



**AGENDA
REGULAR MEETING
FREEPORT CITY COUNCIL
MONDAY, JULY 6, 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 6th DAY OF JULY 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_070620

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

https://join.freeconferencecall.com/council_mtg_070620

enter access code 5678901# and the online meeting code is: council_mtg_070620.

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.

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. *Note*, comments must be submitted electronically, and must include name and address 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)**

COUNCIL BUSINESS – REGULAR SESSION:

2. Consideration and possible action on the approval of City Council meeting minutes from June 15, 2020 and June 27, 2020. **(Wells)**
3. **Public Hearing:** Pubic Hearing and possible action of a proposed replat on Tower Hill Subdivision a two Lot Subdivision out of 19.97 acre tract (called 20 acres) Conveyed to C.F.S. Investments Inc. Recorded in County Clerk's file 200105673 of the Brazoria County Official records situated in the McDermott labor abstract 342 Brazoria County, Texas March 2020 (Shoemaker)
4. Consideration and possible action of approving Ordinance No. 2020-2601 on creating a downtown zoning district and establishing its boundaries. **(Shoemaker)**
5. Consideration and possible action on the Architectural Proposal for City Hall. **(Russell)**
6. Consideration and possible action of approving Resolution No. 2020-2638 for the revision of the Temporary Emergency Sick Leave Policy in the Personnel Policy Handbook. **(Ferguson)**
7. Discussions and direction from Council on comparison cities/and or organizations for salary survey. **(Ferguson)**
8. Discussion and Direction Regarding FY2020-2021 Budget Assumptions. **(Russell)**
9. Consideration and Possible Action Regarding Preliminary Official Statement and Notice of Sale. **(Russell)**

WORK SESSION:

10. 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:

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

COUNCIL BUSINESS – REGULAR SESSION:

ADJOURNMENT:

12. 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

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Monday, June 15, 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
- Ray Garivey, Freeport Police Department Chief
- Billy Shoemaker, Director for Building and Code via teleconference
- Lance Petty, Freeport Public Works Director
- Courtland Holman, Freeport Economic Development Corp., Director
- Clarisa Molina, Administrator Assistant Via teleconference

Visitors:

Nicole Mireles	Robert Koole
Eric Hayes	Kenneth Hayes
Sam Reyna	Sandra Leavey
David McGinty	Pam Tilley
Jerry Meeks (Veolia)	Jessie Parker
Melanie Oldham	Ronnie Woodruff (BWA)
Jeff Pena	Cathy Cox
Manning Rollerson	Nick Irene (Facts)
Keith Stumbaugh	Ruben Renabato
Andrew Dill	Tim Finley (Dow)
Ruth Renabato	

Visitors, Via Teleconference:

David Austin	Melissa Washington
Vander Williams	Edmeryl Williams
Kim Westergard	Ms. Williams

Call to order.

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

INVOCATION AND PLEDGE OF ALLEGIANCE:

Invocation was led by Andrew Dill; the Pledge of Allegiance was conducted by Mayor Bass.

JOINT MEETING WITH PLANNING AND ZONING COMISSION:

Call Open of Meeting

Nicole Mireles, Chairperson for the Planning and Zoning Commission opened the Joint Meeting at 6:03.

Work Session regarding proposed DT-1 ZONE.

Nicole Mireles said that after she discussed and interviewed many people and asked a lot of questions, she feels comfortable with the Downtown District going to 8th Street.

Eric Hayes said that when this ordinance was brought to the Planning Commission it was for the parking issues. He said that it outlines what types of businesses can be in the Downtown Zone, and it outlines off premise parking. He said if we go to 5th Street it will eliminate this problem. He said if we extend to 8th Street this will cause a parking problem. Mr. Hayes said that he recommends staying with the original agreement and stop at 5th Street.

Andrew Dill said that he still thinks we need to take this to 8th Street. Mr. Dill said that he is not clear if the Marina is being included or if it is not.

Keith Stumbaugh asked why we would not include the green space where the old Tarpon Inn Village use to be. He said if that piece of land was going to be developed why would it not be included in the Downtown Zone? He said he understands not wanting to rezone the waterfront of the Marina. He said that the green space could be a potential site for a Marina Plaza, or a draw for Downtown businesses. He also questioned the quad plex's. City Manager Tim Kelty said that the reason was for the legal description to match across the board.

Manning Rollerson said that he lives in the Duplex on Cherry Street. He said that all this needs to be taken care of. He said that people are concerned with the City going into buildings without permission. Mayor Bass advised that this will be discussed later in the agenda.

Ruben Renobato said that he just wants to say again that he supports the new business district and he supports the move to 8th Street. He said that he sees this as a future growth idea.

ADJOURN PLANNING AND ZONING COMMISSION.

On a motion by Eric Hayes, seconded by Andrew Dill, with all present voting "Aye", Nicole Mireles adjourned the meeting at 6:23 PM.

Consideration and possible action of approving Ordinance No. 2020-2601 on creating a downtown zoning district and establishing its boundaries.

Mayor Bass tabled this item until the next Council Meeting on July 6, 2020.

Mayor Bass said for the record we have reconvened regular session of city council.

Citizen's Comments

Jessie Parker spoke to council about a project that she presented before the Pandemic. She said that this project is back on the table, she said that they will be in partnership with the Lincoln School in Houston. On Juneteenth she said there will be training. Mayor Bass asked to keep us notified because we will like to be a part of it.

Pam Tilley spoke to council about 427 East 8th. She said this is the home of her dad. She said that he and several others are still advocating to what should be rightfully theirs. Ms. Tilley asked who is assisting residents in the East End. She asked who will speak to them about what is going on with the Port Freeport. She said that the East End residents can be very helpful. She said that there is so much misinformation given out. She said please consider the East End.

Mayor Bass told Ms. Tilley we have Boards and Commissions that we need members to be in. He said if you are a resident, please get involved. This is one way to get the information. He said that there has been one meeting with the Port, and he still stands the same. The Port will have to fight for the properties that they do not own.

Manning Rollerson said to council that he was going to talk about defunding the Police Department. He said that the Police Department does not need an APC, and a Humvee. He said that we do not need these in our City. He said this is a small community. He said this is a city, and you should be fighting for us. He asked Councilman Green to get the ditches cleaned out.

Kenneth Hayes, commended City Manager Tim Kelty. He said he had a tough job when he came in. He has made some tough decisions and brought some good people in with him.

David Austin, via Teleconference said that he is concerned about his business Signal Electronics that is on 2nd Street with the new Downtown Zoning. He asked if he will be grandfathered in. He said that he does not want to apply for a Special Use Permit. Mayor Bass said there will be a Grandfather clause in the new Ordinance.

Edmeryl Williams said that she wants to commend Ms. Tilley for speaking for their concerns on the East End. She thanked the Mayor, and she said that the East End wants to become a part of everything.

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

Emergency management briefing COVID-19.

Freeport Fire Chief, Chris Motley said that calls have increased, not all COVID related. He said that on June 9, there was COVID-19 free testing that was done. Supplies from Sectrac are working as they should. He said that the supplies are stocked up. He said that there was a family member of an EMS staff which tested positive. The employee is home and waiting for the test results to come back in. He said that the station has been sanitized. He also reminded us that hurricane season started on June 1.

Freeport Police Chief Ray Garivey said that the Police Department is still ready to serve. He said that there were two officers that did test positive for the COVID-19. He said that the City Manager hired a company to come in and sanitize the station, and the jail. The EMS/Fire Department sanitized the Police units. He said that the supplies are good. Chief Garivey said that if there is high tide at the beach, then it is time to move for your safety.

City Manager Tim Kelty said that county numbers on the COVID-19 are rising per day. He said to be vigilant, to not relax and think this is all behind us. He said when more businesses open, we can expect to see the spread continue.

Presentation by BWA/Dow Harris Reservoir, on the Expansion Project. And consideration of approving Resolution No. 2020-2637.

Ronnie Woodruff with BWA and Tim Finley with Dow presented to council the expansion project. Mr. Woodruff said that it will triple the water capacity for periods of drought. Mr. Finley said that the water is being managed today with a short-term BRA contract. He said that they will borrow up to \$15 million through the swift funding. He said that tonight they are needing a signed resolution to allow BWA to go and secure a loan. This will cost the city nothing. Dow will be 100% responsible for this first phase. Melanie Oldham spoke on this.

Mayor Bass said that he is moving the Ordinance from Presentations to regular session where a motion will be made.

CONSENT AGENDA:

Consideration and possible action on the approval of City Council meeting minutes from June 15, 2020

Consideration of approving Resolution No. 2020-2632 declaring a 2012 Chevy Tahoe Police unit with 155,000 miles as surplus and authorizing as disposal (to be donated to the Holiday Lakes, Texas Police Department).

Freeport Police Chief Ray Garivey said that he had received a request from the Police Chief from Holiday Lakes, Police Department. He said that his PD is in need of some vehicles. Chief Garivey said that they had a unit and were able to help.

Consideration and possible action for the amendment of the City Attorney, Chris Duncan's contract for services.

Melanie Oldham spoke to council about the 20% raise, \$6600.00 per month in retainer fee, and \$180.00 per hour for additional work. She asked if this was with the EDC as well, or just the city.

Keith Stumbaugh spoke to council about his concern of the possible conflict of interest with City Attorney also representing the Freeport EDC as well.

Consideration of approving Resolution No. 2020- 2633 reappointing qualified person to the Board of Adjustments of said City: Raul Ramirez, Carlos Varela, Keith Stumbaugh.

Consideration and possible action approving the renewal contract with Freese and Nichols.

On a motion by Councilman Cain, seconded by Councilwoman Loeza, with all present voting "Aye" 5-0 Council unanimously approved the Consent Agenda items number 3-7.

REGULAR SESSION

Consideration of approving Resolution No. 2020-2634 for appointing reserve Officers.

Freeport Police Chief, Ray Garivey presented to council Resolution No. 2020-2634 for appointing Reserve Officers. He said that this is something that our ordinance says we must do; the Mayor and Council must approve reserve officers. He said that Reserve Officers are full time peace officers, but they do not get paid. Mr. Kelty said there are six reserve officers, Troy Brimage, Daniel Pennington, Rodney Bowers, Lei Loni Kershaw, Eluterin Martinez and Teresa LeBlanc. They are all TCOLE certified and their commissions are carried through the Freeport Police Department.

Councilwoman Loeza asked if they reserve with no pay? Chief Garivey said yes.

Nicole Mireles asked if they pay for their own commission. Chief Garivey said yes, and they pay for their own uniforms as well.

On a motion by Councilwoman Loeza, seconded by Councilman Green, with all present voting "Aye" 5-0 Council unanimously approved Resolution No. 2020-2634 for appointing reserve Officers.

Melanie Oldham said that she brought this to the attention to Chief Garivey three or four months ago. She also asked if all the Reserve Officers have their license.

Robert Koole said that we just participated in a peaceful protest. He asked why do we need a bigger police force? He said that he thought we were committed to seeing a change. Mayor Bass explained what the Reserve Officers are appointed for, and that they are subject to the same rules as every Officer that is employed by the City of Freeport.

Councilwoman Loeza asked what the liability is if one of the Reserve Officers are injured. Chief Garivey said that they are covered as a full-time officer, just with no pay.

Sandra Leavey commended Chief Garivey for his involvement with the City of Freeport.

Jessie Parker said that she hopes there is some sensitivity training for the officers.

Consideration of approving Resolution No. 2020-2637, BWA/Dow Harris Reservoir. Item # 2

On a motion by Councilwoman Loeza, seconded by Councilman Cain, with all present voting "Aye" 5-0 Council unanimously approved Resolution No. 2020-2367 BWA/Dow Harris Reservoir.

Consideration and possible action of approving Ordinance No. 2020-2602 or unsafe structure.

Keith Stumbaugh said that he wants to make a comment on the improved PA system. He said this is great.

He said that he has concerns on the Unsafe Structure Ordinance. He said that a city official being able to enter a building without notification or without probable cause, he feels this needs to be removed, he is opposed to this.

Ruben Renobato said that he has reservations about this ordinance. He said that he wants to know if there has been any meetings prior tonight over this fifteen-page ordinance. He said that the criminal enforcement is an issue for him, he said that he leans more to civil penalties. He said that there is grant money out there and it does not have to be paid back.

Melanie Oldham said that she has read through the ordinance and she is concerned about the City being able to come into a building without permission. She said that she thinks that the language needs to be changed in this ordinance. She asked who the qualified people on this board will be.

Nicole Mireles asked who will be letting the property owner know that they are not in compliance. Ms. Mireles said that she is not confident in the City's Code Enforcers. She voiced her concern on the low income with some of our residents.

Mayor Brooks Bass said that we have houses falling, houses that are abandoned, he said there are trees growing through roofs. He said that this ordinance is to help with this kind of bad infrastructure. We must reach a compromise to protect our neighbors.

Jeff Pena said that this ordinance is trying to enforce code. He also asked who the committee will be.

Kim Westergaurd per Via Teleconference, said that her home is livable, she asked what are the standards?

This item was tabled.

Consideration and possible approval for Resolution No. 2020-2635 for the Amendment to the Gulf Coast Center's request to transfer public transportation to Gulf Coast Transit District.

City Manager Tim Kelty presented to council Resolution No. 2020-2635 for the Amendment to the Gulf Coast Center's request to transfer public transportation to Gulf Coast Transit District. Mr. Kelty said that this is a resolution amending the contract that was approved last year for the Gulf Coast Center. This resolution will transfer the authority to the Gulf Coast Transit District. The cost will increase by \$846.00 for a three-year contract.

On a motion by Councilwoman Loeza, seconded by Councilman Cain, with all present voting "Aye" 5-0 Council unanimously approved Resolution No. 2020-2635 for the Amendment to the Gulf Coast Center's request to transfer public transportation to Gulf Coast Transit District.

Consideration of approving an Ordinance No. 2020-2603 with exceptions for residential building size requirements for Brazoria County Community Development Program Projects.

City Manager Tim Kelty presented to council Ordinance No. 2020-2603 with exceptions for residential building size requirements for Brazoria County Community Development Program Projects. He said that there are about five homes that are receiving grant funding from the Brazoria County Community Development Grant Program. He said that this ordinance allows for a smaller construction when being funded through a grant program. Mayor Bass said he does not mind making a specific ordinance in this type of situation. He said that if we did not do this then the city would not be able to receive funding for these new houses.

On a motion by Councilwoman Loeza, seconded by Councilman Cain, with all present voting "Aye" 5-0 Council unanimously approved Ordinance No. 2020-2603 with exceptions for residential building size requirements for Brazoria County Community Development Program Projects.

Melanie Oldham said that this is a great idea, she asked if this applies to the Port homes as well. She said those are carports. She asked if the City Council will be able to look at each individual case.

Eric Hayes asked if there will be garages, or carports? Mayor Bass said there is an exception, and allow carports.

Consideration and possible approval for Resolution No. 2020-2636 for Tax Abatement.

Freeport EDC Director Courtland Holman presented to council Resolution No. 2020-2636 for Tax Abatement. He said that the Tax Abatement expired on October 2, 2019 for residential and commercial. Mr. Holman said that on June 9, 2020 the Freeport EDC reviewed and recommended that the Freeport City Council approve and adopt the new Property Tax Abatement. This must be done every two years by City Council if the council elects to be eligible to participate in Tax Abatement.

Melanie Oldham said that there are a lot of good things in this ordinance. She asked will companies self-report to Ms. Russell. She said that this is good incentive to get businesses here.

City Manager Tim Kelty said that all entities that receive tax abatement from the city will receive annual statement of compliance. Mr. Kelty said that this went to a steering committee before going to the Freeport EDC Board.

On a motion by Councilman Cain, seconded by Councilman Green, with all present voting "Aye" 5-0 Council unanimously approved Resolution No. 2020-2636 for Tax Abatement.

WORK SESSION:

Councilman Green asked if there was an update on when the road work on Broad Street by the railroad track. He also asked when the Outriggers will be coming back for the Mystery Ship. Freeport Public Works Director, Lance Petty said that we are still waiting on the outriggers to come back. The street repair will be late October, per the County. Councilman Green also said that on Perry and Ave A, there is a shrub that blocks your view when trying to make a turn.

Councilman Cain said that the property at 1700 West 10th, the grass is waist high. Mr. Kelty said that he will get with Code on this issue.

Councilwoman Loeza said that she received a call from a resident on Slaughter Road about the Dow property in this area. She said that the grass has not been cut. She said that she spoke with a representative from Dow and was told that this will be taken care of. She also asked is there are fire hydrants on Slaughter Road. Chief Motley said that there are fire hydrants in this area. She also asked about the abandoned church, she said that this is an eye sore, and she asked about road repair down this road. Ms. Loeza asked about the lighting in the Arlan's Shopping Center, she asked who replaces the lights that are out. Mr. Kelty said that this is the property owner's responsibility.

Councilman Yates said that Dave Austin has a business on 2nd Street, this business has been here for many years. Another issue Mr. Austin said he had a busted line at another building, and he was given a sewer adjustment the \$3000.00 bill was reduced to \$1500.00. He said that the city needs to look into this. Mr. Yates said there is a lot of trash in his Ward. Mr. Kelty said that he knows that the trash is being picked up, there is just more put out every day. He said that the bulk should be picked up weekly

and they are struggling to keep up with this. Mr. Yates also said that the Fishing Fiesta is the 4th of July. He said that he has raised about \$8000.00 for the fireworks.

Mayor Brooks Bass said that we have quotes for \$17,000.00 for the repairs for both fountains in Downtown.

City Manager Tim Kelty said that he picked up a restitution check for \$30,000.00 from the DA's Office, that was paid by a former employee on money that was stolen. And the \$39,000.00 will also be paid over a period of time.

Update on reports / concerns from Department heads

There was no comment from Department heads.

Open session was closed at 8:06 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 8:26 P.M.

No action was taken.

Adjourn

On a motion by Councilman Yates, seconded by Councilman Green, with all present voting "Aye", Mayor Brooks Bass adjourned the meeting at 8:27 PM.

Mayor, Brooks Bass
City of Freeport, Texas

City Secretary, Betty Wells
City of Freeport, Texas

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Saturday, June 27, 2020 at 8:00 a.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
- Ray Garivey, Freeport Police Department Chief
- Billy Shoemaker, Director for Building and Code via teleconference
- Lance Petty, Freeport Public Works Director
- Courtland Holman, Freeport Economic Development Corp., Director

Visitors:

- Jerry Meeks (Veolia)
- Nick Irene (Facts)
- Ruben Renabato (In lobby)

Visitors, Via Teleconference:

- David Towers
- Melanie Oldham
- Mario Muraira

Mayor Brooks Bass opened the Strategic Plan Workshop at 8:07 a.m.

Citizen's Comments

Melanie Oldham thanked the Mayor, City Manager and Assistant City Manager for starting this budget process early.

Mario Muraira asked about the Budget Workshop dates.

David Towers thanked council for having this workshop.

WORK SESSION:

City Manager Tim Kelty said that this is such an important process, and he applauds all of the Directors on all of the plans.

Each department director presented their annual departmental strategic plan to council.

Members of council discussed areas of importance.

Mayor Bass commented on the Summer Movie Night that is being held and hosted by the Freeport Culture, Recreation & Tourism Department on Friday Night's. He asked if the social distancing rules are being enforced, and he said that he will like to see this continue in the Fall if all guidelines are being followed. Mayor Bass suggested that there be advertisement be down 288B for the Culture, Recreation & Tourism Department. Mayor Bass asked about the exhibits that the Museum is wanting to bring in to the Museum. He asked about the screen on the Driving Range at the Golf Course if it would be just a one-sided screen. Mayor Bass spoke about the pot hole repairs, he asked is there a specific crew for this. Mayor Bass said that he is very interested in seeing the salary survey. He asked about the financial impact of adding financial staff, he asked if the \$90,000 included everything Stephanie Russell said everything including the computer. Mayor Bass asked what size sewer pipe is used, Jerry Meeks said for a home it is a four-inch pipe. He asked if the wastewater will improve with the repair to the trickle filter.

Councilman Cain asked about the attic space at the Rec Center, if this could be used for the storage needs.

Councilwoman Loeza asked about the Heritage House repair. She asked about the salary increase for the Community Development, if this will be for the new supervisor position and for the increase in pay for the Municipal Clerk position, she also said that she likes the goals that are set for Community Development. Councilwoman Loeza questioned the garbage pickup. Ms. Loeza asked about the repairs for the cameras that are on the entrance of the City. She asked about the grant program that the Freeport PD applied for. Councilwoman asked Freeport Fire Chief about the Grant Writing that he talked about in his Strategic Plan, she asked if this person could work for several departments.

Councilman Yates asked about condemnation on property, his concern is there are several dangerous properties that need to be taken care of. He asked that Assistant Stephanie Russell to number her handouts so that it is easier to follow.

Councilman Green asked about the Exhibits that the Historic Commission is wanting to bring. Councilman Green said that he commends all the thought that was put into the Community Development Plan.

City Manager Tim Kelty spoke on the solid waste contract, on the recodification to the Ordinance Book, ditch maintenance, animal control with Brazoria County SPCA, the stormwater utility needs and document management.

Assistant Stephanie Russell asked council to write down what is important to them, and to post this on each departments board. She presented to council the new Preliminary Property Tax Projection, the Preliminary General Fund Projection for the 2020-2021FY & the 2020-2021 FY Budget Hearing calendar.

The Strategic Plan Workshop ended at 11:45 a.m.

Mayor, Brooks Bass
City of Freeport, Texas

City Secretary, Betty Wells
City of Freeport, Texas



City Council Agenda Item # 3

Title: Discuss and take action on Tower Hill Subdivision a two Lot Subdivision out of 19.97 acre tract (called 20 acres) Conveyed to C.F.S. Investments Inc. Recorded in County Clerk's file 200105673 of the Brazoria County Official records situated in the McDermott labor abstract 342 Brazoria County, Texas March 2020.

Date: July 6, 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 grant public easement.

