



**AGENDA
REGULAR MEETING
FREEPORT CITY COUNCIL
MONDAY, AUGUST 3, 2020 at 6:00 P.M.**

Mayor:
Brooks Bass

Council Members:
Ken Green
Jerry Cain
Sandra Loeza
Roy Yates

City Manager:
Timothy Kelty

THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, WILL MEET ON MONDAY, THE 3rd DAY OF AUGUST 2020, AT 6:00 P.M., AT THE FREEPORT, POLICE DEPARTMENT, MUNICIPAL COURT ROOM, 430 NORTH BRAZOSPORT BOULEVARD FREEPORT TEXAS

BECAUSE OF THE PUBLIC HEALTH THREAT, SEATING WILL BE POSITIONED TO MEET THE REQUIREMENTS OF THE CDC, AND ATTENDEES WILL BE REQUIRED TO WEAR A FACE MASK.

OR YOU MAY JOIN THE PUBLIC MEETING REMOTELY BY TELECONFERENCE BY DIALING:

(425) 436-6312 AND USING ACCESS CODE 5678901#

OR

AUDIO VISUAL CONFERENCE CALL USING:

PCs, Macs®, Chromebooks™, iOS and Android™ phones and tablets.

International dial-in numbers: https://fccdl.in/i/council_mtg_080320

For users wanting to view and listen to the council meeting via a web browser go to

https://join.freeconferencecall.com/council_mtg_080320

enter access code 5678901# and the online meeting code is: council_mtg_080320.

OR

Visit the App Store or Google Play to download FreeConferenceCall. Enter the phone number, access code and online code listed above to view the meeting.

REMOTE PARTICIPANTS WILL NOT BE ABLE TO ADDRESS COUNCIL DIRECTLY. **COMMENTS FROM REMOTE PARTICIPANTS MUST BE SENT VIA EMAIL TO publiccomments@freeport.tx.us ANY TIME PRIOR TO, OR DURING THE MEETING ALL COMMENTS RECEIVED WILL BE READ ALOUD INTO THE RECORD.**

THE MEETING IS BEING HELD FOR THE FOLLOWING PURPOSES:

CALL TO ORDER: *The Mayor will call the meeting to order, declare a quorum if present, and declare notices legally posted pursuant to Open Meetings Act.*

INVOCATION AND PLEDGE OF ALLEGIANCE: (Council Member)

CITIZENS' COMMENTS:

Members of the public are allowed to address the City Council at this time, and must include name and address. *Note*, specific factual information or a recitation of existing policy may be furnished in response to an inquiry made, but any deliberation, discussion, or decision with respect to any subject about which the inquiry was made shall be limited to a proposal to place such subject on the agenda for a subsequent meeting for which notice is provided in compliance with the Texas Open meetings Act unless said notice appears herein. The public is reminded that there is a (4) minute time limit as approved by City Council on June 21, 2010.

PRESENTATIONS/ANNOUNCEMENTS: Announcements by Mayor, City Council and/or Staff.

1. Emergency management briefing COVID-19. **(Motley/Garivey)**
2. Presentation of the Investment Report for the quarter ending June 30, 2020. **(Russell)**

CONSENT AGENDA:

Consent Agenda items are considered to be routine in nature and may be acted upon in one motion. Any item requiring additional discussion may be withdrawn from the Consent Agenda by the Mayor, Councilmember or City Manager, and acted upon separately.

3. Consideration and possible action on the approval of City Council meeting minutes from July 20, 2020. **(Wells)**
4. Consider and approving Resolution No. 2020-2639 adopting the actions of the City of Freeport Employee Benefit Trust **(Russell)**
5. Consideration and possible action approving Ordinance No 2020-2604 amending school zone times. **(Garivey)**
6. Consideration and possible action approving Resolution No. 2020-2640 for the revision of Chapter 9 in the Personnel Policy Handbook. **(Ferguson)**

7. Consideration and possible action on approving Resolution No. 2020-2641 for temporary policy for the COVID Call-Pay Policy for First Responders. **(Ferguson)**
8. Consideration and possible action approving Resolution No. 2020-2642 appointing/re-appointing a member to the BWA Board. **(Kelty)**

COUNCIL BUSINESS – REGULAR SESSION:

9. **Public Hearing:** Public Hearing and possible action on Jenkins Tone Road Subdivision. 29.48 Acres- 4 Lots a Subdivision Plat of a 29.48 Acre Tract Consisting of a Called 14.19 Acre Tract Out of a 14.82 Acre Tract Out of Lot 6 In Tract 3, Division 18 of The S.F. Austin 7-1/3 Leagues Grant, Abstract 20, Brazoria County, Texas. **(Shoemaker)**
10. **Public Hearing:** Public Hearing and possible action on a Replat of Lot 453, Block 3 formerly known as lots 453 & 454, Block 3 (2.144 Acres). of Bar "X" Ranch Section two recorded in Volume 16, Pages 119-128 of The Brazoria County Plat Records in The Samuel Carter League Abstract 53 Brazoria County, Texas July 2020. **(Shoemaker)**
11. Consideration of adopting Ordinance No. 2020-2602 amending regulations on substandard and unsafe structure abatement. **(Shoemaker)**
12. Consideration and possible action regarding proposal for HVAC improvements at Police Department. **(Petty)**
13. Consideration of approving Task Authorization #13 with Freese and Nichols for development and submission of an Application to the Texas Water Development Board. **(Kelty)**
14. Consideration and possible action awarding Request for Proposals (RFP) #2005 for CDBG Disaster Mitigation Grant Administration. **(Russell)**
15. Consideration and possible action on approving Ordinance No. 2020-2605 on the new Water/Sewer Rate. **(Russell)**
16. Consideration and possible action approving Ordinance No. 2020-2606 authorizing the issuance of Bonds for streets and drainage. **(Russell)**
17. Consideration and possible action approving Resolution No. 2020-2643 for Freeport Application to Texas Mainstreet Program. **(Strahan)**

WORK SESSION:

18. **The City Council may deliberate and make inquiry into any item listed in the Work Session.**
 - A. Mayor Brooks Bass announcements and comments.
 - B. Councilman Green Ward A announcements and comments.
 - C. Councilman Cain Ward B announcements and comments.

- D. Councilwoman Loeza Ward C announcements and comments.
- E. Councilman Yates Ward D announcements and comments.
- F. City Manager Tim Kelty announcements and comments.
- G. Updates on current infrastructure.
- H. Update on reports / concerns from Department heads.

CLOSED SESSION:

- 19. Executive Session regarding a.) (Potential Litigation) consultation with city attorney, b.) (Deliberations about Real Property), 212 East Park Ave. in accordance with Vernon's Texas Government Code Annotated, Chapter 551, Sections 551.071, 551.071.
- 20. Consideration and possible action approving lease agreement with Lucy Goose Market. **(Kelty)**

COUNCIL BUSINESS – REGULAR SESSION:

ADJOURNMENT:

- 21. Adjourn.

Items not necessarily discussed in the order they appear on the agenda. The Council at its discretion may take action on any or all of the items as listed. This notice is posted pursuant to the Texas Open Meeting Act. (Chapter 551, Government Code).

The City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

ACCESSIBILITY STATEMENT This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (979) 233-3526.

CERTIFICATE I certify the foregoing notice was posted in the official glass case at the rear door of the City Hall, with 24 hours a day public access, 200 West 2nd Street, Freeport Texas, before 6:00 p.m. in accordance with Open Meetings Act.


Betty Wells, City Secretary
City of Freeport, Texas



City Council Agenda Item # 2

Title: Presentation of the Investment Report for the quarter ending June 30, 2020

Date: August 3, 2020

From: Stephanie Russell, Assistant City Manager/Finance Director

Staff Recommendation:

This report is presented for informational purposes. No Council Action is required.

Item Summary:

This report reflects that on June 30, 2020, the City's total portfolio of \$10.1 million was managed in compliance with the PFIA and the City's investment policies.

Background Information:

The Public Funds Investment Act (PFIA), Texas Government Code, Chapter 2256 states that no less than quarterly, the Investment Officer(s) shall prepare and submit to the governing body a written report of investment transactions for all funds covered by the Act for the preceding reporting period. Presentation of this report fulfills that requirement.

Special Considerations: N/A

Financial Impact: N/A

Board or 3rd Party recommendation: N/A

Supporting Documentation:

Quarterly Investment Report



City of Freeport

**FY2019-2020
Quarterly Investment Report
Period Ending June 30, 2020**



Management Summary

In accordance with the City's Investment Policy, the Investment Officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary is prepared in a manner consistent with the requirements of Section 2256.023 of the PFIA which should allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy.

The City invests cash that is not immediately needed for operations in TexPool and Securities issued by Agencies of the Federal Government as allowed by the Public Funds Investment Act and the City's Investment Policy.

As of June 30, 2020, the City's cash and investments were as follows:

Investment Category	Book Value	Percentage	Weighted Average Maturity (Days)
Cash in Demand Accounts	\$ 3,729,745	36.87%	1.00
Government Pools	\$ 6,386,555	63.13%	1.00
Certificates of Deposit	\$ -	0.00%	0.00
TOTAL	\$ 10,116,299	100.00%	1.00

The portfolio is highly liquid with over \$10.1 million or 100% available immediately.

Interest rates on investments range from 0.2% to 0.5%. According to the Federal Reserve, nominal interest rates are low in the United States and other advanced economies. Low nominal interest rates may constrain the ability of policymakers to provide accommodation through reductions in interest rates during an economic downturn.

Additionally, to consolidate cash and reduce fees, the Capital Purchase DS, COO2008 \$3.3M DS, Water & Sewer I&S, and Historical Museum accounts were closed and the cash was transferred to the Operating Account.

Compliance: The City requires its depository banks to provide collateral for all deposits in excess of Federal Deposit Insurance. As of June 30, 2020, the market value of collateral pledged by TIB Capital Markets to the City was \$5,960,000, 171% of deposits.

Market Value: The City currently holds no investments in which the book value differs from the market value. For all holdings, the book value is equal to the market value.



Quarterly Investment Report
April 1, 2020 - June 30, 2020

G/L Account	Description	Book Value	Current Interest Rate	Yield to Maturity	Maturity Date	Days to Maturity	Beginning Market Value for Period	Changes to Market Value	Ending Market Value for Period	Interest Paid YTD
Cash in Demand Accounts										
99-101-000	Operating Account	\$ 3,659,891	0.50%	0.50%	Demand	1	\$ 3,350,137	\$ 309,754	\$ 3,659,891	\$ 26,524
87-101-000	Clearing Fund 87	\$ 47,406	0.50%	0.50%	Demand	1	\$ 47,347	\$ 59	\$ 47,406	\$ 437
64-101-000	Capital Purchase DS	\$ -	0.50%	0.50%	Demand	1	\$ 2,819	\$ (2,819)	\$ -	\$ 25
65-101-000	COO2008 \$3.3M DS	\$ -	0.50%	0.50%	Demand	1	\$ 11,109	\$ (11,109)	\$ -	\$ 99
56-101-043	Water & Sewer I&S	\$ -	0.50%	0.50%	Demand	1	\$ 11,361	\$ (11,361)	\$ -	\$ 101
	Historical Museum	\$ 22,448	0.50%	0.50%	Demand	1	\$ 22,548	\$ (100)	\$ 22,448	\$ -
Total Cash in Demand Accounts		\$ 3,729,745					\$ 3,445,321	\$ 284,424	\$ 3,729,745	\$ 27,186
Invested in Government Pools										
Multiple	TexPool	\$ 6,386,555	0.02%	0.02%	Demand	1	\$ 6,381,576	\$ 4,979	\$ 6,386,555	\$ 54,837
Total Invested in Pools		\$ 6,386,555					\$ 6,381,576	\$ 4,979	\$ 6,386,555	\$ 54,837
TOTAL ALL INVESTMENTS		\$ 10,116,299					\$ 9,826,897	\$ 289,403	\$ 10,116,299	\$ 82,024

Investment Category	Book Value	Percentage	Weighted Average Maturity (Days)
Cash in Demand Accounts	\$ 3,729,745	36.87%	1.00
Government Pools	\$ 6,386,555	63.13%	1.00
Certificates of Deposit	\$ -	0.00%	0.00
TOTAL	\$ 10,116,299	100.00%	1.00

Investment schedules presented per the provisions of the Texas Code Chapter 2256 (Public Funds Investment Act) and the City's Investment Policy.

The City requires its depository banks to provide collateral for all deposits in excess of Federal Deposit Insurance. As of June 30, 2020, the market value of collateral pledged by Baker Bond Accounting to the City was \$5,960,000.00, 171% of deposits.

Unrealized gain/loss is the difference between the market value of the City's securities and what it paid for them. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold all securities to maturity, it is unlikely that unrealized gains and losses will be realized. As of June 30, 2020, the City had no unrealized gains or losses.

Prepared By: Stephanie Russell 7/23/2020
Stephanie Russell, Investment Officer Date

Verified By: Giselle Hernandez 7/24/2020
Giselle Hernandez, Investment Officer Date

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Monday, July 20, 2020 at 6:00 p.m. at the Freeport Police Department, Municipal Court Room, 430 North Brazosport Boulevard, Freeport Texas for the purpose of considering the following agenda items:

City Council: Mayor Brooks Bass
Councilman Jerry Cain
Councilman Ken Green
Councilwoman Sandra Loeza
Councilman Roy E. Yates

Staff: Tim Kelty, City Manager
Stephanie Russell, Assistant City Manager
Betty Wells, City Secretary
Laura Tolar, Assistant City Secretary/ Special Projects Coordinator
Chris Duncan, City Attorney
Brenda Miller-Ferguson, Human Resource Director Via teleconference
LeAnn Strahan, Freeport Destination Director Via teleconference
Chris Motley, Freeport Fire Chief
Nat Hickey, Freeport Property Management
Billy Shoemaker, Director for Building and Code
Lance Petty, Freeport Public Works Director
Clarisa Molina, Administrator Assistant Via teleconference

Visitors: Melanie Oldham Ruben Renobato
Manning Rollerson Keith Stumbaugh
James Hinkle Ron Shields

Visitors, Via Teleconference: Wallace Tilley Vander Williams
Jesse Parker

Call to order.

Mayor Brooks Bass called the meeting to order at 6:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Invocation and the Pledge was led by Mayor Brooks Bass.

Citizen's Comments

Melanie Oldham spoke to council on behalf of the Concerned Citizens of Freeport. She said that the CCF wants to commend council for the positive changes to move the City forward. She said that Freeport must remain vigilant to not repeat the questionable agreements of the past. Ms. Oldham said that the city needs to make sure that all decisions are transparent. She also said that the city needs to use local builders on the new homes that will be built in Freeport. Melanie Oldham said that the church on the East Side, will be going to court on July 27 she said that Port Freeport filed Eminent Domain.

Mayor Bass thanked Manning Rollerson for removing a trailer.

Manning Rollerson said that his daughter is being moved into another apartment. He also said that he brought a Motion to Dismiss with the Port of Freeport. He said that he also has one from the Army Corp of Engineers.

PRESENTATIONS/ANNOUNCEMENTS: Announcements by Mayor, City Council and/or Staff

Emergency management briefing COVID-19.

Freeport Fire Chief Chris Motley said that the COVID-19 numbers have increased over the last few weeks. He said that Sectrac is still working well. He said that supplies are good. Chief Motley said that the Fire/EMS has had three employees affected by the COVID-19, as well as the Freeport PD, with five active cases in this department. He said that once the FIRE/EMS hears of a case in one of the City offices, they will come in with a fogging cleaner to decontaminate each building. Mayor Bass said that there were seven active cases when the order first came from the Governor. Now today Freeport has 150 active cases. Mayor Bass asked if the PD received PPE from the Fire/EMS, and Chief Motley said yes. Chief Motley said that there will be COVID-19 testing this Friday at the Freeport Municipal Park, and there is no cost for this testing. Chief Motley reminded everyone to wash your hands, practice social distancing, avoid large groups, use sanitizer. He said also, check on your friends.

REGULAR SESSION

Consideration and possible action on the approval of City Council meeting minutes from July 6, 2020.

On a motion by Councilwoman Loeza seconded by Councilman Yates, with all present voting "Aye" 5-0 Council unanimously approved City Council meeting minutes from July 6, 2020.

Discussions and direction from Council on the 2020/2021 Tax Rate.

Assistant City Manager Stephanie Russell presented to council the 2020/2021 Tax Rate for discussion and direction from Council. Ms. Russell said over the last few years Council has just adopted the same rate, and this will not be an option this year. She said that staff recommends reducing the property tax rate for the FY2020-2021 budget.

City Manager Tim Kelty said that there are capital projects that we are trying to fund. He said that it is important to set the tax rate, so that it supports the budget.

Mayor Brooks Bass asked if reducing the rate to the recommended No New Revenue Rate plus three percent would keep us from being able to go out for Certificate of Obligation Bonds, for our streets and drainage? Ms. Russell said no.

Melanie Oldham commented on this item, her concern is about property owners protesting their taxes with the Appraisal District. She also asked do city's figure the budget and then set the tax rate?

Manning Rollerson spoke on the drop of property taxes, his concern is the value of his property dropping.

Councilman Yates asked if the Tax Rates has anything to do with valuation. Ms. Russell said not necessarily. She said that they are based on the increase of valuations.

Councilman Yates said that there are a number of people protesting the valuation on their property right now. He said that property taxes are the worst taxes there are.

Assistant City Manager Stephanie Russell said that at the next city council meeting, council will be presented with the proposed budget presentation. She also said that council will be asked to set the Public Hearing for the Tax Rate.

Mayor Bass said that this will be posted on the website for the public to view.

Consideration of adopting Ordinance No. 2020-2602 amending regulations on substandard and unsafe structure abatement.

Mayor Bass tabled this item until the next council meeting.

He said that there will be a few more changes made to this ordinance. He said that he knows that this is a very important issue with unsafe structures, but he wants to make sure that this properly follows the constitution. He said this will be brought back before council. Mayor Bass said that it will be posted on the website, in plenty of time for the public to view before the next council meeting.

WORK SESSION:

Councilman Green asked Building and Code Director, Billy Shoemaker if this Unsafe Structure Ordinance, will affect residential as well as commercial buildings? Mr. Shoemaker said yes. Mr. Green also asked about the golf carts and ATV's being driven on the streets. He wants to know how this can be made legal in the City of Freeport.

Mr. Kelty said that he has the City Attorney looking into this.

Councilman Cain said that he wants to make sure the alleys on 7 & 8 Street, 8 & 9 Street at Yaupon and Dixie are looked at and considered for some road repair this next year. He said they are in horrible condition.

Councilman Roy Yates said that the Fishing Fiesta was cut back this year due to the virus. He said that this is something the City needs to support. He said that there are businesses closing down, some because of the virus, and some because the city is not supporting them well enough.

Councilwoman Sandra Loeza said that she asked about the lighting on some of the streets she said that they are so dark. Mr. Kelty said that he has not heard anything back yet, but they are working with Centerpoint on this.

Mayor Bass said that there is a tropical storm in the Caribbean, he said that we need to make sure we have the pumps available through the rental company. Mayor Bass said that he appreciates the monthly reports from the Department Heads.

City Manager Tim Kelty said that the upcoming bond there was a rating call, and we are expecting some type of double A rating. Mr. Kelty said that the better rating we have, the better interest rate we will get. He said that we received bids on our annual insurance premiums and we will be receiving a 5 to 10% decrease with our current provider. Mayor Bass asked if this is same coverage as before, Mr. Kelty said yes, the same coverage.

Update on reports / concerns from Department heads

There was no comment from Department heads.

Open session was closed at 6:56 pm and Council entered into Executive Session.

CLOSED SESSION:

Executive Session regarding a.) (Personnel Matters) City Manager Evaluation b.) consultation with city attorney (Potential Litigation) in accordance with Government Code Annotated, Chapter 551, Sections 551.071, 551.074.

REGULAR SESSION

Mayor Brooks Bass reconvened regular session at 7:30 P.M.

City Manager Evaluation (Personnel Matters)

On a motion by Councilwoman Loeza seconded by Councilman Green, with all present voting "Aye" 5-0 Council unanimously approved the 1.2% Merit Raise to City Manager Tim Kelty, being retroactive from October 2019, based on his annual evaluation.

Adjourn

On a motion by Councilman Cain, seconded by Councilman Yates, with all present voting "Aye", Mayor Bass adjourned the meeting at 7:39 PM.

Mayor, Brooks Bass
City of Freeport, Texas

City Secretary, Betty Wells
City of Freeport, Texas



City Council Agenda Item # 4

Title: Consider and Approve proposals for employee medical insurance, dental insurance, life and disability insurance, vision insurance, and HRA, HSA, and FSA Administration

Date: August 03, 2020

From: Brenda Miller-Ferguson

Staff Recommendation:

Staff recommends acceptance of the employee medical insurance renewal proposal from Cigna, changing the HRA and FSA Administration from Optum to Cigna, and investing some of the medical renewal expense savings into increasing the City's contribution to spousal and dependent health care premiums for employees.

Item Summary:

Medical Insurance Renewal:

Employee medical insurance is the only contract that is due for renewal in FY '20-21. The other contracts for dental, vision, and life/disability are valid until Oct. 1, 2021.

We submitted RFP #2006 for employee medical insurance in June 2020 and opened bids on July 7, 2020, from seven (7) carriers, including the current carrier, Cigna.

After consideration of the insurance renewal proposals reviewed and presented by our benefits administrator, Benefits Seminars PLUS (BPS), staff recommends acceptance of the medical insurance renewal proposal from Cigna. Based on our experience ratings in the first year of coverage with Cigna, BPS negotiated renewal rates that reflect an overall decrease of 5.26% or \$50,800 in annual cost savings for FY '20-21. This savings will be realized with no significant changes in coverage benefits for employees.

We propose sharing this cost savings with employees by increasing the City's contribution to spousal and dependent premiums from 20% to 40%. After doing so the City will continue to recognize an overall cost savings of \$6,888 for FY '20-21.

HRA/FSA Administration Renewal:

Due to consistent complaints from employees and poor customer service from Optum, staff recommends changing the administration of our HRA and FSA plans to Cigna.

Because Cigna will also manage our medical claims, allowing them to administer HRA and FSA will expedite and minimize validation requirements for employees.

Note: Cigna does not offer HSA administration. HSA will remain with Optum. This is not problematic because we have fewer complaints and issues with Optum's management of the HSA plan.

Background Information:

In FY 2019-2020, the City went out to bid for employee insurance coverage plans for the first time in several years. Based on the competitive bids and benefit levels the City approved changing from a single source plan with Texas Municipal League (TML) to:

- Cigna for medical and dental insurance
- VSP for vision insurance [two-year contract for renewal in Oct. 2021]
- AUL for life and disability insurance [two-year contract for renewal in Oct. 2021]
- Optum for HRA, H.S.A, and FSA Administration

Special Considerations

All of the other medical proposals received would result in either higher costs to City and employees, and/or significantly reduced coverage benefits and higher out-of-pocket costs. We are fortunate to have obtained a favorable renewal from our existing carrier, Cigna, which prevents employees from having to change carriers, and potentially having to change medical providers, after just one year.

Financial Impact:

Adopting these recommendations results in a cost savings to the City of \$6,888 for fiscal year '20-'21.

Board or 3rd Party recommendation:

All proposals were reviewed and compared in detail by our benefits administration team at Benefits Seminars PLUS, along with Assistant City Manager, Stephanie Russell, City Manager, Tim Kelty, and Human Resources Director, Brenda Miller-Ferguson

Supporting Documentation:

Detailed proposal comparisons by carrier will be available upon request at the Council Meeting on Aug. 3, 2020.

RESOLUTION NO. 2020-2639

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, ACCEPTING THE ACTION OF THE CITY OF FREEPORT EMPLOYEE BENEFITS TRUST TO ACCEPT PROPOSALS FOR EMPLOYEE MEDICAL INSURANCE, DENTAL INSURANCE, LIFE AND DISABILITY INSURANCE, VISION INSURANCE, AND HRA, HSA, AND FSA ADMINISTRATION; AUTHORIZING EXECUTION OF THE PROPOSALS BY THE CITY MANAGER; AUTHORIZING FUNDING; PROVIDING FOR THE INCORPORATION OF PREAMBLE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Freeport Employee Benefits Trust held its annual meeting regarding Proposals for employee medical insurance, dental insurance, life and disability insurance, vision insurance, and HRA, HSA, and FSA Administration; and

WHEREAS, actions taken by the Employee Benefits Trust must go before City Council for consideration of approval; and

WHEREAS, the City Council has before it a proposal for employee medical insurance from Cigna, a proposal for employee dental insurance from Cigna, a proposal for life and disability insurance from AUL/One America, a proposal for vision insurance from Vision Services Plan VSP, and a proposal for HRA, HSA, and FSA Administration from Optum ("Proposals") for the 2020/2021 plan year; and

WHEREAS, upon full review and consideration of the Proposals and all related matters, the City Council finds that Freeport's best interests are served, desires to approve the terms and conditions of the Proposals and to authorize the City Manager to execute the Proposals on behalf of the City of Freeport; and

WHEREAS, the City Council finds that Freeport's best interests are served, desires to re-authorize funding Employee Benefit Insurances and the transfer of funds from the City of Freeport's General Fund to the City of Freeport Employee Benefits Trust Fund as needed to pay premiums as presented by the insurance carriers.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, THAT:

Section 1. The facts and statements contained in the preamble are hereby found to be true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. The actions taken by the Employee Benefits Trust regarding the recommended Proposals, having been reviewed by the City Council of the City of Freeport and found to be acceptable and in the best interests of the City of Freeport and its citizens, are hereby in all things approved effective October 1, 2020.

Section 3. The City Manager is hereby authorized to execute, verify, acknowledge, certify to, file and deliver all such instruments and documents required for the Proposals as shall in the

judgment of the City Manager be appropriate in order to affect the purposes of the foregoing resolution.

Section 4. The Finance Director is hereby authorized to transfer funds from the City of Freeport's General Fund to the City of Freeport Employee Benefits Trust Fund as needed to pay premiums as presented by the insurance carriers.

Section 5. This Resolution shall become effective immediately upon its passage.

DULY PASSED, APPROVED AND ADOPTED on this the 3rd day of August 2020.

Brooks Bass, Mayor
City of Freeport, Texas

ATTEST:

Betty Wells, City Secretary
City of Freeport, Texas



City Council Agenda Item # 5

Title: Ordinance amending Freeport Code of Ordinance regarding the boundaries and times for School Zones affecting Traffic

Date: 8/3/2020

From: Ray Garivey, Police Chief

Staff Recommendation:

Staff recommends approval of the Ordinance amending the City Code regarding School zones.

Item Summary:

The Proposed ordinance establishes a uniform Speed limit of 20MPH during specific hours for each of the schools including Brazosport High School, Freeport Elementary, Velasco Elementary, Lanier Middle School and Freeport Intermediate schools. It also identifies the specific areas and times near each of those schools that the zone is effective.

Background Information:

Due to the recent CORONA virus pandemic, the BISD school district has made schedule changes in order to protect their students from contracting the virus. Those changes include an additional 30-minute period added to the end of each school day at each of our Freeport schools. We also anticipate that the school schedule may change again, therefore the request is to change all school zones to say "When Flashing" and control the times the lights flash by computer system through the city and TXDOT.

Special Considerations

None

Financial Impact:

None

Board or 3rd Party recommendation:

Both the Police Department and ISD endorse these guidelines set out in this ordinance.

Supporting Documentation:

Ordinance

ORDINANCE NO. 2020-2604

AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; AMENDING SECTION 71.21(B) OF THE CITY OF FREEPORT CODE OF ORDINANCES; AMENDING THE BOUNDARIES OF SCHOOL ZONES AND TIMES THAT SUCH SCHOOL ZONES ARE IN EFFECT; PROVIDING FOR THE POSTING OF SIGNS; CONTAINING A SAVINGS CLAUSE; CONTAINING A SEVERANCE CLAUSE; AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AND BE IN FORCE AFTER ITS DESCRIPTIVE CAPTION HAS BEEN PUBLISHED TWICE IN THE BRAZOSPORT FACTS.

