



**AGENDA
REGULAR MEETING
FREEPORT CITY COUNCIL
MONDAY, NOVEMBER 4, 2019 at 6:00 P.M.**

Mayor:
Troy Brimage

Council Members:
Ken Green
Brooks Bass
Sandra Loeza
Roy Yates

City Manager:
Timothy Kelty

THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, WILL MEET ON MONDAY, THE 4TH DAY OF NOVEMBER 2019, AT 6:00 P.M., AT THE FREEPORT POLICE DEPARTMENT, MUNICIPAL COURT ROOM, 430 NORTH BRAZOSPORT BOULEVARD, FREEPORT TEXAS FOR THE FOLLOWING PURPOSES:

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

INVOCATION AND PLEDGE OF ALLEGIANCE: (Council Member)

CITIZENS' COMMENTS:

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

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

1. Presentation of fourth quarter financials. **(Russell)**

CONSENT AGENDA:

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 Any item requiring additional discussion may be withdrawn from the Consent Agenda by the Mayor, Councilmember or City Manager, and acted upon separately.

2. Consideration and possible action on the approval of City Council meeting minutes from October 21, 2019. **(Wells)**
3. Consideration of approving Ordinance No. 2019-2588 enacting and adopting a supplement (S-23) codifying ordinances adopted by City Council from September 2018 to June 2019. **(Wells/Kelty)**

COUNCIL BUSINESS – REGULAR SESSION:

4. **Public Hearing:** Public Hearing and possible action of a proposed replat. being a Plat Partition Survey of Bernard Acres 1.28 Acres-2 Lots. Amended plat of lots 81, 82 and 83 Block 1, Bernard Acres, Section II, according to the recorded plat in volume 8, page 33 Plat Records, Brazoria County, Texas. **(Shoemaker)**
5. **Public Hearing:** Public Hearing and possible action of a proposed replat. being a Plat Partition Survey Prihoda Subdivision 0.30 Acre-2 Lots. Amended plat of a 0.30-acre tract of land adjoining Bastrop Beach Subdivision in the S.F. Austin Survey, abstract 30, in the J. S., Hall Survey, abstract 217, and the J.M. Musquez Survey abstract 332, Brazoria County, Texas. **(Shoemaker)**
6. Consideration of authorizing the purchase of public safety vehicles for the Freeport Police Department. **(Russell)**
7. Consideration and possible action to appoint a candidate to fill vacancy on the Freeport Economic Development Corporation Board. **(Kelty)**
8. Consideration of approving a 380 agreement between the City of Freeport and the EDC. **(Russell/Holman)**
9. Consideration of authorizing the transfer of ownership block 529 and lot 10 in the Velasco Townsite, from the City of Freeport to the Freeport Economic Development. **(Kelty)**
10. Consideration of appointment of members to fill vacancies on the Historical Commission and Main Street Advisory Board. **(Strahan/Kelty)**
11. Consideration of approving Resolution No. 2019-2612 an amended application by Centerpoint Energy. **(Kelty)**

WORK SESSION:

12. **The City Council may deliberate and make inquiry into any item listed in the Work Session.**
 - A. Mayor Troy T. Brimage announcements and comments.
 - B. Councilman Green Ward A announcements and comments.
 - C. Councilman Bass Ward B announcements and comments.
 - D. Councilwoman Loeza Ward C announcements and comments.
 - E. Councilman Yates Ward D announcements and comments.
 - F. City Manager Tim Kelty announcement and comments
 - Mystery Boat

- Antonelli's
- G. Updates on current infrastructure.
- H. Update on reports / concerns from Department heads.

CLOSED SESSION:

13. Executive Session regarding economic development (Projects 2019-2 and 2019-3) and Attorney Consultation accordance with Vernon's Texas Government Code Annotated, Chapter 551, 551.087 and Chapter 551, 551.071

COUNCIL BUSINESS – REGULAR SESSION:

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

ADJOURNMENT:

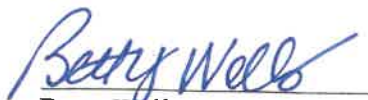
15. Adjourn.

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

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

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

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


Betty Wells, City Secretary
City of Freeport, Texas



City Council Agenda Item # 1

Title: Presentation of the Investment Report for the quarter ended September 30, 2019

Date: November 4, 2019

From: Stephanie Russell, Assistant City Manager/Finance Director

Staff Recommendation:

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

Item Summary:

This report reflects that on September 30, 2019, the City's total portfolio of \$10.4M was managed in compliance with the PFIA and the City's investment policies.

Background Information:

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

Special Considerations: N/A

Financial Impact: N/A

Board or 3rd Party recommendation: N/A

Supporting Documentation:

Quarterly Investment Report



City of Freeport

**FY2018-2019
Quarterly Investment Report
Period Ending September 30, 2019**



Management Summary

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

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

As of September 30, 2019, the City's cash and investments were as follows:

Investment Category	Book Value	Percentage	Weighted Average Maturity (Days)
Cash in Demand Accounts	\$ 4,117,046	39.40%	1.00
Government Pools	\$ 6,331,718	60.60%	1.00
Certificates of Deposit	\$ -	0.00%	0.00
TOTAL	\$ 10,448,764	100.00%	1.00

The portfolio is highly liquid with over \$10 million or 100% available immediately.

Interest rates on investments range from 1.95 % to 2.14%. While these rates have decreased from the previous quarter, the City has still experienced an increase in interest overall. Staff anticipates the City will see higher interest rates proposed during the Primary Depository Request for Applications.

Compliance: The City requires its depository banks to provide collateral for all deposits in excess of Federal Deposit Insurance. As of September 30, 2019, the market value of collateral pledged to the City by Texas Gulf Bank through the Baker Bond Accounting was \$6.18M, 150% of deposits.

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



Quarterly Investment Report
July 1, 2019 - September 30, 2019

G/L Account	Description	Book Value	Current Interest Rate	Yield to Maturity	Maturity Date	Days to Maturity	Beginning Market Value for Period	Changes to Market Value	Ending Market Value for Period	Interest Paid YTD
Cash in Demand Accounts										
99-101-000	Operating Account	\$ 4,019,475	1.95%	1.95%	Demand	1	\$ 4,012,306	\$ 7,169	\$ 4,019,475	\$ 72,239
87-101-000	Clearing Fund 87	\$ 49,901	1.95%	1.95%	Demand	1	\$ 52,120	\$ (2,220)	\$ 49,901	\$ 1,401
15-101-000	Golf Fund	\$ -	1.95%	1.95%	Demand	1	\$ -	\$ -	\$ -	\$ 11
64-101-000	Capital Purchase DS	\$ 2,797	1.95%	1.95%	Demand	1	\$ 2,783	\$ 14	\$ 2,797	\$ 371
65-101-000	COO2008 \$3.3M DS	\$ 11,022	1.95%	1.95%	Demand	1	\$ 10,966	\$ 56	\$ 11,022	\$ 250
56-101-043	Water and Sewer I&S	\$ 11,203	1.95%	1.95%	Demand	1	\$ 11,215	\$ (13)	\$ 11,203	\$ 251
10-104-100	Historical Museum	\$ 22,648	0.00%	0.00%	Demand	1	\$ 22,646	\$ 2	\$ 22,648	\$ -
Total Cash in Demand Accounts		\$ 4,117,046					\$ 4,112,037	\$ 5,009	\$ 4,117,046	\$ 74,522
Invested in Government Pools										
10-103-101	TexPool	\$ 6,331,718	2.14%	2.14%	Demand	1	\$ 7,560,200	\$ (1,228,482)	\$ 6,331,718	\$ 176,890
Total Invested in Pools		\$ 6,331,718					\$ 7,560,200	\$ (1,228,482)	\$ 6,331,718	\$ 176,890
TOTAL ALL INVESTMENTS		\$ 10,448,764					\$ 11,672,237	\$ (1,223,473)	\$ 10,448,764	\$ 251,412

Investment Category	Book Value	Percentage	Weighted Average Maturity
Cash in Demand Accounts	\$ 4,117,046	39.40%	1.00
Government Pools	\$ 6,331,718	60.60%	1.00
Certificates of Deposit	\$ -	0.00%	0.00
TOTAL	\$ 10,448,764	100.00%	1.00

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

The City requires its depository banks to provide collateral for all deposits in excess of Federal Deposit Insurance. At the end of the quarter, the market value of collateral pledged by Baker Bond Accounting to the City was \$6.18M, 150% of deposits.

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

Stephanie Russell

Stephanie Russell, Investment Officer

10/29/2019
Date

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Monday, October 21, 2019 at 6:00 p.m. at the Freeport Police Department, Municipal Court Room, 430 North Brazosport Boulevard, Freeport Texas for the purpose of considering the following agenda items:

City Council: Mayor Troy Brimage- Absent
Councilman Brooks Bass
Councilman Ken Green
Councilwoman Sandra Loeza
Councilman Roy E. Yates

Staff: Tim Kelty, City Manager
Betty Wells, City Secretary
Chris Duncan, City Attorney
Brenda Miller-Ferguson Human Resource Director
Courtland Holman, Economic Development Director
Laura Tolar-Special Projects Coordinator Assistant City Secretary
Billy Shoemaker-Building Department Director
Ray Garivey-Freeport Chief of Police
Donna Fisher, Human Resource Specialist
Brian Dybala, Golf Course Director
Chris Motley, Freeport Fire Chief

Visitors:	Melanie Oldham	Angie Williams
	Edmeryl Williams	Jerry Meeks
	Donna Hayes	Richard Weatherly
	Mario Muraira	Sam Reyna
	Kenny Hayes	Bob Koole

Call to order.

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

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

City employee Donna Fisher was presented with a certificate recognizing her as Employee of the Month for September 2019

Citizen's Comments

There were no citizen's comments.

CONSENT AGENDA:

Consideration and possible action on the approval of City Council meeting minutes from October 21, 2019

Consideration of approving the Mayor and City Secretary to sign and attest a real estate lease agreement with Creative Design & Marketing for Suite 205 on 2nd floor of City Hall.

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

REGULAR SESSION

Consideration of approving Freese and Nichols to study the Inflow and Infiltration of the sewer system.

Tim Kelty, City Manager presented to council the problems that the City has with our Infiltration and Inflow to the City's sewer system. He explained that infiltration occurs when the ground water rises above the level of pipes, and seeps into the pipes through cracks from the aging of infrastructure. Inflow is where surface water from storm water makes its way into the pipes. The issue that the City has with infiltration and inflow is that during dry weather flow to our waste water treatment plant is about 750,000 GPD. During heavy wet weather that rate of flow exceeds 5,000,000 GPD. The City must make infrastructure improvements to our collection system. Mr. Kelty said his goal is work with Freese and Nichols to create new plan, and go before TCEQ, with Freese and Nichols and negotiate a new agreement with that agency which will give the City more time to deal with this problem. Brooks Bass asked that Mr. Richard Weatherly and Mr. McDonald from Freese and Nichols speak to Council and the public of the plan. Mr. Weatherly explained that there has been a lot of work done by Veolia. Freese and Nichols will review the work that has been done and identify and quantify the city has the biggest problems. This plan will be presented to TCEQ and negotiate a new schedule. Mr. McDonald with Freese and Nichols said this will be a multi-year process. Freese and Nichols will build the City's Geographic Information System (GIS). Brooks Bass asked if they will be working with Veolia, Mr. Weatherly said they will be working very closely with Veolia. Mr. Kelty said that there is money currently set for this engineering work, and he also said that he is looking for potential sources for grant funding as well for implementation.

On a motion by Councilman Yates, seconded by Councilman Green, with all present voting "Aye", Council unanimously approved Freese and Nichols to study the Inflow and Infiltration of the sewer system.

Consideration of approving online sales, terms and conditions with PublicSurplus.com for online auction.

