



**AGENDA  
REGULAR MEETING  
FREEPORT CITY COUNCIL  
MONDAY, APRIL 1, 2019 at 6:00 P.M.**

**Mayor:**  
Troy Brimage

**Council Members:**  
Ken Green  
Brooks Bass  
Sandra Loeza  
Roy Yates

**City Manager:**  
Timothy Kelty

**THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, WILL MEET ON MONDAY, THE 1<sup>ST</sup> DAY OF APRIL 2019, AT 6:00 P.M., AT THE FREEPORT POLICE DEPARTMENT, MUNICIPAL COURT ROOM, 430 NORTH BRAZOSPORT BOULEVARD, FREEPORT TEXAS 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 the time. Note, specific factual information or a recitation of existing policy may be furnished in response to an inquiry made, but any deliberation, discussion, or decision with respect to any subject about which the inquiry was made shall be limited to a proposal to place such subject on the agenda for a subsequent meeting for which notice is provided in compliance with the Texas Open meetings Act unless said notice appears herein. The public is reminded that there is a (4) minute time limit as approved by City Council on June 21, 2010.

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

- Presentation by Freeport Historical Museum and Amanda Danning regarding the forensic facial reconstruction.

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 Any item requiring additional discussion may be withdrawn from the Consent Agenda by the Mayor, Councilmember or City Manager, and acted upon separately.

1. Consideration and possible action on the approval of City Council meeting minutes from March 18, 2019. **(Tolar)** Pg. 280-285
2. Consideration of ratifying act of authorizing City Manager seeking extension of time required by IRS for filing income tax return for the Freeport Historical Museum Foundation. **(Kelty)** Pg. 286-287

**COUNCIL BUSINESS – REGULAR SESSION:**

3. Consideration of approving Resolution 2019-2575 approving an investment policy for the city. **(Russell)** Pg. 288-308
4. Consideration of Ordinance No. 2019-2570 adopting an amendment to the budget for the 2018-2019 fiscal year. **(Russell)** Pg. 309-330
5. Authorization to send out Request for Proposals (RFPs) for bank depository authorization. **(Russell)** Pg. 331-335
6. Discuss and consider approval to submit an application to the State of Texas Commercial Charge Card program. **(Russell)** Pg. 336-340
7. Discuss and consider approval to submit an application to the State of Texas Fuel Card program. **(Russell)** Pg. 341-346
8. Discuss and consider approving a change order for the Freeport Water tower. **(Meeks)** Pg. 347-353

**WORK SESSION:**

9. The City Council may deliberate and make inquiry into any item listed in the Work Session.
  - A. Mayor Troy T. Brimage announcements and comments.
  - B. Councilman Green Ward A announcements and comments.
  - C. Councilman Bass 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 announcement and comments
  - G. Updates on current infrastructure.
  - H. Update on reports / concerns from Department heads.

**CLOSED SESSION:**

10. Executive Session regarding economic development (Projects 2019-2 and 2019-3) in accordance with Vernon's Texas Government Code Annotated, Chapter 551, 551.087

**COUNCIL BUSINESS – REGULAR SESSION:**

11. Consideration in open session of taking action on any matter discussed in closed executive session. **(Kelty)**

**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 2<sup>nd</sup> Street, Freeport Texas, before 6:00 p.m. on this the 29<sup>th</sup> day of March, 2019.

Laura Tolar, Interim City Secretary  
City of Freeport, Texas



## City Council Agenda Presentation

**Title:** The Face of Brazosport's Past Live Exhibit with Amanda Danning

**Date:** 3/27/2019

**From:** LeAnn Strahan

**Staff Recommendation:**

Allow introduction and brief presentation by forensic sculptor Amanda Danning.

**Item Summary:**

Ms. Danning will give a brief summary of the museum's live two week exhibit and invite the public to attend.

**Background Information:**

Ms. Danning is currently performing the forensic facial reconstruction of a 3,500 year old skull that was discovered in Oyster Creek in 2009 that was determined to belong to a 32 year old woman.

**Special Considerations**

n/a

**Financial Impact:**

n/a

**Board or 3<sup>rd</sup> Party recommendation:**

n/a

**Supporting Documentation:**

Will provide photos for the PowerPoint presentation.

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Monday, March 18, 2019 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 Troy Brimage  
Councilman Brooks Bass  
Councilman Ken Green  
Councilwoman Sandra Loeza  
Councilman Roy E. Yates

Staff:

Tim Kelty, City Manager  
Laura Tolar, Asst. City Secretary/Special Projects Coordinator  
Wallace Shaw, City Attorney  
Nat Hickey, Property Manager  
Chris Motley, Fire Chief  
Ray Garivey, Police Chief  
Kim Townsend, Parks & Recreation Director  
Brian Dybala, Golf Course Director  
David Hoelewyn, Street Department Director  
Stephanie Russell, Finance Director  
Mike Praslicka, EMS Coordinator

Visitors:

Kenny Hayes	Desiree Pearson
Larry Fansher	Melanie Oldham
Cliff Vandergrift	Sabrina Brimage
Olan Massingill	Angie Williams
Nicole Mireles	Darlene Wier
Kathy Jackson	Edmeryl Williams
Bob Koole	Sandra Barnett
Kelle Odom	Jim Barnett

Call to order.

Mayor Troy Brimage called the meeting to order at 6:00 p.m.

Invocation.

Wallace Shaw offered the invocation.

Pledge of Allegiance.

Mayor Troy Brimage led the Pledge of Allegiance.

### Citizen's Comments

Bob Koole spoke regarding the PortFreeport property asking why they are not required to mow. He also spoke regarding the pot holes and speeding in the East End.

### PRESENTATIONS/ANNOUNCEMENTS

Proclamation of the City of Freeport designating April 2019 as Fair Housing Month.

Mayor Troy Brimage read the proclamation of the City of Freeport designating April 2019 as Fair Housing Month

Presentation of the Police Tier 1 Annual Report

Police Chief Ray Garivey presented the Tier 1 Annual Report to council and offered to make appointments with the public if they wish to review.

### CONSENT AGENDA

Consideration and possible action on the approval of City Council meeting minutes from February 19, 2019 and February 26, 2019.

Consider and approve a request from the Freeport Little League for a parade on opening day Saturday, March 23, 2019 at 8:30am.

On a motion by Councilman Bass, seconded by Councilwoman Loeza, with all present voting "Aye", Council unanimously approved Consent Agenda.

### REGULAR SESSION

Public Hearing of a proposed re-plat of lot 14, block 7, of Bastrop bayou acres, in Brazoria County, Texas recorded in volume 5, page 340 of the plat records of Brazoria county, Texas, being the same 1.00 acre of lot 14 conveyed to Julio C. and Gabriela Nunez recorded in county Clerk's File No. Y Clerk's File No. 2016-062060 of the official records of Brazoria county, Texas and the same 4.00 acre residue tract of lot 14 conveyed to Franke Seidule recorded in county clerk's file no. 2008-001941 of the official records of Brazoria county, Texas; and consideration of approving such replat

Public Hearing was opened at 6:18 pm.

No comments.

Public Hearing was closed at 6:19 pm on a motion by Councilman Bass, seconded by Councilman Yates, with all present voting "Aye", Council unanimously approved to close the public hearing.

On a motion by Councilman Green, seconded by Councilman Bass, with all present voting "Aye", Council unanimously approved the replat of lot 14, block 7, of Bastrop bayou acres, in Brazoria County, Texas recorded in volume 5, page 340 of the plat records of Brazoria county, Texas, being the same 1.00 acre of lot 14 conveyed to Julio C. and Gabriela Nunez recorded in county Clerk's File No. Y Clerk's File

No. 2016-062060 of the official records of Brazoria county, Texas and the same 4.00 acre residue tract of lot 14 conveyed to Franke Seidule recorded in county clerk's file no. 2008-001941 of the official records of Brazoria county, Texas.

Public Hearing of a proposed re-plat of 0.86 acre tract of land situated in the J.G. and G.W. McNeel Survey. Abstract No. 89. in Brazoria county. Texas. being the same 0.84 acre tract conveyed to Michael K. and Carol A. Jansky recorded in County Clerk's file No. Y Clerk's File No. 1995-02 1 14G of the official records of Brazoria county; and consideration of approving such re-plat.

Public Hearing was opened at 6:20 pm.

No comments.

Public Hearing was closed at 6:21 pm on a motion by Councilwoman Loeza, seconded by Councilman Green, with all present voting "Aye", Council unanimously approved to close the public hearing.

On a motion by Councilman Bass, seconded by Councilwoman Loeza, with all present voting "Aye", Council unanimously approved the re-plat of 0.86 acre tract of land situated in the J.G. and G.W. McNeel Survey. Abstract No. 89. in Brazoria county. Texas. being the same 0.84 acre tract conveyed to Michael K. and Carol A. Jansky recorded in County Clerk's file No. Y Clerk's File No. 1995-02 1 14G of the official records of Brazoria county.

Public Hearing and consideration of possible action on approval of a proposed re-plat of Lot 2B out of C. Henninger Subdivision and also recorded in County Clerk's File NO. 17-064328 of the Brazoria County Official Records and the closure of a 0.291 acre tract out of the Velasco Drainage District Tract as Recorded in Clerk's File No. 2018053616 of the Brazoria County Official Records in the C. Henninger Survey Abstract 211, City of Freeport, Brazoria County, Texas; and consideration of approving such replat

Public Hearing was opened at 6:22 pm.

No comments.

Public Hearing was closed at 6:23 pm on a motion by Councilman Bass, seconded by Councilwoman Loeza, with all present voting "Aye", Council unanimously approved to close the public hearing.

On a motion by Councilman Bass, seconded by Councilwoman Loeza, with all present voting "Aye", Council unanimously approved the re-plat of Lot 2B out of C. Henninger Subdivision and also recorded in County Clerk's File NO. 17-064328 of the Brazoria County Official Records and the closure of a 0.291 acre tract out of the Velasco Drainage District Tract as Recorded in Clerk's File No. 2018053616 of the Brazoria County Official Records in the C. Henninger Survey Abstract 211, City of Freeport, Brazoria County, Texas.

Consider awarding Grant Works the Administration/Professional Services for Community Block Grant program for disaster recovery

Fire Chief Chris Motley stated that there was one response received from the RFQ and it came from Grantworks. He stated that the grant pays for the administration and the project that will be selected will be Hurricane Harvey infrastructure damage or another damage caused by the storm.

On a motion by Councilwoman Loeza, seconded by Councilman Bass, with all present voting "Aye", Council unanimously approved awarding Grant Works the Administration/Professional Services for Community Block Grant program for disaster recovery.

Consideration of approving Ordinance 2019-2569 approving an agreement amending the Dow Industrial Agreement to extend the term of such agreement and authorizing the Mayor to sign and the City Secretary to attest such agreement

City Manager Tim Kelty stated that the amendment to the Dow Industrial Agreement will extend the contract from its previous end date of 2026 to 2033 resulting in extended revenues. He stated that Clute and Lake Jackson have both agreed with this extension. The city receives approximately 6.5 million in industrial district income.

On a motion by Councilwoman Loeza, seconded by Councilman Green, with all present voting "Aye", Council unanimously approved Ordinance 2019-2569 approving an agreement amending the Dow Industrial Agreement to extend the term of such agreement and authorizing the Mayor to sign and the City Secretary to attest such agreement.

Consideration of awarding the bid to Sorrell Construction for the 2018 – 2019 concrete streets repair plan and authorizing the mayor to sign the resulting contract

David Hoelewyn stated that only \$227,000 remained in the budget after the asphalt roads were completed. The lowest bid for the concrete streets was \$993,000.

Tim Kelty stated that the remainder can be taken from the reserves to complete the street project.

Councilman Bass stated that he would like to see infrastructure moved as part of the street improvements adding that he also wants to see sidewalks on Pecan. He stated that there are sewer issues between 9<sup>th</sup> and 11<sup>th</sup> Streets.

On a motion by Councilman Bass, seconded by Councilman Green, with all present voting "Aye", Council unanimously approved awarding the bid to Sorrell Construction for the 2018 – 2019 concrete streets repair plan and authorizing the mayor to sign the resulting contract.

Discuss and consider the approval of expending city funds in the amount of \$42,459.00 for a 100% reimbursable grant to replace the department's outdated tasers

Police Chief Ray Garivey said that this federal grant would include 29 tasers and holders. He also stated that usually reimbursement occurs within the quarter.

On a motion by Councilman Bass, seconded by Councilman Green, with all present voting "Aye", Council unanimously approved expending city funds in the amount of \$42,459.00 for a 100% reimbursable grant to replace the department's outdated tasers.

Discuss and consider HVAC system for City Hall

Parks Director Kim Townsend stated that temperatures in City Hall had been around 85° and that Olin, our 3<sup>rd</sup> floor tenant, stated it was so hot that their medical equipment would not work properly. In 2014, the city spent approximately \$80,000 on the current chiller. The new equipment, which would have a



five-year warranty, would be coated to sufficiently protect the new equipment and also be under a maintenance program.

Councilman Bass inquired as to the timeframe for this to be completed.

Ms. Townsend stated that it would be approximately 14-16 weeks and the life expectancy would be 10-15 years.

On a motion by Councilwoman Loeza, seconded by Councilman Bass, with all present voting "Aye", Council unanimously approved the purchase of a new HVAC Chiller system for City Hall.

### **WORK SESSION:**

#### **Mayor Troy T. Brimage announcements and comments**

Mayor Brimage had nothing to report.

#### **Councilman Green Ward A announcements and comments**

Councilman Green that he was contacted by Mr. Koole and suggested to the resident that he come to city council and express his concerns.

#### **Councilman Bass Ward B announcements and comments**

Councilman Bass asked about the drainage of the sanitary sewer and repair of the alleys in the areas of 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> streets that are concrete and in poor condition.

#### **Councilwoman Loeza Ward C announcements and comments**

Councilwoman Loeza expressed concern about Victoria Street but said it was already addressed on the agenda.

#### **Councilman Yates Ward D announcements and comments**

Councilman Yates questioned the status of the Wong property.

#### **City Manager Tim Kelty announcements and comments**

City Manager Tim Kelty reported that the EDC Director position had been advertised and someone should be hired within 60 days. He added that they had a great trip to Austin for Brazoria County Days.

Golf Course Director Brian Dybala reported that the golf course was finally dry and the new building at the golf course just needed lighting and doors to be completed. He also stated that they have some large tournaments coming soon.

Parks Director Kim Townsend stated that Joy Ride Rod Run was a huge success. She added that new benches were installed.

Fire Chief Chris Motley stated that the new fire truck was delivered and outside in the parking lot were the new fire truck, stair chair and the gurney for obese patients for the public to see.

