

LOUIS R. RIGBY
Mayor
BRANDON LUNSFORD
Councilmember At Large A
STEVE GILLETT
Councilmember At Large B
DANNY EARP
Councilmember District 1



CHUCK ENGELKEN
Councilmember District 2
BILL BENTLEY
Mayor Pro-Tem
Councilmember District 3
THOMAS GARZA
Councilmember District 4
JAY MARTIN
Councilmember District 5
NANCY OJEDA
Councilmember District 6

CITY COUNCIL MEETING AGENDA

Notice is hereby given of a Regular Meeting of the La Porte City Council to be held March 9, 2020, beginning at 6:00 pm in the City Hall Council Chambers, 604 West Fairmont Parkway, La Porte, Texas, for the purpose of considering the following agenda items. All agenda items are subject to action.

1. **CALL TO ORDER**
2. **INVOCATION** – The invocation will be given by Minister Shawn Williams, Gates of Praises Church.
PLEDGES – Will be led by Councilmember Bill Bentley.
U.S. Flag
Texas Flag: Honor the Texas Flag. I pledge allegiance to thee, Texas, one state, under God, one, and indivisible.
3. **PRESENTATIONS, PROCLAMATIONS, AND RECOGNITIONS**
 - (a) Proclamation - NAPTA Troubleshooting Skills Competition Day. [Mayor Rigby]
 - (b) Recognition of the retirement of Peggy Lee, Office Coordinator for the Planning & Development Department. [Mayor Rigby]
4. **CITIZEN COMMENT** *(Generally limited to five minutes per person; in accordance with state law, the time may be reduced if there is a high number of speakers or other considerations.)*
5. **CONSENT AGENDA** *(Approval of Consent Agenda items authorizes each to be implemented in accordance with staff recommendations provided. An item may be removed from the consent agenda and added to the Statutory Agenda for full discussion upon request by a member of the Council present at this meeting.)*
 - (a) Approve the minutes of the regular session held on February 24, 2020. [Mayor Rigby]
 - (b) Approve the appointment of Pat McCabe to an open position on the Building Codes Appeals Board. [Mayor Rigby]
 - (c) Accept the City of La Porte Fiscal Year Ending September 30, 2019, Comprehensive Annual Financial Report (CAFR). [Michael Dolby, Finance Director]
 - (d) Award RFP #20503 for Delinquent Ad Valorem Tax Collection Services to Perdue Brandon Fielder Collins & Mott, LLP. [Michael Dolby, Finance Director]
 - (e) Award Bid 20007- Lomax Elevated Water Storage Tank Rehabilitation to Maguire Iron, Inc., authorize the City Manager to execute a contract in the amount of \$275,000.00, and approve a project contingency of \$27,500.00, for a total authorization of \$302,500.00. [Ray Mayo, Director of Public Works]
 - (f) Award Bid 20008-Hillridge Water Tank Replacement to W. W. Payton Corporation, authorize the City Manager to execute a contract in the amount of \$160,000.00, and approve a project contingency of \$16,000.00, for a total authorization of \$176,000.00. [Ray Mayo, Director of Public Works]
 - (g) Adopt Ordinance 2020-3782 for the purpose of vacating, abandoning, and closing portions of the N 2nd and N 4th Street rights-of-way situated in Blocks 7C and 7B, Nebraska Syndicate, and Blocks 349 and 352, Town of La Porte. [Ian Clowes, City Planner]
 - (h) Adopt Ordinance 2020-3783 for the purpose of vacating, abandoning, and closing a portion of the N 8th Street right-of-way situated in Block 12, Nebraska Syndicate. [Ian Clowes, City Planner]

6. PUBLIC HEARINGS AND ASSOCIATED ORDINANCES

- (a) The City Council will hold a public hearing to receive comments regarding the recommendation by the Planning and Zoning Commission to adopt Ordinance 2020-3784 amending the Code of Ordinances of the City of La Porte, Chapter 106 "Zoning" by amending regulations related to parking surface materials, commercial and industrial uses, shipping containers, design standards, parking space density, tree preservation, and landscaping; followed by discussion and possible action to consider adopting Ordinance 2020-3784 amending the Code of Ordinances of the City of La Porte, Chapter 106 "Zoning" by amending regulations related to parking surface materials, commercial and industrial uses, shipping containers, design standards, parking space density, tree preservation, and landscaping. [Ian Clowes, City Planner]

7. STATUTORY AGENDA

- (a) Presentation, discussion and possible action to authorize the City Manager to execute a Water Service Agreement with Truck Locker Houston, LLC for its proposed facility at 11210 Fairmont Parkway in the Bayport Industrial District. [Lorenzo Wingate, Assistant Director of Public Works]

8. ELECTION MATTERS

- (a) Approve Judges and Alternate Judges for the City of La Porte/LPISD General Election on May 2, 2020. [Mayor Rigby]

9. REPORTS

- (a) Receive a report on the Drainage and Flooding Committee meeting. [Councilperson Martin]
- (b) Receive a report on the Fiscal Affairs Committee meeting. [Councilperson Engelken]

10. ADMINISTRATIVE REPORTS

- Planning and Zoning Commission meeting, March 19
- City Council meeting, March 23
- Zoning Board of Adjustment meeting, March 27

11. COUNCIL COMMENT *Hear announcements concerning matters appearing on the agenda; items of community interest; and/or inquiries of staff regarding specific factual information or existing policy from the Mayor, Councilmembers, and City staff, for which no formal action will be discussed or taken.*

12. ADJOURN

If, during the course of the meeting and discussion of any items covered by this notice, City Council determines that a Closed or Executive Session of the Council is required, then such closed meeting will be held as authorized by Texas Government Code, Chapter 551, Section 551.071 - consultation with counsel on legal matters; Section 551.072 - deliberation regarding purchase, exchange, lease or value of real property; Section 551.073 - deliberation regarding a prospective gift; Section 551.074 - personnel matters regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; Section 551.076 - implementation of security personnel or devices; Section 551.087 - deliberation regarding economic development negotiation; Section 551.089 - deliberation regarding security devices or security audits, and/or other matters as authorized under the Texas Government Code. If a Closed or Executive Session is held in accordance with the Texas Government Code as set out above, the City Council will reconvene in Open Session in order to take action, if necessary, on the items addressed during Executive Session.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact the City Secretary's office (281-470-5019), two working days prior to the meeting for appropriate arrangements.

CERTIFICATE

I, Lee Woodward, City Secretary, do hereby certify that a copy of the March 9, 2020, City Council agenda was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, www.LaPorteTX.gov, in compliance with Chapter 551, Texas Government Code.

DATE OF POSTING _____
 TIME OF POSTING _____
 TAKEN DOWN _____

Lee Woodward

Lee Woodward, City Secretary



Proclamation

Office of the Mayor

WHEREAS, the North American Process Technology Alliance (NAPTA) is the recognized organization for the advancement of process technology education and careers and is the standard-bearer of the process technology education and careers curriculum; and

WHEREAS, NAPTA supports the development of a diverse and qualified process technology talent pool to meet workforce needs in North America, as process technology graduates impact the bottom line for industry by increasing plant asset utilization, decreasing employee selection costs, reducing new employee turnover, dropping job training costs, and decreasing the number of safety-related incidents; and

WHEREAS, San Jacinto College has approximately 450 process technology graduates annually and is serving as the host site for the 2020 NAPTA Troubleshooting Skills Competition; and

WHEREAS, the NAPTA Troubleshooting Skills Competition is designed as a format to help students be exposed to more real-time plant scenarios while working in a simulated environment; enhances problem solving and critical thinking skills of advanced level process technology students; develops safety culture, teamwork, and communication skills; and provides students a venue to interact with industry representatives; and

WHEREAS, the City of La Porte expresses its appreciation to San Jacinto College and the North American Process Technology Alliance for encouraging today's youth to enter the process technology field, which is so critical to the economy of the Texas Gulf Coast region.

NOW, THEREFORE, I, Louis R. Rigby, Mayor, do hereby proclaim March 9, 2020, as

NAPTA Troubleshooting Skills Competition Day

In Witness Whereof: I have hereto set my hand and caused the Seal of the City to be affixed hereto, this, the 9th day of March, 2020.

City of La Porte

Louis R. Rigby, Mayor

Recognition of the Retirement of Peggy Lee, Office Coordinator

Peggy Lee began her career with the City of La Porte as a part-time clerk with the Parks and Recreation Department in March 1990. She performed numerous duties for several staff members before her promotion to a full-time position as Planning Department Secretary in June 1991. Peggy excelled in this position, where she coordinated department purchasing and personnel record keeping, department records management, and project contract administration, and maintained the CIP project budgets. In this role, she also served as secretary to the Planning and Zoning Commission, and transcribed detailed minutes for each meeting. In 1993, Peggy was recognized as *Employee of the Quarter*.

Peggy was promoted to her current position as Office Coordinator for the Planning Department in February 2005, where she continued to distinguish herself and assume additional duties. Leading up to and since taking on this role, Peggy has maintained the Department's daily administrative and budgetary activities through several transitions in Department leadership. Peggy became known for assisting and responding to citizen inquiries with aplomb. She became the lead coordinator for CIP project funding for major projects such as the HOME Grant Program, Fire Stations 2 & 3, Fire Station 2/EMS Remodel, and the Fire Training Room Facilities. Peggy was also instrumental in creating the Planning Department's GIS Division. Based on her research and analysis, the Department was able to realign duties, eliminate vacant positions, and add two new employees to create the GIS Division, without any impact on the City's budget. In 2005, Peggy was again recognized as *Employee of the Quarter* and also as the *Employee of the Year*.

Peggy has been a constant in the Planning Department, and has devoted many long hours to serving the City to get the job done. Peggy is valued for her friendship, guidance, professionalism, attention to detail, dedication, and commitment. She will be missed.

Peggy is wife to her high school sweetheart and travel buddy, Steve Lee. They have shared many adventures over the years and are excited to experience many more. Their shared hobby is tending to the Registered Texas Longhorns at their family farm. In their down time, they are blessed with the company of their twin daughters, Stephanie and Lacey; their sons-in-law, Max and Michael; and their three grandchildren, Ava, Landry, and Maddox. Peggy looks forward to changing her focus from serving the City of La Porte to enjoying more time with her friends and family.

Peggy, we bid you a fond farewell, and thank you for your thirty years of dedicated service to the citizens of La Porte.

LOUIS RIGBY
Mayor
BRANDON LUNSFORD
Councilperson At Large A
STEVE GILLETT
Councilperson At Large B
DANNY EARP
Councilperson District 1
CHUCK ENGELKEN
Councilperson District 2



BILL BENTLEY
Councilperson District 3
Mayor Pro-Tem
THOMAS GARZA
Councilperson District 4
JAY MARTIN
Councilperson District 5
NANCY OJEDA
Councilperson District 6

MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF LA PORTE FEBRUARY 24, 2020

The City Council of the City of La Porte met in a regular meeting on Monday, February 24, 2020, at the City Hall Council Chambers, 604 West Fairmont Parkway, La Porte, Texas, at 6:00 p.m., with the following in attendance:

Councilpersons present: Louis Rigby, Danny Earp, Chuck Engelken, Bill Bentley, Thomas Garza, Jay Martin, Steve Gillett, Nancy Ojeda, Brandon Lunsford

Councilpersons absent: None

Council-appointed officers present: Corby Alexander, City Manager; Lee Woodward, City Secretary; Clark Askins, Assistant City Attorney

1. **CALL TO ORDER** – Mayor Rigby called the meeting to order at 6:00 p.m.
2. **INVOCATION AND PLEDGES** – The invocation was given by Rachel Cotton, Pleasant Hill Church of Deliverance, and the pledges of allegiance to the U.S. and Texas flags were led by Councilperson Brandon Lunsford.
3. **PRESENTATIONS, PROCLAMATIONS, AND RECOGNITIONS**
 - a. Proclamation in recognition of Texas Independence Day, in collaboration with The Sons of the Republic of Texas. [Mayor Rigby].
 - b. Recognition of the retirement of Ron Parker, Chief of Police. [Mayor Rigby]
4. **CITIZEN COMMENT** (*Generally limited to five minutes per person; in accordance with state law, the time may be reduced if there is a high number of speakers or other considerations.*)

Rick Helton and Lisa Morfin spoke on behalf of Spencer Landing HOA in support of the Bonner Carrington project, as did Ben Rosenberger of Bayshore Baptist Church. Brittany Jones and Manuel Hernandez of the CARES Team at Bonner Carrington's Mariposa property also offered support. Chuck Rosa spoke in opposition to the use of tax funds for the project. Jana Pellusch of Deer Park offered comments of concern over the Texas Commission on Environmental Quality's (TCEQ) recommendation to the Environmental Protection Agency (EPA) to raise the standards of release on ethylene oxide.

5. **CONSENT AGENDA** (*Approval of Consent Agenda items authorizes each to be implemented in accordance with staff recommendations provided. An item may be removed from the consent agenda and added to the Statutory Agenda for full discussion upon request by a member of the Council present at this meeting.*)
 - a. **Approve the minutes of the special session held on February 8 and the regular session held on February 10, 2020. [Mayor Rigby]**
 - b. **Approve the appointment of Janet Fitzke to an open position on the City of La Porte Airport Advisory Board. [Mayor Rigby]**
 - c. **Approve Resolution 2020-03 confirming the appointment of Steve Deardorff as the department head and chief of police of the La Porte Police Department, commencing March 1, 2020. [Corby Alexander, City Manager]**

- d Approve purchase agreement with Software House International (SHI) for unified backup and disaster recovery system, under Texas Department of Information Resources (DIR) cooperative contract DIR-TSO-3984. [Grady Parker, IT Manager]
- e Authorize the City Manager to execute a professional services agreement with Halff Associates, Inc. to provide preliminary engineering, final design, bidding, and construction phase services for the Bayside Terrace Subdivision Improvements Project. [Ray Mayo, Director of Public Works]
- f Approve the issuance of a pipeline permit to Mobil Pipeline Company for the construction of a 36” crude pipeline within the city of La Porte. [Lorenzo Wingate, Assistant Director of Public Works]

Councilperson Gillett moved to approve Resolution 2020-03 confirming the appointment of Steve Deardorff as the department head and chief of police of the La Porte Police Department, commencing March 1, 2020; the motion was adopted, 8-1, Councilperson Garza voting against.

Councilperson Engelken moved to approve the consent agenda items a, b, and d-f; the motion was adopted, 9-0.

6. PUBLIC HEARINGS

- (a) The City Council will hold a public hearing to receive comments regarding a recommendation by the Planning and Zoning Commission to adopt Ordinance 2020-3777 amending the City's Future Land Use Map Component of the Comprehensive Plan for an approximately 6.921-acre tract of land located at the 3400 Block of Canada Road, legally described as Reserve A, Block 1, Dawson Subdivision, by changing the land use designation from “Mid-High Density Residential” to “Commercial”; followed by discussion and possible action to consider adopting Ordinance 2020-3777 amending the City's Future Land Use Map Component of the Comprehensive Plan for an approximately 6.921-acre tract of land located at the 3400 Block of Canada Road, legally described as Reserve A, Block 1, Dawson Subdivision, by changing the land use designation from “Mid-High Density Residential” to “Commercial”. [Ian Clowes, City Planner]

Mayor Rigby opened the public hearing at 6:47 p.m. City Planner Ian Clowes gave a brief presentation on items 6a-c together. Victor Perez and Chuck Rosa spoke in support of the project, noting they had attended the Planning and Zoning discussions. Mayor Rigby closed the public hearing at 7:28 p.m.

Councilperson Engelken moved to uphold the Planning and Zoning Commission's denial of the proposed Future Land Use Amendment for a 6.921-acre tract of land located at the 3400 Block of Canada Road and legally described as Reserve A, Block 1, Dawson Subdivision; the motion was lost, 4-5, Councilpersons Earp, Engelken, Bentley, and Ojeda voting in support.

Councilperson Gillett moved to adopt Ordinance 2020-3777, amending the City's Future Land Use Plan for a 6.921-acre tract of land located at the 3400 Block of Canada Road and legally described as Reserve A, Block 1, Dawson Subdivision; the motion was adopted, 7-2, Councilpersons Engelken and Earp voting against.

- (b) The City Council will hold a public hearing to receive comments regarding a recommendation by the Planning and Zoning Commission to adopt Ordinance 2020-3778 amending the Code of Ordinances of the City of La Porte, Chapter 106 “Zoning“ by granting Zone Change #19-92000010, a change from Mid Density Residential (R-2) to Planned Unit Development (PUD) for a 6.921-acre tract of land located at the 3400 Block of Canada Road and legally described as Reserve A, Block 1, Dawson Subdivision; followed by discussion and possible action to consider adopting Ordinance 2020-3778 amending the Code of Ordinances of the City of La Porte, Chapter 106 “Zoning“ by granting Zone Change #19-92000010, a change from Mid Density Residential (R-2) to Planned Unit Development (PUD) for a 6.921-acre tract of land located at the 3400 Block of Canada Road and legally described as Reserve A, Block 1, Dawson Subdivision. [Ian Clowes, City Planner]

Mayor Rigby opened the public hearing at 7:36 p.m. Mayor Rigby closed the public hearing at 7:37 p.m. Councilperson Garza moved to adopt Ordinance 2020-3778, for zone change request #19-92000010, for a 6.921-acre tract of land located at the 3400 Block of Canada Road and legally described as Reserve A, Block 1, Dawson Subdivision; the motion was adopted, 8-1, Councilperson Engelken voting against.

- (c) **The City Council will hold a public hearing to receive comments regarding a recommendation by the Planning and Zoning Commission to adopt Ordinance 2020-3779 amending the Code of Ordinances of the City of La Porte, Chapter 106 "Zoning" by granting Special Conditional Use Permit #19-91000009, to allow for a Boat and RV storage facility on a 6.921-acre tract of land, located at the 3400 Block of Canada Road, and legally described as Reserve A, Block 1, Dawson Subdivision in the Planned Unit Development (PUD) zoning district; followed by discussion and possible action to consider adopting Ordinance 2020-3779 amending the Code of Ordinances of the City of La Porte, Chapter 106 "Zoning" by granting Special Conditional Use Permit #19-91000009 to allow for a Boat and RV storage facility on a 6.921-acre tract of land, located at the 3400 Block of Canada Road, and legally described as Reserve A, Block 1, Dawson Subdivision in the Planned Unit Development (PUD) zoning district. [Ian Clowes, City Planner**

Mayor Rigby opened the public hearing at 7:39 p.m. Owner Ryan Sweezy and resident Brad Carpenter answered questions concerning the additional conditions from the Planning and Zoning Commission. Stuart Shaw of Mariposa asked that trees being used as screening be considered. Mayor Rigby closed the public hearing at 7:52 p.m.

Councilperson Gillett moved to uphold the Planning and Zoning Commission's approval of the application for Special Conditional Use Permit (SCUP) # 19-91000009, for a 6.921-acre tract of land located at the 3400 Block of Canada Road and legally described as Reserve A, Block 1, Dawson Subdivision and to amend the SCUP by striking the prohibition on chain link fencing and inserting a chain link opaque fence with barbed wire at the top as an alternative screening option for the perimeter.

Councilperson Earp moved to amend that the front/west site include a decorative frontage; the motion was adopted, 8-1, Councilperson Engelken voting against. The original motion, as amended, was adopted, 9-0.

7. STATUTORY AGENDA

- (a) **Presentation, discussion, and possible action to approve Resolution 2020-04 in support of an application and development of Cypress Creek Apartment Homes (tax credit multi-family Bonner Carrington development) to be located on the north side of Spencer Highway between the airport/pipeline to the west, Bayshore Baptist Church to the east, and Spencer Landing subdivision to the north. [Corby Alexander, City Manager]**

Stuart Shaw and Emily Protine of Bonner Carrington answered questions on the project. Councilperson Earp moved to approve Resolution 2020-04 in support of Cypress Creek's effort to receive tax credits for a multi-family development in La Porte and contribute fee reductions in value of at least \$500. Councilperson Garza moved to strike *will provide reduced fees* and insert *a loan* in the first *Further Resolved* item and the same change in the letter from the Mayor. There was not a second and the amendment was not considered.

Councilperson Gillett moved the previous question. Councilperson Garza moved several parliamentary inquiries and questions of privilege. The previous question was adopted, 8-1, Councilperson Garza voting against. The main motion was adopted, 8-1, Councilperson Garza voting against.

- (b) **Presentation, discussion, and possible action to approve an agreement between the City of La Porte and the City of Shoreacres for Fire Services. [Jason Weeks, Assistant City Manager; David Gifford, Assistant Fire Chief]**

Councilperson Garza moved multiple parliamentary inquiries and questions of privilege and was warned by Mayor Rigby. Assistant City Manager Jason Weeks and David Gifford, Assistant Fire Chief, offered a brief overview. Councilperson Engelken moved to authorize the City Manager to enter into a five-year agreement with the City of Shoreacres to provide fire suppression services within their corporate city limit boundaries at a monthly amount of \$13,818.72 beginning March 1, 2020 and ending on February 28, 2025; the motion was adopted, 9-0.

- (c) **Presentation, discussion, and possible action to approve a request for sponsorship by the La Porte Education Foundation for their annual golf tournament. [Jason Weeks, Assistant City Manager]**

Frank Nance and Brock Bihm of the La Porte Education Foundation followed Assistant City Manager Jason Weeks in providing an overview of the request. (Councilperson Lunsford signed a Conflict of Interest affidavit and did not

participate in the discussion or vote on the item.) Councilperson Earp moved to approve the City Manager to sponsor the La Porte Education Foundation annual golf tournament via proposed Option 3, as in the past by being the presenting sponsor at a cost of \$2,500 and the City contributing a sleeve of three (3) City logo golf balls to each participant in the golf tournament (which costs the City \$1,705) for a total investment of the budgeted amount of \$4,205; the motion was adopted, 8-0.

(d) Presentation, discussion, and possible action to approve a \$10,000 sponsorship to the San Jacinto Museum of History for their 9th Annual San Jacinto Texas Independence Fun/Run and San Jacinto Festival & Battle Reenactment. [Rosalyn Epting, Director of Parks & Recreation]

Roz Epting, Director of Parks and Recreation, provided a brief overview. Councilperson Engelken moved to approve sponsoring \$10,000 to the San Jacinto Museum of History for their 9th Annual San Jacinto Texas Independence Fun/Run and San Jacinto Festival & Battle Reenactment. Councilperson Garza moved to amend by including a prohibition on Councilpersons receiving gifts or other items from the sponsorship; the motion was not adopted, 2-7, Councilpersons Garza and Gillett voting in favor. The main motion was adopted, 8-1, Councilperson Garza voting against.

(e) Presentation, discussion, and possible action to authorize the City Manager to sign an agreement with Huitt-Zollars, Inc. for design services for the EMS facility expansion. [Ray Mayo, Director of Public Works]

Public Works Director Ray Mayo and Randy Hickey of Huitt-Zollars answered questions. Councilperson Garza moved to authorize the City Manager to sign an agreement with Huitt-Zollars, Inc., to provide survey, geotechnical, architectural, engineering, and design referenced as (step 1), related to the EMS Headquarters Expansion in the amount of \$67,910.00; the motion was adopted, 8-0 (Councilperson Ojeda had stepped out of the room).

8. REPORTS

(a) Receive fiscal year 2019-2020 first quarter Capital Improvement Plan program report update. [Jason Weeks, Assistant City Manager]

Mr. Weeks presented the quarterly update.

(b) Receive a report on the La Porte Development Corporation Board meeting. [Councilperson Ojeda]

Councilperson Ojeda reported that the Committee welcomed new member Rachel Cotton and authorized publication of the opening of a 60-day comment period for a project at 100 West Main.

