

City of Freeport

NOTICE OF PUBLIC MEETING
THE FREEPORT CITY COUNCIL
MONDAY, AUGUST 18, 2008, 6:00 P.M.
MUNICIPAL COURT ROOM
FREEPORT POLICE DEPARTMENT, 430 N. BRAZOSPORT BLVD.
AGENDA
FORMAL SESSION

1. Call to Order.
2. Invocation by Chris Moore of the Velasco Baptist Church.
3. Pledge of Allegiance.
4. Consideration of the approval of the August 11, 2008 Council Minutes.
Pg. 1173-1178
5. Attending Citizens and Their Business.
6. Consideration of the approval of rescheduling September 1, 2008, Council Meeting to September 2, 2008 due to Labor Day holiday.
7. Consideration of the approval of an Interlocal Agreement with Brazoria County and the City of Freeport regarding the West off Ramp at FM1495 and the Pine Street Bridge. Pg. 1179-1184
8. Consideration of the approval of a request from Port Freeport to place a natural gas pipeline within the City's 20-foot sewer easement behind Block(s) 8, 9, 23 and 24, and within the Terminal Street right-of-way from southern its southern end northward to about the intersection with the East Fifth Street right-of-way.
Pg. 1185-1190
9. Consideration of the approval of selling the City's interest in 1/5 undivided interest on Block 13, Lots 9 through 12, Velasco Townsite, known as South Ave. B, Tax Id # 8110-0164-000. Pg. 1191-1195
10. Consideration of the approval of selling the City's interest on Block 781, Lots 14 through 22, Velasco Townsite, known as North Ave. T, Tax Id 8110-3915-000.
Pg. 1196-1200
11. Consideration of the approval of selling the City's interest on Block 627, Lots 23, 24, Velasco Townsite, known as North Ave. D., Tax Id # 8110-2260-000.
Pg. 1201-1205

12. Consideration of the approval of selling the City's interest on Block 36, Lots 13, 14, Velasco Townsite, known as South Ave. D., Tax Id # 8110-0397-000.
Pg. 1206-1209
13. Consideration of the approval of selling the City's interest in 1/6 und. interest on Block 694, Lot 15, Velasco Townsite, known as North Ave. N., Tax Id # 8110-2896-110. Pg. 1210-1213B
14. Consideration of the approval of selling the City's interest Block D, Lots 18-N/2, 19, Velasco Heights, known as 1914 Zapata, Tax ID # 8115-0052-000.
Pg. 1214-1217B
15. Consideration of the approval of selling the City's interest on Block 36, Lots 9, 10, 12, Velasco Townsite, known as South Ave. B., Tax ID # 8110-0394-000.
Pg. 1218-1222
16. Consideration of the approval of allowing the Fraternal Order of Eagles # 3111 to have their annual Turkey Shoot starting in October and ending in December 2008 at 6818 Hwy. 332. Pg. 1223
17. Consideration of the approval of setting dates for Public Hearings on budget and vote by governing body to propose a tax increase for fiscal year 2008-2009.
Pg. 1224-1225
 - September 8, 2008 Public Hearing on Budget
Adopt budget by ordinance
Public Hearing (1st) on Tax Rate
 - September 15, 2008 Public Hearing (2nd) on Tax Rate
 - September 22, 2008 Adopt Tax Rate Ordinance
18. Consideration of the approval of using Kennemer, Masters & Lunford as our audit firm for fiscal year 2007-2008. Pg. 1226-1239

Elected Official Report

Work Session

Administration Report

- A. Discussion regarding Freeport Historical Board & Main Street Advisory Board operations. Pg. 1240

Executive Session

Deliberations concerning the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee, to wit:

Main Street Director

Adjourn

NOTE: 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)

In compliance with the American with Disabilities Act, the City of Freeport will provide for reasonable accommodations for persons attending City Council Meetings. Request should be received 48 hours prior to the meetings. Please contact the City Secretary office at 979.233.3526.

I, Delia Muñoz, City Secretary, City of Freeport, Texas, hereby certify that this agenda was posted on the official bulletin board/glass door of City Hall, facing the rear parking lot of the building, with 24 hour a day public access, 200 W. 2nd Street, Freeport, Texas, on August 14th, 2008 at or before 5:00 p.m.

Delia Muñoz
City Secretary

State of Texas

Brazoria County

City of Freeport

BE IT REMEMBERED, that the City of Freeport, met in called meeting on Monday, August 11, 2008, 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: Larry L. McDonald
Clan A. Cameron
Jim Saccomanno
Ron Wise
Norma M. Garcia

Staff: Gary Beverly, City Manager
Wallace Shaw, City Attorney
Delia Munoz, City Secretary
Larry Fansher, Public Works Director
John Stanford, Fire Chief
Jeff Pynes, Police Chief
Nat Hickey, Property Manager
Mary Stotler, Main Street Director
Pinkey Hartline, Golf Course Director
Bob Welch, Finance Director
Gilbert Arispe, Parks Director
Corey Brinkman, Officer

Visitors: Mary Darnell Melanie Oldham
Diane Williams Toby Davenport
Louie Jones Kathy Lum
Dorothy Pirrung Jim Pirrung
Lucky Gilbert Fai Demain
Bill Demain Yvette Ruiz
Alonzo Martinez Minnett Ashley
Cele Damain Rene Damian
Dude Payne Joe King
Ron Damian Judy Shaefer
Susie Wise Rosa McDonald
Mitchell Kent Janice Hawley
Lila Lloyd Pixie Floyd
Eric Hayes Lila Diehl
Wright Gore, III Bobby Casale
Fred Bolton Larry Shaefer

V. L. Scott	Sandra Barbree
Sandra Leavey	Edna Allan
Carol Rangel	Roddy Mohler
Barbara Mohler	Roy Yates
James Barnett	Sandra Barnett
Jerry Meeks	Brenda Laird
Johnny McQuaig	Damon Rector
Ann Rector	Eileen Koenig

Call to Order.

The meeting was called to order by Mayor McDonald at 6:00 p.m.

Invocation by Chris Moore of the Velasco Baptist Church.

Mr. Shaw offered the invocation, Chris Moore was not available.

Pledge of Allegiance.

Mayor McDonald led the Pledge of Allegiance.

Consideration of the approval of the July 21, 2008 Council Minutes and July 23, 24, 29, 2008 Workshop Minutes.

On a motion by Councilman Saccomanno, seconded by Councilwoman Garcia, with all present voting "aye", Council unanimously approved the July 21, 2008 Council Minutes and July 23, 24, 29, 2008 Workshop Minutes.

Attending Citizens and Their Business.

Terlesa Conyers of 1318 W. 7th Street has worked for the City of Freeport for 14 years and is a resident has seen many City Managers come to work and collect a paycheck. City employees have been very lucky to have had two City Managers that care about the employees and the City as a whole.

Lila Lloyd of 1820 N. T., expressed her dissatisfaction with the current situation. She was dissatisfied with replacement of the Planning Commission and the Economic Development members and was not happy that Bryan Beach might be de-annexed. She asked what Council was doing to bring in revenue. This present Council has not shown any positive side and that this disturbs her.

County Judge E. J. King and Commission Dude Payne stated that Wright Gore, III had stated erroneous information concerning Louie Jones during the July 7, 2008 City Council meeting. He wants to inform Council and audience and that the information given by Wright Gore III was incorrect.

Fred Bolton of 124 Brazos Landing reminded Council to be careful of what is said to the press. He stated that the City has a good City Manager- Mr. Beverly that knows how to work with people and is very pleasing, and very positive. He asked Council what vision they had and what were they're expectations. Bryan Beach, RiverPlace, Municipal Park, Entrance to Freeport, is a vision. He did not accept mediocrity. Working together, we win together.

Melanie Oldham expressed her support for Mr. Gary Beverly, thinks he is doing a fine job. She attends Port meeting and County Commissioners meeting and is very familiar with agendas. She is also looking at the chemical analysis data on the Golf Course. She wants Council to make note that there are environmental problems at the Golf Course.

Bobby Casale asked about the \$16,000 paid to the Appraisal District each year, felt this is unnecessary. Also that the budget was protecting Parks, Main Street, and the Golf Course. He said that the Golf Course is losing too much money and that it has environmental problems.

Sandra Barbree of 1502 N. Ave. R. felt that the City was always in an uproar. Too many rumors are rampant. She said that RiverFest, Summer Time Blues, Triathlon, Bryan Beach are for the betterment of Freeport. She also supports Mr. Gary Beverly.

Sandra Leavey of 311 W. Broad is disappointed that City Supervisors and Employees are being slammed. And now the City Manager is on the agenda, is very disturbing. She is appalled that Council is considering removing Mr. Beverly. She stated that Mr. Beverly is very knowledgeable on bonds and finances. He is doing an excellent job.

Ron Damian started coming to council meeting a few months ago, because of all that is happening. He suggested Mr. Beverly be given more time. He appreciates all of Council and that Freeport will survive.

Consideration of the approval of bids and awarding the contract for the Velasco rehabilitation project.

On a motion by Councilman Saccomanno, seconded by Councilman Wise, with all present voting "aye", Council unanimously approved Rene Damian's of Damian & Associates, Inc recommendation to award the contract for the Velasco rehabilitation project to Matula and Matula Construction, Inc, for \$1,721,232,61.

Consideration of the approval of designating 311 E. Park as the Freeport Historical Museum.

On a motion by Councilman Cameron, seconded by Councilman Saccomanno, with all present voting "aye", Council unanimously approved Nat Hickey's recommendation to designate 311 E. Park as the Freeport Historical Museum. He announced that Freeport will be 100 years old in August 2012, and this building for a museum would be a definite asset and attraction to the City.

Consideration of the approval of approving and signing a replat on Block 671, Lots 1 through 12, Velasco Townsite, between North Brazosport and Quintana Street.

On a motion by Councilman Cameron, seconded by Councilwoman Garcia, with all present voting "aye", Council unanimously approved signing a replat on Block 671, Lots 1 through 12, Velasco Townsite, between North Brazosport and Quintana Street.

Consideration of the approval of Resolution No. 2008-2181 establishing a moratorium on Safety Inspections.

On a motion by Councilman Cameron, seconded by Councilman Wise, with all present voting "aye", Council unanimously approved Resolution 2008-2181 establishing a moratorium on Safety Inspections.

Consideration of the approval Resolution No. 2008-2182 authorizing the Mayor to execute a special warranty deed conveying Block 638, Lot 2, 3, 4, 5, 6, 7, 8, W-2-9, 10, 11, Velasco Townsite.

On a motion by Councilman Cameron, seconded by Councilman Saccomanno, with all present voting "aye", Council unanimously approved Resolution No. 2008-2182 authorizing the Mayor to execute a special warranty deed conveying Block 638, Lot 2, 3, 4, 5, 6, 7, 8, W-2-9, 10, 11, Velasco Townsite.

Consideration of the approval of setting a Joint Public Hearing with the Planning Commission regarding a Specific Use Permit for 517 West 2nd Street.

On a motion by Councilman Saccomanno, seconded by Councilwoman Garcia, with all present voting "aye", Council unanimously approved setting September 2, 2008 for a Joint Public Hearing with the Planning Commission regarding a Specific Use Permit for 517 West 2nd Street.

Consideration of the approval of Ordinance No. 2008-2205 increasing to nine (9) the number of positions on the combined Historical Commission and Main Street Advisory Board.

On a motion by Councilman Cameron, seconded by Councilman Wise, with all present voting "aye", Council unanimously approved Ordinance No. 2008-2205 increasing to nine (9) the number of positions on the combined Historical Commission and Main Street Advisory Board.