Special Considerations

This property is Located in the City's ETJ.

Financial Impact:

None

Board or 3rd Party recommendation:

Planning and Zoning held their public hearing and vote to approve the re-plat and forward this item to council for final approval.

Supporting Documentation:

Copy of plat and associated paperwork.



SUB DIVISION
Wachstetter's

Wachstetter's
February 14, 23
3rd March



*K. P. ...
...
March 10, 2000*

COUNTY ROAD 224 (80' R.O.W.)

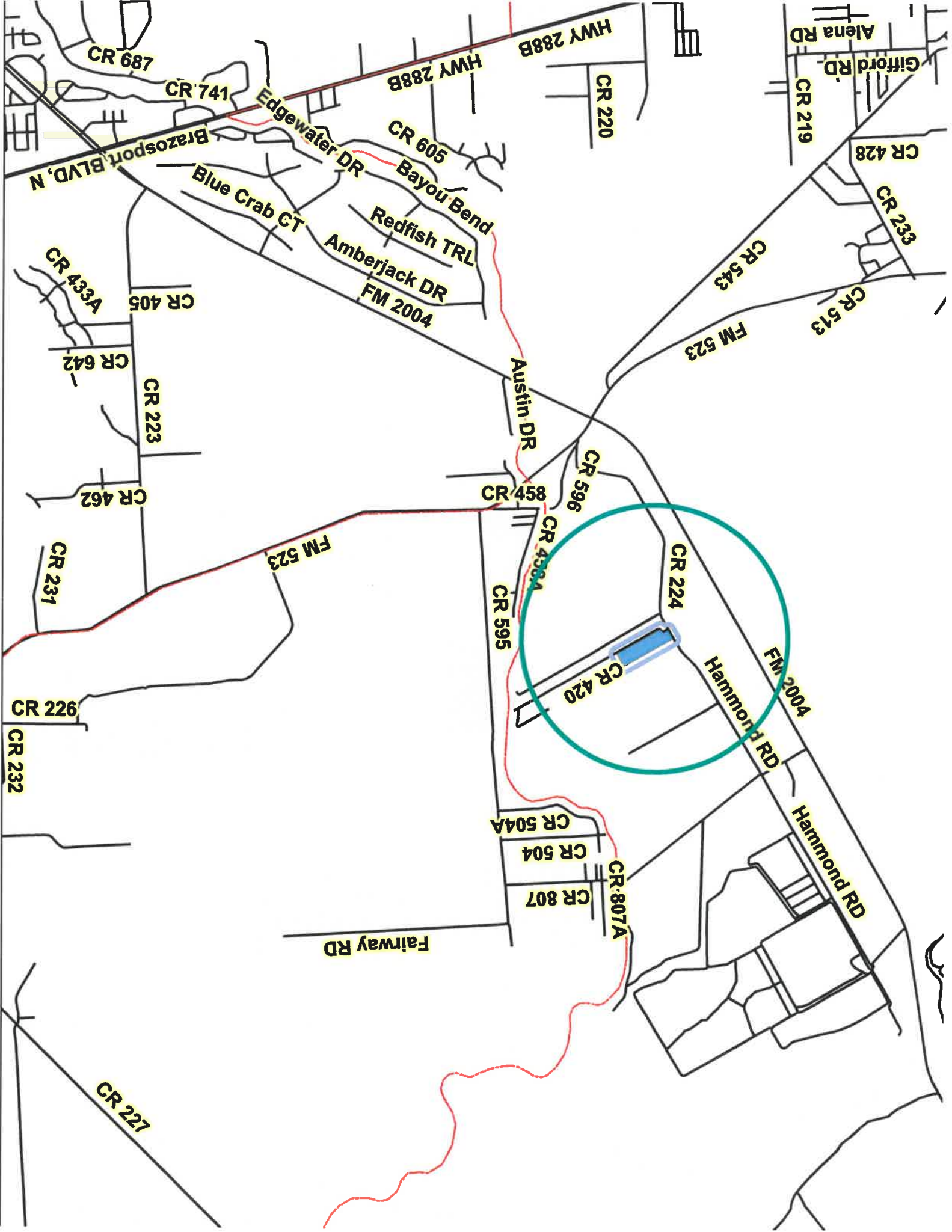


WACHSTETTER'S SUBDIVISION
...
...
...

TOWER HILL SUBDIVISION

BRADSHAW COUNTY OFFICIAL RECORDS
BRADSHAW COUNTY TEXAS

D & W
Doyle & Wachstetter, Inc
Surveying and Mapping Engineers
1000 ...



CR 687

CR 741

Edgewater DR

HWY 288B

CR 220

Alena Rd

CR 219

Gifford Rd

CR 428

CR 233

CR 513

CR 543

FM 523

CR 605

Bayou Bend

Redfish TRL

Amberjack DR

FM 204

Blue Crab CT

Austin DR

CR 433A

CR 405

CR 642

CR 223

CR 462

CR 231

CR 226

CR 232

FM 523

CR 454

CR 596

CR 458A

CR 595

CR 224

CR 420

Hammond RD

FM 2004

Hammond RD

CR 504A

CR 504

CR 807

CR-807A

Fairway RD

CR 227



City Council Agenda Item # 4

Title: Discuss Downtown Zoning District Ordinance and Consider Approval.

Date: July 6, 2020

From: Billywayne Shoemaker

Staff Recommendation:

Discuss and Consider approval of the Downtown Zoning District Ordinance.

Item Summary:

The approval of the Downtown Zoning District will be the first step in the revitalization of not only the Downtown but the entire City.

Background Information:

Downtown has struggled with empty storefronts and underutilized buildings. The downtown was once the hub of commerce and community activities. A full range of retail stores once occupied the street and served as the shopping center for the community.

During the 1970s, things began to change in the town. Regional shopping centers and large discount stores were being developed in larger communities to our North. With improvements in the transportation system, and increased reliance on automobile travel, Freeport consumers looked to the bigger City's down the road as the place to shop.

With these consumer changes came the demise of main street retail as it once was. Clothing, electronic, variety, jewelry and other downtown anchor stores have disappeared. Today, many small town downtowns face the same challenges:

- Growth in large-format retail.
- Remaining downtown businesses that are often limited to restaurants, taverns, salons, and city Services.
- Loss of essential retail, pharmacy, and hardware stores.
- Business operators that have no transition plan.
- Vacant real estate that is owned by absentee landlords.

- New competition from an online market.

Special Considerations

While change continues in our area, there are opportunities to rejuvenate downtown through the attraction and nurturing of creative building uses. This rezoning ordinance will help us explore new opportunities for downtown. The intent is not to reinvent the past, but to stimulate ideas for the future that will contribute to the economic health of the community.

Financial Impact:

Financial impact is expected to be positive.

Board or 3rd Party recommendation:

Planning and zoning has held two joint meeting with council.

Supporting Documentation:

See attached

ORDINANCE NO.2020-2601

AN ORDINANCE OF THE CITY OF FREEPORT, BRAZORIA COUNTY, TEXAS, CONTAINING A PREAMBLE; CONTAINING FINDINGS OF FACT AND CONCLUSIONS OF LAW; AMENDING CHAPTER 155 OF THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY, NOW CODIFIED AS CHAPTER 155 OF THE CODE OF ORDINANCES OF THE CITY, TO DELETE SECTIONS 155.023(B), 155.023(C) AND 155.023(E); TO ADD NEW SECTIONS, TO BE CODIFIED AS SECTION 155.049, AND WHICH SHALL BE APPLICABLE ONLY TO THE LAND LOCATED WITHIN THE HISTORIC DOWNTOWN, AS DESCRIBED IN THAT SECTION; PROVIDING REGULATIONS AND REQUIREMENTS FOR THE DEVELOPMENT OF SUCH LAND; AMENDING SAID COMPREHENSIVE ZONING ORDINANCE TO CHANGE THE CURRENT CLASSIFICATION OF ALL LAND LOCATED WITHIN THE BOUNDARY OF SUCH NEW DISTRICT, AS DESIGNATED IN EXHIBIT "A", FROM ITS PRESENT ZONING CLASSIFICATION TO SUCH NEW ZONING CLASSIFICATION OF DT-1; RATIFYING AND CONFIRMING ALL ACTIONS PREVIOUSLY TAKEN BY THE PLANNING COMMISSION OF SAID CITY OR THE CITY COUNCIL, OR BOTH; PROVIDING THAT ANY PERSON VIOLATING SAID CODE OF ORDINANCES, AS AMENDED BY THIS ORDINANCE, SHALL BE GUILTY OF A MISDEMEANOR AND ASSESSED A FINE IN ACCORDANCE WITH THE PROVISIONS OF SECTION 155.999 OF SAID CODE OF ORDINANCE AND THAT EACH DAY ANY SUCH VIOLATION OCCURS AND EVERY DAY IT CONTINUES SHALL CONSTITUTE A SEPARATE OFFENSE; CONTAINING SAVINGS CLAUSES; CONTAINING A SEVERANCE CLAUSE; AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER THIS DESCRIPTIVE CAPTION HAS BEEN PUBLISHED TWICE IN THE BRAZOSPORT FACTS.

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, Subchapter A of Chapter 211 of the Local Government Code of Texas and Item (g) of Section 3.07 of the Home Rule Charter of the City authorizes the City Council thereof to adopt the provisions of this Ordinance; and,

WHEREAS, the City Council of the City has determined to here now declare that it is necessary to the health, safety and general welfare of the inhabitants of the City for there to be established a new zoning classification to be known as The Downtown Zoning District-1(DT-1) District, to specify the boundaries thereof and regulations therefor, and to change the zoning classifications of all land within such new zoning district from its present zoning classification to the new zoning classification of Downtown Zoning District-1 (DT-1) District.

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

SECTION ONE--Findings of Fact and Conclusions of Law.

The City Council of the City makes the following findings of fact and conclusions of law, viz:

First, that the public hearings required by the Zoning Enabling Act of the State of Texas, codified as Chapter 211 of the Texas Local Government Code, and the present Comprehensive Zoning Ordinance of the City, codified as Chapter 155 of the Code of Ordinances of the City, have been conducted in the manner and at the time required.

Second, that not less than fifteen (15) days prior to the date of such hearings, public notice thereof was published once in the Brazosport Facts, a newspaper of general circulation in and the official newspaper of the City, stating the date, time and place of such hearings.

Third, that after considering evidence submitted at such hearings, the City Council of the City is of the opinion and finds that the health, safety, morals and general welfare of the inhabitants of the City will best be served by the creation of the new zoning classification and district, to be known as Downtown Zoning District 1(DT-1), within the boundaries and with the regulations hereinafter set forth.

Fourth, the conditions which warranted the classification of the property included within the boundaries hereinafter set forth at the time of such classification have substantially changed and conditions now exist which indicate that the present zoning classification of such property is no longer appropriate; and,

Fifth, considering the community as a whole and the present Comprehensive Zoning Plan of the City, such property should be reclassified for purposes of zoning and the zoning of such property changed to Downtown Zoning District-1 (DT-1) District.

Sixth, the health, safety, morals and general welfare of the inhabitants of the City will best be served by changing the zoning classification of all property located within such boundaries from the present zoning classification thereof to the new Downtown Zoning District-1 (DT-1) classification.

SECTION TWO--Comprehensive Zoning Ordinance Amended

The Comprehensive Zoning Ordinance of the City of Freeport, Texas, read, passed and approved as Ordinance No. 1100 on the 3rd day of April, 1964, now codified as Chapter 155 of the Code of Ordinances thereof and hereinafter called "the Zoning Ordinance," is hereby amended to add thereto new Section, 155.049, which shall read as follows:

SECTION 155.049 - DOWNTOWN ZONING DISTRICT-1 (DT-1)

(A) The City Council declares that, Freeport Historic Downtown is a unique and historic feature of the City of Freeport that must be developed in a manner that enhances to quality of life of the citizens of Freeport and represents the key to the future economic development of the City of Freeport. It is of utmost importance to the City and its citizens that development of the Freeport Historic Downtown must promote access by the general public to enjoy its beauty, balanced with development as a place of residence and commerce. The Downtown Zoning District-1 is described in Exhibit "A", attached hereto and made a part hereof as if set forth in full herein.

(B) Minimum requirements for lot area, width and setback

Lot area: 2500 square feet

Lot width: 25

Setback:

Front: 0'

Rear: 20'

Side: 0'

(1) When abutting a Residential District, the side yard setback shall not be less than 10 feet.

(2) When abutting a Residential District, the rear yard setback shall not be less than 20 feet.

(C) *Permitted Building usage within the DT-1 District.* Permitted uses shall be governed by the floor/elevation of buildings within the DT-1 District as follows:

(1) Ground Level Floor: Permitted uses of the ground level floor of any building within DT-1 shall be limited to the specific Commercial Uses set forth in paragraph (D) of this section.

(2) Upper Level Floor: Permitted uses of upper level floors, whether second level or higher shall be limited to the specific Commercial Uses, Office Uses or Residential Uses set forth in paragraph (D) of this section.

(D) *Permitted uses.*

Art, supply store, art sales, antiques, gallery or museum of fine arts or digital media.

Bakery retail.

Bank or Credit Union and ATM machines (not payday loan)

Bar or pub

Barber shop, beauty salon, nail salon or spa.

Bed and Breakfast that has bed and living quarters on second floor or above

Bicycle Shop and Rentals

Book store or library

Brewery or brew-pub

Camera or photographic supply store

Candy, nut, confectionary store

Caterer

Clothing including, Boot Repair, Shoe stores, formal wear, and costumes.

Coffee shop

Convenience store.

Cultural Arts display or use including digital arts, fine arts, history, nature, or literary displays.

Dental Office

Department store.
Dive Shop
Dry Cleaner
Entertainment Venue
Excursion Rentals
Florist shop.
Food or grocery store retail.
Furniture store.
Gift, novelty shop.
Hobby shop or supply store.
Hotel (interior room access only)
Indoor Sports and Recreation
Jewelry store.
Kitchenware and Home Decor
Manufacturing of baked goods, candy, delicatessen foods and ice cream.
Medical clinic or business providing non-invasive medical care
Movie Theater
Music or Video store.
Musical Instrument store
Optical goods, optician, optometrist.
Pet shop.
Pharmacy
Photographic studio or store or decorator shop.
Postal and shipping service (Non-governmental)
Restaurant or café, indoor or outdoor.
Sporting goods store.
Souvenir shop, tourist products.
Stationary store.
Studio for teaching any form of fine arts.
Tailor shop seamstress, alterations.
Toy store.
Travel Agency
Visiting Boat Slips
Waterfront Activities
Water Taxi
Wine bar
All others by Specific-Use Permit.

DT-1 Permitted Residential Uses (Second Floor and Above)

Apartment
Mixed Use Housing
Senior Housing
Live - Work Apartment Housing
Condominium

DT-1 Permitted Office Uses (Second Floor and Above)

Administrative and Business Offices
Computer IT, software and programming services and development
Dental Office
Financial Services
Medical clinic or business providing non-invasive medical care
Professional offices
Real Estate / Title Company

(E) *Height regulations.* No building shall exceed 50 feet or 4 stories

in height, unless approved by City Council after public hearing.

(F) Parking regulations. Onsite parking shall not be required within the D-1 Zone.

BOUNDARY DESCRIPTION OF PROPOSED DT-1

BEGINNING, at the intersection of the water line of the Old Brazos River and the Eastern ROW of Cherry Street, being the Northwest Corner of the established W-4 Zoning District, then proceeding South to the North ROW of Second Street, THENCE, proceeding East on Second Street, along the Southern Border of the established W-4 Zoning District until the intersection of Second Street and Pine Street, THENCE, proceeding South along the Western ROW of Pine Street, until intersection of Pine Street and the North ROW of Eight Street, THENCE, proceeding West along the North ROW of Eight Street, until intersection of Eighth Street with the center point of Lot 39, THENCE, proceeding North through the centerline of Lots 39, 40, 41, and 42 until the intersection with Fourth Street, THENCE, proceeding West along the Northern ROW of Fourth Street until intersection with Oak Street, THENCE, proceeding North along the Eastern ROW of Oak Street until intersection with the Southern waterline of the Old Brazos River, THENCE, proceeding East along the Southern waterline of the Old Brazos River until intersection with the POINT OF ORIGIN.

This description includes the following property designated by the following blocks:

Blocks 31, 32, 33, 34, 35, 36, 43, 44, 45, 46, 47, and 48, and the Eastern half of blocks 39, 40, 41, 42.

SECTION THREE--Comprehensive Zoning Ordinance Amended--Sections Deleted

Sections 155.023(B) and 155.023(C) are hereby deleted from Chapter 155 of the Code of Ordinances of the City, and reserved for future use.

SECTION FOUR--Comprehensive Zoning Ordinance Amended--Section Deleted and Replaced

Section 155.023(E) is deleted and replaced with the following provisions which shall read as follows:

(E) *Zoning In the Old Brazos River* - All development over the waters of the Old Brazos River shall conform with the zoning regulations of the property immediately adjacent to such development.

SECTION FIVE--GRANDFATHER CLAUSE

Non-conforming uses in the DT-1 downtown district will be governed by provisions regarding non-conforming uses, set forth by the City of Freeport Code of Ordinances, similar to all other zones.

SECTION SIX--Ratification and Confirmation.

The City Council of the City of Freeport, Texas, hereby ratifies and confirms any and all action taken by the Planning Commission of said City or the City Council of said City, or both, in connection with the change in zoning classification evidenced by this ordinance, including but not limited to the calling of a public hearing required by said Zoning Enabling Act and the Zoning Ordinance, the giving of public

notice of such hearings, the giving of written notice to the owners of property which is the subject of such and to the adjoining property owners, the making of preliminary and final reports with respect to such change and the conducting of the public hearings required by said Act and the Zoning Ordinance.

SECTION SEVEN--Penalty

Any person violating the Zoning Ordinance, as amended by this ordinance, shall be guilty of a misdemeanor and upon conviction therefor assessed a fine as prescribed in Section 155.999 of said ordinance; and each day such violation continues shall constitute a separate offense.

SECTION EIGHT--Savings Clauses

(a) 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.

(b) This ordinance is cumulative of and in addition to all other ordinances of the City on the same subject and all such ordinances are hereby expressly saved from repeal. Provided, however, where this ordinance and another ordinance conflict or overlap, this ordinance shall prevail.

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

SECTION NINE--Severance Clause.

In the event 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.

SECTION TEN--Effective Date.

This ordinance shall take effect and be in force from and after the descriptive caption of this ordinance has been published twice in the Brazosport Facts, the official newspaper of the City.

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

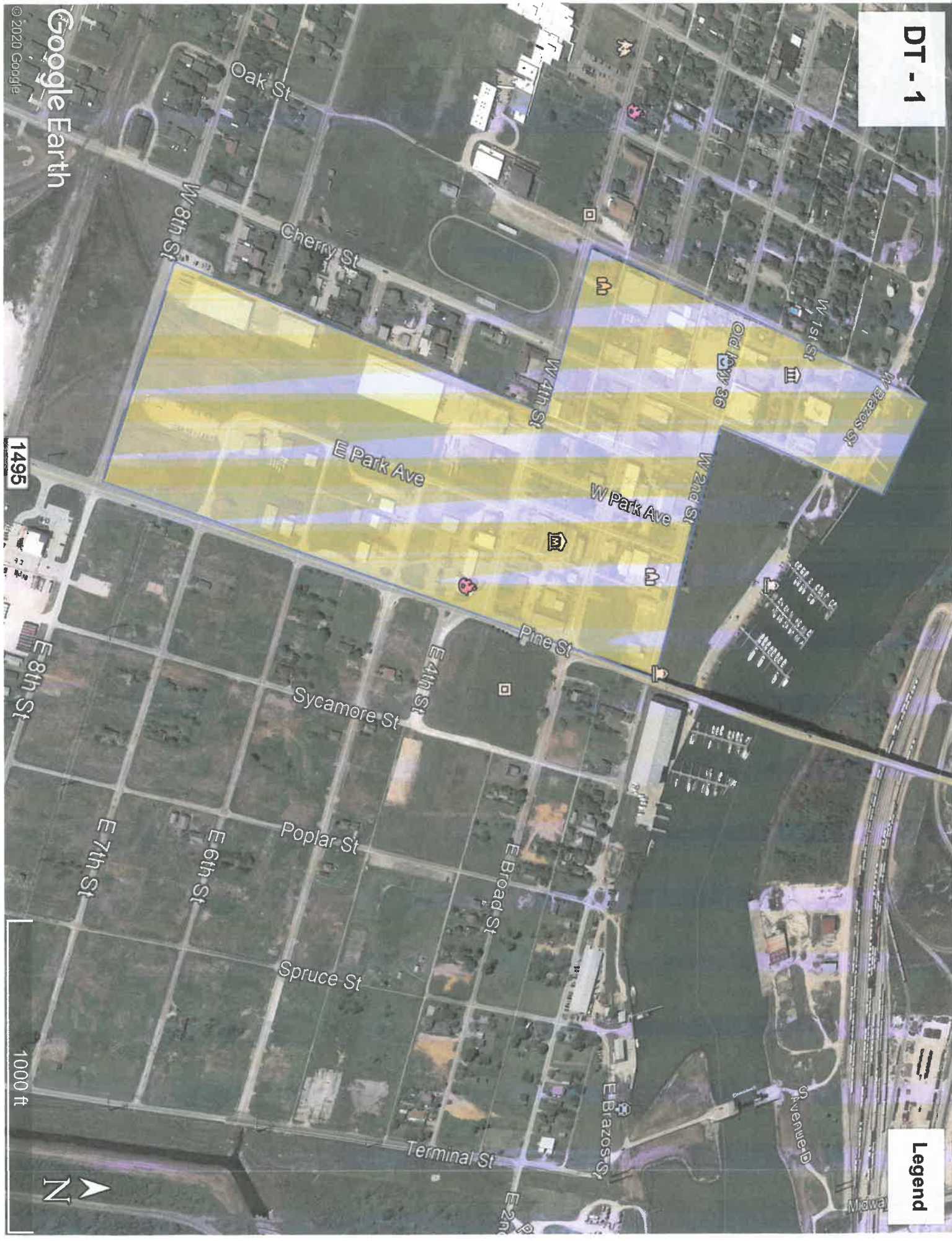
EXHIBIT A

BOUNDARY DESCRIPTION OF PROPOSED DT-1

BEGINNING, at the intersection of the water line of the Old Brazos River and the Eastern ROW of Cherry Street, being the Northwest Corner of the established W-4 Zoning District, then proceeding South to the North ROW of Second Street, THENCE, proceeding East on Second Street, along the Southern Border of the established W-4 Zoning District until the intersection of Second Street and Pine Street, THENCE, proceeding South along the Western ROW of Pine Street, until intersection of Pine Street and the North ROW of Eight Street, THENCE, proceeding West along the North ROW of Eight Street, until intersection of Eighth Street with the center point of Lot 39, THENCE, proceeding North through the centerline of Lots 39, 40, 41, and 42 until the intersection with Fourth Street, THENCE, proceeding West along the Northern ROW of Fourth Street until intersection with Oak Street, THENCE, proceeding North along the Eastern ROW of Oak Street until intersection with the Southern waterline of the Old Brazos River, THENCE, proceeding East along the Southern waterline of the Old Brazos River until intersection with the POINT OF ORIGIN.