9. ADMINISTRATIVE REPORTS

- Zoning Board of Adjustment meeting, February 27
- Fiscal Affairs Committee meeting, March 9
- Drainage and Flooding Committee meeting, March 9
- City Council meeting, March 9
- Planning and Zoning Commission meeting, March 19
- City Council meeting, March 23
- Zoning Board of Adjustment meeting, March 27

Mr. Alexander announced there were no reports.

10. COUNCIL COMMENTS regarding matters appearing on the agenda; recognition of community members, city employees, and upcoming events; inquiry of staff regarding specific factual information or existing policies.

Councilpersons congratulated Chief Parker on his retirement; thanked the Parks Department for the *Mardi Gras on Main* and the *Father-Daughter Dance* events; congratulated and welcomed Chief Deardorff in his new capacity; reminded all to vote in the primaries next week on election day; suggested following up on the public comment on ethylene oxide; commented on the Council *Rules of Procedure* provision to enable a Councilperson to be removed from a meeting; thanked the Sons of the Republic of Texas for coming for their proclamation; expressed appreciation for the

Council approving the first part of the Bayside Terrace drainage project; suggested that Councilpersons consider views on meeting length; offered support of the San Jacinto Monument events; relayed a story from citizens about how the City Secretary had assisted them with their primary election mail ballots through Harris County.

ADJOURN – Without objection, Mayor Rigby adjourned the meeting at 9:53 p.m.

Lee Woodward, City Secretary

Sec. 82-14. - Powers and duties of the board. The building code appeals board shall have the following powers:

- (1) To hear and decide appeals from the determination of a building official where it is alleged that on a claim that the true intent of the building and construction codes adopted in this chapter have been incorrectly interpreted, that the provisions of a code adopted under this chapter do not fully apply, or that an equally good or better form of construction is proposed. The building code appeals board shall have no authority to waive requirements of this Code.
- (2) The building code appeals board is to conduct a regular comprehensive review of the codes adopted in this chapter, and has the power to recommend to the City Council of the City of La Porte changes, additions, or deletions from said codes for any reason including the following:
 - a. Defects in the text of the codes;
 - b. Deficiencies created by improper or lax administration of the codes; or
 - c. Inconsistency with the state statutes or judicial decisions. (Ord. No. 2004-2733, § 1, 5-10-04)

Sec. 82-15. - Action on appeal. In exercising the powers set forth in this section, the building code appeals board, in conformity with the provision of this chapter and the codes adopted in this chapter, may reverse or affirm, wholly or partly, or may modify the order, requirement, decision, or determination, as ought to be made, of the building official, and to that end shall have all the powers of the enforcement officer from whom the appeal is taken. (Ord. No. 2004-2733, § 1, 5-10-04)

RECOMMENDED MOTION

I move the appointment of Pat McCabe to an open position on the La Porte Building Code Appeals Board. [*A nomination does not require a second.*]



REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>3-9-2020</u>
Requested By: <u>Michael Dolby, Director of Finance</u>
Department: <u>Finance</u>
<input checked="" type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance

Exhibits: 2019 CAFR

Appropriation	
Source of Funds:	<u>General Fund/Finance</u> <u>0016141-5155001</u> <u>\$45,300; 0345051-</u> <u>5225001-\$5,000;</u> <u>0167075-5335001-</u> <u>\$6,000; 0386030-</u>
Account Number:	<u>5655001-\$5,000</u>
Amount Budgeted:	<u>\$61,300</u>
Amount Requested:	<u>\$61,300</u>
Budgeted Item:	<input checked="" type="radio"/> Yes <input type="radio"/> No

SUMMARY & RECOMMENDATION

In accordance with the city charter, the fiscal year ending September 30, 2019 Comprehensive Annual Financial Report will be presented to Council by the external auditors Whitley Penn. The audit report provides the City with reasonable assurance that the financial statements are free of material misstatements. The auditors designed tests that provide evidence that the financial statements conform to the highest level of accounting standards. The City of La Porte received an unmodified (clean) opinion from the auditors and no management comments or deficiencies in internal control were identified.

The City of La Porte has won the Award for Excellence in Financial Reporting from the Government Finance Officers Association for thirty-eight (38) consecutive years.

ACTION REQUIRED

Consider approval or action to accept the Fiscal Year Ending September 30, 2019 Comprehensive Annual Financial Report (CAFR).

Approved for Fiscal Affairs Committee Agenda

Corby D. Alexander, City Manager

Date

CITY OF LA PORTE, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2019

Corby Alexander, City Manager

Prepared by:

Department of Finance

DRAFT 02.25.2020

CITY OF LA PORTE
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CITY OF LA PORTE
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March 9, 2019

To the Honorable Mayor,
Members of City Council, and
Citizens of the City of La Porte, Texas:

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of La Porte, Texas for the fiscal year ended September 30, 2019. This report is published to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. This report consists of management's representations concerning the finances of the City of La Porte. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of La Porte's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore the City of La Porte's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of La Porte's financial statements have been audited by Whitley Penn LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of La Porte for the fiscal year ended September 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent audit concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of La Porte's financial statements for fiscal year ended September 30, 2019 are fairly presented in conformity with GAAP. The independent auditors' report is presented as a component of the financial section of this report.

The independent audit of the financial statements of the City of La Porte included a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of La Porte's separately issued Single Audit Report. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of La Porte's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of La Porte, incorporated in 1892, is located in the southeast quadrant of Harris County and is bounded on the north by the Houston ship channel, on the east by Galveston Bay and the south by the Bayport channel. The City of La Porte currently encompasses 19 square miles and serves a population of 35,423.

The City is a home rule city operating under the Council-Manager form of government. Policymaking and legislative authority are vested in a governing council consisting of the mayor and eight other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Secretary and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of various departments. The Council is elected on a non-partisan basis. The Mayor and Council members serve three-year staggered terms. Six of the council members are elected by district. The Mayor and the two remaining council members are elected at large. The City of La Porte provides a full range of services, including police and fire protection, the construction and maintenance of streets and other infrastructure and recreational activities and cultural events. Certain services are provided through a legally separate Water Authority, which functions, as a blended component unit and in essence, is a department of the City of La Porte, and, therefore, has been included as an integral part of the City of La Porte's financial statements. Additional information on the Water Authority and other blended component units can be found in Note 1B of the notes to the financial statements. The City has established a Taxing Increment Reinvestment Zone one (the Zone). The zone is presented as a blended component unit and is being reported as a governmental fund type (see Note 1B). The City has also established a section 4 B Sales Tax Corporation (see Note 1B). The City also has established a Fire Control, Prevention and EMS District (see note 1B). The City's accounting records for general governmental operations are maintained on modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

The annual budget serves as the foundation for the City of La Porte's financial planning and control. Budgetary control has been established at the fund level. All agencies of the City of La Porte are required to submit requests for appropriation to the City Manager on or before May 26 of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to council for review prior to August. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30th. The appropriated budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The directors are given latitude to approve transfers of appropriations within a department. Transfers of appropriations between funds, however require the special approval of the city council. Budget-to-actual comparisons are provided in financial reports for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 82 as part of the required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 94. Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Funds. Formal budget integration is not employed for the Debt Service and Capital Projects Funds because effective budgetary control is alternatively achieved through bond indenture provisions and legally binding construction contracts, respectively.

Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of La Porte operates.

Local Economy

The City of La Porte is located in the southeast quadrant of Harris County, which is a 1, 723 square mile county is a leading oil, gas and petrochemical areas. The County has more than 3,200 manufacturing plants, the nation's largest concentration of petrochemical plants, and the third largest United States seaport and is a corporation management center. A significant part of the County's major employers, manufacturers, education and financial institutions are located in Houston, the County seat. The Texas Medical Center, located in Harris County, is one of the nation's largest, providing medical care and educational opportunities. Higher education facilities include: University of Houston, Rice University, Texas Southern University, St. Thomas University and Houston Baptist University, all offering full four- year as well as postgraduate programs. The Lyndon B. Johnson Space Center is also located here. Located some 20 miles southeast of Houston on Galveston Bay in Harris County are the three communities that make up the La Porte Bayshore Area: La Porte, Morgan's Point and Shoreacres. The area has a combined population of approximately 40,000. Though much of the image of this area is industrial, the La Porte-Bayshore area is still characterized by an expanse of resort homes.

Strategic Plan

- **Overview**

On October 27, 2012, the Mayor, City Council, City Manager and key staff of the City of La Porte met together in a retreat planning session. The purpose of that meeting was to establish the Council's Strategic Plan for the next five years. A report was prepared outlining the City Council's Mission, Vision and Core Values, as well as six overall goals. Each goal had identified objectives and strategies, with time lines for beginning and completing the goals.

On March 9, 2013, the City Manager and his key staff met. Their purpose was two-fold. First, staff reviewed and discussed the Mission, Vision and Core Values developed by the City Council and created Leadership Statements for the staff to follow to ensure their work is consistent with the value of the City Council. Secondly, staff reviewed and clarified the goals, objectives and strategies identified by the City Council; if necessary identify additional goals consistent with the overall mission, vision and values; and establish the framework for an action plan. The result of their work is documented in this report.

The Strategic Plan will provide a blueprint for action over the next five years. When developing the annual budget, staff will be tasked with making sure that expenditures and programs further the goals and Core Values stated in this document. This provides clear direction to the staff as to what priorities are important to the Council and plans can be made accordingly to make sure that resources are allocated towards those ends. Additionally, this plan is an excellent communication tool that the Council and the staff can use when speaking with residents and businesses. Many times, ad hoc requests can derail longer-term plans. The Strategic Plan outlines a framework for receiving, prioritizing, and budgeting for resident requests.

All participants, staff and Council, agreed to commit to the success of this plan. A plan only becomes a useful and working document when all the participants (as a whole and as individuals) make a commitment to review it regularly, use it monthly, and modify it as needed. It is a tool that can and should be used regularly to track progress, make notes of variations between expectations and actuals, of timelines and expenses, to help accomplish each goal, and to hold one another accountable for updates and completion.

- **Mission Statement**

The Council reviewed and revised the Mission Statement & Vision Statement of the City and the results are as follows:

The City of La Porte embraces our heritage, community values, and opportunities, while enhancing the quality of life for our citizens

- **Vision Statement**

To provide improved infrastructure, to drive economic growth, and to enhance quality of life for our citizens.

- **Core Values**

The City Council wanted to specify the core values under which the City and its staff function. Core values are the general guidelines that establish the foundation for how an organization will operate. Staff then discussed these value statements to define and gain an understanding of what those Core Value meant to staff from a leadership perspective. Staff first discussed what the elements of each Core Value represented, then prepared a Leadership Statement for each one.

The following are the Core Values of the City of La Porte:

- **Health & Public Safety:** City employees will ensure the health and safety of our citizens by providing and maintaining superior public infrastructure and public safety services.
- **Integrity & Accountability:** City employees will be open, honest and transparent, and be accountable to the Council so that Council can be responsive to the citizens.
- **Superior Customer Service:** City employees will proactively provide superior customer service in a positive and timely manner.
- **Quality in everything we do:** City employees will strive for superiority in all services we provide.

- **Goal and Plan Development**

During the Council Retreat in October 2012, six goals were developed by the Council, with staff providing assistance in the development of objectives. In March 2013, the staff further added “meat to the bone” to outline more specifically the actions that would be necessary to achieve the stated goals. The development and implementation of the action plan will serve to provide Council a clear understanding of how and when each of their goals will be accomplished. The action plan proposes to do the following:

- Identify a team leader: Each Goal needs a champion who will lead the effort to accomplish the goal and be held accountable for the action plan that is developed. A team leader for each goal was assigned.
- Identify team members. Likewise each goal needs a larger team, consisting of fellow staff from across all departmental lines where appropriate, to assist in the implementation process.
- Identify partners. Each team should identify the partners, outside the city organization, who can provide expertise and resources to accomplish the goal.
- Define action steps. Each objective needs defined action steps showing Council how the goal will be accomplished. The action steps provide the basis for benchmarks.
- Prepare a timeline. Timelines were prepared for each of the objectives. Staff reviewed those timelines and recommended adjustments.

The Council-identified goals are:

- Improve Infrastructure
- Preserve Heritage – to preserve the structure and amenities that make La Porte unique
- Ensure that all departments and facilities are ready for any disaster
- To encourage economic development/retail development
- To provide Superior Customer Service
- To revitalize blight/146

In addition to the six Council-identified goals, it was agreed that key areas of city government were not included in the goals identified by Council. Staff was tasked with discussing other areas where they would establish goals and objectives and bring them to Council for consideration and approval to include in the Strategic Plan. Several new goals were identified and are proposed for Council consideration:

- To provide and maintain superior public safety
- Continue to improve the quality of life through recreational amenities
- Create a Neighborhood Preservation Program
- Provide diverse and timely communications that promote and influence a positive public perception of La Porte

One critical component to ensuring that the elements of the Strategic Plan are being implemented is to provide regular status reports to the City Council. Staff prepares and presents to council quarterly written reports supplemented with oral reports or action items for implementation that may be necessary in-between written reports.

In fiscal year 2014, City staff appointed key department directors to carry out the major components of the strategic plan. Staff developed a matrix that identifies target dates for completion of the components of the strategic plan.

Relevant Financial Policy

City staff is complying with the new GASB pronouncements regarding other post-employment benefits reporting.

Major Initiatives

Staff continues to oversee the design and construction of our fitness center addition. Also, public works is overseeing the construction of the multi-million dollar infrastructure water/ sewer project, as well as design for various drainage projects.

Long Term Planning

Given the current economy and the uncertainty of the next few years, the City's existing financial position remains strong. The City has incorporated several strategies to decrease the expenses to the City over the next several years. Rising costs of personnel and the related benefits have been a challenge to the City; however, over the last few years, a healthy fund balance in the General Fund has allowed the City to weather these rising costs.

During the upcoming year, the city will continue to monitor the effects of a new municipal utility district that will have 640 single family homes with an average value of \$280,000. Also included in this development is \$40,000,000 in multifamily housing and \$12,000,000 in senior living housing. Build out is projected over the next five years, and city property tax revenue from this project is estimated to \$1,580,000 annually.

During the upcoming fiscal year, the city will benefit from increased estimated taxes of \$3.3 million annually from new construction in the Industrial District being taxed at 63% due to the expiration of the new construction period and growth from revaluations and new construction from residential and commercial will add \$115 million in value to our property rolls.

Conservative revenue estimates and efforts to reduce expenditures have contributed to the City's strong financial position and have allowed the City to weather the economic slump. We are especially pleased that there have been no property taxes rate increases for (29) twenty-nine years. Additional capital projects are being funded by utilizing excess fund balances and previously issued debt that had been stranded. With the associated fund draw downs, the remaining fund balances continue to meet operational objectives and current fiscal policies.

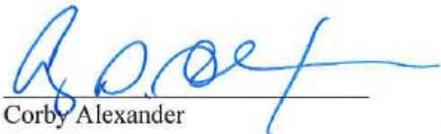
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the thirty-eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

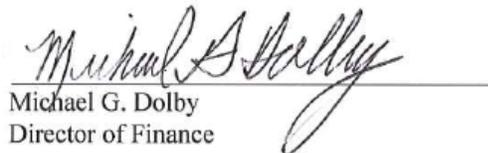
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the city also received the GFOA's Distinguished Budget Award for its annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device. Other financial awards to the City are the Popular Financial Report Award from GFOA, the Investment Policy Award from the Government Treasurer's Organization of Texas, the Transparency Stars Award from the State of Texas Comptroller and the Achievement of Excellence in Procurement Award from the National Procurement Institute.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of La Porte's finances.

Respectfully submitted,



Corby Alexander
City Manager



Michael G. Dolby
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of La Porte
Texas**

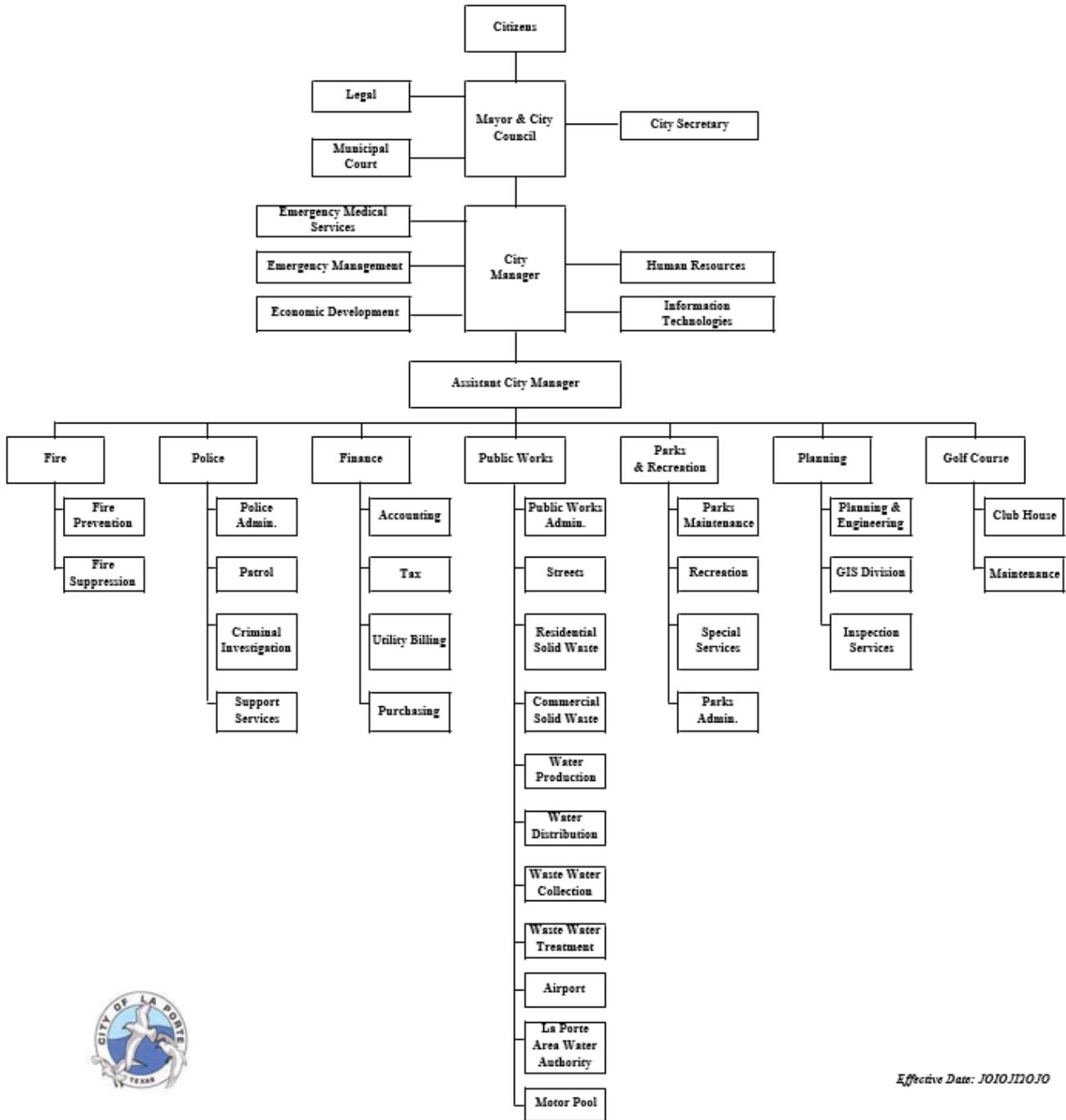
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF LA PORTE ORGANIZATIONAL CHART



Effective Date: 10/01/2010

CITY OF LA PORTE
LIST OF ELECTED AND APPOINTED OFFICIALS
For the Year Ended September 30, 2019

<u>Elected Officials</u>	<u>Position</u>
Louis Rigby	Mayor
Danny Earp	Council Member – District One
Chuck Engelken	Council Member – District Two
William Bentley	Council Member – District Three
Thomas Garza	Council Member – District Four
Jay Martin	Council Member – District Five
Nancy Ojeda	Mayor Pro Tem – District Six
Brandon Lunsford	Council Member – At Large A
Steve Gillett	Council Member – At Large B
<u>City Management</u>	<u>Position</u>
Corby Alexander	City Manager
Jason Weeks	Assistant City Manager
Ron Parker	Police Chief
Ray Mayo	Director of Public Works
Lee Woodward	City Secretary
Denise Mitrano	Municipal Judge
Michael G. Dolby	Director of Finance

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DRAFT 02.25.2020

FINANCIAL SECTION

DRAFT 02.25.2020

REPORT OF INDEPENDENT AUDITORS

To the Honorable Mayor and
Members of City Council
City of La Porte, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of La Porte, Texas (the “City”), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the La Porte Redevelopment Authority (the “Authority”), which represents 3 percent, 16 percent and 6 percent, respectively, of the assets, liabilities and revenues of the governmental funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. The statements of the Authority were not audited in accordance with *Government Auditing Standards*.

To the Honorable Mayor and
Members of City Council

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison, required pension system information and other post-employment benefit information on pages 7 through 18 and 82 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and
Members of City Council

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 09, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Houston, Texas
March 09, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF LA PORTE
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of La Porte, we offer readers of the City of La Porte's financial statements this narrative overview and analysis of the financial activities of the City of La Porte for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of La Porte exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$133.3 million (net position). Of this amount, \$30.3 million is restricted for special purposes. The remaining balance is unrestricted net position, \$18.3 million, which can be used to meet the City's ongoing obligations to residents and creditors.
- Net position increased by \$17.1 million as a result of operations.
- The City of La Porte's total expenses were \$66.5 million. Program revenues of \$22.2 million reduced the net cost of the City's functions to be financed from the City's general revenues to \$44.2 million.
- The City of La Porte's total long-term liabilities and debt increased by \$7.0 million, or 6%, during the current fiscal year. This due primarily to the increase in net pension liability related to changes in actuarial assumptions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of La Porte's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position and the Statement of Activities, which are the government-wide statements, report information about the City as a whole and about its activities in a way that helps answer the question of whether the City is better off this year as compared to last year. These statements include all assets and liabilities and are presented on the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

The Statement of Net Position presents information on all of the City of La Porte's assets, deferred outflows, liabilities and deferred inflows with the difference between the three reported as net position. Over time, deferred outflows, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City of La Porte is improving or deteriorating.

CITY OF LA PORTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through their user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health, welfare and sanitation and culture and recreation. The business-type activities of the City consist of water and sewer utilities, airport, and the La Porte Area Water Authority.

The government-wide financial statements can be found on pages 21 - 23 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories – governmental and proprietary – and utilize different accounting approaches.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, 2015 Certificate of Obligation Bond Fund, Debt Service Fund and Tax Increment Reinvestment Zone ("TIRZ") which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 24 through 30 of this report.

CITY OF LA PORTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Proprietary Funds

The City maintains two types of proprietary funds. Proprietary funds are used to report the same functions presented as business type activities in the government-wide statements. The City uses proprietary funds to account for its utilities, airport and water authority. Internal services funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for motor pool services, technology services and insurance. Because these services predominately benefit the governmental rather than business type functions, they have been included in the governmental activities in the government-wide financial statements.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its utility operations, La Porte Area Water Authority and the Airport. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 31 - 34 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 35 - 79 of this report.

OTHER INFORMATION

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide other post-employment benefits, pension information and general fund budgetary comparisons. Required supplementary information can be found on pages 82 - 89 of the City's Comprehensive Annual Financial Report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal services funds are presented immediately following the required supplementary information. Combining and individual fund statements and supporting schedules can be found beginning on page 94 of the City's Comprehensive Annual Financial Report.