Consideration of the approval of Resolution No. 2008-2183 appointing Sandra Shaw, Sandra W. Wicke, Margie Clark, Pixie Floyd and a person to be selected by the City Council to the Historical Commission and Main Street Advisory Board for a two year term of said City.

On a motion by Councilman Saccomanno, seconded by Councilman Wise, with all present voting 4 to 1, Council approved Resolution No. 2008-2183 appointing Lance Olshovsky, Nat Hickey, Sandra W. Wicke, Margie Clark, Pixie Floyd to be selected by the City Council to the Historical Commission and Main Street Advisory Board for a two year term of said City. Councilman Cameron opposed.

Consideration of the approval of Resolution No. 2008-2184 appointing a qualified person(s) to be selected by the City Council to the Historical Commission and Main Street Advisory Board for a one year term of said City.

On a motion by Councilman Cameron, seconded by Councilman Saccomanno, with all present voting "aye", Council unanimously approved Resolution No. 2008-2184 appointing Rosemary Bravo to the Historical Commission and Main Street Advisory Board for a one year term of said City.

Consideration of any action to be taken as a result of the Executive Session.

Mayor McDonald reconvened the open session for a consideration of any action to be taken as a result of the Executive Session.

No action taken, due to lack of motion.

Elected Official Report

Councilman Saccomanno reported that it will cost 2.5 million dollars to remove the old swing bridge. The Main Street Advisory board meets tomorrow and are focusing on the Summer Time Blues Festival coming up August 29, 30, 31, 2008, accepting applications for the Triathlon Run.

Work Session

Administration Report

No report

Report from Bob Welch, Finance Director on 3rd Quarter Financials through 6/30/08.

Bob Welch presented a PowerPoint presentation on the 3rd Quarter Financials through 6/30/08.

Mayor McDonald closed the work session and opened the Executive Session at 8:00 p.m.

Executive Session

Deliberations concerning the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee, to wit:

City Manager

Mayor McDonald closed the Executive Session and reconvened the Open Session for a consideration of item 15 on the agenda.

Adjourn

On a motion by Councilman Saccomanno, seconded by Councilman Wise, with all present voting “aye”, the meeting was adjourned at 9:40 p.m.


Delia Munoz
City Secretary

Larry L. McDonald
Mayor



Council

MEMORANDUM

To: Mayor and City Council
From: Gary Beverly 
Re: FM 1495 Feeder Road Closure
Date: July 7, 2008

Included is information (see attached) concerning the closing of a feeder road across the Pine Street Bridge on FM 1495.

The attached interlocal agreement with the County is for labor and equipment to be done by the County, and materials to be paid by the City, with reimbursements from various companies including Freeport Welding.

If you have any questions, let me know!

RE: FM 1495 FEEDER ROAD EXPANSION PROJECT

PROJECT HISTORY

The FM 1495 Feeder Road Expansion project will involve the combined efforts of the City of Freeport, Brazoria County, and the Dow Chemical Company. The project is located on the north side of the FM 1495 (or Pine Street or Navigation Blvd.) bridge as it crosses over the Old Brazos River. The actual work will be limited to the west, or southbound, feeder road and the east, or northbound, feeder road. Currently, the two feeder roads are being utilized as single lane one-way traffic. The Dow Chemical Company has transferred the ownership of the property on which the west feeder road occupies to the City of Freeport by Gift Deed recorded in Clerk File (2007) 031888 of the Official Records of Brazoria County, Texas. The Dow Chemical Company continues to maintain ownership of the property on which the east feeder road occupies and will permanently close this feeder road to all traffic upon completion of this project.

REQUEST FROM THE CITY OF FREEPORT

The City of Freeport is requesting that Brazoria County enter into an inter-local agreement with the City of Freeport to provide the necessary supervision and workforce to mill the road surface and road base material from the east feeder road, place the milled material along the west feeder road, improve the west feeder road to a pavement width of 28 feet, remove existing culverts and install new culverts with safety end treatments at FM 1495, apply asphalt to the new road surface, and finish grade along the improved west feeder road to allow a positive drainage flow pattern.

ENTITY PARTICIPATION

The Dow Chemical Company (Dow) – Dow will notify its' employees of the construction to be performed on the east and west feeder roads as well as the permanent closure of the east feeder road. Dow will donate the road surface and road base material from the east feeder road to be used for the west feeder road expansion. Dow will provide and install concrete barriers to be placed at the beginning and at the end of the work site on the east feeder road. Upon completion of the work on the east feeder road, Dow will spread and water grass seeds over the work site.

Brazoria County (The County) – Brazoria County will provide the equipment (excluding the milling machine), supervision, and manpower to construct the FM 1495 Feeder Rd. improvements as shown on the engineering drawings, Sheet 1 through 8, by Damian and Associates. The County shall perform the following tasks (but not be limited to): (1) removal of vegetation and debris from the side slopes of the east and west feeder roads, (2) removal of existing signage along the west feeder road, (3) mill the existing road surface and base material from the east feeder road, (4) place the milled material along the west feeder road to form the new alignment, (5) haul in additional road material as necessary to form the new alignment, (6) remove existing drainage culverts at FM 1495, (7) install new drainage culverts with safety end treatments, (8) prepare new feeder road alignment for asphalt, (9) add asphalt to the new feeder road alignment, (10) stripe the new feeder road, (11) replace or add signage to the west feeder road.

The County will have authorization to purchase the required materials based on a City of Freeport Purchase Order.

The City of Freeport (Freeport) – Freeport will provide the funding for the project, including the rental of the milling machine. Freeport will provide the engineering drawings and traffic control plan signage. Freeport will obtain permission from TxDOT to remove existing culverts, install new culverts, and make the new feeder road tie-in to FM 1495. Freeport will obtain an approval letter from Dow giving permission to work on the east feeder road.

SCOPE OF WORK

The scope of work is to improve the west feeder road to a 28 foot pavement width from its' current 15 foot pavement width. This will allow for two-lane two-way traffic along the west feeder road. With the east feeder road being permanently closed to all traffic, the road surface and road base material from the east feeder road will be utilized for the expansion of the west feeder road.

A detailed scope of work is as follows: (1) mill approximately 12 inches deep by 20 feet wide (includes shoulder) by 800 feet long of road surface and road base material from the east feeder road, (2) remove all vegetation and debris from the west feeder road and prepare the side slopes of the existing west feeder road for receiving the milled material, (3) remove existing feeder road signage, (4) mill approximately 12 inches deep by 15 feet wide (includes shoulder) by 850 feet long of road surface and road base material from the west feeder road, (5) install new culverts with safety end treatments, (6) cement stabilize all milled material, (7) build and compact proposed west feeder road alignment with material milled from the east feeder road, (8) apply road base sealant, (9) apply asphalt, (10) install new feeder road signage, (11) paint pavement striping, (12) grade existing drainage ditches to maintain a positive flow pattern towards FM 1495, and (13) dress up work area.

ESTIMATED MATERIAL AND EQUIPMENT COST (as of October 2, 2007)

- Portland 101 tons @134.50 = \$13535
- MC- 30 300 gal. @2.49g = \$750
- Asphalt 540 tons @ 53.30 = ~~\$28,762~~ NOW \$36,000
- Milling Machine up to 12" = \$1.55 / sq yd (up to 12"), \$3.10 / sq yd (over 12")
(estimated cost of milling machine = \$6,500.00)

THE STATE OF TEXAS §

COUNTY OF BRAZORIA §

**INTERLOCAL AGREEMENT BETWEEN
BRAZORIA COUNTY AND THE CITY OF FREEPORT**
08-0017

This Agreement is made at Angleton, Texas between BRAZORIA COUNTY, acting through its Commissioners' Court (hereinafter "the COUNTY") and THE CITY OF FREEPORT, acting through its City Council (hereinafter "the CITY") respectively, each being a governmental entity pursuant to the Interlocal Cooperation Act.

RECITALS

WHEREAS, the CITY wishes to improve the west feeder road to a 28 foot pavement width from its' current 15 foot pavement width, on property located on the north side of the FM 1495 (or Pine Street or Navigation Blvd) bridge as it crosses over the Old Brazos River. The work will be limited to the west, or southbound, feeder road and the east, or northbound , feeder road, on property under Gift Deed to the City of Freeport, property owned by The Dow Chemical Company (Dow), and property within Texas Department of Transportation (TXDOT) right-of-way; and

WHEREAS, the CITY has requested the COUNTY to provide the necessary supervision and workforce to mill the road surface and road base material from the east feeder road, place the milled material along the west feeder road, improve the west feeder road to a pavement width of 28 feet, remove existing culverts and install new culverts with safety end treatments at FM 1495, apply asphalt to the new road surface, and finish grade along the improved west feeder road to allow a positive drainage flow pattern; and

WHEREAS, the CITY and the COUNTY have each agreed to contribute certain materials, equipment, or efforts to the accomplishment of this goal, pursuant to the authority of Tex. Transp. Code §251.015, and the Interlocal Cooperation Act, V.T.C.A. Gov. Code Sec. §791.001 et seq., subject to the conditions and limitations of this Agreement;

NOW, THEREFORE, for the mutual consideration and covenants set forth below, the COUNTY and the CITY agree as follows:

1.01 To accomplish the tasks set forth above, in cooperation with the County under the Interlocal Cooperation Act and other applicable statues, the COUNTY shall provide the following:

- Remove vegetation and debris from the side slopes of the east and west feeder roads
- Removal of existing signage along the west feeder road
- Mill the existing road surface and base material from the

east feeder road

- Place the milled material along the west feeder road to form the new alignment
- Haul in additional road material as necessary to form the new alignment
- Remove existing drainage culverts at FM 1495
- Install new drainage culverts with safety end treatments
- Prepare new feeder road alignment for asphalt
- Add asphalt to the new feeder road alignment
- Stripe the new feeder road
- Replace or add signage to the west feeder road

1.02 To accomplish the tasks set forth above, in cooperation with the County under the Interlocal Cooperation Act and other applicable statutes, the CITY shall provide the following:

- Furnish all materials for the project, together with design, engineering studies, drawings, and environmental permits
- Rental of the milling machine
- County labor and equipment in excess of \$5,000
- Traffic control plan signage
- Permission letter from TXDOT for the County to remove existing culverts, install new culverts, and make the new feeder road tie-in to FM 1495
- Permission letter from Dow for the County to work on the east feeder road
- Certified copy of Gift Deed of Dow transferring the ownership of the property on which the west feeder road occupies to the City of Freeport

1.03 The parties intend that COUNTY, in performing such services, shall act as an independent contractor and shall have control of the work and the manner in which it is performed. COUNTY is not to be considered an agent or employee of CITY.

1.04 COUNTY does not warrant the suitability for this project of any material purchased by CITY from a third party which maintains a continuing contract with COUNTY. Any cost estimate made in connection with this project is only an estimate and is not a warranty of the final cost of the project.

1.05 To the extent permitted by law, CITY agrees to assume the risk of, fully indemnify, hold harmless and defend COUNTY, its agent, officers and employees from any and all loss, damage, cost demands and causes of action of any nature or kind, for loss or damage to property, or for injury or death to persons, arising in any manner from the performance of the above referenced work.

- 1.06 COUNTY executes this Agreement by and through the County Judge acting pursuant to Order of the Commissioners Court so authorizing, and the CITY executes this Agreement by and through its Mayor acting pursuant to authorization of its City Council.
- 1.07 Nothing herein shall be construed to make either party a purchaser or consumer of goods or services from the other.
- 1.08 Nothing herein shall be construed to create any rights in third parties.
- 1.09 Fulfillment of the terms of this Agreement is contingent upon Freeport obtaining permission from TXDOT for the County to remove existing culverts, install new culverts, and make the new feeder road tie-in to FM 1495, approval letter from Dow giving permission for the County to work on the east feeder road, and a copy of deed record transferring ownership of the west feeder road from The Dow Chemical Company to the City of Freeport.