Police Chief Ray Garivey reminded everyone about the upcoming blood drive to be held at the Police Department and encouraged everyone to come out.

Open session was closed at 7:07 pm and Council entered into Executive Session.

**CLOSED SESSION:**

Executive Session regarding economic development (Projects 2019-2 and 2019-3) in accordance with Vernon's Texas Government Code Annotated, Chapter 551, 551.087

Executive Session regarding personnel matters (City Attorney Wallace Shaw) in accordance with Vernon's Texas Government Code Annotated, Chapter 551, 551.074

Executive Session regarding consultation with attorney (Freeport Historical Museum Foundation Dissolution) in accordance with Vernon's Texas Government Code Annotated, Chapter 551, 551.071

Mayor Brimage exited the executive session at approximately 7:45 pm and Mayor Pro-Tem Bass took over the Executive Session.

**REGULAR SESSION**

Mayor ProTem Brooks Bass opened regular session at 8:00 pm

Consideration in open session of taking action on any matter discussed in closed executive session

No action taken.

Consideration of ratifying act of authorizing City Manager seeking extension of time required by IRS for filing income tax return for the Freeport Historical Museum Foundation.

No action taken

Consideration of authorizing mayor to sign and city secretary to attest a contract with the city attorney

On a motion by Councilwoman Loeza, seconded by Councilman Green, with all present voting "Aye", Council unanimously voted to reagenda this item.

Adjourn

On a motion by Councilwoman Loeza, seconded by Councilman Green, with all present voting "Aye", Mayor Brimage adjourned the meeting at 8:02 PM.

\_\_\_\_\_  
Mayor, Troy Brimage  
City of Freeport, Texas

\_\_\_\_\_  
Assistant City Secretary, Laura Tolar  
City of Freeport, Texas



## City Council Agenda Item #2

**Title:** Consideration of Ratification of City manager submission of request for Extension to the IRS in regard to the Museum foundation.

**Date:** April 1, 2019

**From:** Tim Kelty, City Manager

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**Staff Recommendation:**

Staff recommends approval of this Ratification.

**Item Summary:** Friday March 15<sup>th</sup> was the deadline to submit a requested time extension for filing required annual tax documents to the IRS for the Museum foundation. This filing deadline was brought to the City Manager's attention a week before the deadline by the City Attorney with the recommendation that the City request the extension, too late to bring it before council for consideration.

I made the decision to request the extension, and upon the city attorneys recommendation am asking for ratification of that decision and the submittal of those forms.

**Background Information:** While in September the Museum Foundation had its Corporate Status revoked, because it was in existence for part of the year, an annual tax filing is still required. This was not identified soon enough to be able to complete anything but the extension request. The request allows us an additional 6 months to complete the filing.

**Special Considerations:** None

**Financial Impact:** It is not anticipated that any taxes will be owed.

**Board or 3<sup>rd</sup> Party recommendation:** None

**Supporting Documentation:** Extension filed

**Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns**

OMB No. 1545-0233

▶ **File a separate application for each return.**  
▶ **Go to [www.irs.gov/Form7004](http://www.irs.gov/Form7004) for instructions and the latest information.**

**Print or Type**

Name <b>FREEPORT HISTORICAL MUSEUM FOUNDATION</b> Number, street, and room or suite no. (if P.O. box, see instructions.) <b>311 East Park Avenue</b> City, town, state, and ZIP code (if a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code). <b>Freeport, TX 77541</b>	Identifying number <b>XX-XXX7016</b>
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**Note:** File request for extension by the due date of the return. See instructions before completing this form.

**Part I Automatic Extension for Certain Business Income Tax, Information, and Other Returns. See instructions.**

**1** Enter the form code for the return listed below that this application is for . . . . . **1 2**

Application Is For:	Form Code	Application Is For:	Form Code
Form 706-GS(D)	01	Form 1120-ND (section 4951 taxes)	20
Form 706-GS(T)	02	Form 1120-PC	21
Form 1041 (bankruptcy estate only)	03	Form 1120-POL	22
Form 1041 (estate other than a bankruptcy estate)	04	Form 1120-REIT	23
Form 1041 (trust)	05	Form 1120-RIC	24
Form 1041-N	06	Form 1120S	25
Form 1041-QFT	07	Form 1120-SF	26
Form 1042	08	Form 3520-A	27
Form 1065	09	Form 8612	28
Form 1066	11	Form 8613	29
Form 1120	12	Form 8725	30
Form 1120-C	34	Form 8804	31
Form 1120-F	15	Form 8831	32
Form 1120-FSC	16	Form 8876	33
Form 1120-H	17	Form 8924	35
Form 1120-L	18	Form 8928	36
Form 1120-ND	19		

**Part II All Filers Must Complete This Part**

- 2** If the organization is a foreign corporation that does not have an office or place of business in the United States, check here . . . . . ▶
- 3** If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here . . . . . ▶   
If checked, attach a statement listing the name, address, and employer identification number (EIN) for each member covered by this application.
- 4** If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here . . . . . ▶
- 5a** The application is for calendar year 2018, or tax year beginning \_\_\_\_\_, 20\_\_\_\_, and ending \_\_\_\_\_, 20\_\_\_\_.
- b** Short tax year. If this tax year is less than 12 months, check the reason:  Initial return  Final return  
 Change in accounting period  Consolidated return to be filed  Other (See instructions—attach explanation.)

<b>6</b> Tentative total tax . . . . .	6	-0-
<b>7</b> Total payments and credits. See instructions . . . . .	7	-0-
<b>8</b> Balance due. Subtract line 7 from line 6. See instructions . . . . .	8	-0-

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 13804A

Form **7004** (Rev. 12-2018)



## City Council Agenda Item #3

**Title:** Investment Policy  
**Date:** April 1, 2019  
**From:** Stephanie Russell, Finance Director

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**Staff Recommendation:**

I recommend Council approve an investment policy in accordance with Chapter 2256, Public Funds Investment, of the Texas Government Code.

**Item Summary:**

Per Chapter 2256, Council shall adopt, by ordinance or resolution, a written investment policy regarding the investment of its funds and funds under its control.

The last written Investment Policy the City has is from 1993 which is prior to the amended acts that make up the current Public Funds Investment Act. Therefore; staff recommends a new policy in its entirety be considered. Attached is a draft Investment Policy that meets the requirements as set forth in the current Texas Government Code for Council review and consideration.

**Background Information:**

In accordance with Chapter 2256, the investment policies must: be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include:

- A. a list of the types of authorized investments in which the investing entity's funds may be invested;
- B. the maximum allowable stated maturity of any individual investment owned by the entity;
- C. for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;
- D. methods to monitor the market price of investments acquired with public funds;
- E. a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and
- F. procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021.

Additionally, Council must adopt a separate written investment strategy for each of the funds or group of funds under its control. The investment strategy must describe the investment objectives using the following priorities in order of importance:

- 1) understanding of the suitability of the investment to the financial requirements of the entity;
- 2) preservation and safety of principal;
- 3) liquidity;
- 4) marketability of the investment if the need arises to liquidate the investment before maturity;
- 5) diversification of the investment portfolio; and
- 6) yield.

The proposed Investment Strategy is included as Exhibit E.

The investment policy and investment strategies should be reviewed annually. Council must adopt a written instrument by ordinance or resolution stating that it has reviewed the investment policy and investment strategies and record any changes made to either the investment policy or investment strategies.

The City must designate one or more officers or employees to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. Staff recommends the City Administrator and Finance Director as Investment Officers.

**Special Considerations:**

N/A

**Financial Impact:**

N/A

**Board or 3<sup>rd</sup> Party recommendation:**

N/A

**Supporting Documentation:**

Proposed Investment Policy with Exhibits

**RESOLUTION NUMBER 2019-2575**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, APPROVING AND ADOPTING AN INVESTMENT POLICY FOR THE CITY OF FREEPORT AND A LIST OF QUALIFIED BROKERS THAT ARE AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE CITY; PROVIDING FOR INCORPORATION OF PREAMBLE AND AN EFFECTIVE DATE.**

**WHEREAS**, Chapter 2256 of the Texas Government Code, commonly known as the "Public Funds Investment Act," requires the City to review and adopt an Investment Policy and Qualified Broker/Deal List by rule, order, ordinance or resolution; and

**WHEREAS**, the City Council must review and approve such Investment Policy; and

**WHEREAS**, the proposed Investment Policy, a copy of which is attached hereto as Exhibit "A," complies with the Public Funds Investment Act, and authorizes the investment of City funds in safe and prudent investments; and

**WHEREAS**, the City Council hereby finds that the proposed Investment Policy should be approved.

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

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

**Section 2.** The Investment Policy attached hereto as "Exhibit A" is hereby adopted as the Investment Policy of the City of Freeport.

**Section 3.** This Resolution shall become effective immediately upon its passage.

**DULY PASSED, APPROVED AND ADOPTED** on this the 1st day of April 2019.

\_\_\_\_\_  
Troy Brimage, Mayor  
City of Freeport, Texas

ATTEST:

\_\_\_\_\_  
Laura Tolar, Interim City Secretary  
City of Freeport, Texas

APPROVED AS TO FORM AND CONTENT:

\_\_\_\_\_  
Wallace Shaw, City Attorney  
City of Freeport, Texas

# EXHIBIT A



## City of Freeport, Texas Investment Policy

Draft

April 1, 2019

### City Freeport Investment Policy



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## I. Policy

It is the policy of the City Freeport (the "City") to administer and invest its funds in a manner that will preserve the principal and maintain the liquidity while meeting the daily cash flow requirements of the City. The City will conform to all federal, state and local statutes, rules and regulations governing the investment of the City's funds.

Not less than annually, City Council shall adopt a written instrument by resolution stating that it has reviewed the Investment Policy and investment strategies and that the written instrument so adopted shall record any changes made to the Investment Policy or investment strategies.

## II. Purpose

The purpose of this policy is to provide direction for investing the funds of the City of Freeport and to comply with Chapter 2256 of the Texas Government Code ("Public Funds Investment Act"), which requires each entity to adopt a written investment policy regarding the investment of its funds and any funds under its control. The investment policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the City's funds.

## III. Scope

This investment policy applies to the safekeeping and investing of all financial assets of the City. These funds are accounted for in the City's Annual Financial Report and include all financial assets of all funds managed by the City, including but not limited to tax revenues, charges for services, bond proceeds, interest income, loans and funds received by the City where the City performs a custodial function. However, this policy does not apply to the assets administered for the benefit of the City by outside agencies under deferred compensation programs or other retirement programs.

## IV. General Objectives

The primary objectives, in priority order, of the City's investment activities shall be safety, liquidity, and yield:

A. **Safety** - Safety of the principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to minimize credit risk and interest rate risk.

i. **Credit Risk and Concentration of Credit Risk** - The City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, and concentration of credit risk, the

risk of loss attributed to the magnitude of investment in a single issuer, by:

- Limiting investments to the safest types of securities,
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and;
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

ii. **Interest Rate Risk** - The City will manage the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity,
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools, and;
- Diversify maturities and stagger purchase dates to minimize the impact of market movements over time.

B. **Liquidity** - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in money market mutual funds or local government investment pools that offer same-day liquidity for short-term funds. Additionally, securities held in the portfolio will have active secondary or resale markets.

C. **Public Trust** - All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

D. **Yield** - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is restricted to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

E. **Investments held to Maturity** - Securities shall not be sold prior to maturity with the following exceptions:

- 1) A security with declining credit may be sold early to minimize loss of principal.
- 2) Liquidity needs of the portfolio require that the security be sold.

City Council will be informed promptly in the event that a security is sold prior to maturity.

V. **Standards of Care**

F. **Prudence** - The standard of prudence to be used by investing officials shall be the "prudent person" rule. This rule states that "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The determination of whether an investing official has exercised prudence with respect to an investment decision shall be applied in the context of managing an overall portfolio rather than a consideration as to the prudence of a single investment.

Investment officials acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control unfavorable developments.

G. **Ethics and Conflicts of Interest** - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City any material interests in financial institutions that conduct business with the City. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. (See Exhibit B.)

Furthermore, an investment official who has a personal business relationship with an organization seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An investment official who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required

under this subsection must be filed with the Texas Ethics Commission and the City Council.

H. **Delegation of Authority** - Authority to manage the City's investment program is granted to the Investment Officer (s) as listed in Exhibit A. Responsibility for the operation of the investment program is hereby delegated to the Investment Officer, who shall act in accordance with established procedures and internal controls for the operation of the investment program consistent with this investment policy. This policy includes explicit delegation of authority to persons responsible for investment transactions. (See Exhibit A) No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate activities of subordinate officials.

I. **Training** - Investment officials must complete at least 10 hours of investment training within 12 months of taking office or assuming duties and shall attend an investment training session not less than once in a two-year period and receive not less than 8 hours of instruction relating to investment responsibilities. The City shall provide the training through courses and seminars offered by professional organizations and associations to insure the quality and capability of the City's investment personnel making investment decisions in compliance with Public Funds Investment Act (PFIA). Professional organizations and associations that may provide investment training included the Government Treasurer's Organization of Texas, the University of North Texas, the Government Finance Officers Association of Texas, or the Texas Municipal League.

J. **Internal Controls** - The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived and (b) the valuation of costs and benefits requires estimates and judgments by management.

## VI. Safekeeping and Custody

A. **Authorized Broker/Dealers and Financial Institutions** - The Investment Officer will maintain a list of financial institutions and security broker/dealers authorized to provide investment services (Exhibit C) to the City. This list shall be reviewed, revised as necessary and adopted at least annually.

Any person or business entity wishing to be listed as authorized to provide investment services will be required to provide a certification stating the firm has received, read and understood the Entity's investment policy and agree to comply with the policy (Exhibit D). Authorized firms may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule), and qualified depositories. All investment providers, including financial institutions, banks, money market mutual funds, and local government investment pools, must sign a certification acknowledging that the organization has received and reviewed the Entity's investment policy and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the Entity's policy. No security, even if otherwise authorized by this policy, may be acquired from an investment provider who has not complied with this requirement.

No securities may be acquired from entities not qualified under this section.

- B. Competitive Purchasing** - The City's policy requires competitive quotes for all individual security purchases and sales except for a) transactions with money market mutual funds and local government investment pools; b) treasury and agency securities purchased at issue through an approved broker/dealer or financial institution; and c) exceptions approved by the Investment Officer on a case by case basis. These exceptions will take into consideration the investment type, maturity date, amount to be invested, and disruption to the City's investment strategy.

Quotes may be accepted orally, in writing, electronically or in any combination of these methods.