City Manager Tim Kelty presented to Council an agreement with Public Surplus.com for the online auction items that were previously declared surplus by the City.

On a motion by Councilwoman Loeza and seconded by Councilman Yates with all present and voting "Aye" Council unanimously approved online sales, terms and conditions with PublicSurplus.com for online auction

Consideration of approving Ordinance No. 2019-2587 establishing a master fee schedule

Billy Shoemaker Building Department Director presented to Council Ordinance No. 2019-2587. He said that what this ordinance will do is take all the fees throughout the Code of Ordinances and put them all on one Master Fee Schedule. Tim Kelty said that one of the authorities of the City Council is to set fees within the City. There are a number of things that the City was charging fees for that had not been authorized by City Council. There was no kind of foundation for those fees being charged. All of these problems will be cleaned up through this ordinance. Brooks Bass asked City Attorney if he reviewed this and if he feels that this is prudent and necessary. City Attorney Chris Duncan Concurred with staff's recommendation and said he had helped prepare the ordinance.

On a motion by Councilwoman Loeza and seconded by Councilman Green with all present and voting "Aye" Council unanimously approved Ordinance No. 2019-2587 establishing a master fee schedule.

Consideration of approving Resolution No. 2019-2611 approving the master fee schedule.

Billy Shoemaker, Building Department Director, presented Council with possible action of a proposed Resolution No. 2019-2611. City Manager Tim Kelty explained to Council that this Master Fee schedule will list all the fees that are charged throughout the City. Mr. Kelty said the other thing about this is that if the City ever needs to change or adopt fees all that will need to be done is another similar type resolution. This will make it a lot cleaner and easier as time goes by. Councilman Bass asked about the fees that were being charged that were not approved by Council. He asked if the Master Fee list was published on our website. Mr. Kelty explained that some of our fees such as food and beverage license fees were being under charged. Billy Shoemaker said that on the Building fees the City is now charging a per square foot. This was researched with other local cities and this is the method these cities use.

Councilman Bass asked if there are any significant changes that Council needs to be aware of. The only change from the Freeport Fire Department is the International Fire Code permitting, Fire Chief Motley said that we have never had the fees before.

Melanie asked about the golf course fees, she asked if the fees were increasing. Golf Course Director Brian Dybala said that the golf course has always had rates, but there has been no rate change in a few years. The new fee for a round of golf increased by five dollars. Ms. Oldham also asked about the erosion by the driving range and if the fees will go towards fixing this problem. Mr. Kelty said the golf course is supported by the general fund. Councilman Yates commented that the pages are not numbered. Councilman Bass recommends that the pages be numbered. Billy Shoemaker also said that the pool inspection fee was left off, and was added.

On a motion by Councilman Yates with the addition of page numbers and the pool inspection fee, seconded by Councilman Green. with the addition of page numbers and the pool inspection fee, With all present and voting "Aye" Council unanimously approved Resolution No. 2019-2611 approving the master fee schedule.

Consideration of approving a 380 agreement between the City of Freeport and the EDC

Courtland Holman Economic Development Director presented to Council a 380 Agreement between EDC and the City of Freeport he said that with this agreement this will pay off the balloon payment that is due November 2019 to the First State Bank of Clute. He said that this has been taken to the EDC Board for discussion, with no action taken. Mr. Holman said that this is a grant effort to pay off the balloon payment to the Bank of Clute. He said that according to Bond Counsell it is not worth the effort to refinance. Bond Council's recommendation is to pay off the note. Mr. Holman said that Combined the EDC the City have sufficient funds in their unallocated resources to pay off the \$765,000 balloon payment and still have funds remaining. If the city approves up to \$300,000.00 then the EDC will be funding projects for the City in the fiscal years 2021 and 2022 in the amount of \$150,000.00 a year for

each authorized project. Councilman Bass asked what an authorized project would consist of. Mr. Holman said, street, drainage, sewer and/or water infrastructure. Melanie Oldham asked what guarantee the public will have that these projects would be completed. She asked who will be making sure that these projects are being enforced. Mr. Kelty said that it would be him, the City Manager. Councilman Green asked how we found ourselves in this position. Mr. Kelty said that this money was actually for the Marina Project. Councilman Green asked if the EDC was making these payments, is this in the EDC budget. Councilman Green requested that this item be tabled and discussed in Executive Session. Melanie Oldham asked if the Bond Council would be invited at some point since Chris Duncan represents both the City and the EDC. Councilman Bass asked if there would be an immediate danger to the budget of the EDC if this does not get approved tonight. The balloon payment is due November 21, 2019.

On a motion by Councilman Green and seconded by Councilman Yates with all present and voting "Aye" Council unanimously tabled approving the 380 agreement between the City of Freeport and the EDC until the next Council meeting.

WORK SESSION:

Councilman Green spoke about the pot holes need to be worked on. He said that 2nd Street looks terrible, it needs to be mowed. He also said that he had a couple employees who talked with him about the transition over the City's payroll for employees, he said that he thinks it was just a misunderstanding and he was unable to answer the question to the employees.

Councilman Bass said that he spoke to City Manager Tim Kelty about Pecan Street from 8th down to the school, he said that they have most of the concrete done. He said that they will be looking into the time frame of the contracts, he thinks on a personal stand point this is taking too long. This is a main way for kids to get to Freeport Elementary. He thinks that in future projects that we have provisions. He also said going back to the tabled item he wants to make sure that everyone understands that we are not tabling to have a back room discussion, but to make sure that everyone has understanding on this issue for the next discussion. This not something that will come up in executive session but is something that will come up before the people of the City of Freeport.

Councilwoman Loeza had nothing to discuss.

Councilman Yates had nothing to discuss.

City Manager Tim Kelty said that he and Assistant City Manager Stephanie Russell went to a seminar. He said that they got some really good information about funding. He said that he spoke to the General Land office at the TML conference about funding for the Golf Course situation. He said that he would like Brian Dybala to present to Council in his report the details of the problem.

Update on reports / concerns from Department heads

Brian Dybala, Director of Freeport Golf Course said that the erosion has been surveyed and he said that holes ten and eleven that run along the river. He said that number eleven hole is starting to lose river bank. He said that they have lost about five feet in over the last month. He said that the irrigation lines were brought in about ten to twelve feet after Harvey, and this is already exposed. Mr. Kelty said that he has asked Freese and Nichols to bring in some emergency measures. He said that we will start losing the fairway if we don't do something quickly. He also said that this is something that has to be permitted through Army Core of Engineers. Melanie Oldham asked who will pay for this. Councilman Bass suggested to Brian to reach out to Freese and Nichols and reach out to other companies as well. Brian

also said that this Fiscal Year is the most rain he has seen. He also said that this year the golf course had close to twenty-six thousand rounds of golf played.

Open session was closed at 6:54 pm and Council entered into Executive Session.

CLOSED SESSION:

Executive Session regarding economic development (Projects 2019-2 and 2019-3) and Attorney Consultation (Potential Litigation) in accordance with Vernon's Texas Government Code Annotated, Chapter 551, 551.087 and Chapter 551, 551.071.

REGULAR SESSION

Mayor Pro Tem Brooks Bass opened regular session at 7:16 pm

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

No action taken.

Adjourn

On a motion by Councilwoman Loeza, seconded by Councilman Green, with all present voting "Aye", Mayor Troy Brimage adjourned the meeting at 7:16 PM.

Mayor, Troy Brimage
City of Freeport, Texas

City Secretary, Betty Wells
City of Freeport, Texas



City Council Agenda Item # 3

Title: Ordinance enacting and adopting a supplement to the Code of Ordinance of the City of Freeport, codifying ordinances adopted between September 2018 and June 2019

Date: 11/4/2019

From: Tim Kelty, City Manager

Staff Recommendation: Staff Recommends adoption of the ordinance

Item Summary: This ordinance formally incorporates all ordinances adopted between September 2018 and June 2019 into the City of Freeport Code of Ordinances appropriate for codification. This is an annual action necessary in order to make sure that ordinances adopted by City Council that establish policies, rules and procedures for the city of Freeport become part of the city code book

Background Information:

American Legal Publishing is the company that city has under contract to maintain and publish our City Code. While ordinance typically go into effect upon passage, or publication, or by a timeframe specified by the ordinance; the City's Code of Ordinance is an reference book that contains all codified ordinances setting the policies, rules and regulations of the city in an organized fashion. On a regular basis, in order to keep the Code up to date, the city sends all relevant ordinances adopted since the previous supplement to American Legal Publishing for reformatting into the code. American legal creates the new pages for inclusion which must be adopted by ordinance.

Special Considerations None

Financial Impact: None

Supporting Documentation: Ordinance, Supplement

ORDINANCE NO.2019-2588

AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; ENACTING AND ADOPTING A SUPPLEMENT TO THE CODE OF ORDINANCE OF THE CITY; 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, pursuant to the provisions of Chapter 53 of the Local Government Code, the City Council of the City by its Ordinance No. 1806, read, passed and adopted on the 9th day of September 1996, adopted a Code of Ordinance for the City prepared by American Legal Publishing Corporation of Cincinnati, Ohio ("ALP"); and,

Whereas, Supplements S-1, S-2, S-3, S-4, S-5, S-6, S-7, S-8, S-9, S-10, S-11, S-12, S-13, S-14, S-15, S-16, S-17, S-18, S-19, S-20, S-21 and S-22 to said Code of Ordinances prepared by ALP have heretofore been adopted by Ordinance Numbers 1817, 1813, 1853, 1888, 2001-1931, 2002-1998, 2003-2024, 2005-2104, 2006-2136, 2007-2175, 2008-2211-B, 2009-2225, 2010-2258, 2011-2290, 2012-2028, 2013-2055, 2014-2070, 2015-2099b, 2016-2152, 2018-2561 and 2018-2562 of the City, respectively; and,

WHEREAS, ALP has completed supplement S-23 to said Code of Ordinance containing all ordinances of a general and permanent nature enacted after those included in Supplement S-22 and has recommended its adoption by the enactment of this ordinance.

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

First, Supplement S-23 to the Code of Ordinances of the City of Freeport, Texas, as submitted by ALP, and as attached hereto, be and the same is hereby adopted by reference as if set out in its entirety.

Second, such supplement shall be deemed published as of the day of its adoption and approval by the City Council and the City Secretary is hereby authorized and directed to insert such supplement into the copy of such Code of Ordinances kept on file in the City Secretary's office.

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

READ, PASSED AND ADOPTED this _____ day of _____, 2019.

Brooks Bass, Mayor, Pro -Tem
City of Freeport, Texas

ATTEST:

Betty Wells City Secretary
City of Freeport, Texas

APPROVED AS TO FORM ONLY

Chris Duncan, City Attorney
City of Freeport, Texas

C\Freeport.Ord\CodUpDte-S22-Ord



City Council Agenda Item # 4

Title:

Discuss and consider approval of a proposed re-plat of Bernard Acres 1.28 Acres-2 Lots. Amended plat of lots 81, 82 and 83 Block 1, Bernard Acres, Section II, according to the recorded plat in volume 8, page 33 Plat Records, Brazoria County, Texas. Located in the ETJ of The City of Freeport, Brazoria County, Texas.

Date: November 4, 2019

From: Billywayne Shoemaker Building Official

Staff Recommendation:

Approve the replat.

Item Summary:

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

Background Information:

Replat requested based on moving of property lines to cause a more function parcel of land.