IN TESTIMONY OF WHICH, witness our signatures on the execution dates herein below.

CITY OF FREEPORT

BRAZORIA COUNTY, TEXAS

By: _____
MAYOR
CITY OF FREEPORT

By: _____
COUNTY JUDGE
BRAZORIA COUNTY, TEXAS

Date signed: _____

Date signed: _____



**PROPERTY MANAGEMENT
MEMO**

August 7, 2008

Gary Beverly
City Manager

re: Sanitary Sewer Easement

Please place the following item, on the August 18, 2008, City Council agenda:

Discuss / consider granting Port of Freeport permission to use a portion of 20 foot wide sanitary sewer easement on the south side of block 8, 9 and 23 and a second section in the 60 foot wide Terminal Street rights-of-way from its southern end northward to approximately its intersection with East 5th Street for a natural gas pipeline to be placed in the rights-of-way.

Copy of deed 412, page 502, dated September 9, 1947, Damian & Assoc., plat, a copy of Google map showing location and directions, along with request from Port of Freeport for permission to use said easement.

N C Hickey
Property Manager

Encl.

xc: Phyllis Saathoff

/s



**PROPERTY MANAGEMENT
MEMO**

August 14, 2008

Ms Phyllis Saathoff
Port Freeport
200 West 2nd Street
Freeport Tx 77541

re: Natural Gas Pipeline in Sewer Easement

Hi Phyllis -

Your request to place a natural gas pipeline in the sewer easement granted the City of Freeport by deed, volume 412, page 502, September 9, 1947, has been placed on the August 18, 2008, Council agenda.

In checking with our attorney to determine if there would be any problem in granting your request for additional use of the easement, he could see no problem. He did request that a check be made with our engineer.

Upon a check with the engineer, he requested upon approval, the line should be within five (5) feet of the southern line of the easement behind blocks 8, 9, 23 and 24 of an easement within five (5) feet of the eastern line of the Terminal Street rights-of-way from East 8th Street to approximately East 5th Street. In addition an above ground marker locating such line be installed at each intersection of Poplar, Spruce, Terminal and East 8th Street, 7th Street, 6th Street and 5th Streets.

In the event an extension of the gas line would continue toward the Brazos River at a later date on the Terminal Street rights-of-way, an additional above ground marker of the line would be required at each intersection within the City.

We would suggest that a representative of the Port be present to answer any questions of the Council.

N C Hickey
Property Manager

xc Gary Beverly
W N Shaw

August 7, 2008

Gary Beverly, City Manager
City of Freeport
200 West 2nd Street
Freeport, Texas 77541

RE: Placement of Gas Line in City Easements

Dear Gary:

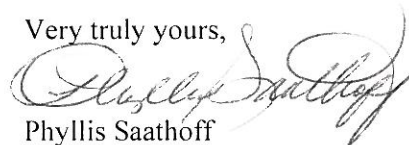
As previously discussed our tenant, American Rice Inc., will no longer be sourcing natural gas from Dow Chemical for their rice mill operations after December 31st. They have identified an alternative supplier but a new gas line must be installed. The attached maps identify the proposed route for the new gas line. The orange arrows on the Google map identify the areas discussed below.

The 75-foot strip along the south side of Blocks 8, 9, 23 and 24 is Port-owned land to which the City has been granted a 20-foot sewer easement. I understand from our engineer and city personnel that there is sufficient space for a natural gas pipeline to be placed within this existing easement. The Port is requesting the easement be amended to allow the Port or its assignee the right to place a natural gas pipeline within the City's sewer easement. A copy of the easement originally granted by Freeport Sulphur Company is attached.

The second area is the 60-foot wide Terminal Street right-of-way from its southern end northward to about the intersection with the East Fifth Street right-of-way. Again, I understand there is sufficient space for a natural gas pipeline to be placed within this existing right-of-way. We are requesting a permit be granted to the Port or its assignee to place a natural gas pipeline within the Terminal Street right-of-way.

Please let me know if you need any additional information with regard to this request. I ask that this be placed on the agenda for consideration by the City Council at the earliest possible date. Thank you for your assistance with this matter.

Very truly yours,



Phyllis Saathoff
Managing Director

/mab

Attachments

cc: Pete Reixach, Executive Port Director & CEO
David Knuckey, Director of Engineering
Lee Adams, President - Grupo SOS, NA/American Rice, Inc.

Vol 412 / pg 502 Phyllis

502

9188

THE STATE OF TEXAS)
 COUNTY OF BRAZORIA)

KNOW ALL MEN BY THESE PRESENTS: That Freeport Sulphur Company, a Delaware corporation, doing business in Texas by virtue of a permit, for and in consideration of One Dollar (\$1.00), cash to it in hand paid by the Town of Freeport, a municipal corporation, of Brazoria County, Texas, the receipt of which is hereby acknowledged, has granted, sold and conveyed and by these presents does grant, sell and convey unto said Town of Freeport, an easement covering the hereinafter described land, for sewer disposal pipe line, and which easement shall continue in force only so long as such land shall be used by said Town for such purpose, and for that purpose only, such land being located in the Town of Freeport, in Brazoria County, Texas, South of the platted area, and being described as follows, to-wit:

TRACT NO. 1 - A strip of land 20 feet wide and approximately 2230 feet in length, said strip being south of and adjacent to Blocks 106, 105, 90 and 89 and extending from the southwest corner of Block 106 to the west line of a H. & B.V. Ry. Co. right-of-way south of Block 89.

TRACT NO. 2 - A strip of land 20 feet in width and approximately 1770 feet in length, said strip being south of and adjacent to Blocks 72, 71, 54, 53 and 38 and extending from the east line of a H. & B.V. Ry. Co. right-of-way south of Block 72 to the west line of a H. & B.V. Ry. Co. right-of-way south of Block 38.

TRACT NO. 3 - A strip of land 20 feet in width and approximately 175 feet in length, said strip being south of and adjacent to Block 37 and extending from the southeast corner of Block 37 to the east line of a H. & B.V. Ry. Co. right-of-way south of Block 37.

TRACT NO. 4 - A strip of land 20 feet in width and approximately 1855 feet in length, said strip being south of and adjacent to Blocks 24, 23, 9 and 8 and extending from the southwest corner of Block 24 to the southeast corner of Block 8.

TRACT NO. 5 - A strip of land 20 feet in width and 410 feet in length, said strip being south of and adjacent to Block 121 and extending from the southeast corner of Block 122 to the southeast corner of Lot No. 7 in said Block No. 121.

together with all reasonable and proper rights of ingress, egress and regress to and from said easement for the purpose of constructing, repairing and operating the aforesaid sewer disposal pipe line.

This easement is made subject to any and all valid easements and other rights, if any there be, in and to the above

described land held or owned by others.

It is understood and agreed that by the acceptance of this instrument said Town of Freeport hereby obligates and binds itself, its successors and assigns, to well and truly save harmless and indemnify Freeport Sulphur Company, its successors and assigns, against any and all claims due to injury to persons, including death, or damages to property arising from, growing out of, or connected with any operations which may be conducted by said Town of Freeport on the above described land.

TO HAVE AND TO HOLD the above described easement and rights unto said Town of Freeport, its successors and assigns, so long as the aforesaid land shall be used for sewer disposal pipe line and for no other purpose.

IN TESTIMONY WHEREOF, Freeport Sulphur Company has caused these presents to be executed by its officials whose names are subscribed hereto and caused its corporate seal to be hereto affixed, on the 9th day of September, 1947.

FREEPORT SULPHUR COMPANY

BY *J. Mims* Vice President

ATTEST:

E. Byers
Assistant Secretary

THE STATE OF TEXAS)
COUNTY OF HARRIS)

BEFORE ME, the undersigned authority, on this day personally appeared L. Mims, known to me to be the person whose name is subscribed to the foregoing instrument as Vice President of Freeport Sulphur Company, and acknowledged to me that he executed the same as the act and deed of said Freeport Sulphur Company as Vice President thereof, for the purposes and consideration therein expressed.



GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 9th day of September, 1947.

JEAN L. BYERS
Notary Public, in and for Harris County, Texas

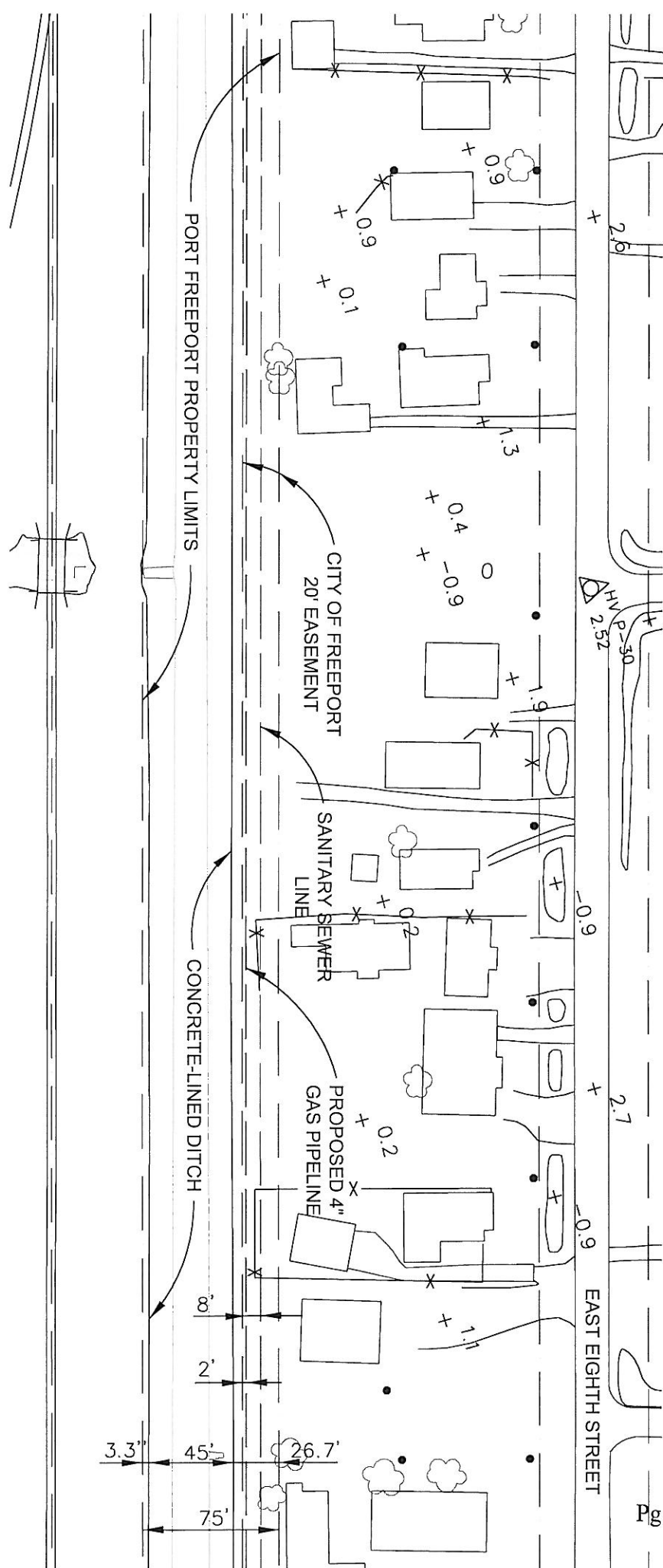
Jean L. Byers
Notary Public within and for Harris County, Texas

Filed for Record at 2:40 o'clock P. M., the 9th day of September, 1947. E. R. Stevens, Jr., Clerk County Court, Brazoria County, Texas by *Gene Ann Payne* Deputy.