CITY OF LA PORTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows exceed liabilities and deferred inflows by \$133.3 million as of September 30, 2019, in the primary government as follows:

SUMMARY OF STATEMENT OF NET POSITION
As of September 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 119,212,211	\$ 104,687,724	\$ 16,809,064	\$ 15,951,689	\$ 136,021,275	\$ 120,639,413
Capital assets, net	77,806,844	78,992,278	31,735,493	32,199,968	109,542,337	111,192,246
Total Assets	197,019,055	183,680,002	48,544,557	48,151,657	245,563,612	231,831,659
Deferred Outflows	12,602,320	6,380,346	1,354,413	697,304	13,956,733	7,077,650
Other liabilities	5,993,300	6,734,276	1,159,564	1,038,918	7,152,864	7,773,194
Long-term Liabilities	108,818,478	103,146,798	8,453,418	7,108,959	117,271,896	110,255,757
Total Liabilities	114,811,778	109,881,074	9,612,982	8,147,877	124,424,760	118,028,951
Deferred Inflows	1,623,071	4,227,851	178,788	490,100	1,801,859	4,717,951
Net Position:						
Net investment in capital assets	53,011,914	43,421,145	31,735,493	32,199,968	84,747,407	75,621,113
Restricted	30,267,219	31,025,084	-	-	30,267,219	31,025,084
Unrestricted	9,907,393	1,505,194	8,371,707	8,011,016	18,279,100	9,516,210
Total Net Position	\$ 93,186,526	\$ 75,951,423	\$ 40,107,200	\$ 40,210,984	\$ 133,293,726	\$ 116,162,407

Net Investment in Capital Assets

The largest portion of the City's net position (63.6%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

A portion of the City's net position, \$30.3 million or 22.7% represents resources that are subject to external restriction on how they may be used.

Unrestricted Net Position

The City reports an unrestricted net position of \$18.3 million or 13.7%. This is an increase of \$8.8 million. The change is attributed primarily to governmental activities increase in revenues related to taxes, operating grants and investment earnings.

CITY OF LA PORTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following table provides a summary of the City's operations for the year ended September 30, 2019, with comparative data total for the year ended September 30, 2018. Governmental activities increased the City's net position by \$17.2 million as a result of operations, and Business-type activities decreased net position by \$0.1 million as a result of operations.

Statement of Activities

The following table provides a summary of the City's changes in net position:

	CHANGES IN NET POSITION					
	For the Fiscal Years Ended September 30, 2019 and 2018					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for Services	\$ 10,488,224	\$ 8,569,995	\$ 9,558,239	\$ 10,109,405	\$ 20,046,463	\$ 18,679,400
Operating grants and contributions	1,303,376	356,095	-	-	1,303,376	356,095
Capital grants and contributions	596,878	595,260	262,977	126,359	859,855	721,619
General revenues:						
Property taxes	26,484,216	25,413,898	-	-	26,484,216	25,413,898
Other taxes	16,979,871	15,165,838	-	-	16,979,871	15,165,838
Industrial payments	14,899,624	14,147,728	-	-	14,899,624	14,147,728
Investment earnings	2,414,593	1,228,759	360,285	152,557	2,774,878	1,381,316
Miscellaneous	251,400	251,508	(12,350)	-	239,050	251,508
Total Revenues	73,418,182	65,729,081	10,169,151	10,388,321	83,587,333	76,117,402
Expenses						
General government	15,519,147	15,832,003	-	-	15,519,147	15,832,003
Public safety	21,356,779	21,673,188	-	-	21,356,779	21,673,188
Public works	7,818,696	9,796,326	-	-	7,818,696	9,796,326
Culture and recreation	6,932,569	6,513,794	-	-	6,932,569	6,513,794
Health, welfare and sanitation	4,016,465	4,685,795	-	-	4,016,465	4,685,795
Interest on long-term debt	900,287	1,059,007	-	-	900,287	1,059,007
Water services	-	-	7,985,233	8,788,113	7,985,233	8,788,113
Sewer services	-	-	1,769,830	1,926,133	1,769,830	1,926,133
Airport	-	-	157,008	133,093	157,008	133,093
Total Expenses	56,543,943	59,560,113	9,912,071	10,847,339	66,456,014	70,407,452
Increase in Net Position Before Transfers	16,874,239	6,168,968	257,080	(459,018)	17,131,319	5,709,950
Transfers	360,864	(1,922,963)	(360,864)	1,922,963	-	-
Change in Net Position	17,235,103	4,246,005	(103,784)	1,463,945	17,131,319	5,709,950
Net position, Beginning	75,951,423	95,482,215	40,210,984	41,963,704	116,162,407	137,445,919
Change in accounting policies/standards	-	(23,776,797)	-	(3,216,665)	-	(26,993,462)
Net Position, Ending	\$ 93,186,526	\$ 75,951,423	\$ 40,107,200	\$ 40,210,984	\$ 133,293,726	\$ 116,162,407

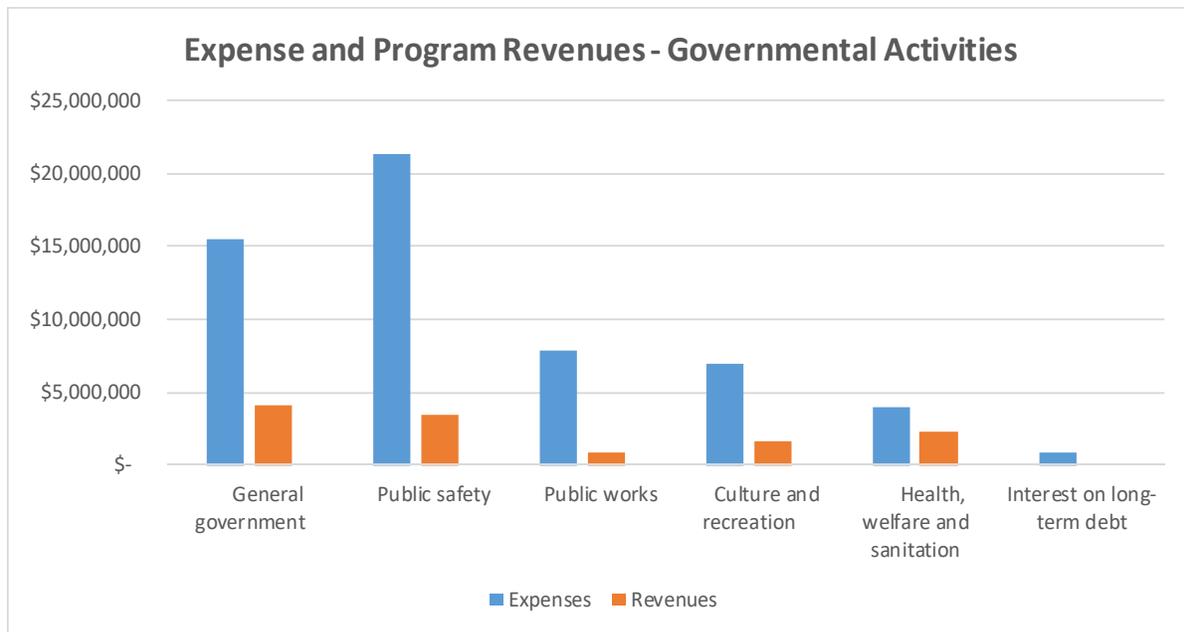
CITY OF LA PORTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The government's total net position as a result of operations increased by \$17.1 million during the current fiscal year. Charges for services represented 24% of total revenues, property taxes and industrial payments were 50% of total revenues, sales taxes and other taxes were 20%, the remaining revenues accounted for 6% of total revenues. On the expense side, public works expenses were 12% of the total, while public safety was 32% and general government was 23%. Utility, LPAWA and airport expenses were 15% of total expenses. Interest on long term debt was 1% of total expenses.

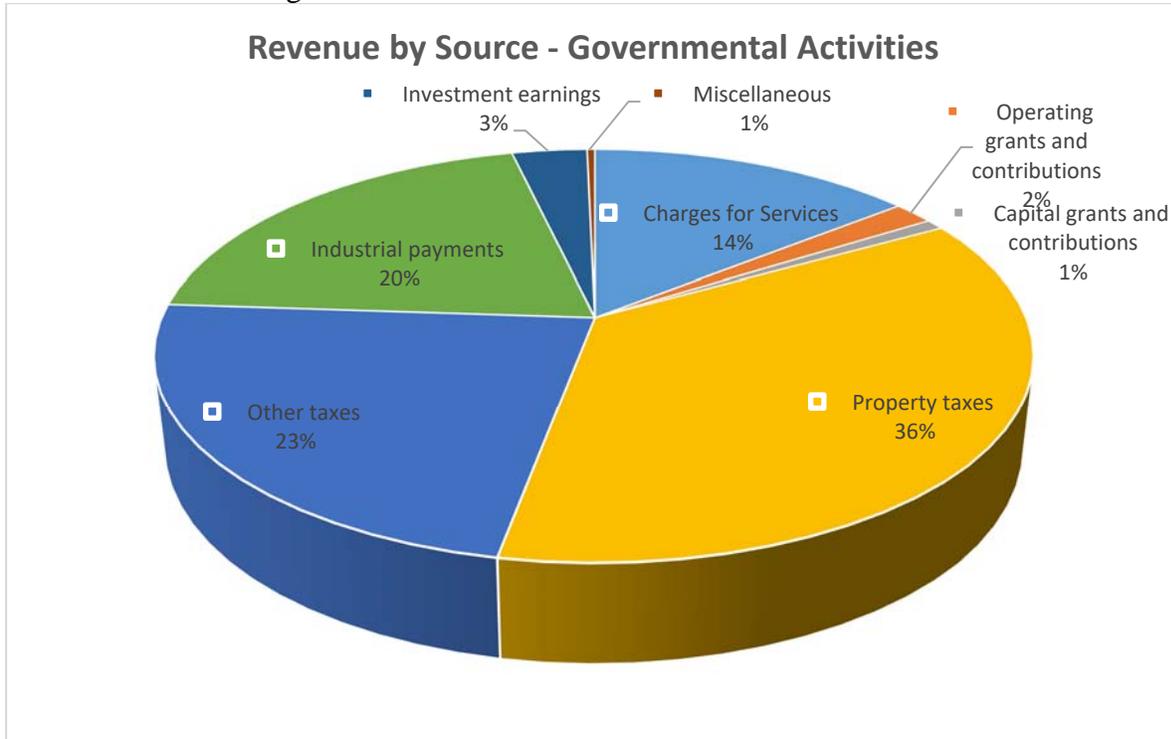
GOVERNMENTAL ACTIVITIES

A comparison of program expenses to program revenues and revenues by source for governmental activities follows:



GOVERNMENTAL ACTIVITIES (continued)

Revenues sources for governmental activities were distributed as follows:

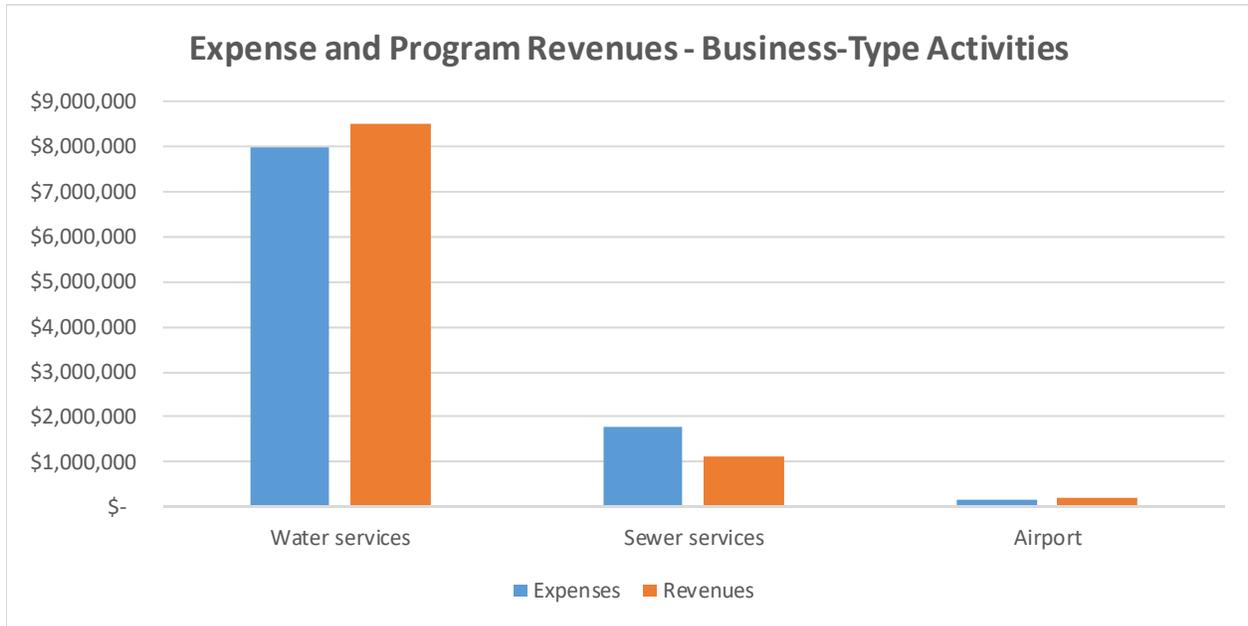


For the year ended September 30, 2019, revenues without transfers in the governmental activities totaled \$73.4 million. This represents an increase of approximately \$7.7 million or 11.7% due primarily to an increase in sales taxes, other taxes and investment earnings.

CITY OF LA PORTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

BUSINESS-TYPE ACTIVITIES

Revenues without transfers or interest in the business-type activities totaled \$10.2 million, a \$219 thousand decrease from the prior year. This decrease is due to a decrease in charges for services related to increased rainfall during the fiscal year. Increased rainfall causes lower usage and fewer gallons pumped to customers. A comparison between expenses and program revenues (charges for services) relating to Utility operations follows. Increase in investment earnings was due to the purchase of new investment securities.



CITY OF LA PORTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$102.0 million, an increase of \$13.4 million from the prior year. This increase is due to an increase in property taxes, sales taxes, investment earnings and cost containment.

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$57.3 million, an increase of \$10.5 million due to an increase in revenue collections and cost containment. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 140% of total general fund expenditures and total fund balance represents 140% of the same.

The Debt Service fund has a total fund balance of approximately \$4.5 million, all of which is restricted for the payment of debt service. The net increase in fund balance from the prior year of \$94 thousand was due to an increase in property tax revenue.

The Tax Increment Reinvestment Zone Fund had a total fund balance of approximately \$1.8 million, all of which is restricted for capital projects. The net increase in fund balance from the prior year of \$555 thousand was due an increase in property taxes.

The 2015 Certificate of Obligation Bonds Fund had a total fund balance of approximately \$2.8 million, all of which is restricted for capital projects. The net decrease in fund balance from the prior year of \$647 thousand was due to capital outlay.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements.

Unrestricted net position of the respective proprietary funds are Utility - \$5.4 million, La Porte Area Water Authority - \$2.8 million and Airport - \$0.1 million. The changes in net position of the proprietary funds for 2019 were as follows: Utility – increase of \$317 thousand, La Porte Area Water Authority – decrease of \$465 thousand and Airport – increase of \$45 thousand. Increase in the Utility Fund is due to a decrease in expenses. The decrease in the La Porte Area Water Authority is due to an increase in operating expenses, specifically water purchases and a true-up of water purchase cost.

CITY OF LA PORTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

General Fund Budgetary Highlights

Actual revenues exceeded the final General Fund budgeted revenues by \$7.5 million. The major drivers were sales and use taxes exceeded budget by \$1.5 million, property taxes by \$1.3 million and industrial payments and investment earnings exceeded budget by \$1.2 million and \$1.0 million respectively.

The total appropriations exceeded expenditures by \$2.3 million, the majority of which can be attributed to three departments. General government had a positive variance of \$1.5 million, public safety had a positive variance of \$426 thousand and culture and recreation had a positive variance of \$235 thousand.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$109.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, park facilities, water and wastewater plants and service lines, machinery and equipment, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was approximately \$1.6 million. The following table shows capital assets activity for the 2019 and 2018 fiscal years:

SCHEDULE OF CAPITAL ASSETS
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 10,326,295	\$ 10,326,295	\$ 447,791	\$ 447,791	\$ 10,774,086	\$ 10,774,086
Construction in progress	2,473,625	2,506,527	3,081,312	2,035,288	5,554,937	4,541,815
Infrastructure	24,336,899	22,014,466	-	-	24,336,899	22,014,466
Buildings and improvements	31,591,068	33,792,544	25,879,497	27,449,863	57,470,565	61,242,407
Machinery and equipment	9,078,957	10,352,446	2,326,893	2,267,026	11,405,850	12,619,472
Totals	<u>\$ 77,806,844</u>	<u>\$ 78,992,278</u>	<u>\$ 31,735,493</u>	<u>\$ 32,199,968</u>	<u>\$ 109,542,337</u>	<u>\$ 111,192,246</u>

Major capital asset events during the current year include the reporting of a drainage master plan study.

Construction in progress at year-end represents ongoing projects; to include various water and sewer projects. Additional information on capital assets activity can be found on pages 52 – 53 in the notes to the financial statements.

CITY OF LA PORTE
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt outstanding of \$35.8 million. This amounts is backed by the full faith and credit of the City.

The City of La Porte maintains an “Aa2”, “AA+”, and “AA” by Moody’s, Standard and Poor’s, and Fitch, respectively, for general obligation debt.

Additional information on long-term debt activity can be found on pages 54 – 56 in the notes to the financial statements.

SCHEDULE OF LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities		Total Activities	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 16,425,000	\$ 18,895,000	\$ -	\$ -	\$ 16,425,000	\$ 18,895,000
Certificates of Obligation	19,405,000	20,670,000	-	-	19,405,000	20,670,000
Premium on Issuance	1,068,378	1,335,219	-	-	1,068,378	1,335,219
Developer Agreements	2,624,661	5,722,791	-	-	2,624,661	5,722,791
Compensated Absences	3,214,517	3,246,904	129,050	143,999	3,343,567	3,390,903
Net Pension Liability - TMRS	21,333,834	10,341,647	2,303,674	1,197,227	23,637,508	11,538,874
Net Pension Liability - TESRS	136,398	156,731	-	-	136,398	156,731
Total OPEB Liability	44,610,690	42,778,506	6,020,694	5,767,733	50,631,384	48,546,239
Totals	\$ 108,818,478	\$ 103,146,798	\$ 8,453,418	\$ 7,108,959	\$ 117,271,896	\$ 110,255,757

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

During the upcoming year, the will have no increase in property tax rate and no utility fund rate increase. The fiscal year 2019-2020 budget includes the following highlights:

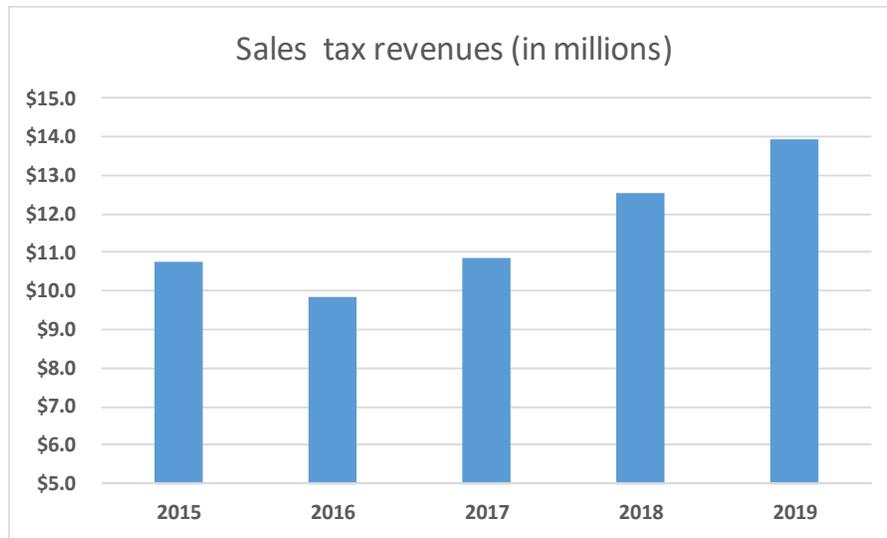
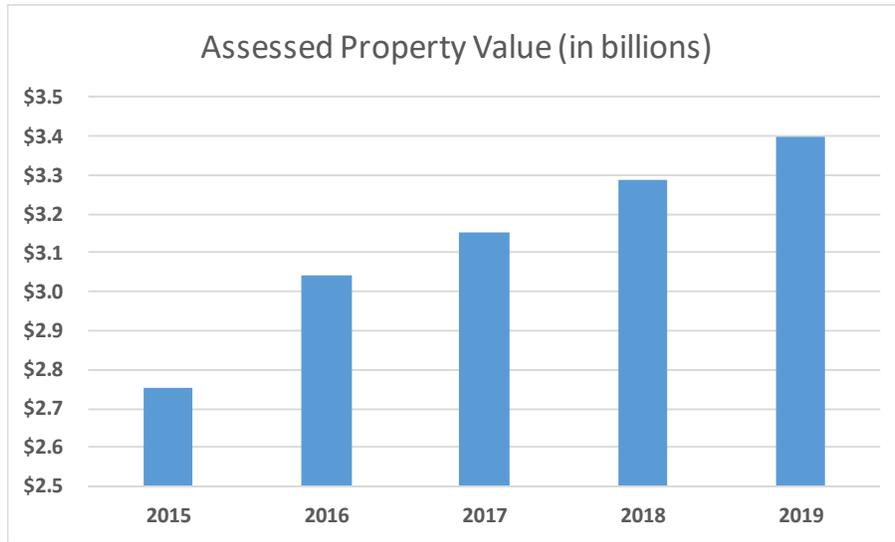
- Merit increases for non-civil service employees - \$532,412
- Market adjustment for non-civil service, non-emergency employees - \$967,588
- Meeting and conference increases for civil service employees - \$281,702
- No change in employee contribution for health insurance
- Capital projects of approximately \$14.4 million (including \$3.2 million from Street Maintenance Sales Tax Funding)
- Vehicle replacement of \$1,368,824
- Transfer of \$5.5 million from the General Fund for CIP
- Transfer of \$2.0 million from General Fund for the Insurance Fund

CITY OF LA PORTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

Overall the upcoming General Fund budget projects a decrease of \$3.67 million for one time capital projects. As shown below, property values and sales taxes continue to increase.

The trend for total assessed values has fluctuated slightly over the past five years resulting in a total increase of 23% .



REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of La Porte's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, 604 West Fairmont Parkway, La Porte, Texas 77571.

BASIC FINANCIAL STATEMENTS

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CITY OF LA PORTE
STATEMENT OF NET POSITION
September 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 88,788,238	\$ 11,736,955	\$ 100,525,193
Investments	22,156,326	3,843,127	25,999,453
Receivables, net allowance for uncollectable	4,632,156	1,204,982	5,837,138
Due from other government	3,424,094	-	3,424,094
Inventories	211,397	24,000	235,397
Capital assets:			
Capital assets not subject to depreciation	12,799,920	3,529,103	16,329,023
Capital assets, net of accumulated depreciation	65,006,924	28,206,390	93,213,314
Total capital assets, net	77,806,844	31,735,493	109,542,337
Total Assets	197,019,055	48,544,557	245,563,612
Deferred Outflows of Resources			
Deferred charge on refunding	632,995	-	632,995
Deferred outflows - OPEB	2,499,739	336,590	2,836,329
Deferred outflows related to TMRS pensions	9,425,844	1,017,823	10,443,667
Deferred outflows related to TESRS pensions	43,742	-	43,742
Total Deferred Outflows	12,602,320	1,354,413	13,956,733
Liabilities			
Accounts payable	5,335,879	461,835	5,797,714
Accrued liabilities	655,928	65,716	721,644
Unearned revenue	1,493	-	1,493
Customer deposits	-	632,013	632,013
Long-term liabilities:			
Due within one year	3,920,726	6,453	3,927,179
Due in more than one year	38,816,830	122,597	38,939,427
Net pension liability	21,470,232	2,303,674	23,773,906
Total OPEB liability	44,610,690	6,020,694	50,631,384
Total Liabilities	114,811,778	9,612,982	124,424,760
Deferred Inflows of Resources			
Deferred inflows - pension	1,471,030	157,989	1,629,019
Deferred inflows - OPEB	152,041	20,799	172,840
Total Deferred Outflows	1,623,071	178,788	1,801,859
Net Position			
Net Investment in capital assets	53,011,914	31,735,493	84,747,407
Restricted for:			
Debt service	5,575,845	-	5,575,845
Economic development	7,992,242	-	7,992,242
Senior citizen programs	10,543	-	10,543
Replacement of trees	545,695	-	545,695
Municipal court building & technology	521,625	-	521,625
Park improvements	147,674	-	147,674
Public safety	2,034,636	-	2,034,636
Public works	3,030,960	-	3,030,960
Other	542,118	-	542,118
Capital projects	9,865,881	-	9,865,881
Unrestricted	9,907,393	8,371,707	18,279,100
Total Net Position	\$ 93,186,526	\$ 40,107,200	\$ 133,293,726

See Notes to Financial Statements.

