

NOTICE OF JOINT PUBLIC MEETING
THE FREEPORT CITY COUNCIL
THE PLANNING COMMISSION
MONDAY, SEPTEMBER 17TH, 2012, 6:00 P.M.
FREEPORT MUNICIPAL COURT ROOM
FREEPORT POLICE DEPARTMENT, 430 NORTH BRAZOSPORT BLVD.
FREEPORT, TEXAS

AGENDA
FORMAL SESSION

1. Call to order.
2. Invocation.
3. Pledge of Allegiance.
4. Consideration of approving the September 4th, 2012 Council Minutes. Pg. 584-588
5. Attending citizens and their business.
6. **Joint Public Hearing** with the Planning Commission to consider and hear recommendations of a proposed amendment to the Comprehensive Zoning Ordinance and Map of said City, codified as chapter 155 of the Code of Ordinance of said City, changing the zoning classification of the following described land from its present classification of R-3 to a new classification of C-1: Pg. 589-591

Block 662, Velasco Townsite of the City of Freeport, Texas according to the map or plat recorded in Volume 32, page 14 of the Deed Records of said county.
7. Consideration of approving Ordinance No. 2012-2021 amending the comprehensive zoning ordinance of said City to change the zoning classification of Block 662, Velasco Townsite from its present zoning classification of R-3 to a new zoning classification of C-1. Pg. 592-595
8. Consideration of approving Ordinance No. 2012-2022 adopting a tax rate of for Fiscal Year 2012-2013. Pg. 596-603
9. Consideration of approving Ordinance No. 2012-2023 amending the budget for Fiscal Year 2011- 2012. Pg. 604-608
10. Consideration of a request from the Fraternal Order Eagles # 3111, 6817 E. Hwy 332, Freeport, Texas to have their Annual Turkey Shoot, every Sunday from Noon to 4:00 p.m., beginning October 14th, 2012 thru December 16th, 2012. Pg. 609

11. Consideration of designating a representative and an alternate to the Houston-Galveston Area Council 2013 General Assembly. Pg. 610
12. Consideration of approving Kennemer, Masters & Lunford for audit services for the year ending September 30th, 2012. Pg. 611-620
13. Consideration of renewing an Interlocal Cooperation Contact between the Texas Department of Public Safety and the City of Freeport. Pg. 621-627
14. Consideration of authorizing the City Manager to expand funds for the City's Centennial Event.

Work Session:

- A. Discussion regarding the upcoming City of Freeport Centennial Event.

Executive Session:

Section 551.074, Government Code

Deliberations concerning the appointment and duties of a public officer, to wit:

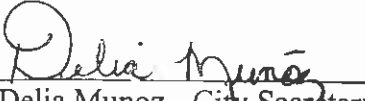
- Chief Ty Morrow
- City Manager

Adjourn

Items not necessary 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 Americans 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 meeting. Please contact the City Secretary office at 979-233-3526.

I, Delia Munoz City Secretary for the City of Freeport, Texas 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 hours a day public access, 200 West 2nd Street, Freeport Texas, September 14th, 2012 at or before 5:00 p.m.


Delia Munoz - City Secretary
City of Freeport, Texas

State of Texas

County of Brazoria

City of Freeport, Texas

BE IT REMEMBERED, that the City Council of the City of Freeport met on Tuesday, September 4th, 2012 at the Freeport Police Department, Municipal Court Room, 430 North Brazosport Boulevard, for the purpose of considering the following agenda items:

City Council:	Norma M. Garcia	Planning Commission:	Edward Garcia
	Michelle Kent		Reuben Cuellar
	Fred Bolton		Jesse Aguilar
	Sandra Leoza		Tobey Davenport
	Sandra Barbree		Eddie Virgil

Staff:

- Jeff Pynes, City Manager
- Gilbert Arispe, Asst. City Manager
- Wallace Shaw, City Attorney
- Delia Munoz, City Secretary
- Nat Hickey, Property Manager
- Brian Davis, Fire Chief
- Brian Dybala, Golf Director
- Loni Kershaw, Human Resources
- Larry Fansher, Parks Director

Visitors:	Gina Adams	Lance Adams
	Jim Pirrung	Dorothy Pirrung
	Sandra Barnett	Jerry Meeks
	Gary Bullard	Johnny Smith
	Andy Tarango	Jeremy King

Call to order.

Mayor Norma Garcia called the meeting to order at 6:00 p.m.

Invocation.

Wallace Shaw offered the invocation.

Pledge of Allegiance.

Mayor Norma Garcia led the Pledge of Allegiance.

Consideration of approving the August 20th, 21st, 22nd 2012 Council Minutes.

On a motion by Councilwoman Loeza, seconded by Councilwoman Kent, with all present voting “aye”, Council unanimously approved August 20th, 21st, 22nd 2012 Council Minutes.

Mayor Garcia opened the Executive Session at 6:30 p.m.

Executive Session:

Section 551.074, Government Code

Deliberations concerning the duties of a public officer or employee, to wit:

- City Manager

Mayor Garcia Reconvene in Open Session at 6:58 p.m.

Attending citizens and their business.

There were none.

City Manager’s presentation of proposed budget for fiscal 2012-2013.

Jeff Pynes City Manager presented to Council all aspects of the proposed budget for 2012-2013, categorized by departments.

Public Hearing – Proposed budget for fiscal year 2012-2013.

Mayor Garcia opened the Public Hearing at 7:44 p.m., to discuss and answer questions for the proposed budget for fiscal year 2012-2013. She asked for comments from the audience, being none she closed the Public Hearing at 7:45 p.m.

Consideration of approving Ordinance No. 2012-2318 adopting a budget for the Fiscal Year 2012-2013 for the City of Freeport.

On a motion by Councilman Bolton, seconded by Councilwoman Kent, with all present voting “aye”, Council unanimously approved Ordinance No. 2012-2318 adopting a budget for the Fiscal Year 2012-2013 for the City of Freeport.

Joint Public Hearing with the Planning Commission to consider and recommend a proposed amendment to the Comprehensive Zoning Ordinances and Map of said City, codified as Chapter 155 of the Code of Ordinances of said City, changing the zoning classification of the following described land from its present classification of R-2 and R-3 to a new classification of C-1:

Block 661, Block 676, Block 700, Velasco Townsite of the City of Freeport, Texas according to the map or plat recorded in Volume 32, Page 14 of the Deed of Records of said County.