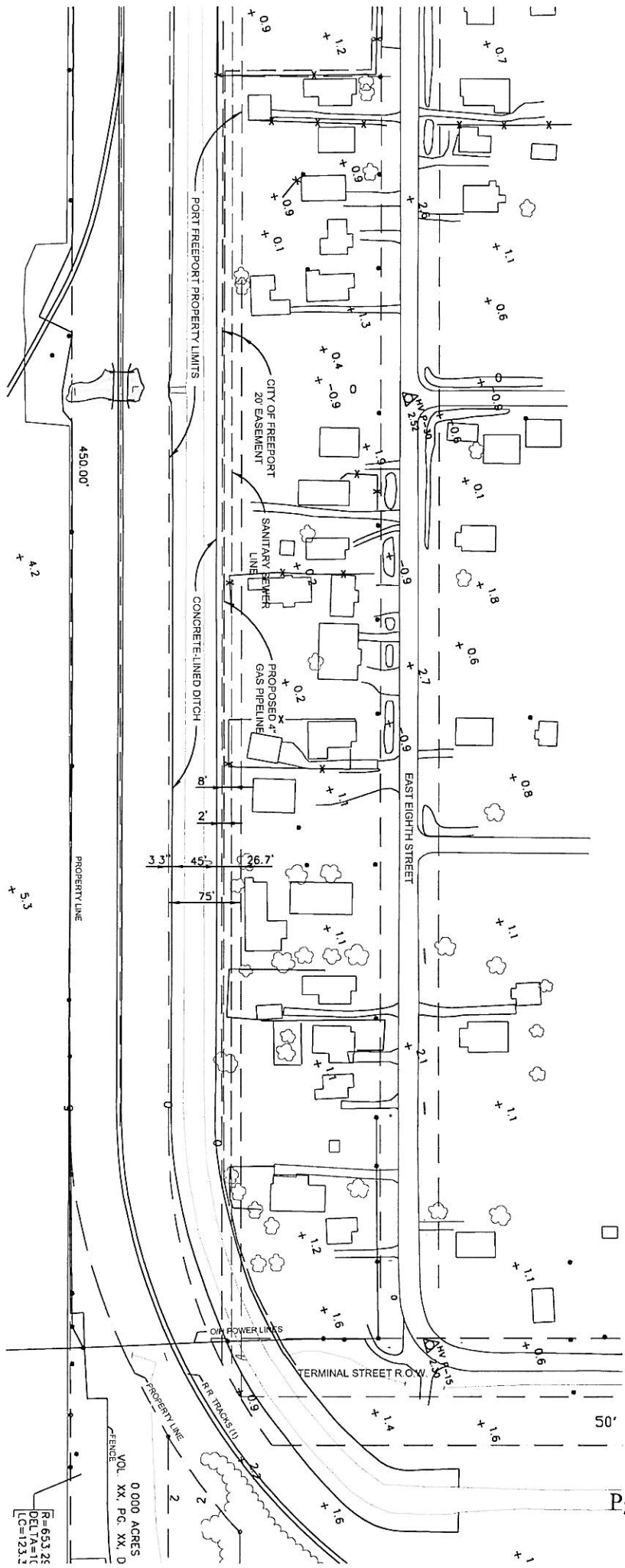
9189

THE STATE OF TEXAS)
COUNTY OF BRAZORIA)

KNOW ALL MEN BY THESE PRESENTS: That Freeport Sulphur Company, a Delaware corporation, doing business in Texas by virtue of a permit, for and in consideration of One Dollar (\$1.00), cash to it in hand paid by the Town of Freeport, a



Pg. 1189



R=653.26
DELTA=11
LC=123.2

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PROPERTY MANAGEMENT MEMO

August 1, 2008

Gary Beverly
City Manager

re: Sale of City Interest in Trust Properties

Please place the following item on the August 18, 2008, City council agenda:

Discuss / consider the sale of City interest in 1/5 undivided interest in lots 9 through 12, block 13, Velasco Townsite, Tax ID 8110-0164-000.

Property Management information sheet, plat showing location of properties, Tax Resale Property Information sheet and bid analysis attached.

N C Hickey
Property Manager

attach

/s



PROPERTY MANAGEMENT MEMO

Council Agenda Date: August 18, 2008
Agenda item:

Type of Property: Trust
Sheriff Deed: October 15, 1986

Street Address: South Ave B
Legal Description: Und 1/5 int., lots 9 thru 12, Block 13

Years Taxes Delinquent: 39 years
Extinguished by Sheriff Sale: 1986

Appraisal Dist. Value: \$1660.00
Offer by: Bob Petty \$ 947.00
Court Cost & Post Judgment: \$0

Amount to Distribute: \$947.00
Distribution to Freeport: \$710.71

Property Recommendation: Pleasure of Council

Action: Accept Offer
 Reject Offer

COMMENTS:

Motion by _____ Second _____ Vote _____

Block 13, U1/5 of lots 9, 10, 11, 12



Tax Resale Property Information

RESALE MEETING OF: 22-Jul-08

Legal Description: Velasco (Freeport), Block 13, Lot 9 to 12 (1/5)
Acres .0585

Physical Address: Avenue B

Account Number: 8110-0164-000

In Trust To: City of Freeport

Adjudged Value/Year: Unknown

Minimum Bid at Sale: Unknown

Offer: \$947.00

Offer made by: Bob Petty

Sheriff's Deed Filed: October 15, 1986

Redemption Expiration: 4/15/1987

City weed/demo liens: Unknown

Land Value: (Current) \$1,660.00

Improvement Value:(Current)

Previous Owner: **J. C. Kelley**

Precinct: 1

School District: Brazosport ISD

Vote: AYE NAY

R. Garrett
C. Garner
Judge King
Dude Payne
Civil Div. Rep.

X

Notes: Michael Darlow was present at the meeting.

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BID ANALYSIS

Cause Number: 82G1440 Account Number: 8110-0164-000
 Offer Amount: \$947.00 Value: \$1,660.00
 Person Offering: Bob Petty Adjudged Value\$: Unknown

Judgement Information

Taxing Entity	Tax Years	Amount Due
BC	1971-1980 & 1982-1984	\$1.84
Brazosport ISD	1971-1980 & 1982-1984	\$95.67
BRHND	1971-1980 & 1982-1984	\$1.84
Brazosport College	1971-1980 & 1982-1984	\$1.84
Velasco Drainage	1971-1980 & 1982-1984	\$1.84
City of Freeport	1971-1980 & 1982-1984	\$309.89

Total \$412.92

Costs

Court Costs		Sheriff Fees	
Publication Fees		Research Fees	
Ad Litem		Recording fee's	
	Liens		0

Total \$0.00

Post Judgement Information

Taxing Entity	Tax Year's	

Post Judgment Total \$0.00

Proposed Distribution

Offer Amount \$947.00 Costs + P & J \$0.00
 Net to Distribute \$ \$947.00

BC	0.45%	\$4.22
Brazosport ISD	23.17%	219.41
BRHND	0.45%	4.22
Brazosport College	0.45%	4.22
Velasco Drainage	0.45%	4.22
City of Freeport	75.05%	710.71

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PROPERTY MANAGEMENT MEMO

August 1, 2008

Gary Beverly
City Manager

re: Sale of City Interest in Trust Properties

Please place the following item on the August 18, 2008, City council agenda:

Discuss / consider the sale of City interest in lots 14 through 22, block 781,
Velasco Townsite, Tax ID 8110-3915-000

Property Management information sheet, plat showing location of properties, Tax Resale
Property Information sheet and bid analysis attached.

N C Hickey
Property Manager

attach

/s



PROPERTY MANAGEMENT MEMO

Council Agenda Date: August 18, 2008
Agenda item:

Type of Property: Trust
Sheriff Deed: 1999
Street Address: North Ave T
Legal Description: Lots 14 to 22, Block 781

Years Taxes Delinquent: 26 years
Extinguished by Sheriff Sale: July 13, 1999

Appraisal Dist. Value: \$8500.00
Offer by: Bob Petty \$8280.00
Court Cost & Post Judgment: \$0

Amount to Distribute: \$8280.00
Distribution to Freeport: \$7449.38

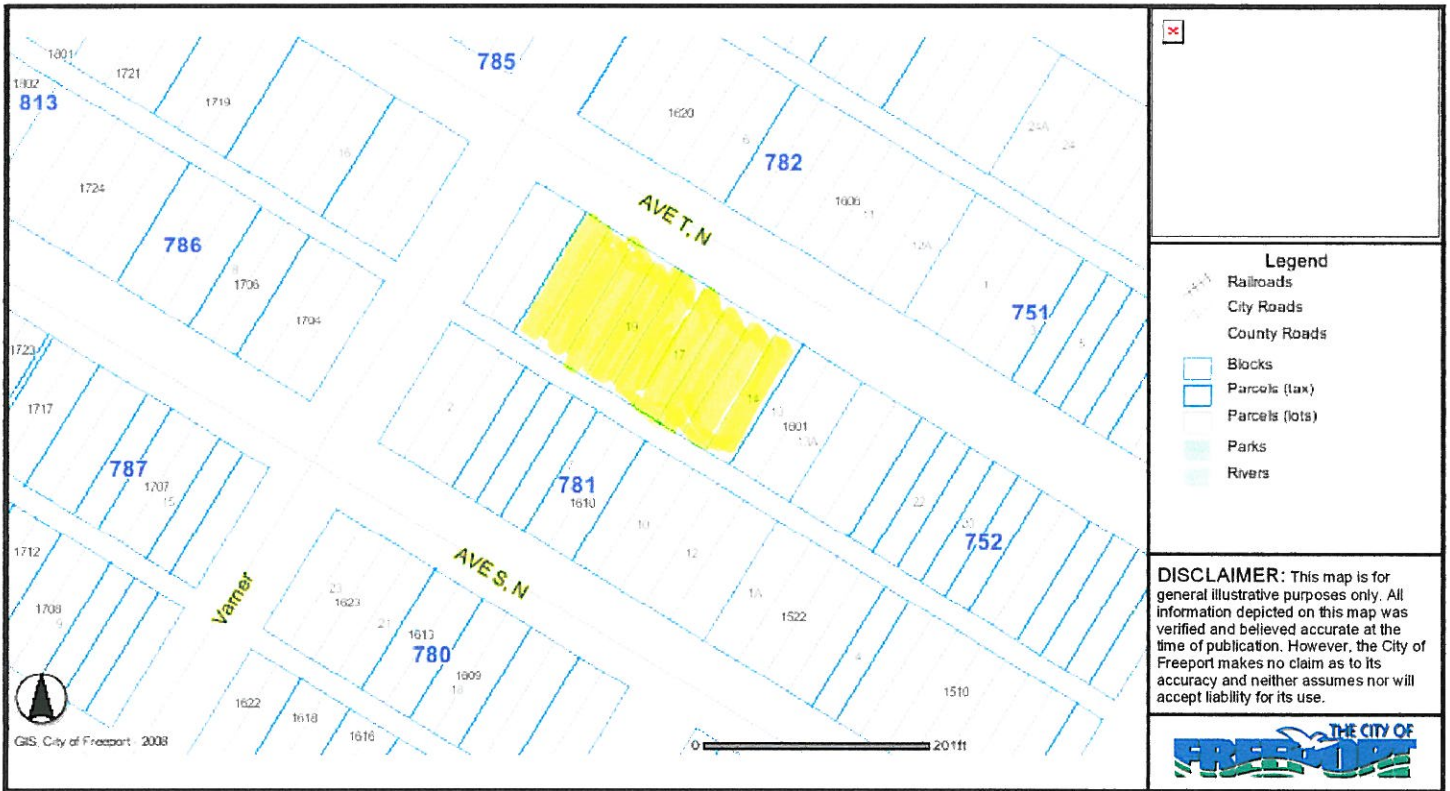
Property Recommendation: Pleasure of Council

Action: [] Accept Offer
[] Reject Offer

COMMENTS:

Motion by _____ Second _____ Vote _____

Block 781, Lots 14 thru 22



Tax Resale Property Information

RESALE MEETING OF: 22-Jul-08

Legal Description: Velasco (Freeport) Block 781, Lot 14 to 22
Acres .6457

Physical Address: Avenue T

Account Number: 8110-3915-000

Free - judgment

In Trust To: City of Freeport

Adjudged Value/Year: \$8,500.00

Minimum Bid at Sale: Unknown

Offer: **\$8,280.00**

Offer made by: Bob Petty

Sheriff's Deed Filed: July 13, 1999

Redemption Expiration: 1/13/2000

City weed/demo liens: Unknown

Land Value: (Current) \$18,280.00

Improvement Value:(Current)

Previous Owner: **Hector Leonardo Botello**

Precinct: 1

School District: Brazosport ISD

Vote:	<u>AYE</u>	NAY
R. Garrett		
C. Garner		
Judge King		
Dude Payne		
Civil Div. Rep.		