WHEREAS, Section 542.202 of the Texas Transportation Code authorizes a municipality by ordinance, as a local authority, to alter the speed limit on public streets and highways within its jurisdiction as authorized by said Code; and,

WHEREAS, 542.203 of said Code provides that no such ordinance shall be effective until signs giving notice thereof are posted on or at the entrance to the affected street or highway as may be most appropriate; and,

WHEREAS, the Brazosport Independent School District has the authority to set the opening and closing times of the public school within the city limits, and has regularly adjusted such times to accommodate changing schedules and programs, and accommodate COVID-19 concerns; and,

WHEREAS, the City Council of the City of Freeport, Texas, has determined and does here now declare that the adoption of this ordinance is necessary to the health, safety, and general welfare of the inhabitants of the City and the motoring public.

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

FIRST, Section 71.21(B) is amended replacing existing language regarding School Crossing Zones and replacing it with the following:

§ 71.21 ALTERATION OF PRIMA FACIE SPEED LIMITS

71.21(B)

SCHOOL CROSSING ZONE

For the following school crossing zones designated in this chapter, the prima facie speed limit shall be 20 miles per hour during the times when the school zone crossing signals are flashing:

FREEPORT INTERMEDIATE SCHOOL

- (1) Fourth Street, between its intersection with Arbutus and its intersection with Brazosport Boulevard (SH 288), and Dixie Drive, between its intersection with Fourth Street and its intersection with Eighth Street.
- (2) Brazosport Boulevard (SH 288), from 1,637 feet south of Fourth Street to the centerline of Second Street, a distance of approximately 0.4633 miles.

BRAZOSPORT HIGH SCHOOL

- (3) Second Street, between its intersection with Yaupon Street and its intersection with Brazosport Boulevard (SH 288).
- (4) Brazosport Boulevard (SH 288), from a point 1,637 feet south of Avenue A to the centerline of Second Street, a distance of approximately 0.2367 miles.

FREEPORT ELEMENTARY

- (5) Eleventh Street, between its intersection with Pecan Street and its intersection with Velasco Boulevard.
- (6) Velasco Boulevard, between its intersection with Eleventh Street and its intersection with Twelfth Street.
- (7) Pecan Street, between its intersection with Tenth Street and its intersection with Twelfth Street.

VELASCO ELEMENTARY

- (8) Avenue B, between its intersection with McNeil Street and its intersection with Karankawa Street.
- (09) Karankawa Street, between Avenue B and Gulf Boulevard.
- (10) McNeil Street, between Avenue B and Gulf Boulevard.
- (11) Gulf Boulevard, between Old River Street and Karankawa Street.

SECOND, the City Manager of the City of Freeport, Texas, is hereby authorized and directed to cause appropriate signs conforming to the requirements of said Act giving notice of the foregoing speed limit to be posted at appropriate locations upon these portions of the public streets and highways to which such limits apply, during such times as designated by the Brazosport Independent School District.

THIRD, no offense committed and no fine, forfeiture or penalty incurred prior to the effective date of this ordinance shall be affected by the adoption of this ordinance but the punishment for any offense committed and recovery of any fines or forfeitures incurred prior to such date shall take place as if this ordinance had not been adopted.

FOURTH, in the event any section or provision hereof is found to be unconstitutional, void or inoperative by the final judgment of a court of competent jurisdiction, such defective provision, if any, is hereby declared to be severable from the remaining sections and provisions hereof and such remaining sections and provisions shall remain in full force and effect.

FIFTH, this ordinance shall take effect and be in force from and after its descriptive caption has been published twice in the Brazosport Facts.

READ, PASSED AND ADOPTED this _____ day of August, 2020

Brooks Bass, Mayor,
City of Freeport, Texas

ATTEST:

APPROVED AS TO FORM ONLY:

Betty Wells, City Clerk,
City of Freeport, Texas

Christopher Duncan, City Attorney,
City of Freeport, Texas



City Council Agenda Item #6

Title: Consideration and possible action on Resolution #2020-2640, a resolution amending the Freeport Personnel Policy Handbook.

Date: 08/03/2020

From: Brenda Ferguson, Director of Human Resources

Staff Recommendation:

Staff recommends approving this Resolution.

Item Summary:

This Resolution adopts revisions to Chapter Nine of the Freeport Personnel Policy Handbook regarding Allowances, Overtime Pay, Longevity Pay, Travel Reimbursement, Education Pay, and Certification Pay.

Background Information:

The proposed changes are to Chapter 9 in our Personnel Policy Handbook. The purpose of these changes is to ensure consistency between current practice and the Policy Handbook and to facilitate consistency the execution of these policies across departments.

Recommended changes include:

1. **Section 9.06 Allowances:** This policy revision accomplishes the following:
 - Changes this section to reflect all Allowances currently being paid. The previous section included only Uniform Allowances.
 - Syncs current practice with policy in regard to:
 - Uniform Allowance – reflects current rate and approvals required
 - Cell Phone Allowance – reflects current rate and approvals required
 - Auto Allowance – reflects current practice including City Management discretion and approval
 - Relocation/Moving – reflects current practice including City Management discretion and approval

2. **Section 9.07 Overtime/Compensatory Time:** This policy revision accomplishes the following:
- States our existing “work period” definitions and overtime provisions for Fire/EMS and Police, in accordance with Section 7(k) of the Fair Labor Standards Act (FLSA). Under this plan Fire/EMS are paid overtime above 106 hours during a 14-day work period, and Police are paid overtime above 86 hours during a 14-day work period.
 - Updates the types of leave that are not considered “time worked” for the purposes of overtime calculations. Vacation time, sick leave, bereavement leave, and paid holidays are not considered “time worked” in calculating overtime pay. This definition of “time worked” is in accordance with the Fair Labor Standards Act (FLSA) which does not require payment for time not worked. Our previous policy counted vacation and holiday time as time worked in overtime calculations.
3. **Section 9.10 Longevity Pay:** This policy revision accomplishes the following:
- Changes the tiered pay schedule that is currently being used because it was not approved in policy under previous management.
 - Adopts a rate that allows us to compete favorably against other surrounding cities at \$60/year. For comparison, Angleton pays \$60/yr., Clute pays \$48/yr., and Lake Jackson pays \$48/yr.
 - The policy revision allows for some employees with highest tenure to be grandfathered at their current higher rate (\$81.90/yr. at 13+ years) until the new rate calculation surpasses their existing rate.
 - Changes the pay-out schedule to an annual lump sum, instead of the current partial payment each pay period. The rationale for this change is Longevity Pay is intended to reward long-term tenure. The annual pay-out rewards employees who remain employed with the City year-over-year.
4. **Section 9.14 Travel Reimbursement:** This policy revision changes travel reimbursement and per diem rates to match U.S. General Services Administration (GSA) rates. The policy updates maximum daily per diem rates and adds rates for specific meals and incidentals consistent with the standard GSA rate.

5. **Section 9.16 Education Pay:** This policy revision accomplishes the following:
- Eliminates the monthly rates that were stated in policy because we do not pay monthly.
 - Changes all departments to the same pay out schedule, on per-pay-period basis, instead of annually. The rationale for this change is Education Pay is earned upon achievement the education level, not annually. Paying the benefit by pay period eliminates the need for pro-rated annual pay-outs and lump sum pay-outs when employees separate from employment.
6. **Section 9.17 Certification Pay:** This policy revision accomplishes the following:
- Certification Pay was not previously reflected in the Personnel Policy Handbook. This revision syncs our Certification Pay practices with policy.
 - Accurately reflects certifications being paid to PD and Fire/EMS, which were not reflected in other policies.
 - Removes the reference to monthly rates because we do not pay this benefit monthly.
 - Changes all departments to the same pay out schedule, on a per-pay-period basis, instead of annually. The rationale for this change is Certification Pay is earned upon achievement of the certification, not annually. Paying the benefit by pay period eliminates the need for pro-rated annual pay-outs and lump sum pay-outs when employees separate from employment.
 - Adds new Certification Pay benefits for:
 - Designated Language Interpreters
 - Fire Engine Operators/Drivers
 - Functional Specializations determined necessary by Department Directors [for example, Utility/Waste Water Certification, Heavy Equipment Operator Certification; Pesticide/Mosquito Spray Certification, CDL]
 - These Certifications Pay benefits apply to certification(s) above and beyond minimum requirements stated in job descriptions.

Special Consideration:

Some of these policy revisions are based on recommendations from our internal auditors to make policies consistent with practices. Other revisions are being made to make our policies consistent with legislation and/or to make policies competitive with other municipalities. These revisions were drafted with the assistance and approval of Assistant City Manager, Stephanie Russell, and City Manager, Tim Kelty, and with input from department heads.

Board or 3rd Party recommendation:

The content of these policies is consistent with data from Department of Labor publications and samples from the Texas Municipal Human Resources Association (TMHRA). This policy has also been reviewed and approved by our City Attorney, Mr. Chris Duncan.

Financial Impacts:

- The Fire Engine Operator / Driver Certification will add \$ 10,800 per year (\$3600/yr. x 1 employee per shift x 3 shifts).
- The Longevity Pay Policy revision will cost less than \$2,000 per year.
- Travel reimbursement rates will be increased to match GSA, however the rate increases will be absorbed via decreased overall travel due to COVID in this fiscal year and in the upcoming FY '20-21 budget.
- Expenses for most other Certification Pay categories are already being paid, but were not previously reflected in policy.
- Some other revisions change the timing of pay-outs in some departments, not the pay amounts.

Supporting Documentation:

Resolution and Exhibit

RESOLUTION NO. 2020-2640

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, REVISING CHAPTER NINE OF THE PERSONNEL POLICY HANDBOOK, INCLUDING: SECTION 9.06 [ALLOWANCES], SECTION 9.07 [OVERTIME/COMPENSATORY PAY], SECTION 9.10 [LONGEVITY PAY], SECTION 9.14 [TRAVEL REIMBURSEMENT], SECTION 9.16 [EDUCATION PAY], AND SECTION 9.17 [CERTIFICATION PAY].

WHEREAS, the City of Freeport seeks to ensure consistency between personnel policy and practices; and

WHEREAS, it is the desire of the City of Freeport to ensure, to the extent practicable, that the day-to-day personnel management policies of City are applied in a fair and consistent manner for employees across all departments; and

WHEREAS, the City of Freeport seeks to comply with internal control best practices recommended by our independent auditors.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

SECTION 1. REVISIONS TO CHAPTER NINE OF THE PERSONNEL POLICY HANDBOOK:

SECTION 9.06 ALLOWANCES. That the City Council of the City hereby approves and adopts changing Section 9.06 from Uniforms to Allowances, and attached hereto in Exhibit "A". This section will include policies on allowances for Uniforms, Automobiles, Cell Phones, and Relocation/Moving. There is no change to the allowance payments, this section simply records them in policy. Council approves this revision to the Personnel Policy Handbook as section 9.06, a permanent personnel policy of the City, which shall take effect as of August 3, 2020.

SECTION 9.07 OVERTIME/COMPENSATORY TIME. That the City Council of the City hereby approves and adopts changes to Section 9.07, attached hereto in Exhibit "A". This change accurately reflects existing practice related Fire/EMS and Police overtime and work periods in accordance with Section 7(k) of the Fair Labor Standards Act (FLSA). City Council also hereby approves the revised definition of "hours worked" for the purposes of overtime calculations, as allowed by the FLSA. Council approves this revision to the Personnel Policy Handbook as section 9.07, a permanent personnel policy of the City, which shall take effect as of August 3, 2020.

SECTION 9.10 LONGEVITY PAY. That the City Council of the City hereby approves and adopts the revision to the Longevity Pay policy, attached hereto in Exhibit "A" and approves its revision to the Personnel Policy Handbook as section 9.10, a permanent personnel policy of the City, which shall take effect as of October 1, 2020.

SECTION 9.14 TRAVEL REIMBURSEMENT. That the City Council of the City hereby approves and adopts the revision to the Travel Reimbursement policy attached hereto in Exhibit "A" and approves its revision to the Personnel Policy Handbook as section 9.14, a permanent personnel policy of the City, which shall take effect as of October 1, 2020.

SECTION 9.16 EDUCATION PAY. That the City Council of the City hereby approves and adopts the revision to the Travel Reimbursement policy attached hereto in Exhibit "A" and approves its revision to the Personnel Policy Handbook as section 9.16, a permanent personnel policy of the City, which shall take effect as of October 1, 2020.

SECTION 9.17 CERTIFICATION PAY. That the City Council of the City hereby approves and adopts the revision to the Travel Reimbursement policy attached hereto in Exhibit "A" and approves its revision to the Personnel Policy Handbook as section 9.17, a permanent personnel policy of the City, which shall take effect as of October 1, 2020, with the exception the Fire Engine Operator/Driver stipend which will be effective August 3, 2020.

SECTION 2. PROPER NOTICE AND MEETING. It is hereby found and determined that the meeting at which this resolution was passed was attended by a quorum of the City Council, was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

Read, passed and adopted the _____ day of _____, 2020.

Brooks Bass, Mayor
City of Freeport, Texas

ATTEST:

APPROVED AS TO FORM ONLY:

Betty Wells, City Secretary
City of Freeport, Texas

Christopher Duncan, City Attorney
City of Freeport, Texas



City Council Agenda Item #7

Title: Consideration and possible action on Resolution #2020-2641, a resolution amending the Freeport Personnel Policy Handbook to include a Temporary COVID-Related Call-In Pay Policy for Fire/EMS and Police Emergency Responders.

Date: 08/03/2020

From: Brenda Ferguson, Director of Human Resources

Staff Recommendation: Staff recommends approving this Resolution.

Item Summary:

This Resolution adopts a revision to the Freeport Personnel Policy Handbook to add a Temporary COVID-Related Call-In Pay Policy for Fire/EMS and Police Emergency Responders.

Background Information:

Due to the Coronavirus Pandemic COVID-related absences among Emergency Responders are resulting in staffing challenges. Due to the way “work periods” are defined by FLSA for Fire/EMS and Police, there are occasions when Emergency Responders do not qualify for over-time when they are called-in to cover shifts or hours for COVID-related absences. In an effort to preserve continuity of emergency services we want to incentivize Emergency Responders to work additional shifts or hours when necessarily, regardless of their “work period.”

Staff is recommending the addition of a Temporary COVID-Related Call-In Pay Policy for Fire/EMS and Police Emergency Responders. The provisions of this policy include:

Eligible Fire/EMS and Police Emergency Responders who meet the qualifications below will receive Temporary COVID-Related Call-In Pay equivalent to their over-time pay rate for the specific unscheduled shift or hours which have been pre-approved for COVID-related absence coverage by the department head [Fire Chief or Police Chief].

To qualify for this Temporary COVID-Related Call-In Pay, employees must:

1. Be currently employed at the City of Freeport as a non-exempt, full-time Fire/EMS or Police Emergency Responder, and
2. Have written pre-approval to work an unscheduled work shift or hours to cover for a COVID-related absence.

Upon approval, this policy will be effective August 4, 2020, and the sunset date will be December 31, 2020, consistent with the City's other temporary COVID-related policies. This policy is not retroactive.

Special Consideration:

The circumstances that make this action timely include recent increases in COVID-related absences among our Fire/EMS and Police Emergency Responders, and our desire to incentive Emergency Responders to respond to call-in requests to cover additional shifts or hours. This will facilitate continuity of emergency response services for our community.

Board or 3rd Party recommendation:

This policy was created with the support of Fire Chief Chris Motley and Police Chief Ray Garivey, and in consultation with Assistant Manager Stephanie Russell and City Manager Tim Kelty. This policy has been reviewed by our City Attorney.

Financial Impact:

Because of fluctuations in COVID absences, the expense of providing Temporary COVID-Related Call-In Pay to Emergency Responders is difficult to predict. The Fire/EMS and Police Chiefs will pre-approve all Call-In Pay hours and will minimize the related expense as much as possible, while ensuring continuity of emergency response services to our community.

Supporting Documentation: Resolution, Personnel Policy Change Exhibits

RESOLUTION NO. 2020-2641

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS CREATING A TEMPORARY COVID-RELATED CALL-IN PAY POLICY FOR FIRE/EMS AND POLICE EMERGENCY RESPONDERS AND APPROVING ITS ADDITION TO THE PERSONNEL POLICY HANDBOOK.

WHEREAS, a novel coronavirus, now designated COVID-19, has been declared a global pandemic; and.

WHEREAS, the United States Congress passed the Families First Coronavirus Response Act (FFCRA) effective April 1, 2020; and

WHEREAS, the U.S. Department of Labor promulgated new regulations to implement public health emergency leave under the Family and Medical Leave Act, effective April 1, 2020 through December 21, 2020; and

WHEREAS, on March 20, 2020 Mayor Bass, signed a Declaration of Disaster governing the City of Freeport, Texas; and

WHEREAS, on March 25, 2020 Matt Sebesta, Brazoria County Judge, issued a county-wide disaster order entitled the "Brazoria County Stay Safe at Home Order" restricting activities for all persons in Brazoria County; and

WHEREAS, Gregg Abbott, Governor of the State of Texas Declared a State of Disaster for the State of Texas on March 13, 2020 due to COVID-19; and

WHEREAS, on March 19, 2020, Dr. John Hellerstedt, Commissioner of the Department of State Health Services signed a Public Health Disaster Declaration for the State of Texas; and

WHEREAS, Gregg Abbott, Governor of the State of Texas, issued Executive Orders related to COVID-19 on March 19, March 24 and March 26, 2020; and

WHEREAS, it is the primary responsibility of the emergency management organization of the City of Freeport, including but not limited to the Freeport Police Department, Freeport Fire and EMS to respond to these pandemic conditions, and implement and ensure compliance with all COVID-19 related orders governing the jurisdiction of the City of Freeport, whether issued by the state, county, or the Mayor of Freeport;

WHEREAS, the City of Freeport enacted a Temporary Emergency Paid Sick Leave Policy effective April 1, 2020, in response to the current pandemic conditions, and adopted an Exception to the policy to make Emergency Responders eligible for one component of the EPSLA on July 6, 2020;

WHEREAS, assessment of the trend in COVID-related absences in the Fire/EMS and Police departments has prompted our desire to minimize impacts on emergency response services by incentivizing Emergency Responders to respond to call-in requests to cover shifts or hours for COVID-related absences;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

SECTION 1. ADDITION OF THE TEMPORARY COVID-RELATED CALL-IN POLICY. That the City Council hereby approves and adopts the Temporary COVID-Related Call-In Policy for Fire/EMS and Police Emergency Responders attached hereto as Exhibit "A", which shall take effect in accordance as of August 4, 2020 and expire December 31, 2020.

SECTION 2. PROPER NOTICE AND MEETING. It is hereby found and determined that the meeting at which this resolution was passed was attended by a quorum of the City Council, was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

Read, passed and adopted the _____ day of _____, 2020.

Brooks Bass, Mayor
City of Freeport, Texas

ATTEST:

Betty Wells, City Secretary
City of Freeport, Texas

APPROVED AS TO FORM ONLY:

Christopher Duncan, City Attorney
City of Freeport, Texas



TEMPORARY COVID-RELATED CALL-IN PAY POLICY FOR FIRE/EMS and POLICE EMERGENCY RESPONDERS

This purpose of this policy is to facilitate continuity of emergency response services during the COVID pandemic. This policy provides additional hourly compensation for eligible FIRE/EMS and POLICE Emergency Responders who are called-in to work an unscheduled work shift specifically to cover for a COVID-related absence.

ADDITIONAL HOURLY PAY PROVISION:

Eligible Fire/EMS and Police Emergency Responders who meet the qualifications below will receive Temporary COVID-Related Call-In Pay equivalent to their over-time pay rate for the specific unscheduled shift or hours which have been pre-approved for COVID-related absence coverage by the department head [Fire Chief or Police Chief].

EFFECTIVE DATE:

This temporary policy is effective on August 4, 2020 through December 31, 2020. This policy is not retroactive.

ELIGIBLE EMPLOYEE:

This temporary policy applies to non-exempt, full-time FIRE/EMS and POLICE Emergency Responders currently employed by the City of Freeport. This policy does not apply to exempt employees, part-time employees, civilian employees, other City departments, or other employees who are not Fire/EMS or Police Emergency Responders.

Emergency Responders may not exchange shifts with co-workers to qualify for Temporary COVID-Related Call-In Pay. Unscheduled work shifts must be initiated by and pre-approved by the Department Head [Chief]. Abuse of this policy may lead to revocation of this temporary call-in pay policy.

QUALIFICATIONS FOR TEMPORARY COVID-RELATED CALL-IN PAY:

To qualify for this Temporary COVID-Related Call-In Pay, employees must:

1. Be currently employed at the City of Freeport as a non-exempt, full-time Fire/EMS or Police Emergency Responder, and
2. Have written pre-approval to work an unscheduled work shift or hours to cover for a COVID-related absence.

DEPARTMENT HEAD APPROVAL NOTICE REQUIREMENTS:

Department Heads [Fire Chief or Police Chief] must complete a **Temporary COVID-Related Call-In Pay Approval Form** provided by Human Resources [see attached]. A new written approval is required for each additional unscheduled work shift or hours needing coverage for a COVID-related absence.



**TEMPORARY COVID-RELATED CALL-IN PAY APPROVAL
FORM for FIRE/EMS EMERGENCY RESPONDERS**
(Department Head [Chief] Submits this Form to HR Director)

Employee Information:

Employee Name: _____

Position Title: _____

Shift Approved for COVID-Related Coverage:

Date: _____

Shift or Hours [specific times]: _____

Number of Work Hours Approved for COVID-Related Call-In Pay: _____

Please check reason for Call-In Pay:

___ 1. Coverage of work shift for employee who is COVID-19 positive and quarantined;

___ 2. Coverage of work shift for employee who is symptomatic and quarantined pending COVID-19 test results;

___ 3. Coverage of work shift for employee who is quarantined by doctor's orders due to potential COVID-19 Exposure;

___ 4. Coverage of work shift for employee who is quarantined by doctor's orders due to significant health risk

Department Head [Chief] Signature: _____

Date Approved: _____

HR Section: Regular Hourly Rate \$ _____ / OT Hourly Rate \$ _____
HR Director Initials: _____ / Date: _____



City Council Agenda Item # 8

Title: Discussion and possible action regarding the reappointment of Kenny Hayes as Director representing Freeport on the Brazosport Water Authority.

Date: August 3, 2020

From: Tim Kelty, City Manager

Staff Recommendation:

Staff recommends approval of the resolution reappointing Kenny Hayes as a director for two years to serve on the Brazosport Water Authority

Item Summary:

The City of Freeport is a member of the Brazosport Water Authority along with Angleton, Brazoria, Clute Lake Jackson, Oyster Creek, and Richwood. As a founding member the City has one appointment to the Board of Directors. Kenny Hayes has served the City's interests in that position since 2017. His term expires next month, and he requests to be allowed to continue to serve in this capacity. No one else has expressed interest in being on the BWA Board.

Background Information:

None

Special Consideration:

None

Financial Impact:

None

Supporting Documentation:

Resolution Letter, from BWA

RESOLUTION NO. 2020-2642

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, NOMINATING, CONSTITUTING AND APPOINTING OR RE-APPOINTING A QUALIFIED PERSON TO BE A DIRECTOR OF THE BRAZOSPORT WATER AUTHORITY; PROVIDING THE DUTIES OF OFFICE; AND PROVIDING FOR THE TAKING OF THE OATH OF OFFICE REQUIRED BY LAW.

WHEREAS, the term of office of the position on the Board of Directors of the Brazosport Water Authority required to be filled by the City Council of the City of Freeport, Texas ("the City") will expire on September 1ST, 2022,

WHEREAS, the City Council of the City desires to appoint or re-appoint the below named qualified person as member to serve on such board.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

SECTION ONE (1): APPOINTMENT

The City Council of the City hereby nominates, constitutes and appoints or re-appoints the following named qualified person to be a Director of the Brazosport Water Authority for the term which begins September 1st, 2020, and expires on September 1st 2022 or when a successor for such appointee shall have been appointed and qualified, to -wit: Kenny Hayes

SECTION TWO (2): DUTIES

The above named appointee(s) shall perform all of the duties imposed on members of the Board Of Directors of said Authority by law.

SECTION THREE (3): OATH OF OFFICE

Before engaging in the performance of the duties of office, such appointees shall take the Constitution Oath of Office as required by law.

READ, PASSED AND ADOPTED this ____ day of _____, 2020.

Brooks Bass, Mayor
City of Freeport, Texas

ATTEST: _____
Betty Wells, City Secretary
City of Freeport, Texas



City Council Agenda Item # 9

Title: Discuss And Take Action On Jenkins Tone Road Subdivision.29.48 Acres- 4 Lots A Subdivision Plat Of A 29.48 Acre Tract Consisting Of A Called 14.19 Acre Tract Out Of A 14.82 Acre Tract Out Of Lot 6 In Tract 3, Division 18 Of The S.F. Austin 7-1/3 Leagues Grant, Abstract 20, Brazoria County, Texas.

Date: August 3, 2020

From: Billywayne Shoemaker Building Official

Staff Recommendation:

Approve the re-plat of subject property

Item Summary:

Hold public hearing and upon closing of public hearing approve replat.

Background Information:

Replat requested by owner to Subdivide lots to sale to individuals for home sites.

Special Considerations

This property is Located in the City's ETJ.

Financial Impact:

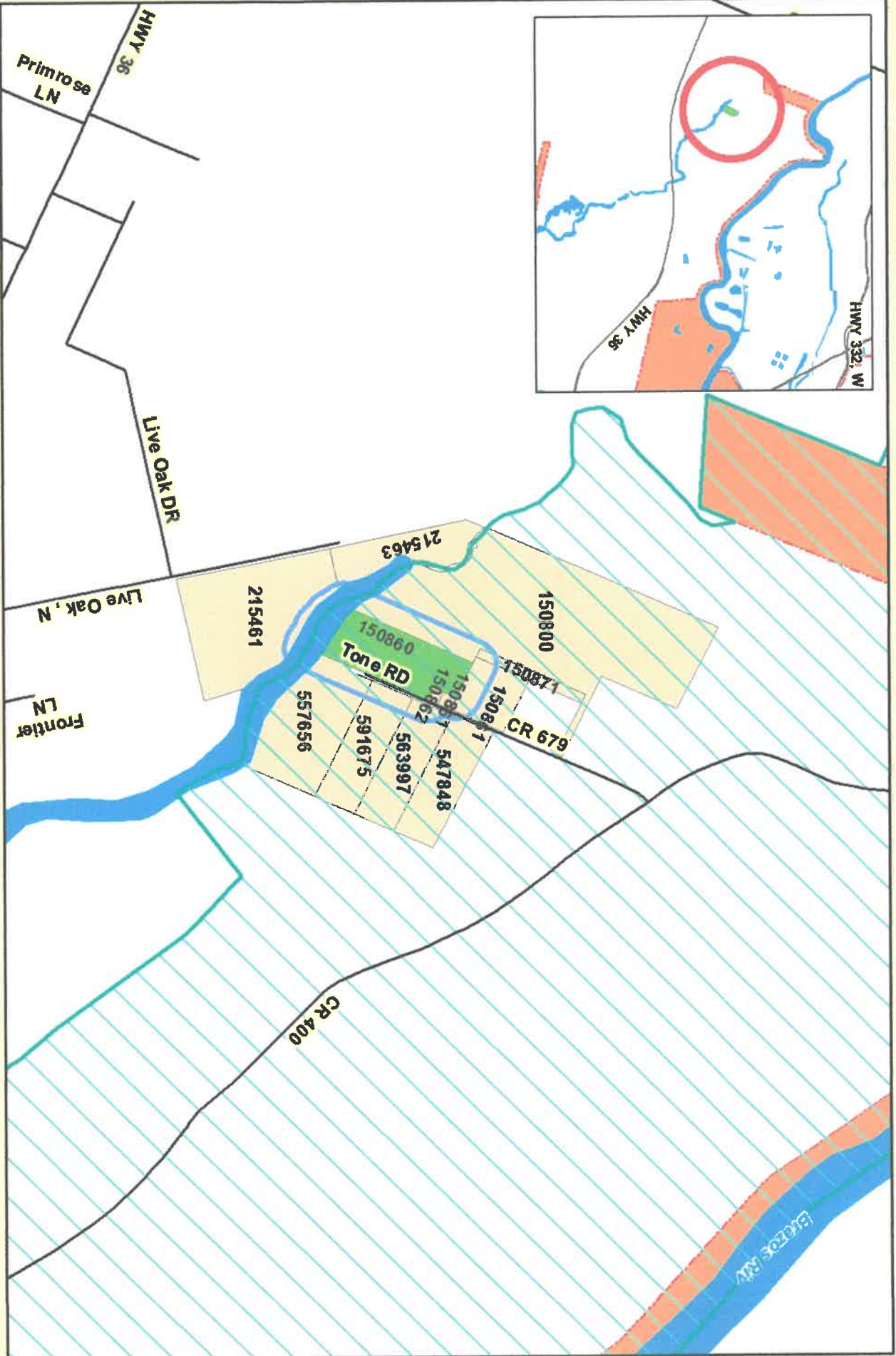
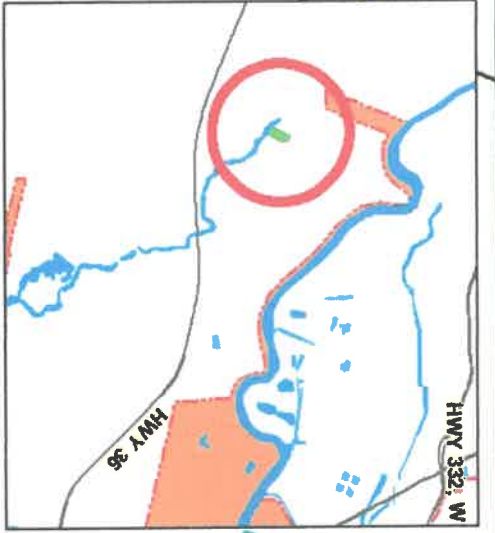
None

Board or 3rd Party recommendation:

Planning and Zoning will hold their public hearing and vote to approve the re-plat on July 28th if approved it will be forwarded to council for final approval.