Special Considerations:

This property is Located in the City's ETJ

Financial Impact:

None

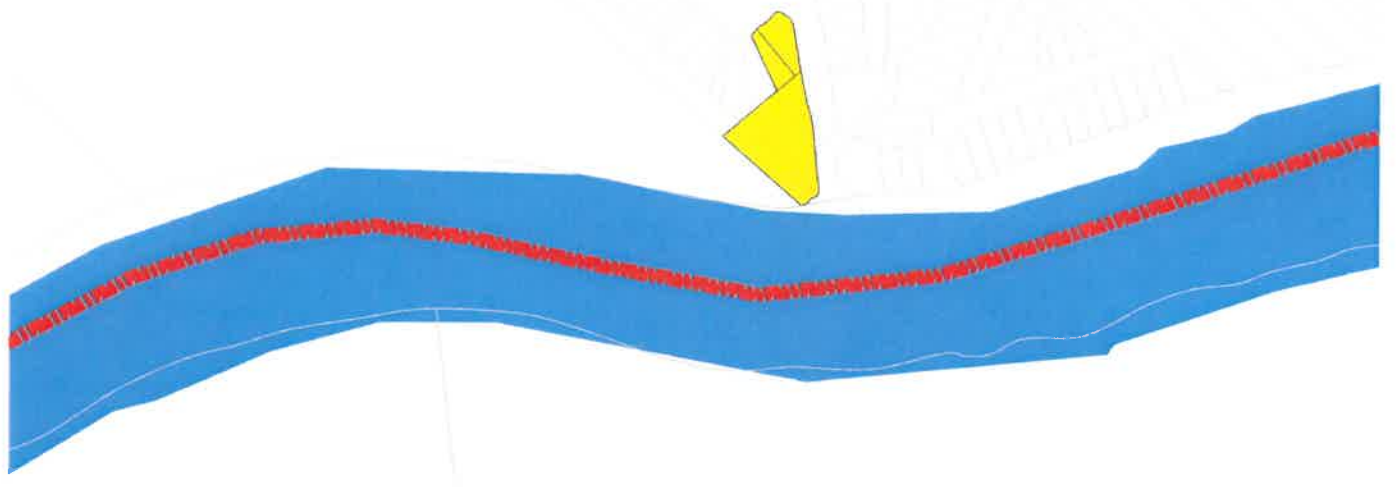
Board or 3rd Party recommendation:

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

Supporting Documentation:

Copy of plat and associated paperwork will be attached.

FM 2918







City Council Agenda Item # 5

Title:

Discuss and consider approval of a proposed re-plat of Prihoda Subdivision 0.30 Acre-2 Lots. Amended plat of a 0.30 acre tract of land adjoining Bastrop Beach Subdivision in the S.F. Austin Survey, abstract 30, in the J.S. Hall Survey, abstract 217, and the J.M. Musquez Survey, abstract 332, Brazoria County, Texas. Located in the ETJ of The City of Freeport, Brazoria County, Texas.

Date: November 4, 2019

From: Billywayne Shoemaker Building Official

Staff Recommendation:

Approve the replat.

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Financial Impact:

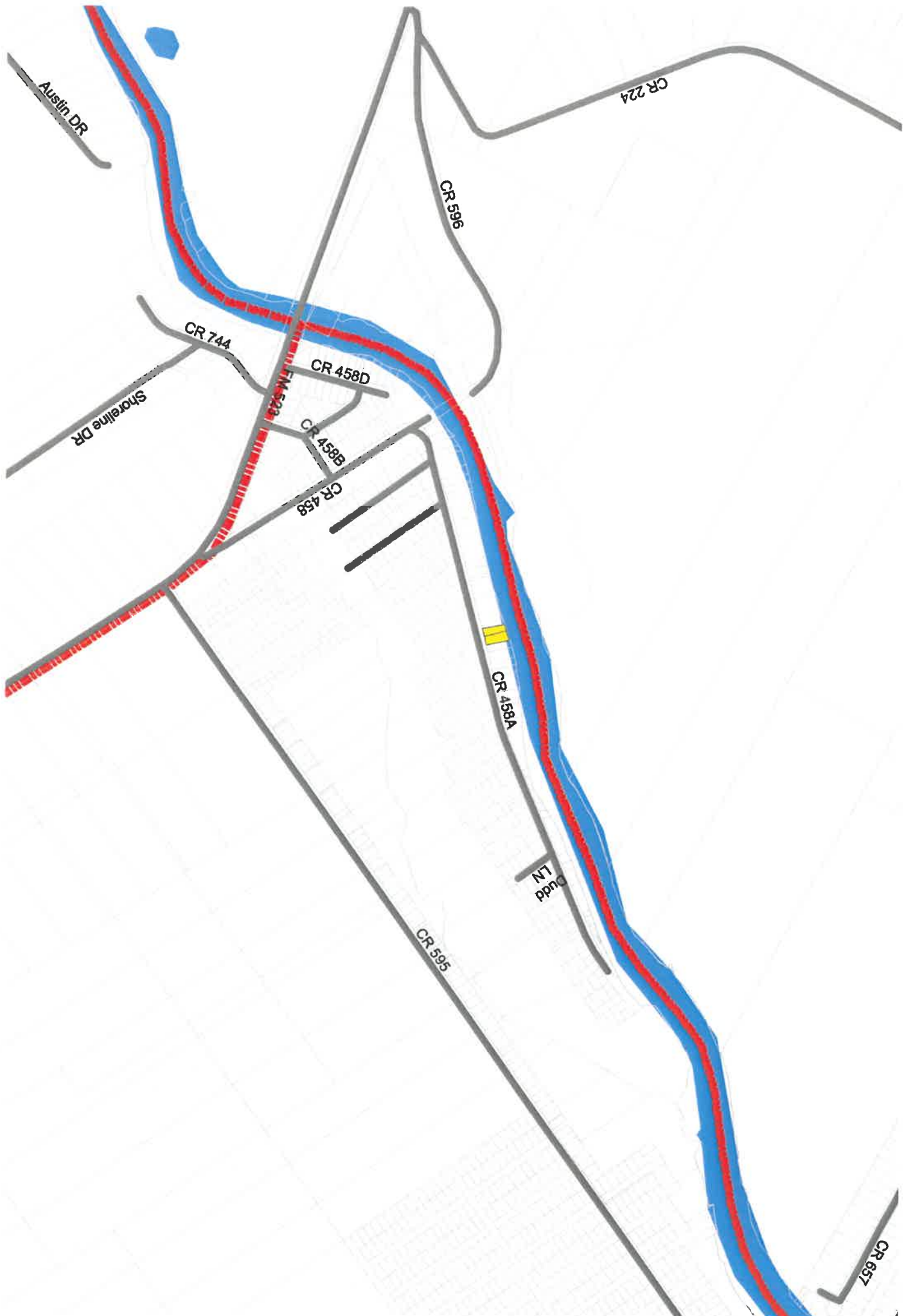
None

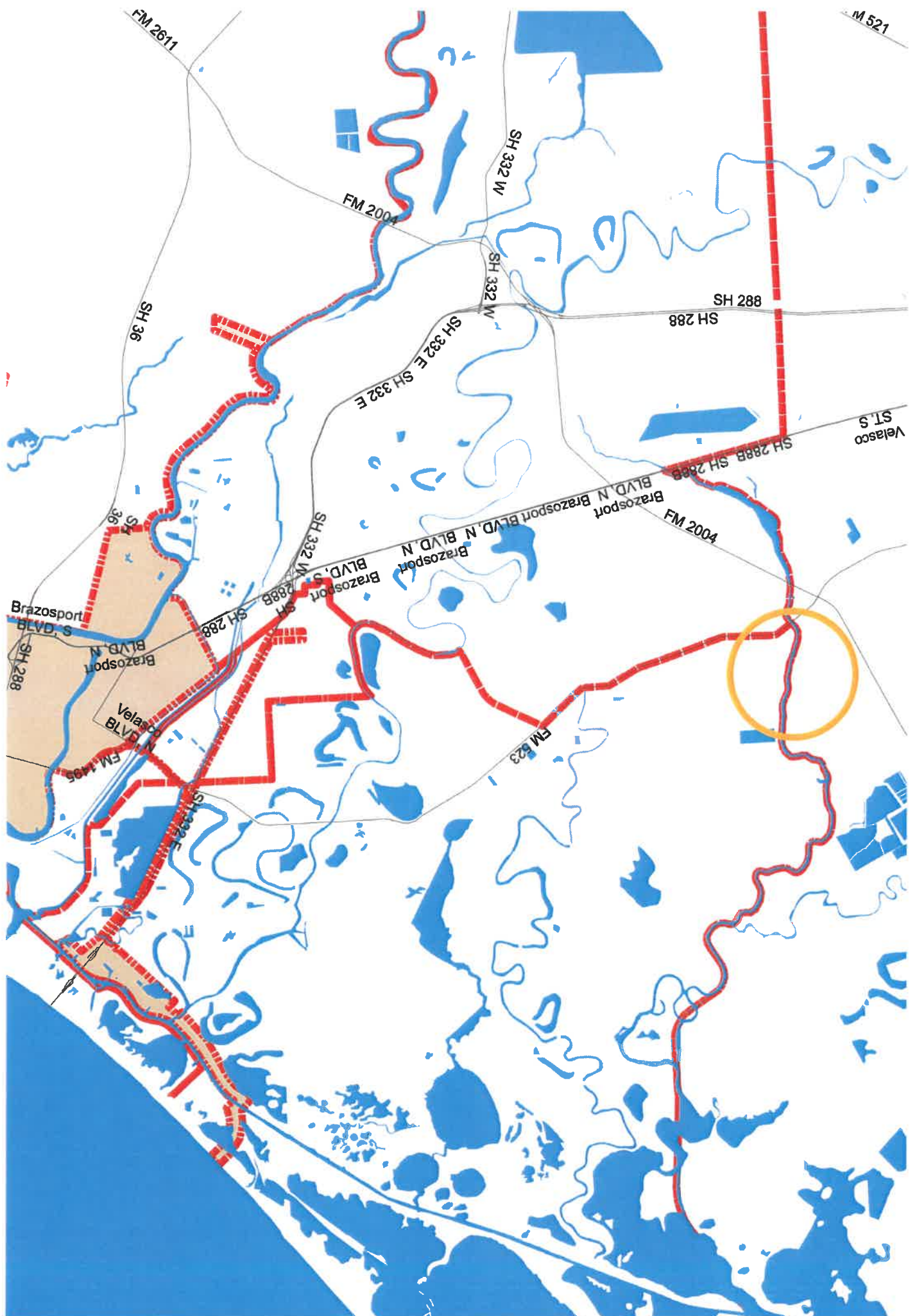
Board or 3rd Party recommendation:

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

Supporting Documentation:

Copy of plat and associated paperwork will be attached.







City Council Agenda Item # 6

Title: Consider authorizing the purchase of public safety vehicles.

Date: November 4, 2019

From: Stephanie Russell, Assistant City Manager/Finance Director

Staff Recommendation:

Staff recommends authorization to purchase two Chevy Tahoes from Lake Country Chevrolet in the amount \$85,414 through H-GAC Buy Contract No. VE11-18.

Item Summary:

The Police Department has submitted a request to replace two patrol units as part of their annual vehicle replacement program. The Department is proposing to utilize a cooperative contract through H-GAC Buy (Contract# VE11-18) to procure the vehicles from Lake Country Chevrolet.

Background Information:

The purchase of these two units is necessary to rotate out older vehicles with higher mileage.

Special Considerations: N/A

Financial Impact: The FY2019-2020 Budget includes \$127,000 under Capital Outlay (10-525-899) for this purchase, however; since the purchase is over \$50,000, per the City's Purchasing Policy, it must be approved by Council.

Board or 3rd Party recommendation: N/A

Supporting Documentation: H-GAC Buy Quote

**CONTRACT PRICING WORKSHEET**
For MOTOR VEHICLES OnlyContract
No.:

VE11-18

Date
Prepared:

7/8/2019

This Worksheet is prepared by Contractor and given to End User. If a PO is issued, both documents MUST be faxed to H-GAC @ 713-993-4548. Therefore please type or print legibly.