- C. Delivery vs. Payment** - All trades apart from investment pools and mutual funds will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities and collateral will be held in the City's name by a third-party custodian as evidenced by safekeeping receipts of the institution with which the securities are deposited.

## **VII. Suitable and Authorized Investments**

- A. Eligible Investments** - Assets of the City may be invested in the following instruments described below. All these investments are authorized by the Public Funds Investment Act. Only those instruments listed in this section are authorized.

City of Freeport  
Investment Policy

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1. Obligations of the United States of America, its agencies and instrumentalities
  2. Certificates of Deposit issued by a depository institution that has its main office or a branch in Texas. The certificate of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor and secured by obligations in a manner and amount as provided by law. In addition, certificates of deposit obtained through a depository institution which are fully collateralized under a pledge agreement approved by the City are authorized investments.
  3. No-load Money Market Mutual Funds that 1) are registered and regulated by the Securities and Exchange Commission, 2) have a dollar weighted average stated maturity of 90 days or less, 3) seek to maintain a net asset value of \$1.00 per share and 4) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.
  4. Local Government Investment Pools, authorized by a separate resolution, which meet the requirements of Chapter 2256.016 of the Public Funds Investment Act and are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.
- B. **Collateralization** - Collateralization will be required on all funds on deposit with a depository bank, other than investments. To anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred two percent (102%) of market value of principal and accrued interest on the deposits, less an amount insured by the FDIC.

Securities pledged as collateral will be held in the City's name by an independent third party with whom the City has a current custodial agreement. The Investment Officer is responsible for entering into collateralization agreements with third party custodians in compliance with this Policy. The agreements are to specify the acceptable investment securities for collateral, including provisions relation to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. Collateral shall be reviewed at least quarterly to assure that the market value of the pledged securities is adequate.

- C. **Existing Investments** - Any investment currently held that does not meet the guidelines of this policy, but were authorized investments at the time of purchase, is not required to be liquidated; however, the City

shall take all prudent measures consistent with this Investment Policy to liquidate an investment that does not or no longer qualifies as an authorized investment.

### **VIII. Investment Parameters**

- D. Diversification** – The investments shall be diversified by security type and institution. Except for U.S. Treasury securities and authorized pools, the City will diversify the entire portfolio to comply with the investment strategy; however, in no case shall any single investment transaction be more than five-percent (5%) of the entire portfolio.
- E. Maximum Maturities** – To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three (3) years from the date of purchase. The composite portfolio will have a weighted average maturity of 365 days or less. This dollar weighted average maturity will be calculated using the stated final maturity dates of each security.

### **IX. Investment Strategies**

The City maintains separate portfolios for individual funds or groups of funds that are managed according to the terms of this Policy and the corresponding investment strategies listed in Exhibit E. The investment strategy for portfolios established after the annual Investment Policy review and adoption will be managed in accordance with the terms of this Policy and applicable agreements until the next annual review when a specific strategy will be adopted.

The City maintains a pooled fund group that is an aggregation of the majority of City funds including tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, and grants. This portfolio is maintained to meet anticipated daily cash needs for City operations, capital projects and debt service.

The objectives of this portfolio are to ensure safety of principal; ensure adequate investment liquidity; limit market and credit risk through diversification; and attain the best feasible yield in accordance with the objectives and restrictions set for in this Policy.

### **X. Reporting**

- F. Methods** – The Investment Officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and



transactions made over the last quarter. This management summary will be prepared in a manner consistent with the requirements of Section 2256.023 (Internal Management Reports) of the PFIA, and that will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the City Council.

- G. Annual Audit** - The City's external independent auditor shall formally review the quarterly reports, compliance with this policy, and internal management controls over investments in conjunction with the annual financial audit. The results of the review will be reported to the City Council.
- H. Performance Standards** - The investment portfolio shall be managed in accordance with the objectives specified in this policy (safety, liquidity, and yield). The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The Investment Officer shall determine whether market yields are being achieved by comparing the portfolio market yield to the three (3) month U.S. Treasury Bill, the six (6) month U.S. Treasury Bill and the two (2) year U.S. Treasury Note.
- I. Marking to Market** - The market value of the portfolio shall be calculated at least monthly and a statement of the market value of the portfolio shall be issued at least quarterly. The market value of each investment shall be obtained from an independent source such as the Wall Street Journal, a reputable brokerage firm or security pricing service and reported on the investment reports.

**XI. Record Retention**

Records related to the City's investment activities will be maintained as recommended by the *Texas State Library Municipal Records Manual*. The Investment Officer, in conjunction with the City Secretary is responsible for filing and storing records of investment activity.

**DRAFT**

**Exhibits**

**EXHIBIT A**

**List of Authorized Investment Officers**

Tim Kelty, City Manager

Stephanie Russell, Finance Director

DRAFT

**EXHIBIT B**

**Statement of Ethics and Conflicts of Interest**

Investment officials for the City Freeport shall refrain from personal business relationships with business organizations that could conflict with the proper execution of the investment program, or which could impair their ability to make partial investment decisions. This would only apply to personal business relationships with business organizations that have been approved by City Council to conduct investment transactions with the City.

An investment official is considered to have a personal business relationship with a business organization if:

- (1) The investment official owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business.
- (2) Funds received by the investment official from the business organization exceed 10 percent of the investment official's gross income for the previous year.
- (3) The investment official has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment official.

I do hereby certify that I do not have a personal business relationship with any business organization approved to conduct investment transactions with the City Freeport, nor am I related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the Freeport as of the date of this statement.

City of Freeport  
Investment Officials

\_\_\_\_\_  
Name, Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name, Title

\_\_\_\_\_  
Date

**EXHIBIT C**

**Approved Broker/Dealers, Financial Institutions and Investment Pools**

**Broker/Dealers**

**Financial Institutions**

Texas Gulf Bank, N.A.

**Investment Pools**

TexPool

DRAFT

**EXHIBIT D**

**Certification by Broker/Dealers and Financial Institutions**

(date)

City of Freeport, Texas  
Attn: Finance  
200 W. 2nd Street  
Freeport, TX 77541

Dear Ms. Russell:

This certification is executed on behalf of the City of Freeport, Texas (the Investor) and \_\_\_\_\_ (the Business Organization), pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the Act) in connection with investment transactions conducted between the Investor and Business Organization.

The undersigned Registered Principal of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Registered Principal of the Business Organization offering to enter an investment transaction with the Investor (Note: as such terms are used in the Public Funds Investment Act, chapter 2256, Texas Local Government Code) and;
2. The Registered Principal of the Business Organization has received and reviewed the Investment Policy furnished by the Investor and;
3. The Registered Principal of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the Investor that are not authorized by the Investor's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the investor's entire portfolio or requires and interpretation of the subjective investment standards.

**Registered Principal**

**Broker Assigned to the Account**

Signed By: \_\_\_\_\_

\_\_\_\_\_

Printed Name: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

## EXHIBIT E

### Investment Strategy

The City of Freeport's investment portfolio will be designed and managed to ensure that it will meet all the requirements established by the City's investment policy and the Public Funds Investment Act. The overall investment strategy outlined in the investment policy has been further refined in this investment strategy statement by the following fund types.

#### **Operating Funds:**

Operating Funds generally have greater cash flow needs than other funds types. The operating fund portfolio may consist of any approved investment type with the understanding that the financial requirements of the operating funds will dictate the maturity dates of the investment. At utmost importance is the preservation and safety of the investment principal.

Additionally each investment will be viewed for its liquidity and marketability of the investment if the need arises to liquidate the investment before maturity. The final determining factors for the investment strategy will be the diversification of the investment portfolio and the yield of the investment.

To achieve short-term needs of one (1) to one hundred and eighty (180) days, funds will be invested in approved investment pools. For longer-term needs of six (6) months to five (5) years, funds will be invested in approved investments with objectives prioritized as follows:

- 1) understanding the suitability of the investment to the financial requirements of the City of Freeport;
- 2) preservation and safety of principal;
- 3) liquidity;
- 4) marketability of the investment if the need arises to liquidate the investment before maturity;
- 5) diversification of the investment portfolio; and
- 6) yield.

**Debt Service Funds:**

The debt service requirements are semi-annual, thus allowing the investment strategy to mirror debt obligation payment dates. The strategy for debt service funds allows greater flexibility since the actual requirements are known into the future. Investments will still meet the adopted policies; however, planning maturity dates to match debt requirement dates will be the primary objective.

The investment instruments will be primarily in approved investment types with maturities at six or twelve months established to match debt requirement dates. Shorter-term investment may be used to meet these objectives and longer-term investments may be used when fund balance reserves exceed one year's debt service requirements.

To achieve this strategy the following objectives are prioritized to evaluate investment opportunities:

- 1) understanding the suitability of the investment to the financial requirements of the City Freeport;
- 2) preservation and safety of principal;
- 3) yield;
- 4) marketability of the investment if the need arises to liquidate the investment before maturity;
- 5) diversification of the investment portfolio; and
- 6) liquidity.

**Capital Improvement Funds:**

Bond proceeds can be invested over the life of the project; however, the exact disbursement of the funds is not always known. The investment objective of the capital improvement funds is to schedule maturities to maximize investment earnings while preserving principle. The key to an effective strategy is to be aware of the project needs and match maturities to the period funds are needed.

The investment objective for capital projects funds is still to match investment maturities with funding needs. As short-term needs are recognized investment maturities will be moved into approved investment pools to meet financial requirements. Longer-term needs will be invested with the following objectives as prioritized for capital improvement funds:



City of Freeport  
Investment Policy

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- 1) understanding the suitability of the investment to the financial requirements of the City of Freeport;
- 2) preservation and safety of principal;
- 3) diversification of the investment portfolio;
- 4) yield;
- 5) liquidity; and
- 6) marketability of the investment if the need arises to liquidate the investment before maturity.

**Reserve Funds:**

Certain reserve funds have been established as required by bond covenants. The investment objective is to invest reserve funds to the extent that maturities are established to the limit of the investment policy or to the end of the bond requirements whichever is shorter.

The overall investment strategy for reserve funds will not rely on investment pools; however, the use of pools is not prohibited. Longer-term investment objectives are prioritized as follows:

- 1) understanding the suitability of the investment to the financial requirements of the City of Freeport;
- 2) diversification of the investment portfolio;
- 3) preservation and safety of principal;
- 4) yield;
- 5) liquidity; and
- 6) marketability of the investment if the need arises to liquidate the investment before maturity.



## City Council Agenda Item #4

**Title:** FY2018-2019 Proposed Budget Adjustment #3

**Date:** April 1, 2019

**From:** Stephanie Russell, Finance Director

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**Staff Recommendation:**

I recommend the following budget amendment to the 2018-2019 Budget.

**Item Summary:**

This proposed budget adjustment includes adding revenue and expenditures to the General Fund. The overall net impact to the General Fund is excess revenues of \$184,374.

**Background Information:**

Below is a summary of each of the proposed changes. A memo for each item is attached for further detail.

- A. Industrial Development Agreements: The City budgets revenue for each of its Industrial Agreements: Brazosport IDA, Freeport IDA, and Freeport LNG. FY2018-2019 budgeted revenues are below actuals and need to be updated to reflect the correct amounts. The total impact to the General Fund is over \$1.4 million in additional revenue.
- B. Demolition of Old City Hall: Council has approved the demolition of Old City hall and is requesting budget adjustment to cover the demolition of the structure. This item was not budgeted and would require an increase in expenditures of \$46,525.
- C. Demolition of Community House: Council has approved the demolition of Freeport Community House and is requesting budget adjustment to cover the demolition of the structure. This item was not budgeted and would require an increase in expenditures of \$20,600.
- D. Daddy Daughter Masquerade Ball: The Daddy Daughter Masquerade Ball was held on February 22, 2019 at RiverPlace. This event was not budgeted and would require an increase in expenditures of \$3,446.
- E. Live Exhibit at Museum: The Freeport Historical Museum is hosting a two-week live exhibit from March 25 – April 6, 2019. The exhibit will include nationally renowned forensic sculptor Amanda Danning as she reconstructs the face of a young woman whose skull was discovered in 2009 in a sand pit in

Oyster Creek, estimated to be 3,500 years old. This exhibit will also include a fundraising event on March 27, 2019, in which additional expenses will be incurred. Revenues \$10,500 offset expenditures so the net impact is zero.

- F. Taser Grant: The Police Department received a grant from the Justice Assistance Grant (JAG) Program for 26 new tasers. Therefore; \$42,569.00 has been added to revenue and expenditures. The net impact to the General Fund is zero.
- G. 2019 Concrete Street Repairs: During the last Council Meeting, Council awarding the bid to Sorrell Construction for the 2018 – 2019 concrete streets repair plan. The available budget for Capital Outlay is \$227,376 and the entire contract is \$993,196. Therefore; staff recommends increasing expenditures by the balance of \$765,820.
- H. City Hall Chiller & Boiler System: During the last Council Meeting, Council gave staff direction to move forward with replacement of the boiler and chiller at City Hall. The original estimate for the Chiller was \$130,000, however; the actual proposal is approximately \$145,000. The boiler estimate is still \$200,000. Therefore; staff recommends a total line item increase of \$345,000.
- I. 380 Agreement: Council approved a 380 Agreement in 2018 for a total of \$35,000 that was not included in the FY2018-2019 budget.
- J. Worker's Compensation: During the annual Worker's Compensation audit, it was discovered that the estimated payroll did not match actual payroll resulting in an underpayment of the worker compensation insurance premium. It was also discovered that the previous budget did not reflect enough funds were budgeted to cover all insurance premium payments required by TMLIRP. The total payment to TML IRP in the amount of \$20,086.00 spread over multiple accounts and funds.

**Special Considerations:**

N/A

**Financial Impact:**

The net impact to the General Fund is excess revenues of \$199,374. The total impact to other funds is an increase of \$10,781 in expenditures.