There being a quorum with the Planning Commission, Mayor Norma Garcia opened the Joint Public Hearing at 6:04 p.m. to consider and hear recommendations of changing the zoning classification of Block 661, Block 676 and Block 700, Velasco Townsite

Edward Garcia Chairman of the Planning Commission stated that their committee had reviewed the rezoning of Block 661, Block 676, and Block 700, Velasco Townsite of the City and was unanimous in favor of rezoning from R-2 and R-3 to a new classification of C-1.

There being no questions or comments from Council and Audience, Edward Garcia closed the Planning Commission meeting. Mayor Norma Garcia thanked the Planning Commission and adjourned the Joint Public Hearing at 6:05 p.m.

Consideration of approving Ordinance No. 2012-2319 changing the zoning classification of Blocks 661, 676 and 700, Velasco Townsite from their present zoning classification of R-2 and R-3 to a new zoning classification of C-1.

On a motion by Councilwoman Kent, seconded by Councilman Bolton, with all present voting "aye", Council unanimously approved Ordinance No. 2012-2319 changing the zoning classification of Blocks 661, 676 and 700, Velasco Townsite from their present zoning classification of R-2 and R-3 to a new zoning classification of C-1.

Consideration of approving Ordinance No. 2012-2320 closing and abandoning the public alley in Block 661 of the Velasco Townsite within the corporate limits of said city.

On a motion by Councilman Bolton, seconded by Councilwoman Kent, with all present voting "aye", Council unanimously approved Ordinance No. 2012-2320 closing and abandoning the public alley in Block 661 of the Velasco Townsite within the corporate limits of said city.

Consideration of authorizing the Mayor to sign a Road & Bridge Interlocal Agreement for Fiscal Year 2013 with Brazoria County and the City of Freeport for rehabilitations of streets.

On a motion by Councilwoman Barbree, seconded by Councilwoman Kent, with all present voting "aye", Council unanimously approved authorizing the Mayor to sign a Road & Bridge Interlocal Agreement for Fiscal Year 2013 with Brazoria County and the City of Freeport for rehabilitations of streets.

Consideration of voting for the Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election for Places 11-14.

On a motion by Councilwoman Barbree, seconded by Councilwoman Loeza, with all present voting "aye", Council unanimously approved for Place 11 - Greg Ingham, Place 12 - Pete Gonzalez, Place 13- Gary L. Kent, Place 14 - Pat Norriss for the Texas Municipal League Intergovernmental Risk Board of Trustees Election for Places 11-14.

Consideration of authorizing the Chief of Police to sign an Interlocal Cooperation Agreement with the Brazosport Independent School District to provide campus security.

On a motion by Councilwoman Loeza, seconded by Councilman Bolton, with all present voting "aye", Council approved authorizing the Chief of Police to sign an Interlocal Cooperation Agreement with the Brazosport Independent School District to provide campus security. Councilwoman Barbree abstained from voting.

Consideration of setting October 1st, 2012 for a Joint Public Hearing with the Planning Commission to consider granting Port Freeport a Specific Use Permit to erect a 150 foot communication tower to be located adjacent to the Emergency Operations Center Building, located at 801 Navigation Boulevard, Block 24, Lots 1-8 Freeport, Texas.

On a motion by Councilwoman Barbree, seconded by Councilwoman Kent, with all present voting "aye", Council unanimously approved setting October 1st, 2012 for a Joint Public Hearing with the Planning Commission to consider granting Port Freeport a Specific Use Permit to erect a 150 foot communication tower to be located adjacent to the Emergency Operations Center Building, located at 801 Navigation Boulevard, Block 24, Lots 1-8 Freeport, Texas.

Consideration of setting October 1st, 2012 for a Joint Public Hearing with the Planning Commission to consider granting Mr. Jim Dibble and Skyway Towers a Specific Use Permit to erect a communication tower at 1213 North Ave. J. Freeport, Texas, Block 712, Lots 18 thru 20, Velasco Townsite.

On a motion by Councilwoman Barbree, seconded by Councilwoman Kent, with all present voting "aye", Council unanimously approved setting October 1st, 2012 for a Joint Public Hearing with the Planning Commission to consider granting Mr. Jim Dibble and Skyway Towers a Specific Use Permit to erect a communication tower at 1213 North Ave. J. Freeport, Texas, Block 712, Lots 18 thru 20, Velasco Townsite.

Consideration of setting October 1st, 2012 for a Joint Public Hearing with the Planning Commission to consider granting Ravin Patel a Specific Use Permit to construct a RV Park on Tract 6, Bridge Harbor Subdivision, Freeport Texas.

On a motion by Councilwoman Barbree, seconded by Councilwoman Kent, with all present voting "aye", Council unanimously approved setting October 1st, 2012 for a Joint Public Hearing with the Planning Commission to consider granting Ravin Patel a Specific Use Permit to construct a RV Park on Tract 6, Bridge Harbor Subdivision, Freeport Texas.

Consideration of setting October 1st, 2012 for a Joint Public Hearing with the Planning Commission to consider rezoning Block 525, Lots 1 thru 12 and Block 538, Lots 1 thru 12, from its present classification of R-2 District to a new classification of C-2 District.

On a motion by Councilwoman Barbree, seconded by Councilwoman Kent, with all present voting "aye", Council unanimously approved setting October 1st, 2012 for a Joint Public Hearing with the Planning Commission to consider rezoning Block 525, Lots 1 thru 12 and Block 538, Lots 1 thru 12, from its present classification of R-2 District to a new classification of C-2 District.

Work Session:

Discussion regarding waste collection services and heavy trash.

Johnny Smith from Waste Collections and Gary Bullard from Waste Management presented a brief introduction of their services and asked that they be given an opportunity to submit a request for proposals on the City of Freeport waste collection and heavy trash.

Adjourn

On a motion by Councilman Bolton, seconded by Councilwoman Kent, with all present voting "aye", Council adjourned at 7:45 p.m.