Buying Agency:	CITY OF FREEPORT	Contractor:	LAKE COUNTRY CHEVROLET
Contact Person:	DANNY GILLCHRIEST	Prepared By:	RICK BROWN
Phone:		Phone:	409.659.1555
Fax:	979.230.8089	Fax:	409-895-3884
Email:	dgillchriest@freeport.tx.us	Email:	RBROWN.SILSBEEFLEET@GMAIL.COM

Product Code:	A14	Description:	CHEVROLET TAHOE PPV
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A. Product Item Base Unit Price Per Contractor's H-GAC Contract: \$ 29,678.00

B. Published Options - Itemize below - Attach additional sheet(s) if necessary - Include Option Code in description if applicable.
(Note: Published Options are options which were submitted and priced in Contractor's bid.)

Description	Cost	Description	Cost
2019 CHEVROLET TAHOE PPV	\$ -	EXTERIOR - WHITE	
5.3L V8 FLEX FUEL W/ AUTO	\$ -	INTERIOR - BLACK	
POWER WINDOWS / LOCKS	\$ -	40 / 0 / 40 FRONT SEAT	
BLUETOOTH	\$ -		
RUNNING BOARDS	\$ -		
VINYL FLOORING	\$ -		
7X6-LEFT HAND SPOT LIGHT	\$ 490.00		
6C7-AUX DOME LIGHT	\$ 170.00		
		Subtotal From Additional Sheet(s):	\$ 1,444.00
		Subtotal B:	\$ 2,104.00

C. Unpublished Options - Itemize below / attach additional sheet(s) if necessary.
(Note: Unpublished options are items which were not submitted and priced in Contractor's bid.)

Description	Cost	Description	Cost
FLEET SAFETY UPFIT & GRAPHICS UPGRADE PER ATTACHED	\$7,092	FLOORPLAN	\$ 662.00
CC15706 9C1 2020 UPGRADE	\$ 670.00		
		Subtotal From Additional Sheet(s):	
		Subtotal C:	\$ 8,424.00

Check: Total cost of Unpublished Options (C) cannot exceed 25% of the total of the Base Unit Price plus Published Options (A+B).

For this transaction the percentage is:

27%

D. Total Cost Before Any Applicable Trade-In / Other Allowances / Discounts (A+B+C)

Quantity Ordered:	2	X Subtotal of A + B + C:	\$ 40,206.00	=	Subtotal D:	\$ 80,412.00
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E. H-GAC Order Processing Charge (Amount Per Current Policy)

Subtotal E: \$ 600.00

F. Trade-Ins / Special Discounts / Other Allowances / Freight / Installation / Miscellaneous Charges

Description	Cost	Description	Cost
DELIVERY X2 UNITS	\$ 400.00		
INSTALLATION X2 UNITS	\$ 4,002.00		
		Subtotal F:	\$ 4,402.00

Delivery Date: 60-90 days

G. Total Purchase Price (D+E+F): \$ 85,414.00



City Council Agenda Item # 7

Title: Appointment of candidate to fill vacancy on Freeport Economic Development Corporation Board.

Date: 11/4/2019

From: Tim Kelty, City Manager

Staff Recommendation: Staff recommends appointing a new board member to fill the remaining term of the vacant position on the EDC Board.

Item Summary: In September, EDC Board member Mark Fruidenburg stepped down from the EDC Board creating a vacancy on the board. The City has received five applications from individuals desiring to serve on the board. This appointment would serve on the board through May, 2021

Background Information: None

Special Considerations

Staff recommends the appointment of applicant Kenneth Hayes. Mr. Hayes is a current resident of the city and is in the process of building a new home here as well. He is a proven leader in the community and, as a retired individual, is able to commit the time necessary to be a valuable asset to the EDC. He currently serves as the City's representative on the Brazosport Water Authority.

Financial Impact: None

Board or 3rd Party recommendation: None

Supporting Documentation: Applications



Please return to the
City Secretary:

200 West 2nd St
Freeport, TX 77541
Phone: 979.233.3526
Fax: 979.233.8867
bwells@freeport.tx.us

Boards and Commissions Application

Name: Kenneth Hayes

Address: 223 south front street

Home Phone: () _____ Alternate Phone () 979-235-0846

Email (optional): _____

Do you live inside the City Limits? Yes ☒ No ☐ If yes, for how long? 3 years

Do you live in the Extra Territorial Jurisdiction? Yes ☐ No ☒

Are you registered to vote in Brazoria County? Yes ☒ No ☐

Referred by (Council Name/ Mayor): Tim Kelty Lisa Girouard

Please indicate by rank which Board or Commission you wish to serve on by placing your 1st through 3rd choice in the appropriate box.

	Planning Commission
	Beautification/Parks & Recreation
	Board of Adjustments
	Urban Renewal Board
<input checked="" type="checkbox"/>	Economic Development

	Senior Citizens Committee
	Library Board
	Charter Review
	Museum Foundation

The City Council will make appointments to the Boards and Commissions. This application will be given to them for review. Please explain why you wish to serve, and what you consider to be your qualifications.

My wife and I started and have operated a construction business for 40 years.

we manage up to fifty employees. we have raised two children which have children of their own.

I am a veteran of the U.S. Army with an honorable discharge. I spent a year in Veit Nam.

I have continued to educate my self through business classes both at Brazosport College as well as numerous online classes.

I have continued my training as a leader by attendening leadership conferences all over the United States.

I currently serve as the Freeport Rep. for the Brazosport Water Attorethy , serving as the secretary.

Signature Kenneth Hayes

Date: 9-26-19

Step 1: Fill out this application.

Step 2: Attach a cover letter or resume if you would like.

Step 3: Mail the application and any other related information to the City Secretary, or fax: (979) 233-8867.

If you have any questions about the process or about a particular board or commission, please call Betty Wells at (979) 233-3526.



City Council Agenda Item # 8

Title: 380 Agreement between the Freeport Economic Development Corporation and City of Freeport

Date: November 4, 2019

From: Stephanie Russell, Finance Director and Courtland Holman FEDC Executive Director

Staff Recommendation:

City Staff and the EDC recommend that the City approve a 380 Agreement between the Freeport Economic Development Corporation and City of Freeport as drafted by Chris Duncan, FEDC Attorney and reviewed by City Bond Council. This 380 agreement will allow EDC to pay off in its entirety the remainder of the loan with the Bank of Clute Texas.

Item Summary:

On November 6, 2014 the City of Freeport approved resolution 2014-2453 for the refinancing of outstanding debt for the construction of the City of Freeport's Municipal Marina with the First State Bank of Clute, TX, and the Freeport Economic Development Corporation in the amount of \$1,356,746.74 pledging a general certificate of the City's Sales and Use Tax and other sources of the City revenue as might be necessary.

The previous loan was with the Bank of Louise in February 11, 2010.

The City agreed to join the FEDC in entering a new loan agreement and new promissory note with the Bank of Clute Texas by refinancing the Bank of Louise loan for the outstanding amount due for the construction of the City Marina.

On November 21, 2019 a balloon payment with the Bank of Clute in the amount of \$765,602 is due.

Special Considerations:

Due to the existing structure of the current loan, the City's Bond Counsel has recommended the City and FEDC pay off the existing loan with the Bank of Clute rather than refinance. Since the City does not own the Marina property, it would be costly to legally refinance the loan properly. Additionally, it may require approval from the Attorney General which would not come in time.

Financial Impact:

Of the remainder of the loan amount of \$765,600 the FEDC will utilize \$465,602 of its Unassigned Fund Balance. The FEDC is requesting from the city \$300,000 that would be secured for authorized 4B Corporation projects within the City.

The 380 Agreement between the FEDC and City would be the FEDC participation over two years in fiscal years 2020/2021 and 2021/2022 in the amount of \$150,000 each year for projects as authorized for a 4B Corporation as shown in Chapter 505 Subchapter D - Authorized Project.

The City has \$300,000 available in unassigned fund balance. If approved, this would bring the Available Fund Balance to \$326,000 – which leaves the 25% reserve requirement intact.

	FY2018-2019 Actual YTD (Unaudited)	FY2018-2019 Estimate	FY2019-2020 Budget
Beginning Fund Balance	10,122,308	10,122,308	6,860,605
Revenue	15,562,197	16,831,953	17,450,646
Expenditures	(16,733,364)	(19,409,197)	(17,307,809)
Revenue Less Expenditures	(1,171,167)	(2,577,244)	142,837
Transfers	(536,959)	(684,459)	(2,050,000)
Ending Fund Balance	8,414,182	6,860,605	4,953,442
25% Operating Reserve	4,183,341	4,852,299	4,326,952
Available Fund Balance	4,230,841	2,008,306	626,490
EDC 380 Agreement			(300,000)
Remaining Available Fund Balance*			326,490

*The Remaining Available Fund Balance is a conservative estimate based on the FY2018-2019 Estimate. The Ending Fund Balance for FY2018-2019, based on the Actuals YTD, is projected to be significantly higher than the estimate which will leave the City with more in Available Fund Balance once FY2018-2019 is officially closed.

Board or 3rd Party recommendation: N/A

Supporting Documentation:

Attached is the 380 Agreement between FEDC and City of Freeport
Resolution 2014-2453
Promissory Note with Bank of Clute

PROMISSORY NOTE

November 21, 2014

\$1,356,746.74

NMLS # 801582

For value received, the undersigned (hereinafter called "Maker", whether one or more, and jointly and severally, if more than one) promise to pay to the order of FIRST STATE BANK (hereinafter called "Bank") at its offices at P. O. Box 577, Clute, Texas 77531 in lawful money of the United States of America the sum of ONE MILLION THREE HUNDRED FIFTY-SIX THOUSAND SEVEN HUNDRED FORTY-SIX AND 74/100 DOLLARS (\$1,356,746.74) together with interest thereon from the date hereof until maturity at the rate of THREE AND FIFTY ONE-HUNDREDTHS PERCENT (3.5%) per annum.

Interest shall be computed on the basis of the actual number of days elapsed in the year composed of three hundred sixty (360) days and for the actual number of days elapsed, unless such calculation would result in a rate greater than the highest rate permitted by applicable law, in which case interest shall be computed on a per annum basis of a year of 365 days or 366 days in a leap year, as the case may be. All payments as made shall be applied to the payment of principal or interest under this note or to expenses or other sums due to Bank hereunder or under any document securing or executed in connection with this note, or any combination of the foregoing, as directed by Bank at Bank's option, exercised in its sole discretion.

Matured unpaid principal and interest shall bear interest at the rate of SEVENTEEN PER CENT (17%) per annum.

Principal and accrued interest on this Note are due and payable as follows:

In FIFTY-NINE (59) equal monthly installments of THIRTEEN THOUSAND TWO HUNDRED THIRTY-FOUR AND NO/100 DOLLARS (\$13,234.00) (or more) each, together with a final balloon payment. The first of such installments shall be due and payable on or before the 21 day of December, 2014, and a like installment shall be due and payable on or before the same day of each succeeding month thereafter until November 21, 2019, when the entire balance of principal and accrued interest shall be due and payable. Each installment shall be applied first to the payment of accrued interest due on the unpaid principal balance and the remainder of each installment shall be applied to the reduction of unpaid principal.

If the Bank has not received the full amount of any of the payments by the end of ten (10) calendar days after the date it is due, Maker will promptly pay a late charge to the Bank. The amount of the charge will be five percent (5%) of the overdue payment. Maker will pay this late charge only once on any late payment.

This note may be prepaid in whole or in part at any time without penalty. Interest will cease to accrue on any prepaid principal. At the option of Bank, it may demand (at any time or

after prepayment) all accrued and unpaid interest with respect to the principal amount prepaid through the date of prepayment.

THIS LOAN IS PAYABLE IN FULL AT MATURITY. YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. THE BANK IS UNDER NO OBLIGATION TO RENEW OR TO REFINANCE THE LOAN AT THAT TIME. YOU WILL THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE BANK YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY AT PREVAILING MARKET RATES WHICH MAY BE CONSIDERABLY HIGHER THAN THE INTEREST RATE ON THIS LOAN. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME BANK.