Supporting Documentation:

Copy of plat and associated paperwork will be attached.



- Legend
- ROADS
 - City/Freeport/JT
 - Water
 - 150860
 - 150860 2007 Buffer
 - 150860 Buffered Parks
 - City Limit

Replat Property Location Map

Property ID 150860



Author: Laura Tolar
 Document Path: S:\GIS Data\150860 replat 200ft w template.mxd





City Council Agenda Item # 10

Title: Discuss and take action on a replat of Lot 453, Block 3 formerly known as Lots 453 & 454, Block 3 (2.144 Acres). of Bar "X" Ranch Section Two Recorded In Volume 16, Pages 119-128 Of The Brazoria County Plat Records In The Samuel Carter League Abstract 53 Brazoria County, Texas July 2020.

Date: August 3, 2020

From: Billywayne Shoemaker Building Official

Staff Recommendation:

Approve the re-plat of subject property

Item Summary:

Hold public hearing and upon closing of public hearing approve replat.

Background Information:

Replat requested by owner, to combine two lots into one and grant utility easements for services to home.

Special Considerations

This property is Located in the City's ETJ.

Financial Impact:

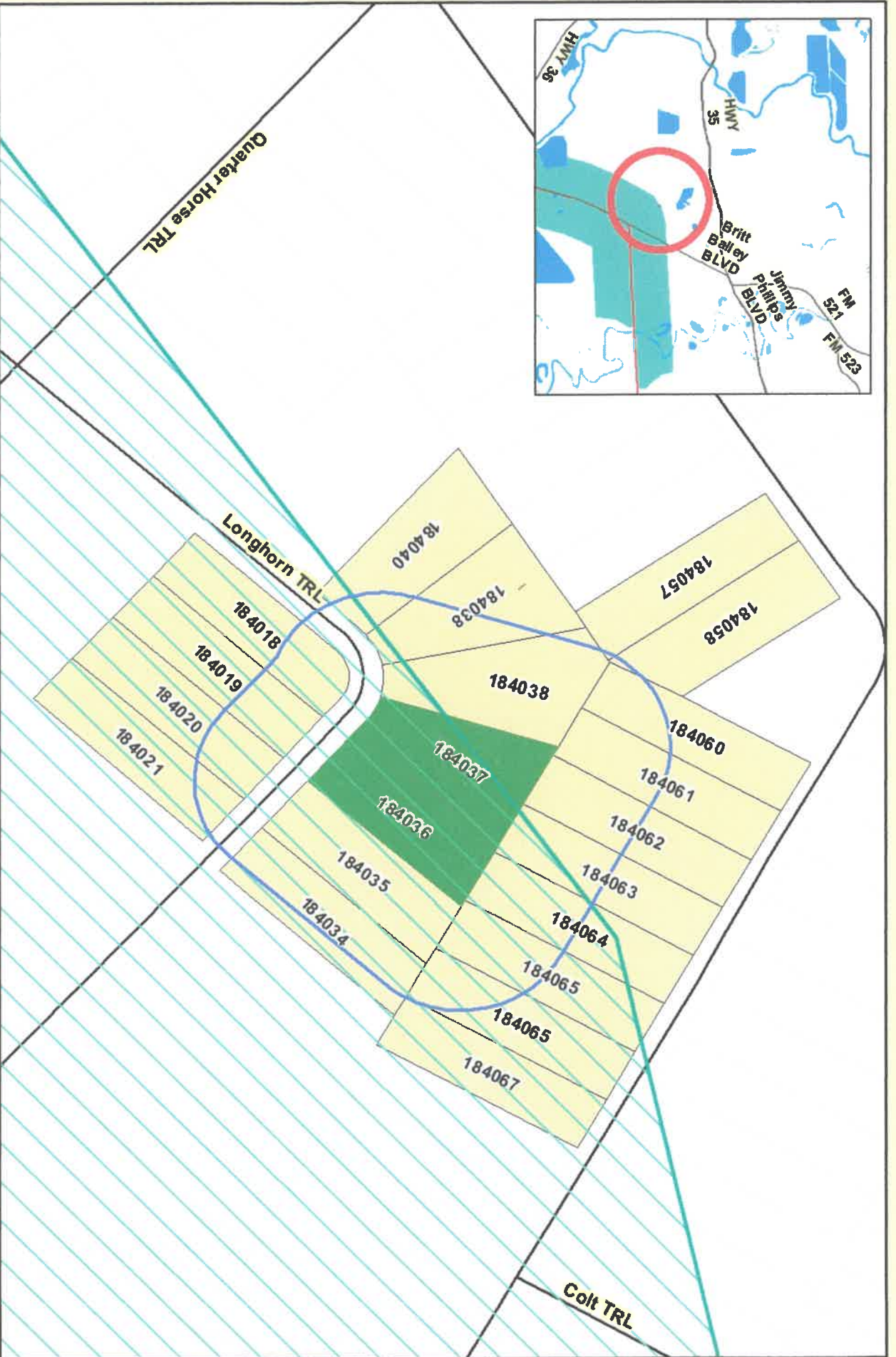
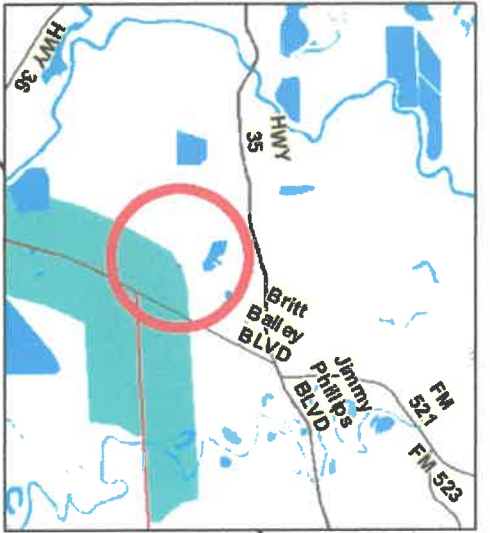
None

Board or 3rd Party recommendation:

Planning and Zoning will hold their public hearing and vote to approve the re-plat on July 28th if approved it will be forwarded to council for final approval.

Supporting Documentation:

Copy of plat and associated paperwork will be attached.



- Legend**
- 184036 & 184037
 - 200' Buffer
 - 200' Buffer Parcels
 - ROADS
 - City of Freerport ETJ
 - Water
 - City Limit

Replat Property Location Map

Property ID 184036 & 184037



Author: Laura Tolar
 Document Path: S:\GIS Data\184036
 184037 replat 200ft w template.mxd





City Council Agenda Item # 11

Title: Substandard and Dangerous Buildings

Date: August 3, 2020

From: Billywayne Shoemaker

Staff Recommendation:

Repeal and replace unsafe Building Abatement Code with Substandard and Dangerous Building Ordinance.

Item Summary:

We are happy to present this ordinance in an attempt of updating and cleaning up our current ordinances as to clearly define and eliminate confusion created in our current ordinance. We currently have two adopted codes that are in conflict with one another. This updated ordinance will bring Freeport into compliance with current State law in regards to declaring and abating unsafe buildings.

Background Information:

Dilapidated structures are a challenge for the Building and Codes Department in our efforts to promote the highest possible quality of life and bring economic growth to our City. The failure of offending property owners to repair or demolish dilapidated structures creates blight and a financial drain on community resources. It shifts the cost of abating violations from the responsible party to all taxpayers.

Dealing with these unsafe commercial and residential structures is a challenging task that requires staff to consider and carefully balance the rights of the offending property owners with rights of the owners of adjacent properties and the community at large. Because of the wide array of situations encountered and sensitivity of the property rights issue, we must have a variety of tools that can be selected and effectively applied to the specific circumstances of each code enforcement case.

With the adoption of this ordinances relating to unsafe buildings, staff will be provided the tools and direction to properly provide notification to the owner outlining the conditions needing to be corrected and may require the owner to take the necessary steps to correct the conditions. The ordinance also outlines how the City may correct the conditions if the owner fails to take appropriate action.

As with any ordinance, we must have procedures in place that provide for due process and proper notification to the property owner when the city moves to abate a problem. Likewise, this ordinance spells out explicitly the notice procedures, method of notice as well as a procedure for appeals of decisions made by the Building Officials.

State law gives the City the authority to enforce the International Building Codes and to adopt by reference certain appendices to this code. One of the most widely adopted appendices in country is the International Property Maintenance Code, which establishes standards to help ensure public health, safety and welfare of the community by requiring the maintenance of existing structures and premises. The International Property Maintenance Code provides a framework for dealing with dilapidated structures in any city no matter the size.

The International Property Maintenance Code contains a prescribed and tested process of providing proper notice as well as a specific method of serving the notice to property owners.

What happens when property owners fail to correct serious code violations? One option available to the City is to correct the violation. If the City corrects the unsafe conditions associated with the property, state law allows the City to place a lien equal to the cost of the abatement on the property and collect the lien in the same manner as municipal taxes.

This ordinance authorizes, any municipal law enforcement officer or code enforcement officer working under the authority of the Building Official the ability to issue an ordinance summons. An ordinance summons is a municipal ticket which requires the property owner's appearance in municipal court. This is an effective and efficient way to encourage compliance with local ordinances related to code enforcement.

For example, the city can write a citation to the owner of an unsafe structure that is in violation of a local ordinance. The citation is written with the appropriate fine assessed and references the section of the local ordinance that has been violated. A court date would be set and the person must appear before court as required by the ordinance summons. Failure to appear may result in the issuance of an arrest warrant.

Special Considerations

This ordinance shall apply to existing structures which are classified as unsafe or unfit for human occupancy. All conditions causing such structures to be classified as unsafe or unfit for human occupancy shall be remedied or as an alternative to correcting such conditions, the structure may be vacated and secured against public entry and removed. Vacant and secured structures shall still be subject to other applicable requirements of this code. Notwithstanding the above, when the Building Official determines that an unsafe structure or a structure unfit for human occupancy constitutes such a hazard that it should be repaired or removed, then the Building

Official shall be permitted to order the demolition of such structures in accordance with applicable requirements of this code.

Financial Impact:

The department has funds budgeted for this already. Reimbursement to the City would come from placing liens. Liens on property generally can only be collected when a property is sold, and most county governments do not recognize code enforcement liens at tax sales. This means that liens may not be collected at tax sales.

Another problem with liens is that there is often a significant lag between filing the lien and collecting payment because sales of dilapidated properties occur infrequently. Likewise, ordinance summons are not effective when a property owner cannot be located or lives outside of the community or state. Ordinance summons must be personally served upon the offender.

These tools also have limited effectiveness when the property owner lacks the financial resources to abate the violations. Jailing offenders only increases the cost to the City and often fails to correct the violation.

Once all of these options have been exhausted, there is no additional recourse available to deal with unsafe structures reimbursement.

Board or 3rd Party recommendation:

None

Supporting Documentation:

Ordinance is attached as well as a PowerPoint.

ORDINANCE 2020-2602

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, AMENDING CHAPTER 150, BUILDINGS AND BUILDING REGULATIONS OF THE CITY OF FREEPORT CODE OF ORDINANCES, SUBSTANDARD AND VACANT BUILDING ABATEMENT; HAVING A SAVINGS CLAUSE, A SEVERABILITY CLAUSE, AND A REPEALER CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Freeport finds that there exists a number of substandard and abandoned buildings in the City of Freeport, that present a danger to the health, safety and general welfare of the citizens; and

WHEREAS, the condition and stability of commercial buildings throughout the City and in the historic downtown of Freeport, are of particular concern, specifically there have been recent incidents of building failure, such as an abandoned building collapsing, without warning, and crushing neighboring buildings with ongoing business, buildings with collapsed roofs or observed to be in the state of failure and nearing collapse of its roof, and failing, collapsing façade structure positioned over public walkway areas; and

WHEREAS, the commercial buildings in the historic downtown of Freeport, were built during the same time period, using similar construction techniques; and

WHEREAS, presenting an additional danger to the public, many of the commercial buildings throughout the City and in the historic downtown Freeport share common walls, such that structural failure of one building presents a severe risk to damage life and property of neighboring properties; and

WHEREAS, the City Council finds that it is necessary to establish a regular and standardized procedure to inspect commercial buildings throughout the City and in the historic downtown of Freeport, to protect the life and property of citizens, visitors, and property owners; and

WHEREAS the City Council further finds that a necessity exists to establish codified regulations and procedures regarding substandard and abandoned buildings, to abate such conditions in a fair and orderly manner; and

WHEREAS, the City Council further finds that the regulations and procedures contained in this ordinance are in addition to all other available remedies in state statutes, adopted building and maintenance codes, and remedies based upon nuisance; and

WHEREAS, the City Council finds that this Ordinance was adopted at a meeting which was open to the public and preceded by proper notice, as required by Chapter 551 of the Texas Local Government Code (the Open Meetings Act).

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, BRAZORIA COUNTY, TEXAS:

Section 1. Chapter 150, Buildings and Building Regulations , of the City of Freeport Code of Ordinances, is hereby adopted and established to read as follows:

SUBSTANDARD AND DANGEROUS BUILDINGS

Sec. 150.025. Attributes of dangerous buildings.

Any building or structure which has any or all of the conditions or defects described in this section shall be deemed to be a dangerous building, provided that such conditions or defects exist to the extent that the life, health, property, welfare, or safety of the public or its occupants are endangered or adversely affected:

- (1) Whenever any door, aisle, passage, stairway or other means of exit is not of sufficient width or size or is not so arranged as to provide safe and adequate means of exit in case of fire or panic.
- (2) Whenever the walking surface of any aisle, passageway, stairway or other means of exit is so warped, worn, loose, torn, or otherwise unsafe as to not provide safe and adequate means of exit in case of fire or panic.

- (3) Whenever the stress in any materials, member or portion thereof, due to all dead and live loads, is more than 1 1/2 times the working stress allowed in the building code for new building of similar structure, purpose or location.
- (4) Whenever any portion thereof has been damaged by fire, rain, wind, flood or by any other cause, to such an extent that the structural strength or stability thereof is materially less than the original design and is less than the minimum requirements of the building code for new building of similar structure, purpose or location.
- (5) Whenever any portion or member or appurtenance thereof is likely to fail, or to become detached or dislodged, or to collapse and thereby injure persons or damage property.
- (6) Whenever any portion of a building or any member, appurtenance ornamentation on the exterior thereof is not of sufficient strength or stability, or is not so anchored, attached or fastened in place so as to be capable of resisting a wind pressure of one-half of that specified in the building code for new buildings of similar structure, purpose or location without exceeding the working stresses permitted in the building code for such buildings.
- (7) Whenever any portion thereof has wracked, warped, buckled or settled to such an extent that walls or other structural portions have materially less resistance to winds, rain or other forces of nature than is required in the case of similar new construction.
- (8) Whenever the building or structure, or any portion thereof, because of:
- a. Dilapidation, deterioration or decay;
 - b. Faulty construction;
 - c. The removal, movement or instability of any portion of the ground necessary for the purpose of supporting such building;
 - d. The deterioration, decay or inadequacy of its foundation; or any other cause, is likely to partially or completely collapse.
- (9) Whenever, for any reason, the building or structure, or any portion thereof, is manifestly unsafe for the purpose for its zoned use^[c1].
- (10) Whenever, the exterior walls or other vertical structural members list, lean or buckle to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base.
- (11) Whenever the building or structure, exclusive of the foundation, shows 33 percent or more damage or deterioration of its supporting member or 50 percent damage or deterioration of its non-supporting members, enclosing or outside walls or coverings.
- (12) Whenever the building or structure has been so damaged by fire, wind, rain, flood or other force of nature, or has become dilapidated or deteriorated as to become:

- a. An attractive nuisance to children;
- b. A harbor for vagrants, vermin, criminals or immoral persons; or
- c. As to enable persons to resort thereto for the purpose of committing unlawful or immoral acts.

(13) Whenever any building or structure has been constructed, exists, or is maintained in violation of any specific requirement or prohibition applicable to such building or structure provided by the building regulations of this jurisdiction, as specified in the building code or of any law or ordinance of state or jurisdiction relating to the condition, location or structure of buildings.

(14) Whenever, any building or structure which, whether or not erected in accordance with all applicable laws and ordinances, has in any non-supporting part, member or portion less than 66 percent of the strength; fire-resisting qualities or characteristics, or weather-resisting qualities or characteristics required by law in the case of a newly constructed building of like area, height and occupancy in the same location.

(15) Whenever a building or structure, used or intended to be used for dwelling purposes, because of inadequate maintenance, dilapidation, decay, damage, faulty construction or arrangement, inadequate light, air or sanitation facilities, or otherwise, is determined to be unsanitary, unfit for human habitation or in such a condition that is likely to cause sickness or disease.

(16) Whenever any building or structure, because of obsolescence, dilapidated condition, deterioration, damage, inadequate exits, lack of sufficient fire resistive construction, faulty electric wiring, gas connections or heating apparatus, or other cause, is determined to be a fire hazard.

(17) Whenever any building or structure is in such a condition as to constitute a public nuisance known to the common law or in equity jurisprudence.

(18) Whenever any portion of a building or structure remains on a site after the demolition or destruction of the building or structure or whenever any building or structure is abandoned for a period in excess of six months so as to constitute such building or portion thereof an attractive nuisance or hazard to the public.

(19) The term "building code" as used in this section, refers to the building code as adopted by the City.

Sec. 150.026. Dangerous buildings as public nuisance.

All dangerous buildings and structures within the terms of section 150.025 are hereby declared to be public nuisances and shall be repaired, vacated or demolished as provided in this article.

Sec. 150.027. Minimum standards for continued use or occupancy of buildings.

The minimum standards for the continued use and occupancy of all buildings or structures, regardless of the date of their construction, are that buildings or structures shall not be in a condition or have a defect which constitutes a dangerous building or structure as defined in section 150.025. The following standards shall be followed by the Building Official and the Board of Adjustments in ordering repair, vacation, or demolition.

(1) If the dangerous building or structure can reasonably be repaired so that it will no longer exist as a dangerous building or structure, it shall be ordered repaired.

(2) If the dangerous building or structure is in such a condition as to make it dangerous to the health, safety, morals or general welfare of its occupants, it shall be ordered to be vacated.

(3) In any case where a dangerous building or structure is 50 percent or more damaged, decayed or deteriorated from its original value or structure, it shall be demolished and in all cases where a building or structure cannot be repaired so that it will no longer exist in violation of the terms of this section, is shall be demolished. In all cases where a dangerous building or structure is a fire hazard existing or erected in violation of the terms of this section or any ordinances of the City or statues of the state, is shall be demolished. Included in the terms "demolished" in this section is the cleaning of the property and removing all debris and trash, and sealing sewer service (belowground), to prevent infiltration into the City sanitary sewer system.

Sec. 150.028. Duties of Building Official

It shall be the duty of the Building Official or his designee to:

(1) *Inspections.* Inspect or cause to be inspected, when deemed necessary, public buildings, schools, halls, churches, theatres, hotels, dwellings, tenements or apartments, other multifamily residences and buildings zoned commercial for the purpose of determining whether any condition exist which render such a place a dangerous building or structure within the terms of section 150.025.

(2) *Investigations of complaints.* Inspect any building, wall or structure about which complaints are filed by any person to the effect that the building, wall, or structure is or may be a dangerous building or structure as defined in this article.

(3) *Closed/Occupied Buildings.* Upon probable cause to suspect that any building or premises are in violation of this article, if such building or premises are closed, or if a reasonable prudent person would have reason to believe that such premises are occupied, the Building Official may enter the building or premises for the purposes of inspecting such building or premises, with prior notice to the owner by certified mail as set forth in the tax rolls and shall have recourse to every procedure, right or remedy provided by law with prior notice to the owner as set forth in the tax rolls, to secure entry for the purpose of inspecting the building or premises.

(4) *Opened/Unoccupied Buildings.* The Building Official may enter an opened and clearly unoccupied building or premises for the purpose of securing the building or premises without notice to any person. The Building Official may take any action to secure an opened/unoccupied building or premises that is an attractive nuisance, and the cost of such action shall be assessed against the property owner. The Building Official shall have recourse to every procedure, right or remedy provided by law to secure any entry points to the building.

(5) *Inspection of Commercial Buildings Over 50 Years Old.* The Building Official may enter a commercial building or premises that is over 50 years old for the purpose of inspecting the building or premises with prior notice sent certified mail, to the owner as set forth in the tax rolls; The Building Official shall have recourse to every procedure, right or remedy provided by law to secure entry for the purpose of inspecting the building or premises. Inspection of buildings or premises under this section without specific complaint can be performed no more than once every 12 month period. The Building Official may inspect more often based upon other probable cause or complaint.

(6) *Inspection of Abandoned Building.* The Building Official may enter a building or premises that is abandoned for the purpose of inspecting the building or premises with prior notice to the owner by certified mail as set forth in the tax rolls, and without specific complaint. The Building Official shall have recourse to every procedure, right or remedy provided by law to secure entry for the purpose of inspecting the building or premises. Inspection of buildings or premises under this section without specific complaint can be performed no more than once every 12 month period. The Building Official may inspect more often based upon specific probable cause or complaint. All abandoned buildings shall be secured to prevent entry of trespassers and prevent attractive nuisance. The Building Official may take any action to secure an abandoned building or premises that is an attractive nuisance, and the cost of such action shall be assessed against the property owner. The Building Official must provide notice and opportunity to cure to the building owner of an abandoned building/attractive nuisance, prior to securing the building himself.

(7) *Commencement of proceedings.* When the Building Official has inspected or caused to be inspected any building or structure, and has found and determined that such building is

a dangerous building or structure, the Building Official shall commence proceedings to cause repair, vacation or demolition of the building or structure. The Building Official may commence criminal proceeding or civil proceedings, or both, as determined by the conditions existing on such premises.

(8) *Written notice to owner.* Notify in writing, by certified mail, the owner of the building or structure, as determined by using the records in the office of the county clerk in the county in which the building or structure is located, that the building is a dangerous building or structure as defined in this section. The notice to the owner shall further state their reason that the building does not meet the minimum standards for continued use and occupancy of a building and that unless the building is put in a condition so that the building is not a dangerous building or structure within a reasonable time not exceeding 30 days (as specified by the building official), then a hearing will be scheduled before the building Board to determine whether the building complies with the minimum standards set forth in this section.

(9) *Appearance at hearings.* Appear at all hearings conducted by the Board of Adjustments and testify as to the conditions of the dangerous building or structure.

(10) *Placement of notice on dangerous buildings; contents of notice.* Place a notice on all dangerous building or structures, upon a determination by the Building Official, reading as follows:

"THIS BUILDING HAS BEEN FOUND TO BE A DANGEROUS BUILDING BY THE BUILDING OFFICIAL OF THE CITY OF FREEPORT. THIS NOTICE IS TO REMAIN ON THIS BUILDING UNTIL IT IS REPAIRED, VACATED OR DEMOLISHED IN ACCORDANCE WITH THE NOTICE WHICH HAS BEEN GIVEN THE OWNER. IT IS UNLAWFUL TO REMOVE THIS NOTICE UNTIL SUCH NOTICE IS COMPLIED WITH."

Sec. 150.029. Criminal enforcement.

(1) The Building Official is hereby authorized to commence criminal proceedings whenever he finds that there has been a violation of any subsection of this section.

(2) It shall be unlawful for any owner, occupant or person in control to maintain a dangerous building or structure as defined in section 150.025. All buildings or structures which are determined to be dangerous buildings or structures are declared to be public nuisances. For purposes hereof, the term "maintain" shall mean keep, preserve, use, maintain status quo or permit to exist.

(3) After the notice described in section 150.028 is posted, it shall be unlawful for any person to use, enter, remain in or occupy such building or structure, or for the owner of such building to normally permit any person to use, enter, remain in or occupy such

building. It shall be a defense to any prosecution occurring under this subsection that entry was made for the sole purpose of repairing, demolishing or removing such building or structure.

(4) It shall be unlawful for any person to remove or deface the notice posted pursuant to section 150.028 until the required repairs, demolition or removal have been completed and a certificate of occupancy has been issued pursuant to the provisions of the building code.

(5) It shall be unlawful for any person to erect, construct, enlarge, alter, repair, move, improve, remove, convert, or demolish any building or structure without first obtaining the appropriate permits for each building or structure according to the applicable conditions prescribed in the building code.

(6) Violation of the section shall be a Class C misdemeanor with a fine not to exceed \$500.00. Each violation shall be considered a separate occurrence by separate fine.

Sec. 150.030. Civil enforcement.

(1) *Assessment lien or civil penalty.* If the dangerous building or structure is not vacated, secured, repaired, removed or demolished within the time allotted by order of the Board of Adjustments, the City may:

(a) Without further action by the Board of Adjustments, vacate, secure, remove or demolish the building at its own expense, by City personnel or its contractor. Any costs incurred by the City in securing, removing or demolishing the building or structures may be charged to the owner. The City may assess the expenses on, and the City shall have a lien against, the property on which the building was located, unless the property is a homestead as protected by the state Constitution. The lien arises and attaches to the property by the state Constitution. The lien arises and attaches to the property at the time the notice of the lien is recorded and indexed in the office of the county clerk in which the property is located. The notice of lien must contain the name and address of the owner if that information can be determined with a reasonable effort, a legal description of the real property on which the building is located, the amount of expenses incurred by the municipality and the balance then due; or

(b) Acting by and through the Board of Adjustments, assess a civil penalty under the applicable state law not exceeding \$2,000.00 per day for failure to repair, remove or demolish the building or structure. Notice of the hearing in which the civil penalty will be considered shall be given to the owner by personally serving the owner with written notice; or by sending the notice in the United States mail by certified mail, return receipt requested, addressed to the owner at the owner's post office address at least ten days prior to the administrative hearing. Before holding

a hearing to consider a civil penalty, the board shall have evidence that the property owner was actually notified of the requirements of the order and his need to comply with such requirements. Any civil penalty assessed shall be imposed as a lien against the land on which the building stands or stood, unless it is a homestead as protected by the state Constitution, to secure the payment of such civil penalty.