This description includes the following property designated by the following blocks:

Blocks 31, 32, 33, 34, 35, 36, 43, 44, 45, 46, 47, and 48, and the Eastern half of blocks 39, 40, 41, 42.

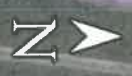


Google Earth

© 2020 Google

1495

1000 ft





City Council Agenda Item # 5

Title: Consideration of Architectural Programming Proposal for Renovations at City Hall.

Date: July 6, 2020

From: Stephanie Russell, Assistant City Manager/Finance Director

Staff Recommendation:

Staff recommends authorizing the City Manager to execute the proposal with Integrated Architecture & Design for Architectural Programming of City Hall for \$39,500.

Item Summary:

Staff has received a proposal from Integrated Architecture & Design for Architectural Programming of City Hall. The scope of these services includes development of conceptual site layouts and workflow patterns to best illustrate the facility goals for the current City Hall facility and preliminary construction costs for each option.

Integrated Architecture & Design has previously done work with the City Hall facility as they designed the third-floor renovation for the Port of Freeport. They have also designed the new Port facility as well as the City of Lake Jackson's Municipal Court & Public Safety Bldg.

Background Information:

The currently building is approximately 38,000 square feet consisting of three floors. The HVAC system and main elevator were replaced in 2019. The building currently serves as City Hall and leased space to Olin Corporation (third floor), Gulf LNG, Amistad, Brazosport Hispanic Chamber, and Creative Design Marketing. Additionally, there has been recent interest in leasing additional space at City Hall.

Based on the discussion and direction from Council in February, staff has developed the following scope of work for renovations to City Hall:

1. Design of a new Council Chambers and Court room;
2. Addition of bathrooms on the first floor;
3. Provide adequate breakroom facilities for staff on the first floor;
4. Renovation of bathrooms on the second floor;
5. Evaluation of space needs to determine the most efficient floor plan;
6. Increasing security;
7. Bringing the building up to code;
8. Adding and removing walls to maximize space; and
9. Interim Continuity of Operations plan during construction.

Special Considerations: N/A

Financial Impact:

The FY2019-2020 Budget included \$66,500 to conduct a feasibility study for City Hall moving to the OA Fleming building that may be utilized for this project. The base fee for the project is \$30,500 with a \$9,000 alternate to add a Structural and M/E/P assessment. Staff recommends approving the total amount of \$39,500.

Board or 3rd Party recommendation: N/A

Supporting Documentation:

Integrated Architecture & Design Proposal

Integrated Architecture & Design Relevant Project List

Integrated Architecture & Design

107 West Way, Suite 16
Lake Jackson, Texas 77566
979.297.1411 p. 979.297.1418 f.
www.iadarchitects.com



June 22, 2020

Ms. Stephanie Russell
Assistant City Manager
City of Freeport, Texas
200 West Second St.
Freeport, Texas 77541
(Sent via email to: srussell@freeport.tx.us)

Dear Ms. Russell,

Thank you for the opportunity to visit with you recently as the City of Freeport considers its renovation options regarding the current City Hall facilities.

During our meeting, we learned that the City of Freeport wants to explore various options of the current facility to assess existing conditions, evaluate space needs, recommend preliminary designs and develop preliminary cost estimates for various renovation options. To address this, we propose an Architectural Programming exercise that, once completed, will provide this information for the consideration of the City of Freeport stakeholders.

PROJECT SCOPE

We understand that the overall project scope of work being considered by the City of Freeport will include the following:

- Utilize existing, Owner provided documents along with our drawings of past work on the same facility to create a complete set of Architectural As-Built Drawings of the current facilities located on site;
- Field verify the existing conditions with the newly created As-Built Drawings and revise to reflect any changes to the current construction in place. These drawings will include major architectural items necessary to incorporate into the programming exercise of renovation and expansion of the current facility. They will include conceptual structural, mechanical, electrical and plumbing elements, but without detail to these non-architectural items;
- Develop a set of documents and conceptual diagrams to identify current and future facility needs of the Freeport City Hall and create renovation options that work within an agreed upon budget produced by the City.
- Generate evaluation reports of existing structural, mechanical, electrical and plumbing systems; (produced as an Add/Alternate to this proposal)

SCOPE OF OUR BASIC SERVICES

Per your request, we propose that our scope of services include architectural programming and conceptual site layout to best illustrate the facility goals of the City of Freeport for the current City Hall facility.

This programming exercise will allow for a quick study of the overall project to confirm the initial space requirements and physical adjacencies proposed by City of Freeport staff members. It will address the options of a renovation project only, and will not consider a new construction option.

This exercise will also forecast both preliminary construction costs as well as preliminary project costs for your review and will allow for City of Freeport staff to plan accordingly for this proposed work.

As part of this initial study we will work with you to quantify and document the conceptual spatial needs and workflow patterns within the various departments of City Hall based upon the information provided to us and as outlined above.

We propose to lead in this exercise as outlined below;

STEP ONE:

Conduct an on-site meeting(s) with City staff and the City identified department heads to question and prioritize the various facility needs of City Hall to maintain and improve its physical and spatial needs. Additionally at this time, we will distribute our Program Questionnaires for your consideration and input.

This meeting along with the completed Program Questionnaires will produce information that our office will gather and then process and publish into straightforward and easy to understand spreadsheet documents that indicate your proposed facility needs. After this step, we will work with you to review these findings to ensure accuracy and reduce any duplicated or inefficient areas.

STEP TWO: (if accepted as an Add/Alternate to this proposal)

We will engage trusted Structural and Mechanical/Electrical/Plumbing consulting engineers to also visit the site and investigate the current Structure and M/E/P infrastructure. This evaluation will generate a report that will provide comment on the structural integrity of the facility, along with the status, efficiency, available remaining capacity, probable life expectancy of the existing M/E/P systems.

STEP THREE:

Once the information gathering and documentation phases are complete, we will then develop the approved information into physical programming blocks. We will use this data to compare against the completed As-Built drawings to determine the best use of the current facilities for the remodeling option. We will complete this phase while referencing all necessary building code, accessibility and life safety standards.

We will develop a conceptual block layout of the various departments within the existing facility. This layout will explore various scenarios that consider adjacencies of the various departments of City Hall including a new Council Chambers and Court Room, additional Restroom facilities on the first floor, adequate Breakroom areas on the first floor, renovation of Restroom facilities on the second floor, and develop more efficiency throughout the current facility.

A completed conceptual layout will allow our office to develop preliminary visual aids that will allow the City of Freeport to promote the long range facility goals to all interested parties via full color renderings of conceptual floor plan options.

Deliverables for this completed programming exercise will include a preliminary and final program statement identifying all requested functional spaces; adjacencies and programmatic floor plans. This document will also produce preliminary construction and project costs associated with all developed renovation options.

Once the initial programming phase is complete and has been approved, iAD Architects will be pleased to provide an additional proposal to continue the necessary design and engineering work to complete a set of documents for bidding and construction purposes for the scope of work.

COMPENSATION FOR SERVICES

Proposed compensation to Integrated Architecture & Design for Architectural portion of this limited scope of work as identified above shall be a sum in the amount of \$30,500.00 (Thirty thousand, five hundred dollars, even)

If requested, we can provide the Structural and M/E/P assessment of the facility for an additional amount of \$9,000.00 (Nine thousand dollars, even).

Combined Architectural programming along with the Structural and M/E/P assessment can be provided for a total amount of \$39,500.00 (Thirty-nine thousand, five hundred dollars, even)

Professional consulting fees for Surveying, Geotechnical, Civil, and Windstorm are not included as part of this proposal. Future design phases will include all remaining architectural and engineering services and shall be addressed in a separate proposal. Project related reimbursable expenses such as plotting/printing, and other miscellaneous items are included in this initial fee amount for these preliminary phases.

PAYMENT

Invoicing for items agreed to in this proposal shall be monthly based on completed work at the time of invoicing. Terms shall be net 15 days.

Per your request, we anticipate billing approximately half of the total amount at the end of Step One; approximately 25% at the end of Step Two; and the balance at the end of Step Three. If Step Two is not accepted, we anticipate our billing to be in two equal amounts at the end of Step One and Step Three.

ADDITIONAL SERVICES

The following are examples of architectural services not included as a part of Basic Services under this proposal:

- Services due to changes in scope of the Project or its design, including but not limited to notable changes in size, complexity, schedule or character of construction based on the descriptions of scope in this proposal.
- Revising documents and specifications which the Owner has previously approved or when changes are due to causes beyond the control of the Architect. Special meetings for changes of this type will also be Additional Services.
- Any reimbursable expenses associated with additional services defined above.

Upon request and written authorization by the Owner, Architect will provide these services as Additional Services. Billing for Additional Services shall be as per the attached Per Diem Rate Schedule. No additional services will be provided or invoiced without the Owner’s consent.

EXECUTION

Should this proposal meet your approval, please execute two copies; retain one for your records and return the other to our office.

Thank you again for the opportunity to submit this proposal. We look forward to working with you on this project and serving the City of Freeport as it continues to provide great service to its citizens and staff members.

Should you have any questions, please do not hesitate to call.

Best regards,



Brent K. Bowles, AIA
Principal, **iAD Architects**

Accepted by: _____ Date: _____
(Signature)

Organization: _____

Title: _____

Integrated Architecture & Design

107 West Way, Suite 16
Lake Jackson, Texas 77566
979.297.1411 p. 979.297.1418 f.
www.iadarchitects.com



PER DIEM RATE SCHEDULE

As of July 1, 2018

Please note that all architectural, design and other related professional services agreed to be compensated via terms of a Per Diem Rate shall be as follows below, and that such rates will be in effect as of the above-mentioned date on all projects in which Integrated Architecture & Design performs professional services:

<u>Integrated Architecture & Design Staff</u>	<u>Rate</u>
Architect/Principal	\$200.00/hour
Associate/Architect	\$150.00/hour
Associate/Production	\$125.00/hour
Draftsman/Production	\$85.00/hour
Clerical	\$60.00/hour

Direct non-labor expenses, such as long distance phone calls or fax transmissions, printing, plotting, reproduction of all project correspondence and contract documents or similar documents, postage, freight, express delivery, photography, and/or travel shall be considered as a Reimbursable Expense and subject to invoice to the client with a multiplier of 1.10.

Consultant fees will be billed directly to the Architect. The Architect will invoice the client for these fees with a multiplier of 1.10.

The Texas Board of Architectural Examiners has jurisdiction over complaints regarding the professional practices of persons registered as architects in Texas. TBAE, 333 Guadalupe, Suite 2-350, Austin, TX 78701-3942. p. 512.305.9000

Integrated Architecture & Design

107 West Way, Suite 16
Lake Jackson, Texas 77566
979.297.1411 p. 979.297.1418 f.
www.iadarchitects.com



June 22, 2020

iAD JOB LIST of RELEVANT PROJECTS FOR FREEPORT CITY HALL PROGRAMMING/RENOVATION PROJECT

JOB #	JOB NAME	TYPE
06005	Coldwell Banker Sidewalk	ADA Study/Diagram
06008	Freeport Community House	Conceptual Rendering
06013	TDECU Brazoria Campus Master Plan	Site Study
07010	L.J. Municipal Court & Public Safety Bldg.	New Construction/Renovation
07011	BRHS – Lobby Renovation	Renovation
07012	BRHS – Finance Office Remodel	Renovation
07015	BRHS – In-House Pharmacy Relocation	Renovation
07018	BRHS – Outpatient Rehab Expansion	Renovation
07025	BRHS – Pharmacy & Materials Management	Renovations
08005	Technical Innovations Facility	New Construction
08006	BRHS – Cardio-Pulmonary Dept. Renovation	Renovation
08007	BRHS – Nuclear Medicine Renovation	Renovation
08008	Novak Druce + Quigg, LLP Office Expansion	Interior Renovation
08010	Angleton Recreation Center Expansion	Conceptual Plan
08012	Greater Texas Foundation	Programming Study
08016	Angleton Recreation Center Expansion	Expansion/Renovation
08017	Freeport Marina Retail Store	Interior Build Out
08018	BRHS Urgent Care – West Columbia	New Construction
08019	City of Manvel – City Hall Expansion	Conceptual Plan
08020	BRHS Family Medicine Center – Lake Jackson	Interior Build Out
08021	Mammoet Facility Offices	New Construction

09001	B'port College – Dow Academic Bldg.	New Construction
09002	B'Port College – Sadler Health Sciences Bldg.	New Construction
09005	City of Manvel – Manvel City Hall	New Construction
09006	City of Manvel – Manvel Public Library	Expansion/Renovation
09007	Mammoet USA Headquarters – Programming	Programming Study
09011	Clute Parks & Recreation Facility	Programming Study
09012	Brazoria Valve & Fitting Co.	New Construction
10004	Clute Parks & Rec / Visitor's Bureau	New Construction
10007	First Baptist Church of Surfside	New Construction
10008	B'Port College – Student Life Center/Library Reno.	New Construction/Renovation
10009	B'Port College – “C” Wing Renovation	Renovation
10012	VA Outpatient Clinic – LJ	Build Out
10013	BISD Media/Technology Center	Renovation
10014	BRHS – Lobby Renovations	Renovation
10017	B'Port College – “B” Wing Renovations	Interior Renovations
11001	B'Port College – Swamp	Renovation
11002	Texas Gulf Coast Regional Airport Terminal Bldg	New Construction
11003	Clute Parks & Recreation Facility	New Construction
11004	ABC Facility Programming	Programming Study
11005	VA Outpatient Clinic – Lake Jackson	Build Out
11008	LJ Church of the Nazarene	Addition/Renovation
11009	B'Port College IT Facility Plans	Facility Plans
11010	Brazosport Center for the Arts & Sciences	Exterior Improvements
11011	Lake Jackson Public Library – Paint Schemes	Interior Renovations
11012	BRHS Pharmacy/Materials Management	Renovation
11013	SI Group – CB3 Control Room Expansion/Renov	Programming Study
11019	Swagelok Southeast Texas	Renovation
12001	SI Group CB4 Control Room	New Construction

12002	SI Group Maintenance Facility Programming	Programming Study
12003	SI Group Administration Building Programming	Programming Study
12006	Port Freeport Administration Renovations	Renovations
12007	TGCR Airport FBO Hangar	New Construction
12008	BRHS 2 nd Floor Renovations	Renovation
12014	Freeport LNG Staging Facility & Admin Bldg	Expansion/Renovation
12016	BRHS – 4 th Floor Facilities Study	Programming Study
13006	BRHS – Urgent Care LOD	Programming Study
13007	BRHS – 2 nd Floor EDO & Holding	Programming Study
13010	Braskem – Programming & Conceptual Site Layout	Programming/SD
13011	Sunbelt Supply Warehouse/Offices	Programming/SD
13012	SI Group Administration Bldg/Maintenance Shop	Expanded SD Package
13014	First Baptist Church – Angleton	New Construction
13016	Port Freeport New Administration Building	New Construction
13018	Marquis Construction	Programming/Site Study
13019	Angleton Seafood	New Construction
14001	SI Group Administration Building	New Construction
14006	BRHS Campus As-Builts	As-Built Drawings
14007	First Baptist Church Angleton	Master Site Plan
14008	Teal Industrial Park	New Construction
14009	TGCR Airport FBO Hangar	Estimating
14012	Angleton Christian School – Programming	Programming Study
14013	Brazoria Fire Department – Programming	Programming Study
14014	Brazoria County Pain Center	New Construction
14015	Stephen F. Austin Community Health Center	Programming Study
15001	Freeport LNG Administration Building	Expansion/Renovation
15002	BASF SAP Warehouse Expansion	New Construction
15003	TGCR Airport Hangar	New Construction
15005	City of Lake Jackson Dog Park	Site Layout

15006	BRHS 4 th Floor Renovations	Renovation
15009	Dow B-120, B-122, B-115 Renovations	Renovation
15010	Purvis Law Office	New Construction
15017	Freeport LNG Administration Building	Expansion/Renovation
15018	City of LJ – Storefront Accessibility Renovations	Renovation
15019	Greater Mount Zion Phase II & III Expansion	Expansion
15020	Brazos Pointe Fellowship Expansion	Expansion
15021	Marquis Construction Office Building	New Construction
15022	SPCA of Brazoria County	Programming/Conceptual Design
15023	Shank & Bank Hangar	Programming/Conceptual Design
16001	Shank & Bank Hangar	New Construction
16004	Dow Visitor Center – Deer Park	New Construction
16005	Central Brazoria County Business Park	As-Builts & Conceptual Design
16009	Dow Office Sound Isolation Studies	Studies
16010	Shank & Bank Hangar – New Design	New Construction
16012	Cotulla LaSalle Airport Terminal	New Construction
16013	Best Western – LJ Outdoor Improvements	New Construction/Renovation
17001	Turner Industries Office Remodel	Renovation
17002	ProSound Office Bldg. Headquarters	New Construction
17005	City of West Columbia Museum Courtyard	Conceptual Design
17007	Dow A-3610 Distribution Lab Renovation	Renovation
17011	Dow B-1614 Warehouse Expansion	Addition/Renovation
17012	Wilderness Cart Barn	Programming Study
17013	Lake Jackson Historical Museum Exterior Renov.	Renovations
17014	CHI-St. Lukes LJ Imaging Center – Interior Renov.	Renovations
18001	Wilderness Cart Barn Expansion	Addition/Renovation
18005	Edufun Learning Center	New Construction
18006	New Bethel Baptist Church	New Construction

18007	Dow B-1608 Blast Bay	Addition/Renovation
18010	Brazoria County Lake Jackson Annex	New Construction
18012	MSF Electric Office Expansion	Expansion/Renovation
18014	Brazoria County Resoft Park Maint/Ranger St.	New Construction
18015	Atlantic Aviation Hangar B Office Renovation	Renovation
18020	Marquis Construction Corporate Office	New Construction
18022	Freeport LNG Building Concepts	Conceptual Design
19002	First Baptist Church Angleton – Revised	New Construction
19003	Swagelok Texas Mid-Coast	Addition/Renovation
19004	INEOS ESPN Multi- Use Facility	New Construction
19007	Freeport LNG Admin Bldg Renovations	Renovation
19009	First Baptist Church – LJ Programming	Programming Study
19010	City of LJ – Library Egress	Renovation
19011	City of LJ – Tree Monument	New Construction
19018	Dow B-1608 A Warehouse & Lab	New Construction
19020	San Luis Pass Visitor Center – As Builts	As-Builts
20001	Dow Deer Park – Office Layout	Conceptual Layouts
20002	Mustang Cat – Angleton	New Construction
20003	City of LJ – North Parking Place Facades	Renovation
20004	San Luis Pass Visitor Center	Renovation
20005	New Bethel Baptist Church – Mulberry St.	New Construction
20006	Los Gallos Restaurant/Taqueria	New Construction
20007	New Bethel Fellowship Hall	Renovation
20008	Fort Velasco Replica	New Construction



City Council Agenda Item # 6

Title: Consideration and possible action on Resolution No. 2020-2638, a resolution amending the Freeport Personnel Policy Handbook.

Date: 07/06/2020

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 regarding COVID-related Temporary Emergency Paid Sick Leave.

Background Information:

In April 2020 Freeport City Council approved a “Temporary Emergency Paid Sick Leave Policy” in accordance with the COVID-related Emergency Paid Sick Leave Act (EPSLA). This policy states that Emergency Responders are not eligible for EPSL (as allowed by the Act to preserve continuity of services).

In an effort to provide some accommodation for COVID-related emergency paid sick leave for our Emergency Responders, Staff is recommending the addition of an Exception to the Eligible Employee section of the policy as follows:

EXCEPTION TO ELIGIBLE EMPLOYEE SECTION:

In lieu of Temporary Emergency Paid Sick Leave, Emergency Responders will qualify for up to 80 hours of COVID related sick leave that does not reduce their standard sick leave accrual. This leave for Emergency Responders applies only to COVID related sick time for the employee and requires documentation from a medical professional.

The sunset date for this exclusion will be consistent with the sunset date of the policy, December 31, 2020.

Special Consideration:

Legislation allows for this exception for Emergency Responders at the discretion of the City. The circumstances that make this action timely include recent positive COVID cases in the Police Department and our desire to provide some paid leave for Emergency Responders consistent with Eligible Employees, while also minimizing exposure and spread of the virus among our Emergency Responders, their departments, and the community.

Board or 3rd Party recommendation:

The Temporary Emergency Paid Sick Leave Act is mandated by Federal legislation and the recommended Exception for Emergency Responders is allowable within the Act.

Financial Impact:

Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions are eligible for reimbursement under the Coronavirus Relief Fund.