Any check, draft, money order or other instrument given in payment of all or any portion of this Promissory Note may be accepted by the owner and/or holder hereof and handled in collection in the customary manner, but the said check, draft, money order or other instrument shall not constitute payment hereunder of diminish any rights or the owner and/or holder hereof, except to the extent that actual cash proceeds of such instrument are unconditionally received by the owner and/or holder and applied to the indebtedness evidenced hereby.

If any installment or payment of principal or interest of this note is not paid when due; or if Maker or any drawer, acceptor, endorser, guarantor, surety, accommodation party or other person now or hereafter primarily or secondarily liable upon or for payment of all or any part of this note (each hereinafter called an "other liable party") shall become insolvent (however such insolvency may be evidenced); or if any proceeding, procedure or remedy supplementary to or in enforcement of judgment shall be resorted to or commenced against Maker or any other liable party, or with respect to any property of any of them; or if any governmental authority or any court at the instance thereof shall take possession of any substantial part of the property of or assume control over the affairs or operations of, or a receiver shall be appointed for or take possession of the property of, or a writ or order of attachment or garnishments shall be issued or made against any of the property of Maker or any other liable party; or if any indebtedness for which Maker or any other liable party is primarily or secondarily liable shall not be paid when due or shall become due and payable by acceleration of maturity thereof, or if any event or condition shall occur which shall permit the holder of any such indebtedness to declare it due and payable upon the lapse of time, giving of notice or otherwise; or if Maker or any other liable party (if other than a natural person) shall be dissolved, wound up, liquidated or otherwise terminated, or a party to any merger or consolidation without the written consent of Bank; or if Maker or any other liable party shall sell substantially all or an integral portion of its assets without the written consent of Bank; or if Maker or any other liable party fails to furnish financial information requested by Bank; or if Maker or any other liable party furnishes or has furnished any financial or other information or statements which are misleading in any respect; or if a default occurs under any instrument now or hereafter executed in connection with or as security for this note; thereupon, at the option of the Bank, this note and any and all other indebtedness of Maker to Bank shall become and be due and payable forthwith and shall bear interest at the rate aforesaid from the date of such default or event. Failure to exercise any of said options shall not constitute a waiver on the part of the holder hereby of the right to exercise the same at any other time.

If this note is not paid at maturity whether by acceleration or otherwise and is placed in the hands of an attorney for collection, or suit is filed hereon, or proceedings are had in probate, bankruptcy, receivership, reorganization, arrangement or other legal proceedings for collection hereof, Maker and each other liable party agree to pay Bank its collection costs, including a reasonable amount for attorney's fees, but in no event to exceed the maximum amount permitted by law. Maker and each other liable party are and shall be directly and primarily, jointly and severally, liable for the payment of all sums called for hereunder, and Maker and each other liable party, hereby expressly waive bringing of suit and diligence in taking any action to collect any sums owing hereon and in the handling of any security, and Maker and each other liable party hereby consent to and agree to remain liable hereon regardless of any renewals, extensions for any period or rearrangements hereof, or partial prepayments hereon, or any release or substitution of security herefor, in whole or in part, with or without notice, from time to time, before or after maturity.

It is the intention of Maker and Bank to conform strictly to applicable usury laws. Accordingly, if the transactions contemplated hereby would be usurious under applicable law, then, in that event, notwithstanding anything to the contrary in any agreement entered into in connection with or as security for this note, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under the applicable law that is taken, reserved, contracted for, charged or received under this note or under any of the other aforesaid agreements or otherwise in connection with this note shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any excess shall be credited on this note by the holder hereof (or, if this note shall have been paid in full, refunded to Maker); and (ii) in the event that maturity of this note is accelerated by reason of an election by the holder hereof resulting from any default hereunder or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum amount allowed by applicable law, and excess interest, if any, provided for in this note or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore prepaid, shall be credited on this note (or if this note shall have been paid in full, refunded to Maker.)

Unless otherwise specified below, this note shall be construed under and governed by the laws of the State of Texas (including applicable federal law), but in any event V.T.C.A., Texas Finance Code, Chapter 346, as amended (which regulates certain revolving credit loan accounts and revolving triparty accounts) shall not apply to the loan evidenced by this note.

The Maker, Endorsers and Guarantors hereof and all other persons who may become liable for all or any part of the obligations represented by this note shall be considered as principals as to the making of this note and shall have joint and several liability and the Maker, Endorsers and Guarantors hereof severally waive presentment for payment, demand, protest, notices of protest, and of nonpayment, the opportunity to cure any default after such default, notices of intention to accelerate the maturity, notices of exercise of the option to accelerate the maturity, as to this note and as to each, every and all installments hereof, and consent to the renewal or extension of the time or payment hereof and to the release of all or any part of the security described herein or any person liable hereon upon the terms deemed by the holder hereof, in its sole discretion, to be adequate. Any renewal or extension or release of any of such security or person, may be made without notice to any of said parties and without affecting their liability.

Maker understands and agrees that (i) Bank's document retention policy involves the imaging of executed loan documents and the destruction of the paper originals, and (ii) Maker waives any right that it may have to claim that the imaged copies of the loan documents are not originals.

To the maximum extent not prohibited by applicable law, this promissory note is additionally secured by all security agreements, assignments, security interests, rights, titles, liens, claims, equities and other writings of every kind and nature, whether express or implied, heretofore, now or hereafter executed by any Maker or any other person to secure any indebtedness of any Maker which is now or hereafter owing to any holder of this promissory note, whether or not any of such writings describe, cover, pertain or affect any property, rights or interests which are similar or dissimilar to any of the following described property, rights or interests, and whether or not such writings were originally executed or delivered to or for the benefit of any holder of this promissory note or executed or delivered to or for the benefit of any other person and acquired by purchase or otherwise by any holder of this promissory note, and whether or not any such lien or security interest or other interest was created by any then owner of any interest in or to any of the property, rights or interest which are described in or covered by any such writing or to which any such writing may pertain or affect, including, but not limited to, those certain pledges and security agreements contained in the Loan Agreement of even date herewith herewith from FREEPORT ECONOMIC DEVELOPMENT CORPORATION and the CITY OF FREEPORT, which provide that the principal and interest on this Note shall be payable from and secured by a pledge of the FREEPORT ECONOMIC DEVELOPMENT CORPORATION's Sale and Use Tax as the primary source, and additionally secured by the Full Faith and Credit of the CITY OF FREEPORT, TEXAS, should the Pledged Revenue of the Sales and Use Tax fail for whatever reason to satisfy the amount due under the Note.

Each Maker of this promissory note further hereby agrees and consents to all of the terms, provisions, agreements, covenants and warranties set forth or contained in all of the loan agreements, security agreements, assignments and other writings now or hereafter securing or pertaining to the loan evidenced by this promissory note and agrees that all of the writings now or hereafter securing or pertaining to the loan evidenced by this promissory note (and all terms, provisions, agreements, covenants and warranties contained in such writings) shall be binding in all respects on each Maker of this promissory note (whether or not any Maker has executed such writings) and on the successors, legal representatives and assigns or each Maker of this promissory note.

This note is given in renewal and extension of the unpaid balance left owing and unpaid by FREEPORT ECONOMIC DEVELOPMENT CORPORATION upon that one certain promissory note in the original principal sum of ONE MILLION SEVEN HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$1,750,000.00), dated February 11, 2010, executed by FREEPORT ECONOMIC DEVELOPMENT CORPORATION, and payable to the order of FIRST STATE BANK OF LOUISE, TEXAS.

To the extent allowed by law, you agree to be bound by the terms of the following Notice:

NOTICE: THIS DOCUMENT AND ALL OTHER DOCUMENTS RELATING TO THIS LOAN CONSTITUTE A WRITTEN AGREEMENT WHICH REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS LOAN.

Maturity date: Nov 21, 2019

MAKER:

FREEPORT ECONOMIC DEVELOPMENT
CORPORATION

by: 9.9. B.
Printed Name: Tom T. Brinley
Title: President

ATTEST:

by: N. C. Hickey
Printed Name: N. C. Hickey
Title: Notary Secretary

CITY OF FREEPORT

by: Norma Moren-Garcia
Printed Name: Norma Moren-Garcia
Title: Mayor

ATTEST:

by: Debra Munoz
Printed Name: Debra Munoz
Title: City Secretary

Prepared in the office of:

STEVENS & RAU
A Professional Corporation
Attorneys at Law
2513 North Velasco
P. O. Box 878
Angleton, Texas 77516-0878

04/bb/ndos
S140741

RESOLUTION NO. 2014-2453

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS AUTHORIZING THE CITY TO ENTER INTO A LOAN AGREEMENT, PROMISSORY NOTE, SALES TAX REMITTANCE, GUARANTY and SUBORDINATION AGREEMENT AND SUCH OTHER MATTERS INCIDENT OR RELATED TO THE TRANSACTION FOR REFINANCING THE OUTSTANDING DEBT FOR THE CONSTRUCTION OF THE CITY OF FREEPORT'S MUNICIPAL MARINA WITH THE FIRST STATE BANK, CLUTE, TEXAS AND FREEPORT ECONOMIC DEVELOPMENT CORPORATION AND PLEDGING A GENERAL CERTIFICATE OF THE CITY'S SALES AND USE TAX AND OTHER SOURCES OF CITY REVENUE AS MIGHT BE NECESSARY

WHEREAS, it will be remembered that on February 11, 2010, the FREEPORT ECONOMIC DEVELOPMENT CORPORATION ("Freeport EDC") with the agreement of the CITY OF FREEPORT ("City") entered into a Loan Agreement, Promissory Note and related documents ("the Loan") with the First State Bank of Louise, Texas ("Bank of Louise") in the amount of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000.00) for the purpose of financing the construction of the public marina as an economic development project; and

WHEREAS, Freeport EDC and the City agreed to pledge a portion of its Economic Development Sales and Use Tax as security for repayment of the Loan; and

WHEREAS, current favorable conditions for borrowers in the financial markets make it possible for the Freeport EDC and the City to refinance the Loan at a better interest rate which would achieve a present value debt service savings; and

WHEREAS, in order to take advantage of the favorable refinancing conditions of said financial markets, the Freeport EDC and the City propose to repay the current amount due under the Loan with the Bank of Louise; and then further to refinance the balance owing for construction of the now-named City of Freeport's Municipal Marina ("City Marina"), namely \$1,356,746.74 with the FIRST STATE BANK, CLUTE, TEXAS ("Bank"); and

WHEREAS, the Freeport EDC and the City find it in the public interest to take advantage of the current low interest rates and favorable financing conditions of the financial markets, saving a substantial amount in present value debt service savings; and

WHEREAS, in order to do so, it will be necessary for both the Freeport EDC and the City to enter into a new Loan Agreement, Promissory Note and related documents with the Bank, the terms of which have been and are presented to the Freeport EDC and the City as to the proposed terms of the refinancing.

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

1. The City agrees to assist the Freeport EDC Board of Directors as necessary in the repayment or other satisfaction of the current Loan and Promissory Note terms and conditions with the Bank of Louise in relation to the Loan Agreement and Promissory Note entered into in February 11, 2010, including any action necessary to remove the current Sales Tax Remittance, Guaranty and Subordination Agreement with the Bank of Louise.
2. The City agrees to join the Board of Directors of the Freeport EDC in entering into a new Loan Agreement and new Promissory Note to refinance the amount outstanding due for the construction of the City Marina,

in a principal amount of \$1,356,746.74 and at an interest rate agreed upon by the Bank and Freeport EDC and the City on the date of the execution of the new Promissory Note and the new Loan Agreement.