Mayor Norma Moreno Garcia
City of Freeport, Texas

City Secretary -- Delia Munoz
City of Freeport, Texas

TO ALL PERSONS IN INTEREST, CITIZENS, CORPORATIONS, AND FIRMS, THEIR AGENTS AND ATTORNEYS, AND TO ALL PERSONS, FIRMS, AND CORPORATIONS OWNING ANY INTEREST IN THE BELOW DESCRIBED LAND OR ANY LAND LOCATED WITHIN TWO HUNDRED (200') FEET THEREOF AND TO ALL INHABITANTS AND LAND OWNERS OF AND IN THE CITY OF FREEPORT, BRAZORIA COUNTY, TEXAS.

NOTICE

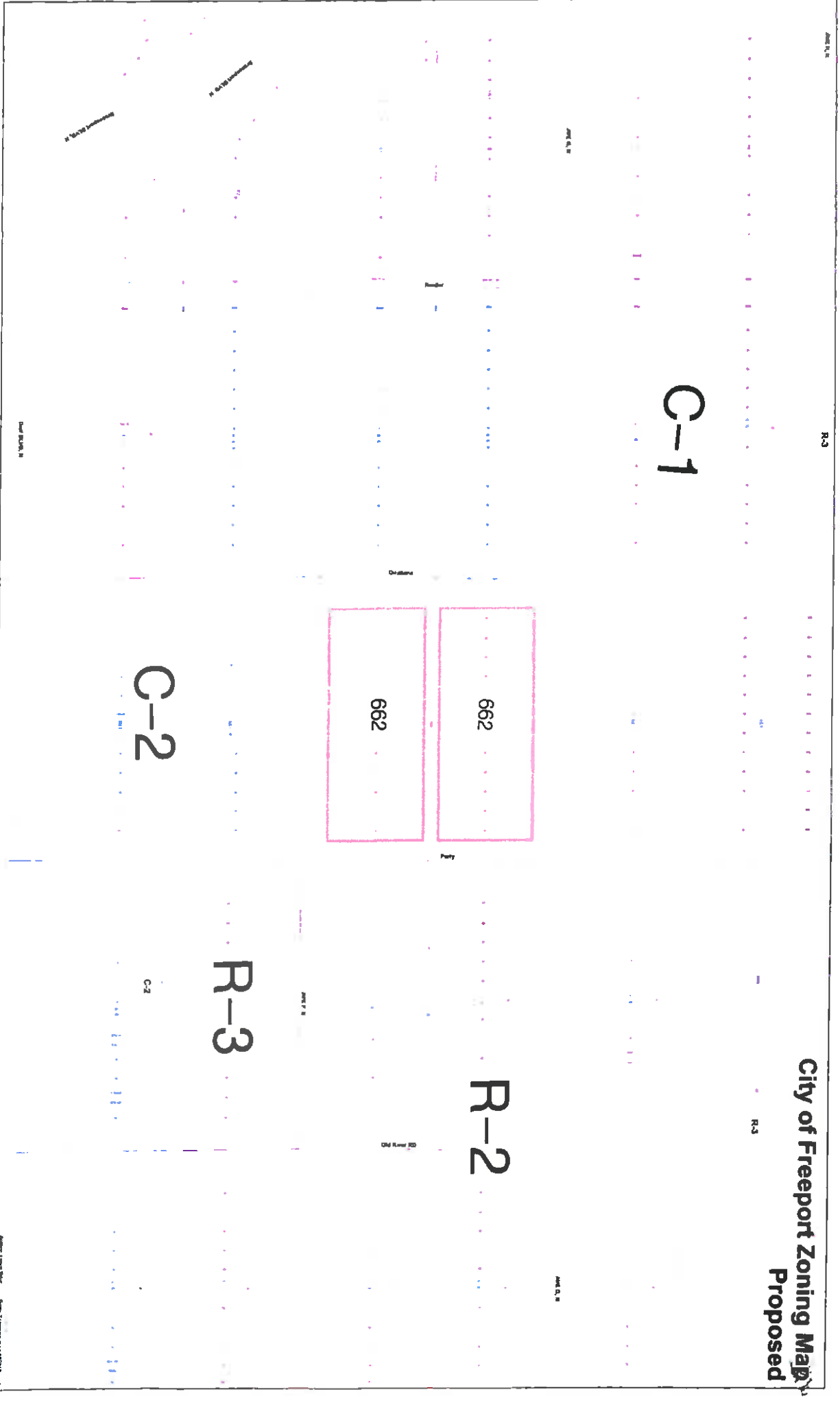
A joint public hearing will be held on September 17, 2012, at 6:00 o'clock p.m., central daylight savings time, at the Police Department Municipal Courtroom of the City of Freeport, Texas, located at 430 North Brazosport Boulevard, within the corporate limits of said city, in Brazoria County, Texas, at which time and place the City Council and the Planning Commission of said city will conduct a joint public hearing to consider a proposed amendment to the Comprehensive Zoning Ordinance and Map of said city, codified as Chapter 155 of the Code of Ordinances of said City, changing the zoning classification of the following described land from its present classification of R-3 to a new classification of C-1:

Block 662, Velasco Townsite of the City of Freeport, Texas, according to the map or plat recorded in Volume 32, page 14 of the Deed Records of said county.

BY ORDER OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS,

made on the 20th day of August, 2012.

City of Freeport Zoning Map
Proposed



Map 10.1

R-3

City of Freeport Zoning Map Current

R-3

C-1

Map 10.1

1

1

R-2

Map 10.1

1

662

662

R-3

Map 10.1

C-2

C-2

Map 10.1

Map 10.1

ORDINANCE NO. 2012-2021

AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; CONTAINING FINDINGS OF FACT AND CONCLUSIONS OF LAW; AMENDING THE COMPREHENSIVE ZONING ORDINANCE OF SAID CITY TO CHANGE THE ZONING CLASSIFICATION OF BLOCK 662, VELASCO TOWNSITE FROM ITS PRESENT ZONING CLASSIFICATION OF R-3 TO A NEW ZONING CLASSIFICATION OF C-1; RATIFYING AND CONFIRMING ALL ACTIONS PREVIOUSLY TAKEN BY THE PLANNING COMMISSION OF SAID CITY OR THE CITY COUNCIL, OR BOTH; CONTAINING A SEVERANCE CLAUSE; AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER ITS PASSAGE AND ADOPTION.