Supporting Documentation: Resolution, Personnel Policy Change Exhibits

RESOLUTION NO. 2020-2638

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS REVISING THE TEMPORARY EMERGENCY PAID SICK LEAVE POLICY 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.

WHEREAS, reassessment of the existing Temporary Emergency Paid Sick Leave Policy, has made apparent the necessity to also include an Exception to the Eligible Employee Section of the policy to accommodate emergency paid sick leave for Emergency Responders.

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

SECTION 1. REVISION TO TEMPORARY EMERGENCY PAID SICK LEAVE POLICY. That the City Council hereby approves and adopts the Exception to the Eligible Employee section in the Temporary Emergency Paid Sick Leave Policy attached hereto as Exhibit "A", which shall take effect in accordance with the original policy as of April 1, 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 EMERGENCY PAID SICK LEAVE POLICY

In accordance with the Emergency Paid Sick Leave Act (EPSLA), an employee is eligible for up to 80 hours of paid sick leave.

EFFECTIVE DATE:

This policy is effective on April 1, 2020 through December 31, 2020.

ELIGIBLE EMPLOYEE:

Any full-time or part-time employee currently employed by the City. This policy does **NOT** to apply to Emergency Responders.

EXCEPTION TO ELIGIBLE EMPLOYEE SECTION:

In lieu of Temporary Emergency Paid Sick Leave, Emergency Responders will qualify for up to 80 hours of COVID related sick leave that does not reduce their standard sick leave accrual. This paid leave for Emergency Responders applies only to COVID related sick time for the employee and requires documentation from a medical professional.

REASONS FOR EMERGENCY PAID SICK LEAVE:

For the purpose of this policy, and in accordance with Emergency Paid Sick Leave Act, an employee is eligible to receive paid sick leave for the following reasons:

1. The employee is subject to a federal, state or local quarantine or isolation order related to COVID-19;
2. The employee has been advised by a health care provider to self-quarantine because of COVID-19.
3. The employee is experiencing symptoms of COVID-19 and is seeking a medical diagnosis;
4. The employee is caring for a family member subject or advised to self-quarantine or isolation;
5. The employee is caring for a son or daughter whose school or place of care is closed, or child care is unavailable, due to COVID-19;
6. Employee is experiencing substantially similar condition specified by Department of Health and Human Services

COORDINATION OF PAY:

Employees may receive Emergency Paid Sick Leave at the employee's regular rate of pay, unless the leave is to care for a family member (for reasons 4, 5 and 6 above), then sick leave will be paid at two-thirds the employee's regular rate.

Full-Time employees – may receive up to a maximum of 80 hours of Emergency Paid Sick Leave

Part-Time employees – may receive the number of hours that the employee works, on average, over a two-week period of Emergency Paid Sick Leave.

Emergency Paid Sick Leave is limited to 80 hours for full-time employees and to the number of average hours worked in a two-week period for part-time employees, and ends when the leave has been exhausted; the need causing the employee's eligibility for the leave ends, or on the expiration of the law (December 31, 2020), whichever is earlier.

If the employee needs more time than what is allowed by the EPSL Act, then the employee may use his or her accrued leave time (e.g. sick leave, vacation, personal, floating holiday, holiday bank, and comp-time. When all time has been exhausted the employee may be allowed to go into negative sick hours, as described in the Temporary COVID-19 Policy adopted by the City of Seabrook on March 13, 2020.

EMPLOYEE'S NOTICE REQUIREMENTS:

Employees will need to submit a request in writing to Human Resources for Emergency Paid Leave. The employee must notify his or her supervisor and/or the Department Director of the need for leave.

SUPERVISOR'S NOTICE REQUIREMENTS:

All supervisors must immediately notify both their Department Director and Human Resources, if an employee informs them of the need for leave under the Emergency Paid Sick Leave Policy.

REQUIRED DOCUMENTATION:

The employee will need to complete an Emergency Paid Leave Request form provided by Human Resources.



City Council Agenda Item # 7

Title: Discussion and direction regarding comparison cities and organizations for city-wide salary survey.

Date: 07/06/2020

From: Brenda Ferguson, Director of Human Resources

Staff Recommendation: Staff is seeking discussion and direction regarding comparison cities and organizations for our city-wide salary survey.

Item Summary:

The City is conducting a city-wide salary and benefits survey via Strategic Government Resources (SGR). A foundational step in the process is identifying the cities and/or organizations that are the most relevant for comparison. Staff is seeking feedback from Council on a preliminary list of comparison entities, which will be prepared and presented for consideration at the Council Meeting.

Background Information:

In an effort to develop a competitive compensation strategy that facilitates employee engagement and long-term tenure, and reduces employee turnover, we have engaged Strategic Government Resources (SGR) to conduct an objective salary and benefits survey. We want to ensure that the survey includes data from municipalities and organizations that are comparatively relevant in terms of multiple criteria including, but not limited to, geography, organizational structure, demographics, local industry, similar facilities, and community characteristics.

We also believe the most relevant comparisons will be generated by defining competitive entities by function or department. For example, the competitive organizations may be different for Fire/EMS positions than they are for Public Works positions.

We welcome and appreciate feedback from Council regarding the most relevant entities for these comparisons.

Special Consideration:

In order for our salary and benefits survey to yield the most relevant data, we want to avoid random comparisons and think beyond standard geographical boundaries. Defining these comparison entities is a foundational step in the survey process. We are seeking input early in the process to keep the survey progressing in a timely manner.

Board or 3rd Party recommendation: Our vendor, Strategic Government Resources (SGR) shares our desire to clearly define the most relevant comparison entities and recognizes that our City may be unique in that regard. SGR and the City want to avoid using standard data sets that may yield less useful information.

Financial Impact: There is no additional cost for defining a unique set of comparison entities based on our criteria and our functional or departmental structure.

Supporting Documentation: A preliminary list of comparison entities will be presented at the Council Meeting.



City Council Agenda Item # 8

Title: Discussion and Direction Regarding FY2020-2021 Budget Assumptions

Date: July 6, 2020

From: Stephanie Russell, Assistant City Manager/Finance Director

Staff Recommendation:

Staff requests direction from Council regarding the assumptions to be used for the development of the FY2020-2021 Budget.

Item Summary:

Staff has developed the following assumptions for Council consideration in development of the FY2019-2020 Budget:

General Fund

1. Fund Balance: At least 25% of operating expenditures will be kept in fund balance as a reserve.
2. Revenue:
 - a. Property Tax: Specific discussion regarding the property tax rate will be held during the July 20th Council Meeting.
 - b. Sales Tax: Sales tax has been decreasing overall from the last fiscal year. In looking at historical trends, FY2019 and FY2017 appear to be outliers. When removed, this fiscal year's revenue is in line with prior years. *Therefore, staff recommends budgeting based on the average of 2015, 2016, 2018 and 2020.*
 - c. Industrial District Payments:
 - i. The Brazosport IDA increases by CPI or values – whichever is greater. Because the valuations are not known at this time, *staff will budget based on the CPI increase.*
 - ii. Freeport IDAs increase by values and the percentage set forth in the contract. The percentage rate for 2020 is 61%. Because the valuations are not known at this time, *staff will budget based on the increase in the rate from last fiscal year (1%).*
 - iii. The Annual Freeport LNG Payment for March 2021 is \$2 million.
 - d. Licenses and Permits: The cost of licenses and permits *will not change* during the forecast period.
 - e. Fines and Forfeitures are also projected to *remain flat*.

- f. EMS Fees: *There will be no changes* to the EMS service rates over the forecast horizon.
- 3. Expenditures
 - a. The Consumer Price Index has gone down 1.6% since April 2019. Staff expects this may rise over the next year so rather than reduce expenditures now, we will *budget them the same as actuals this year*.
 - b. In regards to Salaries, *staff recommends planning for a 3% merit increase* and budgeting a placeholder for results of the market survey.

Debt Service Fund

- 1. Will include Certificate of Obligation Bond Issuance.
- 2. Will assume City *will not prepay or refinance existing debt* in the next fiscal year.

Water and Sewer Fund

- 1. *Rates will be increased beginning 10/1/2020* based on the Utility Rate Study
- 2. The contract with Veolia calls for an annual increase for operations based on CIP. Since this is negative, staff expects this to be *flat over the coming year*.
- 3. Staff will include major capital projects with projected funding from grants.

CIP Funds: Staff will include funding for the CO Bond Issuance as follows:

- | | |
|--------------------------------------|---------------|
| 1. Streets and Drainage Projects | \$2.5 Million |
| 2. Velasco Pump Station Improvements | \$252,000 |
| 3. Heritage House Renovation | \$375,000 |
| 4. City Hall Renovation | \$675,000 |

Background Information:

N/A

Special Considerations:

N/A

Financial Impact:

N/A

Board or 3rd Party recommendation:

N/A

Supporting Documentation:

N/A



City Council Agenda Item # 9

Title: Consideration and Possible Action Regarding Preliminary Official Statement and Notice of Sale

Date: July 6, 2020

From: Stephanie Russell, Assistant City Manager/Finance Director

Staff Recommendation:

Approval of the Preliminary Official Statement and Notice of Sale is not a requirement of the bond sale. However; since it has been many years since the last bond sale, staff recommends consent from Council regarding the information contained in the documents.

Item Summary:

The Official Statement is the document used by the issuer or the underwriting firms to sell their bonds to potential buyers and essentially protect investors' interests by providing all the information deemed necessary by the Securities and Exchange Commission (SEC). The Official Statement includes the terms under which bonds can be redeemed prior to maturity; the sources of money pledged to repay the bonds; and the state or local government's covenants for the benefit of investors.

The Notice of Sale informs potential underwriters on how and where to submit bids. This notice includes the amount of capital to be raised and the maturity dates for the issue.

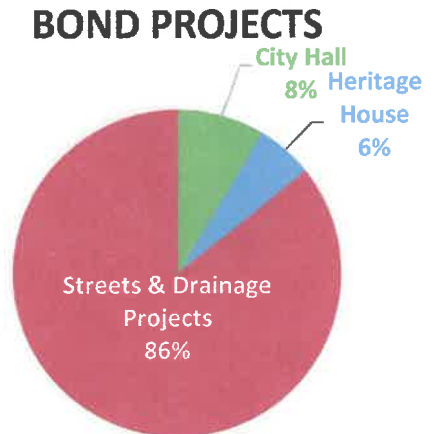
The par amount included in the Preliminary Official Statement and Notice of Sale is \$6,655,000. The total bond proceeds will include a premium generated in addition to the par amount. The exact par amount will be updated as we approach pricing and distribute the document to investors.

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. The meeting date to Close on the Bond Issuance is Monday, August 3, 2020.

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.



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.

Special Considerations: The proposed CO issuance does not interfere with the plans for Water and Sewer Projects. Staff is still moving forward with the Texas Water Development Board Application for funding of Water and Sewer Projects.

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 current estimated combined principal and interest required to pay the Certificates on time and in full assumes a 2.6% interest rate and is \$10,140,300. Based on this rate and conservative property value projections, the initial capacity to was estimated to be \$7.2 million in bonds. Since then, interest rates continue to drop – increasing the City's capacity. Thus, a maximum of \$8 million was proposed to be included in the notice to allow the City to capitalize on a further drop in 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:
Preliminary Official Statement
Notice of Sale

PRELIMINARY OFFICIAL STATEMENT

DATED _____, 2020

Ratings: S&P: "_____"
See ("OTHER INFORMATION - RATINGS" herein)

NEW ISSUE - BOOK-ENTRY-ONLY

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE CERTIFICATES IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND IS NOT A SPECIFIC PREFERENCE ITEM FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX. SEE "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE CERTIFICATES WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

\$6,655,000*
CITY OF FREEPORT, TEXAS
(Brazoria County)

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2020

Dated Date: August 1, 2020

Due: April 1, as shown on page 2

Interest Accrual Date: Date of Delivery

PAYMENT TERMS . . . Interest on the \$6,655,000* City of Freeport, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2020 (the "Certificates") will accrue from the date of initial delivery (expected August 24, 2020) to the purchaser thereof (the "Delivery Date") and will be payable April 1 and October 1 of each year commencing April 1, 2021, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Certificates - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE CERTIFICATES - PAYING AGENT/REGISTRAR").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Subchapter C of Chapter 271, Texas Government Code (the "Act"), as amended, and constitute direct obligations of the City, payable from an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, as provided in the ordinance authorizing the issuance of the Certificates (the "Ordinance") and from a limited pledge of a subordinate lien on the surplus revenues of the City's waterworks and sewer system in an amount not to exceed \$1,000 (see "THE CERTIFICATES - AUTHORITY FOR ISSUANCE").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (i) construction of improvements to and the equipment of city streets, sidewalks and related infrastructure; (ii) construction of improvements to and the equipment of city drainage facilities; (iii) the construction of improvements to and the equipment of city hall; (iv) construction of improvements to and the equipment of city parks and recreational facilities; and (v) the costs of professional services related thereto.

SEE MATURITY SCHEDULE ON PAGE 2

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after April 1, 20__, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on April 1, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. (See "THE CERTIFICATES - OPTIONAL REDEMPTION").

MANDATORY SINKING FUND REDEMPTION. . . In addition to the foregoing optional redemption provision, if principal amounts designated in the serial maturity schedule on the inside cover page hereof are combined to create Term Certificates, each such Term Certificate shall be subject to mandatory sinking fund redemption commencing on April 1 of the first year which has been combined to form such Term Certificate and continuing on April 1 in each year thereafter until the stated maturity date of that Term Certificate, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule above (see "THE CERTIFICATES - MANDATORY SINKING FUND REDEMPTION").

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the initial purchaser (the "Initial Purchaser") and subject to the approving opinions of the Attorney General of Texas and of Bracewell LLP, Houston, Texas, Bond Counsel (see Appendix C, "FORM OF BOND COUNSEL'S OPINION").

DELIVERY . . . It is expected that the Certificates will be available for delivery through the Depository Trust Company on or about August 24, 2020.

BIDS DUE MONDAY, AUGUST 3, 2020, AT 1:30 P.M., CDT

*Preliminary, subject to change. (See "THE CERTIFICATES - ADJUSTMENT OF PRINCIPAL AMOUNTS" in the accompanying Notice of Sale)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$6,655,000*
CITY OF FREEPORT, TEXAS
(Brazoria County)

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2020

MATURITY SCHEDULE*

Due April 1 ⁽¹⁾	Principal Amount*	Interest Rate	Initial Reoffering Yield ⁽²⁾	CUSIP Number ⁽³⁾
	\$	%	%	
2021	415,000			
2022	35,000			
2023	35,000			
2024	270,000			
2025	280,000			
2026	290,000			
2027	305,000			
2028	315,000			
2029	330,000			
2030	340,000			
2031	350,000			
2032	365,000			
2033	375,000			
2034	385,000			
2035	395,000			
2036	410,000			
2037	420,000			
2038	435,000			
2039	445,000			
2040	460,000			
	\$ 6,655,000			

* Preliminary, subject to change. (See "THE CERTIFICATES - ADJUSTMENT OF PRINCIPAL AMOUNTS" in the accompanying Notice of Sale)

- (1) The City reserves the right, at its option, to redeem Certificates having stated maturities on and after April 1, 20__, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on April 1, 20__, or any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date of redemption. Additionally, principal amounts for two or more consecutive maturities designated in the above schedule may be combined to create one or more term Certificate (the "Term Certificates"), with each such term Certificate being subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Mandatory Sinking Fund Redemption").
- (2) The initial reoffering prices or yields on the Certificates are furnished by the Initial Purchaser and represent the initial offering prices or yields to the public, which may be changed by the Initial Purchaser at any time.
- (3) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the City, the Financial Advisor, nor Bond Counsel shall be responsible for the selection or correctness of CUSIP numbers shown herein.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document as the same may be supplemented or corrected by the City from time-to-time, may be treated as an Official Statement with respect to the Certificates described herein "deemed final" by the City as of the date hereof (or of any such supplement or correction) except for the omission of no more than the information provided by subsection (b)(1) of the Rule.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

None of the City, the Financial Advisors, or the Initial Purchasers make any representation or warranty with respect to the information contained in the Official Statement regarding the Depository Trust Company ("DTC") or its Book-Entry-Only System as described under "THE CERTIFICATES- BOOK-ENTRY-ONLY SYSTEM" as such information has been provided by DTC.

All the summaries of the statutes, ordinances, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the City.

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Certificates is to be construed as an agreement with the Purchaser of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in the Rule.

TABLE OF CONTENTS

MATURITY SCHEDULE	2	TABLE 6 – TEN LARGEST TAXPAYERS	24
TABLE OF CONTENTS	4	TABLE 7 – TAX ADEQUACY	25
OFFICIAL STATEMENT SUMMARY	5	TABLE 8 – ESTIMATED OVERLAPPING DEBT	25
SELECTED FINANCIAL INFORMATION	6	DEBT INFORMATION	26
GENERAL FUND CONSOLIDATED STATEMENT SUMMARY	6	TABLE 9 – PRO-FORMA GENERAL OBLIGATION DEBT SERVICE	26
CITY OFFICIALS, STAFF AND CONSULTANTS	7	REQUIREMENTS	26
ELECTED OFFICIALS	7	TABLE 10 – INTEREST AND SINKING FUND BUDGET PROJECTIONS	27
SELECTED ADMINISTRATIVE STAFF	7	FINANCIAL INFORMATION	28
CONSULTANTS AND ADVISORS	7	TABLE 11 – CHANGE IN NET POSITION	28
INTRODUCTION	8	TABLE 12 – GENERAL FUND REVENUES AND EXPENDITURES	29
DESCRIPTION OF THE CITY	8	HISTORY	29
THE CERTIFICATES	9	TABLE 13 – MUNICIPAL SALES TAX HISTORY	30
DESCRIPTION OF THE CERTIFICATES	9	FINANCIAL POLICIES	30
AUTHORITY FOR ISSUANCE	9	INVESTMENTS	31
SECURITY AND SOURCE OF PAYMENT	9	TABLE 14 – CURRENT INVESTMENTS	32
USE OF PROCEEDS	9	TAX MATTERS	33
TAX RATE LIMITATION	9	TAX EXEMPTION	33
OPTIONAL REDEMPTION	9	ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS	33
MANDATORY SINKING FUND REDEMPTION	10	PURCHASE OF TAX-EXEMPT OBLIGATIONS BY FINANCIAL	34
NOTICE OF REDEMPTION	10	INSTITUTIONS	34
DEFEASANCE	10	TAX LEGISLATIVE CHANGES	35
BOOK-ENTRY-ONLY SYSTEM	10	OTHER INFORMATION	35
PAYING AGENT/REGISTRAR	12	WEATHER EVENTS	35
OWNERSHIP	12	INFECTIOUS DISEASE OUTBREAK – COVID-19	35
TRANSFERS AND EXCHANGES	12	EXPOSURE TO OIL AND GAS INDUSTRY	36
RECORD DATE FOR INTEREST PAYMENT	13	RATING	36
REMEDIES IN THE EVENT OF DEFAULT	13	LEGAL OPINIONS	36
REPLACEMENT CERTIFICATES	14	LITIGATION	36
TAX INFORMATION	14	LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC	37
VALUATION OF TAXABLE PROPERTY	14	FUNDS IN TEXAS	37
ISSUER AND TAXPAYER REMEDIES	14	REGISTRATION, SALE AND DISTRIBUTION	37
STATE MANDATED HOMESTEAD EXEMPTIONS FOR VETERANS	15	AUDITED FINANCIAL STATEMENTS	37
LOCAL OPTION HOMESTEAD EXEMPTIONS	15	CERTIFICATION OF THE OFFICIAL STATEMENT	37
LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED	15	NO-LITIGATION CERTIFICATE	37
PERSONAL PROPERTY	15	FORWARD LOOKING STATEMENTS DISCLAIMER	37
FREEPORT EXEMPTIONS	15	CONTINUING DISCLOSURE OF INFORMATION	38
OTHER EXEMPT PROPERTY	15	ANNUAL REPORTS	38
TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED	15	NOTICE OF CERTAIN EVENTS	38
BY A DISASTER	15	AVAILABILITY OF INFORMATION	39
TAX INCREMENT REINVESTMENT ZONES	16	LIMITATIONS AND AMENDMENTS	39
TAX ABATEMENT AGREEMENTS	16	COMPLIANCE WITH PRIOR UNDERTAKINGS	40
PUBLIC HEARING AND MAINTENANCE AND OPERATIONS	16	FINANCIAL ADVISOR	40
TAX RATE LIMITATIONS	16	INITIAL PURCHASER	40
LEVY AND COLLECTION OF TAXES	17	INITIAL PURCHASER	40
DEBT TAX RATE LIMITATIONS	17		
PENALTIES AND INTEREST	17		
THE CITY’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES	18	APPENDICES	
CITY APPLICATION OF PROPERTY TAX CODE	18	GENERAL INFORMATION REGARDING THE CITY	A
MUNICIPAL SALES TAX COLLECTIONS	18	EXCERPTS FROM THE ANNUAL FINANCIAL REPORT	B
SELECTED ISSUER INFORMATION	18	FORM OF OPINION OF BOND COUNSEL	C
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS	18		
ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT	18		
OTHER OBLIGATIONS	19		
PENSION FUND	19		
OTHER POST-EMPLOYMENT BENEFITS	19		
TABLE 1 – VALUATION, EXEMPTION AND GENERAL OBLIGATION	20		
DEBT	20		
TABLE 2 – TAXABLE ASSESSED VALUATION BY CATEGORY	21		
TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY	22		
TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY	22		
TABLE 5 – INDUSTRIAL DISTRICT AGREEMENTS	22		

The cover page hereof, inside cover page, this page, the appendices included herein and any addenda or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

- THE CITY**.....The City of Freeport, Texas (the “City”) is a political subdivision and municipal corporation of the State of Texas, located in Brazoria County, Texas. The City covers approximately 15 square miles (see “INTRODUCTION - DESCRIPTION OF CITY”).
- THE CERTIFICATES**The Certificates are issued as \$6,655,000* Combination Tax and Revenue Certificates of Obligation, Series 2020. The Certificates are issued as serial Certificates maturing April 1, 2021 through and including April 1, 2040, unless the Initial Purchaser designates one or more maturities as Term Certificates (see “THE CERTIFICATES—DESCRIPTION OF THE CERTIFICATES”).
- PAYMENT OF INTEREST**Interest on the Certificates accrues from the date of delivery and is payable April 1, 2021, and each October 1 and April 1 thereafter until maturity or prior redemption (see “THE CERTIFICATES - DESCRIPTION OF THE CERTIFICATES” and “THE CERTIFICATES - OPTIONAL REDEMPTION”).
- AUTHORITY FOR ISSUANCE**.....The Certificates are issued pursuant to the general laws of the State, including particularly Subchapter C of Chapter 271, Texas Local Government Code and an ordinance passed by the City Council of the City (see “THE CERTIFICATES - AUTHORITY FOR ISSUANCE”).
- SECURITY FOR THE CERTIFICATES**The Certificates constitute direct obligations of the City, payable from the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City and a limited pledge of a subordinate lien on the surplus revenues of the City’s waterworks and sewer system in an amount not to exceed \$1,000 (see “THE CERTIFICATES - SECURITY AND SOURCE OF PAYMENT”).
- OPTIONAL REDEMPTION**.....The City reserves the right, at its option, to redeem Certificates having stated maturities on and after April 1, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on April 1, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES—OPTIONAL REDEMPTION”). Additionally, the Certificates may be subject to mandatory redemption in the event the Initial Purchaser elects to aggregate one or more maturities as a Term Certificate. (See “THE CERTIFICATES—MANDATORY SINKING FUND REDEMPTION.”)
- QUALIFIED TAX-EXEMPT OBLIGATIONS**The City will designate the Certificates as “Qualified Tax-Exempt Obligations” for financial institutions (see “TAX MATTERS -QUALIFIED TAX-EXEMPT OBLIGATIONS”).
- TAX EXEMPTION**In the opinion of Bond Counsel, interest on the Certificates is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS - TAX EXEMPTION” herein. See “TAX MATTERS - TAX EXEMPTION” for a discussion of the opinion of Bond Counsel.
- USE OF PROCEEDS**Proceeds from the sale of the Certificates will be used for (i) construction of improvements to and the equipment of city streets, sidewalks and related infrastructure; (ii) construction of improvements to and the equipment of city drainage facilities; (iii) the construction of improvements to and the equipment of city hall; (iv) construction of improvements to and the equipment of city parks and recreational facilities; and (v) the costs of professional services related thereto.
- RATINGS**The Certificates are rated “_____” by S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”) without regard to credit enhancement (see “OTHER INFORMATION - RATINGS”).
- BOOK-ENTRY-ONLY SYSTEM**The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see “THE CERTIFICATES - BOOK-ENTRY-ONLY SYSTEM”).
- PAYMENT RECORD** The City has never defaulted in payment of its general obligation tax debt.