Notes: Michael Darlow was present at the meeting.

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BID ANALYSIS

Cause Number:	79G0478	Account Number:	8110-3915-000
Offer Amount:	\$8,280.00	Value \$:	\$18,280.00
Person Offering:	Bob Petty	Adjudged Value\$:	\$8,500.00

Judgement Information

Taxing Entity	Tax Years	Amount Due
BC	1982	\$8.61
Brazosport ISD	1982	\$85.39
BRHND	1982	\$10.05
Brazosport College	1982	\$7.73
Velasco Drainage	1982	\$7.18
Road Dist 34	1982	\$0.16
City of Freeport	1982	\$1,068.32
Total		\$1,187.44

Costs

Court Costs	\$0.00	Sheriff Fees	
Publication Fees		Research Fees	
Ad Litem		Recording fee's	
Liens			0
Total		\$0.00	

Post Judgement Information

Taxing Entity	Tax Year's	
BC		
Brazosport ISD		
BRHND		
Brazosport College		
Velasco Drainage		
Road Dist 34		
City of Freeport		
Post Judgment Total		\$0.00

<u>Proposed Distribution</u>	Offer Amount	Costs + P & J
	\$8,280.00	\$0.00
	Net to Distribute \$	\$8,280.00

BC	0.73%	\$60.04
Brazosport ISD	7.19%	\$595.42
BRHND	0.85%	\$70.08
Brazosport College	0.65%	\$53.90
Velasco Drainage	0.60%	\$50.07
Road Dist 34	0.01%	\$1.12
City of Freeport	89.97%	\$7,449.38

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7/25/2008



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PROPERTY MANAGEMENT MEMO

August 1, 2008

Gary Beverly
City Manager

re: Sale of City Interest in Trust Properties

Please place the following item on the August 18, 2008, City council agenda:

Discuss / consider the sale of City interest in lots 23, 24, block 627,
Velasco Townsite, Tax ID 8110-2260-000

Property Management information sheet, plat showing location of properties, Tax Resale
Property Information sheet and bid analysis attached.

N C Hickey
Property Manager

attach

/s



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PROPERTY MANAGEMENT MEMO

Council Agenda Date: August 18, 2008
Agenda item:

Type of Property: Trust
Sheriff Deed: 1990
Street Address: North Ave D
Legal Description: Lots 23, 24, Block 627

Years Taxes Delinquent: 19 years
Extinguished by Sheriff Sale: January 19, 1990

Appraisal Dist. Value: \$4230.00
Offer by: Bob Petty \$1550.00
Court Cost & Post Judgment: \$ 416.00

Amount to Distribute: \$1134.00
Distribution to Freeport: \$ 272.98

Property Recommendation: Pleasure of Council

Action: Accept Offer
 Reject Offer

COMMENTS:

Motion by _____ Second _____ Vote _____

Trust sale-Council action

Block 627, Lots 23, 24



Tax Resale Property Information

RESALE MEETING OF: 22-Jul-08

Legal Description: Velasco (Freeport) Block 627, Lot 23-24
Acres .1492

Physical Address: Avenue D

Account Number: 8110-2260-000

In Trust To: Brazoria County

Adjudged Value/Year: \$2,930.00

Minimum Bid at Sale: \$2,930.00

Offer: **\$1,550.00**

Offer made by: Bob Petty

Sheriff's Deed Filed: January 19, 1990

Redemption Expiration: 7/19/1990

City weed/demo liens: Unknown

Land Value: (Current) \$4,230.00

Improvement Value:(Current)

Previous Owner: **Jackie Wilson**

Precinct: 1

School District: Brazosport ISD

Vote: **AYE** **NAY**

R. Garrett
C. Garner
Judge King
Dude Payne
Civil Div. Rep.

X

Notes: Michael Darlow was present at the meeting.

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BID ANALYSIS

Cause Number: 88-6162 Account Number: 8110-2260-000
 Offer Amount: \$1,550.00 Value \$: \$4,230.00
 Person Offering: Bob Petty Adjudged Value\$: \$2,930.00

Judgement Information

Taxing Entity	Tax Years	Amount Due
BC	1989	\$0.00
Brazosport ISD	1989	\$2,446.54
BRHND	1989	\$0.00
Brazosport College	1989	\$213.62
Velasco Drainage	1989	\$0.00
Road Dist 34	1989	\$0.00
City of Freeport	1989	\$843.37
Total		\$3,503.53

Costs

Court Costs	\$416.00	Sheriff Fees	
Publication Fees		Research Fees	
Ad Litem		Recording fee's	
	Liens		0
Total		\$416.00	

Post Judgement Information

Taxing Entity	Tax Year's	
Post Judgment Total		\$0.00

Proposed Distribution

Offer Amount: \$1,550.00 Costs + P & J: \$416.00
 Net to Distribute \$: \$1,134.00

BC	0.00%	\$0.00
Brazosport ISD	69.83%	\$791.88
BRHND	0.00%	\$0.00
Brazosport College	6.10%	\$69.14
Velasco Drainage	0.00%	\$0.00
Road Dist 34	0.00%	\$0.00
City of Freeport	24.07%	\$272.98

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PROPERTY MANAGEMENT MEMO

August 1, 2008

Gary Beverly
City Manager

re: Sale of City Interest in Trust Properties

Please place the following item on the August 18, 2008, City council agenda:

Discuss / consider the sale of City interest in lots 13, 14, block 36
Velasco Townsite, Tax ID 8110-0397-000.

Property Management information sheet, plat showing location of properties, Tax Resale
Property Information sheet and bid analysis attached.

N C Hickey
Property Manager

attach

/s



PROPERTY MANAGEMENT MEMO

Council Agenda Date: August 18, 2008
Agenda item:

Type of Property: Trust
Sheriff Deed: 200307835

Street Address: South Ave D
Legal Description: Lots 13, 14, Block 36

Years Taxes Delinquent: 21 years
Extinguished by Sheriff Sale: 2003

Appraisal Dist. Value: \$1950.00
Offer by: Bob Petty \$1111.00
Court Cost & Post Judgment: \$2689.62

Amount to Distribute: \$(-1578.62)
Distribution to Freeport: \$(- 445.08)

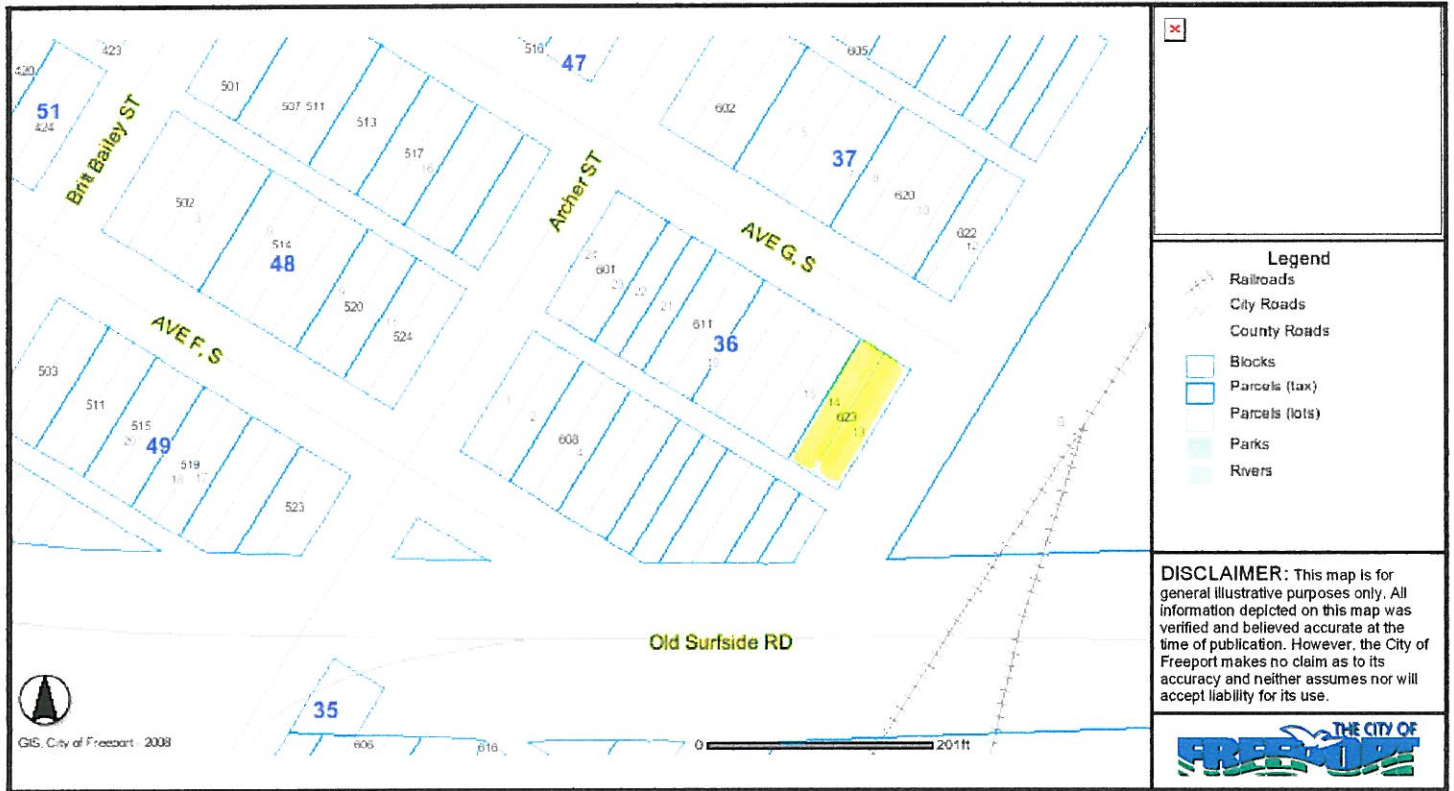
Property Recommendation: Pleasure of Council

Action: Accept Offer
 Reject Offer

COMMENTS:

Motion by _____ Second _____ Vote _____

Block 36, Lots 13, 14



Tax Resale Property Information

RESALE MEETING OF: 22-Jul-08

Legal Description: Velasco (Freeport), Block 36, Lot 13-14
Acres .1492

Physical Address: 623 Avenue G

Account Number: 8110-0397-000

In Trust To: City of Freeport

Adjudged Value/Year: \$14,630.00

Minimum Bid at Sale: \$3,850.98

Offer: \$1,111.00

Offer made by: Bob Petty

Sheriff's Deed Filed: November 13, 2003

Redemption Expiration: 5/13/2004

City weed/demo liens: Unknown

Land Value: (Current) \$1,950.00

Improvement Value:(Current)

Previous Owner: **Juan Castillo**

Precinct: 1

School District: Brazosport ISD

Vote: **AYE** **NAY**

R. Garrett
C. Garner
Judge King
Dude Payne
Civil Div. Rep.

X

Notes: Michael Darlow was present at the meeting.