3. The City agrees to join the Board of Directors of the Freeport EDC to continue with its pledge of its Economic Development Sales and Use revenue in order to secure the principal and interest on the new Promissory Note and the new Loan Agreement, and further to sign a new Sales Tax Remittance, Guaranty and Subordination Agreement with the Bank and the City and the Freeport EDC.
4. The City agrees that should the pledge of its designated Sales and Use Tax Remittance Agreement as described above fail for any reason to satisfy the amounts due under the Loan Agreement and Promissory Note with the Bank, that it will pledge its full faith and credit in repayment of the debt being refinanced by the Loan Agreement and Promissory Note.
5. The City hereby agrees to promptly collect and remit to the Corporation the Sales Tax (defined in the Loan Agreement) to provide for the prompt payment of the Promissory Note, and to assist and cooperate with the Corporation in the enforcement and collection of sales and use taxes imposed on behalf of the Corporation. Should any other form of repayment of the Note become necessary because of the failure for whatever reason for the pledged Sales and Use Tax revenue to satisfy the principal and interest payments of the Promissory Note, the City agrees to promptly remit to the Bank the amount due and payable under the terms and under the same schedule for payments due under the Loan Agreement and Promissory Note with whatever revenue the City has designated for same.
6. The Loan Agreement, Promissory Note and Sales Tax Remittance Agreement attached hereto as Exhibits A, B and C, and incorporated by reference as a part of this Resolution for all purposes, with respect to the obligations of the City and Corporation during the time the Note is outstanding, are hereby approved as to form and substance. Furthermore, the Mayor and the City Secretary and the other officers of the City are hereby authorized, jointly and severally, to execute and deliver such endorsements, instruments, certificates, documents, or papers necessary and advisable to carry out the intent and purposed of this Resolution.
7. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given all as required by the V.T.C.A. Government Code, Chapter 551, as amended.
8. This Resolution shall be in force and effect from and after its passage on the date shown below.

PASSED AND ADOPTED this 6th day of November 2014.

CITY OF FREEPORT, TEXAS:

Norma Maria Garcia

MAYOR

ATTEST:

Delia Munoz

City Clerk or Secretary

**CHAPTER 380 AGREEMENT AND AGREEMENT REGARDING THE
CONSTRUCTION OF IMPROVEMENTS**

STATE OF TEXAS §
 §
COUNTY OF BRAZORIA §

THIS AGREEMENT by and between the CITY OF FREEPORT, TEXAS, a Texas home-rule municipality situated in Brazoria County, Texas (the "City"), and the FREEPORT ECONOMIC DEVELOPMENT CORPORATION, a non-profit economic development corporation (the "Corporation") created and operating as a Type B corporation pursuant to the provisions of Chapters 501 and 505, Texas Local Government Code, as amended (formerly Article 5190.6, Vernon's Texas Revised Civil Statutes) (the "Act"), is entered into on this ____ day of _____, 2019 (the "Effective Date").

RECITALS

WHEREAS, pursuant to the Act, the City has created the Corporation in order undertake eligible projects under the Act, to promote new and expanded business enterprises, including but not limited to water and sanitary sewer and related improvements, projects related to tourist, waterfront development, urban renewal land development, and general improvements that are municipally owned and facilities and improvements related to any such projects and the maintenance and operations expenses of the same; and

WHEREAS, in accordance with and pursuant to the authority contained in Article III, Section 52-a of the Texas Constitution, Section 501.007, Texas Local Government Code, and Section 380.002, Texas Local Government Code, the City wishes to make a grant to the Corporation in the amount of [\$_____] in connection with its execution of eligible projects under the Act that promote the development and diversification of the economy in the City, elimination of unemployment or underemployment in the City, and development and expansion of commerce in the City; and

WHEREAS, the funding for such grant shall be from lawfully available funds of the City other than from proceeds of bonds or other obligations of the City payable from ad valorem taxes; and

WHEREAS, the City hereby finds and determines that this Agreement and the provision of a grant of funds to Corporation constitutes an economic development program that will promote the development and diversification of the economy in the City, elimination of unemployment or underemployment in the City, and development and expansion of commerce in the City (the "Program");

WHEREAS, the Corporation has agreed in exchange and as consideration for funding provided by the City and in furtherance of the Program to (i) undertake projects approved by the City as part of the Corporation's annual budget that promote the development and diversification of the economy in the City, elimination of unemployment or underemployment in the City, and

development and expansion of commerce in the City, (ii) to pay in full the remaining outstanding balance of that certain loan from the First State Bank of Clute to the Corporation, [dated ____, 20__] on or before November 21, 2019, and (iii) to undertake in conjunction with the City the construction of certain infrastructure projects located within the City and identified in the City's capital improvement program that constitute eligible projects of the Corporation under the Act through the contribution of [\$_____] toward the cost of the construction of the Infrastructure Projects, on or before September 30, 2022; and

WHEREAS, the City has determined that the Program will directly accomplish a public purpose and that all transactions involving the use of public funds and resources in the establishment and administration of the Program contain controls likely to ensure that public purpose is accomplished; and

WHEREAS, the Corporation hereby finds that this Agreement is for the benefit of the Corporation and that all payments made hereunder are for authorized project costs under the Act; and

WHEREAS, the City and the Corporation hereby find, determine, and declare that the respective meetings of the City Council of the City and the Board of Directors of the Corporation at which this Agreement was approved were open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Agreement, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended.

NOW, THEREFORE, for and in consideration of the respective promises and mutual covenants and benefits hereinafter set forth, the City and the Corporation agree as follows:

ARTICLE I.

DEFINITIONS, FINDINGS AND DETERMINATIONS

Section 1.01. Definitions, Findings and Determinations. The definitions, findings, and determinations and contained in the recitals to this Agreement are true and correct and are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.02. Agreement Constitutes a Program. This Agreement constitutes an economic development program that promotes the development and diversification of the economy in the City, elimination of unemployment or underemployment in the City, and development and expansion of commerce in the City as authorized under Article III, Section 52-a of the Texas Constitution, Section 501.007, Texas Local Government Code, and Section 380.002, Texas Local Government Code.

ARTICLE II.

THE PROGRAM

Section 2.01. Grant by the City.

(a) In exchange for the Corporation's compliance with all terms and provisions of this Agreement, in furtherance of the Program and in order to facilitate the execution by the Corporation of eligible projects under the Act that promote the development and diversification of the economy in the City, elimination of unemployment or underemployment in the City, and development and expansion of commerce in the City, the City hereby makes a grant to the Corporation in the amount of [\$ _____] (the "Grant").

(b) The Grant shall be payable by the City following the execution of this Agreement by the City and the Corporation from lawfully available funds of the City other than from proceeds of bonds or other obligations of the City payable from ad valorem taxes.

Section 2.02. Corporation's Obligations. In furtherance of the Program and in exchange and as consideration for the City entering into this Agreement and providing for the payment of funds constituting the Grant to Corporation under the terms and conditions set forth herein, the Corporation agrees as follows:

(a) The Corporation shall present to the City as part of each annual budgeting process during the term of this Agreement an annual budget identifying projects that that promote the development and diversification of the economy in the City, elimination of unemployment or underemployment in the City, and development and expansion of commerce in the City and undertake projects approved by the City as part of such annual budget;

(b) The Corporation shall pay in full the principal of and interest on the outstanding balance of that certain loan from the First State Bank of Clute to the Corporation, [dated ____, 20__] on or before November 21, 2019 and provide the City with written evidence acceptable to the City, of the payment of such loan in full; and

(c) The Corporation shall undertake in conjunction with the City the construction of certain infrastructure projects located within the City and identified in the City's capital improvement program that constitute eligible projects of the Corporation under the Act (the "Infrastructure Projects") through the payment of [\$ _____] toward the cost of the construction of the Infrastructure Projects, which final payment shall be made on or before September 30, 2022.

Section 2.03. Selection and Construction of the Infrastructure Projects.

(a) As part of the Corporation's annual budgeting process, or at such other time as may be acceptable to the City, the City in consultation with the Corporation shall select the Infrastructure Projects to be funded under this Agreement from those included in the

City's capital improvement plan, as such plan may be amended from time to time. The approved budgets of the Corporation shall provide for the expenditure of the amount required in Section 2.02(c) of this Agreement not later than September 30, 2022.

(b) In connection with the selection of the Infrastructure Projects, the Corporation shall take all action and obtain all approvals required by law and the Corporation's bylaws in order to proceed with the Infrastructure Projects and to make the payments required under this Agreement, including providing required legal notices, conducting public hearings, and obtaining the approval of the City Council of the City.

(c) The City agrees take any actions required to prepare or cause to be prepared all plans and specifications required for the construction of the Infrastructure Projects.

(d) The City agrees to contract with all individuals or entities necessary to complete the Infrastructure Projects in accordance with the plans, specifications and other construction documents. The City will provide or cause to be provided all construction and contract management services in connection with the construction of the Infrastructure Projects. The Infrastructure Projects will be owned by the City.

ARTICLE III.

REPRESENTATIONS AND WARRANTIES

Section 3.01. Representations of the City. The City represents to the Corporation that as of the date hereof:

(a) The City is duly authorized, created and existing under the Constitution and laws of the State of Texas and is duly qualified and authorized to carry on the governmental functions and operations contemplated by this Agreement.

(b) The City has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, will not violate any applicable judgment, order, law or regulation, and (ii) do not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the City under any agreement or instrument to which the City is a party, or by which the City may be bound or affected.

(c) This Agreement has been duly authorized, executed and delivered by the City and constitutes a legal, valid and binding obligation of the City, enforceable according to its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, moratorium or other similar laws of general application in effect from time to time relating to or affecting the performance of creditors' rights and (ii) certain remedies including specific performance, may be unavailable.

Section 3.02. Representations of the Corporation. The Corporation hereby represents to the City that as of the date hereof:

(a) The Corporation is duly authorized, created, and existing in good standing under the laws of the State of Texas, and is qualified to do business in the State of Texas.

(b) The Corporation has the power, authority and legal right to enter into and perform his obligations under this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, will not violate the bylaws of the Corporation or any judgment, order, law or regulation applicable to the Corporation, and (ii) do not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Corporation under any agreement or instrument to which the Corporation is a party, or by which the Corporation may be bound or affected.

(c) The Corporation has or will have sufficient capital to perform his obligations under this Agreement at the time it will need to perform such obligations.

(d) This Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation, enforceable according to its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency moratorium or other similar laws of general application in effect from time to time relating to or affecting the performance of creditors' rights and (ii) certain equitable remedies including specific performance, may be unavailable.

ARTICLE IV.

EVENTS OF DEFAULT AND REMEDIES

Section 4.01. Events of Default. Each of the following occurrences or events for the purpose of this Agreement is hereby declared to be an event of default ("Event of Default"):

(a) The failure by the corporation to meet any of its obligations under Section 2.02 (b) or (c) of this Agreement; or

(b) Default by the Corporation in the performance or observance of any other covenant, agreement or obligation of the Corporation contained in this Agreement, and the continuation thereof for a period of sixty (60) days after written notice of such default is given by the City.

Section 4.02. Remedies for Default. Upon the happening of any Event of Default:

(a) The City shall be entitled to reimbursement from the Corporation of the full amount of the Grant, and the Corporation shall reimburse the Grant proceeds to the City within sixty (60) days of such Event of Default.

(b) The City may proceed against the Corporation for the purpose of protecting and enforcing its rights under this Agreement by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law.

ARTICLE V.

MISCELLANEOUS PROVISIONS

Section 5.01. Term. This Agreement shall be in force and effect from the date of execution hereof until the later of September 30, 2022 or the date that the Corporation pays in full its obligations under Section 3.01(c) of this Agreement. The provisions of Article IV of this Agreement shall survive the term of this Agreement.

Section 5.02. Construction and Interpretation.

(a) Whenever required by the context of this Agreement, (i) the singular shall include the plural, and vice versa, and the masculine shall include the feminine and neutral genders, and vice versa, and (ii) use of the words "including," "such as," or words of similar import, when following any general term, statement or matter, shall not be construed to limit such statement, term or matter to specific terms, whether or not language of non-limitation, such as "without limitation," or "but not limited to," are used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest scope of such statement, term or matter.