Promptly after the imposition of the lien, the City shall file for record, in recordable form in office of the county clerk of the county in which the land is situated, a written notice of the imposition of the lien. The notice must contain a legal description of the land. In addition to the filing of the lien, the City may seek a judgment against the owner for the civil penalty in accordance with applicable state law.

(2) *Additional remedies.* In addition to any remedy set forth in this section, the City may exercise any and all of its rights to abate any nuisance as defined in this section and seek appropriate relief as authorized by applicable state law.

Sec. 150.031. Notice of hearing to owner, lienholder or mortgagee.

Upon notification from the Building Official that he, or his designee, has determined that a building or structure is a dangerous building or structure as defined in this article, and does not meet the minimum standards for continued use and occupancy, the Board of Adjustments shall cause a notice of hearing to be issued to the owner, lienholder and mortgagee of the alleged dangerous building or structure. The notice of hearing must be sent by certified mail at least ten days prior to the hearing and must include a statement that the owner, lienholder or mortgagee will be required to submit at the hearing proof the scope of any work that may be required so that the building or structure will not constitute a dangerous building or structure and the time it will take to reasonably perform the work. The Building Official or his designee shall make diligent effort to discover each mortgagee and lienholder for purposes of giving them notice and an opportunity to comment at the hearing. The records in the office of the county clerk in the county in which the building or structure is located shall be used to determine, if possible, the identity and address of any owner, lienholder or mortgagee of the building or structure. The City may file notice of the hearing in the official public records of real property in the county in which the property is located. The notice shall contain the name and address of the owner of the affected property if that information can be determined from a reasonable search of the instruments on file in the office of the county clerk, a legal description of the affected property and a description of the hearing. The filing of the notice is binding on subsequent grantees, lienholder or other transferees of an interest in the property who acquire such interest after the filing of the notice and constitutes notice of the hearing on any subsequent recipient of any interest in the property who acquired such interest after the filing of the notice.

Sec. 150.032. Hearing.

On the date set forth in the notice, the Board of Adjustments shall hold a hearing to determine whether the building is a dangerous building or structure as defined in section 150.025. If the board determines that the building or structure is a dangerous building or structure, the Board of Adjustments may order that the building be vacated, secured, repaired, removed or demolished by the owner within a reasonable time as provided for by V.T.C.A., Local Government Code chapter 214. In addition, if there is a mortgagee or lienholder, the Board of Adjustments may provide in the order an additional reasonable time as provided by this section for the ordered action to be taken by any mortgagee or lienholder in the event the owner fails to comply with the order within the time provided for action by the owner. No notice to any mortgagee or lienholder shall be required other than a copy of the order in the event the owner fails to timely take the ordered action. The owner of the building or the lienholder or mortgagee may present proof at the hearing of the scope of any work that may be required so that the building or structure will not be dangerous building or structure and the time it will take to reasonably perform the work.

Sec. 150.033. Findings of fact.

The Board of Adjustments shall make written findings of facts from the testimony offered, as to whether or not the building in question is a dangerous building within the terms of section 150.025.

Sec. 150.034. Copy of order to owner.

After the hearing, a copy of the order issued by the Board of Adjustments, if any, shall be promptly mailed by certified mail, return receipt requested, to the owner of the building.

Sec. 150.035. Filing and publishing order.

Within ten days after the date that the order is issued, the City shall:

- (1) File a copy of the order in the office of the City Secretary; and
- (2) Publish in a newspaper of general circulation in the city a notice containing the street address of legal description of the property, the date of the hearing, a brief statement indicating the results of the order and instruction stating where a complete copy of the order may be obtained.

Sec. 150.036. Copy of order to mortgagee and lienholder.

After the hearing, if the owner does not take the ordered action within the allotted time, a copy of the building Board order shall be promptly mailed by certified mail, return receipt requested, to each identified mortgagee and lienholder.

Sec. 150.037. Citation for violation.

At the conclusion of the hearing, the Board of Adjustments may order the building or structure repaired, demolished or removed as the council may deem necessary. In no event, however, shall the time fixed for such repair, demolition or removal be more than 90 days from the date of the Board of Adjustments order, unless the Board of Adjustments allows for additional time which shall be entered only if the Board of Adjustments finds that the building is in violation of the standards set out herein and the applicable codes of the City.

Sec. 150.038. Demolition and assessment.

Should the owner or other person responsible for such building or structure fail or refuse to comply with the order of the Board of Adjustments , the board may order the fire marshal, fire chief, or Building Official to close the building or structure or to demolish or remove the same and to assess the expenses incurred against the property owner. Notice of the amount of the assessment shall be given the owner and all lienholder by certified mail, return receipt requested to the addressee only, and upon the owner's failure to pay the same within 30 days after notice, the mayor may proceed to file a sworn affidavit of such expenses in the office of the county clerk, Brazoria County, Texas, to establish the City's lien for such removal expenses against the property to which the building was attached. The lien shall be extinguished if the property owner or other interested party reimburses the City for the removal expenses.

Sec. 150.039. Criminal Violation, penalty.

Any person violating the provisions of this article shall upon conviction, be subject to a criminal fine not to exceed the sum of \$500.00 and that each day in violation shall constitute a separate offense.

150.040 - BOARD OF ADJUSTMENTS

Sec. 1-01. - Board of Adjustments.

The City of Freeport Board of Adjustments shall have jurisdiction to hear all matters and make all findings regarding this Chapter 150.

Sec. 2-01. - Proceedings.

- (a) *Board required for action.* All cases to be heard by the Board must be heard by at least four members and any action taken must be concurred in by the vote of four members.
- (b) *Presentation of cases.* All cases brought before the Board shall be presented by the Building Official or his designee, who may be assisted as he deems necessary, by the city attorney.

- (c) *Meetings.* Meetings of the Board shall be open to the public, held at the call of the chairman, and at other times as determined by the Board.
- (d) *Oaths; certification.* The chairman, or the acting chairman in the chairman's absence, may administer oaths and compel the attendance of witnesses.
- (e) *Record.* A record of the entire proceedings shall be made by tape recording, or by any other means of permanent recording determined to be appropriate by the Board. Minute of proceedings showing the vote of each member on each question or the fact that a member is absent or fails to vote and records of its examinations and other official actions shall be kept by the Board and filed immediately in the office of the city secretary as public records.
- (f) *Continuances.* The Board may grant continuances for good cause shown.

Sec. 2-02. - Conduct of hearings.

- (a) *Rules.* Hearings need not be conducted according to the technical rules relating to evidence and witnesses.
- (b) *Oral evidence.* Oral evidence shall be taken only on oath or affirmation
- (c) *Hearsay evidence.* Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence, but shall be sufficient in itself to support a finding unless it would be admissible over objection in civil actions in courts of competent jurisdiction in this state.
- (d) *Admissibility of evidence.* Any relevant evidence shall be admitted if it is the type of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions in courts of competent jurisdiction in this state.
- (e) *Exclusion of evidence.* Irrelevant and unduly repetitious evidence shall be excluded.
- (f) *Rights of parties.* Each party shall have these rights, among others:
 - (1) To call and examine witnesses on any matter relevant to the issues of the hearing;
 - (2) To introduce documentary and physical evidence;
 - (3) To cross-examine opposing witnesses on any matter relevant to the issues of the hearing;
 - (4) To impeach any witness regardless of which party first called him to testify;
 - (5) To rebut evidence against him;
 - (6) To represent himself or to be represented by anyone of his choice who is lawfully permitted to do so.
- (g) *Inspection of premises.* The Board may inspect upon notice to all parties any building or premises involved in a hearing before the Board only during the course of such hearing.

Sec. 2-03. - Purpose.

The Board is empowered to enforce ordinances:

- (1) For the preservation of public safety, relating to the materials used to construct a building or improvement, including the foundation, structural elements, electrical wiring or apparatus, plumbing and fixtures, entrances or exits;
- (2) Relating to the fire safety of a building or improvement, including provisions relating to materials, types of construction or design, warning devices, sprinklers or other fire suppression devices, availability of water supply for extinguishing fire, or location, design, or width of entrances or exits;
- (3) Relating to dangerously damaged or deteriorated buildings or improvements; or
- (4) Relating to conditions caused by accumulations of refuse, vegetation, junk vehicles and or other matter that creates breeding and living space for insects and rodents.

Sec. 2-04. - Board actions.

The Board may, upon notice and hearing, as provided herein:

- (1) Order the repair, within a fixed period, of buildings found to be in violation of this article;
- (2) Declare a building substandard in accordance with this article;
- (3) Order, in an appropriate case, the immediate removal of persons or property found on private property, enter private property to secure removal if it is determined that conditions exist on the property that constitute a violation of this article, and order action to be taken as necessary to remedy, alleviate, or remove any substandard building found to exist;
- (4) Issue orders or directives to any peace officer of the state, including the sheriff or constable or the chief of police of the city, to enforce and carry out the lawful orders or directives of the Board;
- (5) Determine the amount and duration of a civil penalty, not to exceed \$2,000.00 per day, the city may recover, when it finds that an owner or owner's representative:
 - (1) Was actually notified of the provisions of this article; and
 - (2) After receiving notice of the article provisions, committed acts in violation of the article or failed to take action necessary for compliance with the article.

Sec. 2-05. - Board orders.

- (a) *Written orders.* The Board shall cause a written final decision to be prepared when it has made its determination.
- (b) *Delivery; publication; filing.* A copy of the final decision shall be:
 - (1) Sent by certified mail, return receipt requested, to all those persons entitled to notice of hearing;
 - (2) Published one time within ten calendar days after mailing has herein provided; and
 - (3) Filed in the office of the city secretary.

- (c) *Evidence of penalty for judgment.* A Board decision to impose a civil penalty is final and binding and constitutes prima facie evidence of the penalty in any court of competent jurisdiction in a civil suit brought by the city for final judgment. No other proof shall be required for a district court to enter final judgment on a penalty established by the building and standards Board other than filing of a certified copy of the order establishing the penalty with the district clerk.

Sec. 2-06. - Judicial review.

- (a) *Standing.* Any person or persons, jointly or severally aggrieved by a decision and/or order of the Board, may file a petition in a district court of the county, duly verified, setting forth that the decision and/or order of the Board is wrong, or illegal, in whole or in part, and specifying the grounds there for.
- (b) The petition must be filed in said district court within 30 days after the date of receipt by such person or persons aggrieved by the decision and/or order of the Board of a copy of such decision and/or order. If such copy of the decision and/or order is mailed and properly addressed and stamped, it shall be presumed in the court that the person or persons to whom the notice was addressed received the notice three days after the post mark on the envelope or other mailing container. Such notice of any decision and/or order may be hand delivered to the person or persons aggrieved by the decision and/or order of the Board.
- (c) An appeal to the district court of any decision and/or order of the Board shall be limited to a hearing under the substantial evidence rule except, if a decision and/or order of the Board orders removal and/or demolition of a building located on property subject of the decision and/or order, the proceedings in the appeal to the district court shall be de novo.
- (d) *Disposition.* The court may:
 - (1) Reverse, in whole or in part;
 - (2) Affirm, in whole or in part; or
 - (3) Modify the Board decision.
- (e) *Costs.* Costs may be allowed against the Board only when the court finds it acted with gross negligence, in bad faith, or with malice in making its decision.
- (f) *Attorney's fees.* The court shall enter a judgment on behalf of the city for its attorney's fees and all other costs and expenses incurred, which may be against the property owners as well as all persons found to be in occupation of the subject property, if the Board decision is affirmed or not substantially reversed but only modified.

Sec. 2-07. - Board decision final.

If no appeal or appeals are taken from the decision and/or order of the Board within the time period provided in the preceding section, the decision and/or order of the Board is, in all things, final and binding.

Sec. 2-08. - Penalty.

It shall be unlawful for any person to violate any provision of this division, and, except as otherwise provided for herein, any person violating or failing to comply with any provision hereof shall be fined, upon conviction, in an amount not more than \$2,000.00, and a separate offense shall be deemed committed each day during or on which a violation occurs or continues.

Section 2. Renumbering Sections of the Housing Code. That the following Sections contained in the Housing Code shall be renumbered as follows;

<u>150.035</u> International Property Maintenance Code adopted	150.041
<u>150.036</u> City Council to act as Board of Appeals	150.042
<u>150.037</u> Definitions	150.043
<u>150.038</u> Conflicts	150.044

Section 3. Savings. All rights and remedies which have accrued in favor of the City under this Ordinance and amendments thereto shall be and are preserved for the benefit of the City.

Section 4. Severability. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid, unconstitutional or otherwise unenforceable by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the validity of the remaining portions thereof.

Section 5. Repealer. All ordinances and parts of ordinances in conflict herewith are hereby repealed but only to the extent of such conflict.

Section 6. Effective Date This ordinance shall take effect and be in force from and after its descriptive caption has been published twice in the Brazosport Facts.

READ, PASSED AND ADOPTED this ____ day of _____, 2020

**Brooks Bass, Mayor,
City of Freeport, Texas**

ATTEST:

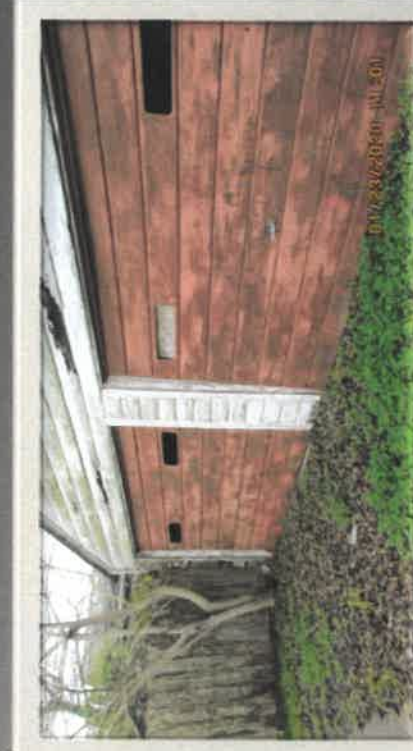
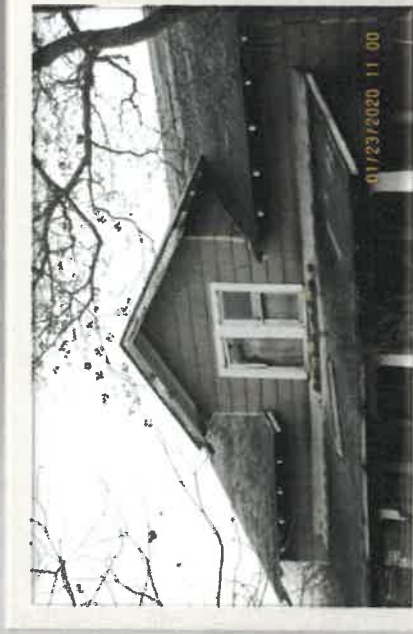
APPROVED AS TO FORM ONLY:

**Betty Wells, City Clerk,
City of Freeport, Texas**

**Christopher Duncan, City Attorney,
City of Freeport, Texas**

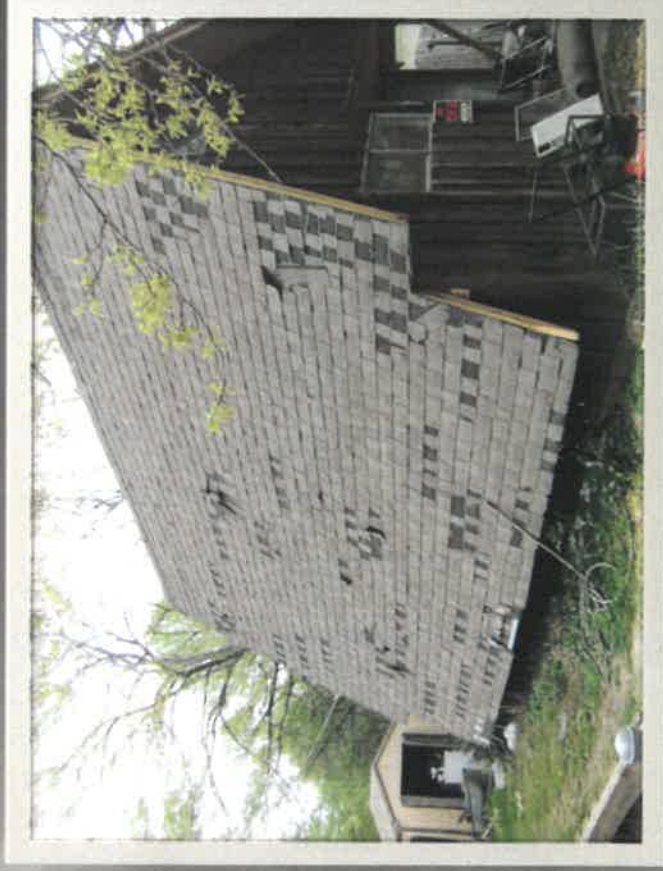
ABATEMENT PROCESS

Substandard/Dangerous Structure



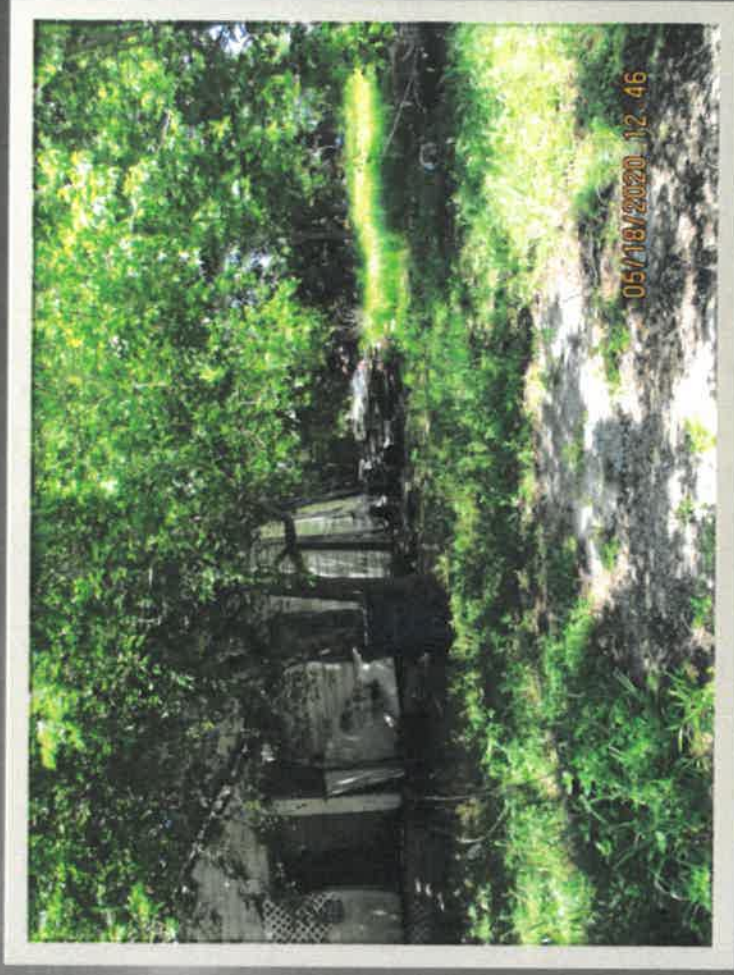
Ordinance Required

The ordinance must mandate the vacation, securing, and demolition of a dilapidated structure.



Ordinance Must Establish

- ▣ Minimum Standards
- ▣ Proper Notice
- ▣ Public Hearing



Initial Inspection

This is where the report begins. Determine if it is a violation of the ordinance.



Enter Property Information

- A. Name and address of the owner;
- B. An identification of the structure which is not required to be a legal description.
- C. A Statement that the structure is substandard.
- D. A brief and concise description of the substandard condition.
- E. Action to be taken by the owner.
- F. Owner, Lien holder; or mortgagee required to submit proof of the scope of any work and a time frame to complete the work.
- G. Also include a request for a voluntary inside inspection of the structure. Most courts want at least one proven contact with the owner.

Where To Check To Locate Property Owners

1. County real property records
2. County assumed name records
3. Appraisal district records
4. Secretary of state
5. City tax records
6. City utility records



Notice of All Proceedings

1. Personal delivery.
2. By certified mail with return receipt requested, or by delivery by the United States Postal Service using signature conformation.



Violation Notice

1. Owner
2. Lien holder
3. Mortgage holder



Notice Should Contain

- A. Name and address of the owner;
- B. An identification of the structure which is not required to be a legal description.
- C. A Statement that the structure is substandard.
- D. A brief and concise description of the substandard condition.
- E. Action to be taken by the owner.
- F. Owner, Lien holder; or mortgagee required to submit proof of the scope of any work and a time frame to complete the work.
- G. Also include a request for a voluntary inside inspection of the structure. Most courts want at least one proven contact with the owner.

Post The Legal Notice



How Do You Get Inside

- ▣ Section 18.05 CCP Administrative Search Warrant.
- ▣ WARRANTS FOR FIRE, HEALTH, AND CODE INSPECTIONS.

For the purpose of an inspection of any specified premises to determine the presence of a fire or health hazard or unsafe building condition or a violation of any fire, health, or building regulation, statute, or ordinance.

Magistrate Is Not Limited To Evidence Of Specific Knowledge:

- (1) The age and general condition of the premises;
- (2) Previous violations or hazards found present in the premises;
- (3) The type of premises;
- (4) The purposes for which the premises are used; and
- (5) The presence of hazards or violations in and the general condition of premises near the premises sought to be inspected.

Administrative Search Warrant



Public Hearing Civil Abatement

1. An identification, which is not required to be a legal description, of the structure and the property upon which it is located.
2. A statement that an official has found the structure to be substandard. With a brief and concise description of the conditions and found to render the structure substandard.
3. A statement of action recommended to be taken, as determined by the official.
4. A statement that the owner, lienholder. Or mortgagee will be required to submit at the hearing proof of scope of any work that may be required to comply with the ordinance, and time it will take to reasonably perform the work.

Public Hearing Civil Abatement

- ▣ The date and time and place of the public hearing.
- ▣ Mail certified mail return receipt requested and regular mail to all lienholders, owners and mortgagees.
- ▣ File notice in county deed of records
- ▣ Post notice of hearing per open meetings act.
- ▣ Post notice in the newspaper- on or before the 10th day before the date of the hearing.

To Be Heard By Courts Of Record

1. County Court
2. District Court
3. Municipal Courts of Record
4. Building Standards Commission



After Civil Abatement Hearing Closes

Within ten days after the date of order

1. File a copy of the order in the office of the city secretary
2. Publish in the newspaper of general circulation a notice containing.
 - A. Street address or legal description of the property
 - B. Date of hearing
 - C. Brief statement indicating results of order
 - D. Instructions where complete copy of order may be obtained.
3. Mail by certified mail returned receipt requested a copy of the order to the owner and any lienholders and mortgagee.



Final Steps Review

- A. Initial inspection
- B. Obtained a voluntary consent to inspect the property to document the violations.
- C. Obtained a search warrant or right to enter document the violations.
- D. Post notice on the property.
- E. Notified owner, lienholder, and mortgagee of the violation.
- F. Held a public hearing.
- G. Notified owner, lienholder and mortgagee of a civil abatement hearing.
- H. Held the hearing in the civil abatement court.
- I. Execute the court of records abatement order.

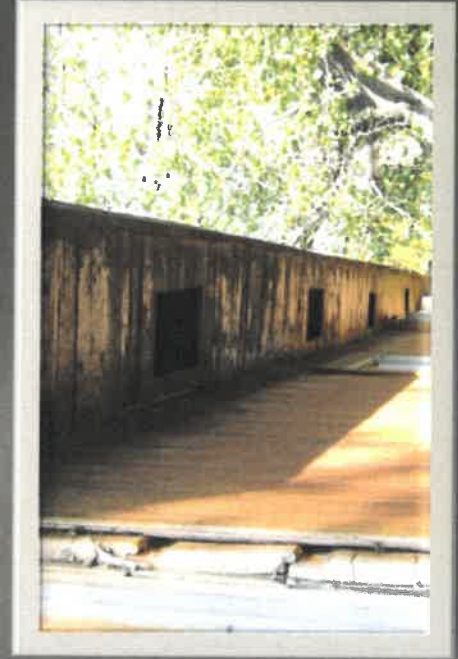
Final Results



Substandard Structures



Substandard Structures



Substandard Structure



Sub Standard Structures
Questions and Answers

STRUCTURE ABATEMENT PROCESS

1. Initial Inspection
2. Enter property Information
3. Check Property history
4. Print Notice Letter
5. Print inside inspection request
6. Post Legal Notice
7. Mail Request and notice Letter
8. Green Card returned (For Notice Letter)
9. Administrative Search Warrant
10. Inside inspection Report
11. Mail inspection report
12. Green card returned (For Inspection report)
13. Post Public hearing in the paper
14. Public Hearing held
15. Post Results of Public hearing in paper
16. Post dangerous building Placard
17. Copy of order with city
18. Copy of Order with Deed records
19. Mail Order Lien, Owners, Mortgage Co.
20. Take Bids
21. Assign Contractor
22. Notify Contractor
23. Confirm Abatement
24. Add Administrative fees
25. Print and Mail Invoice
26. Payment Due
27. Print Lien
28. File Lien
29. Release of Lien
30. Archive Case





City Council Agenda Item # 12

Title: Consideration of approving Comfort Systems USA for replacement of chiller system and piping at Police Department of chiller system and piping at Police Department

Date: August 3, 2020

From: Lance Petty, Public Works Director

Staff Recommendation:

Staff recommends approval of this contractor for repairs.

Item Summary:

To replace existing chiller system with a new (York) system and piping

Background Information:

The chiller system has had continued issues due to the corroded piping system and the coils. Currently only one side of the chiller is operable. This system has been patched over the years and is now in need of replacement.

Special Considerations

If approved, the completion of the proposed replacement solves the HVAC issues related to this building.

Financial Impact:

The proposed cost of replacement is \$64,962.29

Board or 3rd Party recommendation:

N/A

Supporting Documentation:

Quote from Comfort USA

Email PO to: TIPSP0@tips-usa.com

CC Email PO to: SERVICEDISPATCH@CSUSASC.COM

Proposal Date: July 14, 2020
 Estimated By: Zeb Mitchell
 Proposal#: 070321
 Reference: Police Department Chiller replacement

Customer:

CARISSA LIDDELL
 MAINTENANCE SUPERVISOR
 979-248-9315
 CSEIDLER@FREEPORT.TX.US

CITY OF FREEPORT
 200 W. 2ND STREET

FREEPORT TX

Service Site:

CARISSA LIDDELL
 MAINTENANCE SUPERVISOR
 979-248-9315
 CSEIDLER@FREEPORT.TX.US

CITY OF FREEPORT
 200 W 2ND STREET

FREEPORT TX

Comfort Systems USA (South Central) is pleased to submit the following price and general scope of work to be performed, (at the above-referenced site), for the Lump Sum amount of: \$ 64,962.29 excluding any applicable taxes

\$	7,399.14	Labor
\$	57,563.14	Equipment, Materials & Services

We appreciate the opportunity to provide you with our services. Upon receipt of a signed proposal, we will begin mobilizing material orders and contact you to coordinate the repairs. Price is valid for 30 days labor; equipment/material pricing subject to change based on supplier terms. Payment terms are net ten days from the invoice date, and past due after thirty days.