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BID ANALYSIS

Cause Number:	95T5038	Account Number:	8110-0397-000
Offer Amount:	\$1,111.00	Value \$:	\$1,950.00
Person Offering:	Bob Petty	Adjudged Value\$:	\$14,630.00

Judgement Information

Taxing Entity	Tax Years	Amount Due
BC	1987-2001	\$545.06
Brazosport ISD	1987-2001	\$2,002.84
BRHND	1987-2001	\$110.34
Brazosport College	1987-2001	\$116.18
Velasco Drainage	1987-2001	\$103.81
City of Freeport	1987-2001	\$1,130.12

Total \$4,008.35

Costs

Court Costs	\$614.00	Sheriff Fees	
Publication Fees	\$138.00	Research Fees	\$150.00
Ad Litem		Recording fee's	\$13.00
	Liens		0

Total \$915.00

Post Judgement Information

Taxing Entity	Tax Year's	
BC	2002-2003	\$258.60
Brazosport ISD	2002-2003	\$892.96
BRHND	2002-2003	\$43.52
Brazosport College	2002-2003	\$58.75
Velasco Drainage	2002-2003	\$44.79
City of Freeport	2002-2003	\$476.00

Post Judgment Total \$1,774.62

Proposed Distribution

Offer Amount	\$1,111.00	Costs + P & J	\$2,689.62
Net to Distribute \$			-\$1,578.62

BC	13.60%	-\$214.66
Brazosport ISD	49.97%	-\$788.78
BRHND	2.75%	-\$43.46
Brazosport College	2.90%	-\$45.76
Velasco Drainage	2.59%	-\$40.88
City of Freeport	28.19%	-\$445.08

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PROPERTY MANAGEMENT MEMO

August 1, 2008

Gary Beverly
City Manager

re: Sale of City Interest in Trust Properties

Please place the following item on the August 18, 2008, City council agenda:

Discuss / consider the sale of City interest in 1/6 und. interest in
lot 15, block 694, Velasco Townsite, Tax ID 8110-2896-110

Property Management information sheet, plat showing location of properties, Tax Resale
Property Information sheet and bid analysis attached.

N C Hickey
Property Manager

attach

/s



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PROPERTY MANAGEMENT MEMO

Council Agenda Date: August 18, 2008
Agenda item:

Type of Property: Trust
Sheriff Deed: 2003041235

Street Address: North Ave N
Legal Description: Und 1/6 int., lot 15, block 694

Years Taxes Delinquent: 26 years
Extinguished by Sheriff Sale: Sept 5, 2001

Appraisal Dist. Value: \$340.00
Offer by: Erica Cloud \$ 60.00
Court Cost & Post Judgment: \$246.20

Amount to Distribute: . \$(-186.20)
Distribution to Freeport: \$(- 57.44)

Property Recommendation: Pleasure of Council

Action: Accept Offer
 Reject Offer

COMMENTS:

Motion by _____ Second _____ Vote _____

Trust sale-Council action

Block 694, Und 1/6 Lot 15



Tax Resale Property Information

RESALE MEETING OF: 22-Jul-08

Legal Description: Velasco (Freeport), Block 694, Lot 15
(Und 1/6 Int)
Acres .0119

Physical Address: Avenue N

Account Number: 8110-2896-110

In Trust To: City of Freeport

Adjudged Value/Year: \$120.00

Minimum Bid at Sale: Unknown

Offer: **\$60.00**

Offer made by: Erica Cloud

Sheriff's Deed Filed: September 12, 2001

Redemption Expiration: 3/12/2002

City weed/demo liens: Unknown

Land Value: (Current) \$340.00


Improvement Value:(Current)

Previous Owner: **Fred Porter**

Precinct: 1

School District: Brazosport ISD

Vote: **AYE** **NAY**
R. Garrett
C. Garner
Judge King
Dude Payne
Civil Div. Rep.



Notes: Michael Darlow was present at the meeting.

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BID ANALYSIS

Cause Number: 15566-01
 Offer Amount: \$60.00
 Person Offering: Erica Cloud

Account Number: 8110-2896-110
 Value \$: \$340.00
 Adjudged Value\$: \$120.00

Judgement Information

Taxing Entity	Tax Years	Amount Due
BC	1982-2000	\$19.73
BCED	1982-2000	\$7.31
Brazosport ISD	1982-2000	\$59.69
BRHND	1982-2000	\$5.34
Brazosport College	1982-2000	\$3.67
Velasco Drainage	1982-2000	\$7.14
Road Dist 34	1982-2000	\$0.00
City of Freeport	1982-2000	\$45.89
Total		\$148.77

Costs

Court Costs	\$91.15	Sheriff Fees	
Publication Fees		Research Fees	\$150.00
Ad Litem		Recording fee's	
	Liens		0
Total		\$241.15	

Post Judgement Information

Taxing Entity	Tax Year's	
BC	2001	\$0.73
BCED	2001	\$0.00
Brazosport ISD	2001	\$2.53
BRHND	2001	\$0.13
Brazosport College	2001	\$0.15
Velasco Drainage	2001	\$0.13
Road Dist 34	2001	\$0.00
City of Freeport	2001	\$1.38
Post Judgment Total		\$5.05

Proposed Distribution

Offer Amount \$60.00 Costs + P & J \$246.20
 Net to Distribute \$ -\$186.20

BC	13.26%	-\$24.69
BCED	4.91%	-\$9.15
Brazosport ISD	40.12%	-\$74.71
BRHND	3.59%	-\$6.68
Brazosport College	2.47%	-\$4.59
Velasco Drainage	4.80%	-\$8.94
Road Dist 34	0.00%	\$0.00
City of Freeport	0.308462728	-\$57.44

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PROPERTY MANAGEMENT MEMO

August 1, 2008

Gary Beverly
City Manager

re: Sale of City Interest in Trust Properties

Please place the following item on the August 18, 2008, City council agenda:

Discuss / consider the sale of City interest in lots N/2-18, 19, block D,
Velasco Heights, Tax ID 8115-0052-000.

Property Management information sheet, plat showing location of properties, Tax Resale
Property Information sheet and bid analysis attached.

N C Hickey
Property Manager

attach

/s



PROPERTY MANAGEMENT MEMO

Council Agenda Date: August 18, 2008
Agenda item:

Type of Property: Trust
Sheriff Deed: May 1, 1974

Street Address: 1914 Zapata
Legal Description: N/2 lot 18, lot 19, Block D

Years Taxes Delinquent: 35 years
Extinguished by Sheriff Sale: May 1, 1974

Appraisal Dist. Value: \$4500.00
Offer by: Bob Petty \$2200.00
Court Cost & Post Judgment: \$0

Amount to Distribute: \$2200.00
Distribution to Freeport: \$ 598.00

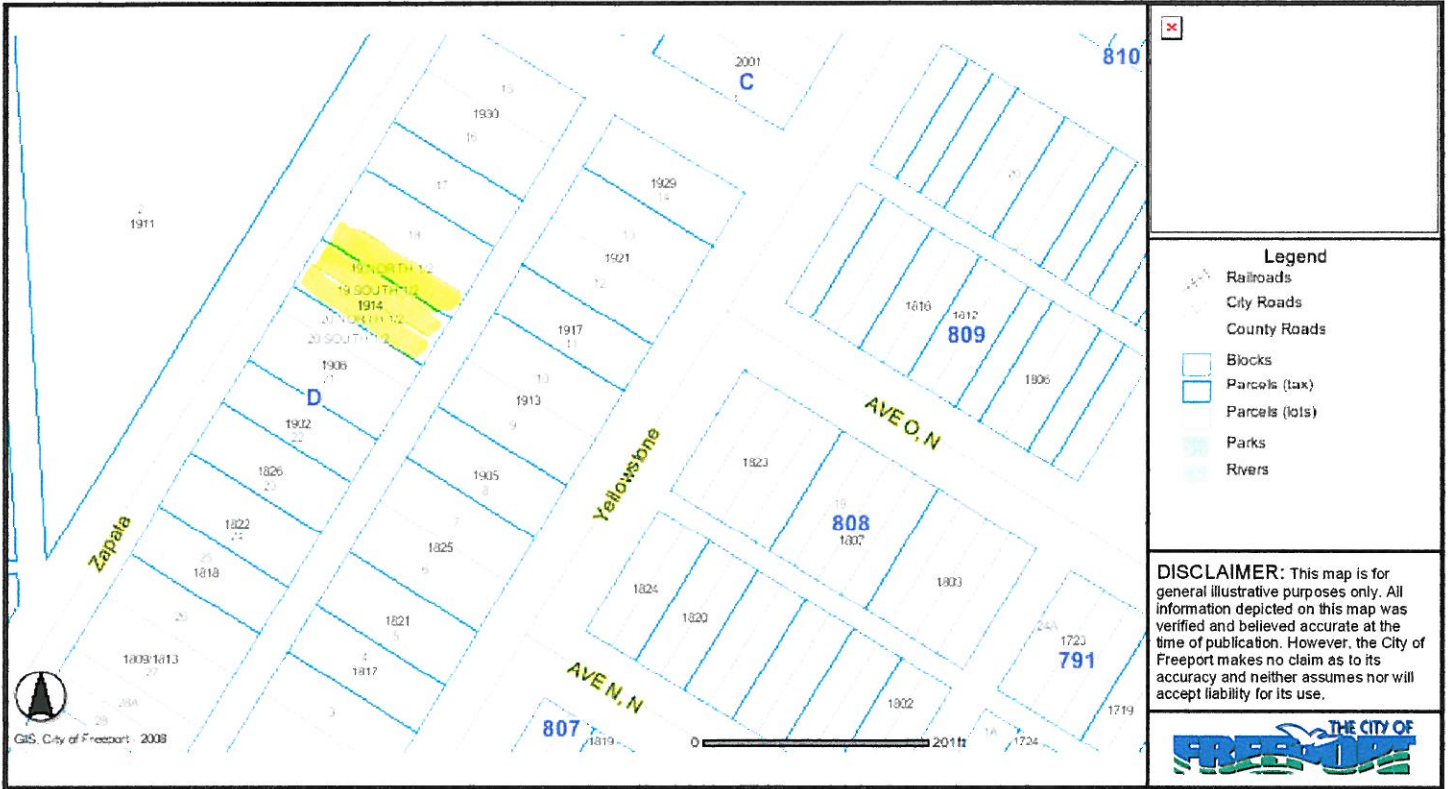
Property Recommendation: Pleasure of Council

Action: Accept Offer
 Reject Offer

COMMENTS:

Motion by _____ Second _____ Vote _____

Block D, North 1/2 lot 18, Lot 19



Tax Resale Property Information

RESALE MEETING OF: 22-Jul-08

Legal Description: Velasco Heights (A0049 A Calvit Div 14)(BCIC)
Freeport, Block D, Lot 18-N/2, Lot 19
Acres .2324

Physical Address: Zapata

Account Number: 8115-0052-000

In Trust To: Brazosport ISD

Adjudged Value/Year: Unknown

Minimum Bid at Sale: Unknown

Offer: \$2,200.00

Offer made by: Bob Petty

Sheriff's Deed Filed: May 1, 1974

Redemption Expiration: 11/1/1974

City weed/demo liens: Unknown


Land Value: (Current) \$4,560.00

Improvement Value:(Current)

Previous Owner: Jimmy Yancey

Precinct: 1

School District: Brazosport ISD

Vote:	<u>AYE</u>	<u>NAY</u>
R. Garrett		
C. Garner		
Judge King		
Dude Payne		
Civil Div. Rep.		