(b) The captions preceding the text of each article and section of this Agreement are included only for convenience of reference. Captions shall be disregarded in the construction and interpretation of this Agreement. Capitalized and bold terms are also selected only for convenience of reference and do not necessarily have any connection to the meaning that might otherwise be attached to such term in a context outside of this Agreement.

Section 5.03. Complete Agreement. This Agreement represents the complete agreement of the parties with respect to the subject matter hereof and supersedes all prior written and oral matters related to this Agreement. Any amendment to this Agreement must be in writing and signed by all parties hereto or permitted or approved assignees.

Section 5.04. Assignability. The Corporation may not assign or transfer its rights (including the rights to receive interest payment reimbursements as described in this agreement), duties and obligations under this Agreement to any person or entity.

Section 5.05. Multiple Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original instrument and each will have the force and effect of an original and all of which together constitute, and will be deemed to constitute, one and the same instrument.

Section 5.06. Signature Warranty Clause. The signatories to this Agreement represent and warrant that they have the authority to execute this Agreement on behalf of the Parties, respectively.

Section 5.07. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

Section 5.08. Severability. The provisions of this Agreement are severable, and if any provision or part of this Agreement or the application hereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provision or part of this Agreement to other persons or circumstances shall not be affected thereby.

[Execution Page follow]

EXECUTED in multiple counterparts as of the date first written above.

CITY OF FREEPORT, TEXAS:

By: _____
Mayor Pro Tem – Brooks Bass

**FREEPORT ECONOMIC
DEVELOPMENT CORPORATION:**

By: _____
President – Trey Sullivan

ATTEST:

By: _____
City Clerk – Betty Wells



City Council Agenda Item # 9

Title: Authorizing the Transfer of ownership of Lot 10 of Block 529 in the Velasco Townsite from the City of Freeport to The Freeport EDC.

Date: 11/4/2019

From: City Manager Tim Kelty,
ED Director, Courtland Holman

Staff Recommendation: Staff recommends Transferring Ownership of Lot 10 of Block 529 from the City to the EDC for the purpose of negotiating an agreement for the sale of the property to an adjacent property owner resulting in the investment by the property owner for new residential development.

Item Summary: This transfer would allow for the negotiation of the sale of the entire 25-foot lot with a single adjacent land owner rather than dividing the lot into two separate parcels and selling 12.5' strips to property owners on either side or putting it up for auction and selling it with out control of the properties future.

Background Information: This is a 25-foot lot near the northwest corner of the intersection of Avenue B and Groce Street. The adjacent owner of Lots 11 and 12 previously approached the city and requested to purchase the property, and Council previously authorized the sale to that owner conditional on them developing the property. Following that authorization by Council, the City Attorney informed the City Manager that for an undevelopable lot (25') the city has two options: divide the lot and offer to sell its interests to parties on either side or put the property up for auction to the highest bidder. A third option would be to transfer the property to the EDC which has more flexibility with the sale of property that can result in economic development.

Special Considerations When initially approached both property owners expressed interest in acquiring the property (their adjacent 12.5') but doing so does not allow for any additional development and the cost of surveying and subdividing the property is \$1200. Auctioning the property to highest bidder negates the city's ability to leverage the sale against additional development and opens up the potential for a 3rd party outside those adjacent property owners to acquire the property continuing the issue of an undevelopable lot.

Financial Impact: Negotiated sale of lot by EDC will result in the revenue from the sale as well as additional Advelorum taxes. It will also reduce the city's cost for mowing the property.

Board or 3rd Party recommendation: None

Supporting Documentation: GIS graphic of lot detail



City Council Agenda Item # 10

Title: Consideration of appointment of members to fill vacancies on the Freeport Historical Commission and Main Street Advisory Board

Date: November 4, 2019

From: LeAnn Strahan, Museum Manager

Staff Recommendation:

It is staff's recommendation that City Council approve the reactivation of the Historical Commission and Main Street Advisory Board, with the five board members from the defunct Historical Museum Foundation board and one new individual that has expressed interest. Four(4) of those members would be appointed to fill the remainder of 2-year terms expiring May 31, 2021, and 2 of those to fill the remainder of the 2-year term, expiring May 31, 2020. Applications for three additional members will be sought to fill the remaining 3 vacant seats for Council consideration.

Item Summary:

The Freeport Historical Museum Foundation was established following the dissolution of the Main Street Program and purchase of properties adjacent to the museum. However, the ordinance establishing the Historical Commission and Main Street Advisory Board remained intact but vacant. The Foundation was dissolved by the State of Texas last year, but the Board continued to meet informally until May of 2019. Existing Members include the following:

1. Nat Hickey, Freeport resident Expiring May 2020
2. Brenda George, Freeport resident Expiring May 2020
3. Carmen Read, non-resident Expiring May 2020
4. Sandra Barbree Freeport resident Expiring May 2020
5. Cliff Vandergriff, Freeport resident Expiring May 2020
6. Carolyn Weatherly, non-resident (new individual interested) Expiring May 2021

These individuals have committed their time and efforts in all aspects of the museum. They are actively involved in special events, assist with fundraising efforts, and advise on museum exhibits and operations. They desire to continue serving the city in a more formal capacity and have requested to be appointed to this board and have the board reactivated. Attached is the section from the City's Code of Ordinances.

Background Information:

Initially appointed by City Council, the Historic Commission and Main Street Advisory Board was established by Ordinance to oversee the revitalization and preservation of historic downtown Freeport.

Special Considerations

None.

Financial Impact:

None.

Board or 3rd Party recommendation:

Board members will be in attendance and available to answer questions.

Supporting Documentation:

Relevant section of Code or Ordinances

HISTORICAL COMMISSION AND MAIN STREET ADVISORY BOARD

§ 32.20 ORGANIZATION AND PURPOSE; MEMBERSHIP; MEETINGS; PROJECT MANAGER.

(A) *Established.* In order to revitalize the Central Business District of the city within the context of the preservation and rehabilitation of its historic buildings and to perform the duties of the historical commission required by § 155.046 of this code, there is hereby established for the city a permanent commission and advisory board, to be known as the Historic Commission and Main Street Advisory Board.

(B) *Organization and membership.* The Historical Commission and Main Street Advisory Board shall consist of nine members, at least five of whom shall be residents of the city. Four members shall be appointed for a two-year term each in odd-numbered years and five of whom shall be appointed for a two-year term in even-numbered years. Any of the members may be removed by the City Council at any time, with or without cause. Each member shall, before assuming the duties of such office, take the oath of office and sign the affidavit required by the Constitution of Texas.

(C) *Officers; duties.* At the first meeting in June of each calendar year, or as soon thereafter as is practical, the members of the Historical Commission and Main Street Advisory Board shall select one of their number as the Chairperson, one of their members as the Vice Chairperson, and one of their members as the Secretary. The Chairperson shall call and preside at all meetings of the Advisory Board and the Secretary shall keep minutes of each meeting. The Vice Chairperson shall be authorized to act as the Chairperson in the absence or inability of the Chairperson to act. If both of them are absent, a quorum of such Commission and Board may select a temporary Chairperson to preside at any meeting. If the Secretary is absent, the Chairperson or acting Chairperson shall designate another member of such Commission and Board to keep minutes of that meeting as temporary Secretary.

(D) *Quorum; meetings; notice; rules of procedure.* A quorum for any meeting of such Commission and Board shall consist of a majority of its members. Meetings of such Board and Commission may be held at any available location, within or without the city, selected by the Chairperson. Notice of all meetings of such Commission and Board shall be posted and all meetings shall be open to the public in accordance with the applicable provisions of the Texas Open Meetings Act, now codified as Chapter 551 of the Tex. Gov't. Code. At the discretion of the Chairperson or a majority of the members, such Commission and Board may meet in closed or executive session upon complying with the applicable provisions of such Act. The Commission and Board may adopt such further rules of procedure, not inconsistent with the terms of this section, the law of the State of Texas or the Home Rule Charter and ordinances of the city, as the majority of its members deem appropriate.

(E) *Main Street Project Manager.* The City Manager of the city is hereby authorized to designate an employee of the city to, in addition to the other duties of such employee, coordinate and supervise the Historical Commission and Main Street Advisory Board in the performance of the duties required by division (F) of this section and to perform the duties of the Historic Preservation Officer specified in division (A) of § 155.046.

(F) *Duties.* The Commission and Board shall have the following duties and responsibilities:

(1) Those prescribed for advisory boards by the Texas Main Street Program of the Texas Historical Commission.

(2) Those prescribed for the historical commission under § 155.046 of this code.

(3) Adoption of criteria for the designation of historic, architectural and cultural landmarks and the delineation of historic districts, which shall be approved by the City Council.

(4) Conduct surveys and maintain an inventory of significant historic, architectural and cultural landmarks and all properties located in historic districts in the city.

(Ord. 1633, passed 1-19-87; Am. Ord. 1100-91-2, passed 4-1-91; Am. Ord. 2007-2165, passed 6-4-07; Am. Ord. 2008-2205, passed 8-11-08; Am. Ord. 2009-2228, passed 9-14-09)

§ 32.21 PURPOSE.

The purpose of the City Historical Commission shall be to identify and preserve the history of the city and the surrounding area for the benefit, education, and edification of all interested people and organizations. The Historical Commission may utilize the benefits, aid, and cooperation of recognized local, state, and national Historical Commissions as well as other public or private individuals and entities. Additionally, the City Historical Commission shall explore, evaluate, and appraise the City Council in the areas of establishing a City Museum, City Historian, City Historical Districts, historical sites, or any special projects in this area, including any fund-raising activities of benefit for these purposes. The Commission shall perform such other duties and be vested with such other powers as the City Council shall from time to time proscribe.

(Ord. 1633, passed 1-19-87)

§ 32.22 SUPERVISION.

The City Council shall appoint an elected official or city staff member to coordinate, assist, and act as liaison between the city and the Historical Commission. The Historical Commission will meet in the city hall or in such place or places as the Council may designate, which shall also be the location for storage and assimilation of such history and memorabilia.

(Ord. 1633, passed 1-19-87)



City Council Agenda Item # 11

Title: Consideration and possible action on Resolution No. 2019-2612 approving an amended application by Centerpoint Energy for authority to issue a refund to customers as negotiated by TCUC.

Date: 11/4/2019

From: Tim Kelty, City Manager

Staff Recommendation: Staff recommends approval of the Resolution.

Item Summary

ALLIANCE OF CENTERPOINT MUNICIPALITIES

The City of Freeport is a member of the Texas Coast Utilities Coalition ("TCUC") of cities. TCUC was organized by a number of municipalities served by CenterPoint Energy Resources Corp., Texas Coast Division ("CenterPoint") and has been represented by the law firm of Herrera Law & Associates, PLLC (through Mr. Alfred R. Herrera) to assist in reviewing applications to change rates submitted by CenterPoint.

BACKGROUND

On or about August 1, 2019 CenterPoint Energy-Entex ("CenterPoint" or "Company") simultaneously filed applications with the City and the Railroad Commission of Texas (the "Commission") pursuant to Section 104.111 of the Gas Utility Regulatory Act ("GURA"). A ratemaking proceeding under GURA § 104.111 is very limited in scope and allows a gas utility to reduce its rates without the need to present a full cost of service study.

In its application CenterPoint seeks approval to issue a refund to customers in its Texas Coast Division and Houston Division in the amount of about \$14.4 million, to reflect a reduction in its cost of service brought about by the federal *Tax Cuts and Jobs Act of 2017* ("TCJA"). Among other things, the TCJA lowers the corporate income tax rate from 35% to 21%. Consequently, CenterPoint's cost of business has decreased because its federal income tax expense is lower, and this decreased cost of business should be reflected in lower customer bills. As you may recall, in July 2018 CenterPoint made a similar filing to pass through to customers the reduction in its cost of service related to the decrease in the federal income tax ("FIT") rate from 35% to 21%.

