos generated rate tariffs attached to the Resolution/Ordinance that will generate \$205.6 million in additional revenues. Atmos also prepared a Proof of Revenues supporting the settlement figures. ACSC consultants have agreed that Atmos' Proof of Revenues is accurate.

Councilman Spraggins made a motion to approve the resolution as presented. Mayor Law seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION FOR PURCHASE OF REPLACEMENT EQUIPMENT FOR SLUDGE CLARIFIER #1 AT WASTEWATER TREATMENT PLANT

Director of Utilities Jordan presented the staff report. Bids were not requested as this is a replacement unit that fits the existing cage and rake system for this clarifier by original manufactured company that it was purchased. The proposal of the replacement/reconditioning of the existing drive unit will be conducted by wastewater plant staff. Recommended to be purchased from original manufacture. The city will save approximately \$40,566.00 by purchasing from original manufacture rather than having a separate manufacture retro fit a drive unit to fit the existing equipment. Under Chapter 252 of the Texas Local Government Code, a procurement necessary to preserve or protect the public health or safety of the municipality's residents does not require competitive bids. There was a brief discussion. Councilman Spraggins made a motion to approve the purchase as presented. Mayor Law seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON POLICE DEPARTMENT ASSET FORFEITURE BUDGET

Chief of Police Ricketson presented the staff report. State law requires Governing body to accept Department Asset Forfeiture Budget. Current Balance \$305,832.62. Asset Forfeiture money is acquired from cash and liquidation of forfeited property from narcotic related enforcement. There was a brief discussion. Councilman Sellers made a motion to accept the Asset Forfeiture Budget as presented. Councilman Harrison seconded and the

vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PURCHASE OF MOBILE REPEATERS

Chief of Police Ricketson presented the staff report. As the town continues to grow, we have been experiencing dead areas where officers use handheld radios for emergency communications. Many of these areas are away from our current communications repeaters and are inside houses and businesses. The use of these mobile repeaters will allow their handheld radio which operates at a low wattage to communicate with their patrol unit radio that will then rebroadcast the transmission at a higher wattage. This should increase the distance of the handheld radios and increase officer safety. Councilman Spraggins made a motion to approve the purchase as presented. Councilman Harrison seconded and the vote was unanimous.

The motion carried.

VISITORS AND PUBLIC FORUM

Jerry McGraw (CR 3511) expressed his appreciation for the Council for listening and standing up for our community in reference to the 7-0H Ordinance.

Brad Johnson (Junell Dr.) praised the Council and City Manager for bringing our city to excellence. He expressed concern over recent social media information that is causing divide. He went over the minutes of December 19, 2024, and April 30, 2025.

Lydia Walden, (Cody Circle) interim superintendent of Como-Pickton ISD addressed the council. She noted that their school district is in part of the Thermo mine area. She was curious how the Thermo development would affect their ISD so she could report this information back to the board members. Manager Maxwell asked her to leave her contact information.

DISCUSSION/ACTION ON EXECUTIVE SESSION ITEM, IF ANY

Mayor Law made a motion authorizing the City Attorney to file legal documents. Councilman Spraggins seconded and the vote was unanimous.

The motion carried.

ADJOURN

With all business concluded, Mayor Law closed the meeting at 8:52 p.m.