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

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

WHEREAS, the City Council of the City has determined and does here now declare that the adoption of this ordinance is necessary to the health, safety and general welfare of the inhabitants of the City and is necessary to conform the comprehensive zoning plan of the City to the current zoning conditions which exist therein.

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

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

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

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

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

Third, that not less than ten (10) days before the date of such hearings, written notice of the proposed change in classification was proposed and to all owners of property located within two hundred (200') feet of such property.

Fourth, that after considering evidence submitted at such hearings, the City Council of the City is of the opinion and finds that the conditions which warranted the classification of the hereinafter described property as R-2 and R-3 at the time of the adoption of such classification for such property have substantially changed; that conditions now exist which indicate that the classification of such property as R-3 is no longer appropriate and, considering the community as a whole and the present Comprehensive Zoning Plan of the City, such property should be reclassified for purposes of zoning and the zoning of such property changed from R-3 to C-1.

Fifth, that the health, safety, morals and general welfare of the inhabitants of the City will best be served by the adoption of this ordinance and the change in zoning classification hereinafter mentioned. Sixth, that this Ordinance in its final form has been reviewed by the Planning Commission of the City as required by Section 32.00.4 of the Code of Ordinances of the City.

**SECTION TWO--Comprehensive Zoning Ordinance Amended
and Zoning Changed.**

Ordinance No. 1100, read, passed and adopted on the 3rd day of April, 1964, and now codified as Chapter 155 of the Code of Ordinances of the, is hereby amended and supplemented to provide that the following described parcel of land within the corporate limits of the City, to-wit:

**Block 662, Velasco Townsite of the City of Freeport,
Brazoria County, Texas, according to the map or plat
recorded in Volume 32, page 14 of the Deed Records of
said county;**

be and the same is hereby reclassified for purposes of zoning as Retail Business District, as defined in Section 155.037 of the Code of Ordinances and that the zoning of said land should be and the same is hereby changed from R-3 to C-1.

SECTION THREE--Ratification and Confirmation.

The City Council of the City hereby ratifies and confirms any and all action taken by the Planning Commission of the City or the City Council of the City, or both, in connection with the change in zoning classification evidenced by this ordinance, including but not limited to the calling of a public hearing required by said Zoning Enabling Act and said Chapter 155, the giving of public notice of such hearings, the giving of written notice to the owners of property which is the subject of such and to the adjoining property owners, the making of preliminary and final reports with respect to such change and the conducting of the public hearings required by said Act and said Chapter 155.

SECTION FOUR--Severance Clause.

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

SECTION FIVE--Effective Date.

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

READ, PASSED AND ADOPTED this ____ day of _____, 2012.

Norma Moreno Garcia, Mayor,
City of Freeport, Texas

ATTEST:

Delia Munoz, City Secretary,
City of Freeport, Texas

APPROVED AS TO FORM ONLY:

Wallace Shaw, City Attorney
City of Freeport, Texas

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AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; CONTAINING FINDINGS OF FACT; ACCEPTING THE CERTIFIED APPRAISAL ROLL FROM THE BRAZORIA COUNTY APPRAISAL DISTRICT FOR THE 2012 TAX YEAR; ESTABLISHING A TAX RATE FOR EACH \$100.00 VALUATION OF TAXABLE PROPERTY WITHIN SAID CITY FOR SUCH TAX YEAR; LEVYING ALL TAXES FOR SAID CITY FOR SUCH TAX YEAR; ALLOCATING SUCH TAXES FOR CERTAIN MUNICIPAL PURPOSES THEREIN ENUMERATED; ORDERING THAT SUCH TAXES BE ASSESSED AND COLLECTED; CONTAINING A SEVERANCE CLAUSE; AND PROVIDING AN EFFECTIVE DATE FOR THIS ORDINANCE.

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

WHEREAS, Article 9 of the Home Rule Charter of the City authorizes the City to levy, assess and collect an annual tax upon real and personal property within the City to the maximum provided by the Constitution and general laws of the State of Texas; and

WHEREAS, Section 26.01, Texas Tax Code, provides that, by July 25th of each tax year, the Chief Appraiser of the Appraisal District in which an entity authorized to levy ad valorem taxes is located shall prepare and certify to the Assessor-Collector of such entity an appraisal roll for that tax year that lists the property taxable by such unit; and,

WHEREAS, Section 6.22., Texas Tax Code, authorizes the governing body of a taxing unit to require the county in which said unit is located to assess and collect the taxes such unit imposes in the manner in which the county assesses and collects its taxes; and,

WHEREAS, county taxes in Brazoria County, Texas, are assessed and collected by the Brazoria County Tax Assessor-Collector; and,

WHEREAS, Section 6.23(a) (3), Texas Tax Code, provides that the county assessor and collector of taxes shall, if so required by a taxing unit, assess and collect the taxes of said unit; and,

WHEREAS, heretofore the City Council, being the governing body thereof, adopted a resolution requesting and requiring the Assessor and Collector of Taxes for Brazoria County, Texas, to assess and collect the ad valorem taxes levied by the City; and,

WHEREAS, Section 26.04, Texas Tax Code, requires that by August 7th or as soon thereafter as practicable, the Tax Assessor-Collector shall submit to the City Council and publish notice of, among other things, the effective tax rate and the roll back tax rate for the then current tax year; and,

WHEREAS, Article 9 of the Home Rule Charter of the City requires the adoption of an annual budget not less than fifteen (15) days prior to the beginning of each fiscal year;

WHEREAS, under Section 102.001(b), Local Government Code, because the City has a city manager form of government, the city manager is the budget officer of the municipality;

WHEREAS, under Section 102.002 of said Code and Chapter 9 of said Charter, the City Manager is required to prepare a proposed annual budget for the municipality and, under Section 102.03(a) of said Code and Chapter 9 of said Charter, is required to file the same with the City Secretary before the 30th day before the date the governing body of the municipality makes its tax levy for the fiscal year; and,

WHEREAS, under Section 102.006(a) and (b), Local Government Code and Chapter 9 of said Charter, the governing body of the municipality is required to conduct a public hearing on such proposed annual budget; and

WHEREAS, under Section 102.006., Local Government Code and Chapter 9 of said Charter, public notice of the date, time and location of such hearing must be given, under Section 102.0065. and Section 102.011 of said Code the provisions of said Charter control as to the method of giving such notice and under Chapter 9 of said Charter said notice must be published at least 15 days before the date of such hearing in the official newspaper of the City; and,