Best Regards,

Zeb Mitchell

Service Supervisor
 832-557-5306
 dispatch@csusasc.com
 832-590-5795

Comfort Systems USA (South Central), Inc

Customer Acceptance

Accepted By: _____
 Name: _____
 Title: _____
 Company: CITY OF FREEPORT
 Date: _____
 Purchase Order Number: _____

Accepted By: _____
 Name: Jerri Ann G Wright
 Title: Director of Service
 COMFORT SYSTEMS USA (SOUTH CENTRAL), INC
 Date: _____
www.cs-usa.com

SCOPE OF WORK: TIPS contract (#20030301)

Install new YORK YLAA M#YLAA0041HE28XCBSXTX Scroll Chiller with coated coils. See attachment for Chiller Specs.

- All piping to tie in new chiller
- Insulation for any new piping
- Tie in new electrical
- Will have Factory Startup

EXCLUSIONS:

- Anything not listed in scope of work above
- Unscheduled Over Time Labor
- Delays not caused by Comfort Systems USA (South Central), Inc

Remit To: Comfort Systems USA (South Central), Inc 9745 Bent Oak Dr., Houston, TX 77040 Service Department (832) 590-5795 / (888) 479-6017

dated 7/14/2020

(the "Purchase Order") at the project/property located at

304 W 2ND STREET

FREEPORT

77541

07032M

the ("Property"); Customer and Contractor are collectively referred to as the "Parties"

PROJECT TERMS AND CONDITIONS

The following Terms and Conditions (the "Terms and Conditions") apply to all services and/or repairs described in the Purchase Order and all other work Contractor provides to Customer at the Property (collectively, the "Services"). The Purchase Order and Terms and Conditions collectively represent the "Agreement" between the Parties with respect to the Services.

- 1 **Customer Responsibilities.** Customer shall make available to Contractor all safety information and other information necessary to perform the Services, shall permit Contractor access to areas and equipment to be serviced, and shall allow Contractor to start and stop equipment as necessary to perform the Services. Customer shall also take all reasonable actions and precautions necessary to protect Contractor and its employees in connection with the performance of the Services, including but not limited to identifying and disclosing to Contractor concealed piping, fixtures, wiring, or other equipment or conditions that might be damaged, or cause damage or otherwise affect or be affected by the performance of the Services. Customer
- 2 **Contractor Warranty.** Contractor warrants that the Services will be performed in a good and workmanlike manner and in accordance with industry standards for similar services performed in the same location as the Property. Customer agrees to notify Contractor in writing of any failure to perform within ten (10) days after the completion of the Services. If Customer fails to notify Contractor within such ten (10) day period, then to the fullest extent permitted by law, Contractor shall be deemed to have accepted the Services and to have waived all claims relating to the Services.
- 3 **Existing Systems.** Notwithstanding the Contractor warranty in Section 2, Contractor does not warrant and takes no responsibility whatsoever for the quality, performance, or condition of the existing mechanical and plumbing systems at the Property, including all related equipment, components, and piping (the "Existing Systems"). Further, Contractor does not warrant against condensate water leaks, piping blockages and/or drain blockages associated with piping installed by Contractor, and is not responsible for any damage caused by such leaks or blockages.
- 4 **Excluded Services.** Contractor's obligations under this Agreement and any subsequent purchase order or agreement does not include the identification, abatement or removal of asbestos, mold or any other toxic or hazardous substances, hazardous wastes or hazardous materials. In the event such hazardous substances, wastes and materials are encountered, Contractor shall have the right thereafter to suspend the Services until such substances, wastes or materials and the resultant hazards are removed. The time for completion of the Services shall be extended to the extent caused by the suspension and the Purchase Order price shall be equitably adjusted. As previously provided, Contractor shall be held harmless and shall not be liable for any claims, liabilities, damages, losses and expenses related to such substances, wastes and materials, including the failure to identify or notify Customer of such substances, wastes and materials.
- 5 **Limitations of Warranty.** THE EXPRESS WARRANTY IN SECTION 2 IS IN LIEU OF ALL OTHER WARRANTIES AND CONTRACTOR EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE PARTIES AGREE THAT THIS LIMITATION OF WARRANTY IS COMMERCIALY REASONABLE AND IS AN ESSENTIAL TERM OF THIS AGREEMENT. The warranty set forth in this Section 2 is contingent upon normal use of the material or equipment and completion of all preventative maintenance. Contractor does not warrant equipment or materials provided by others, including the Existing Systems.
- 6 **Limitations of Liability; No Consequential Damages.** Customer acknowledges and agrees that Customer's sole and exclusive remedy for Contractor's breach or failure to perform under this Agreement (including for any breach of the warranty in Section 2) shall be for Contractor to, at Contractor's option, (i) use reasonable efforts to correct the failure, and/or (ii) refund that portion of any payments received from Customer that correspond to such failure. Notwithstanding the foregoing, to the fullest extent permitted by law, in no event shall the total cumulative liability of Contractor in connection with the Services, whether by reason of breach of contract, tort (including without limitation negligence), warranty, or otherwise exceed the amounts paid by Customer to Contractor for the Services. Further, in no event shall Contractor have any liability for loss of profits, loss of business, indirect, incidental, consequential, special, punitive, indirect or exemplary damages, even if Contractor has been advised of the possibility of such damages.
- 7 **Payments.** Contractor will invoice Customer on a monthly basis unless other specific invoicing arrangements are detailed within the body of the Purchase Order. Customer shall promptly pay invoices within ten (10) days of receipt. Should a payment become thirty (30) days or more delinquent, Contractor may stop all work under this Agreement without notice and/or cancel this Agreement, and the Customer will be invoiced for all Services performed including costs for equipment and/or materials in production at the time of work stoppage. All past due amounts shall accrue a late charge on the balance outstanding at the lesser of (a) 1 1/2 % per month or (b) the highest rate allowed by law, and in either case compounded monthly to the extent allowed by law.
- 8 **Taxes.** Customer shall be responsible for all taxes applicable to the Services and/or materials hereunder.
- 9 **Additional Services.** Additional work or services performed by Contractor that is not specifically described in the Purchase Order shall become an extra charge over the price stated in the Purchase Order and will be billed to the Customer on a time-and-materials basis at Contractor's rates then in effect (unless otherwise agreed to by the Parties). In the event additional work is billed on a time-and-material basis, Contractor's invoiced time shall be presumed to be reasonable and necessary time to complete such additional work.
- 10 **Delays.** Contractor shall not be liable for any delay, loss, damage or detention caused by acts performed by Customer, Customer's agents and representatives, or any other third party, or caused by circumstances beyond Contractor's control including, without limitation, unavailability of machinery, equipment or materials, delay of carriers, strikes, including those by Contractor's employees, lockouts, civil or military authority, priority regulations, insurrection or riot, war, acts of terrorism, action of the elements, forces of nature, weather, or by any cause beyond Contractor's control.
- 11 **Indemnity.** To the fullest extent permitted by law, Customer shall indemnify and hold harmless Contractor, and Contractor's employees, subcontractors, suppliers, and vendors (the "Indemnified Parties"), from and against all claims, liabilities, damages, losses and expenses (including but not limited to attorneys' fees) arising out of or resulting from the performance of the Services at the Property, unless such claim, liability, damage, loss, or expense was caused solely by an act or omission of Contractor or one of the Indemnified Parties. Without limiting the preceding sentence, Customer shall indemnify and hold Contractor harmless from and against any claim, demand, or legal proceeding, relating to alleged defects or deficiencies in the Existing Systems (including without limitation alleged construction and/or design defects at the Property), unless Contractor's deficient or defective services at the Property were the sole and absolute cause of the alleged defect or deficiencies. Contractor shall also be held harmless and shall not be liable to Customer for any claims, liabilities, damages, losses and expenses related to mold or to the creation of mold at the Property and shall have no obligation to treat, identify or remove such mold. In the event Customer is required to indemnify and defend Contractor pursuant to this Section 11, Contractor shall have the right to select legal counsel and direct the defense.
- 12 **Arbitration.** This Agreement shall be governed in all respects by the laws of the State of Texas (excluding all choice of law and conflicts of law rules). Any and all claims arising out of or related to this Agreement shall be submitted to and settled by binding arbitration in Texas with the American Arbitration Association ("AAA"), by a single arbitrator (the "Arbitrator"). The Parties shall cooperate in selecting the Arbitrator. If the parties are unable to mutually agree upon the Arbitrator within ten days of service of the demand for arbitration, an Arbitrator with appropriate qualifications and experience shall be appointed by the AAA. The Arbitrator shall not have power to award damages specifically excluded under these Terms and Conditions, and each party hereby irrevocably waives any claim to such damages. The prevailing party shall be entitled to recover from the other party all reasonable fees, costs and expenses incurred in connection with the Arbitration.
- 13 **Independent Contractors.** Each of the Parties hereto is an independent contractor and neither party is, nor shall be considered to be, an agent, distributor or representative of the other. Neither party shall act or present itself, directly or indirectly, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.
- 14 **No Third Party Beneficiaries.** This Agreement is between Contractor and Customer alone, and neither intends that there be any third party beneficiaries to this Agreement. Without limiting the generality of the foregoing, by entering into this Agreement and providing services on Customer's behalf, Contractor is not assuming any duty or obligation to any of Customer's agents, employees, representatives, consultants, contractors, subcontractors, and material and equipment providers and suppliers, vendors, clients, shareholders, partners or members. Customer agrees to indemnify and hold Contractor harmless from and against any and all liabilities, losses, claims, costs, expenses and damages (including without limitation reasonable attorneys' fees) incurred by Contractor by reason of a claim brought against Contractor by any of Customer's agents, employees, representatives, consultants, contractors, subcontractors, and material and equipment providers and suppliers, vendors, clients, shareholders, partners or members.
- 15 **Miscellaneous.** This Agreement sets forth the terms for the provision of the Services and of any products or other services Contractor may provide Customer, whether in connection with the Purchase Order that is identified as the subject of this Agreement or otherwise, unless and until a subsequent written agreement is signed by an authorized representative of Contractor agreeing to different terms. This Agreement constitutes the entire, complete, and exclusive agreement of the Parties and supersedes any and all prior negotiations, agreements and understandings relating to Services. To the extent any of these Terms and Conditions are in conflict with any terms and conditions or contract terms issued by Customer, these Terms and Conditions shall control. All terms and conditions contained in any prior oral or written communication, which are different from or in addition to the Terms and Conditions are hereby rejected and shall not be binding on Contractor. All prior proposals, negotiations and representations, if any, are merged herein. These Terms and Conditions may not be added to, modified, superseded or otherwise altered except by a written modification signed by Contractor. This Agreement shall not be assignable by Customer without the express prior written consent of Contractor.

Each party agrees they have read the terms of this Agreement and have had opportunity to consult with legal counsel regarding the same. In the event any portion of these terms and conditions is held invalid or inoperative, the other portions of these terms and conditions shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope or terms of any restriction set forth herein is unreasonable, then it is the intention of the parties that such restriction or term be enforced to the fullest extent which the court deems reasonable, and these terms and conditions shall thereby be reformed.



City Council Agenda Item # 13

Title: Consideration and possible action on task authorization #13 with Freese and Nichols Engineering for the development and submission for full application to the Texas Water Development Board for Funding for Water and Wastewater projects.

Date: 08/3/2020

From: Tim Kelty, City Manager

Staff Recommendation: Staff recommends authorizing Freese and Nichols to move forward with only the TWDB application and coordination for the proposed fee of \$26,500.

Item Summary:

This action would authorize Freese and Nichols to proceed with development and submission of application for funding from the Texas Water Development Board. The City will be seeking up to \$14 million in funding from that agency in from a combination of very low (near 0%) interest loans and forgivable loans (grants) for various Water and Sewer projects.

Previously Freese and Nichols prepared preliminary application for funding at no charge to the city. As a result, the City was invited to submit a full application for funding.

The following are the projects identified up to this point that would utilize this funding.

Water and Sewer Capital Projects	2020-2022
Waste Water Treatment Plant Improvements	\$7,445,000
Waste Water Lift Station Improvements	\$1,025,850
Water System Improvements	\$1,919,000
Wastewater I&I Improvements	\$3,610,150
ESTIMATED TOTAL	\$14,000,000

Background Information:

None

Special Consideration:

Freese and Nichols has identified that as part of the application submitted for funding the city will be required to submit an approved Water Conservation and Drought Contingency plan. While Freese and Nichols provided a quote to assist the City prepare the plan, both the City Manager and Public Works Director have experience developing such plans and will perform that function in house.

Board or 3rd Party recommendation: None

Financial Impact: If successful the annual cost for the repayment of these funds was calculated in the proposed rate structure under consideration

Supporting Documentation: Freese and Nichols task authorization #13



PROFESSIONAL SERVICES AGREEMENT – ATTACHMENT A
TASK AUTHORIZATION #13

City of Freeport
City Hall
200 West 2nd Street
Freeport, TX 77541

FNI PROJECT PROJECT/PHASE/TASK
DATE: 7/23/2020

This authorization is in accordance with the terms and conditions outlined in the Extended Master Agreement executed on June 15, 2020 and expires on June 30, 2021.

Project Name: Texas Water Development Board (TWDB) State Revolving Fund (SRF) Funding Applications and Water Conservation and Drought Contingency Plan Update (WCP/DCP)

Description of Services: Services are described in Attachment B.

Deliverables: Two TWDB SRF applications; one updated WCP/DCP

Schedule: Applications expected to be ready to submit to the TWDB within three months and funding anticipated to be closed within 12 months after Notice to Proceed. WCP/DCP to be delivered no later than five months after Notice to Proceed.

Compensation shall be: A lump sum amount of Twenty Six Thousand Five Hundred Dollars (\$26,500.00) for the Applications and if required by TWDB, a lump sum amount of Thirteen Thousand Five Hundred Dollars (\$13,500.00), for a total of Forty Thousand Dollars (\$40,000).

All other provisions, terms and conditions of the Professional Services Agreement which are not expressly amended shall remain in full force and effect.

FREESE AND NICHOLS, INC.

CITY OF FREEPORT, TEXAS

BY: 

BY: _____

Mehran (Ron) Bavarian, PE
Print Name

Print Name

TITLE: Associate

TITLE: _____

DATE: 7-23-20

DATE: _____

ATTACHMENT B
City of Freeport
Texas Water Development Board Funding Applications
Task Order #13

SCOPE OF SERVICES

Project Understanding:

The City of Freeport seeks assistance to prepare, submit, and close on two Texas Water Development Board (TWDB) State Revolving Fund (SRF) financial assistance applications. If required by TWDB, FNI will update the City's Water Conservation and Drought Contingency Plan (WCP/DCP).

Assumptions:

- The City has had a financial statement audit within the last 12 months or is in the process of completing one.
- The City is up-to-date with its Water Loss Audits and Water Use Surveys, if required under TWDB rules.

ARTICLE I

TASK A: TWDB Applications and WCP/DCP

A1. Applications and WCP/DCP

FNI will assist the City and its consultants prepare, submit, and close on two SRF financial assistance applications and as part of this effort, and if required by TWDB, FNI will update the City's WCP/DCP which is a requirement of TWDB financial assistance.

To accomplish the above, FNI will:

- Participate in the required pre-application conference with the City, its consultants, and the TWDB;
- Assist the City with the Council Application Resolution, Application Affidavit, and Certificate of Secretary for inclusion in the application, if requested;
- Conduct an Application Preparation Kickoff Meeting with City staff and its consultants;
- Assist with the preparation, QA/QC, and submittal of the application, including coordination with the City and its consultants including but not limited to financial advisor, bond counsel, and engineer, as appropriate;
- Work with TWDB to ensure appropriate forms are provided and procedures are followed to secure funding;
- Respond to TWDB comments and questions during the TWDB application review;
- Provide City and its consultants with a monthly update via email during the TWDB review of the application;
- Represent City before TWDB staff and will attend the TWDB funding commitment Board meeting at the request of the City;
- Provide input and guidance during the post-application processing and funding closing and will coordinate with the City's financial advisor, bond counsel, and engineer as needed; and
- If required by TWDB, FNI will update the City's WCP/DCP per TWDB requirements for the financial assistance applications.

Summary of Meetings

1. TWDB Pre-application conference
2. TWDB Board meeting for funding commitments

Summary of Deliverables

- Two SRF financial assistance applications
- If required, updated WCP/DCP

Summary of Schedule

FNI is authorized to commence work on the Project upon execution of this Agreement and agrees to complete the services as follows:

- Applications expected to be ready to submit to the TWDB within three months and funding anticipated to be closed within 12 months after Notice to Proceed.
- If required, WCP/DCP to be delivered no later than five months after Notice to Proceed.

If FNI's services are delayed through no fault of FNI, FNI shall be entitled to adjust contract schedule consistent with the number of days of delay. These delays may include but are not limited to delays in City or regulatory reviews, Texas Water Development Board process delays, delays on the flow of information to be provided to FNI, governmental approvals, etc. These delays may result in an adjustment to compensation.

Summary of Fee

FNI shall perform the proposed scope of services based on rates set in the Master Agreement. FNI proposes to assist with the TWDB funding applications for a lump sum fee of 26,500 and if required by TWDB process and prepare an updated WCP/DCP for a lump sum fee of \$13,500. A breakdown of the fee by task is the following:

City of Freeport Texas Water Development Board Funding Applications Summary of Fee by Task	
TASK A:	
TWDB Applications & Coordination	\$26,500
Water Conservation and Drought Contingency Plan Update (If Required by TWDB)	\$13,500
Project Total	\$40,000

City of Freeport Funding Applications 7/21/2020 Detailed Cost Breakdown		Project Fee Summary	
Basic Services	\$	40,080	
Special Services	\$	-	
Total Project	\$	40,080	

Phase	Task	Basic or Special	Task Description	Labor							Total Hours	Total Labor Effort	
				Ron Buehler	Mark Evans	Kevin Garrison	Matthew Wenzon	Adam Connor	Kristina Isaac	Jared Butler			Alex Hinton
			Project Management	\$225	\$139	\$105	\$139	\$148	\$139	\$169	\$225	43	\$ 5,643
			Project Management, Admin, Invoices (assuming 12 month process)		12	10	12			4	1	7	\$ 1,059
			Project Contract Prep & Coord	1	4		2						\$ -
			Pre-Application										\$ -
			Pre-Application Conference (teleconference, agenda, minutes)		2					1		3	\$ 447
			Application										\$ -
			Update Water Conservation Plan	2				65				67	\$ 13,536
			Kick-Off Meeting with City, Engineer, Bond Council, Etc. (Virtual)	1	2	2				4	1	6	\$ 882
			Coordination of Application prep, submittal, and during TWDB application review (2 applications)		40	25						65	\$ 8,185
			Monthly Update to Team via Email (Assuming 12 months)		12	6						18	\$ 2,298
			QA/QC of Applications and WCP (2 applications)	1	12	6				2	1	24	\$ 3,296
			Attend TWDB Board Meeting (Assuming Lunch with City)		6	6						16	\$ 1,982
			Attend City with City Council Application Resolution, Application Affidavit, and Certificate of City Secretary (2 applications)	1	4					1		6	\$ 950
			Coordination with all Parties to Close Loans (2 loans)		6	6						12	\$ 1,464
			Total Hours / Quantity	6	102	65	14	65	4	13	2	291	\$ -
			Total Effort	\$ 1,380	\$ 14,178	\$ 6,825	\$ 1,946	\$ 12,410	\$ 586	\$ 2,197	\$ 450	\$ -	\$ 39,912

City of Freeport	Project Fee Summary
Funding Applications	Basic Services 40,080
7/21/2020	Special Services -
Detailed Cost Breakdown	Total Project 40,080

Phase	Task	Task Description	Tech Charge	Miles	Meals	Hotel	BAW (sheet)	Color (sheet)	Binding (each)	Lg Format - Bond - BAW (sq. ft.)	Lg Format - Glass/Mylar - BAW (sq. ft.)	Other	Total Expense Effort
	Special	Project Management Project management, Admin, invoices (assuming 12 month process) Project Contract Prep & Coord											\$ -
		Pre-Application											\$ -
		Pre-Application Conference (teleconference, agenda, minutes)											\$ -
		Application											\$ -
		Update Water Conservation Plan											\$ -
		Kick-Off Meeting with City, Engineer, Bond Council, Etc. (Virtual)											\$ -
		Coordination of Application prep, submittal, and and during TWDB application review (2 applications)											\$ -
		Monthly Updates to Team via Email (Assuming 12 months)											\$ -
		QA/QC of Applications and WCD (2 applications)		100								100	\$ 168
		Attend TWDB Board Meeting (Assuming Lunch with City)											\$ -
		Assist City with City Council Application Resolution, Application Affidavit, and Certificate of City Secretary (2 applications)											\$ -
		Coordination with all Parties to Close Loans (2 loans)											\$ -
		Total Hours / Quantity		100								100	\$ 168
		Total Effort \$		\$ 58								\$ 110	\$ 168

City of Freeport Funding Applications 7/21/2020 Detailed Cost Breakdown	Project Fee Summary
Basic Services	40,080
Special Services	-
Total Project	40,080

Phase	Task or Special	Task Description	Subconsultants										Total Sub Effort	Total Effort				
			Sub Name 1	Sub Name 2	Sub Name 3	Sub Name 4	Sub Name 5	Sub Name 6	Sub Name 7	Sub Name 8	Sub Name 9	Sub Name 10						
		Project Management Project management, Admin, Invoices (assuming 12 month process) Project Contract Prep & Coord																
		Pre-Application																
		Pre-Application Conference (reconference, agenda, minutes)																
		Application Update Water Conservation Plan																
		Kick-Off Meeting with City, Engineer, Bond Council, Etc. (Virtual) Coordination of Application prep, submittal, and during TWDB application review (2 applications)																
		Monthly Updates to Team via Email (Assuming 12 months) QABC of Applications and WCP (2 applications)																
		Attend TWDB Board Meeting (Assuming Lunch with City) Assist City with City Council Application Resolution, Application Affidavit, and Certificate of City Secretary (2 applications)																
		Coordination with all Parties to Close Loans (2 loans)																
		Total Hours / Quantity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		Total Effort	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		Total															40,080	



City Council Agenda Item # 14

Title: Consider Awarding Request for Proposals (RFP) #2005, Grant Administration, to GrantWorks, Inc.

Date: August 3, 2020

From: Stephanie Russell, Assistant City Manager/Finance Director

Staff Recommendation:

Staff recommends awarding RFQ#2005 to GrantWorks, Inc. and authorizing the City Manager to negotiate and execute a contract.

Item Summary:

Staff advertised a Request for Proposals for Grant Administration Services in The Facts newspaper on Thursday, June 4, 2020 and Thursday, June 11, 2020. Five responses were received opened and read at the Freeport City Hall located at 200 West Second Street, Freeport, Texas 77541 on Thursday, June 25, 2020, at 10:05 a.m. by City Secretary, Betty Wells. The proposals were reviewed by the Fire Chief/Emergency Management Coordinator, Director of Public Works, and Assistant City Manager/Finance Director. Based on the Evaluation Criteria, the most qualified Respondent is GrantWorks, Inc.

Background Information:

These services are being solicited to assist the City of Freeport in its application and administration of contracts, if awarded, from the CDBG – Disaster Recovery program of the General Land Office (GLO), Hazard Mitigation Grant Program (HMGP) of the Texas Division of Emergency Management (TDEM), and other funding opportunities that may arise. The City is considering applying for such funding to support Infrastructure, Housing, and other activities.

These services will include assistance through the application and grant administration process for the first round of more than \$2.3 billion for mitigation projects to protect Texas communities hit by Hurricane Harvey and severe flooding in 2015 and 2016. The Texas General Land Office (GLO) will be administering the funds allocated by the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant Mitigation (CDBG-MIT) program.

Special Considerations:

Applications for the 2020 Texas General Land Office's (GLO) Community Development Block Grant – Mitigation (CDBG-MIT) funding are due by 5:00 pm October 28, 2020.

Financial Impact:

Costs associated with grant administration vary by the grant but are generally reimbursable. The City may be responsible for application services depending on the grant.

Board or 3rd Party recommendation:

N/A

Supporting Documentation:

Rating Summary

**City of Freeport
Request for Proposals #2005
Grant Administration
Rating Summary**

Factors	Max Points	Azimuth Grants	DCMC	Grant Works	MPACT	Public Mgmt
Experience						
Related Experience / Background.	10	7.3	8.7	9.7	8.3	9.3
Financial & Business stability.	10	9.7	9.7	9.7	9.7	9.7
References from current/past clients.	10	7.3	9.0	9.7	8.3	9.3
Subtotal Public Sector Experience	30	24.3	27.3	29.0	26.3	28.3
Work Performance						
Submits work in a timely manner	5	3.3	4.3	4.3	3.3	4.3
Responds to requests in a timely manner	5	3.3	4.3	4.3	3.3	4.3
Past client projects completed on schedule	5	3.3	4.3	4.3	3.3	4.3
Work product is consistently of high quality with low level of errors	5	3.3	4.3	4.3	3.3	4.3
Past client projects have low level of monitoring findings/concerns	5	3.3	4.3	4.3	3.3	4.3
Manages projects within budgetary constraints	5	3.3	4.3	4.3	3.3	4.3
Subtotal Software Features & Capability	30	20.0	26.0	26.0	20.0	26.0
Capacity to Perform						
Qualifications of Professional Administrators / Experience of Staff	5	2.7	4.3	4.7	3.7	4.0
Present and Projected Workloads	5	3.0	3.7	4.3	3.3	4.0
Quality of Proposal/Work Plan	5	3.0	4.3	5.0	4.3	5.0
Demonstrated understanding of scope of the projects	5	3.3	4.7	4.7	4.7	4.7
Subtotal Capacity to Perform	20	12.0	17.0	18.7	16.0	17.7
Proposed Cost (Done by Finance)	20	14.0	15.0	17.4	16.8	16.8
Total Score	100	70.3	85.4	91.1	79.1	88.8



City Council Agenda Item # 15

Title: An Ordinance Of The City Of Freeport, Texas, Containing A Preamble; Amending Sections 52.15 And 52.16 Of The Code Of Ordinances Of Said City To Increase The Rates For Water And Sewer Services Furnished To Single-Family Residences And Multi-Family Residences, Industrial Facilities, Office And Other Commercial Establishments Inside The Corporate Limits Of The City For Water And Sewer And Water Only Services Furnished On Or After October 1, 2020 And For Water Furnished To Industrial Facilities, Offices And Other Commercial Establishments, Residences And Customers Located Outside The Corporate Limits Of The City On And After October 1, 2020; Containing Savings Clauses; Containing A Severance Clause; And Providing That This Ordinance Shall Take Effect And Be In Force From And After Its Passage And Adoption.

Date: August 3, 2020

From: Stephanie Russell, Assistant City Manager/Finance Director

Staff Recommendation:

Staff recommends approval of the ordinance.

Item Summary:

The proposed rate increases were recommended in the Utility Rate Study presented to Council on April 20, 2020. The increase includes tiered based fees for the Commercial customer class, based on meter equivalency standards found in American Water Works Association’s M1 manual. The overall impact is a 16 percent water and wastewater rate increase for FY2020-2021. Below is a summary of the changes to the Single-Family Residences. The full list of changes is included as an attachment from the Water and Wastewater Rate Study.

Single-Family Residences	Current Rate	Proposed Rate	Increase \$	Increase %
Sewer Rates				
0 to 2,000 gal.	\$11.00	\$12.76	\$1.76	16.0%
3,000 to 12,000 gal.	\$3.80	\$4.41	\$0.62	16.2%
Water Rates				
0 gal. to 2,000 gal.	\$12.10	\$14.04	\$1.94	16.0%
3,000 gal. to 12,000 gal.	\$4.18	\$4.85	\$0.67	16.0%
All over 12,000 gal.	\$5.50	\$6.38	\$0.88	16.0%

Background Information:

In June 2019, the City authorized Freese and Nichols, Inc. to perform a water and wastewater rate study. The purpose of the rate study was to develop a multi-year plan for rates that will provide sufficient revenue to implement needed capital improvements and allow the water and wastewater system to be self-supporting.