* Preliminary, subject to change. (See “THE CERTIFICATES - ADJUSTMENT OF PRINCIPAL AMOUNTS” in the accompanying Notice of Sale).

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	General Obligation (G.O.) Tax Debt	Per Capita G.O. Tax Debt	Ratio Tax	
						Debt to Taxable Assessed Valuation	Percent of Total Tax Collections
2015	12,075	\$ 337,346,095	\$ 27,938	\$ 2,015,000	\$ 167	0.60%	97.81%
2016	12,071	380,089,641	31,488	1,795,000	149	0.47%	98.06%
2017	12,194	401,425,569	32,920	1,565,000	128	0.39%	97.93%
2018	12,209	418,710,642	34,295	1,325,000	109	0.32%	97.29%
2019	12,136	467,237,067	38,500	1,080,000	89	0.23%	97.83%
2020	12,136	503,354,698	41,476	7,215,000 ⁽³⁾	595 ⁽³⁾	1.43% ⁽³⁾	93.01% ⁽⁴⁾

(1) Source: The City.

(2) As reported by the Brazoria County Appraisal District; subject to change during the ensuing year.

(3) Includes the Certificates. Preliminary, subject to change.

(4) As of May 31, 2020.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Beginning Balance	\$ 10,122,308	\$ 5,931,308 ⁽¹⁾	\$ 9,329,804	\$ 9,744,776 ⁽²⁾	\$ 6,461,640
Total Revenue	16,573,080	20,233,750	12,792,868	13,484,450	16,513,650
Total Expenditures	18,149,179	15,540,001	14,276,430	13,260,311	12,412,475
Other Financing Sources (Uses)	277,413	(502,749)	(890,825)	(639,111)	(614,358)
Ending Balance	\$ 8,823,622	\$ 10,122,308	\$ 6,955,417	\$ 9,329,804	\$ 9,948,457

(1) Restated due to adoption of GASB No. 75 and the reclassification by the City of the golf course and ambulance business-type activities as part of the general fund.

(2) Restated due to adoption of GASB No. 72.

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Title</u>	<u>Length of Service</u>	<u>Term Expires May</u>
Brooks Bass	Mayor	7 months	May 2021
Ken Green	Mayor Pro Tem	2 years	November 2020
Jerry Cain	Council Member	7 months	May 2021
Sandra Loeza	Council Member	2 years	November 2020
Roy Yates	Council Member	1 year	May 2021

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Title</u>	<u>Service to City</u>	<u>Total Governmental Service</u>
Tim Kelty	City Manager	1.7 years	19 years
Stephanie Russell	Assistant City Manager/Finance Director	1 year	12 years
Betty Wells	City Secretary	14 years	14 years
Chris Duncan	City Attorney	1 year	19 years

CONSULTANTS AND ADVISORS

Auditor..... Whitley Penn LLP

Bond Counsel and Disclosure Counsel..... Bracewell LLP
Houston, Texas

Financial Advisor Masterson Advisors LLC
Houston, Texas

For additional information regarding the City, please contact either:

Tim Kelty
City of Freeport
200 W. 2nd Street
Freeport, TX 77541
(979) 233-3526 Phone
(979) 233-8867 Fax

Drew Masterson
Masterson Advisors LLC
3 Greenway Plaza, Suite 1100
Houston, Texas 77046
(713) 814-0555 Phone
(713) 814-0581 Fax

PRELIMINARY OFFICIAL STATEMENT
RELATING TO
\$6,655,000*
CITY OF FREEPORT, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2020

INTRODUCTION

This Official Statement, which includes the cover page, Schedule, and Appendices hereto, provides certain information regarding the issuance of the \$6,655,000* City of Freeport, Texas Combination Tax and Revenue Certificates of Obligation, Series 2020 (the "Certificates"). Capitalized terms used in this Official Statement, except as otherwise indicated herein, have the same meanings assigned to such terms in the ordinance authorizing the issuance of the Certificates (the "Ordinance"), to be adopted on August 3, 2020.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City of Freeport, Texas (the "City") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Masterson Advisors LLC, Houston, Texas, by electronic mail or upon payment of reasonable handling, mailing, and delivery charges.

DESCRIPTION OF THE CITY

The City is a home-rule city of the State of Texas, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1917, and first adopted its Home Rule Charter on June 20, 1960. The City operates under a Mayor/Council form of government with a City Council comprised of the Mayor and four Councilmembers elected on a "ward" system. The term of office is two years with the terms of the Mayor and two of the Councilmembers' terms expiring in odd-numbered years and the terms of the other two Councilmembers expiring in even-numbered years. The City Manager is the chief administrative officer for the City. The 2010 Census population for the City was 12,049 and the 2019 Census estimate was 12,136. The City covers approximately 15 square miles.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.

The pandemic has had a particularly negative effect on sales tax revenues in the Houston region, and while such revenues are not pledged to payment of the Certificates, decreases in sales tax revenues could adversely affect the operations of the City generally. Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property and could reduce or negatively affect property values within the City. The Certificates are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Certificates as well as the City's share of operations and maintenance expenses payable from ad valorem taxes.

The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the City. While the potential impact of COVID-19 on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not necessarily indicative of the economic impact of the Pandemic on the City's financial condition.

* Preliminary, subject to change. (See "THE CERTIFICATES - ADJUSTMENT OF PRINCIPAL AMOUNTS" in the accompanying Notice of Sale).

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES

The Certificates are dated August 1, 2020 and mature on April 1 in each of the years and in the amounts shown on page 2 hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on April 1 and October 1, commencing April 1, 2021. The definitive Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORITY FOR ISSUANCE

The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State") including particularly Subchapter C of Chapter 271, Texas Local Government Code, and as provided in the Ordinance.

SECURITY AND SOURCE OF PAYMENT

All taxable property within the City is subject to an annual ad valorem tax levied, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on the Certificates. The Certificates are also payable from and secured by a limited pledge of a subordinate lien on the surplus revenues of the City's waterworks and sewer system in an amount not to exceed \$1,000.

USE OF PROCEEDS

Proceeds from the sale of the Certificates will be used for the purpose of paying all or any part of the costs associated with (i) construction of improvements to and the equipment of city streets, sidewalks and related infrastructure; (ii) construction of improvements to and the equipment of city drainage facilities, (iii) the construction of improvements to and the equipment of city hall; (iv) construction of improvements to and the equipment of city parks and recreational facilities; and (v) the costs of professional services related thereto.

Par Amount of the Bonds	
Net Premium (Discount)	
Total Sources of Funds	=====
Deposit to Construction Fund	
Costs of Issuance ⁽¹⁾	
Initial Purchaser's Discount	
Total Uses of Funds	=====

(1) Includes professional costs, rating agency fees, fees of the Paying Agent/Registrar, rounding amount and other costs of issuance.

TAX RATE LIMITATION

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax supported debt, within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

OPTIONAL REDEMPTION

The City reserves the right, at its option, to redeem Certificates having stated maturities on and after April 1, 20__, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on April 1, 20__, or any date thereafter, at the par value 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 Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION

The Certificates maturing in _____ (the "Term Certificates"), shall be subject to mandatory sinking fund redemption, in whole or in part (at a redemption price equal to the principal amount thereof and any accrued interest thereon to the date set for redemption), on February 1 in each of the years and in the amounts set forth below:

Term Certificates Maturing April 1, 20

<u>Mandatory Redemption Dates</u>	<u>Mandatory Sinking Fund Payment</u>
April 1, 20__	\$
April 1, 20__	\$
April 1, 20__ (Stated Maturity)	\$

The particular Term Certificates to be mandatorily redeemed shall be selected by lot or other customary random selection method by the Paying Agent/Registrar. The principal amount of the Term Certificates to be mandatorily redeemed on such mandatory redemption date shall be reduced at the option of the City by the principal amount of such Term Certificate which, by the 45th day prior to such mandatory 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.

NOTICE OF REDEMPTION

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 thirty (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 registration books at the close of business on the Business Day next preceding the date of mailing such notice. 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 the Certificates outstanding are to be redeemed, an identification of the Certificates or portions thereof to be redeemed. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, 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 CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The City reserves the right to give notice of its election or direction to redeem Certificates under "Optional Redemption" herein 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.

DEFEASANCE

The Ordinance provides for the defeasance of the Certificates in any manner now or hereafter provided by law.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor, and the Initial Purchaser believe the source of such information to be reliable, but none of the City, the Financial Advisor nor the Initial Purchaser take any responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security will be issued for each maturity of the Certificates in the aggregate principal of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest, and redemption payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, interest and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

*USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT...*In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

*EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM...*In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed bonds will be issued to the holders and the Certificates will be subject to transfer, exchange, and registration provisions as set forth in the Ordinance and summarized under "THE CERTIFICATES - TRANSFER, EXCHANGE AND REGISTRATION" below.

PAYING AGENT/REGISTRAR

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

OWNERSHIP

The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificates for the purposes of making payment of the principal thereof and the interest thereon and for all other purposes, whether or not such Certificate is overdue. Neither the City nor the Paying Agent/Registrar will be bound by any notice or knowledge to the contrary. All payments made to the registered owner of such Certificate in accordance with the Ordinance will be valid and effectual and will discharge the liability of the City and the Paying Agent/Registrar for such Certificate to the extent of the sums paid.

TRANSFERS AND EXCHANGES

In the event the book-entry-only system should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owners, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office or the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid, to the new registered owner or his designee.

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 acceptable to the Paying Agent/Registrar. No transfer of any Certificate shall be effective until entered in the Register. 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 Authorized Denominations, and in an aggregate principal amount equal to the unpaid principal amount of the Certificates presented for exchange. 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, 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.

No service charge shall be made to the Owner for the initial registration, any 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.

Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Certificate called for redemption, in whole or in part, where such redemption is scheduled to occur within 45 days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Certificate.

RECORD DATE FOR INTEREST PAYMENT

The record date (“Record Date”) for the interest payable on the Certificates on any interest payment date means the close of business on the 15th day of the preceding month. In the event of a non-payment of interest on a scheduled payment date, and for thirty (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 scheduled payment date of the past due interest (“Special Payment Date,” which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

REMEDIES IN THE EVENT OF DEFAULT

The Ordinance does not establish specific events of default with respect to the Certificates or any remedies to a registered owner if the City defaults on the payment of the principal of or interest on any Certificates. Further, the Ordinance does not provide for the appointment of a trustee to protect and enforce the interest of the registered owners upon the occurrence of such a default. If a registered owner of a Certificate does not receive payment of principal or interest when due, the registered owner may seek a writ of mandamus from a court of competent jurisdiction requiring the City to levy and collect taxes. The mandamus remedy, however, may be impractical and difficult to enforce. There is no provision for the acceleration of maturity of principal of a Certificate in the event of a default. A registered owner of a Certificate could file suit against the City if a default occurred in the payment of principal of or interest on any such Certificates; however, a suit for monetary damages could be vulnerable to the defense of sovereign immunity as discussed below, and any judgment could not be satisfied by execution against any property of the City.

The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the City’s governmental immunity from a suit for money damages, registered owners may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in considering municipal breach of contract cases, it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the common law and statutory guidance. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to restrict the waiver of immunity when a city performs a proprietary function. The Court remanded the case so that the appellate court could rule on whether the contract at issue was proprietary or governmental. *Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018). On remand, the appellate court found for the City of Jacksonville by holding the contract claim arose from the City’s performance of a governmental function, and thus the claim was barred by immunity. After granting *Wasson*’s petition for review of the appellate decision, the Court held that to determine if the City was engaged in a proprietary or governmental function, the focus of the inquiry is on the nature of the contract at the time of execution, not the nature of the breach at the time of the breach.

The City is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Obligation holders of an entity which has sought protection under Chapter 9.

Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court), and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the obligations are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

REPLACEMENT CERTIFICATES

If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate in the same principal amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon presentation and surrender of such mutilated Certificate to the Paying Agent/Registrar. The City or the Paying Agent/Registrar may require the owner to pay all expenses and charges in connection therewith. In the case of any Certificate issued in lieu of and in substitution for a Certificate which has been destroyed, stolen or lost, such new Certificate will be delivered only once the owner (a) 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, (b) furnishes security or indemnity as may be required by the Paying Agent/Registrar and the City, (c) pays all expenses and charges in connection therewith and (d) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Galveston Central Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates.

ISSUER AND TAXPAYER REMEDIES

Under certain circumstances, the City and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value of at least \$50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases. See "– Public Hearing and Maintenance and Operations Tax Rate Limitations." The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

STATE MANDATED HOMESTEAD EXEMPTIONS FOR VETERANS

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action, and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of the appraised value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT EXEMPTIONS

Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days (“Goods-in-Transit”), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer’s retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

TAX INCREMENT REINVESTMENT ZONES

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the “Incremental Value” in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, generally located within the TIRZ. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “Incremental Value”, and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within or benefitting the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions described above are applied by the City, see “– City Application of Property Tax Code” herein.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS

The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city’s tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate.”

The City’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its “voter-approval tax rate” and “no-new-revenue tax rate” (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its “de minimis rate”, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

LEVY AND COLLECTION OF TAXES

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1.

DEBT TAX RATE LIMITATIONS

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax supported debt, within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

PENALTIES AND INTEREST

As of January 1 of each year, the City has a lien granted by statute for unpaid taxes on real property, which shall be levied for that tax year. In the event a taxpayer fails to make timely payment owing to the City on real property, a penalty of 6% of the unpaid taxes is incurred in the first month of delinquency and 1% is added monthly until July 1 when the penalty becomes 12%. In addition, interest on delinquent taxes accrues at the rate of 1% per month until paid. If an account is delinquent in July, the City may also impose an additional penalty to defray costs of collection by an attorney, not to exceed 20% of the total amount due.

THE CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES

Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF PROPERTY TAX CODE

The City does grant an exemption to the market value of the residence homestead of persons 65 years of age or older of \$80,000; the disabled are also granted an exemption of \$80,000.

The City has not granted an additional exemption of the market value of residence homesteads.

The City has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older.

Ad valorem taxes are levied by the City against the exempt value of residence homesteads for the payment of debt. Capped at 20%.

The City does tax nonbusiness personal property (residential inventory).

The Brazoria County Tax Office collects taxes for the City.

The City does not permit split payments, and discounts are not allowed.

The City does tax freeport property.

The City does not exempt taxes on goods-in-transit.

The City does not collect an additional sales tax for reduction of ad valorem taxes.

The City does not currently have an adopted a tax abatement policy but is in the process of renewing it.

MUNICIPAL SALES TAX COLLECTIONS

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the office of the Comptroller of Public Accounts of the State of Texas, who remits proceeds of the sales tax, after deduction of a 2% service fee, to the City monthly.

On November 2, 1999, the voters approved an additional sales and use tax of one-half of one percent to promote economic development within the City. This one-half of one percent sales and use tax is for the benefit of the Freeport Economic Development Corporation (the "Corporation"), which operates as a Type B corporation under Chapter 501, et. seq of the Texas Local Government Code.

SELECTED ISSUER INFORMATION

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The City has no authorized but unissued debt outstanding. Under State law, the City may issue certain obligations, such as the Certificates, secured by ad valorem taxes without an election.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT

The City does not anticipate issuing any additional general obligation debt in the next twelve months.

OTHER OBLIGATIONS

The City is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled \$710,284 at September 30, 2019. The following is a schedule of future minimum lease payments under capital leases:

<u>Payments Due Year Ending September 30,</u>		
2020		\$ 135,444
2021		44,782
2022		44,782
2023		145,432
Minimum lease payments for all capital leases		<u>370,440</u>
Imputed Interest		<u>(29,961)</u>
Present value - minimum lease payments		\$ 340,479
Assets under capital leases		\$ 340,479

PENSION FUND

The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System (“TMRS”), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see APPENDIX B, “Excerpts from the City’s Annual Financial Report” - Note 2 - O.)

OTHER POST-EMPLOYMENT BENEFITS

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City’s insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Additionally, the City participates in a defined-benefit group-term life insurance plan, both for current and retired employees, administered by the TMRS. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. See APPENDIX B, “Excerpts from the City’s Annual Financial Report” - Note 2 - P.)

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TABLE 1 – VALUATION, EXEMPTION AND GENERAL OBLIGATION DEBT

2019/2020 Market Valuation Established by Brazoria County Appraisal District (excluding totally exempt property)		\$ 599,372,682 ⁽¹⁾
Less Exemptions/Reductions at 100% Market Value:		
Over 65	\$ 36,233,841	
Disabled Persons	8,271,223	
Disabled Veteran	1,376,389	
Homestead Cap Adjustment	31,349,338	
Pollution Control	1,509,850	
Productivity Loss	1,246,256	
Abatement	16,031,087	\$ 96,017,984
2019/2020 Taxable Assessed Valuation		<u>\$ 503,354,698</u>
General Obligation Debt as of 6/1/2020		
Certificates of Obligation, Series 2008 ⁽²⁾	\$ 560,000	
The Certificates*	6,655,000	<u>\$ 7,215,000</u>
Less: Interest and Sinking Fund as of September 30, 2019		\$ 78,408
Net General Obligation Debt Payable from Ad Valorem Taxes		\$ 7,136,592
Ratio General Obligation Tax Debt to Taxable Assessed Valuation		1.42%

2020 Estimated Population - 12,136
 Per Capita Taxable Assessed Valuation - \$41,476
 Per Capita Gross General Obligation Debt Payable from Ad Valorem Taxes - \$595
 Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$588

* Preliminary, subject to change.

(1) As reported by the Brazoria County Appraisal District. Subject to change due to protest and arbitration process.

(2) Private Placement.