**Board or 3<sup>rd</sup> Party recommendation:**

N/A

**Supporting Documentation:**

Exhibit A – Proposed Budget Amendment #3  
Budget Memos A-J

**EXHIBIT A**  
**City of Freeport**  
**FY 2018-2019 Proposed Budget Amendment #3**

Ref	Proposed Amendments	Account No.	Account Description	Current Budget	Proposed Amount Inc./ (Dec.)	Amended Budget
<b><u>GENERAL FUND</u></b>						
<b>REVENUE</b>						
A	Industrial Development Agreements	10-312-010	Tax - Brazosport IDA	3,900,000	373,311	4,273,311
		10-312-020	Tax - Freeport IDA	1,350,000	134,553	1,484,553
		10-312-021	Tax-Freeport LNG IDA	850,000	925,000	1,775,000
E	Live Exhibit at Museum	10-360-811	Museum Donation-Misc. Ex.	-	10,500	10,500
F	Taser Grant	10-360-430	Grant Revenue-PD	-	42,569	42,569
<b>SUBTOTAL REVENUE</b>				<b>\$ 6,100,000</b>	<b>\$ 1,485,933</b>	<b>\$ 7,585,933</b>
<b>EXPENDITURES</b>						
B	Demolition of Old City Hall	10-557-411	Bldg. Demolition/Mowing	-	46,525	46,525
C	Demolition of Community House	10-557-411	Bldg. Demolition/Mowing	-	20,600	67,125
D	Daddy Daughter Masquerade Ball	10-578-483	Museum Fundraiser	-	3,446	3,446
E	Live Exhibit at Museum	10-578-486	Museum Exhibits	-	8,500	8,500
		10-578-483	Museum Fundraiser	-	1,000	4,446
		10-578-430	Advertising	3,800	1,000	4,800
F	Taser Grant	10-525-898	Equipment Grant	-	42,569	42,569
G	2019 Concrete Street Repairs	10-575-899	Capital Outlay	1,229,318	765,820	1,995,138
H	City Hall Chiller & Boiler System	10-410-899	Capital Outlay	-	345,000	345,000
I	380 Agreement	10-410-680	380 Agreements	-	35,000	35,000
J	Worker's Compensation					
	Admin	10-410-240	Workmen's Compensation	250	1,559	1,809
	Service Center	10-420-240	Workmen's Compensation	2,298	336	2,634
	Mun Court	10-430-240	Workmen's Compensation	-	132	132
	Police	10-525-240	Workmen's Compensation	60,305	7,832	68,137
	Fire	10-530-240	Workmen's Compensation	16,610	1,985	18,595
	Code	10-557-240	Workmen's Compensation	-	412	412
	Building	10-558-240	Workmen's Compensation	-	513	513
	Street	10-575-240	Workmen's Compensation	31,096	1,460	32,556
	Museum	10-578-240	Workmen's Compensation	-	238	238
	Parks	10-655-240	Workmen's Compensation	19,972	2,018	21,990
	Rec	10-665-240	Workmen's Compensation	-	615	615
<b>SUBTOTAL EXPENDITURES</b>				<b>\$ 1,363,649</b>	<b>\$ 1,286,558</b>	<b>\$ 2,700,178</b>
<b>GENERAL FUND NET REVENUE LESS EXPENDITURES</b>				<b>\$ 4,736,351</b>	<b>\$ 199,374</b>	<b>\$ 4,885,754</b>
<b><u>OTHER FUNDS</u></b>						
<b>EXPENDITURES</b>						
J	Worker's Compensation					
	Golf	15-656-240	Workmen's Compensation	2,793	1,272	4,065
	EMS	20-535-240	Workmen's Compensation	5,000	1,242	6,242
	EDC	30-407-240	Workmen's Compensation	-	159	159
	Water	56-565-240	Workmen's Compensation	-	315	315
<b>TOTAL EXPENDITURES FOR OTHER FUNDS</b>				<b>\$ 7,793</b>	<b>\$ 2,988</b>	<b>\$ 10,781</b>

ORDINANCE NO. 2019-2570

AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; CONTAINING FINDINGS OF FACTS; AMENDING THE BUDGET FOR THE FISCAL YEAR 2018-2019; CONTAINING SAVINGS CLAUSES; CONTAINING A SEVERANCE CLAUSE; AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, pursuant to the provisions of Subsection (a) of Section 102.007 of Chapter 102 of the Local Government Code and the provisions of Article 9 of the Home Rule Charter of the City of Freeport (hereinafter sometimes "the City"), the budget for the 2018-2019 fiscal year of the City was finally approved by the City Council, being the governing body thereof, by its Ordinance No. 2018-2554, read, passed and adopted on the 17<sup>th</sup> day of September, 2018, (hereinafter sometimes "the Budget"); and,

WHEREAS, Subsection (b) of Section 102.009 of the Local Government Code provides that, after final approval of the budget, the governing body of a municipality may spend municipal funds only in strict compliance with the budget, except in an emergency, but Section 102.010 of said Code provides that the provisions of Chapter 102 thereof do not prevent the governing body of such municipality from making changes in the budget for municipal purposes; and

WHEREAS, Subsection (c) of Section 102.009 of said Code provides that the governing body of a municipality may authorize an expenditure as an amendment to the original budget only in the case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention; and,

WHEREAS, Section 9.16 of the City's Home Rule Charter provides that the budget may be amended and appropriations altered in accordance therewith in cases of public necessity, the actual fact of which shall have been declared by the City Council; and,

WHEREAS, the adoption of this ordinance and the amendments of the Budget is necessary for and in the best interest of the health, safety and general welfare of the inhabitants of the City.

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

SECTION ONE (1): FINDINGS OF FACT

In connection with the amendment and revision of the Budget, the City Council of the City makes the following findings:

- (1) The amendments and revisions set forth in the Budget were the result of numerous public workshop meetings called and conducted in the manner required by the Texas Open Meetings Act, codified as Chapter 551, Government Code.
- (2) A public hearing was held on the Budget on September 18, 2017, and conducted in the manner required by Section 102.006 of the Local Government Code and the City's Home Rule Charter.
- (3) Notice of such public hearing was published in the Brazosport Facts, a newspaper of general circulation in and the official newspaper of the City in the manner and time required by Chapter 102 of said Code and the City's Home Rule Charter.
- (4) A grave public necessity exists and to meet an unusual and unforeseen conditions that could not have been included in the original budget through the use of reasonably diligent thought and attention and the Budget must be amended and revised with respect of the new or additional expenditures set forth in Exhibit "A" attached hereto and made a part hereof, such unusual and unforeseen conditions also being set forth in said Exhibit "A".
- (5) The proposed changes are set forth in Exhibit "A" attached hereto and made a part hereof.
- (6) All of the changes set forth in Exhibit "A" are for municipal purposes.
- (7) The several amounts stated in Exhibit "A" as the amended or revised expenditures are hereby appropriated to and for the objects and purposes therein named.
- (8) The contingent appropriations, as amended and revised in said Exhibit "A", do not exceed three (3%) percent of the total amended and revised budget appropriations reflected therein.
- (9) The amended and revised expenditures of the general fund

and the debt service fund contained in the Budget, as amended by said Exhibit "A", do not exceed the resources of each fund, as amended and revised.

SECTION TWO (2):

The existing budget of the City of Freeport, Texas, for the fiscal year 2018-2019, as heretofore amended by Ordinance No. 2018-2563, read, passed and adopted on November 19, 2018, and Ordinance No. 2018-2564, read, passed and adopted on December 17, 2018, is hereby amended and revised as reflected in said Exhibit "A".

SECTION THREE (3):

As required by Subsections (c) and (d) of Section 102.009 of the Local Government Code, upon the passage and adoption of this ordinance, the amended and revised budget adopted hereby shall be filed with the City Secretary of the City to be maintained in the official records of the City, and a certified copy of this ordinance, with Exhibit "A" attached thereto, shall be filed by the City Secretary with the County Clerk of Brazoria County, Texas, and a copy sent to the State Comptroller of Public Accounts for the State of Texas.

SECTION FOUR (4):

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.

SECTION FIVE (5):

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 SIX (6):

This ordinance shall take effect and be in force from and after its passage and adoption.

READ, PASSED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Troy T. Brimage, Mayor,  
City of Freeport, Texas

ATTEST:

\_\_\_\_\_  
Laura Tolar, Assistant City Secretary,  
City of Freeport, Texas

APPROVED AS TO FORM ONLY:

\_\_\_\_\_  
Wallace Shaw, City Attorney,  
City of Freeport, Texas

C\Freeport.Bud\2018-19Budgt-Amd#3-Ord



# Budget Memo – Item A

**Title:** Consideration of a budget adjustment to increase revenues from Industrial Development Agreements

**Date:** April 1, 2019

**From:** Stephanie Russell, Finance Director

---

**Staff Recommendation:**

Approve budget adjustment to increase revenues from the City’s Industrial Development Agreements.

**Item Summary:**

The City budgets revenue for each of its Industrial Agreements: Brazosport IDA, Freeport IDA, and Freeport LNG. FY2018-2019 budgeted revenues are below actuals and need to be updated to reflect the correct amounts.

**Background Information:**

Two of the City’s Industrial Agreements, Brazosport IDA and Freeport IDA, are calculated based on property values or CPI – whichever is greater. The property values in both districts increased in FY2018-2019 increasing the total payment due to the City. Below are tables outlining the payments and comparison to the budget.

***Brazosport Industrial Development Agreement***

<b>Company</b>	<b>Total FY19</b>	<b>12/31/2018</b>	<b>6/30/2019</b>
Air Liquide	41,477	20,738	20,738
BASF	261,197	130,599	130,599
Braskem	112,780	56,390	56,390
Brock	1,446	723	723
Dow	2,835,095	1,417,547	1,417,547
Freeport Energy	52,629	26,315	26,315
Huntsman	48,627	24,314	24,314
INEOS	2,612	1,306	1,306
Kinder Morgan	183	92	92
ME Global Americas	597	298	298
Olin Corporation	828,465	414,232	414,232
Oyster Creek LTD	85,996	42,998	42,998
Praxair Inc.	2,206	1,103	1,103
<b>Total</b>	<b>4,273,311</b>	<b>2,136,655</b>	<b>2,136,655</b>

FY2018-2019 Budget                      3,900,000

**Over/(Under) Budget                      373,311**

***Freeport Industrial Development Agreement***

<b>Company</b>	<b>Total FY19</b>	<b>Due 11/29/2018</b>	<b>Due 7/31/2019</b>
DSM Nutritional Products, Inc.	63,671	31,836	31,836
Venator Chemicals LLC	13,189	6,595	6,595
Gladieux Metals Recycling LLC	70,065	35,032	35,032
Nalco Company LLC	124,418	62,209	62,209
Phillips 66 Company	392,857	196,428	196,428
SI Group dba Schenectady Intl.	272,485	136,243	136,243
Shintech, Inc.	489,324	244,662	244,662
Solvay USA INC.	9,696	4,848	4,848
Vencorex US Inc.	48,848	24,424	24,424
<b>Total</b>	<b>1,484,553</b>	<b>742,276</b>	<b>742,276</b>

FY2018-2019 Budget 1,350,000

**Over/(Under) Budget 134,553**

Freeport LNG Industrial District payments are made in accordance to a payment schedule outline in the agreement. The March 1, 2019 payment was \$1,775,000 which is \$925,000 over the budgeted amount of \$850,000. Below is the schedule of payments due over the life of the agreement:

***Freeport LNG Industrial Development Agreement***

<b>Payment Date</b>	<b>Amount</b>
2014	15,000
March 1, 2015	4,985,000
March 1, 2016	1,300,000
March 1, 2017	850,000
March 1, 2018	850,000
<b>March 1, 2019</b>	<b>1,775,000</b>
March 1, 2020	1,775,000
March 1, 2021	2,000,000
March 1, 2022	2,000,000
March 1, 2023	2,000,000
March 1, 2024	2,000,000
March 1, 2025	3,000,000
March 1, 2026	3,000,000
March 1, 2027	3,000,000
March 1, 2028	2,000,000
March 1, 2029	2,000,000
<b>Total</b>	<b>32,550,000</b>

**Special Considerations:**

N/A

**Financial Impact:**

Below is a summary of the financial impact from all three Industrial Agreements. *The total impact to the General Fund is over \$1.4 million in additional revenue.*

<b>Agreement</b>	<b>Budget</b>	<b>Actual</b>	<b>Over/(Under)</b>
Brazosport IDA	3,900,000	4,273,311	373,311
Freeport IDA	1,350,000	1,484,553	134,553
Freeport LNG	850,000	1,775,000	925,000
<b>Total</b>	<b>\$ 6,100,000</b>	<b>\$ 7,532,864</b>	<b>\$ 1,432,864</b>

**Board or 3<sup>rd</sup> Party recommendation:**

N/A

**Supporting Documentation:**

N/A

# Budget Memo – Item B

**Title:** Consideration of a budget adjustment for demolition of Old City Hall located at 130 East 4th

**Date:** March 18, 2019

**From:** Billywayne Shoemaker Building Official

---

**Staff Recommendation:**

Approve budget adjustment for demolition of Old City Hall located at 130 East 4<sup>th</sup>.

**Item Summary:**

Council has approved the demolition of Old City hall and is requesting budget adjustment to cover the demolition of the structure. This item was not budgeted and would require this budget adjustment.

**Background Information:**

Council has approved demolition of the Old City Hall due to the ongoing maintenance cost and dilapidation of the structure.

**Special Considerations:**

We are requesting our citizens to make hard decisions about their property, we should take this opportunity to set an example.

**Financial Impact:**

**Demolition Quotes**

Houston Demolition Services     \$26,275.00

**Abatement Quotes**

Arrow Services                     \$20,250.00

**Board or 3<sup>rd</sup> Party recommendation:**

None

**Supporting Documentation:**

# Budget Memo – Item C

**Title:** Consideration of a budget adjustment to cover the demolition of Freeport Community House  
1300 West 2nd

**Date:** March 18, 2019

**From:** Billywayne Shoemaker Building Official

---

**Staff Recommendation:**

Approve the budget adjustment to cover the abatement and demolition of Freeport Community House  
1300 West 2nd.

**Item Summary:**

Council has approved the demolition of Freeport Community House and is requesting budget adjustment to cover the demolition of the structure. This item was not budgeted and would requires this budget adjustment.

**Background Information:**

Council has approved the demolition of the Freeport Community House due to the ongoing maintenance cost and dilapidation of the structure.

**Special Considerations:**

We are requesting our citizens to make hard decisions about their property; we should take this opportunity to set an example.

**Financial Impact:**

**Demolition Quotes**

Houston Demolition Services     \$19,300.00

**Abatement Quotes**

Houston Demolition                 \$1,300.00

**Board or 3<sup>rd</sup> Party recommendation:**

None

**Supporting Documentation:**

# Budget Memo – Item D

**Title:** Consideration of a budget adjustment to cover expenses for the Daddy Daughter Masquerade Ball

**Date:** March 18, 2019

**From:** LeAnn Strahan, Museum Manager

---

**Staff Recommendation:**

Approve the budget adjustment to cover the expenses for the Daddy Daughter Masquerade Ball

**Item Summary:**

Daddy Daughter Masquerade Ball was held on February 22, 2019 at RiverPlace. This event was not a planned in the current budget.