Freese and Nichols’ methodology for performing this study is based on accepted industry standards and practices, specifically the American Water Works Association (AWWA) Manual 1 (M1) “Principles of Water Rates, Fees, and Charges”, Seventh Edition. The study included the following steps:

- Obtain data from City needed for the rate study.
- Review and analyze the data and develop projections of the operating expenses and revenues at current rates.
- Identify the revenue requirements for the water and wastewater system using the projected operating expenses and projected capital expenses in the next few years.
- Develop a rate model for the City’s water and wastewater systems that projects the rates needed to provide sufficient annual revenue.
- Document the findings in a report.

The report describes the findings and recommendations of the water and wastewater rate study. The full study is available on the City’s website under the Water Department.

Special Considerations:

If approved, the impact on the average residential bill of 5,000 gallons would increase from \$47.04 to \$54.57 – an increase of \$7.53. Additionally, in comparison to nearby cities, this rate is still lower than Clute, Richwood, and Angleton

Financial Impact:

This ordinance will lead to an increase in water and sewer revenue next fiscal year to fund necessary improvements to the City’s water and wastewater infrastructure. Over \$17 million in infrastructure needs has been identified to-date. This proposed rate increase is the first step in funding these projects.

Water and Sewer Capital Projects	2020-2022	2023-2024+	TOTAL
Waste Water Treatment Plant Improvements	\$7,445,000		\$7,445,000
WWTP Improvements		\$911,000	\$911,000
Waste Water Lift Station Improvements	\$1,025,850		\$1,025,850
WW Lift Station Improvements		\$2,190,000	\$2,190,000
Water System Improvements	\$1,919,000		\$1,919,000
Wastewater I&I Improvements	\$3,610,150		\$3,610,150
Wastewater I&I Improvements		Unknown	
ESTIMATED TOTAL	\$14,000,000	\$3,101,000	\$17,101,000

Board or 3rd Party recommendation: N/A

Supporting Documentation:

Comparison to Nearby Cities (7.0) from Water and Wastewater Rate Study
Rate Adjustments Needed (Table 6) from Water and Wastewater Rate Study
Ordinance

ORDINANCE NO. 2020-2605

AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; AMENDING SECTIONS 52.15 AND 52.16 OF THE CODE OF ORDINANCES OF SAID CITY TO INCREASE THE RATES FOR WATER AND SEWER SERVICES FURNISHED TO SINGLE-FAMILY RESIDENCES AND MULTI-FAMILY RESIDENCES, INDUSTRIAL FACILITIES, OFFICE AND OTHER COMMERCIAL ESTABLISHMENTS INSIDE THE CORPORATE LIMITS OF THE CITY FOR WATER AND SEWER AND WATER ONLY SERVICES FURNISHED ON OR AFTER OCTOBER 1, 2020 AND FOR WATER FURNISHED TO INDUSTRIAL FACILITIES, OFFICES AND OTHER COMMERCIAL ESTABLISHMENTS, RESIDENCES AND CUSTOMERS LOCATED OUTSIDE THE CORPORATE LIMITS OF THE CITY ON AND AFTER OCTOBER 1, 2020; CONTAINING SAVINGS CLAUSES; CONTAINING A SEVERANCE CLAUSE; AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, the City of Freeport, Texas, ("the City") is a "Home Rule City" and a "Home Rule Municipality" lying and situated in Brazoria County, Texas, as described in and defined by Section 5, Article XI of the Constitution of Texas and Section 1.005 of the Local Government Code of Texas, respectively; and,

WHEREAS, Chapter 51 and 402 of the Local Government Code of Texas and Sections 2.01, 2.02, 3.07(n) and (u) of the Home Rule Charter of the City of Freeport authorize the City Council thereof to adopt the provisions of this Ordinance; and,

WHEREAS, the City Council of the City of Freeport has determined to here now declare that the adoption of this ordinance is necessary to the health, safety and general welfare of the inhabitants of said City and persons owning land therein.

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

First, Division (A) of Section 52-15 of the Code of Ordinances of the City of Freeport, Texas, is hereby amended to read as follows:

"(1) Sewer service furnished to single-family residences and multi-family residences:

0 to 2,000 gal. \$12.76 (minimum charge)

3,000 to 12,000 gal. \$4.41 per 1,000 gal.

(12,000 gallons is the maximum charge for sewer for residential)

(2) Sewer service furnished to all other customers, including but not being limited to industrial facilities, offices and other commercial establishments:

0 to 2,000 gal.

1" meter \$17.10 (minimum rate)

1 ½" meter \$21.98 (minimum rate)

2" meter \$35.42 (minimum rate)

3" meter \$134.34 (minimum rate)

4" meter \$170.98 (minimum rate)

6" meter \$256.48 (minimum rate)

8" meter \$354.18 (minimum rate)

10" meter \$452.48 (minimum rate)

3,000 to 12,000 gal. \$9.21 per 1,000 gal.

13,000 gal. and up \$12.16 per 1,000 gal.

(3) The following miscellaneous charges shall be made for the indicated purposes:

Apartment deposit \$35.00 per unit

Voluntary ambulance \$2.50 per month

Delinquency fee \$40.00"

Second, Section 52-16 of the Code of Ordinances of the City of Freeport, Texas, is hereby amended to read as follows:

"(A) The city shall furnish water service to customers within the corporate limits of the city and shall charge each customer as follows:

(1) For water furnished to single-family residences and multi-family residences:

0 gal. to 2,000 gal.	\$14.04 (minimum rate)
3,000 gal. to 12,000 gal.	\$4.85 per 1,000 gal.
All over 12,000 gal.	\$6.38 per 1,000 gal.

(2) For water furnished to all other customers, including but not being limited to industrial facilities, offices and other commercial establishments located within the city:

0 gal. to 2,000 gal.	
1" meter	\$19.75 (minimum rate)
1 ½" meter	\$25.40 (minimum rate)
2" meter	\$40.92 (minimum rate)
3" meter	\$155.22 (minimum rate)
4" meter	\$197.55 (minimum rate)
6" meter	\$296.32 (minimum rate)
8" meter	\$409.21 (minimum rate)
10" meter	\$522.77 (minimum rate)
3,000 gal. to 12,000 gal.	\$9.22 per 1,000 gal.
13,000 gal. and up	\$12.16 per 1,000 gal.

(B) The city may furnish water service to customers outside the corporate limits of the city and shall charge each customer as follows:

0 gal. to 2,000 gal.	
1" meter	\$29.63 (minimum rate)
1 ½" meter	\$38.09 (minimum rate)
2" meter	\$61.37 (minimum rate)
3" meter	\$232.78 (minimum rate)
4" meter	\$296.26 (minimum rate)
6" meter	\$444.40 (minimum rate)
8" meter	\$613.69 (minimum rate)
10" meter	\$784.01 (minimum rate)

3,000 gal. and up \$13.82 per 1,000 gal.

(C) The city shall furnish water-only service to customers inside the corporate limits of the city and shall charge each customer as follows:

0 gal. to 2,000 gal.

1" meter	\$28.21 (minimum rate)
1 ½" meter	\$36.27 (minimum rate)
2" meter	\$58.44 (minimum rate)
3" meter	\$221.66 (minimum rate)
4" meter	\$282.11 (minimum rate)
6" meter	\$423.17 (minimum rate)
8" meter	\$584.37 (minimum rate)
10" meter	\$746.56 (minimum rate)

3,000 gal. to 12,000 gal. \$9.73 per 1,000 gal.

13,000 gal. and up \$12.83 per 1,000 gal."

Third, this ordinance is cumulative of and in addition to all other ordinances of the City of Freeport, Texas, on the same subject and all ordinances are hereby expressly saved from repeal.

Fourth, where this ordinance and another ordinance conflict or overlap, this ordinance shall prevail.

Fifth, nothing contained in this ordinance shall cause any rights heretofore vested to be altered, affected or impaired in any way and all such rights may be hereafter enforced as if this ordinance had not been adopted.

Sixth, if any section or provision of this ordinance is found to be unconstitutional, void or inoperative by the final judgment

of a court of competent jurisdiction, such defective provision, if any, is hereby declared to be severable from the remaining sections and provisions of this ordinance and such remaining sections and provisions shall remain in full force and effect.

Seventh, this ordinance shall take effect and be in force after its passage and adoption.

READ, PASSED AND ADOPTED this _____ day of _____, 2020.

Brooks Bass, Mayor,
City of Freeport, Texas

ATTEST:

Betty Wells, City Secretary,
City of Freeport, Texas

APPROVED AS TO FORM ONLY:

Christopher Duncan, City Attorney,
City of Freeport, Texas



7.0 COMPARISON TO NEARBY CITIES

Table 7-1 shows the monthly cost for residential water and wastewater service for use of 5,000 gallons for Freeport and other nearby cities. The costs for water and wastewater services in other cities are based on information obtained from the cities' public websites as of November 2019.

Figure 7-1 shows the comparison of costs for 5,000 gallons of water and wastewater service for a typical residential customer. With its current rates, Freeport has the second lowest total water and wastewater cost out of eight area cities surveyed for the cost for 5,000 gallons for residential use. With the recommended rate increase of 16 percent in FY21 from Option 2, Freeport will remain second lowest out of eight area cities surveyed for the cost for 5,000 gallons. It should be remembered that these graphs are comparing Freeport's FY20 and FY21 rates to the FY19 rates of these seven area cities, and these cities may also increase their rates for the upcoming fiscal year.

Table 7-1: Residential Water and Wastewater Rate Comparison to Other Cities

City	5,000 Gallons/month		
	Water	Sewer	Total
Freeport FY20 Residential	\$24.64	\$22.40	\$47.04
Freeport FY21 Residential	\$28.58	\$25.98	\$54.57
Port Lavaca	\$34.46	\$31.37	\$65.83
Bay City	\$26.68	\$32.30	\$58.98
Angleton	\$38.28	\$23.34	\$61.62
Portland	\$35.78	\$43.98	\$79.76
Richwood*	\$37.45	\$35.45	\$72.90
Lake Jackson**	\$21.09	\$21.60	\$42.69
Clute	\$28.95	\$28.95	\$57.90

*Richwood provides discounts to seniors, firefighters and Councilmembers that aren't included in this comparison.

**Lake Jackson provides discounts to seniors that aren't included in this comparison.



Figure 7-1: Residential Water and Wastewater Rate Comparison with Other Cities, Monthly Bill (5,000 gallons)

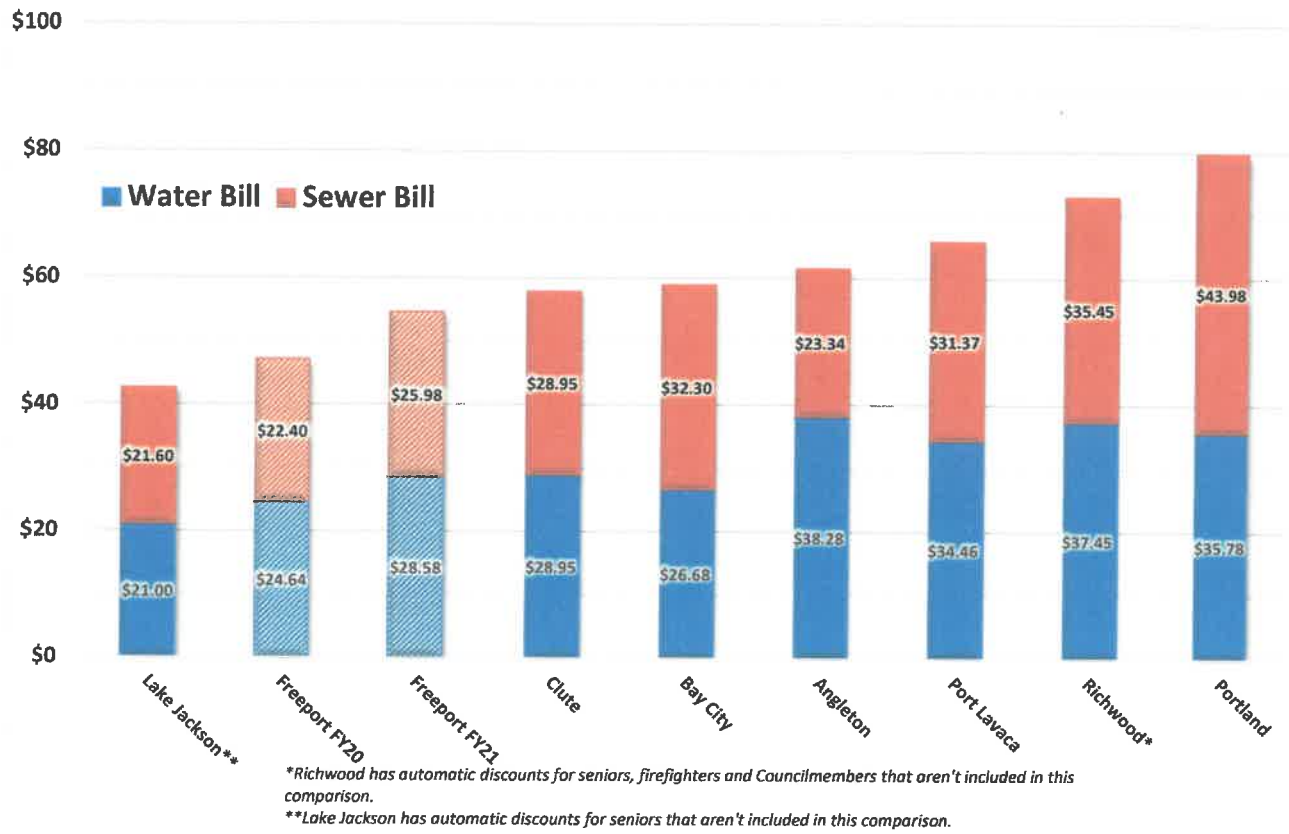




Table 6-1: Option 2 – Residential Rate Adjustments Needed

	Budgeted			Projected											
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30				
Yearly % Rate Increase implemented (From Table 5-1)		16.0%	5.0%	2.0%	1.0%	0.0%	0.0%	3.0%	3.0%	2.0%	2.0%				
Residential															
Water Monthly Fees	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30				
Volume (gallons)	Tier	Unit	Fee												
0 – 2,000	Base		\$12.10	\$14.04	\$14.74	\$15.03	\$15.19	\$15.19	\$15.64	\$16.11	\$16.43	\$16.76			
2,001 – 12,000	1	per thousand gallons	\$4.18	\$4.85	\$5.09	\$5.19	\$5.24	\$5.24	\$5.40	\$5.56	\$5.68	\$5.79			
12,001 - 999999	2	per thousand gallons	\$5.50	\$6.38	\$6.70	\$6.83	\$6.90	\$6.90	\$7.11	\$7.32	\$7.47	\$7.62			
Wastewater Monthly Fees															
Volume (gallons)	Tier	Unit	Fee												
0 – 2,000	Base		\$11.00	\$12.76	\$13.40	\$13.67	\$13.80	\$13.80	\$13.80	\$14.22	\$14.64	\$14.94	\$15.23		
2,001 – 12,000	1	per thousand gallons	\$3.80	\$4.41	\$4.63	\$4.72	\$4.77	\$4.77	\$4.91	\$5.06	\$5.16	\$5.26			
Residential Average 5,000 gallons															
			\$47.04	\$54.57	\$57.30	\$58.44	\$59.03	\$59.03	\$59.03	\$60.80	\$62.62	\$63.87	\$65.15		
Residential Peak 10,000 gallons															
			\$86.94	\$100.85	\$105.90	\$108.01	\$109.09	\$109.09	\$109.09	\$112.37	\$115.74	\$118.05	\$120.41		



Table 6-2: Option 2 – Commercial Rate Adjustments Needed

Commercial	Budgeted		Projected										
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30		
Yearly % Rate Increase Implemented (From Table 5-1)		16.0%	5.0%	2.0%	1.0%	0.0%	0.0%	3.0%	3.0%	2.0%	2.0%		
Commercial													
Water Monthly Fees													
Volume (gallons)	Tier	Unit	Fee										
0 – 2,000	Base (1" meter)		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
			\$17.03	\$19.75	\$20.74	\$21.16	\$21.37	\$21.37	\$21.37	\$22.01	\$22.67	\$23.12	\$23.59
0 – 2,000	Base (1 1/2" meter)		\$17.03	\$25.40	\$26.67	\$27.20	\$27.47	\$27.47	\$27.47	\$28.30	\$29.15	\$29.73	\$30.33
0 – 2,000	Base (2" meter)		\$17.03	\$40.92	\$42.97	\$43.83	\$44.26	\$44.26	\$44.26	\$45.59	\$46.96	\$47.90	\$48.86
0 – 2,000	Base (3" meter)		\$17.03	\$155.22	\$162.98	\$166.24	\$167.90	\$167.90	\$167.90	\$172.94	\$178.12	\$181.69	\$185.32
0 – 2,000	Base (4" meter)		\$17.03	\$197.55	\$207.43	\$211.57	\$213.69	\$213.69	\$213.69	\$220.10	\$226.70	\$231.24	\$235.86
0 – 2,000	Base (6" meter)		\$17.03	\$296.32	\$311.14	\$317.36	\$320.53	\$320.53	\$320.53	\$330.15	\$340.06	\$346.86	\$353.79
0 – 2,000	Base (8" meter)		\$17.03	\$409.21	\$429.67	\$438.26	\$442.64	\$442.64	\$442.64	\$455.92	\$469.60	\$478.99	\$488.57
0 – 2,000	Base (10" meter)		\$17.03	\$522.77	\$548.91	\$559.89	\$565.49	\$565.49	\$565.49	\$582.45	\$599.93	\$611.93	\$624.16
2,001 – 12,000	1	per thousand gallons	\$7.95	\$9.22	\$9.68	\$9.87	\$9.97	\$9.97	\$9.97	\$10.27	\$10.58	\$10.79	\$11.01
12,001 – 999999	2	per thousand gallons	\$10.48	\$12.16	\$12.77	\$13.02	\$13.15	\$13.15	\$13.15	\$13.55	\$13.95	\$14.23	\$14.52



Table 6-2: Option 2 – Commercial Rate Adjustments Needed, continued

Commercial			Budgeted		Projected												
			2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30				
Wastewater Monthly Fees																	
Volume (gallons)	Tier	Unit	Fee														
0 – 2,000	Base (1" meter)		\$14.74	\$17.10	\$17.95	\$18.31	\$18.50	\$18.50	\$18.50	\$18.50	\$19.05	\$19.62	\$20.01	\$20.41			
0 – 2,000	Base (1 ½" meter)		\$14.74	\$21.98	\$23.08	\$23.54	\$23.78	\$23.78	\$23.78	\$23.78	\$24.49	\$25.23	\$25.73	\$26.25			
0 – 2,000	Base (2" meter)		\$14.74	\$35.42	\$37.19	\$37.93	\$38.31	\$38.31	\$38.31	\$38.31	\$39.46	\$40.65	\$41.46	\$42.29			
0 – 2,000	Base (3" meter)		\$14.74	\$134.34	\$141.06	\$143.88	\$145.32	\$145.32	\$145.32	\$145.32	\$149.68	\$154.17	\$157.26	\$160.40			
0 – 2,000	Base (4" meter)		\$14.74	\$170.98	\$179.53	\$183.12	\$184.96	\$184.96	\$184.96	\$184.96	\$190.50	\$196.22	\$200.14	\$204.15			
0 – 2,000	Base (6" meter)		\$14.74	\$256.48	\$269.30	\$274.69	\$277.43	\$277.43	\$277.43	\$277.43	\$285.76	\$294.33	\$300.21	\$306.22			
0 – 2,000	Base (8" meter)		\$14.74	\$354.18	\$371.89	\$379.33	\$383.12	\$383.12	\$383.12	\$383.12	\$394.61	\$406.45	\$414.58	\$422.87			
0 – 2,000	Base (10" meter)		\$14.74	\$452.48	\$475.10	\$484.60	\$489.45	\$489.45	\$489.45	\$489.45	\$504.13	\$519.26	\$529.64	\$540.23			
2,001 – 12,000	1	per thousand gallons	\$7.94	\$9.21	\$9.67	\$9.86	\$9.96	\$9.96	\$9.96	\$9.96	\$10.26	\$10.57	\$10.78	\$11.00			
12,001 – 999999	2		\$10.48	\$12.16	\$12.76	\$13.02	\$13.15	\$13.15	\$13.15	\$13.15	\$13.54	\$13.95	\$14.23	\$14.51			
Commercial 41,384 gallons (2-inch meter)			\$663.55	\$809.30	\$849.77	\$866.76	\$875.43	\$875.43	\$875.43	\$875.43	\$901.69	\$928.74	\$947.32	\$966.26			
Commercial 2,826,833 gallons (10-inch meter)			\$59,046.57	\$69,441.42	\$72,913.49	\$74,371.76	\$75,115.48	\$75,115.48	\$75,115.48	\$75,115.48	\$77,368.94	\$79,690.01	\$81,283.81	\$82,909.49			



Table 6-3: Option 2 – Commercial (Water Only) Rate Adjustments Needed

Commercial (Water Only)	Budgeted		Projected											
			2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	
Yearly % Rate Increase Implemented (From Table 5-1)			16.0%	5.0%	2.0%	1.0%	0.0%	0.0%	3.0%	3.0%	2.0%	2.0%		
Commercial (Water Only)														
Water Monthly Fees			2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	
Volume (gallons)	Tier	Unit	Fee											
0 – 2,000	Base (1" meter)		\$24.32	\$28.21	\$29.62	\$30.21	\$30.52	\$30.52	\$30.52	\$31.43	\$32.37	\$33.02	\$33.68	
0 – 2,000	Base (1½" meter)		\$24.32	\$36.27	\$38.09	\$38.85	\$39.24	\$39.24	\$39.24	\$40.41	\$41.62	\$42.46	\$43.31	
0 – 2,000	Base (2" meter)		\$24.32	\$58.44	\$61.36	\$62.59	\$63.21	\$63.21	\$63.21	\$65.11	\$67.06	\$68.40	\$69.77	
0 – 2,000	Base (3" meter)		\$24.32	\$221.66	\$232.74	\$237.40	\$239.77	\$239.77	\$239.77	\$246.96	\$254.37	\$259.46	\$264.65	
0 – 2,000	Base (4" meter)		\$24.32	\$282.11	\$296.22	\$302.14	\$305.16	\$305.16	\$305.16	\$314.32	\$323.75	\$330.22	\$336.83	
0 – 2,000	Base (6" meter)		\$24.32	\$423.17	\$444.33	\$453.21	\$457.75	\$457.75	\$457.75	\$471.48	\$485.62	\$495.33	\$505.24	
0 – 2,000	Base (8" meter)		\$24.32	\$584.37	\$613.59	\$625.87	\$632.12	\$632.12	\$632.12	\$651.09	\$670.62	\$684.03	\$697.71	
0 – 2,000	Base (10" meter)		\$24.32	\$746.56	\$783.88	\$799.56	\$807.56	\$807.56	\$807.56	\$831.78	\$856.74	\$873.87	\$891.35	
2,001 – 12,000	1	per thousand gallons	\$8.39	\$9.73	\$10.22	\$10.42	\$10.53	\$10.53	\$10.53	\$10.84	\$11.17	\$11.39	\$11.62	
12,001 – 999,999	2	per thousand gallons	\$11.06	\$12.83	\$13.47	\$13.74	\$13.88	\$13.88	\$13.88	\$14.29	\$14.72	\$15.02	\$15.32	
Commercial (Water Only) 8,732 gallons (2-inch meter)			\$81	\$124	\$130	\$133	\$134	\$134	\$134	\$134	\$138	\$142	\$145	\$148



Table 6-4: Option 2 – Water Outside City Limits Rate Adjustments Needed

Water Outside City Limits		Projected											
		Budgeted	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	
Yearly % Rate Increase Implemented (From Table 5-1)			16.0%	5.0%	2.0%	1.0%	0.0%	0.0%	0.0%	3.0%	3.0%	2.0%	2.0%
Water Outside City Limits													
Water Monthly Fees		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	
Volume (gallons)	Tier	Fee											
	Unit												
0 – 2,000	Base (1" meter)	\$25.54	\$29.63	\$31.11	\$31.73	\$32.05	\$32.05	\$32.05	\$33.01	\$34.00	\$34.68	\$35.37	
0 – 2,000	Base (1½" meter)	\$25.54	\$38.09	\$40.00	\$40.80	\$41.20	\$41.20	\$41.20	\$42.44	\$43.71	\$44.59	\$45.48	
0 – 2,000	Base (2" meter)	\$25.54	\$61.37	\$64.44	\$65.73	\$66.38	\$66.38	\$66.38	\$68.37	\$70.43	\$71.83	\$73.27	
0 – 2,000	Base (3" meter)	\$25.54	\$732.78	\$244.42	\$249.31	\$251.80	\$251.80	\$251.80	\$259.35	\$267.13	\$272.48	\$277.93	
0 – 2,000	Base (4" meter)	\$25.54	\$296.26	\$311.08	\$317.30	\$320.47	\$320.47	\$320.47	\$330.09	\$339.99	\$346.79	\$353.72	
0 – 2,000	Base (6" meter)	\$25.54	\$444.40	\$466.62	\$475.95	\$480.71	\$480.71	\$480.71	\$495.13	\$509.98	\$520.18	\$530.59	
0 – 2,000	Base (8" meter)	\$25.54	\$613.69	\$644.37	\$657.26	\$663.83	\$663.83	\$663.83	\$683.75	\$704.26	\$718.35	\$732.71	
0 – 2,000	Base (10" meter)	\$25.54	\$784.01	\$823.21	\$839.67	\$848.07	\$848.07	\$848.07	\$873.51	\$899.71	\$917.71	\$936.06	
2,001 – 999999	1	per thousand gallons	\$11.91	\$13.82	\$14.51	\$14.80	\$14.94	\$14.94	\$14.94	\$15.39	\$15.85	\$16.17	\$16.50
Water Outside City Limits 63,333 gallons (2-inch meter)		\$756	\$909	\$954	\$973	\$983	\$983	\$983	\$983	\$1,012	\$1,043	\$1,064	\$1,085
Water Outside City Limits 696,750 gallons (8-inch meter)		\$8,300	\$10,382	\$10,902	\$11,120	\$11,231	\$11,231	\$11,231	\$11,231	\$11,568	\$11,915	\$12,153	\$12,396



City Council Agenda Item #16

Title: An Ordinance Authorizing the Issuance and Sale of the City of Freeport, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2020; Levying a Tax and Providing for the Security and Payment Thereof; and Enacting Other Provisions Relating Thereto

Date: August 3, 2020

From: Stephanie Russell, Assistant City Manager/Finance Director

Staff Recommendation:

Staff recommends approval of the ordinance.

Item Summary:

The proposed ordinance authorizes the Issuance of Tax and revenue certificates of obligation bonds for the City of Freeport.

The City of Freeport, Texas solicited an offering for sale of \$7,215,000 Combination Tax and Revenue Certificates of Obligation, Series 2020. The Certificates will be dated August 1, 2020. Interest will accrue from the date of initial delivery (expected to be August 24, 2020) and will be due on April 1, 2021, and each October 1 and April 1 thereafter until the earlier of maturity or prior redemption.

Background Information:

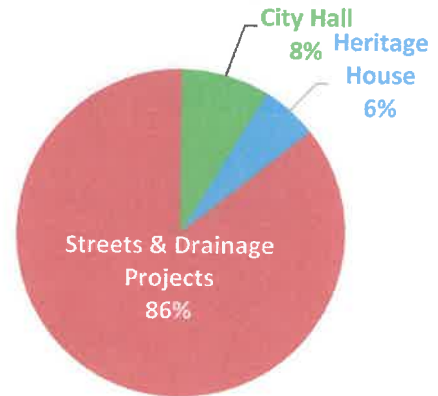
On June 1st, Council approved a Resolution Authorizing Publication of Notice of Intention to Issue Certificates of Obligation; Authorizing the Preparation of a Preliminary Official Statement and Notice of Sale. The Notice of Intent has been published twice in The Facts newspaper and posted on the City's website notifying the public of the proposed issuance and meeting date to consider authorization. On July 6, 2020, Council approved the Official Statement and Notice of Sale to proceed with the issuance.