CITY OF LA PORTE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Governmental activities:				
General government	\$ 15,519,147	\$ 4,067,810	\$ -	\$ -
Public safety	21,356,779	2,217,655	1,286,498	-
Public works	7,818,696	278,509	15,435	596,878
Culture and recreation	6,932,569	1,676,381	1,443	-
Health, welfare and sanitation	4,016,465	2,247,869	-	-
Interest on long-term debt	900,287	-	-	-
Total governmental activities	<u>56,543,943</u>	<u>10,488,224</u>	<u>1,303,376</u>	<u>596,878</u>
Business-type activities:				
Utility services	7,985,233	8,389,773	-	125,816
La Porte Area Water Authority	1,769,830	1,109,495	-	-
Airport	157,008	58,971	-	137,161
Total business-type activities	<u>9,912,071</u>	<u>9,558,239</u>	<u>-</u>	<u>262,977</u>
Total Primary Government	<u>\$ 66,456,014</u>	<u>\$ 20,046,463</u>	<u>\$ 1,303,376</u>	<u>\$ 859,855</u>
General revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
Industrial payments				
Franchise taxes				
Unrestricted Investment earnings				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position, beginning				
Net Position, Ending				

See Notes to Financial Statements.

Exhibit A-2

Net (Expense) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business- type Activities	Total
\$ (11,451,337)	\$ -	\$ (11,451,337)
(17,852,626)	-	(17,852,626)
(6,927,874)	-	(6,927,874)
(5,254,745)	-	(5,254,745)
(1,768,596)	-	(1,768,596)
(900,287)	-	(900,287)
<u>(44,155,465)</u>	<u>-</u>	<u>(44,155,465)</u>
-	530,356	530,356
-	(660,335)	(660,335)
-	39,124	39,124
<u>-</u>	<u>(90,855)</u>	<u>(90,855)</u>
<u>(44,155,465)</u>	<u>(90,855)</u>	<u>(44,246,320)</u>
26,484,216	-	26,484,216
13,944,027	-	13,944,027
14,899,624	-	14,899,624
3,035,844	-	3,035,844
2,414,593	360,285	2,774,878
251,400	(12,350)	239,050
360,864	(360,864)	-
<u>61,390,568</u>	<u>(12,929)</u>	<u>61,377,639</u>
17,235,103	(103,784)	17,131,319
75,951,423	40,210,984	116,162,407
<u>\$ 93,186,526</u>	<u>\$ 40,107,200</u>	<u>\$ 133,293,726</u>

CITY OF LA PORTE
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Tax Increment Reinvestment Zone</u>	<u>2015 Certificate of Obligation Bonds</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 41,500,034	\$ 4,306,305	\$ 3,329,295	\$ 3,708,316
Investments	14,152,528	31,323	-	39
Receivables, net of allowance for uncollectible	6,086,448	168,059	-	-
Due from other funds	1,091,579	-	-	-
Inventories	163,083	-	-	-
Total Assets	<u>\$ 62,993,672</u>	<u>\$ 4,505,687</u>	<u>\$ 3,329,295</u>	<u>\$ 3,708,355</u>
Liabilities:				
Accounts payable	\$ 2,148,559	\$ -	\$ 1,481,197	\$ 182,749
Accrued salaries	583,002	-	-	-
Due to other funds	-	-	-	769,111
Unearned revenues	-	-	-	-
Other payables	81,019	-	-	-
Total Liabilities	<u>2,812,580</u>	<u>-</u>	<u>1,481,197</u>	<u>951,860</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	78,697	13,658	-	-
Unavailable revenue - fines and fees	791,511	-	-	-
Unavailable revenue - EMS	799,480	-	-	-
Unavailable revenue - other	901,147	-	-	-
Total Deferred Inflows of Resources	<u>2,570,835</u>	<u>13,658</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Inventory	163,083	-	-	-
Restricted for:				
Debt service	-	4,492,029	-	-
Economic development	-	-	1,848,098	-
Senior citizen programs	-	-	-	-
Replacement of trees	-	-	-	-
Municipal court building and technology	-	-	-	-
Park improvements	-	-	-	-
Public safety	-	-	-	-
Capital projects	-	-	-	-
Public works	-	-	-	2,756,495
Other	-	-	-	-
Assigned:	134,391	-	-	-
Unassigned:	57,312,783	-	-	-
Total Fund Balances	<u>57,610,257</u>	<u>4,492,029</u>	<u>1,848,098</u>	<u>2,756,495</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 62,993,672</u>	<u>\$ 4,505,687</u>	<u>\$ 3,329,295</u>	<u>\$ 3,708,355</u>

See Notes to Financial Statements.

Exhibit A-3

Nonmajor Governmental Funds	Total Governmental Funds
\$ 29,180,327	\$ 82,024,277
5,594,178	19,778,068
1,729,790	7,984,297
-	1,091,579
-	163,083
<u>\$ 36,504,295</u>	<u>\$ 111,041,304</u>
\$ 909,375	\$ 4,721,880
5,598	588,600
322,468	1,091,579
1,143	1,143
-	81,019
<u>1,238,584</u>	<u>6,484,221</u>
-	92,355
-	791,511
-	799,480
-	901,147
<u>-</u>	<u>2,584,493</u>
-	163,083
1,083,816	5,575,845
6,144,144	7,992,242
10,543	10,543
545,695	545,695
521,625	521,625
147,674	147,674
2,034,636	2,034,636
21,204,500	21,204,500
3,030,960	5,787,455
542,118	542,118
-	134,391
-	57,312,783
<u>35,265,711</u>	<u>101,972,590</u>
<u>\$ 36,504,295</u>	<u>\$ 111,041,304</u>

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CITY OF LA PORTE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2019

Total fund balance, governmental funds \$ 101,972,590

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 69,382,994

Certain other long-term assets (property taxes, court fines, EMS and other receivables) are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position. 2,584,493

Some liabilities and deferred outflows and inflows are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.

Bonds payable	(16,425,000)
Certificates of obligation	(19,405,000)
Premium on bonds	(1,068,378)
Deferred charge on refunding	632,995
Due to developer	(2,624,661)
Compensated absences	(3,176,838)
Deferred inflows/outflows related to pensions	7,998,556
Deferred inflows/outflows related to OPEB	2,347,698
Net pension liability	(21,470,232)
Total OPEB liability	(44,610,690)

The assets and liabilities of certain internal service funds are not included in the fund financial statements but are included in the governmental activities of the Statement of Net Position. 17,047,999

Net Position of Governmental Activities \$ 93,186,526

See Notes to Financial Statements.

CITY OF LA PORTE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Tax Increment Reinvestment Zone</u>	<u>2015 Certificate of Obligation Bonds</u>
Revenues				
Taxes:				
Property taxes and penalties	\$ 19,019,611	\$ 3,539,730	\$ 4,128,250	\$ -
Other taxes	88,624	-	-	-
Licenses and permits	1,344,447	-	-	-
Fines and forfeitures	2,277,993	-	-	-
Sales and use taxes	6,499,254	-	-	-
Industrial payments	14,899,624	-	-	-
Franchise taxes	3,035,844	-	-	-
Intergovernmental revenues	893,217	-	-	-
Investment Earnings	1,436,238	16,533	1,377	84,837
Charges for services	5,784,392	-	-	-
Miscellaneous	316,015	-	-	-
Total revenues	<u>55,595,259</u>	<u>3,556,263</u>	<u>4,129,627</u>	<u>84,837</u>
Expenditures				
Current:				
General government	10,244,208	-	383,112	-
Public safety	18,579,342	-	-	-
Public works	3,265,194	-	-	-
Health and sanitation	2,977,561	-	-	-
Culture and recreation	5,929,639	-	-	-
Capital outlay	28,099	-	-	731,564
Debt service:				
Principal	-	3,735,000	3,009,168	-
Interest and fiscal charges	-	998,822	181,995	-
Total expenditures	<u>41,024,043</u>	<u>4,733,822</u>	<u>3,574,275</u>	<u>731,564</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,571,216	(1,177,559)	555,352	(646,727)
Other Financing Sources (Uses)				
Transfers in	57,500	1,271,124	-	-
Transfers out	(4,325,532)	-	-	-
Total Other Financing Sources (Uses)	<u>(4,268,032)</u>	<u>1,271,124</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	10,303,184	93,565	555,352	(646,727)
Fund Balances, Beginning	<u>47,307,073</u>	<u>4,398,464</u>	<u>1,292,746</u>	<u>3,403,222</u>
Fund Balances, Ending	<u>\$ 57,610,257</u>	<u>\$ 4,492,029</u>	<u>\$ 1,848,098</u>	<u>\$ 2,756,495</u>

See Notes to Financial Statements.

Exhibit A-5

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 26,687,591
-	88,624
-	1,344,447
991,718	3,269,711
7,356,149	13,855,403
-	14,899,624
-	3,035,844
236,437	1,129,654
676,157	2,215,142
278,509	6,062,901
135,347	451,362
<u>9,674,317</u>	<u>73,040,303</u>
1,014,460	11,641,780
1,313,181	19,892,523
1,747,071	5,012,265
-	2,977,561
1,290,505	7,220,144
2,135,575	2,895,238
-	6,744,168
-	1,180,817
<u>7,500,792</u>	<u>57,564,496</u>
2,173,525	15,475,807
3,837,852	5,166,476
<u>(2,926,562)</u>	<u>(7,252,094)</u>
911,290	(2,085,618)
3,084,815	13,390,189
<u>32,180,896</u>	<u>88,582,401</u>
<u>\$ 35,265,711</u>	<u>\$ 101,972,590</u>

CITY OF LA PORTE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance-total governmental funds. \$ 13,390,189

Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$4,500,321) exceeded depreciation (\$4,482,792) 17,529

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 149,441

The payment of long-term debt. 3,735,000

Some expenses reported in the statement of activities do not require the use of current financial resources are therefore are not reported as expenditures in governmental funds. This adjustment reflects the net change in:

Deferred outflows related to pensions	6,944,112
Deferred inflows related to pensions	2,723,496
Net pension liability	(10,971,854)
Deferred outflows related to OPEB	(553,832)
Deferred inflows related to OPEB	(118,716)
Total OPEB liability	(1,832,184)
Compensated absences payable	24,479
Deferred charges on refunding	(168,306)
Amortization of bond premiums	266,841
Payment to developer	3,098,130

The net income (loss) of certain activities of internal service funds is reported with governmental activities. 530,778

Change in Net Position of Governmental Activities \$ 17,235,103

See Notes to Financial Statements.

CITY OF LA PORTE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-Type Activities - Enterprise Funds				
	Utility	LPAWA	Airport	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Assets					
Current Assets:					
Cash and cash equivalents	9,425,695	2,204,408	106,852	\$ 11,736,955	\$ 6,763,961
Investments	3,051,188	755,327	36,612	3,843,127	2,378,258
Other receivables, net of allowance	-	-	-	-	14,729
Due from other governments	-	-	-	-	119,927
Inventories	24,000	-	-	24,000	48,314
Accounts receivable, net of allowance for doubtful accounts	1,068,684	113,923	7,463	1,190,070	-
Accrued interest receivable	11,840	2,930	142	14,912	-
Total Current Assets	13,581,407	3,076,588	151,069	16,809,064	9,325,189
Noncurrent Assets:					
Capital assets:					
Land and Improvements	224,308	-	223,483	447,791	60,914
Construction in progress	2,855,637	-	225,675	3,081,312	-
Buildings and improvements	156,649	-	5,941,301	6,097,950	-
Improvements other than buildings	70,381,929	15,429,680	-	85,811,609	-
Vehicles and equipment	4,085,511	47,371	-	4,132,882	20,213,747
Less accumulated depreciation	(52,119,225)	(11,409,877)	(4,306,949)	(67,836,051)	(11,850,811)
Total Noncurrent Assets	25,584,809	4,067,174	2,083,510	31,735,493	8,423,850
Total Assets	39,166,216	7,143,762	2,234,579	48,544,557	17,749,039
Deferred Outflows					
Deferred outflows related to pensions	1,017,823	-	-	1,017,823	-
Deferred outflows related to OPEB	336,590	-	-	336,590	-
Total Deferred Outflows	1,354,413	-	-	1,354,413	-
Liabilities					
Current liabilities:					
Accounts payable	167,543	267,197	-	434,740	48,089
Accrued wages payable	65,067	-	649	65,716	-
Accrued liabilities	25,595	-	-	25,595	16,794
Customer deposits	632,013	-	1,500	633,513	-
Claims and judgments	-	-	-	-	598,478
Long-Term Debt, Current Portion					
Compensated absences	6,453	-	-	6,453	-
Total Current Liabilities	896,671	267,197	2,149	1,166,017	663,361
Noncurrent Liabilities:					
Compensated absences	122,597	-	-	122,597	37,679
Net pension liability	2,303,674	-	-	2,303,674	-
Net OPEB liability	6,020,694	-	-	6,020,694	-
Total Noncurrent Liabilities	8,446,965	-	-	8,446,965	37,679
Total Liabilities	9,343,636	267,197	2,149	9,612,982	701,040
Deferred Inflows of Resources					
Deferred inflows related to pensions	157,989	-	-	157,989	-
Deferred inflows related to OPEB	20,799	-	-	20,799	-
Total Deferred Inflows of Resources	178,788	-	-	178,788	-
Net Position					
Net Investment in capital assets	25,584,809	4,067,174	2,083,510	31,735,493	8,423,850
Unrestricted	5,413,396	2,809,391	148,920	8,371,707	8,624,149
Total Net Position	\$ 30,998,205	\$ 6,876,565	\$ 2,232,430	\$ 40,107,200	\$ 17,047,999

See Notes to Financial Statements

CITY OF LA PORTE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended September 30, 2019

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Utility	LPAWA	Airport		
Operating Revenues					
Charges for services	\$ 8,389,773	1,109,495	58,971	\$ 9,558,239	\$ 9,784,458
Miscellaneous	-	-	-	-	2,030
Total Operating Revenues	<u>8,389,773</u>	<u>1,109,495</u>	<u>58,971</u>	<u>9,558,239</u>	<u>9,786,488</u>
Operating Expenses					
Personnel	3,830,853	-	16,670	3,847,523	1,145,108
Supplies and materials	282,156	16,378	3,393	301,927	9,033,139
Purchased water	-	836,871	-	836,871	-
Other services	2,001,144	463,152	23,151	2,487,447	-
Depreciation	1,871,080	455,459	113,794	2,440,333	1,750,353
Total Operating Expenses	<u>7,985,233</u>	<u>1,771,860</u>	<u>157,008</u>	<u>9,914,101</u>	<u>11,928,600</u>
Operating Income (Loss)	404,540	(662,365)	(98,037)	(355,862)	(2,142,112)
Non-Operating Revenues (Expenses)					
Investment earnings (loss)	282,364	71,097	6,824	360,285	199,451
Gain/loss on disposal of capital assets	(12,350)	-	-	(12,350)	28,987
Total Non-Operating Revenue	<u>270,014</u>	<u>71,097</u>	<u>6,824</u>	<u>347,935</u>	<u>228,438</u>
Income (Loss) Before Contributions and Transfers	674,554	(591,268)	(91,213)	(7,927)	(1,913,674)
Contributions and Transfers					
Capital contributions	-	125,816	137,161	262,977	-
Transfers from other funds	-	-	-	-	2,465,037
Transfer (to) other funds	(358,028)	-	(806)	(358,834)	(20,585)
Total Contributions and Transfers	<u>(358,028)</u>	<u>125,816</u>	<u>136,355</u>	<u>(95,857)</u>	<u>2,444,452</u>
Change in Net Position	316,526	(465,452)	45,142	(103,784)	530,778
Net position, beginning	<u>30,681,679</u>	<u>7,342,017</u>	<u>2,187,288</u>	<u>40,210,984</u>	<u>16,517,221</u>
Net position, Ending	<u>\$ 30,998,205</u>	<u>\$ 6,876,565</u>	<u>\$ 2,232,430</u>	<u>\$ 40,107,200</u>	<u>\$ 17,047,999</u>

See Notes to Financial Statements

	Business-type Activities - Enterprise Funds				
	Utility	LPAWA	Airport	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 8,400,962	\$ 1,112,772	\$ 65,663	\$ 9,579,397	\$ 9,800,822
Disbursed for personnel services	(3,430,922)	-	(16,670)	(3,447,592)	(1,133,516)
Disbursed for good and services to suppliers	(2,399,543)	(1,137,291)	(29,164)	(3,565,998)	(8,960,186)
Net Cash Provided (Used) by Operating Activities	<u>2,570,497</u>	<u>(24,519)</u>	<u>19,829</u>	<u>2,565,807</u>	<u>(292,880)</u>
Cash Flows From Noncapital Financing Activities					
Transfers from other funds	-	-	-	-	2,465,037
Transfer to other funds	(358,028)	-	(806)	(358,834)	(20,585)
Net Cash Provided (Used) by Noncapital Financial Activities	<u>(358,028)</u>	<u>-</u>	<u>(806)</u>	<u>(358,834)</u>	<u>2,444,452</u>
Cash Flows from Capital & Related Financing Activities					
Proceeds from the sale of equipment	-	-	-	-	102,309
Acquisition and construction of capital assets	(757,900)	-	(251,496)	(1,009,396)	(663,133)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(757,900)</u>	<u>-</u>	<u>(251,496)</u>	<u>(1,009,396)</u>	<u>(560,824)</u>
Cash Flows from Investing Activities					
Interest Received	290,568	73,222	7,351	371,141	-
Sales of investments	1,409,103	704,987	139,991	2,254,081	1,163,821
Net Cash Provided (Used) by Investing Activities	<u>1,699,671</u>	<u>778,209</u>	<u>147,342</u>	<u>2,625,222</u>	<u>1,363,272</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>3,154,240</u>	<u>753,690</u>	<u>(85,131)</u>	<u>3,822,799</u>	<u>2,954,020</u>
Cash and cash equivalents, beginning	6,271,455	1,450,718	191,983	7,914,156	3,809,941
Cash and Cash Equivalents, Ending	<u>\$ 9,425,695</u>	<u>\$ 2,204,408</u>	<u>\$ 106,852</u>	<u>\$ 11,736,955</u>	<u>\$ 6,763,961</u>

See Notes to Financial Statements.

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Utility</u>	<u>LPAWA</u>	<u>Airport</u>		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 404,540	\$ (662,365)	\$ (98,037)	\$ (355,862)	\$ (2,142,112)
Adjustments to reconcile operating income to net cash used by operating activities:					
Depreciation	1,871,080	455,459	113,794	2,440,333	1,750,353
(Increase) decrease in accounts receivable	(4,046)	3,277	8,401	7,632	14,334
(Increase) in inventories	(10,800)	-	-	(10,800)	(3,279)
Increase (decrease) in accounts payable	(105,443)	179,110	(2,620)	71,047	24,603
Increase (decrease) in deferred outflow-pensions	(732,093)	-	-	(732,093)	-
Increase (decrease) in deferred outflow-OPEB	74,984	-	-	74,984	-
Increase (decrease) in accrued liabilities	23,893	-	-	23,893	4,994
Increase (decrease) in unearned revenue	-	-	(1,709)	(1,709)	-
Increase (decrease) in customer deposits	15,235	-	-	15,235	-
Increase (decrease) in claims	-	-	-	-	51,629
Increase (decrease) in compensated absences	(14,949)	-	-	(14,949)	6,598
Increase (decrease) in net pension liability	1,106,447	-	-	1,106,447	-
Increase (decrease) in net OPEB liability	252,961	-	-	252,961	-
(Increase) decrease in deferred inflow-pensions	(327,601)	-	-	(327,601)	-
(Increase) decrease in deferred inflow-OPEB	16,289	-	-	16,289	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,570,497</u>	<u>\$ (24,519)</u>	<u>\$ 19,829</u>	<u>\$ 2,565,807</u>	<u>\$ (292,880)</u>
Noncash Investing, Capital and Financing Activities:					
Capital asset contributions from governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

Note 1 – Summary of Significant Accounting Policies

The City of La Porte, Texas (the “City”) was incorporated under the laws of the State of Texas on August 10, 1892. The City operates under a “Council-Manager” form of government and provides the following services as authorized by its charter: public safety, development services, public health and welfare, culture and recreation and waterworks.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to U.S. generally accepted accounting policies (GAAP) applicable to state and local governments which include the principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and the Financial Accounting Standards Board. The more significant accounting policies of the City are prescribed below.

A. Reporting Entity

The City’s basic financial statements include the accounts of all City operations. The City, with its elected governing body of mayor and eight council members, is considered a primary government. As required by GAAP, the basic financial statements include the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government’s operations. All component units have been included as blended component units because of the significance of their operations and financial relationships with the City.

The La Porte Area Water Authority (the “Authority”) is governed by a five-member board appointed by the City Council. Although it is a legally separate entity, the Authority provides services almost exclusively for the City’s water operations, and is in substance a part of the City’s primary operations. The Authority was created by the City to finance the operations involved in obtaining surface water supplies and converting these supplies to potable water. This water is sold primarily to the City of La Porte (86%) with the remainder being sold to other neighboring political subdivisions. The operations of the Authority are reported as a proprietary fund type.

The Tax Increment Reinvestment Zone (the “Zone”) is governed by a nine-member board appointed by the City Council. The Zone provides benefits exclusively for the City through reinvestment financing of ad valorem taxes, which are utilized for capital improvements for the City of La Porte. The Zone is presented as a governmental fund type.

The Section 4B Sales Tax Corporation provides services that exclusively benefits the City of La Porte and is governed by a seven-member board appointed by City Council. The Section 4B Sales Tax Corporation is presented as a governmental fund type.

The Emergency Service District provides public safety services exclusively to the city of La Porte. The Emergency Services District is governed by a seven member board appointed by City Council. The district is a governmental fund type.

The Street Maintenance Component Unit provides infrastructure improvements exclusively to the City of La Porte. City Council directs staff operations through the annual budget process.

Complete financial statements for each of the individual component units may be obtained through the City of La Porte.

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the City as a whole. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for interfund services provided and other charges between the City's various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned

C. Fund Financial Statements

The fund financial statements provide information about the City's funds and blended component units. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate funds in the fund financial statements.

The City reports the following major *Governmental Funds*:

General Fund

The General Fund is used to account for all financial transactions that are not accounted for in another fund. The principal sources of revenues of the General Fund are property taxes, sales and use taxes, franchise taxes, licenses and permits, and fines and forfeitures. Expenditures are for general government, public safety, public works and other community services.

Debt Service Fund

The Debt Service Fund is used to account for the payment of interest and principal on all general long-term debt of the City except for capital leases for which are accounted for in the General Fund. The primary source of revenue for the Debt Service Fund is general property taxes.