**Background Information:**

The Freeport Museum staff was charged with hosting this year's Daddy Daughter Dance to keep it going for the community. While we were unable to completely cover the expenses with ticket sales, we are confident in the future this event has the potential to truly serve as a fundraising event for the Museum.

**Special Considerations:**

This was not a budgeted event.

**Financial Impact:**

**Total Expenses**                      **\$3,445.10**

**Total Revenues**

**Board or 3<sup>rd</sup> Party recommendation:**

**Supporting Documentation:**

# Budget Memo – Item E

**Title:** Consideration of a budget adjustment to cover expenses for the Facial Reconstruction Exhibit

**Date:** March 18, 2019

**From:** LeAnn Strahan, Museum Manager

---

## **Staff Recommendation:**

Approve the budget adjustment to cover the expenses for the Facial Reconstruction Exhibit and its fundraising event.

## **Item Summary:**

The Freeport Historical Museum is hosting a two week live exhibit from March 25 – April 6, 2019. The exhibit will include nationally renowned forensic sculptor Amanda Danning as she reconstructs the face of a young woman whose skull was discovered in 2009 in a sand pit in Oyster Creek, estimated to be 3,500 years old. This exhibit will also include a fundraising event on March 27, 2019, in which additional expenses will be incurred.

## **Background Information:**

In June 2018, Nat Hickey began discussions to bring this exhibit to fruition through donation requests. Billywayne & Krisann Shoemaker and Roy & Peggy Yates agreed to donate \$3,000 each, and Sorrell Construction will cover any additional overall costs.

## **Special Considerations:**

This is rare opportunity for a humble museum such as ours, with the potential to bring visitors from all over Texas and beyond to visit our City. With the in-kind support of CHI St. Lukes Health, Dow Chemical, Brazosport Area Chamber of Commerce, and Dimensional Engineering of Houston, we have been able to keep costs to a minimum for this project. The sculpture will become the focal point and a permanent exhibit at the museum.

## **Financial Impact:**

<b><u>Exhibit Costs</u></b>	<b>\$10,500.00</b>
Forensic Sculpture	\$8,500.00
Advertisement	1,000.00
Cocktail Fundraiser	1,000.00
<b><u>Exhibit Sponsorships</u></b>	<b>\$10,500.00</b>
Shoemaker's	\$3,000.00
Yates'	3,000.00
Sorrell Construction	4,500.00
Fundraising Event	TBD

**Board or 3<sup>rd</sup> Party recommendation:**

The Museum Board has supported this project from the beginning and been involved with planning and preparations for the exhibit.

**Supporting Documentation:**



# Budget Memo – Item F

**Title:** Taser Grant #3533301 Awarded

**Date:** 3/12/2019

**From:** Police Department

---

**Staff Recommendation:**

Approve

**Item Summary:**

Justice Assistance Federal Grant Approved for new Tasers and Equipment for the Police Department

**Background Information:**

Tasers currently in use by the Police Department are no longer being manufactured, Grant Award allows for the purchase of approximately 26 new Tasers.

**Special Considerations**

This is a Federal Grant paid through re-imbusement through the city after expenditures are made.

**Financial Impact:**

Initial impact would be \$42,569.00 which would be reimbursed by the government.

**Board or 3<sup>rd</sup> Party recommendation:**

N/A

**Supporting Documentation:**

N/A

# Budget Memo – Item G

**Title:** Consideration of awarding the bid to Sorrell Construction for the 2018 – 2019 concrete streets repair plan and authorizing the mayor to sign the resulting contract.

**Date:** March 18, 2019

**From:** David G. Hoelewyn, Director of Street Department

---

**Staff Recommendation:** Staff recommends the contract for the concrete plan be awarded to Sorrell Construction. Staff recommends repairs to all 5 of the listed streets.

**Item Summary:**

- There were 5 street locations approved ranging from 20 ft wide to 40 ft. wide. This will include all paving @ 8 inches, curb gutter and wheel chair ramps @ 6 inches and sidewalks @ 4 inches thick.

**Background Information:**

- The list of streets and posted bid are as follows:

Victoria Street	\$151,886.00
Pecan Street	\$345,800.00
Skinner Street	\$114,766.00
Yaupon Street	\$355,562.00
Yellowstone	\$25,182.00

The total bid for the work is \$993,196.00.

**Special Considerations:** Sealed bids were opened on February 11, 2019. Bids were received from Sorrell Construction, A1 Construction, and Tex-Con, with Sorrell being the low bid. The City has previously worked successfully with Sorrell Construction.

**Financial Impact:**

- \$700,000 was budgeted for our 2018-2019 streets capital plan. \$472,624 was previously awarded for the County Interlocal Agreement for asphalt, leaving \$227,376.00.
- \$993,196.00 was the lowest bid from Sorrell Construction.
- A budget amendment will be necessary at a later date if council wants all 5 streets repaired under this contract.

**Board or 3<sup>rd</sup> Party recommendation: None**

**Supporting Documentation:**

See attached bid sheets.

# Budget Memo – Item H

**Title:** City Hall Chiller & Boiler System

**Date:** March 18, 2019

**From:** Kim Townsend Parks Director

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**Staff Recommendation:** Replace 100 ton Air-Cooled chiller (current chiller has been off-line, is now down a compressor and is in poor condition). Replace 2.0 Million BTU Boiler (current one is 15 yrs. Old and in poor condition). Update aging Building Automation System. Issues with Air Distribution on the 2nd and 3rd Floors.

**Item Summary:** City Hall HVAC System have been plagued with problems for many months. Repeated system repairs and replacement have only provided short term relief.

Hunton Corporation was brought in to evaluate the system and has made specific recommendations regarding both the Heating and cooling systems.

The proposal received from Hunton Corporation was made under the Choice Partners purchasing cooperative, which the City has been a member of 2014, and complies with procurement requirements.

**Background Information:** Hunton Services Analysts & Engineers came highly recommended and have successfully implemented heating and cooling solutions for many cities and school systems in the area. They have made recommendations that are intended for occupancy comfort, facility improvements and will also reduce operating expenses due to improved equipment efficiency.

**Special Considerations:** Within the last week, City Hall was 85 degrees due to compressor failure from freon leaks. During the winter months we have issues with it being too cold or too hot due to inadequate controls, boiler and chiller.

This has been an ongoing issue for the last three years and has cost the City approximately \$10,000-15,000 in emergency maintenance costs in the last three months.

The most recent incident caused Olin Corporation to close and cancel all appointments over 2 days. The City receives over \$100,000 annually in lease payments from tenants in the building and we owe these tenants the reasonable expectation for a climate-controlled environment.

**Financial Impact:** The proposed project was primarily designed to meet State Energy Conservation Office (SECO) LoneSTAR standards, prior to chiller failure and subsequent evaluation.

	Approximate Cost	Estimated annual Savings	Simple Payback
Boiler	\$100,000	\$3,500	25 Years

BAS	\$15,000	\$1,000	15 Years
Air Balance	\$10,000	\$1,000	10 Years
LED Lighting	\$65,000	\$6,500	10 Years
Engineering	\$10,000		
<b>SUB-TOTAL</b>	<b>\$200,000</b>	<b>\$12,000</b>	<b>17 Years</b>
Incentives (lighting)	\$10,000		
Down Payment	\$50,000		
<b>TOTAL</b>	<b>\$140,000</b>	<b>\$12,000</b>	<b>12 Years</b>

**Replacement of the Carrier Chiller:**

Replacement of the chiller with a seacoast appropriate construction, 5-year warranty: \$130,000

**Board or 3<sup>rd</sup> Party recommendation:** None.

**Supporting Documentation:**

Photos

Proposal from Hunton Services and detailed analysis will be distributed at council meeting.

# Budget Memo – Item I

**Title:** Consideration of a budget adjustment to increase expenditures for 380 Agreement reimbursements.

**Date:** April 1, 2019

**From:** Stephanie Russell, Finance Director

---

**Staff Recommendation:**

Approve budget adjustment to increase expenditures for a previously approved 380 Agreement.

**Item Summary:**

Council approved a 380 Agreement in 2018 for a total of \$35,000 which was not included in the FY2018-2019 budget.

**Background Information:**

In March 2018, Council entered into a seven 380 Agreements with Guillermo Willie Garcia form Innovative Designs to build seven new single-family homes in Freeport with a \$5,000 reimbursement for each. The total reimbursement for all seven properties is \$35,000. The developer has completed five of these properties to-date.

Address	Estimated Value	Reimbursement
716 North Ave D	\$162,500	\$5,000
712 North Ave D	\$159,900	\$5,000
708 North Ave D	\$162,500	\$5,000
102 South Ave F	\$163,500	\$5,000
106 South Ave F	\$159,900	\$5,000
110 South Ave F	\$159,900	\$5,000
114 South Ave F	\$159,900	\$5,000
<b>Total</b>	<b>\$1,128,100</b>	<b>\$35,000</b>

**Special Considerations:**

N/A

**Financial Impact:**

The net impact to the General Fund is an expense of \$35,000.

**Board or 3<sup>rd</sup> Party recommendation:**

N/A

**Supporting Documentation:**

N/A

# Budget Memo – Item J

**Title:** Consideration of a budget adjustment to cover the additional payment requirements for Worker's Compensation 2017-2018 Budget year.

**Date:** March 26, 2019

**From:** Lei Loni Kershaw Human Resource Director

---

**Staff Recommendation:**

Approve the budget adjustment to cover the additional payment necessary to compensate insurance carrier's premium. It was discovered during Worker's Compensation Audit additional premium funds needed to be collected by carrier.

**Item Summary:**

During the annual Worker's Compensation audit it was discovered that the estimated payroll did not match to actual payroll resulting in an underpayment of the worker compensation insurance premium. It was also discovered that the previous budget did not reflect enough funds were budgeted to cover all insurance premium payments required by TMLIRP.

**Background Information:**

Worker Compensation Estimated payroll did not match actual payroll for 2017-2018.

**Special Considerations:**

None

**Financial Impact:**

Payment to TML IRP in the amount of \$ 20,086.00

**Board or 3<sup>rd</sup> Party recommendation:**

None

**Supporting Documentation:**

Copy of TMLIRP payroll adjustment form 2017-2018

Billing Statement from TMLIRP requesting payment of \$20,086.00

Copy of the breakdown of payment allocation by Departments



## City Council Agenda Item #5

**Title:** Request to solicit a Request for Proposals for Primary Depository Bank Services

**Date:** April 1, 2019

**From:** Stephanie Russell, Finance Director

---

**Staff Recommendation:**

Staff recommends soliciting a Request for Proposals (RFP) for Primary Depository Bank Services and hiring an outside consultant to assist with the RFP preparation and evaluation of applications received.

**Item Summary:**

The City currently does not have a formal bank depository or collateral agreement with a financial institution. A Depository Bank Services Agreement is an important component of the treasury and cash management system. In addition, continual changes in technology, treasury management practices, and banking industry structure offer opportunities to reevaluate banking services and costs.

**Background Information:**

The Government Finance Officers Association of the United States and Canada (GFOA) recommends that local governments establish a procurement process and assure periodic reviews of its banking services. GFOA recommends the following practices in procurement of banking services:

1. Initiate a process of competitive procurement in accordance with the state and local laws and regulations, for major banking services. The process should use a request for proposals (RFP) that should include services, fees, earnings credit rates, and availability schedules for deposited funds. *In addition, it is important to utilize independent bank evaluation services to verify creditworthiness of the financial institution prior to award of a contract and throughout the contract period.*
2. Have contracts for banking services that specify services, fees, and other components of compensation. If applicable, this should include tri-party depository contracts that require that the custodian complies with collateral requirements.



3. Identify a primary relationship manager who will serve as a central point of contact, understand the needs of the entity and be able to offer recommendations for service improvements.
4. Evaluate the relative benefits and costs of paying for services through direct fees, compensating balances, or a combination of the two (blended).
5. Evaluate the government's needs in comparison to the costs and benefits of specific banking services, including: Electronic, Accounts, Security features, and Treasury management services (a listing of the services included under each of these categories is included in the Best Practices attachment).
6. A treasury management review and comprehensive evaluation should be performed prior to the issuance of an RFP to ensure that the treasury manager asked for all required and optional banking services.

**Special Considerations:**

Location of the Primary Depository: some cities require that the financial institution have a full service "brick & mortar" presence within its municipal boundaries. Staff would like direction from Council regarding whether to include this requirement in the RFA.

**Financial Impact:**

There will be a cost associated with the preparation and evaluation of the RFP (ballpark estimate is \$15,000); however, this may be offset by increased interest income in future years.

**Board or 3<sup>rd</sup> Party recommendation:**

N/A

**Supporting Documentation:**

GFOA Best Practice: Procurement of Bank Services



# BEST PRACTICE

## Procurement of Banking Services

### BACKGROUND:

State and local governments use a wide variety of banking services for the deposits, disbursement, and safekeeping of public funds. Prudent procurement practices require the reevaluation of banking services on a periodic basis. In addition, continual changes in technology, treasury management practices, and banking industry structure offer public funds managers opportunities to reevaluate banking services and costs.

### RECOMMENDATION:

GFOA recommends that state and local governments establish a procurement process and assure periodic reviews of banking services. Adhering to a defined due diligence in selecting banking services and establishing proper controls will help a government achieve its objectives of appropriate and cost-effective banking services while protecting its funds and reducing risk to its reputation. Governments should consider including the following practices in their procurement of banking services:

1. Periodically initiate a process of competitive procurement in accordance with the state and local laws and regulations, for major banking services. The process should use a request for proposals (RFP) that should include services, fees, earnings credit rates, and availability schedules for deposited funds. In addition, it is important to utilize independent bank evaluation services to verify creditworthiness of the financial institution prior to award of a contract and throughout the contract period.
2. Have contracts for banking services that specify services, fees, and other components of compensation. If applicable, this should include tri-party depository contracts that require that the custodian complies with collateral requirements.
3. Identify a primary relationship manager who will serve as a central point of contact, understand the needs of the entity and be able to offer recommendations for service improvements.
4. Evaluate the relative benefits and costs of paying for services through direct fees, compensating balances, or a combination of the two (blended). Factors to consider in this evaluation are the earnings credit rate, reserve requirements and insurance fees on deposits.
5. Evaluate the government's needs in comparison to the costs and benefits of specific banking services, including:
  - Electronic
    - balance and transaction-reporting services (image access and usage)
    - stop payments
    - payment capabilities

- deposit capabilities
  - transmitted analysis and statements
  - digitized storage of paid checks and statements
  - stale date check management
  - access to safekeeping/custodial information
  - access to investment performance reporting
- Accounts
    - controlled disbursement
    - collection account
    - zero-balance
    - interest-bearing
    - investment sweep account
- Security features
    - positive pay services including payee positive pay service (which is payee matching)
    - reconciliation services
    - Automated Clearing House (ACH) blocking/filtering services
    - check to ACH conversion
    - Non-sufficient funds (NSF)/ACH conversion for representation of NSF check (Represented Check Entries, RCK)
    - collateral requirements (reporting by the custodian required)
- Treasury management services
    - lock-box services
    - credit card receipt merchant services
    - safekeeping or custody arrangements (delivery versus payment, DVP)
    - procurement cards
    - stored value (payroll) cards
    - Web links for Internet payment for services

6. A treasury management review and comprehensive evaluation should be performed prior to the issuance of an RFP to ensure that the treasury manager asked for all required and optional banking services. Consider using a Request for Information (RFI) or meeting with several banks in advance of the RFP process to determine if there are any products/services available that your jurisdiction would be interested in adding. This preliminary work is necessary periodically to take advantage of changes in banking services and technology as new services become available. In the event that these services are procured through the use of a request for proposal, the request for proposal and the vendor response should be included as part of the contract.