TABLE 2 – TAXABLE ASSESSED VALUATION BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2020		2019		2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 235,692,179	39.32%	\$ 214,968,381	39.01%	\$ 210,756,793	41.61%
Real, Residential, Multi-Family	36,237,332	6.05%	33,059,077	6.00%	31,053,340	6.13%
Real, Vacant Lots/Tracts	10,455,497	1.74%	10,244,053	1.86%	10,951,990	2.16%
Real, Acreage (Land Only)	1,321,384	0.22%	1,255,610	0.23%	1,307,310	0.26%
Real, Farm and Ranch Improvements	2,056,255	0.34%	2,845,455	0.52%	1,726,288	0.34%
Real, Commercial & Industrial	164,513,565	27.45%	135,008,516	24.50%	129,213,540	25.51%
Real and Intangible Personal Utilities	32,615,810	5.44%	27,134,510	4.92%	24,401,290	4.82%
Tangible Personal, Commercial & Industrial	113,329,180	18.91%	124,049,930	22.51%	94,919,340	18.74%
Tangible Personal, Other	543,340	0.09%	576,390	0.10%	415,970	0.08%
Real Property Inventory	1,189,840	0.20%	829,740	0.15%	696,403	0.14%
Special Inventory	1,418,300	0.24%	1,134,380	0.21%	1,037,560	0.20%
Total Appraised Value Before Exemptions	599,372,682	100.00%	551,106,042	100.00%	506,479,824	100.00%
Less: Total Exemptions/Reductions	96,017,984		83,868,975		87,769,182	
Taxable Assessed Value	<u>\$ 503,354,698</u>		<u>\$ 467,237,067</u>		<u>\$ 418,710,642</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2017		2016	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 197,840,581	40.51%	\$ 172,190,425	38.08%
Real, Residential, Multi-Family	27,920,370	5.72%	20,669,040	4.57%
Real, Vacant Lots/Tracts	11,374,557	2.33%	11,444,610	2.53%
Real, Acreage (Land Only)	1,307,310	0.27%	1,307,310	0.29%
Real, Farm and Ranch Improvements	1,747,625	0.36%	1,751,717	0.39%
Real, Commercial & Industrial	122,146,286	25.01%	116,452,179	25.75%
Real and Intangible Personal Utilities	28,235,140	5.78%	22,571,670	4.99%
Tangible Personal, Commercial & Industrial	93,904,860	19.23%	103,345,630	22.85%
Tangible Personal, Other	360,360	0.07%	340,930	0.08%
Real Property Inventory	954,790	0.20%	717,511	0.16%
Special Inventory	2,582,560	0.53%	1,425,240	0.32%
Total Appraised Value Before Exemptions	488,374,439	100.00%	452,216,262	100.00%
Less: Total Exemptions/Reductions	86,948,870		72,126,621	
Taxable Assessed Value	<u>\$ 401,425,569</u>		<u>\$ 380,089,641</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Brazoria County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2016	12,071	\$ 380,089,641	\$ 31,488	\$ 1,795,000	0.47%	\$ 462
2017	12,194	401,425,569	32,920	1,565,000	0.39%	418
2018	12,209	418,710,642	34,295	1,325,000	0.32%	109
2019	12,136	467,237,067	38,500	1,080,000	0.23%	89
2020	12,136	503,354,698	41,476	7,215,000 ⁽³⁾	1.43% ⁽³⁾	595 ⁽³⁾

(1) Source: The City.

(2) As reported by the Brazoria County Appraisal District; subject to change during the ensuing year.

(3) Includes the Certificates. Preliminary, subject to change.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2016	\$ 0.648564	\$ 0.500500	\$ 0.148064	\$ 2,457,724	94.51%	98.06%
2017	0.628005	0.485915	0.142090	2,514,737	94.59%	97.93%
2018	0.628005	0.492570	0.135435	2,628,424	93.90%	97.29%
2019	0.628005	0.503854	0.124151	2,938,067	95.00%	97.83%
2020	0.628005	0.517972	0.110033	3,128,468	90.00% ⁽¹⁾	93.01% ⁽¹⁾

(1) Collections as of May 31, 2020.

TABLE 5 – INDUSTRIAL DISTRICT AGREEMENTS

The City has three Industrial Development Agreements (“IDAs”): Brazosport IDA, Freeport IDA, and Freeport LNG. The total amount received under these contracts during the fiscal year ended September 30, 2019 was \$7,532,865.

Agreement:	Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Brazosport IDA	\$ 4,273,312	\$ 3,842,354	\$ 3,751,194	\$ 3,685,242	\$ 3,627,206
Freeport IDA	1,484,553	1,278,997	1,100,561	1,384,954	1,405,749
Freeport LNG IDA	1,775,000	850,000	850,000	1,300,000	5,000,000
	<u>\$ 7,532,865</u>	<u>\$ 5,971,351</u>	<u>\$ 5,701,755</u>	<u>\$ 6,370,196</u>	<u>\$ 10,032,955</u>

Brazosport IDA

In December 2011, the City, in conjunction with the Cities of Clute and Lake Jackson, renewed a contract with the Dow Chemical Company (“Dow”), BASF Corporation, and the Brock interests. In this contract the City removed the need to determine what value was in each City’s jurisdiction and instead simply created an all inclusive “district” where all industrial value is “taxed” at 50% of value at a set 55 cent district “tax rate” as one of the potential growth factors.

This 15-year contract has a floor payment of \$9 million. The payment is based on the higher percentage growth factor of either the Department of Labor’s CPI-U or the value-based formula described above. Payments split proportionally amongst the cities as follows: the City (38.9%), Lake Jackson (45.56%), and Clute (15.55%).

A ceiling was also set in which no payment could exceed what would be generated by the industrial values at 80% at the 55 cent Industrial District tax rate. Payments could only drop below the \$9 million floor in the event of a natural disaster (such as a hurricane) negatively affecting property values.

The payment for the fiscal year ended September 30, 2019 was split as follows:

<u>City</u>	<u>Amount</u>	<u>Percent</u>
Clute	\$ 1,708,665	15.55%
Freeport	4,273,311	38.89%
Lake Jackson	5,006,224	45.56%
	<u>\$ 10,988,200</u>	<u>100.00%</u>

Freeport IDA

The Freeport Industrial District contracts were entered into in 2013 and last through 2026. Under these contracts, companies within the District pay the final assessed value (V) for the preceding tax year, less any tax abatement or exemptions (A), multiplied by the City's preceding year tax rate (R) and the percentages (P) outlined by year below. The payment is split semi-annually and due without demand on January 31 and July 31 each year.

$$(V-A) \times R \times P = \text{Total Annual Payment}$$

<u>Year</u>	<u>Percent</u>
2013	55%
2014	55%
2015	56%
2016	57%
2017	58%
2018	59%
2019	60%
2020	61%
2021	62%
2022	63%
2023	64%
2024	64%
2025	65%
2026	65%

The City received a total of \$1,484,553 from the nine companies within the District for the fiscal year ended September 30, 2019.

Freeport LNG

In 2014, the City and the City of Oyster Creek entered into an Industrial Development Agreement with Freeport LNG Development. Under this agreement, the City receives a lump sum annual payment as follows:

<u>March 1</u>	<u>Annual Payment</u>
2014 ⁽¹⁾	\$ 15,000
2015	4,985,000
2016	1,300,000
2017	850,000
2018	850,000
2019	1,775,000
2020	1,775,000
2021	2,000,000
2022	2,000,000
2023	2,000,000
2024	2,000,000
2025	3,000,000
2026	3,000,000
2027	3,000,000
2028	2,000,000
2029	2,000,000
	<u>\$ 32,550,000</u>

(1) Partial year payment.

The City received a total of \$1,775,000 from Freeport LNG for the fiscal year ended September 30, 2019.

TABLE 6 – TEN LARGEST TAXPAYERS

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>2019/2020 Taxable Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
American Rice Inc	Industrial	\$ 38,143,090	7.58%
Bankers Commercial Corporation	Industrial	23,442,450	4.66%
Freeport LNG Development LP	Industrial	15,963,780	3.17%
Wells Fargo Equipment Finance Inc	Leased Equipment	15,512,970	3.08%
Centerpoint Energy Inc	Electric Companies	15,108,840	3.00%
Freeport Welding & Fab Inc	Industrial	10,585,115	2.10%
Air Liquide Large Industries US LP	Industrial	6,560,320	1.30%
ZT East Houston Property LLC	Commercial	5,248,890	1.04%
NV2 Sienna Villas	Multi-Family	5,196,830	1.03%
Wolverine Kings Road LP	Multi-Family	4,989,830	0.99%
		<u>\$ 140,752,115</u> ⁽¹⁾	<u>27.96%</u>

(1) Approximately 27.96% of the City's total taxable value is concentrated in its top ten taxpayers. Adverse development affecting such taxpayers could adversely affect the taxable assessed valuation in the City resulting in less local tax revenue or future increase in ad valorem tax rates.

TABLE 7 - TAX ADEQUACY

Average Annual General Obligation Debt Service Requirements (2021-2040).....	\$ 483,360 ⁽¹⁾
\$0.09799 Tax Rate at 98% Collection Produces.....	\$ 483,373
Maximum Annual General Obligation Debt Service Requirements (2021).....	\$ 549,674 ⁽¹⁾
\$0.11144 Tax Rate at 98% Collection Produces.....	\$ 549,720

(1) Projected; includes the Certificates. Preliminary, Subject to change.

TABLE 8 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds (“Tax Debt”) was developed from information contained in “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

	2019/2020 Taxable Assessed Value	2019/2020 Tax Rate	Total G.O. Debt as of 5/31/2020	Estimated % Applicable	City's Overlapping G.O Debt As of 5/31/2020
City of Freeport	\$ 503,354,698	\$ 0.628005	\$ 7,215,000 ⁽¹⁾	100.00%	\$ 7,215,000 ⁽¹⁾
Brazoria County	31,106,500,475	0.415233 ⁽²⁾	139,678,313 ⁽³⁾	1.56%	2,178,982
Brazosport College District	9,525,446,042	0.300177	49,155,000	5.08%	2,497,074
Brazosport ISD	16,161,179,997	1.185300	348,049,985	5.20%	18,098,599
Port Freeport	14,145,517,170	0.040000	31,795,000	3.25%	1,033,338
Velasco Drainage District	8,657,976,286	0.084550	5,045,000	5.29%	266,881
Total Direct and Overlapping Debt					\$ 31,289,873
Ratio of Direct and Overlapping Debt to Taxable Assessed Valuatoin					6.22%
Per Capita Direct and Overlapping Debt					2,578
Total Direct and Overlapping G.O. Debt					\$ 31,289,873

(1) Includes the Certificates. Preliminary, subject to change.

(2) Includes the Brazoria County Road and Bridge Fund.

(3) Includes debt issued by Brazoria County Toll Road Authority.

DEBT INFORMATION

TABLE 9 – PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt	The Certificates*			Total Debt Service Requirements
		Principal	Interest ⁽¹⁾	Total	
2021	\$ 21,224	\$ 415,000	\$ 113,450	\$ 528,450	\$ 549,674
2022	296,224	35,000	206,150	241,150	537,374
2023	295,802	35,000	204,400	239,400	535,202
2024	-	270,000	203,000	473,000	473,000
2025	-	280,000	192,200	472,200	472,200
2026	-	290,000	181,000	471,000	471,000
2027	-	305,000	169,400	474,400	474,400
2028	-	315,000	157,200	472,200	472,200
2029	-	330,000	144,600	474,600	474,600
2030	-	340,000	131,400	471,400	471,400
2031	-	350,000	121,200	471,200	471,200
2032	-	365,000	110,700	475,700	475,700
2033	-	375,000	99,750	474,750	474,750
2034	-	385,000	88,500	473,500	473,500
2035	-	395,000	76,950	471,950	471,950
2036	-	410,000	65,100	475,100	475,100
2037	-	420,000	52,800	472,800	472,800
2038	-	435,000	40,200	475,200	475,200
2039	-	445,000	27,150	472,150	472,150
2040	-	460,000	13,800	473,800	473,800
	<u>\$ 613,250</u>	<u>\$ 6,655,000</u>	<u>\$ 2,398,950</u>	<u>\$ 9,053,950</u>	<u>\$ 9,667,200</u>

* Preliminary, subject to change. (See THE SALE - "ADJUSTMENT OF PRINCIPAL AMOUNTS" in the accompanying Notice of Sale.)

(1) Interest on the Certificates has been calculated at an estimated rate for the purpose of illustration.

TABLE 10 – INTEREST AND SINKING FUND BUDGET PROJECTIONS

Gross Debt Service Requirements, Fiscal Year Ending 9/30/2020		\$ 294,258
Interest and Sinking Fund, 9/30/2019	\$ 78,408	
Budgeted Property Tax Collection	564,832	
Cash Defeasance ⁽¹⁾	(278,317)	\$ 364,923
Estimated Interest and Sinking Fund Balance, 9/30/2020		\$ 70,665

(1) The City used approximately \$278,317 of Interest and Sinking Funds to defease the 2021 maturity of the Series 2008 Certificates on February 1, 2020.

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FINANCIAL INFORMATION

TABLE 11 – CHANGE IN NET POSITION

	For Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Revenues:					
Property Taxes	\$ 3,123,786	\$ 2,675,705	\$ 2,553,095	\$ 2,539,494	\$ 2,328,836
Sales and Use Taxes	3,279,952	3,275,074			
Other Taxes	614,940	610,991	3,912,991	3,896,907	3,778,677
Grants and Contributions not restricted to Specific Programs	517,456	135,674	504,271	368,883	222,247
Program Revenues	2,500,148	3,125,059	1,647,095	1,742,930	1,935,358
Industrial District	7,532,865	5,971,351	5,701,755	6,370,196	10,032,955
Investments Earnings	249,377	175,392	60,518	30,785	5,105
Gain on Disposition of Capital Assets	-	-	-	75,795	129,871
Miscellaneous	443,621	6,062,400 ⁽¹⁾	108,468	42,000	45,620
Total Revenues	\$ 18,262,145	\$ 22,031,646	\$ 14,488,193	\$ 15,066,990	\$ 18,478,669
Expenses:					
General Government and Administration	\$ 2,160,475	\$ 2,163,604	\$ 2,300,977	\$ 2,414,504	\$ 2,063,459
Public Safety	8,060,384	7,006,492	6,425,039	5,931,778	5,373,438
Streets and Drainage	1,851,391	1,864,572	2,045,578	1,771,064	1,521,757
Sanitation	899,603	962,293	975,899	914,275	810,919
Service Center	221,588	167,702	270,207	161,099	139,371
Marina Operations	-	-	-	-	219,735
Library	-	-	52,860	44,783	63,439
Culture and Recreation	3,700,755	3,407,081	2,857,891	2,056,169	1,855,714
Economic Development	382,586	295,738	331,790	438,353	210,816
Interest on Long-Term Debt	115,029	154,901	186,382	239,139	221,279
Total Expenses	\$ 17,391,811	\$ 16,022,383	\$ 15,446,623	\$ 13,971,164	\$ 12,479,927
Special Items:					
Operating Transfers In (Out)	(959,159)	(502,749)	(890,825)	(1,050,659)	(750,952)
Change in Net Position	\$ (88,825)	\$ 5,506,514	\$ (1,849,255)	\$ 45,167	\$ 5,247,790
Net Position at Beginning of Year	20,637,551 ⁽²⁾	15,499,499 ⁽²⁾	17,750,030	17,704,863	\$ 12,457,073
Net Position at End of Year	\$ 20,548,726	\$ 21,006,013	\$ 15,900,775	\$ 17,750,030	\$ 17,704,863

Source: The City's audited financial statements.

(1) The City received \$5.5 million of lease revenue reported as miscellaneous income related to a Dow Subsurface lease agreement. The \$5.5 million consisted of a one-time infusion of \$5 million along with the payment for the first year of the agreement in the amount of \$0.5 million.

(2) Restated.

TABLE 12 – GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	For Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Revenue:					
Property Taxes	\$ 2,423,536	\$ 2,079,806	\$ 1,996,289	\$ 2,096,452	\$ 1,759,554
Sales and Use Taxes	2,134,644	2,802,128			
Other Taxes	656,340	-	2,818,794	2,821,956	2,727,691
Industrial District	7,532,865	5,971,351	5,701,755	6,370,196	10,032,955
Intergovernmental Revenues	283,820	146,660	464,480	345,812	114,387
Revenue Producing Facilities	-	-	981,969	1,075,084	1,116,285
Fines, Licenses, Permits and Fees	479,563	641,119	643,867	615,826	514,876
Investment Income	246,756	174,914	60,118	30,089	4,828
Charges for Services	2,355,053	2,249,824	-	-	-
Lease Income	261,127	5,767,361	-	-	-
Miscellaneous Income	199,376	400,587	125,596	129,035	243,074
Total Revenues	\$ 16,573,080	\$ 20,233,750	\$ 12,792,868	\$ 13,484,450	\$ 16,513,650
Expenditure:					
General Government and Administration	\$ 1,773,256	\$ 2,004,917	\$ 1,999,706	\$ 2,146,337	\$ 1,660,661
Public Safety	6,756,492	6,898,256	6,534,977	5,940,988	4,895,315
Streets and Drainage	1,135,290	1,906,959	1,713,732	2,008,648	1,045,290
Sanitation	899,603	962,293	975,899	914,275	810,919
Service Center	157,600	154,297	254,726	171,530	118,712
Library	-	-	27,010	18,933	38,487
Culture and Recreation	2,940,884	3,499,870	2,688,289	1,977,510	1,614,892
Economic Development	25,000	15,000	-	-	-
Capital Outlay	3,179,214 ⁽¹⁾	-	-	-	2,228,199
Principal Payments	1,222,117	87,491	73,045	82,090	-
Interest and Other Charges	59,723	10,918	9,046	-	-
Total Expenditures	\$ 18,149,179	\$ 15,540,001	\$ 14,276,430	\$ 13,260,311	\$ 12,412,475
Excess (Deficit) of Revenues Over Expenditures	\$(1,576,099)	\$ 4,693,749	\$(1,483,562)	\$ 224,139	\$ 4,101,175
Other Financing Sources (Uses):					
Transfers In (Out) ⁽²⁾	\$(1,112,613)	\$ (502,749)	\$ (890,825)	\$(1,068,659)	\$ (750,952)
Proceeds from Capital Leases	1,353,113	-	-	387,548	-
Insurance Recoveries	36,913	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	42,000	136,594
Total Other Financing Sources (Uses)	\$ 277,413	\$ (502,749)	\$ (890,825)	\$ (639,111)	\$ (614,358)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(1,298,686)	4,191,000	(2,374,387)	(414,972)	3,486,817
Fund Balance, Beginning of Year	10,122,308	5,931,308 ⁽³⁾	9,329,804	9,744,776 ⁽⁴⁾	6,461,640
Fund Balance, End of Year	\$ 8,823,622	\$ 10,122,308	\$ 6,955,417	\$ 9,329,804	\$ 9,948,457

Source: The City's audited financial statements.

(1) Represents

(2) Includes annual transfers to the City's Water and Sewer Fund.

(3) Restated due to adoption of GASB No. 75 and the City reclassified the Golf Course and Ambulance business-type activities as part of the general fund.

(4) Restated due to adoption of GASB No. 72.

TABLE 13 – MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City. The proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are affected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. On November 2, 1999, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) to promote economic development within the City. The sales tax increase went into effect January 1, 2000. This one-half of one percent sales and use tax is for the benefit of the Freeport Economic Development Corporation (the “Corporation”), created by the City pursuant to Article 5190.6, Texas Revised Civil Statutes, as amended, and having the authority to promote economic development within the City.

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2015	\$ 2,965,840	129.66%	0.8792	\$ 246
2016	3,229,113	131.39%	0.8496	268
2017	3,277,027	130.31%	0.8163	269
2018	2,983,492	113.51%	0.7125	244
2019	3,395,862	115.58%	0.7268	280
2020 ⁽¹⁾	2,287,784	73.13%	0.4545	189

Source: Texas Comptroller of Public Accounts
 (1) Collections through June 30, 2020.

The sales tax breakdown for the City is as follows:

State Sales and Use Tax	6.25%
County Sales and Use Tax	0.50%
City Sales and Use Tax	1.00%
Corporation Sales and Use Tax.	0.50%
TOTAL	8.25%

FINANCIAL POLICIES

Basis of Accounting . . . Budgets for the General, Special Revenue and Debt Service funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The budgetary basis of accounting is different than the basis of accounting for auditing purposes. The City does not budget for all component units that are accounted for in the Comprehensive Annual Financial Report (CAFR).

General Fund Balance . . . The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund Balance . . . The City will establish a Debt Service Fund in connection with the issuance of the Bonds. Such Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Budgetary Procedures . . . The budget process starts many months before the adoption of the annual budget. In the month of May or June each year, the departments submit their budgetary needs to the City Manager. On or before the first day of August each year, the City Manager is required to submit a budget to the City Council for the ensuing fiscal year with an accompanying message. The budget and all supporting schedules must be filed with the City Secretary when submitted to the City Council and open for public inspection.

The City Council must analyze the budget, making any additions or deletions that they feel appropriate and must, at least ten days prior to the beginning of the next fiscal year, adopt the budget. On final adoption by the City Council, the budget takes effect for the next fiscal year.

Adoption of the budget constitutes adoption of an ordinance appropriating the amounts specified as proposed expenditures and an ordinance levying the property tax as the amount of the tax to be assessed and collected for the corresponding tax year. A separate ordinance is adopted to set the tax rate. Estimated expenditures cannot exceed available resources. Unused appropriations may be transferred to any item required for the same general purpose, except when otherwise specified by the City’s charter or state law. Under conditions which may arise and which could not reasonably have been foreseen in the normal process of planning the budget, the City Council may amend or change the budget to provide for any additional expense in which the general welfare of the citizenry is involved. These amendments must be by ordinance, and become an attachment to the original budget

INVESTMENTS

The City may invest its investable funds (including bond proceeds and money pledged to the payment of or as security for bonds or other indebtedness issued by the City or obligations under a lease, installment sale, or other agreement of the City) in investments authorized by State law in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

Legal Investments . . . Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the City Council or a designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of Chapter 2256, Texas Government Code (the "Public Funds Investment Act"), that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d), Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements as defined in the Public Funds Investment Act, that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13) in this paragraph, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated not less than "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract.

A political subdivision such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, other than the prohibited obligations described below, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service, if the City Council authorizes such investment in the particular pool by order, ordinance, or resolution and the investment pool complies with the requirements of Section 2256.016, Texas Government Code.

The City may also contract with an investment management firm registered (x) under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.), or (y) with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by ordinance, order or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

TABLE 14 – CURRENT INVESTMENTS

As of April 30, 2020, the City's investable funds were invested in the following categories:

Type of Investments	Book	Market
Cash in Demand Accounts	\$ 2,932,675	\$ 2,932,675
Government Pools	6,383,963	6,383,963
	\$ 9,316,638	\$ 9,316,638

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Certificates should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Certificates.

TAX EXEMPTION

In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific preference item for purposes of the alternative minimum tax.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Certificates, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Certificate proceeds and the source of repayment of Certificates, limitations on the investment of Certificate proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of Certificate proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The City has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the excludability of interest on the Certificates from gross income for federal income tax purposes and, in addition, will rely on representations by the City, the City's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the City, the City's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Ordinance or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Certificates could become includable in gross income from the date of delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Certificates or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Certificates.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences . . . Prospective purchasers of the Certificates should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Certificates. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Certificates should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Certificates, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium . . . The issue price of all or a portion of the Certificates may exceed the stated redemption price payable at maturity of such Certificates. Such Certificates (the "Premium Certificates") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Certificate in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Certificate in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Certificate by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium.