Since then, S&P Global Ratings assigned its 'AA-' rating to the City of Freeport, Texas' \$7.215 million series 2020 combination tax and revenue certificates of obligation. Stating the outlook is stable. The rating reflects S&P's view of the city's very strong available fund balance of 55% of operating expenditures, as well as their expectation that Freeport will continue to maintain a very strong fund balance through at least adequate budgetary performance. A full copy of the rating summary has been included as an attachment.

The proposed bond includes the construction of improvements and equipment of the following:

- Streets, sidewalks and related infrastructure;
- Drainage facilities;
- City hall;
- Parks and recreational facilities (including renovations to the Heritage House); and
- the costs of related professional services.

BOND PROJECTS



The notice included a maximum aggregate principal amount not to exceed \$8,000,000 over a period not to exceed forty (40) years from the date of issuance. The actual sale amount and term may be less than the thresholds included in the notice but not more.

The City paid off its 2003 Certificate of Obligation bonds series in FY2018-2019. In order to maintain a level debt rate, the City advanced some of its debt service payments for its 2008 Certificate of Obligation bonds series this fiscal year. To continue maintaining a level debt rate in FY2020-2021, staff proposes issuing new debt. Based on our existing debt service rate, the City has the capacity to issue certificate of obligation bonds to fund at least \$7 million in capital projects. Staff proposes using the issuance primarily for Streets and Drainage Infrastructure projects with a small portion dedicated to the renovation of City Hall and Heritage House.

The list of specific Streets and Drainage Infrastructure projects will be developed through the budget process each year, however; the intent is that the projects will spread equitability amongst all Wards in the City. Below is the summary of the projects reviewed during the Strategic Planning Workshop.

Bond Projects	FY2020-2021	FY2021-2022	FY2022-2023	TOTAL
Street & Drainage projects	2,500,000	2,125,000	1,750,000	6,375,000
Velasco Pump Station Improvements	252,000			252,000
Heritage House Renovation	375,000			375,000
City Hall Renovation	675,000			675,000
Total	\$3,802,000	\$2,125,000	\$1,750,000	\$7,677,000

Special Considerations:

Please note that there are blanks in this ordinance. That is intentional. The pricing information will not be available until the day of pricing (Bids are due Monday, August 3, 2020, at 1:30 P.M., CDT). On the day of pricing we will update the ordinance with the pricing information that will be handed out during the meeting.

Financial Impact:

The City's Financial Advisors, Masterson Advisors, conducted a preliminary capacity analysis based on the City's existing debt rate (\$0.11 per 100 valuation) and annual revenue of approximately \$540,000. The sale included an offering of \$7,215,000 Combination Tax and Revenue Certificates. However; a maximum of \$8 million was included in the notice to allow the City to capitalize on dropping interest rates.

The cost of all services associated with the issuance (including Municipal Advisor and Bond Counsel) are included as part of the bond which will leave at least \$7 million for projects.

Board or 3rd Party recommendation: N/A

Supporting Documentation:

Ordinance

Ratings Direct Summary

Notice of Sale (*Full documents available on city website for transparency*)

Preliminary Official Statement (*Full documents available on city website for transparency*)

ORDINANCE NO. 2020-2606

AUTHORIZING THE
ISSUANCE OF

CITY OF FREEPORT, TEXAS
TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2020

Adopted: August 3, 2020

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.1.	Definitions	2
Section 1.2.	Findings	4
Section 1.3.	Table of Contents, Titles, and Headings.....	4
Section 1.4.	Interpretation.....	4

ARTICLE II

TAX LEVY; DEBT SERVICE FUND; PLEDGE OF REVENUES

Section 2.1.	Tax Levy	5
Section 2.2.	Debt Service Fund	5
Section 2.3.	Pledge of Revenues.....	5

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE CERTIFICATES

Section 3.1.	Authorization	6
Section 3.2.	Date, Denomination, Maturities, and Interest.....	6
Section 3.3.	Medium, Method, and Place of Payment.....	7
Section 3.4.	Execution and Registration of Certificates	8
Section 3.5.	Ownership.....	9
Section 3.6.	Registration, Transfer, and Exchange.....	9
Section 3.7.	Cancellation	10
Section 3.8.	Replacement Certificates	10
Section 3.9.	Book-Entry-Only System	11
Section 3.10.	Successor Securities Depository; Transfer Outside Book-Entry- Only System.....	12
Section 3.11.	Payments to Cede & Co.....	12

ARTICLE IV

REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 4.1.	Limitation on Redemption	12
Section 4.2.	Optional Redemption.....	13
Section 4.3.	[Mandatory Sinking Fund Redemption	13
Section 4.4.	Partial Redemption	13
Section 4.5.	Notice of Redemption to Owners	14

Section 4.6.	Payment Upon Redemption.....	14
Section 4.7.	Effect of Redemption.....	15
Section 4.8.	Lapse of Payment	15

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.1.	Appointment of Initial Paying Agent/Registrar.....	15
Section 5.2.	Qualifications.....	16
Section 5.3.	Maintaining Paying Agent/Registrar	16
Section 5.4.	Termination.....	16
Section 5.5.	Notice of Change to Owners.....	16
Section 5.6.	Agreement to Perform Duties and Functions	16
Section 5.7.	Delivery of Records to Successor.....	17

ARTICLE VI

FORM OF THE CERTIFICATES

Section 6.1.	Form Generally.....	17
Section 6.2.	Form of the Certificates	17
Section 6.3.	CUSIP Registration	23
Section 6.4.	Legal Opinion	24

ARTICLE VII

SALE AND DELIVERY OF CERTIFICATES; DEPOSIT OF PROCEEDS; OFFICIAL STATEMENT

Section 7.1.	Sale of Certificates.....	24
Section 7.2.	Deposit of Proceeds	24
Section 7.3.	Control and Delivery of Certificates.....	25
Section 7.4.	Official Statement.....	25

ARTICLE VIII

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 8.1.	Payment of the Certificates.....	25
Section 8.2.	Other Representations and Covenants	25
Section 8.3.	Provisions Concerning Federal Income Tax Matters	26

ARTICLE IX

DISCHARGE

Section 9.1.	Discharge	28
--------------	-----------------	----

ARTICLE X

CONTINUING DISCLOSURE UNDERTAKING

Section 10.1. Annual Reports28
Section 10.2. Event Notices28
Section 10.3. Limitations, Disclaimers and Amendments30

ARTICLE XI

MISCELLANEOUS

Section 11.1. Changes to Ordinance31
Section 11.2. Partial Invalidity31
Section 11.3. Repealer31
Section 11.4. Individuals Not Liable32
Section 11.5. Related Matters32
Section 11.6. Force and Effect32

ORDINANCE NO. 2020-2606

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF FREEPORT, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020; LEVYING A TAX AND PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO

THE STATE OF TEXAS §
COUNTY OF BRAZORIA §
CITY OF FREEPORT §

WHEREAS, under the provisions of Subchapter C, Chapter 271, Texas Local Government Code, as amended (the "Act"), the City of Freeport, Texas (the "City"), is authorized to issue certificates of obligation for the purposes specified in this Ordinance and for the payment of all or a portion of the contractual obligations for professional services, including that of engineers, attorneys, and financial advisors in connection therewith, and to sell the same for cash as herein provided; and

WHEREAS, the City is authorized to provide that such obligations will be payable from and secured by a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, against all taxable property within the City, in combination with a limited pledge of a subordinate lien on the Surplus Revenues (as defined herein) of the City's water and sewer system (the "System") in an amount not to exceed \$1,000 as authorized by the Act and Chapter 1502, Texas Government Code; and

WHEREAS, the City Council has found and determined that it is necessary and in the best interests of the City and its citizens that it issue such certificates of obligation authorized by this Ordinance; and

WHEREAS, pursuant to a resolution heretofore passed by this governing body, notice of intention to issue certificates of obligation of the City payable as provided in this Ordinance was published in a newspaper of general circulation in the City and posted on the City's website in accordance with the laws of the State of Texas, which notice provided that the principal amount of such certificates of obligation would not exceed \$8,000,000 and the proceeds would be used for the purpose of paying contractual obligations to be incurred for the purposes set forth in Section 3.1 hereof; and

WHEREAS, such notice provided that the City tentatively planned to consider the passage of an ordinance authorizing the issuance of the Certificates on August 3, 2020; and

WHEREAS, no petition of any kind has been filed with the City Secretary, any member of the City Council or any other official of the City, protesting the issuance of such certificates of obligation; and

WHEREAS, this City Council is now authorized and empowered to proceed with the issuance of said certificates of obligation and to sell the same for cash; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and public notice of the time, place, and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.1. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Ordinance, the following terms shall have the meanings specified below:

“Bond Counsel” means Bracewell LLP.

“Business Day” means a day that is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close.

“Certificate” or “Certificates” means the City’s certificates of obligation entitled, “City of Freeport, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2020” authorized to be issued by Section 3.1 of this Ordinance.

“City” means the City of Freeport, Texas.

“Closing Date” means the date of the initial delivery of and payment for the Certificates.

“Code” means the Internal Revenue Code of 1986, as amended, and with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulation promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Dated Date” means August 1, 2020.

“Debt Service Fund” means the debt service fund established by Section 2.2 of this Ordinance.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Ordinance, the Designated Payment/Transfer Office as designated in the Paying Agent/Registrar Agreement, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means such fiscal year as shall from time to time be set by the City Council.

“Initial Certificate” means the initial certificate authorized by Section 3.4 of this Ordinance.

“Initial Purchaser” means the initial purchaser of the Certificates identified in Section 7.1 of this Ordinance.

“Interest Payment Date” means the date or dates upon which interest on the principal of the Certificates is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being April 1 and October 1 of each year, commencing on April 1, 2021.

“Maturity” means the date on which the principal of the Certificates becomes due and payable according to the terms thereof, or by proceedings for prior redemption.

“MSRB” means the Municipal Securities Rulemaking Board.

“Ordinance” as used herein and in the Certificates means this ordinance authorizing the Certificates.

“Owner” means the person who is the registered owner of a Certificate or Certificates, as shown in the Register.

“Paying Agent/Registrar” means initially The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or any successor thereto as provided in this Ordinance.

“Paying Agent/Registrar Agreement” means the Paying Agent/Registrar Agreement between the Paying Agent/Registrar and the City relating to the Certificates.

“Record Date” means the fifteenth day of the month next preceding an Interest Payment Date.

“Register” means the bond register specified in Section 3.6(a) of this Ordinance.

“Regulations” means the applicable, proposed, temporary or final Treasury Regulations promulgated under the Code, or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Representation Letter” means the Blanket Letter of Representations between the City and DTC.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“State” means the State of Texas.

“Surplus Revenues” means the revenues available after the payment of operation and maintenance expenses of the System and the debt service payable from gross revenues or net revenues of the System, if any, as well as any other payments, costs or expenses designated in an ordinance authorizing the issuance of System revenue obligations.

“System” as used in this Ordinance means the City’s water and sewer system.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal, redemption premium, if any, or interest on the Certificates as the same becomes due and payable or money set aside for the payment of Certificates duly called for redemption prior to maturity and remaining unclaimed by the Owners of such Certificates for 90 days after the applicable payment or redemption date.

Section 1.2. Findings.

The declarations, determinations, and findings declared, made, and found in the preamble to this Ordinance are hereby adopted, restated, and made a part of the operative provisions hereof.

Section 1.3. Table of Contents, Titles, and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Any action required to be taken on a date which is not a Business Day shall be taken on the next succeeding Business Day and have the same effect as if taken on the date so required.

(c) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Ordinance.

(d) Article and section references shall mean references to articles and sections of this Ordinance unless otherwise designated.

ARTICLE II

TAX LEVY; DEBT SERVICE FUND; PLEDGE OF REVENUES

Section 2.1. Tax Levy.

(a) Pursuant to the authority granted by the Texas Constitution and the laws of the State, there shall be levied and there is hereby levied for the current year and for each succeeding year thereafter while any of the Certificates or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the City, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Certificates, being (i) the interest on the Certificates, and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% per annum (whichever amount is greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the City most recently approved in accordance with law and the money thus collected shall be deposited as collected to the Debt Service Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Debt Service Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Certificates when and as due and payable in accordance with their terms and this Ordinance and associated expenses.

Section 2.2. Debt Service Fund.

(a) The City hereby establishes a special fund or account to be designated the "City of Freeport, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2020, Debt Service Fund" (the "Debt Service Fund") with said fund to be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City.

(b) Money on deposit in, or required by this Ordinance to be deposited to, the Debt Service Fund shall be used solely for the purpose of paying the interest on and principal of the Certificates when and as due and payable and associated costs in accordance with their terms and this Ordinance.

(c) To pay debt service coming due on the Certificates prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 2.3. Pledge of Revenues.

The Surplus Revenues to be derived from the operation of the System in an amount not to exceed \$1,000 are hereby pledged to the payment of the principal of and interest on the Certificates

as the same come due; provided, however, that such pledge is and shall be junior and subordinate in all respects to the pledge of the revenues of the System to the payment of all outstanding obligations of the City and any obligation of the City, whether authorized heretofore or hereafter, that the City designates as having a pledge senior to the pledge of the Surplus Revenues to the payment of the Certificates. The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the revenues of the System, secured by a pledge of the revenues of the System that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of Surplus Revenues securing the Certificates. The revenues of the System available after the payment of all operation and maintenance expenses of the System, any debt service payable from gross revenues, net revenues, or Surplus Revenues of the System, if any, as well as other payments, costs or expenses designated in an ordinance authorizing the issuance of System revenue obligations may be used for any lawful purpose of the City.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE CERTIFICATES

Section 3.1. Authorization.

The City's "City of Freeport, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2020" are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, specifically Subchapter C, Chapter 271, Texas Local Government Code, as amended. The Certificates shall be issued in the aggregate principal amount of [\$6,655,000] for the costs associated with (i) the construction of improvements to and the equipment of city streets, sidewalks and related infrastructure; (ii) the construction of improvements to and the equipment of city drainage facilities, (iii) the construction of improvements to and the equipment of city hall; (iv) the construction of improvements to and the equipment of city parks and recreational facilities; and (v) the costs of professional services related thereto.

Section 3.2. Date, Denomination, Maturities, and Interest.

(a) The Certificates shall be dated the Dated Date. The Certificates shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof and shall be numbered separately from R-1 upward, except the Initial Certificate, which shall be numbered I-1.

(b) The Certificates shall mature on April 1 in the years and in the principal amounts set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$415,000	_____ %	2031	\$350,000	_____ %
2022	35,000	_____	2032	365,000	_____
2023	35,000	_____	2033	375,000	_____
2024	270,000	_____	2034	385,000	_____
2025	280,000	_____	2035	395,000	_____
2026	290,000	_____	2036	410,000	_____
2027	305,000	_____	2037	420,000	_____
2028	315,000	_____	2038	435,000	_____
2029	330,000	_____	2039	445,000	_____
2030	340,000	_____	2040	460,000	_____

(c) Interest shall accrue and be paid on each Certificate, respectively, until the principal amount thereof has been paid or provision for such payment has been made, from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rate per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually on each Interest Payment Date, computed on the basis of a 360-day year composed of twelve 30-day months.

Section 3.3. Medium, Method, and Place of Payment.

(a) The principal of and interest on the Certificates shall be paid in lawful money of the United States of America.

(b) Interest on the Certificates shall be paid by check dated as of the Interest Payment Date, and sent by United States mail, first class, postage prepaid, by the Paying Agent/Registrar to each Owner, as shown in the Register at the close of business on the Record Date, at the address of each such Owner as such appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements.

(c) The principal of each Certificate shall be paid to the Owner thereof on the Maturity Date or upon prior redemption upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(d) If the date for the payment of the principal of or interest on the Certificates is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in this Section.

(e) In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the special payment date of the past due interest (the "Special Payment Date"), which shall be 15 days after the Special

Record Date, shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the fifteenth day next preceding the date of mailing of such notice.

(f) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Certificates to which the Unclaimed Payments pertain. Subject to Title 6, Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Certificates thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Certificates, shall be paid to the City to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar nor any other person shall be liable or responsible to any holders of such Certificates for any further payment of such unclaimed moneys or on account of any such Certificates, subject to Title 6, Texas Property Code.

Section 3.4. Execution and Registration of Certificates.

(a) The Certificates shall be executed on behalf of the City by the Mayor or Mayor Pro Tem and the City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Certificates shall have the same effect as if each of the Certificates had been signed manually and in person by each of said officers, and such facsimile seal on the Certificates shall have the same effect as if the official seal of the City had been manually impressed upon each of the Certificates.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Certificates ceases to be such officer before the authentication of such Certificates or before the delivery thereof, such signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Certificates. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Certificate delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State, or by his duly authorized agent, which certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State and that it is a valid and binding obligation of the City, and that it has been registered by the Comptroller of Public Accounts of the State.

(d) On the Closing Date, one initial Certificate (the "Initial Certificate"), representing the entire principal amount of the Certificates, payable in stated installments to the Initial Purchaser or its designee, executed by manual or facsimile signatures of the Mayor or Mayor Pro Tem and

the City Secretary of the City, approved by the Attorney General of the State, and registered and manually signed by the Comptroller of Public Accounts of the State, will be delivered to the Initial Purchaser or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver registered definitive Certificates to DTC in accordance with Section 3.9 hereof. To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Certificates in safekeeping for DTC.

Section 3.5. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the Owner as the absolute owner of such Certificate for the purpose of making and receiving payment of the principal thereof, for the purpose of making and receiving payment of the interest thereon (subject to the provisions herein that the interest is to be paid to the person in whose name the Certificate is registered on the Record Date or Special Record Date, as applicable), and for all other purposes, whether or not such Certificate is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Certificate shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

Section 3.6. Registration, Transfer, and Exchange.

(a) So long as any Certificates remain outstanding, the City shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Certificates in accordance with this Ordinance.

(b) The ownership of a Certificate may be transferred only upon the presentation and surrender of the Certificate to the Paying Agent/Registrar at the Designated Payment/Transfer Office with such endorsement or other instrument of transfer and assignment as is acceptable to the Paying Agent/Registrar. No transfer of any Certificate shall be effective until entered in the Register.

(c) The Certificates shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Certificate or Certificates of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000, and in an aggregate principal amount equal to the unpaid principal amount of the Certificates presented for exchange.

(d) The Paying Agent/Registrar is hereby authorized to authenticate and deliver Certificates transferred or exchanged in accordance with this Section. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificate being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each Certificate delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation

of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such Certificate is delivered.

(e) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different denomination of any of the Certificates. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Certificate.

(f) Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled balance of a Certificate.

Section 3.7. Cancellation.

All Certificates paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance with this Ordinance, shall be cancelled and proper records made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of such cancelled Certificates in the manner required by the Securities Exchange Act of 1934, as amended.

Section 3.8. Replacement Certificates.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Certificate, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Certificate to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Certificate is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Certificate has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction, or theft of such Certificate;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar to save it and the City harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar, and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Certificate, a bona fide purchaser of the original Certificate in lieu of which such replacement Certificate was issued presents for payment such original Certificate, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Certificate from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the City or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed, or wrongfully taken Certificate has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Certificate, may pay such Certificate when it becomes due and payable.

(e) Each replacement Certificate delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such replacement Certificate is delivered.

Section 3.9. Book-Entry-Only System.

(a) The definitive Certificates shall be initially issued in the form of a separate single fully registered Certificate for each maturity. Upon initial issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.10 hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute Owner of such Certificate for the purpose of payment of principal of, premium, if any, and interest on the Certificates, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Certificates only to or upon the order of the respective Owners, as shown

in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(c) The Representation Letter previously executed and delivered by the City, and applicable to the City's obligations delivered in book entry only form to DTC as securities depository, is hereby ratified and approved for the Certificates.

Section 3.10. Successor Securities Depository; Transfer Outside Book-Entry-Only System.

In the event that the City determines that it is in the best interest of the City and the beneficial owners of the Certificates that they be able to obtain certificated Certificates, or in the event DTC discontinues the services described herein, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Certificates and cause the Paying Agent/Registrar to transfer one or more separate registered Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

Section 3.11. Payments to Cede & Co.

Notwithstanding any other provision of this Ordinance to the contrary, so long as the Certificates are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Certificates, and all notices with respect to such Certificates shall be made and given, respectively, in the manner provided in the Representation Letter of the City to DTC.

ARTICLE IV

REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Certificates shall be subject to redemption before scheduled maturity only as provided in this Article IV.

Section 4.2. Optional Redemption.

(a) The City has reserved the right to redeem at its option the Certificates maturing on and after April 1, 20[], in whole or from time to time in part, before their respective scheduled maturity dates, on April 1, 20[], or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

(b) The City, at least 45 days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption and of the principal amount of Certificates to be redeemed.

Section 4.3. Mandatory Sinking Fund Redemption.

(a) The Certificates designated as "Term Certificates" in the form of Certificate contained in Section 6.2(a) ("Term Certificates"), are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Debt Service Fund, on the dates and in the respective principal amounts as set forth in the form of Certificate contained in Section 6.2(a).

(b) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Certificates equal to the aggregate principal amount of such Term Certificates to be redeemed, shall call such Term Certificates for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.5.

(c) The principal amount of the Term Certificates required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.3 shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.]

Section 4.4. Partial Redemption.

(a) If less than all of the Certificates are to be redeemed pursuant to Section 4.2 hereof, the City shall determine the maturity or maturities (or mandatory sinking fund payment with respect to the Term Certificates) and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot, or other customary method that results in random selection, the Certificates, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(b) A portion of a single Certificate of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Certificate is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Certificate as though it were a single Certificate for purposes of selection for redemption.

(c) Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.6 of this Ordinance, shall authenticate and deliver an exchange Certificate or Certificates in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered, such exchange being without charge.

(d) The Paying Agent/Registrar shall promptly notify the City in writing of the principal amount to be redeemed of any Certificate as to which only a portion thereof is to be redeemed.

Section 4.5. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Certificates by sending notice by United States mail, first class postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Certificate (or part thereof) to be redeemed, at the address shown on the Register at the close of business on the Business Day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Certificates are to be surrendered for payment, and if less than all Certificates outstanding are to be redeemed and subject to Section 4.4 hereof, an identification of the Certificates or portions thereof to be redeemed.

(c) The City reserves the right to give notice of its election or direction to redeem Certificates under Section 4.2 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to conditional redemption where redemption has been rescinded shall remain outstanding and the rescission of such redemption shall not constitute an event of default. Further, in case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in whole or in part on or before the redemption date shall not constitute an event of default.

(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Section 4.6. Payment Upon Redemption.

(a) Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Certificates to be redeemed on such date by setting aside and holding in trust such amounts as are received by the Paying

Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Certificates being redeemed.

(b) Upon presentation and surrender of any Certificate called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Certificate to the date of redemption from the money set aside for such purpose.

Section 4.7. Effect of Redemption.

(a) When Certificates have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Certificates or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Certificate or portion thereof called for redemption shall terminate on the date fixed for redemption. If the City shall fail to make provision for payment of all sums due on a redemption date, then any Certificate or portion thereof called for redemption shall continue to bear interest at the rate stated on the Certificate until due provision is made for the payment of same.

(b) If the City shall fail to make provision for payment of all sums due on a redemption date, then any Certificate or portion thereof called for redemption shall continue to bear interest at the rate stated on the Certificate until due provision is made for the payment of same by the City.

Section 4.8. Lapse of Payment. Money set aside for the redemption of the Certificates and remaining unclaimed by the Owners thereof shall be subject to the provisions of Section 3.3(f) hereof.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.1. Appointment of Initial Paying Agent/Registrar.

(a) The City hereby appoints The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as its initial registrar and transfer agent (the "Paying Agent/Registrar") to keep such books or records and make such transfers and registrations under such reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Certificate to which payments with respect to the Certificates shall be mailed, as provided herein. The City or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Register confidential and, unless otherwise required by law, shall not permit its inspection by any other entity.

(b) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Certificates, and of all conversions, exchanges and replacements of such Certificates, as provided in this Ordinance.

(c) The form of Paying Agent/Registrar Agreement is hereby approved. The City hereby approves and the Mayor or Mayor Pro Tem and the City Secretary are hereby authorized to execute and deliver a Paying Agent/Registrar Agreement, specifying the duties and responsibilities of the City and the Paying Agent/Registrar.

Section 5.2. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Certificates.

Section 5.3. Maintaining Paying Agent/Registrar.

(a) At all times while any Certificates are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.2 of this Ordinance.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Certificates.

Section 5.4. Termination.

The City reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated (i) 45 days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided, that, no such termination shall be effective until a successor Paying Agent/Registrar has assumed the duties of Paying Agent/Registrar for the Certificates.

Section 5.5. Notice of Change to Owners.

Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by United States mail, first class, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.6. Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and

functions of Paying Agent/Registrar prescribed hereby and under the Paying Agent/Registrar Agreement.

Section 5.7. Delivery of Records to Successor.

If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Certificates to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE CERTIFICATES

Section 6.1. Form Generally.

(a) The Certificates, including the Registration Certificate of the Comptroller of Public Accounts of the State, the Certificate of the Paying Agent/Registrar, the Assignment form and the Statement of Insurance, if any, to appear on each of the Certificates, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Certificates, as evidenced by their execution thereof.

(b) Any portion of the text of any Certificates may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Certificates.

(c) The definitive Certificates, if any, shall be typewritten, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Certificates, as evidenced by their execution thereof.

(d) The Initial Certificate submitted to the Attorney General of the State may be typewritten and photocopied or otherwise reproduced.

Section 6.2. Form of the Certificates.

The form of the Certificates, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Certificates, shall be substantially as follows:

(a) Form of Certificate.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF BRAZORIA

CITY OF FREEPORT, TEXAS
TAX AND REVENUE CERTIFICATE OF OBLIGATION
SERIES 2020

INTEREST RATE: MATURITY DATE: CLOSING DATE: CUSIP NUMBER:
_____ % April 1, 20__ August 24, 2020 _____

The City of Freeport (the "City"), in the County of Brazoria, State of Texas, for value received, hereby promises to pay to

or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

and to pay interest on such principal amount from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on April 1 and October 1 of each year, commencing on April 1, 2021.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the corporate trust office The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or such other location designated by the Paying Agent/Registrar (the "Designated Payment/Transfer Office"), of the Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Certificate is payable by check dated as of the interest payment date, and will be mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner; provided, however, such registered owner shall bear all risk and expenses of such customary banking arrangement. For the purpose of the payment of interest on this Certificate, the registered owner shall be the person in whose name this Certificate is registered at the close of business on the "Record Date," which shall be the fifteenth day of the month next preceding such interest payment date. In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest

payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the special payment date of the past due interest (the "Special Payment Date," which date shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Certificate is not a Business Day, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday, or day on which banking institutions in the State of Texas or the city in which the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are generally authorized or obligated by law or executive order to close (a "Business Day"), and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Certificate is dated August 1, 2020 and is one of a series of fully registered certificates specified in the title hereof issued in the aggregate principal amount of [\$6,655,000] (herein referred to as the "Certificates"), issued pursuant to a certain ordinance of the City (the "Ordinance") for the costs associated with the construction of improvements to and the equipment of city streets, sidewalks and related infrastructure; the construction of improvements to and the equipment of city drainage facilities, the construction of improvements to and the equipment of city hall; the construction of improvements to and the equipment of city parks and recreational facilities; the costs of professional services related thereto; and the costs of issuing the Certificates.

The City has reserved the right to redeem the Certificates maturing on and after April 1, 20[], in whole or from time to time in part, before their respective scheduled maturity dates, on April 1, 20[], or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity and in such principal amounts, for redemption.