**Notes:**

- GFOA Banking Services RFP Checklist

**References:**

- *An Introduction to Treasury Agreements*, Linda Sheimo, GFOA, 1993.
- *An Introduction to Treasury Management Practices*, GFOA, 1998.
- *Banking Relations: A Guide for Governments*, Nicholas Greifer, GFOA, 2004.
- GFOA Best Practice, Collateralization of Public Deposits, 2007.



## City Council Agenda Item #6

**Title:** Procurement Cards  
**Date:** April 1, 2019  
**From:** Stephanie Russell, Finance Director

---

**Staff Recommendation:**

Staff recommends approving the submission of an application for the State of Texas Commercial Charge Card program with Citibank, N.A., Contract #946-M2, and to include the City Manager and Finance Director as authorized signers.

**Item Summary:**

The City currently uses credit cards through Texas Gulf Bank which does not provide rebates directly to the City and the payment terms are not per the Texas Prompt Payment Act. The Texas Comptroller of Public Accounts Charge Commercial Card Program provides local governments the opportunity to realize savings for procurement and travel purchases, and related services.

**Background Information:**

Citibank Charge Card Program Features & Benefits:

- Fraud Coverage
- Misuse and Abuse Coverage
- Increased Transaction-Level Control
- Online Program Tools: helps increase program efficiency, visibility, control and compliance.
- Online Statements: secure 24/7 access for all card activity online
- Program Audit Tool: Monitors cardholder usage and helps ensure compliance with this innovative tool that flags card activity when it exceeds pre-set program parameters.
- Card Security Controls and Restrictions: allows program administrators many options for controlling card use according to their entity's business requirements.
- Training Programs and Resources: Citi training professionals work with an entity during the transition to identify its training needs and tailor the training curriculum accordingly.

- Rebates: Increased resources to co-ops; leverages total State spend an average transaction size. The minimum rebate is 1.66% based on total State Spend and the average transaction size. Rebates are paid on the first dollar of spend.

**Special Considerations:**

N/A

**Financial Impact:**

The City will see increased revenue from the quarterly rebates (dependent on actual spend).

**Board or 3<sup>rd</sup> Party recommendation:**

N/A

**Supporting Documentation:**

Contract Details: # 946-M2



(http://www.bxsmartbuy.com)

[Contracts](#)

[SPD Applications](#)

[Help \(/help/\)](#)

0 items

## Contract Details: # 946-M2

**Number** 946-M2

**Description** Commercial Charge Card Services

**Category** Managed

**Type** Term

**Start Date** 6/1/2017

**End Date** 8/31/2019

**Purchase Category Code(Agencies Only)** PCC H

**Optional Renewal Terms** September 1, 2019, through August 31, 2020  
September 1, 2020, through August 31, 2021  
September 1, 2021, through August 31, 2022

**Purchase Orders** Purchase orders are not required for this contract. Refer to the Contract Items and Pricing section below for additional details.

**.GP Code(s)** 946-35  
946-70

**CPA Contract Management** Questions regarding contract management issues, price changes, amendments or other post-award concerns should be directed to:  
SPD Contract Management Office (SCMO)  
Texas Comptroller of Public Accounts (CPA)  
Fax: (512) 936-0040  
Email: [spd.cmo@cpa.texas.gov](mailto:spd.cmo@cpa.texas.gov) (<mailto:spd.cmo@cpa.texas.gov>)

SPD Customer Service  
Phone: (512)936-5829  
Email: [chargecardprogram@cpa.texas.gov](mailto:chargecardprogram@cpa.texas.gov) (<mailto:chargecardprogram@cpa.texas.gov>)

Nicklaus Watson  
Phone: (512)936-8458  
Email: [chargecardprogram@cpa.texas.gov](mailto:chargecardprogram@cpa.texas.gov) (<mailto:chargecardprogram@cpa.texas.gov>)

**Contract Items and Pricing**

**Citibank, N.A. (Citi) Account Management Team:**  
Brian D. Smith  
Brian.d.smith@citi.com (mailto:Brian.d.smith@citi.com)  
(214)579-9574  
Akash Desai  
akash.desai@citi.com (mailto:akash.desai@citi.com)  
(512)783-0255  
Todd William Pardee  
Todd.William.Pardee@citi.com (mailto:Todd.William.Pardee@citi.com)  
(512)677-5542

**New Account Implementation:**  
Contact Citi Account Management Team

**Payment Instructions:**  
State agencies and institutions of higher education refer to Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements. For more information, visit [https://www.cpa.texas.gov/fmx/notice\\_fm05\\_43\\_index.php%26d%3DDwMFAg%26c%3Dj-EkbjBYwkAB4f8ZbVn1Fw%26r%3DT7Y4peny7vafXOZbzVldoMas\\_Jrec%26s%3DacR6UaNOX\\_gCPKIU41r9mN8SZkms0XZIBr5iLmf4S8%26e%3D&data=02%7C01%7C%7Ce95506170aae4ba256da08d62](https://www.cpa.texas.gov/fmx/notice_fm05_43_index.php%26d%3DDwMFAg%26c%3Dj-EkbjBYwkAB4f8ZbVn1Fw%26r%3DT7Y4peny7vafXOZbzVldoMas_Jrec%26s%3DacR6UaNOX_gCPKIU41r9mN8SZkms0XZIBr5iLmf4S8%26e%3D&data=02%7C01%7C%7Ce95506170aae4ba256da08d62).  
government entities should contact Citi for payment instructions.

**Custom Card Format:**  
Standard card design approved by CPA. Custom card format for state agencies requires the approval of CPA and vendor and will take 30-60 days from receipt of the request.

**Standard Card Design:**  
No charge for single, standard color logo.

**Custom Card Design:**  
One custom card design at no charge, additional custom card designs are billed at cost by Citi.

**Account Maintenance/Billings/Disputes:**  
Contact Citi's Client Account Specialist (CAS) Team: 1-888-836-5011 option 3, ext. 1489230 for questions regarding billing and program maintenance. Cardholders are directed to contact their bank for more information.

**Foreign Transaction Fee:**  
Citibank will pass along all charges assessed by the bankcard associations. In addition, Citibank will charge a fee of 1.0%.

**Cash Advance and Convenience Check Fee (This Option is only Available to Local Government entities):**  
Convenience check fee: \$5.00 plus 1.5% of transaction; convenience check stop payment fee: \$20; ATM cash advance fee: \$5.00; cash advance from teller fee: 2% of withdrawal amount.

**LATE PAYMENT FEE:**  
**Central and Corporate Liability Individual Bill Accounts (CBA & CLIBA):**  
State agency and institutions of higher education must adhere to the state of Texas Prompt Payment Act. Participating local government entities will follow the process outlined in the Act.  
**Individual Bill Travel Accounts (IBA):**  
An individually billed account is considered delinquent if payment is 60 days past due. A delinquency charge of 2.5% of the outstanding balance is applied if payment is received after the due date.

**RETURNED CHECK FEE: \$10**  
Access Additional Program Information (<https://comptroller.texas.gov/purchasing/programs/charge-card/>)

For questions about using the correct vendor number in the state's Uniform State Accounting System (USAS), state agencies can contact the Expenditure Assistance section at <mailto:expenditure.assistance@cpa.texas.gov>

**Adding New Products to the Contract**

Additional products or services of the same general category that are not already on the contract may be added by submitting an Open Market Requisition (<https://comptroller.texas.gov/purchasing/programs/open-market-requisition/>)

**Expedited Payment Discount**

**Rebate/Early Payment Discount:**  
This contract contains a rebate program based on total dollar expenditure of all participating entities paid on an annual basis. Texas SmartBuy Members and institutions of higher education are eligible for a rebate of up to 1.0% of the total dollar expenditure of all participating entities paid on an annual basis. Charge offs for delinquent accounts are deducted as credit losses from the total dollar expenditure.  
If delay is foreseen, Contractor shall give written notice to the Customer and must keep Customer advised at all times of status of order.

**Delivery Delays by Contractor**

Default in promised Delivery Days After Receipt of Order (ARO) without accepted reasons or failure to meet specifications authorizes the Customer to purchase goods and services from an alternate source.  
Failure to pay a damage assessment is cause for contract cancellation and/or debarment or removal of the contractor, as applicable, from the State's Centralized Master List of Contractors.  
Delivery does not occur until the Contractor delivers products, materials or services in full compliance with the specifications to Customer's F.O.B. destination, unless delivery is otherwise specified.  
Customer reserves the right to require new delivery or a refund in the event that materials or products not meeting specifications are discovered after payment has been received.  
The Customer may request that a Contractor cancel a specific line item or an entire purchase order. There shall be no fees charged for cancellation of an item and/or order.

**Compliant Products by Contractor**

**Purchase Order Cancellation**

**Contractor Performance**

The Statewide Procurement Division Contract Management Office (SCMO), a division of the Comptroller of Public Accounts (CPA), administers a vendor performance program. State agency customers shall report vendor performance on purchases of \$25,000 or more from contracts administered by CPA, or as otherwise required by law.  
Vendor Performance shall be reported through the CPA VENDOR PERFORMANCE TRACKING SYSTEM. (<http://comptroller.texas.gov/purchasing/programs/vendor-per>)

The purpose of the Vendor Performance Tracking System is to:  
• Identify vendors that have exceptional performance  
• Aid purchasers in making a best value determination based on vendor past performance  
• Protect the state from vendors with unethical business practices  
• Provide performance scores in four measurable categories for the CMBL vendors  
• Track vendor performance for delegated and exempt purchases

VID: 11352664707

Contractor: Citibank N.A.

Contact Name: Brian D. Smith

Email: Brian.d.smith@citi.com

Phone: (214) 579-9574

Alternate Contact Name: Akash desai

Alternate Email: akash.desai@citi.com

Alternate Phone: (512) 763-0255

Address: 388 Greenwich Street New York, NY 10013



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- Texas.gov (<http://texas.gov>)
- Search from the Texas State Library (<https://www.tsl.texas.gov/trail/index.html>)
- Texas Homeland Security (<http://www.dhs.gov/geography/texas>)
- Texas Veterans Portal (<https://veterans.portal.texas.gov/>)
- Public Information Act (<https://comptroller.texas.gov/about/policies/public-information-act.php>)
- Texas Secretary of State (<http://www.sos.state.tx.us/>)
- HB855 Browser Statement

#### OTHER STATE SITES

- texas.gov (<https://www.texas.gov/>)
- Texas Records and Information Locator (TRAIL) (<http://www.tsl.state.tx.us/trail/>)
- State Link Policy (<http://publishingext.dir.texas.gov/portal/internal/resources/DocumentLibrary/State%20Website%20Linking%20and%20Privacy%20Policy.pdf>)
- Texas Veterans Portal (<http://veterans.portal.texas.gov>)





## City Council Agenda Item #7

**Title:** Fuel Cards

**Date:** April 1, 2019

**From:** Stephanie Russell, Finance Director

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**Staff Recommendation:**

Staff recommends approving the submission of an application for the State of Texas Retail Fuel Card program with U.S. Bank Corporate Payment Systems, Contract #946-M3, and including the City Manager and Finance Director as authorized signers.

**Item Summary:**

The City currently uses cards with transaction and administration fees; interest charges; and payment terms that are not consistent with the Texas Prompt Payment Act. Fees are currently average over 40% of the overall bill. The Texas Comptroller of Public Accounts Retail Fuel Card contract provides local governments the opportunity to realize savings on fuel, maintenance purchases, and roadside assistance services through a fleet payment card program.

**Background Information:**

U.S. Bank Fuel Card Service Benefits and Features:

- Accepted in 50 states nationwide, with over 230,000 locations.
- Form of payment for fuel, oil, maintenance, repairs and roadside assistance.
- Net-out taxes for applicable fuel card purchases.
- Fuel payments covered under a single invoice.
- Cards can be issued to drivers or vehicles.
- Robust online program management system and enhanced reporting capabilities.
- Quarterly rebate based on every dollar spent.
- No annual fees.
- \$50 maximum liability on fraudulent transactions.
- \$0 liability for fraudulent transactions on lost or stolen cards which occur after the lost or stolen card was reported to US Bank.
- Free training for program administrators.
- No charge for single, standard color logo cards.
- Payment terms per Texas Prompt Payment Act.

**Special Considerations:**

N/A

**Financial Impact:**

The City will see immediate savings on fees and increased revenue from the quarterly rebates (dependent on actual spend).