The amount of bond premium on a Premium Certificate that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Certificate) is determined using the yield to maturity on the Premium Certificate based on the initial offering price of such Premium Certificate.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized Certificate premium upon the redemption, sale or other disposition of a Premium Certificate and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Certificates.

Tax Accounting Treatment of Original Issue Discount . . . The issue price of all or a portion of the Certificates may be less than the stated redemption price payable at maturity of such Certificates (the "Original Issue Discount Certificates"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate constitutes original issue discount with respect to such Original Issue Discount Certificate in the hands of any owner who has purchased such Original Issue Discount Certificate in the initial public offering of the Certificates. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Certificate continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Certificates under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Certificates for contemporaneous sale to the public and (ii) all of the Original Issue Discount Certificates have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Certificates will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Certificate accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Certificate.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

PURCHASE OF TAX-EXEMPT OBLIGATIONS BY FINANCIAL INSTITUTIONS

Section 265(a) of the Code provides, in general, that a deduction for interest on indebtedness incurred to acquire or carry tax-exempt obligations is disallowed. Section 265(b) of the Code provides a specific complete disallowance of any deduction by a financial institution of its pro rata interest expense to reflect such financial institution's investment in tax-exempt obligations acquired after March 7, 1986. Section 265(b) also provides an exception for financial institutions for tax-exempt obligations that are properly designated or deemed designated by an issuer as "qualified tax-exempt obligations."

The Certificates will be designated as “qualified tax-exempt obligations” based, in part, on the City’s representation that the amount of such bonds, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than “qualified 501(c)(3) bonds” or any obligations issued to currently refund any obligation to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation) issued or reasonably anticipated to be issued by or on behalf of the City during the calendar year 2020, is not expected to exceed \$10,000,000. Further, the City and entities aggregated with the City under the Code have not designated more than \$10,000,000 in “qualified tax-exempt obligations” (including the Certificates) during the calendar year 2020.

Notwithstanding the designation or deemed designation, as applicable, of the Certificates as “qualified tax-exempt obligations” under this exception, financial institutions acquiring the Certificates will be subject to a 20% disallowance of allocable interest expense.

TAX LEGISLATIVE CHANGES

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Certificates from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

OTHER INFORMATION

WEATHER EVENTS

The City is located near the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by rain events, hurricanes, tropical storms, and other tropical disturbances. While the City has a levy system protecting the majority of structures within the City, past storm events, including Hurricane Harvey, resulted in damages to City facilities or damages to residential and commercial properties in the City that comprise the City’s ad valorem tax base. If a weather-related event were to significantly damage all or part of the improvements within the City, the assessed value of property within the City could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the City’s tax rate. Texas law relaxes limitations on increases in property tax rates without voter approval upon the occurrence of certain natural disasters such as floods and upon a gubernatorial or presidential declaration of disaster. See “AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitation.” Further, there can be no assurance that a casualty loss to taxable property within the City will be covered by insurance (or property owners will choose to carry flood insurance), any insurance company will fulfill its obligations to provide insurance proceeds or that insurance proceeds will be used to rebuild or repair damaged improvements within the City. Even if insurance proceeds are available and improvements are rebuilt, there could be a period of time in which assessed values within the City would be adversely affected.

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in Texas in response to the Pandemic, which disaster declaration he has subsequently extended. In addition, certain local officials, including the City and the County Judge of Brazoria County, also declared a local state of disaster. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a series of executive orders relating to COVID-19 preparedness and mitigation. The most recent executive orders provide for the phased reopening of businesses in Texas, subject to future restrictions in the Governor’s discretion. For example, Executive Order GA-26, which was issued on June 3, 2020 and remains in effect until modified, amended, rescinded or superseded by the Governor, removed occupancy restrictions for certain designated businesses and increased occupancy limits to 50 percent for most other businesses in Texas, provided that many restaurants will be able to operate at up to 75 percent of occupancy beginning on June 12. Additionally, businesses otherwise subject to a 50 percent occupancy limit and located in a county meeting certain Department of State Health Services criteria will be able to operate at up to 75 percent of occupancy beginning on June 12. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values and/or the collection of sales tax revenues within the City. See “Table 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY” and “– Table 13 – MUNICIPAL SALES TAX HISTORY.” The Certificates are secured by an ad valorem tax (within the

limits prescribed by law), and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Certificates as well as the City's operations and maintenance expenses. See "TAX INFORMATION – PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS." Additionally, the City collects a sales and use tax on all taxable transactions within the City's boundaries. A reduction in the collection of sales tax revenues may negatively impact the City's operating budget and overall financial condition. See "FINANCIAL INFORMATION –Schedule 13 – MUNICIPAL SALES TAX HISTORY."

The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the City. The financial and operating data contained herein is as of the date and for the periods specified herein. Such information is generally for dates and periods prior to the economic impact of the Pandemic and measures instituted to slow it. While the potential impact of the Pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition.

EXPOSURE TO OIL AND GAS INDUSTRY

Recent declines in oil prices in the United States and globally may lead to adverse conditions in the oil and gas industry. Such adverse conditions may result in reduced revenues, declines in capital and operating expenditures, business failures, and the layoff of workers within the oil and gas industry. In the past, the greater Houston area has been particularly affected by adverse conditions in the oil and gas industry, and adverse conditions in the oil and gas industry and spillover effects into other industries could adversely impact the businesses of ad valorem property taxpayers and the property values in the City, resulting in a reduction in property tax revenue. The City is located in an area with a heavy concentration of petroleum refineries and chemical plants that is a source of employment for City residents. The Certificates are secured by an ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Certificates.

RATING

The Certificates and presently outstanding tax supported debt of the City are rated "____" by S&P Global Ratings, a Standard and Poor's Financial Services LLC business ("S&P") without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either of such rating companies, if in the judgment of either companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Certificates.

LEGAL OPINIONS

The Certificates are offered when, as and if issued, subject to the approval by the Attorney General of the State and the rendering of an opinion by Bracewell LLP, Houston, Texas, Bond Counsel for the City, in substantially the form attached hereto as Appendix C. The City will furnish the Initial Purchaser with a complete transcript of proceedings held incident to the authorization and issuance of the Certificates, including the approving opinion of the Attorney General of the State of Texas as recorded in the Certificate Register of the Comptroller of Public Accounts of the State, to the effect that the Certificates are valid and legally binding obligations of the City under the Constitution and laws of the State. The City will also furnish the approving legal opinion of Bond Counsel in substantially the form attached hereto as Appendix .

In its capacity as Bond Counsel, Bracewell LLP, Houston, Texas, has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. Bond Counsel's role in connection with the Official Statement was limited to reviewing the information describing the Certificates in the Official Statement to verify that such descriptions conform to the provisions of the Ordinance. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained herein. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

The City is exposed to various risks of losses related to torts, theft of, damage to and destruction of fixed assets; error and omissions; injuries to employees; and natural disasters. The City has obtained commercial insurance coverage for some of these risks and provided various employee education and prevention programs. Various claims and lawsuits may be pending against the City at any given time, however in the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially adversely affect the City's financial position.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Pursuant to the Texas Public Securities Act, Chapter 1201, Texas Government Code, as amended, the Certificates, whether rated or unrated, are legal and authorized investments for insurance companies, fiduciaries or trustees and for municipalities and other political subdivision or public agencies. Most political subdivisions in the State are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Certificates have a rating of not less than "A" or its equivalent to be legal investments of such entity's funds. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, provides that deposits of public funds, as defined in such chapter must be secured by eligible security. "Eligible Security" is defined to include local government obligations (such as the Certificates) with a rating from a nationally recognized investment firm of "A" or its equivalent.

REGISTRATION, SALE AND DISTRIBUTION

No registration statement relating to the Certificates has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been registered or qualified under the securities laws of any other jurisdiction. The City assumes no responsibility for registration or qualification of the Certificates under the securities laws of any other jurisdiction in which the Certificates may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

AUDITED FINANCIAL STATEMENTS

Whitley Penn LLP, the City's independent auditor, has not reviewed, commented on, or approved, and is not associated with, this Official Statement. The report of Whitley Penn LLP, relating to City's financial statements for the fiscal year ended September 30, 2019 is included in this Official Statement in APPENDIX C; however, Whitley Penn LLP, has not performed any procedures on such financial statements since the date of such report, and has not performed any procedures on any other financial information of the City, including without limitation any of the information contained in this Official Statement, and has not been asked to consent to the inclusion of its report, or otherwise be associated with this Official Statement.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Certificates, the City will furnish a Certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in this Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of the Certificates and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in this Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

NO-LITIGATION CERTIFICATE

The City will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Certificates, executed by an appropriate official of the City, to the effect that no LITIGATION of any nature is then pending or threatened in any court, restraining or enjoining the issuance or delivery of the Certificates; affecting the provisions made for the payment of or security for the Certificates; in any manner questioning the authority or proceeding for the issuance, execution or delivery of the Certificates; or affecting the validity of the Certificates.

FORWARD LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Certificates qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the City's continuing disclosure obligations because the City has not issued more than \$10,000,000 in aggregate amount of outstanding certificates and no person is committed by contract or other arrangement with respect to payment of the Certificates. As required by the exemption, in the Bond Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

ANNUAL REPORTS

The City will provide certain updated financial information and operating data, which is customarily prepared by the City and publicly available, annually to the MSRB. The financial information and operating data which will be provided with respect to the City is found in APPENDIX B (the City's Audited Financial Statements and certain supplemental schedules). The City will update and provide this information to EMMA within six months after the end of each of its fiscal years ending in or after 2020. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the City shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report becomes available.

If the City changes its fiscal year, it will notify the MSRB through EMMA 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.

The financial information and operating data to be provided 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 through EMMA or filed with the United States Securities and Exchange Commission (the "SEC"), or may be provided in any other manner consistent with the SEC Rule 15c2-12 (the "Rule").

NOTICE OF CERTAIN EVENTS

The City will notify the MSRB through EMMA of any of the following events with respect to the Certificates in a timely manner, and not more than 10 business days after occurrence of the event:

- 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-exempt status of the Certificates, or other material events affecting the tax status of the Certificates;
- 7) Modifications to rights of Registered Owners 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, which will occur as described below;
- 13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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 a successor or additional trustee or the change of name of a trustee, if material;
- 15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, 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 the financial obligation of the obligated person, any of which reflect financial difficulties.

The City will notify the MSRB through EMMA., in a timely manner, of any failure by the City to provide financial information or operating data in accordance with the Ordinance by the time required.

For these purposes, (A) any event described in the subsection (12) in the immediately preceding paragraph 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 United States 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, (B) as used in subsections (15) and (16), "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, and (C) the City intends the words used in paragraphs (15) and (16) and the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated March 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.

AVAILABILITY OF INFORMATION

The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS

The City shall be obligated to update information and provide notices of events 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." The City has undertaken to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above.

The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement. No default by the City in observing or performing its obligations under its undertaking shall constitute a breach of or default under the Ordinance for purposes of any other provisions of the Ordinance.

The City may amend its continuing disclosure agreement 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, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the initial primary offering 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 holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “– Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

The City does not currently have any continuing disclosure requirements in accordance with SEC Rule 15c2-12.

FINANCIAL ADVISOR

Masterson Advisors LLC is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Masterson Advisors LLC, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER

INITIAL PURCHASER

After requesting competitive bids for the Certificates, the City accepted the bid of _____ (the “Initial Purchaser”) to purchase the Certificates at the interest rates shown on the inside cover of this Official Statement at a purchase price of par of the principal amount thereof plus a cash premium of \$ _____. The initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser. The City has no control over the price at which the Certificates are subsequently sold. The Initial Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

The City is located in the southeast quadrant of the State of Texas, in the southern portion of Brazoria County approximately 60 miles south of Houston and 45 miles southwest of Galveston. The City encompasses 15 square miles and is located near the Gulf of Mexico. The City provides basic municipal services to its citizens including police protection, ambulance service, library services, and development services.

POPULATION

1970 Official Census	1980 Official Census	1990 Official Census	2000 Official Census	2010 Official Census	2019 Estimate
11,997	13,444	11,389	12,708	12,049	12,136

Source: United States Census Bureau

TRANSPORTATION

Access to the City is provided by State Highway 288 (a limited access freeway) which extends from Houston to Freeport. Additional access is provided by State Highway 332, which intersects with State Highway 288, and State Highway 36, which extends from north central Texas.

Deepwater transportation is available through the Gulf of Mexico, Brazos River Harbor, and the Gulf Intracoastal Waterway, which cuts through the low lands of the County. Port Freeport is located on the Freeport Harbor Channel (also referred to as the Brazos River Channel) between the mouth of the Brazos River and the Gulf of Mexico.

Railroad facilities are provided by the Union Pacific; and several bus and truck lines serve the area.

Air transportation is provided at the Texas Gulf Coast Regional Airport, located approximately 12 miles north of the City in Angleton. The fully F.A.A. approved facility has the capability to serve commercial jet aircraft.

CITY FACILITIES

City facilities include the City Hall, the Police and Fire Stations, the Library, Museum, the Recreation Center, the Freeport Municipal Golf Course and 3.5 miles of public beaches. The City Hall houses the administrative offices and Council chamber of the City. The Police Station also include a Municipal Court.

THE INDUSTRIAL DISTRICT

The City of Freeport has entered into three Industrial Development Agreements: Brazosport IDA (Interlocal agreement with the Cities of Lake Jackson and Clute), Freeport IDA, and Freeport LNG. Annual Brazosport IDA and Freeport IDA payments are calculated based on the greater of property values or CPI. Freeport LNG Industrial District payments are made in accordance to a payment schedule outline in the agreement. The amount received under the various industrial district contracts during the year ended September 30, 2019 was \$7,532,865 and is reported in the General Fund.

EDUCATION

The City is in the Brazosport Independent School District, which operates ten elementary schools, two middle schools, three intermediate schools and two high schools. Two of the elementary schools, one middle school, one intermediate and one high school are located within the boundaries of the City.

The Brazosport Junior College District, which encompasses the City of Lake Jackson, was established in 1971. In addition to its two-year programs, the college now offers a Bachelor of Applied Technology program. The program was designed in coordination with local industry to help meet their employment needs. The college also offers Associate of Arts and Sciences degrees, and two-year programs are offered in banking, chemical technology, computer technology, drafting and design, electronics, law enforcement, machine tools, ocean and marine technology, office education, and nursing. The college is fully accredited by the Southern Association of Colleges and Secondary Schools and the Association of Texas Colleges and Universities.

BRAZORIA COUNTY

Brazoria County (the “County”), within which the City is located, covers an area of 1,609 square miles and comprises the Brazoria Primary Metropolitan Statistical Area, a component of the Houston Statistical Metropolitan Area. The population of the County as of the 2019 Census estimate is 374,264. In 2017 the total Gross Domestic Product in Brazoria County was slightly over \$21 billion, with manufacturing contributing the largest portion of that at \$10.2 billion. The world’s largest basic chemical complex, The Dow Chemical Company, is located in the County, contributing to the extensive petroleum and chemical production in the area. (The Economic Development Alliance for Brazoria County.)

Major Employers

Employer	Location	Type	Number of Employees
The Dow Chemical Company	Freeport	Chemical	3,508
Alvin I.S.D.	Alvin	Education	3,274
Pearland I.S.D.	Pearland	Education	2,675
Texas Dept. of Criminal Justice	County-wide	Criminal Justice	2,409
Brazosport I.S.D.	Clute	Education	1,829
Wood Group (formerly The Infinity Group)	Clute	Contractor	1,800
Brazoria County	County-wide	Government	1,414
Olin Corporation	Freeport	Chemical	1,280
Performance Contractors	Iowa Colony	Contractor	1,200
Phillips 66	Sweeny	Refining	1,071
Fluor	Freeport	Contractor	970
Angleton I.S.D.	Angleton	Education	962
BASF Corporation	Freeport	Chemical	941
Schlumberger Technology Corp.	Rosharon	Oil Well Services	849
Kelsey-Seybold	Pearland	Medical	801
Brock Group	Clute	Industrial Insulation/Scaffolding	792
EXCEL	Freeport	Contractor	762
Marquis Construction Services	Clute	Contractor	740
City of Pearland	Pearland	Government	696
Chevron Phillips Chemical Co.	Sweeny	Chemical	615
NEOS Olefins & Polymers USA	Alvin	Chemical	575

Source: Economic Development Alliance for Brazoria County

Employment Statistics

Calendar Year	Brazoria County			
	Labor Force	Employment	Unemployment	Unemployment Rate
2015	167,079	159,444	7,635	4.6%
2016	169,795	161,001	8,794	5.2%
2017	173,279	164,089	9,190	5.3%
2018	176,559	168,602	7,957	4.5%
2019	179,539	172,008	7,531	4.2%
2020 ⁽¹⁾	165,699	143,372	22,327	13.5%

Source: Texas Workforce Commission

APPENDIX B

EXCERPTS FROM THE

CITY OF FREEPORT, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2019

The information contained in this Appendix consists of excerpts from the City of Freeport, Texas Annual Financial Report for the Year Ended September 30, 2019, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

BOOK-ENTRY-ONLY SYSTEM

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

**ON
\$6,655,000*
CITY OF FREEPORT, TEXAS
(Brazoria County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020**

Sealed Bids Due Monday, August 3, 2020, AT 1:30 P.M., CDT

**THE CERTIFICATES WILL BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS”
FOR FINANCIAL INSTITUTIONS.**

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Freeport, Texas (the “City”) is offering for sale its \$6,655,000* Combination Tax and Revenue Certificates of Obligation, Series 2020 (the “Certificates”). Bidders may submit bids for the Certificates by any of the following methods:

- (1) Deliver bids directly to the Financial Advisor as described below in “Bids Delivered to Financial Advisor;”
- (2) Submit bids electronically as described below in “Electronic Bidding Procedures;” or
- (3) No bids will be accepted by telephone or facsimile.

BIDS DELIVERED TO THE FINANCIAL ADVISOR . . . Sealed bids, plainly marked “Bid for Certificates”, should be addressed to “Mayor and City Council, City of Freeport, Texas”, and delivered to 3 Greenway Plaza, Suite 1100, Houston, Texas 77046, prior to 1:30 P.M., CDT, on the date of the bid opening. All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. **Bidders submitting an electronic bid shall not be required to submit official bid forms.** Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in this Notice of Sale and Bidding Instructions (this “Notice of Sale”) and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, (212) 404-8102.

For purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under “CONDITIONS OF THE SALE - BASIS FOR AWARD” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

Masterson Advisors LLC will not be responsible for submitting any bids received after the above deadlines.

Masterson Advisors LLC assumes no responsibility or liability with respect to any irregularities associated with the submission of bids regardless of the submission option that is exercised.

* Preliminary, subject to change.

PLACE AND TIME OF BID OPENING . . . The bids for the Certificates will be publicly opened and read in the office of Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046, at 1:30 P.M., CDT, Monday, August 3, 2020.

AWARD OF THE CERTIFICATES . . . The City Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 6:00 P.M., CDT, on August 3, 2020, and adopt an ordinance authorizing the Certificates and approving the Official Statement (the “Ordinance”).

THE CERTIFICATES

DESCRIPTION . . . The Certificates will be dated August 1, 2020. Interest will accrue from the date of initial delivery (the “Delivery Date”) 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. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on April 1 in each year as follows:

MATURITY SCHEDULE

Maturity April 1	Principal Amount*	Maturity April 1	Principal Amount*
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

ADJUSTMENT OF PRINCIPAL AMOUNTS. . . Prior to receiving bids on the Certificates the City may, in its sole discretion, adjust the “CONDITIONS OF THE SALE” and the principal amounts set forth above (the “Maturity Schedule”). Except as provided below, the City will give notice of any such adjustment no later than 18 hours prior to the sale.

If, after final computation of the Bids, in awarding the sale to the best bidder, the City may determine that the funds necessary to carry out the purposes for which the Certificates are to be issued is either more or less than the proceeds of the proposed sale of all of the Certificates or that the principal amounts may need to be adjusted to accommodate the desired debt structure. The City reserves the right to adjust, by no more than ten percent (10.0%) the principal amount of the Certificates (including sinking fund installments in the case of Term Certificates, if any) shown on the Maturity Schedule. All calculations will be rounded to the nearest \$5,000. The amount of Certificates maturing in each year may be increased or decreased by more than ten percent (10.0%) so long as the City adheres to the overall ten percent (10.0%) limitation on the amount of change to the total principal amount.

If the City exercises its right to adjust the principal amount of the Certificates, the City agrees that any such adjustment(s) of the affected bid shall be contingent upon the preservation of the bidder’s underwriting spread, as contemplated by the original bid. The winning bidder’s acceptance of any adjustment(s) of the principal amount of the Certificates shall be verbally confirmed by (and subject to the verbal confirmation of) the City’s financial advisor prior to the approval of the winning bid by the Commission.

There is no guarantee that adjustments and/or revisions will not be necessary in order to properly size the Certificates. Accordingly, the City reserves the right in its sole discretion to make adjustments as previously described above, even if the issue size of the Certificates does not change from the original par amount of the Certificates. In the event of any such adjustment and/or revision, no rebidding will be permitted, and the purchase price as may have been bid on the Certificates shall be adjusted accordingly.

* Preliminary, subject to change.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after April 1, 20__, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on April 1, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES . . . Bidders may provide that all of the Certificates be issued as serial certificates or may provide that any two or more consecutive annual principal amounts be combined into one or more term certificates.