Notes: Michael Darlow was present at the meeting.

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BID ANALYSIS

Cause Number:	52.916	Account Number:	8115-0052-000
Offer Amount:	\$2,200.00	Value \$:	\$4,560.00
Person Offering:	Bob Petty	Adjudged Value\$:	Unknown

Judgement Information

Taxing Entity	Tax Years	Amount Due
BC	1973	\$119.00
Brazosport ISD	1973	\$1,509.23
BRHND	1973	\$7.85
Brazosport College	1973	\$17.94
Velasco Drainage	1973	\$36.78
City of Freeport	1973	\$631.15

Total \$2,321.95

Costs

Court Costs	\$0.00	Sheriff Fees	
Publication Fees		Research Fees	
Ad Litem		Recording fee's	
Liens			0

Total \$0.00

Post Judgement Information

Taxing Entity	Tax Year's	

Post Judgment Total \$0.00

Proposed Distribution

Offer Amount	\$2,200.00	Costs + P & J	\$0.00
Net to Distribute \$			\$2,200.00

BC	5.13%	\$112.75
Brazosport ISD	65.00%	\$1,429.96
BRHND	0.34%	\$7.44
Brazosport College	0.77%	\$17.00
Velasco Drainage	1.58%	\$34.85
City of Freeport	27.18%	\$598.00

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JUL 30 2008

Pg 12/17 B



200 West 2nd Street • Freeport, TX 77541-5773

(979) 233-3526 • Fax: (979) 233-8867 • www.freeport.tx.us

PROPERTY MANAGEMENT MEMO

August 1, 2008

Gary Beverly
City Manager

re: Sale of City Interest in Trust Properties

Please place the following item on the August 18, 2008, City council agenda:

Discuss / consider the sale of City interest in lots 9,10,12, block 36,
Velasco Townsite, Tax ID 8110-0394-000

Property Management information sheet, plat showing location of properties, Tax Resale
Property Information sheet and bid analysis attached.

N C Hickey
Property Manager

attach

/s



PROPERTY MANAGEMENT MEMO

Council Agenda Date: August 18, 2008
Agenda item:

Type of Property: Trust
Sheriff Deed: 2002041227
Street Address: South Ave B
Legal Description: Lots 9, 10, 12

Years Taxes Delinquent: 21 years
Extinguished by Sheriff Sale: August 6, 2002

Appraisal Dist. Value: \$170.00
Offer by: Bob Petty \$170.00
Court Cost & Post Judgment: \$ 10.52

Amount to Distribute: \$159.48
Distribution to Freeport: \$ 46.17

Property Recommendation: Pleasure of Council

Action: Accept Offer
 Reject Offer

COMMENTS:

Motion by _____ Second _____ Vote _____

Block 36, Lots 9, 10, 12



Tax Resale Property Information

RESALE MEETING OF: 22-Jul-08

Legal Description: Velasco (Freeport) Block 36, Lot 9-10-12
Acres .2152

Physical Address: Gulf

Account Number: 8110-0394-000

In Trust To: City of Freeport

Adjudged Value/Year: \$150.00

Minimum Bid at Sale: Unknown

Offer: **\$170.00**

Offer made by: Bob Petty

Sheriff's Deed Filed: July 15, 2002

Redemption Expiration: 1/15/2003

City weed/demo liens: Unknown

Land Value: (Current) \$300.00

Improvement Value:(Current)

Previous Owner: **B. Carlton**

Precinct: 1

School District: Brazosport ISD

Vote: **AYE** **NAY**

R. Garrett

C. Garner

Judge King

Dude Payne

Civil Div. Rep.



Notes: Michael Darlow was present at the meeting.

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JUL 30 2008

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7/15/2008

BID ANALYSIS

Cause Number: 19020-02 Account Number: 8110-0394-000
 Offer Amount: \$170.00 Value \$: \$300.00
 Person Offering: Bob Petty Adjudged Value\$: \$150.00

Judgement Information

Taxing Entity	Tax Years	Amount Due
BC	1987-2001	\$47.41
BCED	1987-2001	\$26.11
Brazosport ISD	1987-2001	\$153.93
BRHND	1987-2001	\$11.52
Brazosport College	1987-2001	\$9.84
Velasco Drainage	1987-2001	\$15.70
City of Freeport	1987-2001	\$107.77

Total \$372.28

Costs

Court Costs	\$0.00	Sheriff Fees	
Publication Fees		Research Fees	
Ad Litem		Recording fee's	
Liens			0

Total \$0.00

Post Judgement Information

Taxing Entity	Tax Year's	
BC		\$1.54
BCED		\$0.00
Brazosport ISD		\$5.22
BRHND		\$0.26
Brazosport College		\$0.31
Velasco Drainage		\$0.26
City of Freeport		\$2.93

Post Judgment Total \$10.52

Proposed Distribution

Offer Amount \$170.00 Costs + P & J \$10.52
 Net to Distribute \$ \$159.48

BC	12.74%	\$20.31
BCED	7.01%	\$11.19
Brazosport ISD	41.35%	\$65.94
BRHND	3.09%	\$4.94
Brazosport College	2.64%	\$4.22
Velasco Drainage	4.22%	\$6.73
City of Freeport	28.95%	\$46.17

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JUL 30 2008



6818 Highway 332 East
Freeport, Texas 77541

August 8, 2008

City of Freeport

Re: Meeting agenda for City Counsel Meeting

We are writing this letter to ask that the Fraternal Order of Eagles, Brazosport Aerie #3111 be placed on the agenda for the next City Counsel meeting.

Respectfully submitted,

William H. Metzroth, President, Brazosport Aerie 3111, FOE

PS Any? Call PoleCat @ 974 373-8766

William D. "Polecat"
Culver

NOTICE OF PUBLIC BUDGET HEARING

BE IT KNOWN that on Monday, September 8, 2008, beginning at 6:00 p.m., the City Council of the City of Freeport, Texas 77541, will conduct a **PUBLIC HEARING** at the Police Department Municipal Courtroom of the City of Freeport, Texas, located therein at 430 North Brazosport Boulevard, on the **PROPOSED BUDGET** of the City for the Fiscal Year 2008-2009, which may be **EXAMINED** on request at the Office of the City Manager, 200 West Second Street, Freeport, Texas 77541, during normal business hours. **WRITTEN COMMENTS** concerning the budget must be mailed to arrive at or be delivered in person to the office of the City Manager at such office prior to 5:00 p.m. on the day of such hearing. **VERBAL COMMENTS** will be accepted at the time of the hearing.

Delia Munoz, City Secretary
City of Freeport, Texas

Note: Publish once at least fifteen (15) days before the date of the hearing

August 18, 2008

I _____, propose a tax increase of 3.5% above the effective rate based on a total rate of .710000. Seconded by

_____.

Record Vote:

Aye: _____


Nay: _____



Council

MEMORANDUM

To: Mayor and City Council

From: Gary Beverly 

Re: Audit for Fiscal Year 2007-2008

Date: August 18, 2008

Attached is the engagement letter from Kennemer, Masters & Lundsford concerning providing audit services for Fiscal Year 2007-2008.

Staff recommends accepting their engagement as our audit firm.

If you have any questions, let me know!

KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

Lake Jackson Office
8 West Way Court
Lake Jackson, Texas 77566
(379) 297-4075 Fax: (379) 297-6643
(800) 699-4075

Houston Office
10860 Richmond Avenue, Suite 250
Houston, Texas 77042
(713) 974-3030 Fax: (713) 974-3513

Engagement Letter

July 30, 2008

To the Honorable Mayor and
Members of City Council
City of Freeport
Freeport, Texas 77541

We are pleased to confirm our understanding of the services we are to provide the City of Freeport (the "City") for the year ended September 30, 2008. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City as of and for the Year ended September 30, 2008. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany the City's basic financial statements. As part of our engagement, we will apply certain limited procedures to the City's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Schedule of Revenue, Expenditure, and Changes in Fund Balances – Budget and Actual – General Fund and Major Special Revenue Fund.
3. Texas Municipal Retirement System Schedule of Funding Progress – Last Three Years.
4. Texas Statewide Emergency Services Personnel Retirement Fund Schedule of Funding Progress – Last Three Years.

Supplementary information other than RSI also accompanies the City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements:

1. Combining and Individual Fund Statements and Schedules.

To the Honorable Mayor and
Members of City Council
City of Freeport
Engagement Letter
July 30, 2008
Page 2

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with generally accepted auditing standards established by the Auditing Standards Board (United States) and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body (City Council) charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the City is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will prepare a draft of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

To the Honorable Mayor and
Members of City Council
City of Freeport
Engagement Letter
July 30, 2008
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Management Responsibilities - Continued

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and the respective changes in financial position in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions. With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

To the Honorable Mayor and
Members of City Council
City of Freeport
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July 30, 2008
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Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

To the Honorable Mayor and
Members of City Council
City of Freeport
Engagement Letter
July 30, 2008
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Audit Procedures—Internal Controls - Continued

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Audit Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing. We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Kennemer, Masters & Lunsford, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal or state agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities.

To the Honorable Mayor and
Members of City Council
City of Freeport
Engagement Letter
July 30, 2008
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Audit Administration, Fees, and Other - Continued

We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Kennemer, Masters & Lunsford, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the federal or state agency. If we are aware that a federal or state awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

We will coordinate the beginning dates for the audit fieldwork with appropriate City personnel later in the year (initial planning, interim, and year-end audit fieldwork). Based upon approximate fieldwork dates, we plan to issue a draft copy of our reports no later than January 15, 2009 and final reports by January 30, 2009. Tommy E. Masters, CPA is the engagement partner and is responsible for supervising the engagement and signing the report.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we estimate our fee to be \$28,800. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 120 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2005 peer review report accompanies this letter. Further as a supplement to this letter, we are enclosing an explanation of certain of our Firm's Client Service Concepts. We have found that such explanation helps avoid misunderstandings and enhances our ability to work closely with our clients.

To the Honorable Mayor and
Members of City Council
City of Freeport
Engagement Letter
July 30, 2008
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We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,
Kennemer, Masters & Lunsford, LLC

By: 

RESPONSE:

This letter correctly sets forth the understanding of the City of Freeport.

By: _____

Title: _____

Date: _____

Robert D. Goldstein, CPA

2603 Augusta Drive • Suite 1100 • Houston, TX 77057-5639
(713) 787-9927 • Fax (713) 789-7082 • e-mail RDGTexas@aol.com
Member of the TSCPA and the AICPA Center for Public Company Audit Firms

July 12, 2005

To the Members
Kennemer, Masters & Lunsford, LLC

I have reviewed the system of quality control for the accounting and auditing practice of Kennemer, Masters & Lunsford, LLC (the firm) in effect for the year ended March 31, 2005. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on my review.

My review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During my review, I read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on my assessments, I selected engagements and administrative files to test for conformity with professional standards, and with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included, among others, engagements performed under *Government Auditing Standards*. Prior to concluding the review, I reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of my review. I believe that the procedures I performed provide a reasonable basis for my opinion.

In performing my review, I obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, I tested compliance with the firm's quality control policies and procedures to the extent I considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. My review was based on selected tests and therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In my opinion, the system of quality control for the accounting and auditing practice of Kennemer, Masters & Lunsford, LLC in effect for the year ended March 31, 2005, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

Handwritten signature of Robert D. Goldstein, CPA.