**Board or 3<sup>rd</sup> Party recommendation:**

N/A

**Supporting Documentation:**

Contract Details: # 946-M3



## Contract Details: # 946-M3

<b>Number</b>	946-M3
<b>Description</b>	Retail Fuel Card Services
<b>Category</b>	Managed
<b>Type</b>	Term
<b>Start Date</b>	4/26/2017
<b>End Date</b>	4/30/2020
<b>Purchase Category Code(Agencies Only)</b>	PCC B
<b>Optional Renewal Terms</b>	May 1, 2020 through April 30, 2021 May 1, 2021 through April 30, 2022
<b>Purchase Orders</b>	Purchase orders are not required for this contract. Refer to the Contract Items and Pricing section below for additional details.
<b>NIGP Code(s)</b>	946-35 946-70
<b>CPA Contract Management</b>	<p>Questions regarding contract management issues, price changes, amendments or other post-award concerns should be directed to:</p> <p>SPD Contract Management Office (SCMO) Texas Comptroller of Public Accounts (CPA) Fax: (512) 936-0040 Email: <a href="mailto:spd_cmo@cpa.texas.gov">spd_cmo@cpa.texas.gov</a> (<a href="mailto:spd_cmo@cpa.texas.gov">mailto:spd_cmo@cpa.texas.gov</a>)</p> <p>Questions concerning technical services should be directed to: Retail Fuel Card Program Texas Comptroller of Public Accounts Phone: (512) 463-3435 Email: <a href="mailto:fuel.card.program@cpa.texas.gov">fuel.card.program@cpa.texas.gov</a> (<a href="mailto:fuel.card.program@cpa.texas.gov">mailto:fuel.card.program@cpa.texas.gov</a>)</p>

**Contract Items and Pricing**

**SPECIFIC CONTRACT BENEFITS:**

1. Form of payment for fuel, oil, maintenance, repairs and roadside assistance.
2. Net-out taxes for applicable fuel card purchases.
3. Fuel payments covered under a single invoice.
4. Retail fuel cards can be tailored to meet the needs of State Agencies, Higher Education and Local Governments (e.g. cards can be issued and assigned to drivers or vehicles).
5. Robust online program management system and enhanced reporting capabilities.
6. Quarterly Rebate based on every dollar spent.
7. No annual fees.
8. Contractor shall be liable for charges from unauthorized use of any card.
9. Free training for program administrators.
10. Custom Cards:
  - a. 8 to 10 weeks for delivery.
  - b. CPA approval required for State agencies.
  - c. Higher Education and Local Governments may coordinate directly with US Bank.
  - d. No charge for single, standard color logo; additional colors/designs are billed at cost by US Bank.
11. Payment terms per Texas Prompt Payment Act.

**PAYMENT INSTRUCTIONS:**

State Agencies: Payments from USAS shall be issued as direct deposit using payee number 13108413686, mail code 12. The 9-digit account number must be referenced in the Invoice Number field.

Direct Deposit:  
US Bank  
60 Livingston Ave  
St Paul MN 55107

For unique situations, additional payment addresses are as follows:

Regular Mail:  
Voyager Fleet Systems, Inc  
PO Box 412535  
Kansas City MO 64141-2535

Overnight Payment:  
Voyager Fleet Systems Processing Center  
12800 Foster St  
Overland Park KS 66213

Local Governments: Contact US Bank if additional payment instructions are required than those noted above.

**Additional contract documents are available on the Retail Fuel Card Webpage**  
(<https://comptroller.texas.gov/purchasing/programs/travel-management/fuel-card/>)  
(<https://comptroller.texas.gov/purchasing/programs/travel-management/fuel-card/.php>)

**Contractors**

**Vendor Contact for Program Administrators:**

Chris Malley  
Chris.malley1@usbank.com (mailto:Chris.malley1@usbank.com)  
p. 804.270.1404 | c. 937.409.6787

Sean Joyce  
Sean.Joyce@usbank.com (mailto:Sean.Joyce@usbank.com)  
c. 612.430.4528

**Vendor Contact for Cardholders:**

- Primary Contact: Tamara Foster (tamara.foster@usbank.com (mailto:tamara.foster@usbank.com)), Monday - Friday 8:00 a.m. - 4:30 p.m.
- Secondary Contact: Jamal Reed (jamal.reed@usbank.com (mailto:jamal.reed@usbank.com)), Monday - Friday 8:30 a.m. - 5:00 p.m.

**Adding New Products to the Contract**

Additional products or services of the same general category that are not already on the contract may be added by submitting an Open Market Requisition (<https://comptroller.texas.gov/purchasing/forms/>) to the Statewide Contract Development section at open.market@cpa.texas.gov (mailto:open.market@cpa.texas.gov).

**Delivery Delays by Contractor**

If delay is foreseen, Contractor shall give written notice to the Customer and must keep Customer advised at all times of status of order.

Default in promised Delivery Days After Receipt of Order (ARO) without accepted reasons or failure to meet specifications authorizes the Customer to purchase goods and services of this contract elsewhere and charge any increased costs for the goods and services, including the cost of re-soliciting, to the Contractor.

Failure to pay a damage assessment is cause for contract cancellation and/or debarment or removal of the contractor, as applicable, from the State's Centralized Master Bidders List (CMBL).

**Compliant Products by Contractor**

Delivery does not occur until the Contractor delivers products, materials or services in full compliance with the specifications to Customer's F.O.B. destination, unless delivery is specifically accepted, in whole or in part, by the Customer. Providing products, materials or services which do not meet all specification requirements does not constitute delivery.

**Purchase Order Cancellation**

Customer reserves the right to require new delivery or a refund in the event that materials or products not meeting specifications are discovered after payment has been made.

**Restocking Fee for Returned Products**

The Customer may request that a Contractor cancel a specific line item or an entire purchase order. There shall be no fees charged for cancellation of an item and/or order prior to shipment by the Contractor. A Purchase Order Change Notice should be processed and sent to Contractor.

**Substitutions**

The Customer may request that a Contractor accept return of products already delivered. If the return is required through no fault of the Contractor, the Contractor may request a reasonable restocking charge. The Customer may pay a restocking charge if the CPA or Customer determines that the charge is justifiable. As a guideline, such charges shall not exceed 10% for contractors.

**Contractor Performance**

During the Contract term, the Contractor shall not substitute a product or brand unless the Contractor has obtained prior written approval from the CPA Contract Manager in coordination with the Customer. The Contractor must have written confirmation from the CPA Contract Manager of the substitution before making delivery.

The Statewide Procurement Division Contract Management Office (SCMO), a division of the Comptroller of Public Accounts (CPA), administers a vendor performance program for use by all customers per Texas Government Code (TGC), §2262.055, and 34 Texas Administrative Code (TAC), §20.108. The Vendor Performance relies on the customer's participation in gathering information on vendor performance. State agency customers shall report vendor performance on purchases of \$25,000 or more made through delegated authority granted by CPA (TAC 20.108), or purchases exempt from CPA procurement rules and procedures. State agencies are additionally encouraged to report vendor performance on purchases under \$25,000.

- Vendor Performance shall be reported through the CPA VENDOR PERFORMANCE TRACKING SYSTEM (<https://comptroller.texas.gov/purchasing/programs/vendor-performance-tracking/>).
- The purpose of the Vendor Performance Tracking System is to:
- Identify vendors that have exceptional performance
  - Aid purchasers in making a best value determination based on vendor past performance
  - Protect the state from vendors with unethical business practices
  - Provide performance scores in four measurable categories for the CMBL vendors
  - Track vendor performance for delegated and exempt purchases

**Contractor Information**

**VID:** 13108413686

**Contractor:** US Bank National Association

**Contact Name:** Sean Joyce

**Email:** sean.joyce@usbank.com

**Phone:** (612) 430-4528

**Alternate Contact Name:** Chris Malley

**Alternate Email:** chris.malley1@usbank.com

**Alternate Phone:** (937) 409-6787

**Address:** 800 Nicollet Mall Minneapolis, MN 55402



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- Texas.gov (<http://texas.gov>)
- Search from the Texas State Library (<https://www.tsl.texas.gov/trail/index.html>)

- Texas Homeland Security (<http://www.dhs.gov/geography/texas>)
- Texas Veterans Portal (<https://veterans.portal.texas.gov/>)
- Public Information Act (<https://comptroller.texas.gov/about/policies/public-information-act.php>)
- Texas Secretary of State (<http://www.sos.state.tx.us/>)
- HB855 Browser Statement

#### OTHER STATE SITES

- [texas.gov](https://www.texas.gov/) (<https://www.texas.gov/>)
- Texas Records and Information Locator (TRAIL) (<http://www.tsl.state.tx.us/trail/>)
- State Link Policy  
(<http://publishingext.dir.texas.gov/portal/internal/resources/DocumentLibrary/State%20Website%20Linking%20and%20Privacy%20Policy.pdf>)
- Texas Veterans Portal (<http://veterans.portal.texas.gov>)



## City Council Agenda Item #8

**Title:** Consideration of Change order #1, Increasing the allowance for a larger Skinner Tower Logo

**Date:** April 1, 2019

**From:** Jerry Meeks

**Staff Recommendation:**

Staff recommends approval of this change order.

**Item Summary:** Change order #1 will allow for the attached proposed logos to be added to the tank. The proposed logo is 50% larger than what was previously on the tower. Attached are architectural renderings of the tower with the City of Freeport and High School Water Tower Logos contrasting the sizes.

**Background Information:** When it was bid the Engineer included an allowance of \$10,000.00 for logos. At the time of bidding the proposed logos were not available to the bidders, and their bids simply included an allowance. Based on the complexity and multi-color design proposed the Contractor has provided a quote of \$26,070.00 for the work.

**Special Considerations :** None

**Financial Impact:** This is a cost increase of \$16,070.00 to the current project increasing the contract amount from \$365,367 to \$381,707. The amount the city budgeted this year prior to the tower going for bid is \$430,000.00. No Budget amendment will be needed

**Board or 3<sup>rd</sup> Party recommendation:** None

**Supporting Documentation:** Graphic design of logos. Proposed change order.

### Form 9-4 Construction Contract Change Order Approval Request

<b>Owner:</b> City of Freeport 200 W. 2 <sup>nd</sup> St. Freeport, TX 77541 Phone #: (979) 233-3526	<b>Contract For (project description):</b> EST Rehabilitation	<b>Date:</b> 4/1/19
<b>Contractor: (Name &amp; Address)</b> Tank Pro, Inc. 5500 Watermelon Rd. Northport, AL 35473 Agreement Date: 12/17/18 Phone #: (205) 750-0444	<b>Engineer: (Name &amp; Address)</b> John D. Mercer & Associates Phone #: (361) 782-7121 Engineer's Project #: E2392	<b>HUD Contract #:</b> B-18-UC-48-0005  Change Order No. 1

You are hereby requested to comply with the following changes from the contract plans and specifications:

Item No.	Description of Changes-Quantities, Units, Unit Prices, Change in Completion Scheduled, Etc.	Decrease in Contract Price	Increase in Contract Price
1	Increase allowance for painting logos on tank		\$16,070.00
2			
3			
4			
<b>Change in Contract Price</b>		<b>Change in Contract Time</b>	
Original Contract Price:	\$365,637.00	Original Contract Time:	150 Days
Previous Change Order(s) No. to No.	\$0	Net Change From Previous Change Orders	0 Days
Contract Price Prior to this Change Order	\$365,637.00	Contract Time Prior to this Change Order	150 Days
Net Increase of this Change Order	\$16,070.00	Net Increase/Decrease of this Change Order	0 Days
Contract Price With all Approved Change Orders	\$381,707.00	Contract Time With all Approved Change Orders	150 Days
Cumulative % Change in Contract Price:	4.4%		

DR Division reimbursement of costs approved by this change order is subject to approval by TDRA.

**RECOMMENDED:**

By: *John D. Mercer*  
 ENGINEER (Authorized Signature)

Date:



**APPROVED:**

By: \_\_\_\_\_  
 OWNER (Authorized Signature)

Date:

**ACCEPTED:**

By: *J. Rh*  
 CONTRACTOR (Authorized Signature)

Date: 3-28-19



## JUSTIFICATION FOR CHANGE

Grantee: Brazoria County/City of Freeport

Change Order No.: 1

1. Will this Change Order increase or decrease the number of beneficiaries?  
 If there is a change, how many beneficiaries will be affected?
 

<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input checked="" type="checkbox"/> No Change
Total: _____	L/M: _____	
2. Effect of this change on scope of work:
 

<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input checked="" type="checkbox"/> No Change
-----------------------------------	-----------------------------------	---
3. Effect on operation and maintenance costs:
 

<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input checked="" type="checkbox"/> No Change
-----------------------------------	-----------------------------------	---
4. Are all prices in the change order dependent upon unit prices found in the original bid?  
 If "No", explain:
 

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
---	-----------------------------
5. Will this change be completed within the contract period?  
 If "No", expected completion date: \_\_\_\_\_
 

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
---	-----------------------------
6. Has this change created new circumstances or environmental conditions which may affect the project's impact, such as concealed or unexpected conditions discovered during actual construction?  
 If "Yes", is an Environmental Re-assessment required?
 

<input type="checkbox"/> Yes	<input type="checkbox"/> No
------------------------------	-----------------------------
7. Is the Texas Commission on Environmental Quality (TCEQ) clearance still valid?
 

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
---	-----------------------------
8. Is the TCEQ permit approval still valid? (sewer projects only)
 

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
---	-----------------------------
9. Are the handicapped access requirements/approval still valid (if applicable)?
 

<input type="checkbox"/> Yes	<input type="checkbox"/> No
------------------------------	-----------------------------
10. Are other Disaster Recovery contractual special condition clearances still valid?  
 If "No", specify:
 

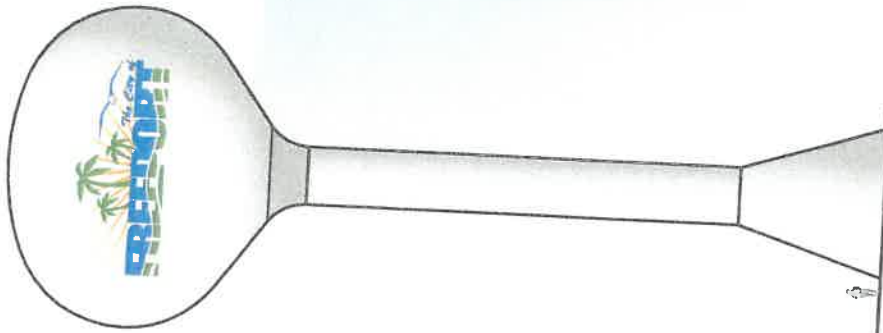
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
---	-----------------------------