In its filing on August 1, 2019, CenterPoint sought authority to provide a refund to customers related to the impact of the TCJA on its deferred taxes, which again produced a reduction to its cost of service. CenterPoint's August 1, 2019 filing presented a *net* refund related to its deferred income taxes, but also included a request to recover restoration expenses it claimed to incur related to Hurricane Harvey. Thus, CenterPoint in its initial filing sought to offset its TCJA refund with increases it incurred related to Hurricane Harvey.

On August 16, 2019, CenterPoint presented a correction to its filing to reflect insurance proceeds it received related to its Hurricane Harvey expenses. Inclusion of those insurance proceeds changed CenterPoint's proposed refund of about \$14.4 million, to about \$16.6 million.

CenterPoint's request to pass through to its customers the savings in its federal-tax expense is a result of an order issued by the Railroad Commission in February 2018, applicable to all gas utilities in Texas. That order expressly limited applications to reduce rates under GURA § 104.111, to the difference in a company's most recently approved cost of service, and its reduced cost of service because of the reduction in the FIT rate. As initially filed, CenterPoint's application went beyond those parameters by seeking recovery of increases in expenses related to Hurricane Harvey.

After a series of discussions between the City's special regulatory counsel (as part of the Texas Coast Utilities Coalition ("TCUC") of cities) regarding the basis for CenterPoint's inclusion of Hurricane Harvey expenses in its filing under GURA § 104.111, CenterPoint amended its application, and on October 11, 2019, presented a request seeking approval of a refund that excluded the Hurricane Harvey expenses.

Thus, as initially filed, CenterPoint proposed a net refund of about \$14.3 million; ultimately its amended filing excluding matters related to Hurricane Harvey, produces a refund of about \$17.8 million. CenterPoint proposes to begin making refunds on bills rendered on or after January 1, 2020 and amortized over three years.

ALLOCATION OF THE REFUND TO CUSTOMER CLASSES

The decrease in revenue on a customer-class basis is as shown in Table I, below:

ESTIMATED AMOUNTS FOR HOUSTON AND TEXAS COAST DIVISIONS, COMBINED	Year 1 – 2020	Year 2 – 2021	Year 3 – 2022	TOTAL
Total Impact to Base Rate Revenues	(\$6,994,963)	(\$6,450,916)	(\$4,318,089)	(\$17,763,968)
Residential	(\$0.39)	(\$0.36)	(\$0.24)	
General Service – Small	(\$0.59)	(\$0.54)	(\$0.36)	
General Service – Large Volume	(\$10.64)	(\$9.81)	(\$6.57)	

RECOMMENDATION

TCUC's Special Counsel, recommends that the City:

- (1) Approve the tariff and rates shown in **Attachment A** (attached to proposed Resolution accompanying this agenda information sheet) and incorporated into the accompanying Resolution;
- (2) Approve the decrease in revenue per customer class shown in Table I, above (and incorporated as **Attachment A** into the accompanying Resolution);
- (3) Establish an effective date of January 1, 2020 for the tariff and rates shown **Attachment A**; and
- (4) Direct CenterPoint to reimburse the City's rate case expenses incurred as part of TCUC within 30 days from the date the accompanying Resolution is approved.

Lastly, City Council should take action as soon as practicable, and preferably by mid-December 2019, if possible, but in any event, with final rates having an effective date of January 1, 2020.

Financial Impact: While the city itself will not realize a refund, tax paying customers throughout the city will realize the benefit.

Supporting Documentation: Resolution and Attachments

RESOLUTION NO. 2019-2612

RESOLUTION BY THE CITY OF FREEPORT, TEXAS (“CITY”) APPROVING AN AMENDED APPLICATION SUBMITTED BY CENTERPOINT ENERGY RESOURCES CORP. D/B/A CENTERPOINT ENERGY ENTEX (“CENTERPOINT”) ON OR ABOUT OCTOBER 11, 2019 FOR AUTHORITY TO ISSUE A REFUND TO CUSTOMERS; DIRECTING CENTERPOINT TO ISSUE A REFUND; DIRECTING CENTERPOINT TO REIMBURSE THE CITY’S RATE CASE EXPENSES; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; AND MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT

WHEREAS, the United States Congress enacted the Tax Cuts and Jobs Act of 2017 (“TCJA”) with an effective date of January 1, 2018, which resulted in a major change in federal income-tax laws, including a reduction in the corporate, federal income-tax rate from 35% to 21%; and

WHEREAS, on August 1, 2019 CenterPoint Energy-Entex (“CenterPoint” or the “Company”) made a filing with the Commission pursuant to Section 104.111 of the Gas Utility Regulatory Act (“GURA”) for customers in the Texas Coast Division and the Houston Division to reflect a net refund in the amount of \$14,373,998 related to certain deferred income taxes and Hurricane Harvey restoration expenses;

WHEREAS, the refund for certain deferred income taxes is necessary for CenterPoint to give effect to the change in federal law resulting from the passage of the TCJA;

WHEREAS, through GURA Section 104.111, a gas utility is allowed to reduce its rates without the need to present a full cost of service study;

WHEREAS, on August 16, 2019, CenterPoint made a supplemental filing (“August Supplemental Filing”) to amend its August 1st net refund amount to include insurance proceeds it received related to its Hurricane Harvey expenses, resulting in a proposed net refund of \$16,556,357;

WHEREAS, the order of the Railroad Commission of Texas (“Railroad Commission”) in Gas Utilities Docket (“GUD”) No. 10695 directs gas utilities like

CenterPoint to reduce rates to reflect the benefits of the Tax Cut and Jobs Act of 2017 based on the difference between the utility's most recently approved cost of service study at the tax rates in effect prior to passage of the Tax Cut and Jobs Act of 2017, and the tax rates in effect after passage of that Act;

WHEREAS, an application made under Gas Utility Regulatory Act ("GURA") § 104.111 is limited in scope to allow for expedited approval of a decrease in rates as found to be in the public interest by the regulatory authority;

WHEREAS, consistent with the Railroad Commission's Order in GUD No. 10695 and the limited scope of a ratemaking proceeding under GURA § 104.111, on October 11, 2019, CenterPoint amended its application by making a Second Supplemental Filing ("October Supplemental Filing") to remove from its application expenses it claimed for restoration costs related to Hurricane Harvey;

WHEREAS, the result of removing such costs from the filing increases the amount to be refunded to customers in the Houston and Texas Coast Divisions from its initial filing of \$14,373,998 to \$17,763,968 (the "Amended Refund");

WHEREAS, the Amended Refund will be effective on bills rendered on or after January 1, 2020 and amortized over three years;

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

Section 1. The findings set out in the preamble are in all things approved and incorporated herein as if fully set forth.

Section 2. The City hereby:

- A. APPROVES** the rate tariff shown in Attachment A to this Resolution;
- B. APPROVES** the decrease in revenue per customer class shown in Attachment A and total refund in the amount of approximately \$17,763,968;
- C. DIRECTS** CenterPoint to issue a refund consistent with the rate tariff shown in Attachment A;
- D. DIRECTS** CenterPoint to reimburse the City's rate case expenses incurred as part of TCUC within 30 days from the date this Resolution is approved; and

E. DENIES all other relief not expressly granted by this Resolution.

Section 3. The effective date for the rate tariff approved by this Resolution shall be January 1, 2020.

Section 4. A copy of this resolution shall be sent to CenterPoint's local representative and to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, 4400 Medical Parkway, Austin, TX, 78756.

Section 5. The meeting at which this resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 6. This resolution shall become effective from and after its passage.

PASSED AND APPROVED this _____ day of _____, 2019.

Brooks Bass,
Mayor Pro-Tem

ATTEST:

Betty Wells
City Secretary

ATTACHMENT A

EXHIBIT A – 2ND SUPPLEMENTAL FILING

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
HOUSTON DIVISION AND TEXAS COAST DIVISION
RATE SHEET
TAX CUTS AND JOBS ACT REFUND
RATE SCHEDULE NO. TCJA-HOU/TXC**

PURPOSE

The purpose of this rider is to provide customers with certain tax benefits associated with the Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA reduced the maximum corporate income tax rate from 35 percent to 21 percent beginning January 1, 2018. Rider TCJA-HOU/TXC returns to customers the Unprotected Excess Deferred Income Tax (EDIT) amounts not subject to the normalization provision of the Internal Revenue Code.

APPLICATION

This rider applies to all residential, general service-small and general service-large volume customers of the Houston Division and Texas Coast Division.

The rates associated with this rider will be calculated in accordance with Appendix 1.

The unprotected EDIT will be amortized over three years and allocated to the customer classes based on the standard sales service allocation factors and base rate revenue allocation factors approved in GUD No. 10567. The allocated amounts by class shall be divided by the customer count billing determinants to calculate a monthly per bill refund. The refund for year three includes the present value of the year four return component of the change in the Company's rate base.

Monthly refunds shall appear as a line item on the bill titled, "Tax Refund".

TRUE-UP

Each subsequent Rider TCJA-HOU/TXC application will include a true-up of the actual amounts refunded to customers.

If the Internal Revenue Service issues new guidance or the Company acquires new information requiring the Company to revise the balances of Unprotected EDIT as a result of the TCJA or any other tax change, the Company reserves the right to make additional filings to recognize such adjustments.

Upon completion of the three-year amortization period, the over- or under- refund amounts will be transferred to a regulatory asset or regulatory liability until that over- or under- refund amount can be reconciled in a later proceeding.

FILING PROCEDURES

On or before August 1 for all test years, during the term of Rider TCJA-HOU/TXC, the Company shall file with the Railroad Commission (RRC) and Cities the TCJA calculation as shown in Appendix 1 along with supporting schedules and workpapers. Unless disputed by the RRC Staff or Cities, rates per Appendix 1 will become effective for bills rendered on or after January 1. If the RRC Staff or Cities dispute the calculation, or any component thereof, the RRC Staff or Cities shall notify the Company on or before October 1.

ATTACHMENT A

EXHIBIT A – 2ND SUPPLEMENTAL FILING

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
HOUSTON DIVISION AND TEXAS COAST DIVISION
RATE SHEET
TAX CUTS AND JOBS ACT REFUND
RATE SCHEDULE NO. TCJA-HOU/TXC**

CenterPoint Energy
Houston and Texas Coast Divisions
Rider TCJA-HOU/TXC
Effective January 1, 2020

<u>Line No.</u>	<u>Description</u>	(A)	(B) Standard Service Amounts Year 2020
1	Unprotected Excess Deferred Income Taxes (EDIT)		\$ (6,994,963)
2	True-up for Previous Unprotected EDIT		
3	Total Unprotected (EDIT)		<u>\$ (6,994,963)</u>
	<u>Base Rate Revenue Allocation Factors per GUD No. 10567</u>		
4	Residential		90.1796%
5	General Service - Small		6.5762%
6	General Service - Large Volume		3.2442%
7	Total		<u>100.0000%</u>
	<u>Impact to Revenues Allocated to Customer Classes</u>		
8	Residential (Line 3 * 4)		\$ (6,308,031)
9	General Service - Small (Line 3 * 5)		(460,003)
10	General Service - Large Volume (Line 3 * 6)		(226,931)
11	Total		<u>\$ (6,994,965)</u>
	<u>Number of Bills (12 Months Ending June)</u>		
12	Residential		15,979,716
13	General Service - Small		783,588
14	General Service - Large Volume		21,334
15	Total		<u>16,784,638</u>
	<u>Refund</u>		
16	Residential (Line 8 * 12)		\$ (0.39)
17	General Service - Small (Line 9 * 13)		\$ (0.59)
18	General Service - Large Volume (Line 10 * 14)		\$ (10.64)