2015 Certificate of Obligation Bonds Fund

The 2017 Certificate of Obligation Bonds Fund is used to account for bond proceeds and expenditures of those funds related to the construction of a wastewater system.

Tax Increment Reinvestment Zone One Fund (TIRZ)

The Tax Increment Reinvestment Zone One Fund (TIRZ) is used to account for the disposition of property taxes collected on specific parcels within the boundaries of the TIRZ for the exclusive benefit to pay developers for capital improvements.

Note 1 – Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements (continued)

The City reports the following major *Enterprise Funds*:

- The *Utility Enterprise Fund* is used to account for operations of the water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, but not limited to administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates received regularly and adjusted if necessary to ensure integrity of the fund.
- *La Porte Water Authority* is used to account for revenues and expenses related to obtaining raw surface water and converting it to potable water.
- *Airport Fund* is used to account for financial activities of the airport which includes rentals, grants and other revenues.

Additionally, the City reports the Internal Service Funds which are used to account for the Motor Pool, Technology and Insurance service provide to other departments of the City on a cost reimbursement basis.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfer in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Note 1 – Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, court fines, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period of availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

E. Cash and Cash Equivalents and Investments

Cash is defined as currency, demand deposits with banks and other financial institutions, and any other kind of account that has the general characteristics of demand deposits where funds may be added or withdrawn at any time without penalty or prior notice. Cash equivalents are defined as liquid investments that are both readily convertible to known amounts of cash and so near their maturity they present insignificant risk or changes in value because of changes in interest rates. Only investments with original maturities of three months or less qualify under this definition.

Note 1 – Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents and Investments (continued)

The City reports all investments at fair-value, except for investment positions in external investment pools, such as Texas CLASS, TexPool and LOGIC, which are reported at amortized cost. The Texas CLASS Board of Trustees, which is comprised of active members of the pool and elected by the participants guided by the Advisory Board, oversees the management of Texas CLASS. The State Comptroller of Public Accounts oversees TexPool. LOGIC is directed by a governing board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services. Federated Investors is the full service provider to the pools managing the assets providing participant services, and arranging for all custody and other functions in support of the pool's operations under contract with the Comptroller.

The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

The City reports all investments, except external investment pools, at fair value based on quoted market prices at year-end date. The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

G. Inventory

Inventories are valued at costs using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. A portion of the fund balance is classified as non-spendable to reflect minimum inventory quantities considered necessary for the City's continuing operations.

Note 1 – Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City defines capital assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

Land and construction in progress are not depreciated. The remainder capital assets are depreciated using the straight line method over the following estimated useful lives.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 years
Building improvements	20 years
Infrastructure	20-30 years
Vehicles	4-10years
Machinery and equipment	4-10 years
Water and sewer systems	10-20 years

I. Compensated Absences

The City’s employees earn vacation and sick leave, which may either be taken or accumulated, up to a certain amount, until paid upon termination or retirement. For all funds, this liability reflects amounts attributable to cumulative employee services already rendered, where the payment is probable and can be reasonably estimated. The current and long-term portion of the governmental fund type liabilities are recorded in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The proprietary fund type liability is recorded as a liability in the individual proprietary funds since payment will be made from the resources of these funds.

Policies relating to the accrual payment of these benefits are as follows:

- Vacation – Employees earn from 10-25 days of vacation per year. Upon separation, employees are paid for all accumulated vacation leave (up to one and one half times their annual accrual rate).
- Sick leave – Full time 8 hour employees accrued 3.70 hours per pay period. Full time 24 hour employees accrue 5.91 hours per pay period and civil service employees accrued 15 days per calendar year. The maximum sick leave time which may be accumulated by any employee shall be 90 days for regular full time employees. For 24 hour shift personnel, the maximum accrual is 1,152 hours. Civil service employees may accrue unlimited sick leave.

Note 1 – Summary of Significant Accounting Policies (continued)

J. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

K. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

L. Net Position Classifications

Classification of net position includes three components as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings, premiums, discounts, and deferred outflows of resources or deferred inflows of resources from a refunding.
- Restricted – This component of the net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Note 1 – Summary of Significant Accounting Policies (continued)

M. Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either comment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the City Council, highest level of decision-making-authority. The City Council is the highest level of decision-making- authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once, adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amount in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager under the authorization of the Fiscal Affairs Committee to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The City strives to maintain a minimum reserve balance of 90 to 120 days for the General Fund and Utility Fund, and 60 to 90 days of operating expenditures in all other funds as outlined in the City's Financial Management Policies as adopted by City Council by resolution.

N. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

O. General and Debt Service Property Taxes

All taxes due to the City on real or personal property are payable at the Office of the City Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is October 1, or as soon thereafter as practicable. Taxes are due upon receipt and all taxes not paid prior to February 1 are deemed delinquent and are subject to such penalty and interest set forth by the Property Tax Code. All property located within the City limits on the first day of January of each year are charged with a special lien in favor of the City from such date for taxes due thereon.

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for debt service on the general obligation debt is provided by the debt service tax together with interest earned in the Debt Service Fund.

Note 1 – Summary of Significant Accounting Policies (continued)

P. Industrial Payments

A significant portion of the City’s revenue is derived from separate contractual agreements with each industrial company that lies within the City’s extraterritorial jurisdiction (known as the “industrial district”). These companies have agreed to pay an amount “in-lieu of taxes” in the un-annexed area within the City’s extraterritorial jurisdiction. In the current contracts, the entity’s agree to pay the City a percentage of what the ad valorem taxes would have been had the entities land, improvements, and inventory been within the corporate limits of the City.

Q. Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

R. Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the general, special revenue funds and debt service funds. All annual appropriations lapse at fiscal year-end. Project length financial plans are adopted for all capital projects funds and are revised annually.

S. Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the financial position as described below:

A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The City has three items that qualify for reporting in this category:

- Deferred outflows or resources for refunding - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Note 1 – Summary of Significant Accounting Policies (continued)

S. Deferred Outflows/Inflows of Resources (continued)

- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City’s proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for other post-employment benefits (OPEB) other than pension – Reported in the government wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City’s proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB investments will be amortized over a closed five year period. The remaining postemployment related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

A deferred inflow of resources is an acquisition of a government's net positions (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The City has three items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual bases of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension – reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the City’s proportional share of pension liabilities These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Note 1 – Summary of Significant Accounting Policies (continued)

S. Deferred Outflows/Inflows of Resources (continued)

- Deferred inflows of resources for OPEB – Reported in the government wide financial statement of net position, this deferred inflow results primarily from 1) changes in actuarial assumptions; and 2) differences between expected and actual actuarial experiences. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

T. Pensions

For purposes of measuring the net pension liability for the Texas Municipal Retirement System (TMRS), pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the TMRS and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability for the Texas Emergency Services Retirement System (TESRS), pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the TESRS and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TESRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. Post-employment Healthcare Benefits

The City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The City administers other post-employment benefits ("OPEB") through a defined benefit medical plan to provide coverage for eligible retirees and their dependents. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.

V. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 – Summary of Significant Accounting Policies (continued)

W. Implementation of New Standards

The following standards have been issued, but have not been implemented as not yet effective.

GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 84, Fiduciary Activities. This Statement establishes standards of accounting and financial reporting for fiduciary activities.

GASB Statement No. 87, Leases. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

Note 2 – Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. City policy requires the collateralization level to be at least 102% of market value of principal and accrued interest.

The Council has adopted a written investment policy regarding the investment of City funds as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the City's investment policy. The City's investment policy is more restrictive than the PFIA requires. It is the City's policy to restrict its direct investments to obligations of the U.S. Government or U.S. Government Agencies, fully collateralized certificates of deposit, bankers' acceptances, mutual funds, repurchase agreements and local government investment pools. The maximum maturity allowed is five years from date of purchase. The City's investment policy does not allow investments in collateralized mortgage obligations, floating rate investments or swaps.

Note 2 – Deposits and Investments (continued)

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits with banks and other financial institutions, and any other kind of account that has the general characteristics of demand deposits where funds may be added or withdrawn at any time without penalty or prior notice. Cash equivalents are defined as liquid investments that are both readily convertible to known amounts of cash and so near their maturity they present insignificant risk or changes in value because of changes in interest rates. This includes balances in privately managed public funds investment pools (“TexPool” “Texas CLASS” and “LOGIC”). Only investments with original maturities of three months or less qualify under this definition.

The City’s local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

Investments consist of United States (U.S.) Government and Agency Securities. The City reports all investments at fair value based on quoted market prices at year end date.

The City reports all investments, except external investment pools, at fair value based on quoted market prices at year-end date. The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following schedule shows the City’s recorded cash and equivalents at year-end:

Fund	Governmental Funds	Total Reported Value		Total
		Internal Service Funds	Enterprise Funds	
Cash deposits	\$ 22,795,202	\$ 226,146	\$ 1,172,223	\$ 24,193,571
Investment pools	59,229,075	6,537,815	10,564,732	76,331,622
Total cash and equivalents	\$ 82,024,277	\$ 6,763,961	\$ 11,736,955	\$ 100,525,193

Note 2 – Deposits and Investments (continued)

Cash and Cash Equivalents (continued)

At September 30, 2019, the carrying amount of deposits was \$24,193,571 and the respective bank balances were \$24,411,273 . The City’s bank balances were fully insured or collateralized with securities held by the City’s agent in the City’s name.

Investments

The City reported the following investments at September 30, 2019:

Fund	Governmental Funds	Total Reported Value		Total
		Internal Service Funds	Enterprise Funds	
U.S. Government Securities	\$ 19,778,068	\$ 2,378,258	\$ 3,843,127	\$ 25,999,453

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2019:

- U.S. Government Securities (FHLMC) of \$7,992,043 were valued using an option-adjusted discounted cash flow model (Level 2 inputs).
- U.S. Government Securities (FHLB) of \$16,008,104 were valued using a documented trade history in exact security pricing model (Level 2 inputs).
- U.S. Government Securities (FFCB) of \$1,999,306 were valued using a documented trade history in exact security pricing model (Level 1 inputs).

Concentration on Credit Risk

The policy does not require investments to be staggered in a way that protects interest income from the volatility of interest rates. The policy has not established limitations on percentages of the total portfolio that may be invested in securities other than the repurchase agreements, Treasury bills and notes or insured and collateralized Certificates of Deposits.

Note 2 – Deposits and Investments (continued)

Investments (continued)

Investment Rate Risk

At year-end, the City had the following investments subject to interest rate risk disclosure, under U.S. GAAP, by investment type:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Percentage of Portfolio</u>	<u>WAM Calculation</u>
U.S. Government Securities				
Federal Home Loan Bank Agency Notes	\$ 16,008,104	381	16%	60
Freddie Mac Agency Notes	7,992,043	126	8%	10
Federal Farm Credit Banks	<u>1,999,306</u>	457	2%	9
Total U.S. Government Securities	<u>25,999,453</u>			
Local Government Investment Pools:				
TexPool	26,023,336	50	25%	9
Texas CLASS	12,250,404	35	12%	6
Logic	<u>38,057,882</u>	49	37%	18
Total Local Government Investment Pools	<u>76,331,622</u>	134		
Total	<u>\$ 102,331,075</u>			

The City’s investment policy specifies the maximum stated maturity from the date of purchase for any individual investments may not exceed 5 years and the maximum dollar weighted average maturity for the pooled fund group (investment portfolio) may not exceed 2 years.

Credit Risk

The primary objective of the City’s adopted Investment Policy is the safety of principal. Credit risk within the City’s portfolio among authorized investments approved by the City’s adopted Investment Policy is represented in U.S. Treasury Bills, Notes or Bonds, and other securities which are guaranteed as to principal and interest by the full faith and credit of the United States of America, collateralized or fully insured certificates of deposits, FDIC insured banks in the State of Texas, repurchase agreements if secured by U.S. Treasury Bills, Notes or Bonds and Public Funds Investment Pools.

All of the City’s purchased investments in U.S. Government Securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s respectively.

Note 3 – Property Taxes

The appraisal of property within the City is the responsibility of the Harris County Appraisal District (the “Appraisal District”). The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100% of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the adopted tax rate, excluding tax rates for repayment of general obligation bonds and other contractual obligations, adjustment for new improvements, exceeds the effective tax rate and the rollback rate tax rate, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than the rollback tax rate. The City’s property taxes are levied annually in October on the basis of the Appraisal District’s assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value, assessed at 100% of appraised value and certified by the Harris County Appraisal District Board of Review. The City property taxes are billed and collected by the City’s Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the current calendar year. The City is permitted, by Article XI, Section 5, of the State of Texas Constitution and the City Charter, to levy property taxes up to \$2.50 per \$100 of assessed valuation for general governmental services. Within the \$2.50 maximum levy, there is no legal limit upon the amount of property taxes, which can be levied for debt service. The property tax rates to finance general governmental services and debt service for fiscal year 2019 were \$0.605 and \$0.105, respectively, per \$100 of assessed valuation. The 2018 assessed value and total tax levy as adjusted through September 30, 2019 were \$3,400,868,119 and \$23,814,367, respectively. The City has enacted an ordinance providing for exemption of twenty percent (20%) of the assessed value of residential homesteads plus an additional \$60,000 for persons 65 years of age or older for property taxes. An exemption of \$60,000 is allowed for disabled persons on homesteads and up to \$12,000 is allowed for disabled veterans on any one piece of property. Additionally, the market value of agricultural land is reduced to agricultural value for purposes of the City’s tax levy calculation.

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Harris County Central Appraisal District (“HCCAD”) establishes appraised values. Taxes are levied by the City Council based on the appraised values and operating needs of the City.

Tax Increment Reinvestment Zone – Property Taxes

The City, La Porte Independent School District and Harris County are participating taxing entities within the tax increment reinvestment zone. The amount of a participant’s tax increment for a year is the amount of property taxes levied and collected by a participant for that year on the captured appraised value of real property taxable by the participant and located in the zone. The captured appraised value of real property taxable by the participant and located in the zone for that year less the tax increment base, which is the total appraised value of all real property taxable by the participant and located in the zone on January 1 of the year in which the zone was designed as such under the tax increment financing act (the “TIF Act”).

Note 3 – Property Taxes (continued)

Tax Increment Reinvestment Zone – Property Taxes (continued)

Each participant is required to collect taxes on property located within the zone in the same manner as other taxes are collected. The participant is required to pay into the tax increment fund the collected tax increments by the first day of each calendar quarter or pursuant to the terms of the participation set forth in their respective inter-local agreements.

Note 4 – Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible) line for certain funds and aggregated columns. Below is the detail of receivables for the General Fund, Debt Service Fund, 2015 Certificate of Obligation Bonds Fund, TIRZ and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Receivables				
Taxes	\$ 3,185,469	\$ 253,002	\$ 1,315,471	\$ 4,753,942
Municipal court	791,511	-	-	791,511
Other	440,622	-	18,068	458,690
Mowing & demolition	689,174	-	-	689,174
EMS	1,332,466	-	-	1,332,466
Interest	55,083	130	21,708	76,921
Solid waste	167,518	-	-	167,518
Due from other governments	448,500	-	374,543	823,043
Less: Allowance for uncollectible	<u>(1,023,895)</u>	<u>(85,073)</u>	<u>-</u>	<u>(1,108,968)</u>
Net Receivables.	<u>\$ 6,086,448</u>	<u>\$ 168,059</u>	<u>\$ 1,729,790</u>	<u>\$ 7,984,297</u>

Revenues of the Utility Fund, an enterprise fund, are reported net of uncollectible amounts. Total uncollectible amount related to utility sales as of year-end was \$102,722

Note 5 – Capital Assets

Capital assets activity for the year ended September 30, 2019, was as follows:

	<u>Balance</u> <u>September 30, 2018</u>	<u>Additions</u> <u>(Increases)</u>	<u>Retirements</u> <u>and Transfers</u>	<u>Balance</u> <u>September 30, 2019</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 10,387,209	\$ -	\$ (60,914)	\$ 10,326,295
Construction in progress	<u>2,445,613</u>	<u>2,014,990</u>	<u>(1,986,978)</u>	<u>2,473,625</u>
Total capital assets, not being depreciated	12,832,822	2,014,990	(2,047,892)	12,799,920
Capital assets being depreciated:				
Buildings and Improvements	38,733,416	72,478	(442,404)	38,363,490
Improvements other than buildings	35,220,561	118,220	579,351	35,918,132
Infrastructure	54,111,322	2,237,253	1,567,971	57,916,546
Machinery and equipment	<u>25,091,922</u>	<u>809,523</u>	<u>(735,048)</u>	<u>25,166,397</u>
Total capital assets being depreciated	153,157,221	3,237,474	969,870	157,364,565
Less accumulated depreciation for:				
Buildings and Improvements	(24,795,415)	(1,419,667)	131,853	(26,083,229)
Improvements other than buildings	(15,366,017)	(1,342,337)	101,029	(16,607,325)
Infrastructure	(32,096,856)	(1,482,791)	-	(33,579,647)
Machinery and equipment	<u>(14,739,476)</u>	<u>(1,988,350)</u>	<u>640,386</u>	<u>(16,087,440)</u>
Total accumulated depreciation	(86,997,764)	(6,233,145)	873,268	(92,357,641)
Total capital assets being depreciated, net	<u>66,159,457</u>	<u>(2,995,671)</u>	<u>1,843,138</u>	<u>65,006,924</u>
Governmental activities capital assets, net	<u>\$ 78,992,279</u>	<u>\$ (980,681)</u>	<u>\$ (204,754)</u>	<u>\$ 77,806,844</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 447,791	\$ -	\$ -	\$ 447,791
Construction in progress	<u>2,035,288</u>	<u>1,323,552</u>	<u>(277,528)</u>	<u>3,081,312</u>
Total capital assets, not being depreciated:	2,483,079	1,323,552	(277,528)	3,529,103
Business-type assets, being depreciated				
Buildings and Improvements	156,649	-	-	156,649
Improvements other than buildings	90,882,944	916,192	(46,226)	91,752,910
Machinery and equipment	<u>4,315,418</u>	<u>32,243</u>	<u>(214,779)</u>	<u>4,132,882</u>
Total capital assets being depreciated	95,355,011	948,435	(261,005)	96,042,441
Less accumulated depreciation for:				
Buildings and Improvements	(55,901)	(2,440,333)	-	(2,496,234)
Improvements other than buildings	(63,533,829)	-	-	(63,533,828)
Machinery and equipment	<u>(2,048,391)</u>	<u>-</u>	<u>242,402</u>	<u>(1,805,989)</u>
Total accumulated depreciation	(65,638,121)	(2,440,333)	242,402	(67,836,051)
Total capital assets being depreciated, net	<u>29,716,890</u>	<u>(1,491,898)</u>	<u>(18,603)</u>	<u>28,206,390</u>
Business Type activities capital assets, net	<u>\$ 32,199,969</u>	<u>\$ (168,346)</u>	<u>\$ (296,131)</u>	<u>\$ 31,735,493</u>

Note 5 – Capital Assets (continued)

Depreciation was charged to functions/programs of the governmental activities of the primary government as follows:

Governmental Activities:	
General government	\$ 1,600,626
Public Safety	1,241,550
Public works	996,815
Parks and recreation	643,801
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets	1,750,353
Total Governmental Activities	\$ 6,233,145

Depreciation expense of \$2,440,333 was charged to the Utility fund.

Construction contract commitments outstanding as of September 30, 2019, are as follows:

Fund	Projects	Total in Progress	Remaining Commitment
General CIP Fund	Street and Drainage Improvements	\$ 811,494	\$ 631,945
General CIP Fund	Park Improvements	1,269,174	6,676
General CIP Fund	Building Improvements	72,744	65,733
Utility Fund	Meter Replacement Program	1,192,903	-
Utility Fund	Water System Improvements	1,922,033	2,288,969
Airport Fund	Runway Improvements	225,675	-
Technology Fund	Network Improvements	60,914	-
Total		\$ 5,554,937	\$ 2,993,323

Note 6 – Long-Term Debt and Other Long-Term Obligations

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include general obligation bonds, certificates of obligation and revenue bonds. Future ad valorem tax revenues, water and sewer system revenues or liens on property and equipment secure these debt obligations.

In February 2002, voters authorized \$16,300,000 of General Obligation Bonds. The City has \$2,000,000 of authorized but unissued bonds as of September 30, 2019.

The schedule below details the terms of public property finance contractual obligation, general obligation bonds, certificates of obligations and revenue bonds outstanding as of September 30, 2019:

	<u>Governmental</u>
2010 Certificates of Obligation due in annual payments through March 15, 2026; interest at 3.00% to 4.00% \$6,265,000 issued for street, drainage, and park improvements.	\$ 3,350,000
2010 General Obligation Refunding Bonds due in annual payments through March 15, 2020; interest at 2.00% to 4.00% \$4,295,000 issued to refund previous debt.	325,000
2012 General Obligation Refunding Bonds due in annual payments through March 15, 2025; interest at .65% to 3.00% \$9,435,000 issued to refund previous debt.	7,840,000
2014 General obligation Refunding Bonds due in annual payments through March 15, 2025; interest at 2.00% to 3.50% \$9,300,000 issued to refunding previous debt.	5,795,000
2015 Certificates of Obligation due in annual installments through March 15, 2030; interest at 2.25% to 3.00% \$7,770,000 issued for water and sewer system improvements, and street and drainage improvements.	6,345,000
2016 General Obligation Refunding Bonds due in annual payments through March 15, 2029; interest at 2.00% to 4.00% \$3,165,000 issued to refund previous debt.	2,465,000
2017 Certificates of Obligation due in annual payments through March 15, 2037; interest at 0.14% to 1.82% \$10,635,000 issued for construction of wastewater system.	<u>9,710,000</u>
Total Bonds Payable	<u><u>\$ 35,830,000</u></u>

Note 6 – Long-Term Debt and Other Long-Term Obligations (continued)

Changes in the City’s long-term liabilities for the year ended September 30, 2019 are as follows:

	Balance September 30 2018	Additions	Reductions	Balance September 30 2019	Amounts Due Within One Year
Governmental Activities:					
Bonds payable:					
General Obligation Bonds	\$ 18,895,000	\$ -	\$ (2,470,000)	\$ 16,425,000	\$ 2,465,000
Certificates of Obligation	20,670,000	-	(1,265,000)	19,405,000	1,295,000
Premium on bond issuance	1,335,219	-	(266,841)	1,068,378	-
Total bonds payable	<u>40,900,219</u>	<u>-</u>	<u>(4,001,841)</u>	<u>36,898,378</u>	<u>3,760,000</u>
Due to developers	5,722,791		(3,098,130)	2,624,661	-
Compensated absences	3,246,904	117,839	(150,226)	3,214,517	160,726
Total Governmental Activities	<u>\$ 49,869,914</u>	<u>\$ 117,839</u>	<u>\$ (7,250,197)</u>	<u>\$ 42,737,556</u>	<u>\$ 3,920,726</u>
Business-type Activities:					
Compensated absences	\$ 143,999	\$ 460	\$ (15,409)	\$ 129,050	\$ 6,453
Total Business-type Activities	<u>\$ 143,999</u>	<u>\$ 460</u>	<u>\$ (15,409)</u>	<u>\$ 129,050</u>	<u>\$ 6,453</u>

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Compensated absences generally are paid by the General Fund for the governmental activities.

Note 6 – Long-Term Debt and Other Long-Term Obligations (continued)

General Obligation Bonds and Certificates of Obligation

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligations bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal maturity. The City is in compliance with this requirement.