WHEREAS, under Section 102.006(b), Local Government Code, the public hearing on the proposed annual budget must be held before the date the governing body makes its tax levy for the fiscal year covered by such budget; and,

WHEREAS, under Section 102.007(c) of said Code and Chapter 9 of said Charter, at the conclusion of such hearing, the governing body must take action on such proposed annual budget and under Section 102.009 (a) of said Code and Chapter 9 of said Charter, the governing body of the City may levy taxes only in accordance with such budget; and,

WHEREAS, Section 11.01 of the Home Rule Charter of the City provides for a fiscal or budget year that begins on the 1st day of October of each calendar year and ends on the last day of September of the next succeeding calendar year; and,

WHEREAS, Article 9 of the Home Rule Charter of the City requires the adoption of an annual budget not less than fifteen (15) days prior to the beginning of each fiscal year; and,

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WHEREAS, under Section 102.001 (b) , Local Government Code, because the City has a city manager form of government, the city manager is the budget officer of the municipality and, under Section 102.002 of said Code and Section 11.02 of the Home Rule Charter of the City, the City Manager is required to prepare a proposed annual budget for the municipality and, under Section 102.03(a) of said Code and Section 11.02 of said Charter, is required to submit the same to the City Council at least sixty (60) days before the beginning of each budget year; and,

WHEREAS, under Section 102.006(a) and (b) , Local Government Code and Section 11.05 of the Home Rule Charter of the City, the governing body of the municipality is required to conduct a public hearing on such proposed annual budget; and

WHEREAS, under Section 102.006(c) , Local Government Code and Section 11.04 of the Home Rule Charter, public notice of the date, time and location of such hearing must be given, under Section 102.0065. and Section 102.011 of said Code the provisions of said Charter control as to the method of giving such notice and under Section 11.04 of said Charter said notice must be published not less than ten (10) days nor more than thirty (30) days before the date of such public hearing; and,

WHEREAS, under Section 102.006(b) , Local Government Code, the public hearing on the proposed annual budget must be held before the date the governing body makes its tax levy for the fiscal year covered by such budget and, under Section 102.009 (a) of said Code and Section 11.09 of said Charter, the governing body of the City may levy taxes only in accordance with such budget; and,

WHEREAS, the provisions of Section 26.05, Tax Code, requiring the governing body to conduct two public hearing and satisfy the notice and voting requirements of Section 26.06, Tax Code, do not apply where the proposed tax rate will not exceed the lower of the rollback tax rate or the effective tax rate calculated as provided in said code.

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

SECTION ONE (1) - Findings of Fact

The City Council hereby makes the following findings:

(1) The Chief Appraiser of the Brazoria County Appraisal District furnished to the Assessor and Collector of Taxes for Brazoria County, Texas, a certified appraisal roll of the City for the 2012 tax year on the 2nd day of August, 2012.

(2) The original of the proposed budget for the City's Fiscal Year 2011-2012 was filed by the City Manager of the City with the City Secretary on the 17th day of August, 2012.

(3) On the 2nd day of August, 2012, the Assessor and Collector of Taxes calculated and on the 6th day of August, 2012, caused to be published in the Brazosport Facts a notice of the effective and roll back tax rates for such tax year, being \$0.680000 and \$0.760090, respectively, per \$100.00 valuation.

(4) On the 17th day of August, 2012, there was published in the Brazosport Facts a notice that on the 4th day of September, 2012, beginning at 6:00 o'clock, p.m., a public hearing would be held on the proposed budget for the 2012-2013 fiscal year.

(5) A public hearing on such proposed budget was held on the 4th day of September, 2012, beginning at 6:00 p.m., in the Municipal Courtroom of the Police and Courts Building of the City of Freeport, Texas, located therein at 430 Brazosport Boulevard.

(6) An ordinance adopting the budget filed by the City Manager with the City Secretary was adopted at the conclusion of such hearing, being Ordinance No. 2012-2318, read, passed and adopted on the 4th day of September, 2012.

(7) There is outstanding indebtedness for which an interest and sinking fund must be provided from ad valorem taxes and taxes must be levied as provided below in order to provide a general fund for current expenses and the general improvement of the City and its property and to meet the revenue requirements of the budget for the City's 2012-2013 fiscal year.

(8) That the ad valorem tax for the 2012 tax year, herein below levied, will not exceed the lower of the rollback tax rate or the effective tax rate specified in Item (3) above; and the amount thereof assessed for the interest and sinking fund and the amount thereof assessed for the general fund are both less than the amounts for those funds assessed for the 2011 tax year.

(9) That the Brazosport Facts is a newspaper of general circulation in the City and is its official newspaper.

SECTION TWO (2) - Appraisal Roll Accepted and Adopted

The City Council of the City hereby accepts and adopts the Certified Appraisal Roll for the City furnished to the Assessor and Collector of the City by the Brazoria County Appraisal District and which is incorporated herein by reference.

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SECTION THREE (3) - Tax Rate for Interest and Sinking Fund

The City Council of the City hereby orders, determines and establishes that the tax rate for each \$100.00 valuation of taxable property within the City for the interest and sinking fund shall be \$0. _____ or the tax year 2012. This amount will not raise more taxes for interest and sinking fund than last year.

SECTION FOUR (4) - Tax Rate for General Fund

The City Council of the City hereby orders, determines and establishes that the tax rate for each \$100.00 valuation of taxable property within the City to provide a general fund for maintenance and operation expenses of the City shall be \$0. _____ for the tax year 2012. This amount will not raise more taxes for maintenance and operations than last year's tax rate.

SECTION FIVE (5) - Tax Levy; Assessment and Collection

Ad valorem taxes for the tax year 2012 are hereby levied and shall be assessed and collected as herein above set forth, to-wit: a total tax of \$0. _____ on each \$100.00 valuation of taxable property situated in the City as the ad valorem tax for said year.

SECTION SIX (6) - Severance Clause

Any section or provision of this ordinance found to be unconstitutional, void or inoperative by the final judgment of a court of competent jurisdiction is hereby declared to be severable from the remainder of this ordinance which shall remain in full force and effect.