### NOTE:

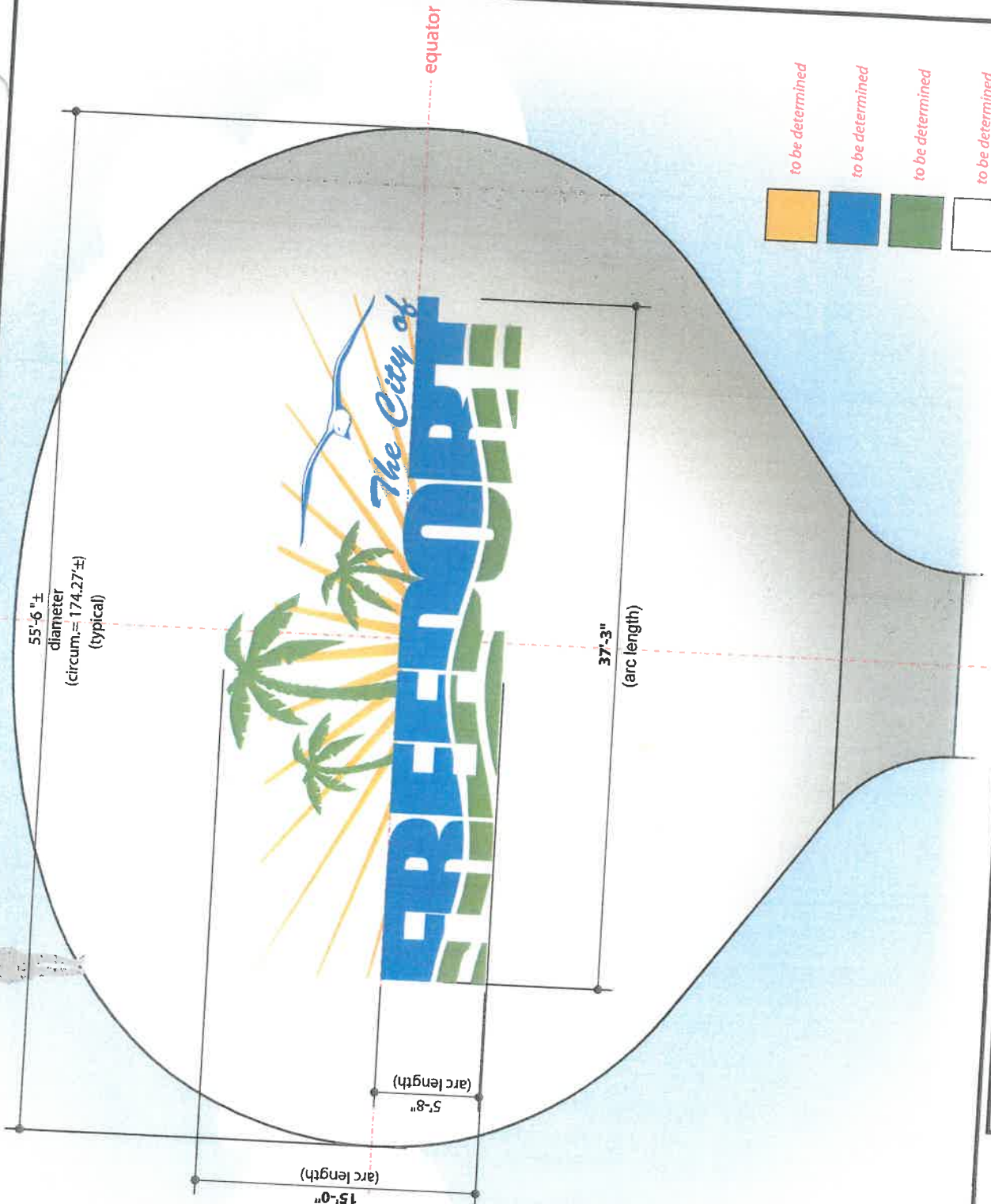
- Generally, a cumulative change in the contract price in excess of 25% cannot be approved.
- Generally, items not included or identifying unit costs in the original bid documents cannot be approved as change order items.

# Tank Reservoir Elevation LOGO 1

Planar measurements of graphics.  
 Tank measurements shown are based on a typical 500k gallon Pedesphere tank  
 Owner / Engineer should verify all measurements prior to final approvals and production.  
 Quantity: (1) side.  
 Exact orientation to be determined / verified in the field by owner / engineer.



NTS



to be determined

to be determined

to be determined

to be determined

**Tim Donovan | Owner**  
 106 Mission Ct STE 1201  
 Franklin, TN 37067  
 615.473.0272 tel  
 888.492.1831 fax  
 Tim@TankLOGOS.com



**Client:** TankPro  
**Design:** Freeport TX Skinner St 500KG PED PED A0  
**Revision Date:** 03-22-19  
**First Print Date:** 1/8" = 1'-0" ±

Please sign copy(s) of this drawing and accompanying estimate if approved and return or fax to begin work.

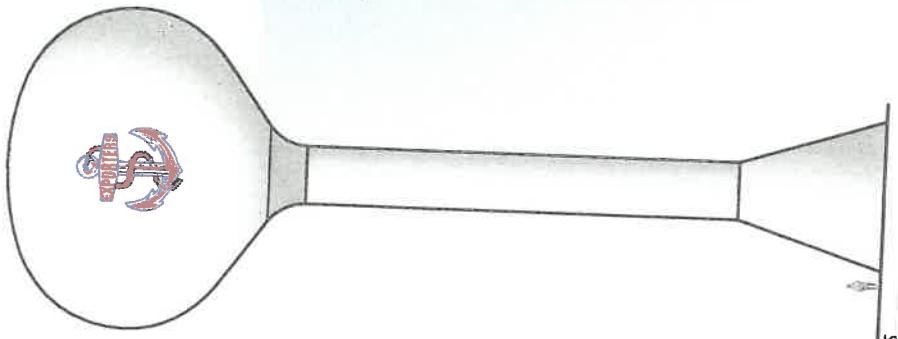
**Signature** \_\_\_\_\_

APPROVED  DATE \_\_\_\_\_  
 APPROVED AS NOTED  DATE \_\_\_\_\_  
 REVISE + RESUBMIT  DATE \_\_\_\_\_

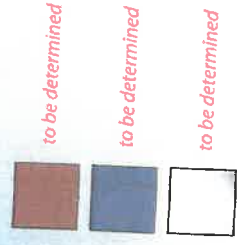
Colors shown are close approximations due to uncontrollable variations in output devices, lighting conditions and color calibration. Refer to color calibration chart for color calibration. All renderings shown are approximate and are provided as a guide only. This design is copyright of TankLOGOS. Any unauthorized use of this drawing without exclusive permission from TankLOGOS.com is prohibited.

# Tank Reservoir Elevation LOGO 2

Planar measurements of graphics.  
 Tank measurements shown are based on a typical 500k gallon Pedesphere tank.  
 Owner / Engineer should verify all measurements prior to final approvals and production.  
 Quantity: (1) side.  
 Exact orientation to be determined / verified in the field by owner / engineer.



Note:  
 Logo simplified to solid paintable colors.



Please sign copy(s) of this drawing and accompanying estimate if approved and return of fax to begin work.

**Signature**

APPROVED  DATE \_\_\_\_\_  
 APPROVED AS NOTED  DATE \_\_\_\_\_  
 REVISE + RESUBMIT  DATE \_\_\_\_\_

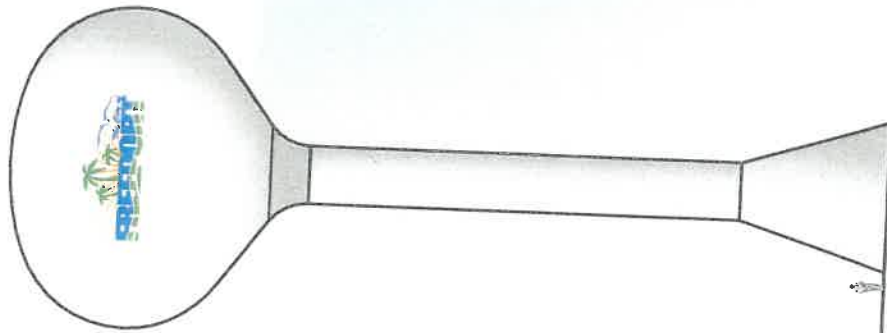
**Client:** TankPro  
**Design:** Freeport TX Skinner St-500KG PED PED A0  
**Revision Date:** \_\_\_\_\_  
**First Print Date:** 03-22-19  
**Scale:** 1/8"=1'-0" ±

**Tim Donovan | Owner**  
 106 Mission Ct STE 1201  
 Franklin, TN 37067  
 615.473.0272 tel  
 888.492.1831 fax  
 Tim@TankLOGOS.com



**Tank Reservoir Elevation  
LOGO 1**

Planar measurements of graphics.  
 Tank measurements shown are based on a typical 500k gallon Pedesphere tank.  
 Owner / Engineer should verify all measurements prior to final approvals and production.  
 Quantity: (1) side.  
 Exact orientation to be determined / verified in the field by owner / engineer.



**Tim Donovan | Owner**  
 106 Mission Ct STE 1201  
 Franklin, TN 37067  
 615-473-0272 tel  
 888-492.1831 fax  
 Tim@TankLOGOS.com



**Client:** TankPro  
**Design:** Freeport TX Skinner S1-500KG PED PED 80  
**Revision Date:**  
**First Print Date:** 03-22-19  
**Scale:** 1/8" = 1'-0" ±

Please sign copy(s) of this drawing and accompanying estimate if approved and return or fax to begin work.  
**Signature**  
 APPROVED  DATE \_\_\_\_\_  
 APPROVED AS NOTED  DATE \_\_\_\_\_  
 REVISE + RESUBMIT  DATE \_\_\_\_\_

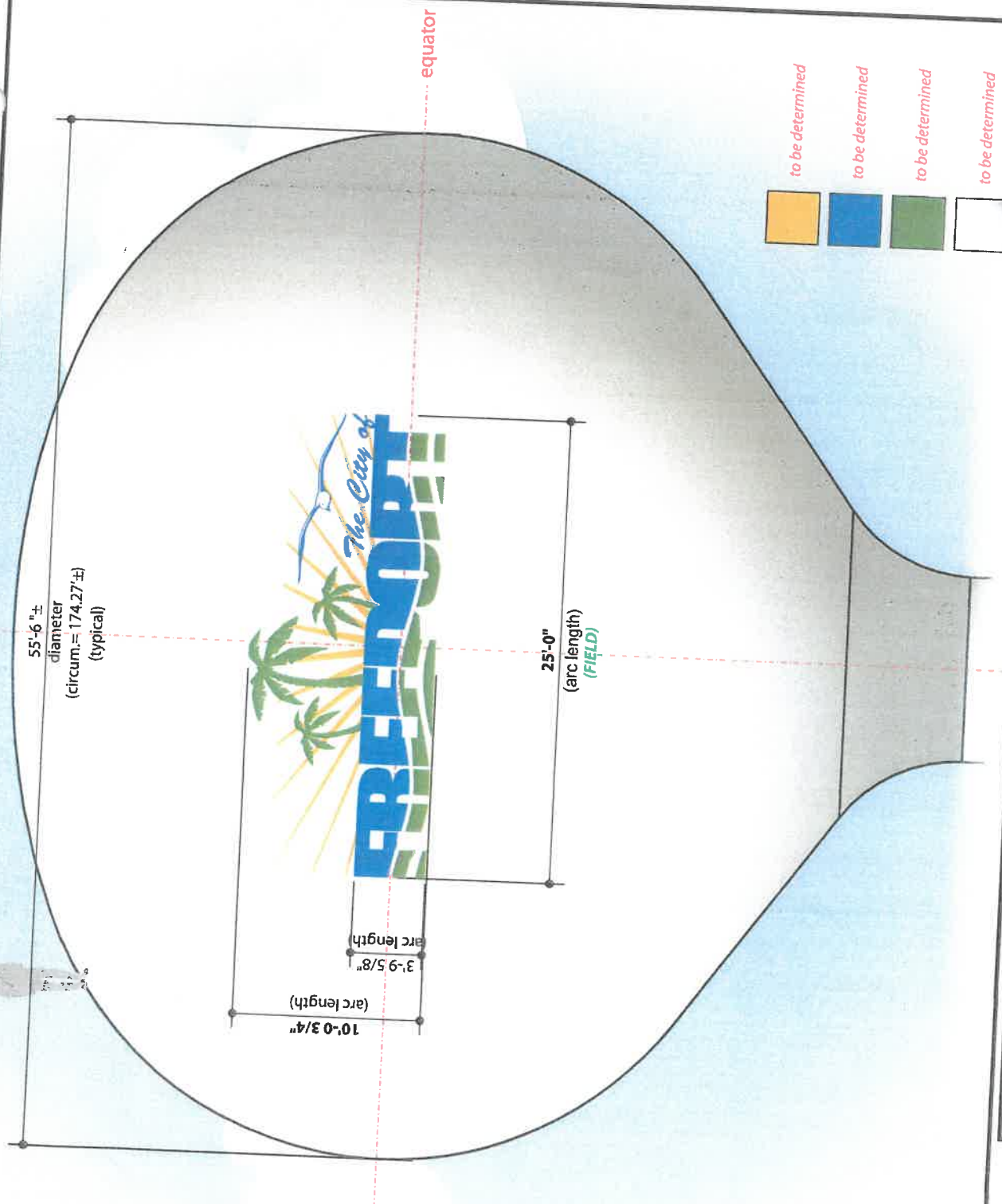
Colors shown are close approximations due to uncontrollable variables in output devices, lighting conditions or media viewed on. Refer to color callouts when specified. All renderings provided are approximate and are provided for informational aid. This design is copyright © TankLOGOS.com. Any unauthorized use of this drawing without exclusive permission from TankLOGOS.com is prohibited.

to be determined

to be determined

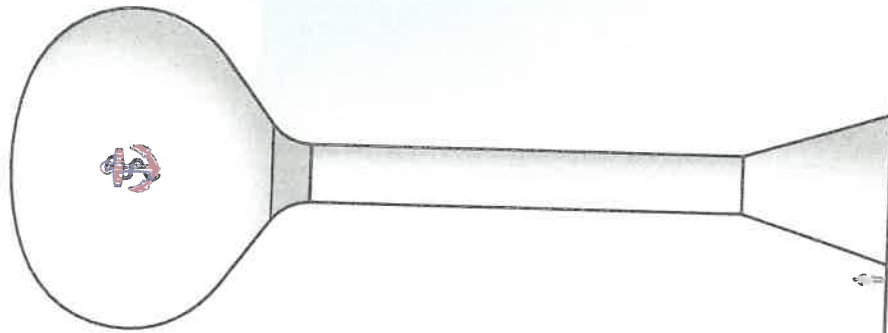
to be determined

to be determined



# Tank Reservoir Elevation LOGO 2

Planar measurements of graphics.  
 Tank measurements shown are based on a typical 500k gallon Pedesphere tank.  
 Owner / Engineer should verify all measurements prior to final approvals and production.  
 Quantity: (1) side.  
 Exact orientation to be determined / verified in the field by owner / engineer.



Note:  
 Logo simplified to solid paintable colors.



to be determined

to be determined

to be determined

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Please sign copy(s) of this drawing and accompanying estimate if approved and return or fax to begin work.  
**Signature** \_\_\_\_\_  
 APPROVED  DATE \_\_\_\_\_  
 APPROVED AS NOTED  DATE \_\_\_\_\_  
 REVISE + RESUBMIT  DATE \_\_\_\_\_

**Client:** TankPro  
**Design:** Freeport TX Skimmer St 500KG PED 80  
**Revision Date:** 03-22-19  
**First Print Date:** 1/8" = 1'-0" ±

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