Fiscal Year	Governmental Activities			
	General Obligation Bonds		Certificate of Obligation	
	Principal	Interest	Principal	Interest
2020	\$ 2,465,000	\$ 558,931	\$ 1,295,000	\$439,890
2021	2,270,000	485,300	1,330,000	411,818
2022	2,335,000	412,650	1,355,000	381,896
2023	2,395,000	343,575	1,390,000	350,984
2024	2,460,000	272,625	1,420,000	318,875
2025 - 2029	4,500,000	481,400	7,320,000	1,055,317
2030 - 2034	-	-	3,495,000	375,262
2035 - 2038	-	-	1,800,000	86,083
	<u>\$ 16,425,000</u>	<u>\$ 2,554,481</u>	<u>\$19,405,000</u>	<u>\$3,420,125</u>

Prior Year Refunding of Debt

The City defeased certain outstanding revenue bonds by placing proceeds of new bonds in irrevocable trust to provide for all future debt service payments. Accordingly, the respective trust accounts and liability for the defeased bond are not included in the City’s financial statements. As of September 30, 2019, the City does not have bonds considered defeased and outstanding.

Note 7 – Interfund Receivables, Payables and Transfers

The composition of interfund receivables at September 30, 2019 is an amount of \$1,091,579 due to the general fund from the 2015 certificate of obligation bond fund and aggregate remaining capital projects funds.

The composition of interfund transfers for the year are as follows:

Transfers From	Transfers To			Totals	
	General	Debt Service	Other Governmental		Internal Service
General Fund	\$ -	\$ -	\$ 1,956,087	\$ 2,369,445	\$ 4,325,532
Other Governmental	57,500	1,033,362	1,835,700	-	2,926,562
Utility	-	237,762	46,065	74,201	358,028
Airport	-	-	-	806	806
Internal Service	-	-	-	20,585	20,585
Totals	\$ 57,500	\$ 1,271,124	\$ 3,837,852	\$ 2,465,037	\$ 7,631,513

The purpose of interfund transfers during the current year consisted of the following:

Transfers From	Transfers To	Purpose
La Porte Area Water Authority	General Fund	Operator's Agreement
Hotel/Motel Fund	General Fund	Transfer for Golf Course Advertising Expenditures and City Bordering Bay for Golf Course Expenditures
La Porte Development Corporation (4B)	Debt Service Fund	Annual Transfer for Debt Service
General Fund	Insurance Fund	Transfer for Liability Insurance and Worker's Compensation + \$2 million for Health Insurance
Utility Fund	Insurance Fund	Transfer for Liability Insurance and Worker's Compensation
Airport Fund	Insurance Fund	Transfer for Liability Insurance and Worker's Compensation
La Porte Area Water Authority	Insurance Fund	Transfer for Liability Insurance and Worker's Compensation
Vehicle Maintenance Fund	Insurance Fund	Transfer for Liability Insurance and Worker's Compensation
General Fund	General CIP Fund	Transfer to fund Capital Projects
La Porte Development	General CIP Fund	Transfer for Capital Projects
Utility Fund	General CIP Fund	Transfer for Capital Projects
Utility Fund	Debt Service Fund	Annual Transfer for Debt Service
Utility Fund	Sanitary Sewer Rehabilitation Fund	Annual Transfer for Sewer Rehabilitation/Maintenance Projects

Note 8 – Defined-Benefit Pension Plans

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

The City has approved an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	10
Service retirement eligibility:	20 years at any age, 10 years at age 60 and above
Updated Service Credit:	100% Repeating Transfers
Annuity Increase to retirees:	70% of CPI Repeating
Supplemental death benefit – active employees and retirees	Yes

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

Benefits Provided (continued)

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	218
Inactive employees entitled to but not yet receiving benefits	184
Active employees	<u>370</u>
Total	<u>772</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the State law governing TMRS, the contribution rate for each City is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.53% and 16.11% in calendar years 2019 and 2018, respectively. The City opted to contribute 16.11% during the year ended September 30, 2019 in order to reduce the liability.

Net Pension Liability

The City’s net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	2.5%
Overall payroll growth:	3.5% to 10.50% including inflation
Investment Rate of Return:	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

Actuarial Assumptions (continued)

Actuarial assumptions used in the December 31, 2018 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The postretirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Assumptions are reviewed annually. No additional changes were made for the 2018 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

Changes in the Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$ 157,840,283	\$ 146,301,408	\$ 11,538,875
Changes for the year:			
Service cost	3,668,483	-	3,668,483
Interest	10,570,181	-	10,570,181
Difference between expected and actual experience	(1,410,118)	-	(1,410,118)
Changes in assumptions	-	-	-
Contributions - employer	-	3,625,504	(3,625,504)
Contributions - employee	-	1,575,422	(1,575,422)
Net investment income	-	(4,381,890)	4,381,890
Benefit payments, including refunds, of employee contributions	(6,158,492)	(6,158,492)	-
Administrative expense	-	(84,698)	84,698
Other charges	-	(4,424)	4,424
Net changes	<u>6,670,054</u>	<u>(5,428,578)</u>	<u>12,098,632</u>
Balance at 12/31/2018	<u>\$ 164,510,337</u>	<u>\$ 140,872,830</u>	<u>\$ 23,637,507</u>

Sensitivity of the Net Pension Liability

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease to 5.75%	Current Single Rate Assumption 6.75%	1% Increase to 7.75%
City's net pension liability	\$ 47,015,688	\$ 23,637,507	\$ 4,501,359

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tMrs.com.

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$5,109,269.

At September 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between actuarial assumptions and actual experience	\$ -	\$ 1,570,927
Changes in actuarial assumptions used	-	50,161
Differences between projected and actual investment earnings	7,555,840	-
Contributions subsequent to the measurement date	<u>2,887,827</u>	<u>-</u>
Total	<u>\$ 10,443,667</u>	<u>\$ 1,621,088</u>

Deferred outflows of resources resulting from contributions subsequent to the measurement date of \$2,887,827 will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
<u> </u>	<u> </u>
2019	\$ 2,107,493
2020	546,486
2021	594,308
2022	<u>2,686,465</u>
Total	<u>\$ 5,934,752</u>

Texas Emergency Services Retirement System

Plan Description

The City participates in the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple-employer defined benefit pension established and administered by the State of Texas. The TESRS is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine members Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System. TESRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tesrs.org.

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Emergency Services Retirement System (continued)

Plan Description (continued)

The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighters’ Pension Commissioner. While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the City’s average monthly contribution over the member’s years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member’s surviving spouse and dependent children.

Contributions

Contributions are made by the City for the participating employees. No contributions are required from the individuals who are members of the TESRS, nor are they allowed. The City is required to make contributions to the plan for each month an eligible emergency service personnel provides qualified services. The minimum contribution is \$36 per member. Contributions to the pension plan for the year ended September 30, 2019, were \$43,195.

Net Pension Liability

The City’s net pension liability was measured as of August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018.

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Emergency Services Retirement System (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	3.00%
Salary Increases:	Not applicable
Investment Rate of Return:	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by “rounding down” and thereby reflects a reduction of 0.22% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Equities		
Large cap domestic	30.0%	35.06%
Small cap domestic	15.0%	16.55%
Developed international	15.0%	14.84%
Emerging markets	5.0%	4.81%
Master limited partnership	5.0%	4.10%
Real Estate	5.0%	2.21%
Multi-asset	5.0%	0.00%
Fixed income		
Domestic	20.0%	22.19%
International	0.0%	0.00%
Cash	0.0%	0.24%
Total	<u>100.0%</u>	<u>100.0%</u>
Weighted average		3.11%

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Emergency Services Retirement System (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease to 6.75%	Current Single Rate Assumption 7.75%	1% Increase to 8.75%
City's net pension liability	\$ 271,064	\$ 136,398	\$ 45,569

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2018, the City reported a liability of \$136,398 for its proportionate share of the TESRS’s net pension liability. The net pension liability was measured as of August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018. The City’s proportion of the net pension liability was based on the City’s contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the City’s proportion of the collective net pension liability was 0.630% which was a decrease from its proportion measured as of August 31, 2017 of 0.653%.

For the year ended September 30, 2019, the City recognized TESRS pension expense of \$43,239.

Note 8 – Defined-Benefit Pension Plans (continued)

Texas Emergency Services Retirement System (continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At September 30, 2019, the City reported its proportionate share of the TESRS’ deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between actuarial assumptions and actual experience	\$ 37	\$ 393
Changes in actuarial assumptions used	510	-
Differences between projected and actual investment earnings	-	7,538
Contributions subsequent to the measurement date	43,195	-
Total	<u>\$ 43,742</u>	<u>\$ 7,931</u>

Deferred outflows of resources resulting from contributions subsequent to the measurement date of \$43,195 will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
<u> </u>	<u> </u>
2019	\$ 8,789
2020	(4,890)
2021	(7,196)
2022	(4,087)
Total	<u>\$ (7,384)</u>

Note 9 – Other Post-Employment Benefits

TMRS Supplemental Death Benefits Fund

Benefit Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is another post-employment benefit (OPEB). As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Membership in the plan as of the measurement date of December 31, 2018 was as follows:

Inactive employees currently receiving benefits	160
Inactive employees entitled to but not yet receiving benefits	23
Active employees	<u>370</u>
Total	<u>553</u>

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.17% of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees’ entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Discount Rate

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both active employees and retirees and the assets are not segregated for these groups. Under GASB Statement No. 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.71% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2018.

Note 9 – Other Post-Employment Benefits (continued)

TMRS Supplemental Death Benefits Fund (continued)

Actuarial Assumptions

The City’s total OPEB liability was measured at December 31, 2018 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Valuation Date: December 31, 2018

Methods and Assumptions:

Inflation: 2.50%

Salary Increases: 3.50% to 10.50%, including inflation

Discount rate: 3.71%. The discount rate was based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of December 31, 2018.

Retirees’ share of benefit related costs: \$0

Administrative expenses: All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates – service retirees: RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Mortality rates – disabled retirees: RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Note 9 – Other Post-Employment Benefits (continued)

TMRS Supplemental Death Benefits Fund (continued)

Changes in the Total OPEB Liability

Service cost	\$ 31,508
Interest	35,270
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	24,065
Changes of assumptions	(78,470)
Benefit payments	<u>(6,752)</u>
Net change in total OPEB liability	5,621
Total OPEB liability - beginning	<u>1,053,176</u>
Total OPEB liability - ending	<u><u>\$ 1,058,797</u></u>
Covered payroll	\$ 22,506,030
Total OPEB liability as a percentage of covered payroll	4.70%

Sensitivity Analysis

The following presents the total OPEB liability of the employer, calculated using the discount rate of 3.71%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71%) or 1 percentage point higher (4.71%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

1% Decrease to 2.71%	Current Discount Rate Assumption 3.71%	1% Increase to 4.71%
<u>\$ 1,271,659</u>	<u>\$ 1,058,797</u>	<u>\$ 895,196</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity

For the year ended September 30, 2019, the City recognized OPEB expense of \$72,841.

Note 9 – Other Post-Employment Benefits (continued)

TMRS Supplemental Death Benefits Fund (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity (continued)

As of September 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,126	\$ -
Changes assumptions	-	4,112
Contributions subsequent to the measurement date	5,378	-
Total	\$ 25,504	\$ 4,112

The \$5,378 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2019.

Amounts currently reported as deferred outflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2019	\$ 6,063
2020	6,063
2021	6,063
2022	6,063
2023	(7,257)
Thereafter	(981)
Total	\$ 16,014

Note 9 – Other Post-Employment Benefits (continued)

Retiree Health Care Plan (RHCP)

Plan Description

The City’s defined benefit OPEB plan, City of La Porte Retiree Health Care Plan (RHCP), provides OPEB through an implicit healthcare premium for retirees for all permanent full-time employees of the City. RHCP is a single-employer defined benefit OPEB plan administered by the City. At this time, no assets are accumulated in a trust to fund the future requirements of the RHCP.

Benefits provided

RHCP provides access to post retirement employees by offering a “blended premium” structure, that is, the overall health care premiums for active employees and non-Medicare retirees, are stated in terms of a single “blended premium”. The difference between the underlying retiree claims and the blended overall health care premium is referred to as an “implicit” subsidy. Because the underlying claims costs for a non-Medicare retiree are on average higher than the blended premium, there is a positive implicit subsidy for the non-Medicare retirees.

Employees covered by benefit terms. At December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries	92
Inactive, nonretired members	-
Active members	<u>369</u>
Total	<u>461</u>

Total OPEB Liability

The City’s total OPEB liability of \$49,572,587 was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2018.

Actuarial assumptions and methods

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date: December 31, 2018

Methods and Assumptions:

Actuarial Cost Method:	Individual Entry-Age
Discount Rate:	3.71%
Inflation:	2.50%
Salary Increases:	3.50% to 10.50%, including inflation

Note 9 – Other Post-Employment Benefits (continued)

Retiree Health Care Plan (RHCP) (continued)

Actuarial assumptions and methods (continued)

Demographic Assumptions: Based on the experience study covering the four year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)

Mortality: For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

Health Care Trend Rates: For Pre-65, initial rate of 7.00% declining to an ultimate rate of 4.75% after 12 years; Ultimate trend rate includes a 0.50% adjustment for the excise tax. For Post-65, initial rate of 6.00% declining to an ultimate rate of 4.25% after 14 years

Participation Rates: It was assumed that the plan participation would vary based on the amount of the subsidy provided. For eligible retirees with over 30 years of service, 95% were assumed to participate in the plan at retirement. For employees with less than 30 years of service, the assumed participation rate is equal to the percentage of premium the City subsidizes. For example, retirees eligible for an 85% subsidy were assumed to elect coverage 85% of the time, while only 40% of retirees eligible for a 40% subsidy were assumed to elect coverage.

Other Information:

Note: The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

Discount Rate

Because the RHCP is unfunded or pay-as-you go, the discount rate is based on 20-year tax-exempt AA or higher Municipal Bonds or 3.71% as of the measurement date of December 31, 2018 based on the 20 Year Bond GO Index published by bondbuyer.com.

Note 9 – Other Post-Employment Benefits (continued)

Retiree Health Care Plan (RHCP) (continued)

Changes in the Total OPEB Liability

Total OPEB Liability	
Service cost	\$ 1,671,651
Interest	1,583,194
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	(31,749)
Changes of assumptions	(147,052)
Benefit payments	<u>(996,520)</u>
Net change in total OPEB liability	2,079,524
Total OPEB liability - beginning	<u>47,493,063</u>
Total OPEB liability - ending	<u><u>\$49,572,587</u></u>
Covered payroll	\$22,506,678
Total OPEB liability as a percentage of covered payroll	220.26%

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the plan’s total OPEB liability, calculated using a discount rate of 3.71%, as well as what the plan’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease to 2.71%	Current Discount Rate Assumption 3.71%	1% Increase to 4.71%
\$ 58,545,697	\$ 49,572,587	\$ 42,464,092

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the plan’s total OPEB liability, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% Decrease to 2.71%	Current Healthcare Cost Trend Rate Assumption 3.71%	1% Increase to 4.71%
\$ 41,764,637	\$ 49,572,587	\$ 59,709,995

Note 9 – Other Post-Employment Benefits (continued)

Retiree Health Care Plan (RHCP) (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$3,663,689.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 41,612
Changes assumptions	2,624,581	127,116
Contributions subsequent to the measurement date	186,244	-
Total	<u>\$ 2,810,825</u>	<u>\$ 168,728</u>

The \$186,244 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2020.

Amounts currently reported as deferred outflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2019	\$ 408,845
2020	408,845
2021	408,845
2022	408,845
2023	408,845
Thereafter	411,628
Total	<u>\$ 2,455,853</u>

Note 10 – Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City’s risk management program encompasses various means of protecting the City against loss by obtaining property, casualty and liability coverage from participation in a risk pool. The participation of the City in the risk pool is limited to the payment of premiums. The City is a member of the Texas Municipal League Intergovernmental Risk Pool, an unincorporated association of 1,860 political subdivisions of the State of Texas. The Pool contracts with a third party administrator for administration, investigation and adjustment services in the handling of claims. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the Pool. Settled claims have not exceeded insurance coverage in any of the three previous fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

The insurance internal service fund is funded by charges to the City’s other funds and component units, and is based primarily upon the contributing funds’ full-time employee count. The City self- insures a portion of health insurance benefits provided to employees. For health insurance the City retains the risk for the first \$165,000 of an individual claim. Excess insurance coverage is purchased to cover individual claims in excess of \$165,000 with a limit of \$1,000,000 per coverage period.

Activities during the year for the insurance internal service fund included:

Revenues	
Charges to divisions	\$ 5,290,869
Interfund transfers	2,465,037
Charges to employees	659,420
Charges to retirees	130,045
Cobra charges	16,442
Other	2,030
Interest revenue	27,418
Total revenues	<u>\$ 8,591,261</u>
Expenses	
Other expenses	\$ 733,251
Claims administration	179,616
Claims incurred	6,893,077
Re-insurance premiums	447,851
Insurance premiums	490,689
Total expenses	<u>\$ 8,744,484</u>

Liabilities of the insurance fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as, inflation, changes in legal requirements and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-offs), and other economic and social factors. These estimate of the claims also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims.

Note 10 – Risk Management (continued)

Changes in the balance of health insurance claims liability for three fiscal years are as follows:

	<u>Beginning of Year Accrual</u>	<u>Claims</u>	<u>Payments for Claims</u>	<u>End of Year Accrual</u>
9/30/2017	\$ 387,850	\$ 5,480,480	\$ 5,397,668	\$ 470,662
9/30/2018	470,662	6,784,705	6,708,518	546,849
9/30/2019	546,849	6,893,077	6,841,448	598,478

Note 11 - Contingencies

The City is a defendant in lawsuits. Although the outcome of the lawsuits is not presently determinable, it is the opinion of the City’s management the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

Note 12 – Encumbrances

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations. At year-end the amount of encumbrances expected to be honored in the next year were as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 134,391
Non-major Governmental	24,259
Utility	3,056
Internal service fund	10,230
Total	<u>\$ 171,936</u>

Note 13 – Southeast Water Purification Plant

The La Porte Area Water Authority (“Authority”) and the City of Houston, Texas have entered into a Cost Sharing Water Project Contract (the “Contract”) wherein the Authority, the Cities of La Porte, Morgan’s Point, and Shoreacres agree to jointly finance the construction and operation of the Southeast Water Purification Plant (Southeast Plant). Under the terms of the Contract, the Authority purchased 4.2 million gallons per day production and 5.25 million gallons per day pumping capacity. The Cities of La Porte, Morgan’s Point, and Shoreacres have agreed to demand and pumping allocations of the Authority’s purchase of water from the Southeast Plant.

The required funds for the undivided interest in the Southeast Plant and the construction of a transmission and distribution system to transport water from the Southeast Plant were provided by issuance of \$9.8 million revenues bonds, which have been retired.

The water rate to be set by the Authority will not be less than an amount sufficient to provide for payment of all expenses in producing, treating, and pumping the water in connection with transmission and distribution systems and to provide payment for the interest and principal of all bonds when the bonds become due and payable.

Note 14 - Due to Developers

The TIRZ is a party to several agreements with Developers who own property in the La Porte Tax Increment Zone. The TIRZ is obligated to repay the Developers for public improvements made on the property up to the amount of incremental tax value gained.

The Authority has entered into agreements with the following Developers: Port Crossing Land, LP, 65 La Porte, Ltd., Retreat at Bay Forest, LP, Beazer Homes, LP and Senior Associates. Port Crossing Land, LP has completed the public improvements detailed in the agreement with the Authority, and assigned their receivable amount to Liberty Property Limited Partnership in 2015.

Port Crossing Land, LP’s reimbursable expenditures totaled \$12,096,488 including interest at May 27, 2009. In the current fiscal year, the Developer was reimbursed \$1,749,284. To date, reimbursements in the amount of \$13,972,359 have been made to Port Crossing/Liberty for incremental tax value gained. Interest was calculated, and payments were applied to interest first, then principal. No additional interest will be due under the agreement.

Retreat at Bay Forest, LP’s reimbursable expenditures totaled \$224,760, including interest of \$36,885 for the pilot channel and excavation costs as of November 20, 2013. No additional interest will be due under the agreement. During the current fiscal year, a reimbursement of \$27,745 was applied to principal.

Beazer Homes Texas LP’s reimbursable expenditures for Bayside Crossing totaled \$1,449,517 including interest at August 24, 2016. In the current fiscal year, the Developer was reimbursed \$75,108 for interest and \$38,445 applied to principal.

Note 14 - Due to Developers (continued)

Beazer Homes Texas LP's reimbursable expenditures for Bayside Crossing - Supplemental totaled \$177,498, including interest at August 23, 2017. In the current fiscal year, an additional amount was calculated for interest.

Senior Associate's reimbursable expenditures and land for Bayside Crossing totaled \$466,032 including interest at August 23, 2017. In the current fiscal year, an additional amount \$9,372 was calculated for interest.

In addition, a Developers has signed a Development Agreement but has not submitted costs for reimbursements of their projects. Estimated costs, based on agreements, are as follows:

65 La Porte, Ltd.	\$	7,103,500
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Note 15 - Industrial Payments

In 1958, the City created an Industrial Zone adjacent to the City, which presently encompasses approximately 5,500 acres of land north of Highway 225 and bordering the Houston Ship Channel. The City annexed sufficient land to completely encircle this Industrial Zone, protecting it from annexation by any other municipality. The City entered into contracts with all of the Industries located in the Zone whereby the City annexed a portion of the total value of each industry with the remainder constituting the protected Industrial District. In addition to the Industrial Zone north of Highway 225, which is referred to as the "Battleground Industrial District," the City contains an Industrial Zone on its south side referred to as the "Bayport Industrial District." The Bayport District, created in 1970, covers 2,500 acres.

The City and the Industries, many of which have come to the Industrial Zones since the original contracts, are presently under contracts, which extend to December 31, 2019. Under the terms of the current contracts, the industries make payments to the City each year in lieu of taxes. These annual in lieu payments are in an amount which, when added to the full City taxes on the annexed portion, equal 62% of what the City's taxes on the industry would be if 100% of the industry was in the City. After the first six years of the contracts, the percentage increases to 63%. The contracts contain a new construction clause that allows new plant facilities to make in lieu payments on 25% of the value of new additions between now and 2013, after 2014, the percentage drops to 20%. Currently, 140 companies participate in industrial district contracts. These contracts have served as a valuable economic tool for more than 50 years.