MANDATORY SINKING FUND REDEMPTION . . . If the successful bidder elects to alter the Maturity Schedule reflected above and convert the principal amounts of any Serial Certificates into Term Certificates, such Term Certificates shall be subject to mandatory redemption commencing on April 1 of the first year which has been combined to form such Term Certificate, and annually thereafter on each April 1 until the stated maturity for the Term Certificates at the redemption price of par plus accrued interest to the date of redemption. The principal amounts of the Term Certificates to be redeemed on each mandatory redemption date shall be the principal amounts that would have been due and payable in the Maturity Schedule shown above had no designation of such maturities as Term Certificates occurred. See "THE CERTIFICATES - MANDATORY SINKING FUND REDEMPTION" in the Official Statement.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"). See "THE CERTIFICATES - BOOK-ENTRY-ONLY SYSTEM" in the Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE CERTIFICATES - PAYING AGENT/REGISTRAR" in the Official Statement.

SECURITY FOR THE CERTIFICATES . . . The Certificates constitute direct obligations of the City, payable from the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and a limited pledge of a subordinate lien on the surplus revenues of the City's waterworks and sewer system in an amount not to exceed \$1,000. See "THE CERTIFICATES - SECURITY AND SOURCE OF PAYMENT" in the Official Statement.

Further details regarding the Certificates are set forth in the Preliminary Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . The Certificates will be sold in one block on an "All or None" basis, and at a price of not less than 100% or more than 110% of the total par value. The principal amounts listed herein were calculated with a total bid premium of ____%. Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8th of 1% or 1/100th of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest bid by more than 3% in rate. No maturity may have a dollar price less than 97.50%. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS FOR AWARD . . . Subject to the City's right to reject any or all bids and to waive any irregularities except time of filing, the sale of the Certificates will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the "Initial Purchaser") making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Delivery Date of all debt service payments on the Certificates on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid, if any. In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the intended bid. The award of the Certificates will be based on bids prior to any adjustments under the second paragraph of "THE CERTIFICATES - ADJUSTMENT OF PRINCIPAL AMOUNTS."

GOOD FAITH DEPOSIT . . . A Good Faith Deposit, payable to the “City of Freeport, Texas”, in the amount of \$133,100, is required. Such Good Faith Deposit shall be a bank cashier's check or certified check, which is to be retained uncashed by the City pending the Initial Purchaser's compliance with the terms of the bid and the Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which drawn which authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Initial Purchaser will be returned to the Initial Purchaser unendorsed upon payment for the Certificates.** No interest will be allowed on the Good Faith Deposit. In the event the Initial Purchaser should fail or refuse to take up and pay for the Certificates in accordance with the bid, then said check shall be cashed and accepted by the City as full and complete liquidated damages. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened, and an award of the Certificates has been made.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM

OBLIGATION OF THE CITY TO RECEIVE INFORMATION FROM WINNING BIDDER. . . Pursuant to Texas Government Code, Section 2252.908 (the “Interested Party Disclosure Act”), the City may not award the Certificates to a bidder unless each entity executing the Official Bid Form either: (a) submits a Certificate of Interested Parties Form 1295 (the “Disclosure Form”) to the City as prescribed by the Texas Ethics Commission (“TEC”), or (b) makes a written representation to the City by marking the appropriate check box on the signature page of the Official Bid Form that the bidder is a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity (the “Publicly Traded Entity Representation”). In the event that the bidder’s bid for the Certificates is the best bid received and at least one entity executing the Official Bid Form does not provide the Publicly Traded Entity Representation, the City, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid and the winning bidder must promptly file the Disclosure Form materials described below for the entity/entities not making the Publicly Traded Entity Representation. In the event that the bidder’s bid for the Certificates is the best bid received and each entity executing the Official Bid Form provides the Publicly Traded Entity Representation, the City, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the final verbal acceptance of the bid, subject only to written acceptance of the bid by the City Council.

PROCESS FOR COMPLETING THE DISCLOSURE FORM....The Disclosure Form can be found at <https://www.ethics.state.tx.us/forms/1295.pdf>, and reference should be made to the following information in order to complete it: (a) item 2 – Name of City (“City of Freeport, Texas”), (b) item 3 – the identification number (“2020CO”), and (c) item 3 – description of the goods or services assigned to this contract by the City (“City of Freeport, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2020”).

If the winning bidder is not a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity, the City cannot accept your bid unless and until you:

- (i) **complete the Disclosure Form electronically at the TEC’s “electronic portal”, and**
- (ii) **print, sign and deliver a copy of the Disclosure Form that is generated by the TEC’s “electronic portal.”**

These materials must be delivered electronically to the City’s Bond Counsel at jonathan.frels@bracewell.com and paige.abernathy@bracewell.com no later than 2:00 p.m. (CDT) on the Sale Date.

Time will be of the essence in submitting the Disclosure Form to the City, and no bid will be accepted by the City unless the Publicly Traded Entity Exemption Representation is provided or a completed Disclosure Form is received on time. If multiple entities are listed on the winning Official Bid Form, each such entity will be required to submit a Disclosure Form or make the Publicly Traded Entity Representation.

Neither the City nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the conditional winning bid.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Certificates shall be paid by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

DELIVERY OF CERTIFICATES . . . Delivery will be accomplished by the issuance of one Initial Certificate (also called the "Certificate" or "Certificates"), either in typed or printed form, in the aggregate principal amount of \$6,655,000*, payable in stated installments to the Initial Purchaser, signed by the Mayor and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Upon delivery of the Initial Certificate, it shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Delivery will be at the principal office of the Paying Agent/Registrar. Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Initial Purchaser will be given six business days' notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificate(s) can be made on or about August 24, 2020, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CDT, on August 24, 2020, or thereafter on the date the Certificate is tendered for delivery, up to and including September 23, 2020. If for any reason the City is unable to make delivery on or before September 23, 2020, the City shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Initial Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City's reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Initial Purchaser to take up and pay for the Certificates is subject to the Initial Purchaser's receipt of (a) the legal opinion of Bracewell LLP, Houston, Texas, Bond Counsel for the City ("Bond Counsel"), (b) the no-litigation certificate, and (c) the certification as to the Official Statement, all as further described in the Preliminary Official Statement.

* Preliminary, subject to change.

ESTABLISHING THE ISSUE PRICE FOR THE CERTIFICATES

GENERAL . . . In order to provide the City with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended, relating to the excludability of interest on the Certificates from gross income for federal income tax purposes, the winning bidder will be required to complete, execute, and deliver to the City or to the City's Financial at least five business days before the Delivery Date, a certification as to the Certificates' "issue price" (the "Issue Price Certificate") substantially in one of the forms and to the effect attached hereto or accompanying this Notice of Sale. In the event the winning bidder will not reoffer any maturity of the Certificates for sale to the Public (as defined herein) by the delivery date of the Certificates, the Issue Price Certificate may be modified in a manner approved by the City and Bond Counsel (identified in the Preliminary Official Statement). Each bidder, by submitting its bid, agrees to complete, execute, and timely deliver the appropriate Issue Price Certificate, if its bid is accepted by the City. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts as are necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

DEFINED TERMS . . . For purposes of this section of this Notice of Sale:

- (i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).
- (iii) "Related Party" means any two or more persons who are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
- (iv) "Sale Date" means the date that the Certificates are awarded by the City to the winning bidder.

All actions to be taken by the City under this Notice of Sale to establish the issue price of the Certificates may be taken on behalf of the City by the Financial Advisor, and any notice or report to be provided to the City may be provided to the Financial Advisor.

The City will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Certificates, as specified in the bid.

THREE BID REQUIREMENT . . . The City intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) for purposes of establishing the issue price of municipal bonds, which requires, among other things, that the City receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Three Bid Requirement"). In the event that the Three Bid Requirement is not satisfied, Treasury Regulations permit the issue price for any maturity of the Certificates to be determined based upon either (i) the first price at which 10% of such maturity is sold to the Public (the "10% Test") or (ii) if the requirements of the "Hold-the-Offering-Price Rule" described below are met, the initial offering price to the Public as of the Sale Date. For purposes hereof, if different interest rates apply within a maturity, each separate CUSIP number will be treated separately.

In the event that the Three Bid Requirement is satisfied, the sale of the Certificates will be awarded to the bidder making a bid that conforms to the specifications herein. In the event that the Three Bid Requirement is not satisfied, the City will notify the prospective winning bidder to that effect, and the prospective winning bidder will advise the City any maturity of the Certificates that satisfies the 10% Test. For any maturity of the Certificates that does not meet the 10% Test, it is the City's intention to apply the "Hold-the-Offering-Price Rule" to any maturity of the Certificates, as described below.

HOLD-THE-OFFERING-PRICE RULE . . . If the “Hold-the-Offering-Price Rule” is applied to any maturity of the Certificates (each, a “Held Maturity”), the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Certificates, that each Underwriter will neither offer nor sell any Held Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the Sale Date; or
- (2) the date on which the Underwriters have satisfied the 10% Test with respect to that Held Maturity at a price that is no higher than the initial offering price to the Public.

The winning bidder shall promptly advise the City when the Underwriters have satisfied the 10% Test with respect to each Held Maturity at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth business day after the Sale Date. On or after the sixth business day after the Sale Date, if requested by the City, the winning bidder will confirm that the Underwriters have complied with the Hold-the-Offering-Price-Rule. If at any time the winning bidder becomes aware of any noncompliance by an Underwriter with respect to the Hold-the-Offering Price Rule, the winning bidder will promptly report such noncompliance to the City.

ADDITIONAL REQUIREMENTS . . . By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Certificates of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Certificates of that maturity or all Certificates of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Certificates to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Certificates of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Certificates of that maturity or all Certificates of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

LEGAL OPINIONS . . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Initial Purchaser of the opinion of Bracewell LLP, Bond Counsel, substantially in the form reproduced in Appendix C to the Official Statement, to the effect that based upon an examination of a transcript of certified proceedings of the City relating to the authorization and issuance of the Certificates, the Certificates are validly issued under the Constitution and laws of the State of Texas and to the effect that interest on the Certificates is excludable from gross income for federal income tax purposes under existing law, subject to the matters described in "TAX MATTERS" in the Preliminary Official Statement.

QUALIFIED TAX-EXEMPT OBLIGATIONS . . . The City will designate the Certificates as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – QUALIFIED TAX-EXEMPT OBLIGATIONS” in the Official Statement.

CERTIFICATION OF OFFICIAL STATEMENT . . . At the time of payment for and Initial Delivery of the Certificates, the City will execute and deliver to the Initial Purchaser a certificate in the form set forth in the Official Statement under the heading “OTHER INFORMATION—CERTIFICATION OF THE OFFICIAL STATEMENT.”

CHANGE IN TAX EXEMPT STATUS . . . At any time before the Certificates are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest received by private holders on obligations of the same type and character shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any Federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Notice of Sale.

GENERAL

FINANCIAL ADVISOR . . . Masterson Advisors LLC is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Masterson Advisors LLC has agreed, in its Financial Advisory contract, not to bid for the Certificates, either independently or as a member of a syndicate organized to submit a bid for the Certificates.

Masterson Advisors LLC, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Initial Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Initial Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of this Notice of Sale, the Official Bid Form and the Official Statement collectively. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

ISSUANCE OF ADDITIONAL DEBT . . . The City does not anticipate the issuance of additional general obligation debt backed by ad valorem taxes for projects in the next twelve months.

RATINGS . . . The Certificates and existing debt of the City have been rated “_____” by S&P Global Ratings, a Standard and Poor’s Financial Services LLC business (“S&P”) without regard to credit enhancement. The City will pay the costs associated with the assignment of the rating from S&P. The use of any other rating on the certificates will be the responsibility of the Initial Purchaser to provide payment for such assignment.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12 . . . The City has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and in the Official Statement.

The City will furnish to the Initial Purchaser(s), acting through a designated senior representative, in accordance with instructions received from the Initial Purchaser(s), within seven (7) business days from the sale date an aggregate of 150 copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Certificates. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Initial Purchaser(s). The Initial Purchaser(s) shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT . . . The City will agree in the Ordinance to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Initial Purchaser(s)' obligation to accept and pay for the Certificates is conditioned upon delivery to the Initial Purchaser(s) or (their) agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City does not currently have any continuing disclosure requirements in accordance with SEC Rule 15c2-12.

IRAN, SUDAN AND FOREIGN TERRORIST ORGANIZATIONS . . . The award and delivery of the Certificates is conditioned upon receipt of a bid form containing the following verification on behalf of itself and each syndicate member listed on the Official Bid Form: By submission of a bid, the bidder represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Texas or Federal law and excludes the bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The bidder understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder and exists to make a profit.

ANTI-BOYCOTT VERIFICATION . . . The award and delivery of the Certificates is conditioned upon receipt of a bid form containing the following verification on behalf of itself and each syndicate member listed on the Official Bid Form: By submission of a bid, the bidder verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent its accepted bid is a contract for goods or services, will not boycott Israel during the term of this contract. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Texas or Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The bidder understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder and exists to make a profit.

ADDITIONAL COPIES OF NOTICE, BID FORM AND STATEMENT . . . A limited number of additional copies of this Notice of Sale, the Official Bid Form and the Official Statement, as available over and above the normal mailing, may be obtained at the offices of Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046, Financial Advisor to the City.

The City Council has approved the form and content of the Notice of Sale, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Certificates. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Certificates, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Initial Purchaser.

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Freeport, Texas

August 3, 2020

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated _____, 2020 of \$6,655,000* CITY OF FREEPORT, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020 (the "Certificates"), both of which constitute a part hereof.

For your legally issued Certificates, as described in said Notice of Sale and Bidding Instructions and Official Statement, we will pay you par plus a cash premium not less than 100% or more than 110% of the total par value for Certificates maturing and bearing interest as follows:

Due April 1	Principal Amount*	Interest Rate	Due April 1	Principal Amount*	Interest Rate
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	_____

Of the principal maturities set forth in the table above, term certificates have been created as indicated in the following table (which may include multiple term certificates, one term certificate or no term certificate if none is indicated). For those years which have been combined into a term certificate, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term certificate maturity date shall mature in such year. The term certificates created are as follows:

Term Certificate Maturity Date	Year of First Mandatory Redemption	Principal Amount of Term Certificate	Interest Rate
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TRUE INTEREST COST _____ %

The Initial Certificates shall be registered in the name of _____, which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

The Certificates [are/are not] being insured by _____ at a premium of \$ _____, said premium to be paid by the Initial Purchaser. Any rating fees associated with the use of insurance will be the responsibility of the Initial Purchaser.

A bank cashier's check or certified check of the _____ Bank, _____, in the amount of \$133,100, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Statement and Notice of Sale and Bidding Instructions.

* Preliminary, subject to change.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds in the Corporate Trust Division, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, not later than 10:00 AM, CDT, on August 24, 2020, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

The undersigned agrees to complete, execute, and deliver to the City, at least six business days prior to delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to or required by the City.

The undersigned further agrees, if the City receives fewer than three bids for the Certificates, that it will neither offer nor sell the Certificates of any maturity to any person at a price that is higher than the initial offering price to the public for the Certificates of that maturity during the period starting on the Sale Date and ending on the earlier of (i) the close of the 5th business day after the Sale Date, or (ii) the date on which the winning bidder has sold at least 10% of the Certificates of that maturity to the public at a price no higher than the initial offering price to the public. Masterson Advisors LLC will advise the winning bidder the number of bids received by the City on the Sale Date.

By submitting a bid, the bidder represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Texas or Federal law and excludes the bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The bidder understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder and exists to make a profit.

By execution of this Bid Form, the bidder verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent its accepted bid is a contract for goods or services, will not boycott Israel during the term of this contract. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Texas or Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The bidder understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder and exists to make a profit.

Upon notification of conditional verbal acceptance, the undersigned will either (1) complete an electronic form of the TEC Form 1295 through the TEC's electronic portal and submit the resulting certified TEC Form 1295 that is generated by the TEC's electronic portal to the City as provided in the Notice of Sale or (2) submit a written representation that it is exempt from the TEC Form 1295 filing requirements pursuant to Section 2252.908(c)(4) by completing the exemption information, below, as provided in the Notice of Sale. The undersigned understands that the failure to provide the TEC Form 1295 or making the representation regarding the exemption, below, will prohibit the City from providing final written award of the enclosed bid.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Syndicate Members:

Name of Initial Purchaser or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Freeport, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 3rd day of August 2020.

/s/ _____

Mayor
City of Freeport, Texas

ATTEST:

/s/ _____

City Secretary

**ISSUE PRICE CERTIFICATE
[THREE BID REQUIREMENT SATISFIED]**

I, the undersigned officer of _____ (the "Purchaser"), acting on behalf of itself and any underwriting syndicate, make this certification in connection with the Combination Tax and Revenue Certificates of Obligation (the "Certificates") issued by the City of Freeport, Texas (the "City").

1. I hereby certify as follows in good faith as of the date hereof:

(a) I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser and any underwriting syndicate. I am the officer of the Purchaser charged, along with other officers of the Purchaser and any underwriting syndicate, with responsibility for the Certificates.

(b) The reasonably expected initial offering prices of the Certificates to the Public by the Purchaser as of the Sale Date are the prices set forth on the inside cover of the Official Statement prepared in connection with the Certificates (the "Initial Offering Prices"). The Initial Offering Prices are the applicable prices for the Certificates used by the Purchaser in formulating its bid to purchase the Certificates. Attached hereto as Attachment I is a true and correct copy of the bid provided by the Purchaser to purchase the Certificates.

(c) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(d) The bid submitted by the Purchaser constituted a firm offer to purchase the Certificates.

(e) The aggregate of the Initial Offering Prices of all maturities of the Certificates is \$ _____. The Certificates were sold with pre-issuance accrued interest in the amount of \$ _____. The sum of these two amounts is \$ _____.

(f) Please choose the appropriate statement:

The Purchaser will not purchase bond insurance for the Certificates.

The Purchaser will purchase bond insurance from _____ (the "Insurer") for a fee/premium of \$ _____ (the "Fee"). The Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Certificates and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. The Purchaser represents that the present value of the Fee for each obligation constituting the Certificates to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Certificates. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. In determining present value for this purpose, the yield of the Certificates (determined with regard to the payment of the guarantee fee) has been used as the discount rate. No portion of the Fee is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such Fee that has not been earned. The Purchaser will also be responsible for payment of any rating fees on the Certificates, if and as required by the Insurer to be obtained in connection with the purchase of insurance.

2. For purposes of this Issue Price Certificate, the following definitions apply:

(a) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(b) "Related Party" means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale or exchange of the Certificates. The Sale Date of the Certificates is August 3, 2020.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Bracewell LLP in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the City from time to time relating to the Certificates.

EXECUTED as of this _____ day of _____, 2020.

[NAME OF PURCHASER OR MANAGER OF
PURCHASING SYNDICATE]

By: _____

Name: _____

Title: _____

**ATTACHMENT I TO ISSUE PRICE CERTIFICATE
COPY OF WINNING BID FORM**

[See Attached]

ISSUE PRICE CERTIFICATE

[THREE BID REQUIREMENT NOT SATISFIED – HOLD-THE-OFFERING-PRICE RULE]

I, the undersigned officer of _____ (the "Purchaser"), acting on behalf of itself and any underwriting syndicate, make this certification in connection with the Combination Tax and Revenue Certificates of Obligation (the "Certificates") issued by the City of Freeport, Texas (the "City").

3. I hereby certify as follows in good faith as of the date hereof:

(a) I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser and any underwriting syndicate. I am the officer of the Purchaser charged, along with other officers of the Purchaser and any underwriting syndicate, with responsibility for the Certificates.

(b) For the Certificates maturing in _____, the first price at which at least 10% of each maturity was sold to the Public is the price for each such maturity set forth on the inside cover of the Official Statement prepared in connection with the Certificates (each, an "Actual Sales Price").

(c) For the Certificates maturing in _____ (each, a "Held Maturity"), the Purchaser on or before the Sale Date offered for purchase each such maturity to the Public at the applicable initial offering price set forth on the inside cover of the Official Statement prepared in connection with the Certificates (each, an "Initial Offering Price"). A copy of the pricing wire evidencing the Initial Offering Prices is attached hereto as Attachment I. In connection with the offering of the Certificates, the Purchaser and each member of any underwriting syndicate agreed in writing that (i) during the Hold Period, it would neither offer nor sell any Held Maturity to any person at a price higher than the applicable Initial Offering Price (the "Hold-the-Offering-Price Rule") and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement would contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, that, during the Hold Period, such party would comply with the Hold-the-Offering-Price Rule. In accordance with such agreements, no Underwriter offered or sold any of the Held Maturities at a price higher than the applicable Initial Offering Price for such Held Maturity during the Hold Period.

(d) The aggregate of the Actual Sales Prices and the Initial Offering Prices is \$ _____. The Certificates were sold with pre-issuance accrued interest in the amount of \$ _____. The sum of these two amounts is \$ _____.

(e) Please choose the appropriate statement:

The Purchaser will not purchase bond insurance for the Certificates.

The Purchaser will purchase bond insurance from _____ (the "Insurer") for a fee/premium of \$ _____ (the "Fee"). The Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Certificates and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. The Purchaser represents that the present value of the Fee for each obligation constituting the Certificates to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Certificates. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. In determining present value for this purpose, the yield of the Certificates (determined with regard to the payment of the guarantee fee) has been used as the discount rate.

No portion of the Fee is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such Fee that has not been earned. The Purchaser will also be responsible for payment of any rating fees on the Certificates, if and as required by the Insurer to be obtained in connection with the purchase of insurance.

4. For purposes of this Issue Price Certificate, the following definitions apply:

(a) "Hold Period" means, with respect to a Held Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Underwriters have sold at least 10% of such Held Maturity to the Public at a price no higher than the applicable Initial Offering Price.

(b) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(c) "Related Party" means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) "Sale Date" means the first day on which there is a binding contract in writing for the sale or exchange of the Certificates. The Sale Date of the Certificates is August 3, 2020.

(e) "Underwriter" means (i) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Bracewell LLP in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the City from time to time relating to the Certificates.

EXECUTED as of this _____ day of _____, 2020.

[NAME OF PURCHASER OR MANAGER OF
PURCHASING SYNDICATE]

By: _____

Name: _____

Title: _____

ATTACHMENT I TO ISSUE PRICE CERTIFICATE

FINAL PRICING WIRE

[See Attached]