SECTION SEVEN (7) - Effective Date

This ordinance shall be effective from and after its passage and adoption.

PASSED AND ADOPTED this _____ day of _____, 2012.

Norma Moreno Garcia, Mayor
City of Freeport, Texas

ATTEST:

Delia Muñoz, City Secretary
City of Freeport, Texas

APPROVED AS TO FORM ONLY:

Wallace Shaw, City Attorney,
City of Freeport, Texas

C:\Freeport.Tax\2012 Tax Levy \$0.Blank-Ord

ORDINANCE NO. 2012-2023

AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; CONTAINING FINDINGS OF FACTS; AMENDING THE BUDGET FOR THE FISCAL YEAR 2011-2012; CONTAINING SAVINGS CLAUSES; CONTAINING A SEVERANCE CLAUSE; AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, pursuant to the provisions of Subsection (a) of Section 102.007 of Chapter 102 of the Local Government Code and the provisions of Article 9 of the Home Rule Charter of the City of Freeport (hereinafter sometimes "the City"), the budget for the 2011-2012 fiscal year of the City was finally approved by the City Council, being the governing body thereof, by its Ordinance No. 2011-2286, read, passed and adopted on the 12th day of September, 2011, (hereinafter sometimes "the Budget"); and,

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

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

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

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

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

SECTION ONE (1): FINDINGS OF FACT

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

(1) The amendments and revisions set forth in the Budget were the result of numerous public workshop meetings called and conducted in the manner required by the Texas Open Meetings Act, codified as Chapter 551, Government Code.

(2) A public hearing was held on the Budget on September 12, 2011, and conducted in the manner required by Section 102.006 of the Local Government Code and the City's Home Rule Charter.

(3) Notice of such public hearing was published in the Brazosport Facts, a newspaper of general circulation in and the official newspaper of the City in the manner and time required by Chapter 102 of said Code and the City's Home Rule Charter.

(4) A grave public necessity exists and to meet an unusual and unforeseen conditions that could not have been included in the original budget through the use of reasonably diligent thought and attention and the Budget must be amended and revised with respect of the new or additional expenditures set forth in Exhibit "A" attached hereto and made a part hereof, such unusual and unforeseen conditions also being set forth in said Exhibit "A".

(5) The proposed changes are set forth in Exhibit "A" attached hereto and made a part hereof.

(6) All of the changes set forth in Exhibit "A" are for municipal purposes.

(7) The several amounts stated in Exhibit "A" as the amended or revised expenditures are hereby appropriated to and for the objects and purposes therein named.

(8) The contingent appropriations, as amended and revised in said Exhibit "A", do not exceed three (3%) percent of the total amended and revised budget appropriations reflected therein.

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

SECTION ONE (2):

The existing budget of the City of Freeport, Texas, for the fiscal year 2011-2012 is hereby amended and revised as reflected in said Exhibit "A".

SECTION THREE (3):

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

SECTION FOUR (4):

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

SECTION FIVE (5):

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

SECTION SIX (6):

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

READ, PASSED AND ADOPTED this _____ day of September, 2012.

**Norma Moreno Garcia, Mayor,
City of Freeport, Texas**

ATTEST:

**Delia Muñoz, City Secretary,
City of Freeport, Texas**

APPROVED AS TO FORM ONLY:

**Wallace Shaw, City Attorney,
City of Freeport, Texas**



200 West 2nd Street
 Freeport, TX 77541
 PH: (979) 233-3526
 FX: (979) 373-0113

Council

MEMORANDUM

To: Mayor and Council
 From: Bob Welch
 Re: Request for Amendment of Budgeted Funds # 6
 Date: September 17, 2012

We are requesting the following amendments to the 2011-2012 Budget:

BUDGET AMENDMENTS	ACCT#	ACCOUNT DESCRIPTION	BUDGET AMENDMENTS	
			DEBITS	CREDITS
1 TRANSFER FROM GENERAL FUND TRANSFER TO DEBT SERVICE FUND 64 TRANSFER TO COVER DEFICIT IN FUND BALANCE - FUND 64	64-710-010 10-700-064	TRANSFER FROM GENERAL FUND TRANSFER TO FUND 64	32,597	32,597
2 TRANSFER FROM GENERAL FUND TRANSFER TO DEBT SERVICE FUND 65 TRANSFER TO COVER DEFICIT IN FUND BALANCE - FUND 65	65-710-010 10-700-065	TRANSFER FROM GENERAL FUND TRANSFER TO FUND 65	32,618	32,618
3 MISC. DONATIONS POLICE- SEMINARS/DUES/TRAVEL RECORD DONATION FROM BASF TO THE POLICE DEPARTMENT	10-360-920 10-525-602	MISC. DONATIONS POLICE - SEMINARS/DUES/TRAVEL	1,000	1,000
4 MISC. DONATIONS POLICE- SEMINARS/DUES/TRAVEL RECORD DONATION FROM DOW CHEMICAL FOUNDATION TO THE POLICE DEPT.	10-360-920 10-525-602	MISC. DONATIONS POLICE - SEMINARS/DUES/TRAVEL	2,500	2,500

SUMMARY EFFECT ON GOVERNMENTAL FUNDS:

BUDGET ADJUSTMENTS	ACCT#	CURRENT BUDGET	BUDGET AMEND	AMENDED BUDGET
TRANSFER FROM GENERAL FUND	64-710-010	0	-32,597	-32,597
TRANSFER TO DEBT SERVICE FUND 64	10-700-064	0	32,597	32,597
TRANSFER FROM GENERAL FUND	65-710-010	0	-32,618	-32,618
TRANSFER TO DEBT SERVICE FUND 65	10-700-065	0	32,618	32,618
MISC. DONATION	10-360-920	-4,710	-3,500	-8,210
POLICE - SEMINARS/DUES/TRAVEL	10-525-602	28,663	3,500	32,163
Net effect on Fund Balance:				\$0



Fraternal Order Eagles # 3111
6818 Hwy. 332 E.
Freeport, TX 77541
979-239-2582

To: Freeport City Council

RE: Fraternal Order Eagles # 3111 Annual Turkey Shoot

Dear Freeport City Council;

The Fraternity of Eagles Aerie # 3111 would like to request to be placed on the next City Council meeting to discuss our Annual Turkey Shoot. We would like to be allowed to conduct the shoot every Sunday from Noon to 4:00 p.m. beginning October 14, 2012 and ending December 16, 2012.