Note 16 – Fund Balance

Assigned fund balance of the General Fund at year-end consisted of the following:

Airpak supplies	\$	388
Uniforms for new hires		580
Patrol bicycles		3,150
Voice interpretation third party		404
Bi-annual pressure washing		450
City-wide recruitment software		1,636
Municipal court canopy replacement		24,455
Municipal court canopy repair		6,775
Financial software		47,846
City Hall generator repairs		9,000
Hotel tax audit services		1,004
Actuarial services for OPEB		10,091
SUTA fees 2019 Sales tax collection		352
Update truck traffic study		7,000
Parks and recreation master plan		21,260
Total General Fund Assigned Fund Balance	\$	<u>134,391</u>

Note 17 – Subsequent Events

Debt Issuance

In February 2020 in the amount of \$2,705,000 in Taxable General Obligation Refunding Bonds. The new debt was issued with interest rates ranging from 3%-5% with maturities from 2020 to 2026. Interest on the bonds accrue from the closing date and are payable on each March 15 and September 15 thereafter, with the initial interest payment on March 15, 2020. All of the proceeds will be used to refund \$2,925,000 of the Series 2010 Certificates of Obligation.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA PORTE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property taxes and penalties	\$ 17,676,500	\$ 17,676,500	\$ 19,019,611	\$ 1,343,111
Other taxes	90,000	90,000	88,624	(1,376)
Licenses and permits	646,150	646,150	1,344,447	698,297
Fines and forfeitures	1,559,550	1,559,550	2,277,993	718,443
Sales and use taxes	5,000,000	5,000,000	6,499,254	1,499,254
Industrial payments	13,750,000	13,750,000	14,899,624	1,149,624
Franchise taxes	2,919,131	2,919,131	3,035,844	116,713
Intergovernmental revenues	-	-	893,217	893,217
Investment Earnings	400,000	400,000	1,436,238	1,036,238
Charges for services	5,891,834	5,891,834	5,784,392	(107,442)
Miscellaneous	169,114	169,114	316,015	146,901
Total revenues	<u>48,102,279</u>	<u>48,102,279</u>	<u>55,595,259</u>	<u>7,492,980</u>
Expenditures				
Current:				
General government	11,481,792	11,745,681	10,244,208	1,501,473
Public safety	18,991,209	19,005,948	18,579,342	426,606
Public works	3,524,529	3,532,354	3,265,194	267,160
Health and sanitation	2,869,246	2,869,246	2,977,561	(108,315)
Culture and recreation	6,100,265	6,165,143	5,929,639	235,504
Capital outlay	-	37,230	28,099.00	9,131.00
Total expenditures	<u>42,967,041</u>	<u>43,355,602</u>	<u>41,024,043</u>	<u>2,331,559</u>
Excess (Deficiency) of Revenues	-	-	-	-
Over (Under) Expenditures	5,135,238	4,746,677	14,571,216	9,824,539
Other Financing Sources (Uses)				
Transfers in	57,500	57,500	57,500	-
Transfers out	(4,325,532)	(4,325,532)	(4,325,532)	-
Total Other Financing Sources (Uses)	<u>(4,268,032)</u>	<u>(4,268,032)</u>	<u>(4,268,032)</u>	<u>-</u>
Net Change in Fund Balance	867,206	478,645	10,303,184	9,824,539
Fund Balances, Beginning	<u>47,307,073</u>	<u>47,307,073</u>	<u>47,307,073</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 48,174,279</u>	<u>\$ 47,785,718</u>	<u>\$ 57,610,257</u>	<u>\$ 9,824,539</u>

CITY OF LA PORTE
TAX INCREMENT REINVESTMENT ZONE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BUDGET AND ACTUAL
For the Year ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,964,760	\$ 3,964,760	\$ 4,128,250	\$ 163,490
Investment earnings	850	850	1,377	527
Total Revenues	<u>3,965,610</u>	<u>3,965,610</u>	<u>4,129,627</u>	<u>164,017</u>
Expenditures				
Current:				
General government	1,382,492	1,382,492	383,112	999,380
Debt Service:				
Principal	2,106,188	2,106,188	3,009,168	(902,980)
Interest and other charges	-	-	181,995	(181,995)
Total Expenditures	<u>3,488,680</u>	<u>3,488,680</u>	<u>3,574,275</u>	<u>(85,595)</u>
Net change in fund balance	476,930	476,930	555,352	78,422
Fund balances - beginning of year	<u>1,292,746</u>	<u>1,292,746</u>	<u>1,292,746</u>	<u>-</u>
Fund balances - end of year	<u>\$ 1,769,676</u>	<u>\$ 1,769,676</u>	<u>\$ 1,848,098</u>	<u>\$ 78,422</u>

1. Budgetary Controls and Procedures

The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is required by charter to submit a proposed budget and accompanying message to City Council by August 1. The Council shall review and revise the proposed budget as they deem appropriate prior to circulation for the public hearing. A summary of the proposed budget and notice of the public hearing must be posted in City Hall and be published in the official newspaper at least 2 weeks prior to the hearing. Annual budgets for General, Debt Service, Special Revenue and Enterprise Funds are legally adopted by ordinance and must be done so no later than the last day of the fiscal year. Budgetary control for capital projects funds is achieved through legally binding construction contracts and project length budgets.

The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the total approved budget for each department. The City Manager is authorized to transfer part of all of any unencumbered appropriation balance among programs within a department. All other amendments and/or transfers must be approved by Council.

Annual appropriated budgets are adopted for general, special revenue, and debt service funds, using the same basis of accounting as for financial reporting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt as a whole. The original budget is adopted by the City Council prior to the beginning of the year.

In fiscal year 2019, Health and Sanitation exceeded appropriated amount by \$108 thousand.

Appropriations lapse at the end of the year, excluding capital project budgets.

CITY OF LA PORTE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Five Measurement Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service Cost	\$ 3,668,483	\$ 3,714,539	\$ 3,600,954	\$ 3,401,691	\$ 3,045,776
Interest (on the Total Pension Liability)	10,570,181	10,112,101	9,653,940	9,564,637	9,108,178
Difference between expected and actual experience	(1,410,118)	(658,901)	(40,363)	(500,190)	(761,946)
Changes of assumptions	-	-	-	(325,022)	-
Benefit payments, including refunds of employee contributions	(6,158,492)	(6,558,193)	(6,409,301)	(5,304,879)	(4,793,355)
Net change in total pension liability	6,670,054	6,609,546	6,805,230	6,836,237	6,598,653
Total pension liability – beginning	157,840,283	151,230,737	144,425,507	137,589,270	130,990,617
Total pension liability – ending	<u>\$ 164,510,337</u>	<u>\$ 157,840,283</u>	<u>\$ 151,230,737</u>	<u>\$ 144,425,507</u>	<u>\$ 137,589,270</u>
Plan fiduciary net position					
Contributions – employer	\$ 3,625,504	\$ 3,602,160	\$ 3,415,127	\$ 3,461,463	\$ 3,534,991
Contributions – employee	1,575,422	1,578,735	1,528,511	1,506,158	1,460,768
Net investment income	(4,381,890)	17,987,506	8,314,792	181,954	6,665,254
Benefit payments, including refunds of employee contributions	(6,158,492)	(6,558,193)	(6,409,301)	(5,304,879)	(4,793,355)
Administrative Expense	(84,698)	(93,223)	(93,910)	(110,827)	(69,591)
Other	(4,424)	(4,725)	(5,060)	(5,474)	(5,722)
Net change in plan fiduciary net	(5,428,578)	16,512,260	6,750,159	(271,605)	6,792,345
Plan fiduciary net position – beginning	146,301,408	129,789,148	123,038,989	123,310,594	116,518,249
Plan fiduciary net position – ending	<u>\$ 140,872,830</u>	<u>\$ 146,301,408</u>	<u>\$ 129,789,148</u>	<u>\$ 123,038,989</u>	<u>\$ 123,310,594</u>
Net pension liability	<u>\$ 23,637,507</u>	<u>\$ 11,538,875</u>	<u>\$ 21,441,589</u>	<u>\$ 21,386,518</u>	<u>\$ 14,278,676</u>
Plan fiduciary net position as a percentage of the total pension liability	85.63%	92.69%	85.82%	85.19%	89.62%
Covered payroll	\$ 22,506,030	\$ 22,553,362	\$ 21,823,962	\$ 21,421,227	\$ 20,708,639
Net pension liability as a percentage of covered employee payroll	105.03%	51.16%	98.25%	99.84%	68.95%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. The City will continue to build this schedule over the next 10-year period as the information becomes available.

CITY OF LA PORTE, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 3,759,780	\$ 3,616,211	\$ 3,566,725	\$ 3,551,472	\$ 3,489,185
actuarially determined contribution	<u>(3,759,780)</u>	<u>(3,616,211)</u>	<u>(3,566,725)</u>	<u>(3,551,472)</u>	<u>(3,489,185)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 23,338,178	\$ 22,496,785	\$ 22,446,058	\$ 22,512,615	\$ 21,323,383
Contributions as a percentage of covered payroll	16.11%	16.07%	15.89%	15.78%	16.36%
	<u>2014</u>				
Actuarially Determined Contribution	\$ 3,496,424				
actuarially determined contribution	<u>(3,496,424)</u>				
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 20,543,616				
Contributions as a percentage of covered payroll	17.02%				

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	There were no benefit changes during the year.

CITY OF LA PORTE, TEXAS
SCHEDULE OF CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
Last Five Measurement Years

Exhibit B-6

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.630%	0.653%	0.780%	0.982%	0.721%
City's proportionate share of the net pensions liability	\$ 136,398	\$ 156,731	\$ 227,199	\$262,121	\$131,018
City's covered payroll	29,175	27,694	15,498	18,617	18,420
City's proportionate share of the net pension liability as percentage of its covered payroll	468%	566%	1466%	1408%	711%
Plan fiduciary net position as a percentage of the total pension liability	84.3%	81.4%	76.3%	76.9%	83.5%

CITY OF LA PORTE, TEXAS
SCHEDULE OF CITY'S CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
Last Six Fiscal Years

Exhibit B-7

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 30,180	\$ 40,265	\$ 26,495	\$ 38,095	\$ 48,820
Contributions in relation to the contractually required contribution	(30,180)	(40,265)	(26,495)	(38,095)	(48,820)
Contribution deficiency (excess)	-	-	-	-	-
City's covered payroll	29,175	27,694	15,498	18,617	18,420
Contribution as a percentage of covered-employee payroll	103.4%	145.4%	171.0%	204.6%	265.0%

	<u>2014</u>
Contractually required contribution	\$ 26,055
Contributions in relation to the contractually required contribution	(26,055)
Contribution deficiency (excess)	-
City's covered payroll	18,617
Contribution as a percentage of covered-employee payroll	140.0%

CITY OF LA PORTE, TEXAS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
CITY OF LA PORTE RETIREE HEALTH CARE PLAN
For the last Two Measurement Years Ended December 31

Total OPEB Liability	2018	2017
Service cost	\$ 1,671,651	\$ 1,424,797
Interest on the total OPEB liability	1,583,194	1,611,153
Difference between expected and actual experience of the total OPEB liability	(31,749)	(43,219)
Changes in assumptions	(147,052)	3,495,450
Benefit payments	(996,520)	(1,140,416)
Net change in total OPEB liability	2,079,524	5,347,765
Total OPEB Liability - Beginning	47,493,063	42,145,298
Total OPEB Liability - Ending	<u>\$ 49,572,587</u>	<u>\$ 47,493,063</u>
 Covered payroll	 \$ 22,506,678	 \$ 21,799,361
 Total OPEB liability as a percentage of covered payroll	 220.26%	 217.86%

Notes to the Required Supplementary Information

Ten years of data should be presented but data was unavailable prior to 2017.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

CITY OF LA PORTE, TEXAS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS FUND

For the Last Two Measurement Years Ended December 31

Total OPEB Liability	2018	2017
Service cost	\$ 31,508	\$ 27,064
Interest on the total OPEB liability	35,270	34,660
Difference between expected and actual experience of the total OPEB liability	24,065	-
Changes in assumptions	(78,470)	91,149
Benefit payments	(6,752)	(6,766)
Net change in total OPEB liability	5,621	146,107
Total OPEB Liability - Beginning	1,052,876	906,769
Total OPEB Liability - Ending	<u>\$ 1,058,497</u>	<u>\$ 1,052,876</u>
Covered payroll	\$ 22,506,030	\$ 22,553,362
Total OPEB liability as a percentage of covered payroll	4.70%	4.67%

Notes to the Required Supplementary Information

Ten years of data should be presented but data was unavailable prior to 2017.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

No significant methods and assumptions to disclose.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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Non-major Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes.

Hotel/Motel Occupancy Tax Fund - This fund is used to account for the accumulation of resources from the Hotel/Motel Tax assessment levied by the City. These monies are to be spent to promote the development or progress of the City within the guidelines set forth on disposition of revenues collected under the authority of the Texas Hotel Occupancy Act (Article 1369; Vernon's Texas Civil Statutes).

Section 4B Sales Tax Fund – This fund is used to account for funds received from the ½ cent sales tax dedicated to certain economic and infrastructure projects.

Street Maintenance Sales Tax Fund – This fund is used to account for the additional sales tax collected for street maintenance.

Emergency Services Sales Tax Fund – This fund is used to account for the additional sales tax collected for emergency maintenance.

These funds are used to account for revenues to be received from the Community Development Block Grant Entitlement Fund.

Restricted Funds – This fund is used to account for funds received from another government or organization to be used for the specific purpose activity or facility.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

2006 Certificate of Obligation Bonds Fund – This fund is used to account for the proceeds and expenditures related to the Police Facility, a Sports Complex, South La Porte Trunk Sewer and various other Water/Sewer projects.

2010 Certificates of Obligation Bond Fund – This fund is used to account for the proceeds and expenditures related to street, drainage and park improvements.

2017 Certificate of Obligation Bonds Fund – This fund is used to account for bond proceeds and the expenditure of those funds for water and sewer improvements, and street and drainage improvements.

Drainage Improvements – This fund is used to account for the proceeds and expenditures related to the drainage fees collected.

Capital Improvements – This fund is used to account for projects that are generally small in nature and affect the general operation of the City.

CITY OF LA PORTE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Special Revenue Funds		
	Hotel - Motel Occupancy Tax Fund	Section 4B Sales Tax	Street Maintenance Sales Tax
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,273,868	\$ 3,834,707	\$ 2,217,993
Investments	436,484	942,576	759,982
Receivables	169,706	580,027	291,134
Total Assets	\$ 1,880,058	\$ 5,357,310	\$ 3,269,109
Liabilities:			
Accounts payable	5,272	1,034	238,149
Accrued salaries	775	2,327	-
Due to other funds	-		
Unearned revenues	-	-	-
Total Liabilities	6,047	3,361	238,149
Fund Balances:			
Restricted for:			
Debt service	-	1,083,816	-
Economic development	1,874,011	4,270,133	-
Senior citizen programs	-	-	-
Replacement of trees	-	-	-
Municipal court building and	-	-	-
Park improvements	-	-	-
Public safety	-	-	-
Capital projects	-	-	-
Public works	-	-	3,030,960
Other	-	-	-
Total Fund Balances	1,874,011	5,353,949	3,030,960
Total Liabilities and Fund Balances	\$ 1,880,058	\$ 5,357,310	\$ 3,269,109

<u>Special Revenue Funds</u>		
<u>Emergency Service Sales Tax</u>	<u>Restricted Funds (Grants)</u>	<u>Total Special Revenue Funds</u>
\$ 866,808	\$ 1,490,460	\$ 9,683,836
297,007	510,697	2,946,746
284,049	376,529	1,701,445
<u>\$ 1,447,864</u>	<u>\$ 2,377,686</u>	<u>\$ 14,332,027</u>
12,888	6,732	\$ 264,075
2,465	31	5,598
-	-	-
-	1,143	1,143
<u>15,353</u>	<u>7,906</u>	<u>270,816</u>
-	-	1,083,816
-	-	6,144,144
-	10,543	10,543
-	545,695	545,695
-	521,625	521,625
-	147,674	147,674
1,432,511	602,125	2,034,636
-	-	-
-	-	3,030,960
-	542,118	542,118
<u>1,432,511</u>	<u>2,369,780</u>	<u>14,061,211</u>
<u>\$ 1,447,864</u>	<u>\$ 2,377,686</u>	<u>\$ 14,332,027</u>

CITY OF LA PORTE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2018

	Capital Projects Funds		
	2006	2010	
	Certificate of Obligation Bonds	Certificate of Obligation Bond	2017 Certificate of Obligation Bonds
Assets			
Current Assets:			
Cash and cash equivalents	\$ 5,683	\$ 1,151,183	\$ 10,618,911
Investments	1,948	28	-
Receivables	8	-	-
Total Assets	\$ 7,639	\$ 1,151,211	\$ 10,618,911
Liabilities:			
Accounts payable	-	10,000	106,674
Accrued salaries	-	-	-
Due to other funds	-	28,262	294,206
Unearned revenues	-	-	-
Total Liabilities	-	38,262	400,880
Fund Balances:			
Restricted for:			
Debt service	-	-	-
Economic development	-	-	-
Senior citizen programs	-	-	-
Replacement of trees	-	-	-
Municipal court building and	-	-	-
Park improvements	-	-	-
Public safety	-	-	-
Capital projects	7,639	1,112,949	10,218,031
Public works	-	-	-
Other	-	-	-
Total Fund Balances	7,639	1,112,949	10,218,031
Total Liabilities and Fund Balances	\$ 7,639	\$ 1,151,211	\$ 10,618,911

<u>Capital Improvements</u>	<u>Drainage Improvements</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 6,916,297	\$ 804,417	\$ 19,496,491	\$ 29,180,327
2,369,828	275,628	2,647,432	5,594,178
9,199	19,138	28,345	1,729,790
<u>\$ 9,295,324</u>	<u>\$ 1,099,183</u>	<u>\$ 22,172,268</u>	<u>\$ 36,504,295</u>
503,618	25,008	645,300	\$ 909,375
-	-	-	5,598
-	-	322,468	322,468
-	-	-	1,143
<u>503,618</u>	<u>25,008</u>	<u>967,768</u>	<u>1,238,584</u>
-	-	-	1,083,816
-	-	-	6,144,144
-	-	-	10,543
-	-	-	545,695
-	-	-	521,625
-	-	-	147,674
-	-	-	2,034,636
8,791,706	1,074,175	21,204,500	21,204,500
-	-	-	3,030,960
-	-	-	542,118
<u>8,791,706</u>	<u>1,074,175</u>	<u>21,204,500</u>	<u>35,265,711</u>
<u>\$ 9,295,324</u>	<u>\$ 1,099,183</u>	<u>\$ 22,172,268</u>	<u>\$ 36,504,295</u>

CITY OF LA PORTE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	Special Revenue Funds			
	Hotel/Motel Tax	Section 4b Sales Tax	Street Maintenance Sales Tax	Emergency Service Sales Tax
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	905,590	3,250,280	1,625,140	1,575,139
Intergovernmental revenues	-	-	-	-
Investment earnings	36,976	89,116	69,528	21,861
Charges for services	-	-	-	-
Miscellaneous	8,373	-	-	-
Total revenues	<u>950,939</u>	<u>3,339,396</u>	<u>1,694,668</u>	<u>1,597,000</u>
Expenditures				
Current:				
General government	444,197	338,341	-	-
Public safety	-	-	-	971,655
Public works	-	-	1,428,198	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	118,220	77,069
Total expenditures	<u>444,197</u>	<u>338,341</u>	<u>1,546,418</u>	<u>1,048,724</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	506,742	3,001,055	148,250	548,276
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers to other funds	(57,500)	(2,869,062)	-	-
Total Other Financing Sources (Uses)	<u>(57,500)</u>	<u>(2,869,062)</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	449,242	131,993	148,250	548,276
Fund Balances, Beginning	<u>1,424,769</u>	<u>5,221,956</u>	<u>2,882,710</u>	<u>884,235</u>
Fund Balances, Ending	<u>\$ 1,874,011</u>	<u>\$ 5,353,949</u>	<u>\$ 3,030,960</u>	<u>\$ 1,432,511</u>

Restricted Funds (Grants)	Total Special Revenue Funds
\$ 991,718	\$ 991,718
-	7,356,149
236,437	236,437
51,269	268,750
-	-
126,974	135,347
<u>1,406,398</u>	<u>8,988,401</u>
93,089	875,627
341,526	1,313,181
96,195	1,524,393
17,189	17,189
687,724	883,013
<u>1,235,723</u>	<u>4,613,403</u>
170,675	4,374,998
-	-
<u>-</u>	<u>(2,926,562)</u>
<u>-</u>	<u>(2,926,562)</u>
170,675	1,448,436
<u>2,199,105</u>	<u>12,612,775</u>
<u>\$ 2,369,780</u>	<u>\$ 14,061,211</u>

CITY OF LA PORTE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	Capital Projects Fund		
	2006	2010	
	Certificate of	Certificate of	2017 Certificate
	Obligation	Obligation	of Obligation
	Bonds	Bond	Bonds
Revenues			
Fines and forfeitures	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-
Intergovernmental revenues	-	-	-
Investment earnings	183	27,231	154,419
Charges for services	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>183</u>	<u>27,231</u>	<u>154,419</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	186,958
Culture and recreation	-	-	-
Capital outlay	-	100,000	6
Total expenditures	<u>-</u>	<u>100,000</u>	<u>186,964</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	183	(72,769)	(32,545)
Other Financing Sources (Uses)			
Transfers in	-	-	0
Transfers to other funds	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	183	(72,769)	(32,545)
Fund Balances, Beginning (as restated)	<u>7,456</u>	<u>1,185,718</u>	<u>10,250,576</u>
Fund Balances, Ending	<u>\$ 7,639</u>	<u>\$ 1,112,949</u>	<u>\$ 10,218,031</u>

Capital Projects Fund

Capital Improvements	Drainage Improvements	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 991,718
-	-	-	7,356,149
-	-	-	236,437
200,746	24,828	407,407	676,157
-	278,509	278,509	278,509
-	-	-	135,347
<u>200,746</u>	<u>303,337</u>	<u>685,916</u>	<u>9,674,317</u>
138,833	-	138,833	\$ 1,014,460
-	-	-	1,313,181
-	35,720	222,678	1,747,071
1,273,316	-	1,273,316	1,290,505
<u>1,053,137</u>	<u>99,419</u>	<u>1,252,562</u>	<u>2,135,575</u>
<u>2,465,286</u>	<u>135,139</u>	<u>2,887,389</u>	<u>7,500,792</u>
(2,264,540)	168,198	(2,201,473)	2,173,525
3,837,852	-	3,837,852	3,837,852
-	-	-	(2,926,562)
<u>3,837,852</u>	<u>-</u>	<u>3,837,852</u>	<u>911,290</u>
1,573,312	168,198	1,636,379	3,084,815
<u>7,218,394</u>	<u>905,977</u>	<u>19,568,121</u>	<u>32,180,896</u>
<u>\$ 8,791,706</u>	<u>\$ 1,074,175</u>	<u>\$ 21,204,500</u>	<u>\$ 35,265,711</u>

CITY OF LA PORTE, TEXAS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Taxes:				
Property taxes	\$ 3,146,521	\$ 3,539,730	\$ 393,209	\$ 3,435,051
Investment earnings	8,200	16,533	8,333	29,595
Total revenues	<u>3,154,721</u>	<u>3,556,263</u>	<u>401,542</u>	<u>3,464,646</u>
Expenditures				
Current:				
Debt service:				
Principal	3,735,000	3,735,000	-	3,370,000
Interest and fiscal charges	998,822	998,822	-	1,156,923
Total expenditures	<u>4,733,822</u>	<u>4,733,822</u>	<u>-</u>	<u>4,526,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,579,101)	(1,177,559)	401,542	(1,062,277)
Other Financing Sources (Uses)				
Transfers in	1,271,124	1,271,124	-	1,577,604
Total Other Financing Sources (Uses)	<u>1,271,124</u>	<u>1,271,124</u>	<u>-</u>	<u>1,577,604</u>
Change in Fund Balance	(307,977)	93,565	401,542	515,327
Fund Balances, Beginning	4,398,464	4,398,464	-	3,883,137
Fund Balances, Ending	<u>\$ 4,090,487</u>	<u>\$ 4,492,029</u>	<u>\$ 401,542</u>	<u>\$ 4,398,464</u>

CITY OF LA PORTE, TEXAS

**2015 CERTIFICATE OF OBLIGATION BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	\$ -	\$ 84,837	\$ 84,837	\$ 66,226
Total revenues	<u>-</u>	<u>84,837</u>	<u>84,837</u>	<u>66,226</u>
Expenditures				
Current:				
Capital outlay	-	731,564	(731,564)	1,214,438
Total expenditures	<u>-</u>	<u>731,564</u>	<u>(731,564)</u>	<u>1,214,438</u>
Change in Fund Balance	-	(646,727)	(646,727)	(1,148,212)
Fund Balances, Beginning	<u>3,403,222</u>	<u>3,403,222</u>	<u>-</u>	<u>4,551,434</u>
Fund Balances, Ending	<u>\$ 3,403,222</u>	<u>\$ 2,756,495</u>	<u>\$ (646,727)</u>	<u>\$ 3,403,222</u>

CITY OF LA PORTE, TEXAS
SPECIAL REVENUE FUND - HOTEL/MOTEL TAX
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
With comparative actual totals for the year ended September 30, 2018