[Certificates maturing on April 1, 20__ (the "Term Certificates") are subject to mandatory sinking fund redemption prior to their scheduled maturity, and will be redeemed by the City, in part at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

<u>\$ Term Certificates Maturing April 1, 20__</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 20__	\$ _____
April 1, 20__ (maturity)	\$ _____

The Paying Agent/Registrar will select by lot or by any other customary method that results in a random selection the specific Term Certificates (or with respect to Term Certificates having a

denomination in excess of \$5,000, each \$5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Certificates required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owners of the Certificates to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

The City reserves the right to give notice of its election or direction to redeem Certificates pursuant to an optional redemption conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to conditional redemption and such redemption has been rescinded shall remain outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the Certificates called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Certificate or portion thereof has not been surrendered for payment, interest on such Certificates or portions thereof shall cease to accrue.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Certificate is transferable upon surrender of this Certificate for transfer at the designated office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Certificates of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Certificate is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Certificate is registered on the Record Date) and for all other purposes, whether or not this Certificate be overdue, and neither the City nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Certificate have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes, within the limits prescribed by law, sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the City.

IT IS FURTHER certified, recited and represented that the Surplus Revenues (as defined in the Ordinance) of the City's water and sewer system are pledged to the payment of the principal of and interest on the Certificates in an amount not to exceed \$1,000; provided, however, that such pledge is junior and subordinate in all respects to the pledge of the revenues of the System to the payment of all outstanding obligations of the City and any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of the Surplus Revenues to the payment of the Certificates. The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the revenues of the System, secured by a pledge of the revenues of the System that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of the Surplus Revenues securing the Certificates.

IN WITNESS WHEREOF, the City has caused this Certificate to be executed by the manual or facsimile signature of the Mayor or Mayor Pro Tem of the City and countersigned by the manual or facsimile signature of the City Secretary, and the official seal of the City has been duly impressed or placed in facsimile on this Certificate.

City Secretary
City of Freeport, Texas

Mayor [Pro Tem]¹
City of Freeport, Texas

[SEAL]

¹ Delete if the Mayor executes the Initial Certificate

(b) Form of Comptroller's Registration Certificate.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
THE STATE OF TEXAS §

I HEREBY CERTIFY THAT this Certificate has been examined, certified as to validity, and approved by the Attorney General of the State of Texas and that this Certificate has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

[SEAL]

Comptroller of Public Accounts
of the State of Texas

(c) Form of Certificate of Paying Agent/Registrar.

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Certificate if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Certificate of this series of certificates of obligation was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Certificates referred to in the within-mentioned Ordinance.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and zip code of transferee): _____

(Social Security or other identifying number: _____) the within Certificate and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Certificate on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(e) The Initial Certificate shall be in the form set forth in paragraphs (a), (b) and (d) of this Section, except for the following alterations:

(i) immediately under the name of the Certificate the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below" and "CUSIP NUMBER _____" deleted; and

(ii) in the first paragraph of the Certificate, the words "on the Maturity Date specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on April 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:"

(Information to be inserted from schedule in Section 3.2 of the Ordinance)

(iii) the Initial Certificate shall be numbered I-1.

Section 6.3. CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, or

another entity that provides securities identification numbers for municipal securities, and may print such numbers on the face of the Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Certificates or any errors or omissions in the printing of such number shall be of no significance or effect in regard to the legality thereof and neither the City nor Bond Counsel to the City are to be held responsible for CUSIP numbers incorrectly printed on the Certificates.

Section 6.4. Legal Opinion.

The approving legal opinion of Bond Counsel may be attached to or printed on the reverse side of each Certificate over the certification of the City Secretary of the City, which may be executed in facsimile.

ARTICLE VII

SALE AND DELIVERY OF CERTIFICATES; DEPOSIT OF PROCEEDS; OFFICIAL STATEMENT

Section 7.1. Sale of Certificates.

(a) The sale and delivery of the Certificates, having been duly advertised and offered for sale at competitive bid, are hereby sold and awarded to [] (the "Initial Purchaser") for a purchase price equal to the principal amount thereof plus a cash premium of [\$], being the bid which produced the lowest true interest cost, subject to the approving opinion as to the legality of the Certificates of the Attorney General of the Texas and the opinion of Bond Counsel. The Initial Certificate shall be registered in the name of the Initial Purchaser or its designee. The Mayor or Mayor Pro Tem and all other officers, agents and representatives of the City are hereby authorized to do any and all things necessary or desirable to satisfy the conditions to and to provide for the issuance and delivery of the Certificates.

Section 7.2. Deposit of Proceeds.

Proceeds from the sale of the Certificates shall, promptly upon receipt by the City, be applied as follows:

(a) The amount of [\$], consisting of [\$] principal amount of Certificates proceeds plus premium received from the sale of the Certificates in the amount of [\$], shall be used for the purposes set forth in Section 3.1.

(b) Premium received from the sale of the Certificates in the amount of [\$] shall be used to pay the costs of issuance.

(c) [Any amounts remaining after accomplishing such purposes and paying costs of issuance shall be deposited to the Debt Service Fund / Any amounts remaining after accomplishing such purposes and paying costs of issuance shall be used for the purposes described in subsection (a) above and to the extent not necessary for such purposes, shall be deposited to the Debt Service Fund.]

Section 7.3. Control and Delivery of Certificates.

(a) The Mayor or Mayor Pro Tem of the City is hereby authorized to have control of the Initial Certificate and all necessary records and proceedings pertaining thereto pending investigation, examination, and approval of the Attorney General of the State, registration by the Comptroller of Public Accounts of the State and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Certificates shall be made to the Initial Purchaser under and subject to the general supervision and direction of the Mayor or Mayor Pro Tem, against receipt by the City of all amounts due to the City under the terms of sale.

(c) All officers of the City are authorized to execute such documents, certificates and receipts and to make such elections with respect to the tax-exempt status of the Certificates, as they may deem necessary to consummate the delivery of the Certificates.

Section 7.4. Official Statement.

The form and substance of the Preliminary Official Statement and any addenda, supplement or amendment thereto, is hereby ratified and approved, and has been deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of the Rule. The City hereby authorizes and approves the preparation of a final Official Statement to add the terms of the Initial Purchaser's bid and other relevant information. The use of such final Official Statement in the reoffering of the Certificates by the Initial Purchaser is hereby approved and authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Certificates.

ARTICLE VIII

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 8.1. Payment of the Certificates.

On or before each Interest Payment Date while any of the Certificates are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Debt Service Fund, money sufficient to pay such interest on and principal of, redemption premium, if any, and interest on the Certificates as will accrue or mature on the applicable Interest Payment Date or date of prior redemption.

Section 8.2. Other Representations and Covenants.

(a) The City will faithfully perform, at all times, any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in each Certificate; the City will promptly pay or cause to be paid the principal of, redemption premium, if any, and interest on each Certificate on the dates and at the places and manner prescribed in such Certificate; and the City

will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The City is duly authorized under the laws of the State to issue the Certificates; all action on its part for the creation and issuance of the Certificates has been duly and effectively taken; and the Certificates in the hands of the Owners thereof are and will be valid and enforceable obligations of the City in accordance with their terms.

Section 8.3. Provisions Concerning Federal Income Tax Matters.

(a) General. The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Certificates to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the City in connection with the Certificates.

(b) No Private Activity Bonds. The City covenants that it will use the proceeds of the Certificates (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Certificates will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Certificates to be a “private activity bond” unless it takes a remedial action permitted by section 1.141-12 of the Regulations.

(c) No Federal Guarantee. The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Certificates to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The City covenants not to take any action or omit to take action that, if taken or omitted, would cause the Certificates to be “hedge bonds” within the meaning of section 149(g) of the Code.

(e) No Arbitrage Bonds. The City covenants that it will make such use of the proceeds of the Certificates (including investment income) and regulate the investment of such proceeds of the Certificates so that the Certificates will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

(f) Required Rebate. The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds of the Certificates, be rebated to the United States.

(g) Information Reporting. The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Certificates in accordance with section 149(e) of the Code.

(h) Record Retention. The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Certificates and the use of the

property financed, directly or indirectly, thereby until three years after the last Certificate is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

(i) Registration. If the Certificates are “registration-required bonds” under section 149(a)(2) of the Code, the Certificates will be issued in registered form.

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Certificates from gross income for federal income tax purposes.

(k) Continuing Compliance. Notwithstanding any other provision of this Ordinance, the City’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Certificates for as long as such matters are relevant to the excludability of interest on the Certificates from gross income for federal income tax purposes.

(l) Official Intent. For purposes of section 1.150-2(d) of the Regulations, to the extent that an official intent to reimburse has not previously been adopted by the City, this Ordinance serves as the City’s official declaration of intent to use proceeds of the Certificates to reimburse itself from proceeds of the Certificates issued in the maximum amount for certain expenditures paid in connection with the projects set forth herein. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than 60 days prior to the date hereof and (ii) not later than 18 months after the later of (A) the date the original expenditure is paid or (B) the date of with the project to which such expenditure relates is placed in service or abandoned, but in to event more than three years after the original expenditure is paid.

(k) Qualified Tax-Exempt Obligations. The City hereby designates the Certificates as “qualified tax-exempt obligations” for purposes of section 265(b) of the Code. In connection therewith, the City represents that (a) the aggregate amount of tax-exempt obligations issued by the City during calendar year 2020, including the Certificates, that have been designated as “qualified tax-exempt obligations” under section 265(b)(3) of the Code does not exceed \$10,000,000, and (b) the reasonably anticipated amount of tax-exempt obligations which will be issued by the City during calendar year 2020, including the Certificates, will not exceed \$10,000,000. For purposes of this Section, the term “tax-exempt obligation” does not include (i) “private activity bonds” within the meaning of section 141 of the Code, other than “qualified 501(c)(3) bonds” within the meaning of section 145 of the Code or (ii) obligations issued to currently refund any obligation to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation. In addition, for purposes of this Section, the City includes all entities which are aggregated with the City under the Code.

ARTICLE IX

DISCHARGE

Section 9.1. Discharge.

The Certificates may be defeased, discharged or refunded in any manner now or hereafter permitted by applicable law.

ARTICLE X

CONTINUING DISCLOSURE UNDERTAKING

Section 10.1. Annual Reports.

(a) The offering of the Certificates qualifies for the section 15c2-12(d)(2) exemption from the Rule. Pursuant to such exemption, the City will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB. The information to be updated includes financial information and operating data with respect to the City that is customarily prepared by the City and is publicly available, as described in APPENDIX B of the Official Statement. The City will update and provide this information within six (6) months of the end of each Fiscal Year of the City ending in or after 2020. Financial statements so to be provided shall be prepared in accordance with the accounting principles described in the notes to the financial statements for the most recently concluded Fiscal Year, and, audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, the City shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for such Fiscal Year to the MSRB. Thereafter, when and if audited financial statements become available, the City shall provide such audited financial statements as required to the MSRB. The financial information or operating data shall be provided in an electronic format as prescribed by the MSRB.

(b) If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

Section 10.2. Event Notices.

(a) The City shall provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Certificates:

- (1) Principal and interest payment delinquencies;

- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of the holders of the Certificates, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;

Note to paragraph 12: For the purposes of the event identified in paragraph 12 of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material;

- (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Note to paragraphs (15) and (16): For purposes of the events identified in paragraphs (15) and (16) of this section and in the definition of Financial Obligation in Section 1.1, the City intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 10.3. Limitations, Disclaimers and Amendments.

(a) The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice of any redemption calls and any defeasances that cause the City to be no longer an “obligated person.”

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Certificates, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the City in observing or performing its obligations under this Article shall constitute a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(e) The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (B) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Certificates. The provisions of this Article may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent the underwriter of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 10.1 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Changes to Ordinance.

Bond Counsel is hereby authorized to make any changes to the terms of this Ordinance if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Certificates by the Attorney General of the State.

Section 11.2. Partial Invalidity.

If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 11.3. Repealer.

All ordinances or resolutions, or parts thereof, heretofore adopted by the City and inconsistent with the provisions of this Ordinance are hereby repealed to the extent of such conflict.

Section 11.4. Individuals Not Liable.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member of City Council or agent or employee of City Council or of the City in his or her individual capacity and neither the members of City Council nor any officer thereof, nor any agent or employee of City Council or of the City, shall be liable personally on the Certificates, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 11.5. Related Matters.

To satisfy in a timely manner all of the City's obligations under this Ordinance, the Mayor or Mayor Pro Tem, the City Secretary and all other appropriate officers and agents of the City are hereby authorized and directed to do any and all things necessary and/or convenient in order to consummate the delivery of the Certificates, pay the costs of issuance on the Certificates, and effectuate the terms and purposes of this Ordinance.

Section 11.6. Force and Effect.

This Ordinance shall be in full force and effect from and after its final passage, and it is so ordained.

[Signature Page Follows]

PASSED, APPROVED AND EFFECTIVE this 3rd day of August, 2020.

City Secretary
City of Freeport, Texas

Mayor
City of Freeport, Texas

[SEAL]

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF BRAZORIA §

I, the undersigned officer of the City Council of the City of Freeport, Texas, hereby certify as follows:

1. The City Council of the City of Freeport, Texas, convened in a regular meeting on the 3rd day of August, 2020, at the regular meeting place thereof, within said City, and the roll was called of the duly constituted officers and members of said City Council, to wit:

Brooks Bass	Mayor
Ken Green	Councilmember, Ward A
Jerry Cain	Councilmember, Ward B
Sandra Loeza	Councilmember, Ward C
Roy Yates	Councilmember, Ward D

and all of said persons were present, except the following absentee(s): _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF FREEPORT, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020; LEVYING A TAX AND PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO

was duly introduced for the consideration of said City Council. It was then duly moved and seconded that said ordinance be adopted; and, after due discussion, said motion, carrying with it the adoption of said ordinance, prevailed and carried by the following vote:

_____ Member(s) shown present voted "Aye."

_____ Member(s) shown present voted "No."

_____ Member(s) shown present abstained from voting.

2. A true, full and correct copy of the aforesaid ordinance adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said ordinance has been duly recorded in said City Council's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said meeting pertaining to the adoption of said ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; that each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said ordinance would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED this 3rd day of August, 2020.

City Secretary
City of Freeport, Texas

[SEAL]

RatingsDirect®

Summary:

Freeport, Texas; General Obligation

Primary Credit Analyst:

Calix Sholander, Centennial + 1 (303) 721 4255; calix.sholander@spglobal.com

Secondary Contact:

Bobbi Gajwani, Chicago (1) 312-233-7001; bobbi.gajwani@spglobal.com

Table Of Contents

Rating Action

Stable Outlook

Credit Opinion

Related Research

Summary:

Freeport, Texas; General Obligation

Credit Profile

US\$7.215 mil comb tax and rev certs of oblig ser 2020 dtd 04/01/2020 due 04/01/2040

Long Term Rating

AA-/Stable

New

Rating Action

S&P Global Ratings assigned its 'AA-' rating to the City of Freeport, Texas' \$7.215 million series 2020 combination tax and revenue certificates of obligation. The outlook is stable.

The certificates are secured by, and payable from, an annual ad valorem tax, within the limits prescribed by law, on all taxable property within Freeport, and additionally secured by a limited pledge of surplus net revenues, on a subordinate basis, from the city's waterworks and sewer system, not to exceed \$1,000. Given the limited revenue pledge, we rate the certificates based on the city's ad valorem pledge. The maximum allowable ad valorem tax rate in Texas is \$2.50 per \$100 of assessed value (AV) for all purposes, with the portion dedicated to debt service limited to \$1.50. The city's total tax rate is well below the maximum, at 62.8 cents, 11 cents of which are dedicated to debt service. The ad valorem taxes are not levied on a narrower or distinctly different tax base, and there are no limitations on the fungibility of resources available for the payment of debt service. Therefore, we view the limited-tax pledge to be on par with the issuer credit rating, which reflects the city's general creditworthiness. Proceeds from the certificates will fund various capital projects. After this issuance, Freeport will have approximately \$8.1 million of net direct debt outstanding.

Credit overview

The rating reflects our view of the city's very strong available fund balance of 55% of operating expenditures, as well as our expectation that Freeport will continue to maintain a very strong fund balance through at least adequate budgetary performance. We therefore believe the city should have sufficient reserves and liquidity to withstand a short-term decline in revenue brought on by the recession and the COVID-19 pandemic (see "The U.S. Faces A Longer And Slower Climb From The Bottom," published June 25, 2020, on RatingsDirect). The city's tax base has experienced strong growth over the past three years; averaging 7.9% annual growth, with preliminary assessed values (AV) indicating a further 10% increase, in fiscal 2021. Freeport also benefits, in our opinion, from consistent contract revenue (its largest revenue source) from the three industrial development agreements (IDA) it has signed. Given the above, we do not expect to change the rating during the outlook period; however, with the current uncertainty about the recession and COVID-19 pandemic, our view is centered on the more immediate budget effects over the next six-to-12 months.

The rating also reflects our view of the city's:

- Weak economy, with market value per capita of \$40,623 and projected per capita effective buying income at 65.3%, but that is benefitting from access to a broad and diverse metropolitan statistical area (MSA);

- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2019;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2019 of 55% of operating expenditures;
- Very strong liquidity, with total government available cash at 55.8% of total governmental fund expenditures and 4.4x governmental debt service;
- Adequate debt and contingent liability profile, with debt service carrying charges at 12.5% of expenditures and net direct debt that is 44.9% of total governmental fund revenue; and
- Strong institutional framework score.

Environmental, social, and governance factors

Our rating action incorporates our view about the health and safety risks posed by the COVID-19 pandemic. Absent the implications of the pandemic, we consider Freeport's social risks to be in line with those of the sector. We also view governance risks as in line with our view of the sector. However, we view the city's environmental risks slightly higher than that of other credits further inland in Texas, due to the risk of a major storm event. However, this risk is somewhat mitigated, in our view, by the city's levee and flood gate system, zoning requirements for special flood prone areas, and Freeport's adoption of a hazard mitigation plan.

Stable Outlook

Downside scenario

Stability of the rating will depend on management's ability to adjust to potential budgetary pressures brought about by economic disruptions from the pandemic. Therefore, if budgetary pressures are more severe than expected, leading to a significant decline in the city's available fund balance, we could consider lowering the rating.

Upside scenario

Although unlikely within the next two years, we could raise the rating if the city's wealth and income levels improve to levels more in line with those of higher-rated peers.

Credit Opinion

Weak economy

We consider Freeport's economy weak. The city, with an estimated population of 12,391, is located in Brazoria County in the Houston-The Woodlands-Sugar Land MSA, which we consider to be broad and diverse. The city has a projected per capita effective buying income of 65.2% of the national level and per capita AV of \$40,623. Overall, the city's AV grew by 7.7% over the past year to \$503.4 million in 2020, and has increased by 32% over the past five years.

The city is home to Port Freeport, which the city notes, in its fiscal 2020 budget, ranks 26th among U.S. ports in international cargo handled. The port is currently undergoing a major improvement project to widen and deepen the

Freeport Harbor Channel. On completion, the channel will be the deepest in Texas, making the port accessible to a wider range of ships. In addition, Freeport has entered into three IDAs. Revenue from these IDAs, which are spread across 24 industrial companies, are the city's largest revenue source, followed by property taxes.

Freeport's top employers include:

- The Dow Chemical Co., with 3,508 employees;
- Olin Corp. (chemicals), with 1,280 employees; and
- Fluor Corp. (construction), with 970 employees.

City officials state that most of the major businesses in Freeport are considered essential and have remained open through the various stay-at-home and social distancing measures implemented during the pandemic. For fiscal 2021, city officials state preliminary values show a 10% increase in taxable AV. While we do not expect to change our view of the city's economy over the outlook period, we will continue monitor the effects of the pandemic and recession, particularly as they relate to Freeport's industrial base.

Strong management

We view the city's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Highlights include:

- Revenue and expenditure assumptions based on historical data, Consumer Price Index, contractual agreements, and impacts from new developments;
- Budget-to-actual reports provided to the council monthly, as well as quarterly reports on the city's investment holdings and earnings;
- An adopted investment management policy that adheres to state guidelines;
- An adopted debt management policy that while mostly qualitative states the city will look at debt affordability metrics before issuing additional debt; and
- A formal policy to maintain an undesignated general fund balance of at least 25% of budgeted expenditures. If the fund balance falls below 25%, the city must at minimum increase the fund balance by 1% annually until it returns to 25%.

The city is currently working on developing long-term financial and capital plans. In the fiscal 2020 budget, city council adopted the development of both plans as part of its financial management goals. Our assessment of Freeport's financial management policies and practices could improve if the city develops and integrates those plans into its budgeting processes.

Adequate budgetary performance

Freeport's budgetary performance is adequate in our opinion. While the city exhibited strong budgetary performance, in fiscal 2019, the budgetary performance score of adequate reflects our view that pressures resulting from the

pandemic and recession could still pose budgetary challenges, particularly if sales tax collections decline more severely and are not offset by additional property tax revenue. The city had operating surpluses of 1.9% of expenditures in the general fund and of 5.7% across all governmental funds in fiscal 2019, after adjusting for recurring transfers and one-time capital outlay.

In recent years, Freeport has used available reserves to cash fund one-time capital projects, particularly in fiscal 2019 after the city received a one-time \$5 million payment, in fiscal 2018, from a subsurface lease agreement with Dow Chemical. Revenue from various IDAs are the city's largest source of revenue, accounting for 45% of general fund revenue in fiscal 2019, followed by property and sales taxes, at 14% and 13%, respectively. For fiscal 2020, the city has budgeted for a \$1.9 million general fund reserve drawdown, due to a one-time \$1.5 million transfer to the water and sewer fund. City officials state the budget is tracking well, and note that, while sales tax revenue is down compared with fiscal 2019, this is mostly due to a normalization after a construction boom in 2019 rather than the effects of the pandemic and recession. Given Freeport's expectations for tax base growth in fiscal 2021, and the stability of the IDA revenue, we expect the city will exhibit adequate budgetary performance in the current and next fiscal years.

Very strong budgetary flexibility

Freeport's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2019 of 55% of operating expenditures, or \$8.8 million. While the city might use the available fund balance to cash-fund some capital outlay, we expect it will maintain available reserves in excess of its minimum fund balance policy of 25% of expenditures and levels we consider very strong.

Very strong liquidity

In our opinion, Freeport's liquidity is very strong, with total government available cash at 55.8% of total governmental fund expenditures and 4.4x governmental debt service in 2019. In our view, the city has strong access to external liquidity if necessary, as evidenced by its issuances of certificates of obligations over the past 20 years. Freeport has one privately placed certificates of obligation, of which \$560,000 is outstanding; however, the certificates do not contain any non-standard events of default or acceleration provisions, and we do not consider them a contingent liquidity risk. The majority of investments are in state investment pools, which we do not consider aggressive. Given these factors and our expectation for adequate operating performance over the next year, we expect liquidity will remain very strong.

Adequate debt and contingent liability profile

In our view, Freeport's debt and contingent liability profile is adequate. Total governmental fund debt service is 12.5% of total governmental fund expenditures, and net direct debt is 44.9% of total governmental fund revenue.

After this issuance, the city will have approximately \$8.1 million of net direct debt outstanding. Currently, Freeport does not have plans to issue additional tax-backed debt over the next two years.

Pension and other postemployment benefits

- We do not view the city's pension obligations as an immediate budgetary pressure given the adequate plan funding status. However, certain plan assumptions could increase contribution volatility, and we note that contributions fell short of our static and minimum funding metrics in fiscal 2019.
- Similarly, we do not expect Freeport's other postemployment benefits (OPEB) to pressure the city's budget, despite

being funded on a pay-as-you-go (PAYGO) basis, given the small size of the liability.

Freeport currently participates in the following plans:

- Texas Municipal Retirement System (TMRS), with a funded ratio of 76.6% and a net pension liability of \$6.7 million.
- TMRS Supplemental Death Benefit; funded on a PAYGO basis and with a net OPEB liability of \$307,011; and
- City's Retiree Health Care Plan; funded on a PAYGO basis and with a net OPEB liability of \$502,717.

Freeport's combined required pension and actual OPEB contributions totaled 5.2% of total governmental fund expenditures in 2019. The city made its full annual required pension contribution in 2019.

TMRS is an agent plan with assets jointly managed. Although the city funds 100% of its actuarially determined contribution, fiscal 2019 actual contributions fell slightly short of our static and minimum funding progress metrics. The plan uses certain assumptions that could increase contribution volatility, including a 6.75% discount rate, though there are offsetting factors. For more information, see "Pension Spotlight: Texas," published Feb. 25, 2020.

Strong institutional framework

The institutional framework score for Texas municipalities is strong.

Related Research

- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- 2019 Update Of Institutional Framework For U.S. Local Governments

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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City Council Agenda Item # 17

Title: Resolution Authorizing Participation in the Texas Main Street Program and Designating the City Manager to Coordinate Program Activities.

Date: August 3, 2020

From: LeAnn Strahan

Staff Recommendation:

Staff recommends approval of a resolution to authorize participation in the Texas Main Street program and designating the City Manager to coordinate program activities.

Item Summary:

The proposed resolution is required for re-certification and if selected to the Texas Main Street Program, the City agrees to participate in accordance with the guidelines set within the program and the City Manager is charged with coordinating program activities.

Background Information:

City Council authorized the application process for recertification as a Texas Main Street City on May 18, 2020. As part of the application process it is required that a resolution be passed by City Council authorizing Main Street Program participation. The application deadline is August 31,2020.

The purpose of the Texas Main Street Program is to “assist Texas communities in the preservation and revitalization of historic downtowns and commercial neighborhood districts in accordance with the national Main Street Approach.” Since the city’s population is under 50,000, we will apply for recertification within the Small City category. Applications will be reviewed by the Main Street Interagency Council and recommendations forwarded to and voted on by the Texas Historical Commission.

Special Considerations

N/A

Financial Impact:

There is no application fee. However, there is an annual fee of \$535 and a \$500 Training Fee.

Board or 3rd Party recommendation:

N/A

Supporting Documentation:

Proposed Resolution

RESOLUTION 2020-2643

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, AUTHORIZING PARTICIPATION IN THE TEXAS MAIN STREET PROGRAM AND DESIGNATING THE CITY MANAGER TO COORDINATE PROGRAM ACTIVITIES.

WHEREAS, The Texas Main Street Program of the Texas Historical Commission has been authorized to assist historic commercial areas in cities with population of 50,000 people or fewer to develop a public/private effort to revitalize their target areas; and,

WHEREAS, if selected, this historic commercial area will begin participation in the Texas Main Street Program in January 2021.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, BRAZORIA COUNTY, TEXAS;

Section 1. That the City of Freeport plans to apply for selection to participate in the 2021 Main Street Program with the specific goal of revitalizing the central business district within the context of the preservation and rehabilitation of its historic buildings.

Section 2. That the City of Freeport will provide an adequate budget to employ a full-time Main Street Program manager for a minimum of three years, to provide funds for the training of the Main Street Program manager and the operating expenses of the program.

Section 3. That the City Manager be designated to supervise the Main Street manager activities.

DULY PASSED, APPROVED AND ADOPTED on this 3rd day of August, 2020.

Brooks Bass, Mayor

ATTEST:

APPROVED AS TO FORM:

Betty Wells, City Secretary

Christopher Duncan, City Attorney



City Council Agenda Item # 20

Title: Discussion and possible action regarding Lease agreement of 212 E. Park avenue with Lucy Goose Market.

Date: August 3, 2020

From: Tim Kelty, City Manager

Staff Recommendation: Staff recommends approval of this lease agreement.

Item Summary:

The City took over ownership of 212 E. Park Avenue, in downtown from the Museum Foundation following its dissolution in 2018. Up to this point, Lucy Goose Market, operated by Marinell Music, leased the property for commercial use. That lease has expired and she has been paying month to month.

The proposed lease agreement is for one year, and reduces the monthly lease from \$1250.00 down to \$800 per month. This lease agreement was prepared in form by City attorney Chris Duncan and has been reviewed by the tenant, Ms. Music.

Background Information: None

Special Considerations: None

Financial Impact: Lease agreement is for \$800 per month.

Board or 3rd Party recommendation: None

Supporting Documentation: Lease Agreement