Proceeds will go to Christmas Baskets for the Brazosport area patrons in need.

Sincerely Yours,

A handwritten signature in black ink that reads "Yvette Ruiz". The signature is written in a cursive style.

Jr. Past Worthy President
Fraternal Order Eagles # 3111
979-824-1320

**DESIGNATION OF REPRESENTATIVE AND ALTERNATE
HOUSTON-GALVESTON AREA COUNCIL
2013 GENERAL ASSEMBLY**

BE IT RESOLVED, by the Mayor and City Council of _____, Texas,
that _____ be, and is hereby designated as its Representative
to the **GENERAL ASSEMBLY** of the Houston-Galveston Area Council for the year 2013.

FURTHER, that the Official Alternate authorized to serve as the voting representative should
the hereinabove named representative become ineligible, or should he/she resign, is
_____.

THAT the Executive Director of the Houston-Galveston Area Council be notified of the
designation of the hereinabove named representative and alternate.

PASSED AND ADOPTED, this _____ day of _____, 2012.

APPROVED:

Mayor

ATTEST:

By: _____

KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

Lake Jackson Office
8 West Way Court
Lake Jackson, Texas 77566
(979) 297-4075 Fax: (979) 297-6648
(800) 399-4075

Houston Office.
10260 Westheimer, Suite 410
Houston, Texas 77042
(281) 974-3416 Fax: (281) 974-3764

Engagement Letter

June 15, 2012

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, 2012. We will audit the financial statements of the governmental activities, the business-type activities, discretely presented component unit, 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, 2012. 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 Funds.
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.

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www.kmkwllc.com – Email kmkw@kmkwllc.com

To the Honorable Mayor and
Members of City Council
City of Freeport
Engagement Letter
June 15, 2012
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
June 15, 2012
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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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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
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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
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City of Freeport
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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 February 4, 2013 and final reports by February 11, 2013. Tommy E. Masters, CPA is the in-charge auditor and Kevin R. Cadenhead, CPA is the engagement partner and is responsible for supervising the engagement and signing the report.

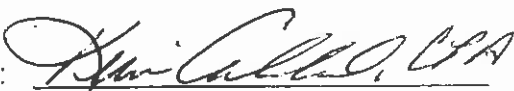
Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we estimate our fee to be \$ 27,450. Our standard hourly rates vary according to the degree of responsibility involved 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 2011 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
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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: _____

August 23, 2011

Kevin Ray Cadenhead, CPA
Kennemer, Masters & Lunsford, CPAs, LLC
8 W Way Ct
Lake Jackson, TX 77566

Dear Mr. Cadenhead:

It is my pleasure to notify you that on August 22, 2011 the Texas Society of CPAs 2011-12 Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2014. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,



Jerry L. Cross, CPA
Director, Peer Review
jcross@tscpa.net

800 428-0272

cc: Robert Goldstein. CPA

Firm Number: 10084266

Review Number: 320465

Robert D. Goldstein, CPA

2603 Augusta Drive • Suite 1100 • Houston, TX 77057-5639

(713) 787-9927 • e-mail RDGTexas@aol.com

Member of the TSCPA and the AICPA Center for Audit Quality

System Review Report

July 8, 2011

To the Members of Kennemer, Masters & Lunsford, LLC
and the Peer Review Committee of the Texas Society of Certified Public Accountants

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, 2011. My peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable 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 therewith based on my review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

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, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Kennemer, Masters & Lunsford, LLC has received a peer review rating of *pass*.



Robert D. Goldstein, CPA

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,


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

“Department” or “TDPS” means the Texas Department of Public Safety.

“Failure to Appear Program” or “FTA Program” refers to the implementation efforts of all parties, including those system components provided by the TDPS, local political subdivisions and the Vendor, including the FTA System.

“Failure to Appear System” or “FTA System” refers to the goods and services, including all hardware, software, consulting services, telephone and related support services, supplied by the Vendor.

“FTA Software” refers to computer software developed or maintained now or in the future by the Vendor to support the FTA System.

“Originating Court” refers to the court in which an applicable violation has been filed for which a person has failed to appear or failed to pay or satisfy a judgment and which has submitted an appropriate FTA Report.

“State” refers to the State of Texas.

“Local political subdivision” refers to a city or county of the State of Texas.

Unless otherwise defined, terms used herein shall have the meaning assigned by Texas Transportation Code Chapter 706 or other relevant statute. Terms not defined in this Contract or by other relevant statutes shall be given their ordinary meanings.

IV. Governing Law

This Contract is entered into pursuant to Texas Government Code Chapter 791 and is subject to the laws and jurisdiction of the State of Texas and shall be construed and interpreted accordingly.

V. Venue

The parties agree that this Contract is deemed performable in Travis County, Texas, and that venue for any suit arising from the interpretation or enforcement of this Contract shall lie in Travis County, Texas.

VI. Application and Scope of Contract

This Contract applies to each FTA Report submitted to and accepted by the TDPS or the Vendor by the local political subdivision pursuant to the authority of Texas Transportation Code Chapter 706.

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VII. Required Warning on Citation for Traffic Law Violations

A peace officer authorized to issue citations within the jurisdiction of the local political subdivision shall issue a written warning to each person to whom the officer issues a citation for a traffic law violation. This warning shall be provided in addition to any other warnings required by law. The warning must state in substance that if the person fails to appear in court for the prosecution of the offense or if the person fails to pay or satisfy a judgment ordering the payment of a fine and cost in the manner ordered by the court, the person may be denied renewal of the person's driver license. The written warning may be printed on the citation or on a separate instrument.

VIII. FTA Report

If the person fails to appear or fails to pay or satisfy a judgment as required by law, the local political subdivision may submit an FTA Report containing the following information:

- (1) the jurisdiction in which the alleged offense occurred;
 - (2) the name of the local political subdivision submitting the report;
 - (3) the name, date of birth and Texas driver license number of the person who failed to appear or failed to pay or satisfy a judgment;
 - (4) the date of the alleged violation;
 - (5) a brief description of the alleged violation;
 - (6) a statement that the person failed to appear or failed to pay or satisfy a judgment as required by law;
 - (7) the date that the person failed to appear or failed to pay or satisfy a judgment;
- and
- (8) any other information required by the TDPS.