August 23, 2005

Everet E. Kennemer III, CPA
Kennemer, Masters & Lunsford,
CPAs, LLC
8 W Way Ct
Lake Jackson, TX 77566-5242

FINAL ACCEPTANCE LETTER

Dear Mr. Kennemer:

It is my pleasure to notify you that on August 22, 2005 the Texas Society of CPAs 2005-06 Peer Review Committee accepted the report on the most recent peer review of your firm. The report will now be placed in the public files of the Division for CPA Firms. The due date for your next review is September 30, 2008. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the reviewer's opinion was unmodified. The Committee asked me to convey its congratulations to the firm.

Sincerely,



Jerry L. Cross, CPA
Director,
Peer Review

cc: Robert Dale Goldstein, CPA

Firm Number: 10084266

Review Number: 226485

KENNEMER, MASTERS & LUNSFORD, LLC

CLIENT SERVICE CONCEPTS

An Open Letter to Our Clients:

The following is a discussion of certain of our Firm's Client Service Concepts. We have found that explanation of these concepts helps to clarify our services, and enhances our ability to work more closely with you. Moreover, although certain of these concepts may involve services you have not engaged us to perform, this discussion may help to clarify future engagements.

Accounting and Auditing

Responsibilities

We will use our skills as accountants and auditors on your behalf and are responsible for performing such work with due professional care within the framework of our professional standards. However, as management of the City, you are necessarily more familiar with its operations, its personnel and the reality underlying its books and records. Accordingly, your management will remain primarily responsible for the data and information contained in the financial statements, as well as for the evaluation of the capability and integrity of the City's personnel and the maintenance of adequate accounting records and internal controls for safe-guarding the City's assets. As we near completion of our audit work, we will ask you to carefully review the financial statements and confirm to us in writing the important representations they contain, which we will rely upon. Therefore, if there is anything in those statements that is not completely clear to you, please be sure to question us until you are satisfied.

Issuance of Reports

When we report upon your financial statements or other financial data, our exercise of professional due care includes important processes wherein we review our own work. When our work has been completed, our findings will be presented to you in a formal report. Accordingly, although we may sometimes make a pencil or draft copy of our report available to you as a courtesy, those findings are not to be relied upon or disseminated until our completed formal report is issued.

Other Information in Documents Containing Financial Statements

The inclusion of our reports in documents containing information in addition to the financial statements and our reports thereon (e.g., regulatory filings, offering circulars, etc.) may require us to perform additional procedures to fulfill our professional or legal responsibilities. Accordingly, our reports should not be used for any such purposes without our consent. In addition, to avoid unnecessary delay or misunderstanding, it is important that you give us timely notice of your intention to issue any such document.

Concepts Which Pertain To All Services

Timeliness

We not only aim to perform our work in keeping with the highest professional standards, but we also expect our work to be conducted efficiently and completed on time. We plan our engagements to make sure we do this, but because of circumstances beyond our control, and often beyond yours as well, this is not always possible. When situations arise when it appears there will be delays or we must do additional work, our people are instructed to inform you promptly. We believe you should be made aware of any matter that may impact our service or fees and given the opportunity to help resolve any problems which arise.

Supervision of Your Personnel

When called for by our engagement, we would be pleased to provide your personnel with appropriate guidance and assistance. For example, we might provide certain record keeping or financial reporting instructions to your accounting staff. However, we are sure you understand that we cannot be responsible for the day-to-day supervision of your personnel or for ensuring that such personnel fulfill their assigned responsibilities. You, or someone on your staff, must exercise this responsibility.

Independence

One last point: to provide you with proper, unbiased and objective service, our professionals should be independent of your organization. This not only means that our people should not have any investment or other business dealings with your organization or personnel, but also, that they cannot accept gifts or other personal payments from you in appreciation for their services.

Naturally, they are not to accept any commissions or other payments from any suppliers or other parties with whom you do business for having referred them to you. These rules are very important and we not only ask your cooperation in applying them, but request you to advise us if you observe anything that might indicate that these policies are not being followed.

We intend the name "Kennemer, Masters & Lunsford, LLC" to stand for outstanding client service. We want you to be so pleased by our service that you will recommend us to your friends and business associates. If, however, any of our people do not adhere to the foregoing service concepts, or if our service does not please you for any other reason, please let us know. Feel free to call your account officer or managing officer.

We would be pleased to answer any questions you might have about this discussion, or any other aspects of our client services.

Sincerely,

Kennemer, Masters & Lunsford, LLC

The Shareholders/Partners of
Kennemer, Masters & Lunsford, LLC

I Rotate My Tires. Should I Do the Same with Our City's Auditors?

By Robert Belt, CPA

Managing Partner, Houston Office, Sandersen Knox & Belt, LLP

Being an auditor, I increasingly get questions about rotation of auditors. When asked if it is good or bad, my response is simple: "Who is your auditor?" Since our firm audits more than twenty-five cities, it may seem like a self-serving response, but all kidding aside, here's the rest of the story.

First, you cannot have a conversation about rotation of auditors without someone mentioning Enron and its auditors, Arthur Andersen LLP. That was a huge fiasco on many different levels and one of the biggest driving issues around the rotation topic. It is important to keep in mind that the audit aspects of this debacle were different from the issues faced in a government audit engagement. But for the sake of argument, would auditor rotation have helped? There are a number of things that could have helped, and yes, rotation of audit firms at the right time could have been one of them. While this could have helped, a number of people simply did not do their jobs, and some broke the law. The question is, even with the benefit of hindsight, when would have been the optimal time to bring in new auditors? Even if Enron had changed auditors every five years, it is unlikely the timing of the change would have been optimal to prevent a huge financial crisis. In my opinion, the lessons learned from Enron by the auditing profession and governing bodies, such as city councils, have more to do with auditor independence than rotation, but that's a topic for another day.

The second comment I hear about rotation is the benefit of "having a new set of eyes" or "getting a fresh look." I will readily admit that I have used both statements when bidding against an incumbent auditor, and there can be truth to the statements. The key to the benefit is who is doing the looking? If you are getting someone with better vision, then you made a good call. Would you change doctors just to get a fresh look? No, but if you continue to be sick, you would likely try to find a new doctor who might diagnose or treat the illness differently. I would prefer to have a doctor with first-hand knowledge of my medical history.

But here is the other fallacy with the notion of "getting a fresh look" by rotating firms: While most city governments engage the same firm each year, rarely do they have the same auditors. Don't tell my staff this, but they actually do the real work. The field auditor is where the rubber meets the road. Because of the natural advancement and progression of staff

members in firms of any size, it is challenging to get the same staff back on a job each year, and this results in new personnel on the engagement. Each staff member sees things differently, so you are naturally going to get different opinions. In addition, the city's personnel change quite regularly, so the only constant is often the name of the firm doing the audit, negating any great conspiracy theory. For example, in six years of auditing one city, I have reported to three mayors, two city managers, two finance directors, and audit committees and city councils of six different combinations. Field work for this engagement was performed by three different senior auditors, with three different technical reviewers. Consequently, sometimes there is an argument to be made for the consistency and historical resources of the same audit firm for an area as vital as the financial activities of a city.

Does the data support the assertion that changing auditors is good? The American Institute of Certified Public Accountant's (AICPA) Securities Exchange Commission (SEC) Practice Section analyzed 406 cases of alleged audit failures and reported that audit failures were three times more likely when the auditing firm was conducting its first or second audit of the company. Researchers attributed this increased risk in new audits to the auditors' lack of knowledge of the client and its business—knowledge that is gained over time. This is also supported by SEC statistics on enforcement actions, which are more common in the first year of an audit. The U.S. General Accounting Office (GAO) released a report in 2003 noting mandatory firm rotation may not be the most efficient way to strengthen auditor independence and enhance audit quality. In addition, the GAO found nearly all the largest public accounting firms and Fortune 1000 publicly traded companies it surveyed believed the costs associated with audit firm rotation are likely to exceed the benefits. Similarly, the GAO found that the views of stakeholders—like institutional investors, regulators, and banks—were consistent with the views of the respondents to the survey. In summary, while rotating auditors may initially sound like a prudent move by a governing body to fulfill its fiduciary duty, the data available support the notion that it hurts rather than helps the quality of audits.

How much does changing auditors cost? On average, it has been my experience that the time requirement for a first-year audit for a city government is about 30 percent more

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than in subsequent years. Auditors learn quickly to propose higher fees or not to propose on clients who change auditors within ten years. If audits were actually priced this way, few cities would actually change firms, so firms will typically amortize this additional first-year cost over their expected tenure. In addition, from the city staff's perspective, filling out internal control questionnaires is about as enjoyable as completing their new doctor's medical history form and affects their already hectic schedule. The bottom line is: It's hard on both the audit firm and the client to change auditors, and the audit process costs more.

Regardless of cost, do cities benefit from rotating auditors? Yes, sometimes. But as I initially asked, "Who is your auditor?" I ask this question because it really is about change, not rotation. If you are driving your car and a tire goes flat, you will benefit from going through the effort of putting on your good spare. If you have a perfectly good tire and you want to change the tire in your driveway just to check out your spare, it's not worth the effort. The mistake I see many governments make is locking themselves into a policy of rotation, not knowing who will bid on their audit. Let's face it, city audits are complex, and the number of experienced firms is limited.

Let me give you an example of another type of government audit. One of my competitors is very good at auditing school districts—something I would not tell them, but nonetheless is true. The firm had a local school district client for more than twenty years. An elected official began beating the rotation drum. The

school district likely got too far into the process before they realized they had one of the best firms in the state at auditing school districts, particularly for a school of its size. The school board ended up with a substantially less experienced firm from outside the region. In my opinion, rotation even after twenty years, just for the sake of rotation, hurt the quality of their audit.

Here is yet another problem. Once you have moved away from a valued relationship concept to a rotation philosophy, what incentive is there for a service provider to keep up the service level? Sure, you will get the same report, but will you get the same quality of staff, and will they go the extra mile? As auditors, we often spend extra time with our clients, assisting them through problems, because in addition to the service aspect, it makes our job easier next year. In addition, we do a lot of planning to ensure that our clients are prepared for new accounting standards years in advance. Auditors are not required to help ensure that you are prepared for GASB 44, but if they know they're going to be standing in front of you in a couple of years explaining the qualification to their report for the data you were not able to provide them, you can bet they are working on the issue now.

If firm rotation is not the answer, how does your city council fulfill its fiduciary duty to ensure the quality of your city's audit? First, get a statement of your audit firm's qualifications, along with a copy of the firm's peer review letter and letter of findings, if any. These should be clean, and if they are not, run to the nearest exit. The AICPA recently established the Government Audit Quality Center, which is an effective tool to ensure that firms auditing governments are up to speed on new issues. If your auditors aren't members, consider asking them to join the organization. The quality of a city audit is often directly related to the number of similar audits performed by the auditing firm. I have observed a direct correlation between: 1) the number of operational problems within the accounting and finance functions of cities, and 2) previously being audited by a firm with a minimum number of other city clients. So to the extent possible in your geographic area, try to engage a firm with a number of city clients, and monitor the firm's client base from year to year.

In summary, in my seventeen-year career, I haven't seen a city benefit from rotating from one good firm to another of the same caliber. I have seen many cities benefit from changing firms for purposes of rotation, because they found that their old auditors were not doing a good job. However, this benefit is more directly related to ensuring they had the best service provider, since they could have easily been harmed simply for the sake of rotation. Change for the sake of change is not always good, whether it's your doctor, attorney, or CPA. If you want to change auditors, rotation is as good an excuse as any; however, from an auditor's perspective, the concept does not have much merit, and both the auditors and their clients lose as a result. ★

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Larry Shaef

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