There is no requirement that a criminal warrant be issued in response to the person's failure to appear. The local political subdivision must make reasonable efforts to ensure that all FTA Reports are accurate, complete and non-duplicative.

IX. Clearance Reports

The originating court that files the FTA Report has a continuing obligation to review the report and promptly submit appropriate additional information or reports to the Vendor or the TDPS. The clearance report shall identify the person, state whether or not a fee was required, advise the TDPS to lift the denial of renewal and state the grounds for the action. All clearance reports must be submitted immediately from the time and date that the originating court receives appropriate payment or other information that satisfies the citizen's obligation to that court.

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To the extent that a local political subdivision utilizes the FTA Program by submitting an FTA Report, there is a corresponding obligation to collect the statutorily required \$30.00 administrative fee. If the person is acquitted of the underlying offense for which the original FTA Report was filed, the originating court shall not require payment of the administrative fee. The local political subdivision shall submit a clearance report immediately advising the TDPS to lift the denial of renewal and identifying the grounds for the action.

The local political subdivision must immediately file a clearance report upon payment of the administrative fee and:

- (1) the perfection of an appeal of the case for which the warrant of arrest was issued or judgment arose;
- (2) the dismissal of the charge for which the warrant of arrest was issued or judgment arose;
- (3) the posting of a bond or the giving of other security to reinstate the charge for which the warrant was issued;
- (4) the payment or discharge of the fine and cost owed on an outstanding judgment of the court; or
- (5) other suitable arrangement to pay the fine and cost within the court's discretion.

The TDPS will not continue to deny renewal of the person's driver license after receiving notice from the local political subdivision that the FTA Report was submitted in error or has been destroyed in accordance with the local political subdivision's record retention policy.

X. Compliance with Law

The local political subdivision understands and agrees that it will comply with all local, state and federal laws in the performance of this Contract, including administrative rules adopted by the TDPS.

XI. Accounting Procedures

An officer collecting fees pursuant to Texas Transportation Code §706.006 shall keep separate records of the funds and shall deposit the funds in the appropriate municipal or county treasury. The custodian of the municipal or county treasury may deposit such fees in an interest-bearing account and retain the interest earned thereon for the local political subdivision. The custodian shall keep accurate and complete records of funds received and disbursed in accordance with this Contract and the governing statutes.

The custodian shall remit \$20.00 of each fee collected pursuant to Texas Transportation Code §706.006 to the Comptroller on or before the last day of each

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calendar quarter and retain \$10.00 of each fee for payment to the Vendor and credit to the general fund of the municipal or county treasury.

XII. Payments to Vendor

The TDPS has contracted with OmniBase Services of Texas ("Vendor"), a corporation organized and incorporated under the laws of the State of Texas, with ~~its principal place of business in Austin, Texas, to assist with the implementation of~~ the FTA Program.

Correspondence to the Vendor may be addressed as follows:

OmniBase Services of Texas
7320 North Mo Pac Expressway, Suite 310
Austin, Texas 78731
(512) 346-6511 ext. 100; (512) 346-9312 (fax)

The local political subdivision must pay the Vendor a fee of \$6.00 per person for each violation which has been reported to the Vendor and for which the local political subdivision has subsequently collected the statutorily required \$30.00 administrative fee. In the event that the person has been acquitted of the underlying charge, no payment will be made to the Vendor or required of the local ~~political subdivision.~~

The parties agree that payment shall be made by the local political subdivision to the Vendor no later than the last day of the month following the close of the calendar quarter in which the payment was received by the local political subdivision.

XIII. Litigation and Indemnity

In the event that the local political subdivision is aware of litigation in which this Contract or Texas Transportation Code Chapter 706 is subject to constitutional, statutory, or common-law challenge, or is struck down by judicial decision, the local political subdivision shall make a good faith effort to notify the TDPS immediately.

Each party may participate in the defense of a claim or suit affecting the FTA Program, but no costs or expenses shall be incurred for any party by the other party without written consent.

To the extent authorized by law, the local political subdivision City agrees to indemnify and hold harmless the TDPS against any claims, suits, ~~actions,~~

damages and costs of every nature or description arising out of or resulting from the performance of this Contract, and the local political subdivision City further agrees to satisfy any final judgment awarded against the local political subdivision City or the TDPS arising from the performance of this Contract, provided said claim, suit, action, damage, judgment or related cost is not attributed by the judgment of a court of competent jurisdiction to the sole negligence of the TDPS.

It is the agreement of the parties that any litigation involving the parties to this Contract may not be compromised or settled without the express consent of the TDPS, unless such litigation does not name the TDPS as a party.

This section is subject to the statutory rights and duties of the Attorney General for the State of Texas.

XIV. Contract Modification

No modifications, amendments or supplements to, or waivers of, any provision of this Contract shall be valid unless made in writing and executed in the same manner as this Contract.

XV. Severability

If any provision of this Contract is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable. This Contract shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and the remaining provisions shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance therefrom.

XVI. Multiple Counterparts

This Contract may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes and all of which constitutes, collectively, one Contract. But, in making proof of this Contract, it shall not be necessary to produce or account for more than one such counterpart.

XVII. Effective Date of Contract

This Contract shall be in effect from and after the date that the final signature is set forth below. This Contract shall automatically renew on a yearly basis. However, either party may terminate this Contract upon thirty days written notice to the other party. Notice may be given at the following addresses:

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Local political subdivision

Texas Department of Public Safety
Attn: Enforcement and Compliance Service
5805 North Lamar Boulevard
Austin, Texas 78773-0001
(512) 424-5311 [fax]

Notice is effective upon receipt or three days after deposit in the U. S. mail, whichever occurs first. After termination, the local political subdivision has a continuing obligation to report dispositions and collect fees for all violators in the FTA System at the time of termination.

**TEXAS DEPARTMENT OF
PUBLIC SAFETY**

LOCAL POLITICAL SUBDIVISION*

Sheri Gipson
Deputy Administrator

Authorized Signature

Date

Title

Date

*An additional page may be attached if more than one signature is required to execute this Contract on behalf of the local political subdivision. Each signature block must contain the person's title and date.