	<u>Final Budget</u>	<u>GAAP Actual</u>	<u>Variance Positive (Negative)</u>	<u>2018</u>
Revenues				
Sales and use taxes	\$ 700,000	\$ 905,590	\$ 205,590	\$ 796,924
Investment earnings	7,250	36,976	29,726	13,147
Miscellaneous	-	8,373	8,373	5,220
Total revenues	<u>707,250</u>	<u>950,939</u>	<u>243,689</u>	<u>815,291</u>
Current:				
General government	<u>636,203</u>	<u>444,197</u>	<u>192,006</u>	<u>496,430</u>
Total expenditures	<u>636,203</u>	<u>444,197</u>	<u>192,006</u>	<u>496,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	71,047	506,742	435,695	318,861
Other Financing Sources (Uses)				
Transfers to other funds	<u>(57,500)</u>	<u>(57,500)</u>	-	<u>(57,500)</u>
Total Other Financing Sources (Uses)	<u>(57,500)</u>	<u>(57,500)</u>	-	<u>(57,500)</u>
Change in Fund Balance	13,547	449,242	435,695	261,361
Fund Balances, Beginning	<u>1,424,769</u>	<u>1,424,769</u>	-	<u>1,163,408</u>
Fund Balances, Ending	<u>\$ 1,438,316</u>	<u>\$ 1,874,011</u>	<u>\$ 435,695</u>	<u>\$ 1,424,769</u>

CITY OF LA PORTE, TEXAS

SPECIAL REVENUE FUND - SECTION 4B SALES TAX

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Sales and use taxes	\$2,500,000	\$ 3,250,280	\$ 750,280	\$ 2,916,380
Investment earnings	30,000	89,116	59,116	48,073
Total revenues	<u>2,530,000</u>	<u>3,339,396</u>	<u>809,396</u>	<u>2,964,453</u>
Expenditures				
General government	681,745	338,341	343,404	346,636
Total expenditures	<u>681,745</u>	<u>338,341</u>	<u>343,404</u>	<u>346,636</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,848,255	3,001,055	1,152,800	2,617,817
Other Financing Sources (Uses)				
Transfers to other funds	(2,869,062)	(2,869,062)	-	(3,079,212)
Total Other Financing Sources (Uses)	<u>(2,869,062)</u>	<u>(2,869,062)</u>	<u>-</u>	<u>(3,079,212)</u>
Change in Fund Balance	(1,020,807)	131,993	1,152,800	(461,395)
Fund Balances, Beginning	<u>5,221,956</u>	<u>5,221,956</u>	<u>-</u>	<u>5,683,351</u>
Fund Balances, Ending	<u>\$ 4,201,149</u>	<u>\$ 5,353,949</u>	<u>\$1,152,800</u>	<u>\$ 5,221,956</u>

CITY OF LA PORTE, TEXAS**SPECIAL REVENUE FUND - STREET MAINTENANCE SALES TAX FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND****CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED SEPTEMBER 30, 2019***With comparative actual totals for the year ended September 30, 2018*

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Sales and use taxes	\$ 1,250,000	\$1,625,140	\$ 375,140	\$ 1,458,190
Investment earnings	15,000	69,528	54,528	27,428
Total revenues	<u>1,265,000</u>	<u>1,694,668</u>	<u>429,668</u>	<u>1,485,618</u>
Expenditures				
Current:				
Public works	1,348,509	1,428,198	(79,689)	783,768
Capital outlay	-	118,220	(118,220)	285,621
Total expenditures	<u>1,348,509</u>	<u>1,546,418</u>	<u>(197,909)</u>	<u>1,069,389</u>
Change in Fund Balance	(83,509)	148,250	231,759	416,229
Fund Balances, Beginning	<u>2,882,710</u>	<u>2,882,710</u>	-	<u>2,466,481</u>
Fund Balances, Ending	<u>\$ 2,799,201</u>	<u>\$ 3,030,960</u>	<u>\$ 231,759</u>	<u>\$ 2,882,710</u>

CITY OF LA PORTE, TEXAS

SPECIAL REVENUE FUND - EMERGENCY SERVICES SALES TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Sales and use taxes	\$ 1,250,000	\$ 1,575,139	\$ 325,139	\$ 1,452,028
Investment earnings	4,500	21,861	17,361	4,467
Total revenues	<u>1,254,500</u>	<u>1,597,000</u>	<u>342,500</u>	<u>1,456,495</u>
Expenditures				
Current:				
General government	-	-	-	951,318
Public safety	973,853	971,655	2,198	-
Capital outlay	82,199	77,069	5,130	103,582
Total expenditures	<u>1,056,052</u>	<u>1,048,724</u>	<u>7,328</u>	<u>1,054,900</u>
 Change in Fund Balance	 198,448	 548,276	 349,828	 401,595
Fund Balances, Beginning	<u>884,235</u>	<u>884,235</u>	<u>-</u>	<u>482,640</u>
Fund Balances, Ending	<u>\$ 1,082,683</u>	<u>\$ 1,432,511</u>	<u>\$ 349,828</u>	<u>\$ 884,235</u>

CITY OF LA PORTE, TEXAS

SPECIAL REVENUE FUND - RESTRICTED FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

With comparative actual totals for the year ended September 30, 2018

	<u>Final Budget</u>	<u>GAAP Actual</u>	<u>Variance Positive (Negative)</u>	<u>2018</u>
Revenues				
Fines and forfeitures	\$ 129,000	\$ 236,437	\$ 107,437	\$ 225,324
Intergovernmental revenues	242,706	991,718	749,012	893,006
Investment earnings	-	51,269	51,269	27,620
Charges for services	850	126,974	126,124	35,552
Total revenues	<u>372,556</u>	<u>1,406,398</u>	<u>1,033,842</u>	<u>1,181,502</u>
Expenditures				
Current:				
General government	166,427	93,089	73,338	66,974
Public safety	414,438	341,526	72,912	305,838
Public works	47,300	96,195	(48,895)	78,566
Culture and recreation	-	17,189	(17,189)	46,915
Capital outlay	63,239	687,724	(624,485)	850,647
Total expenditures	<u>691,404</u>	<u>1,235,723</u>	<u>(544,319)</u>	<u>1,348,940</u>
 Change in Fund Balance	 (318,848)	 170,675	 489,523	 (167,438)
Fund Balances, Beginning	<u>2,199,105</u>	<u>2,199,105</u>	<u>-</u>	<u>2,366,543</u>
Fund Balances, Ending	<u>\$ 1,880,257</u>	<u>\$ 2,369,780</u>	<u>\$ 489,523</u>	<u>\$ 2,199,105</u>

CITY OF LA PORTE, TEXAS
2006 CERTIFICATE OF OBLIGATION BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	\$ -	\$ 183	\$ 183	\$ 3,971
Total revenues	<u>-</u>	<u>183</u>	<u>183</u>	<u>3,971</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	183	183	3,971
Other Financing Sources (Uses)				
Transfers to other funds	-	-	-	(563,592)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(563,592)</u>
Change in Fund Balance	-	183	183	(559,621)
Fund Balances, Beginning	<u>7,456</u>	<u>7,456</u>	<u>-</u>	<u>567,077</u>
Fund Balances, Ending	<u>\$ 7,456</u>	<u>\$ 7,639</u>	<u>\$ 183</u>	<u>\$ 7,455</u>

CITY OF LA PORTE, TEXAS

**2010 CERTIFICATE OF OBLIGATION BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	\$ -	\$ 27,231	\$ 27,231	\$ 17,974
Total revenues	<u>-</u>	<u>27,231</u>	<u>27,231</u>	<u>17,974</u>
Expenditures				
Current:				
Capital outlay	750,000	100,000	650,000	9,333
Total expenditures	<u>750,000</u>	<u>100,000</u>	<u>650,000</u>	<u>9,333</u>
Change in Fund Balance	(750,000)	(72,769)	677,231	8,641
Fund Balances, Beginning	<u>1,185,718</u>	<u>1,185,718</u>	<u>-</u>	<u>1,177,077</u>
Fund Balances, Ending	<u>\$ 435,718</u>	<u>\$1,112,949</u>	<u>\$ 677,231</u>	<u>\$ 1,185,718</u>

CITY OF LA PORTE, TEXAS
CAPITAL PROJECTS FUND - 2017 CERTIFICATE OF OBLIGATION BONDS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
With comparative actual totals for the year ended September 30, 2018

	<u>Final Budget</u>	<u>GAAP Actual</u>	<u>Variance Positive (Negative)</u>	<u>2018</u>
Revenues				
Investment earnings	\$ -	\$ 154,419	\$ 154,419	\$ 181,549
Total revenues	<u>-</u>	<u>154,419</u>	<u>154,419</u>	<u>181,549</u>
Expenditures				
Current:				
Public works	9,457,750	186,958	9,270,792	308,972
Capital outlay	42,250	6	42,244	-
Debt service:				
Total expenditures	<u>9,500,000</u>	<u>186,964</u>	<u>9,313,036</u>	<u>308,972</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,500,000)	(32,545)	9,467,455	(127,423)
Change in Fund Balance	(9,500,000)	(32,545)	9,467,455	(127,423)
Fund Balances, Beginning	<u>10,250,576</u>	<u>10,250,576</u>	<u>-</u>	<u>10,377,999</u>
Fund Balances, Ending	<u>\$ 750,576</u>	<u>\$10,218,031</u>	<u>\$ 9,467,455</u>	<u>\$ 10,250,576</u>

CITY OF LA PORTE, TEXAS
CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	\$ 15,000	\$ 200,746	\$ 185,746	\$ 72,091
Total revenues	<u>15,000</u>	<u>200,746</u>	<u>185,746</u>	<u>72,091</u>
Expenditures				
Current:				
General government	34,810	138,833	(104,023)	103,291
Culture and recreation	-	1,273,316	(1,273,316)	251,969
Capital outlay	4,231,342	1,053,137	3,178,205	619,507
Total expenditures	<u>4,266,152</u>	<u>2,465,286</u>	<u>1,800,866</u>	<u>974,767</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,251,152)	(2,264,540)	1,986,612	(902,676)
Other Financing Sources (Uses)				
Transfers in	3,837,852	3,837,852	-	3,565,200
Total Other Financing Sources (Uses)	<u>3,837,852</u>	<u>3,837,852</u>	<u>-</u>	<u>3,565,200</u>
Change in Fund Balance	(413,300)	1,573,312	1,986,612	2,662,524
Fund Balances, Beginning	<u>7,218,394</u>	<u>7,218,394</u>	<u>-</u>	<u>4,555,870</u>
Fund Balances, Ending	<u>\$ 6,805,094</u>	<u>\$ 8,791,706</u>	<u>\$ 1,986,612</u>	<u>\$ 7,218,394</u>

CITY OF LA PORTE, TEXAS

CAPITAL PROJECTS FUND - DRAINAGE IMPROVEMENTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

With comparative actual totals for the year ended September 30, 2018

	Final Budget	GAAP Actual	Variance Positive (Negative)	2018
Revenues				
Investment earnings	\$ 7,500	\$ 24,828	\$ 17,328	\$ 11,541
Charges for services	279,000	278,509	(491)	267,358
Total revenues	<u>286,500</u>	<u>303,337</u>	<u>16,837</u>	<u>278,899</u>
Expenditures				
Current:				
Public works	-	35,720	(35,720)	15,454
Capital outlay	922,000	99,419	822,581	345,706
Total expenditures	<u>922,000</u>	<u>135,139</u>	<u>786,861</u>	<u>361,160</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(635,500)	168,198	803,698	(82,261)
Change in Fund Balance	(635,500)	168,198	803,698	(82,261)
Fund Balances, Beginning	<u>905,977</u>	<u>905,977</u>	<u>-</u>	<u>988,239</u>
Fund Balances, Ending	<u>\$ 270,477</u>	<u>\$ 1,074,175</u>	<u>\$ 803,698</u>	<u>\$ 905,978</u>

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CITY OF LA PORTE, TEXAS
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Ad valorem:				
Current	\$ 17,416,000	\$ 17,416,000	\$ 18,923,083	\$ 1,507,083
Delinquent	100,000	100,000	(174,281)	(274,281)
Penalty and interest	160,500	160,500	270,809	110,309
Total ad valorem	<u>17,676,500</u>	<u>17,676,500</u>	<u>19,019,611</u>	<u>1,343,111</u>
Industrial Payments	13,750,000	13,750,000	14,899,624	1,149,624
Sales Taxes	5,000,000	5,000,000	6,499,254	1,499,254
Other Taxes	90,000	90,000	88,624	(1,376)
Franchise Fees:				
Electrical	2,018,631	2,018,631	2,162,840	144,209
Gas	140,500	140,500	135,688	(4,812)
Telephone	275,000	275,000	389,617	114,617
Cable	400,000	400,000	276,123	(123,877)
Commercial Solidwaste	85,000	85,000	71,576	(13,424)
Total Franchise Fees	<u>2,919,131</u>	<u>2,919,131</u>	<u>3,035,844</u>	<u>116,713</u>
Charges for Services:				
Public safety service fees	603,414	603,414	625,198	21,784
Health and sanitation service fees	3,215,500	3,215,500	3,233,493	17,993
Culture and recreation fees	1,697,195	1,697,195	1,563,261	(133,934)
Other service fees	375,725	375,725	362,440	(13,285)
Total Charges for Services	<u>5,891,834</u>	<u>5,891,834</u>	<u>5,784,392</u>	<u>(107,442)</u>
Intergovernmental	-	-	893,217	893,217
Licenses and permits:				
Building permits	627,300	627,300	1,319,235	691,935
Licenses	18,850	18,850	25,212	6,362
Total Licenses and permits	<u>646,150</u>	<u>646,150</u>	<u>1,344,447</u>	<u>698,297</u>
Investment income	400,000	400,000	1,436,238	1,036,238
Fines and forfeitures	1,559,550	1,559,550	2,277,993	718,443
Miscellaneous	169,114	169,114	316,015	146,901
Total revenues	<u>\$ 48,102,279</u>	<u>\$ 48,102,279</u>	<u>\$ 55,595,259</u>	<u>\$ 7,492,980</u>

General Fund

Schedule of Expenditures - Budget and Actual

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government				
Administration:				
Emergency Management:				
Personal services	\$ 258,542	\$ 258,542	\$ 263,038	\$ (4,496)
Supplies	4,942	4,942	5,408	(466)
Other services and charges	79,118	104,019	52,166	51,853
Total Emergency Management	342,602	367,503	320,612	46,891
General Administration:				
Personal services	\$ 498,764	\$ 498,764	\$ 466,758	32,006
Supplies	3,300	4,300	6,017	(1,717)
Other services and charges	152,989	151,989	27,643	124,346
Total General Administration	655,053	655,053	500,418	154,635
Community Investment:				
Personal services	\$ -	\$ -	\$ -	-
Supplies	27,815	27,815	30,555	(2,740)
Other services and charges	85,700	85,700	59,350	26,350
Total Community Investment	113,515	113,515	89,905	23,610
Human Resources:				
Personal services	\$ 265,468	\$ 265,468	\$ 294,521	(29,053)
Supplies	2,350	2,350	1,521	829
Other services and charges	185,910	200,510	186,432	14,078
Total Human Resources	453,728	468,328	482,474	(14,146)
Information Technology				
Personal services	\$ 675,188	\$ 675,188	\$ 637,296	37,892
Supplies	22,787	22,787	26,859	(4,072)
Other services and charges	1,599,985	1,812,985	1,750,201	62,784
Total Information Technology	2,297,960	2,510,960	2,414,356	96,604
Municipal Court:				
Personal services	\$ 792,390	\$ 792,390	\$ 769,201	23,189
Supplies and materials	27,250	26,800	20,925	5,875
Other services and charges	123,493	167,911	113,150	54,761
Total Municipal Court	943,133	987,101	903,276	83,825
Purchasing:				
Personal services	\$ 279,913	\$ 279,913	\$ 284,735	(4,822)
Supplies	1,200	1,200	825	375
Other services and charges	9,155	9,155	7,785	1,370
Capital Outlay	-	-	-	-
Total Purchasing	290,268	290,268	293,345	(3,077)

General Fund

Schedule of Expenditures - Budget and Actual

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government (continued)				
City Secretary:				
Personal services	\$ 389,371	\$ 389,371	\$ 389,415	(44)
Supplies and materials	15,650	15,700	15,944	(244)
Other services and charges	84,536	89,786	81,737	8,049
Total City Secretary	<u>489,557</u>	<u>494,857</u>	<u>487,096</u>	<u>7,761</u>
Legal:				
Personal services	\$ 14,823	\$ 14,823	\$ 129,013	(114,190)
Supplies and materials	-	-	-	
Other services and charges	169,397	169,397	33,725	135,672
Capital outlay	-	-	-	-
Total Legal	<u>184,220</u>	<u>184,220</u>	<u>162,738</u>	<u>21,482</u>
City Council:				
Personal services	\$ 37,462	\$ 37,462	\$ 38,692	(1,230)
Supplies and materials	-	450	1,017	(567)
Other services and charges	22,984	28,984	31,616	(2,632)
Total City Council	<u>60,446</u>	<u>66,896</u>	<u>71,325</u>	<u>(4,429)</u>
Total Administration	<u>5,830,482</u>	<u>6,138,701</u>	<u>5,725,545</u>	<u>413,156</u>
Finance:				
Accounting:				
Personal services	\$ 800,091	\$ 800,091	\$ 759,845	\$ 40,246
Supplies	7,775	8,175	8,563	(388)
Other services and charges	86,954	91,517	81,786	9,731
Total Accounting	<u>894,820</u>	<u>899,783</u>	<u>850,194</u>	<u>49,589</u>
Nondepartmental:				
Personal services	\$ 655,262	\$ 655,262	\$ 648,589	6,673
Supplies	4,800	4,800	6,138	(1,338)
Other services and charges	2,009,215	1,938,389	1,062,270	876,119
Total Nondepartmental	<u>2,669,277</u>	<u>2,598,451</u>	<u>1,716,997</u>	<u>881,454</u>
Tax Office:				
Personal services	\$ 190,739	\$ 190,739	\$ 162,676	28,063
Supplies and materials	2,725	2,725	2,288	437
Other services and charges	292,692	292,692	287,248	5,444
Total Tax Office	<u>486,156</u>	<u>486,156</u>	<u>452,212</u>	<u>33,944</u>
Total Finance	<u>4,050,253</u>	<u>3,984,390</u>	<u>3,019,403</u>	<u>964,987</u>

General Fund

Schedule of Expenditures - Budget and Actual

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government (continued)				
Planning and Engineering:				
Planning and Engineering:				
Personal services	\$ 540,012	\$ 540,012	\$ 520,916	19,096
Supplies	7,601	7,051	4,953	2,098
Other services and charges	55,354	61,765	47,121	14,644
Total Planning and Engineering	<u>602,967</u>	<u>608,828</u>	<u>572,990</u>	<u>35,838</u>
Inspection:				
Personal services	\$ 818,020	\$ 818,020	\$ 815,308	2,712
Supplies	22,826	22,826	21,914	912
Other services and charges	157,244	183,201	89,048	94,153
Total Inspection	<u>998,090</u>	<u>1,024,047</u>	<u>926,270</u>	<u>97,777</u>
Total Planning and Engineering	<u>1,601,057</u>	<u>1,632,875</u>	<u>1,499,260</u>	<u>133,615</u>
Total General Government	<u>11,481,792</u>	<u>11,755,966</u>	<u>10,244,208</u>	<u>1,511,758</u>
Public Safety				
Fire				
Fire Prevention:				
Personal services	\$ 344,614	\$ 344,614	\$ 337,676	6,938
Supplies	18,128	18,128	16,279	1,849
Other services and charges	14,806	14,806	14,128	678
Total Fire Prevention	<u>377,548</u>	<u>377,548</u>	<u>368,083</u>	<u>9,465</u>
Fire suppression:				
Personal services	\$ 1,595,271	\$ 1,595,271	\$ 1,696,573	(101,302)
Supplies	46,372	46,372	66,924	(20,552)
Other services and charges	277,617	283,602	263,830	19,772
Total Fire Suppression	<u>1,919,260</u>	<u>1,925,245</u>	<u>2,027,327</u>	<u>(102,082)</u>
Emergency medical services:				
Personal services	\$ 2,570,089	\$ 2,570,089	\$ 2,646,346	(76,257)
Supplies	165,961	166,186	163,998	2,188
Other services and charges	151,087	150,862	139,460	11,402
Total Emergency Services	<u>2,887,137</u>	<u>2,887,137</u>	<u>2,949,804</u>	<u>(62,667)</u>
Total Fire	<u>5,183,945</u>	<u>5,189,930</u>	<u>5,345,214</u>	<u>(155,284)</u>

General Fund

Schedule of Expenditures - Budget and Actual

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety (continued)				
Police				
Police Administration:				
Personal services	\$ 771,558	\$ 771,558	\$ 747,968	\$ 23,590
Supplies	25,870	29,619	27,018	2,601
Other services and charges	240,732	245,732	205,362	40,370
Capital Outlay	5,000	-	-	-
Total Police Administration	1,043,160	1,046,909	980,348	66,561.00
Police Patrol:				
Personal services	\$ 5,976,409	\$ 5,976,409	\$ 5,764,992	211,417
Supplies	225,162	267,432	274,770	(7,338)
Other services and charges	857,079	857,079	903,641	(46,562)
Capital Outlay	42,000	3,985	-	3,985
Total Police Patrol	7,100,650	7,104,905	6,943,403	161,502
Criminal Investigation:				
Personal services	\$ 2,294,702	\$ 2,294,702	\$ 2,122,065	172,637
Supplies	48,943	48,943	38,574	10,369
Other services and charges	136,040	136,040	124,949	11,091
Total Criminal Investigation	2,479,685	2,479,685	2,285,588	194,097
Support Services:				
Personal services	\$ 2,830,655	\$ 2,830,655	\$ 2,686,062	144,593
Supplies	96,015	104,015	102,143	1,872
Other services and charges	247,099	239,099	232,854	6,245
Capital Outlay	-	37,230	28,099	9,131
Total Support Services	3,173,769	3,210,999	3,049,158	161,841
Total Police	13,797,264	13,842,498	13,258,497	584,001
Total Public Safety	18,981,209	19,032,428	18,603,711	428,717
Public Works				
Public Works Administration:				
Personal services	\$ 624,783	\$ 624,783	\$ 631,236	(6,453)
Supplies and materials	9,420	9,420	7,686	1,734
Other services and charges	74,384	73,649	61,496	12,153
Capital outlay	6,250	6,985	6,984	-
Total Public Works Administration	714,837	714,837	707,402	7,434

General Fund

Schedule of Expenditures - Budget and Actual
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works (continued)				
Streets:				
Personal services	\$ 1,802,976	\$ 1,802,976	\$ 1,681,914	121,062
Supplies	133,747	146,622	112,258	34,364
Other services and charges	882,969	878,669	767,350	111,319
Total Streets	<u>2,819,692</u>	<u>2,828,267</u>	<u>2,561,522</u>	<u>266,745</u>
Total Public Works	<u>3,534,529</u>	<u>3,543,104</u>	<u>3,268,924</u>	<u>274,179</u>
Health and Sanitation				
Residential solidwaste:				
Personal services	\$ 1,379,243	\$ 1,379,243	\$ 1,444,279	(65,036)
Supplies	292,077	292,077	287,121	4,956
Other services and charges	1,180,426	1,180,426	1,229,251	(48,825)
Total Residential Solidwaste	<u>2,851,746</u>	<u>2,851,746</u>	<u>2,960,651</u>	<u>(108,905)</u>
Commercial solidwaste:				
Other services and charges	17,500	17,500	16,910	590
Total Commercial Solidwaste	<u>17,500</u>	<u>17,500</u>	<u>16,910</u>	<u>590</u>
Total Health and Sanitation	<u>2,869,246</u>	<u>2,869,246</u>	<u>2,977,561</u>	<u>(108,315)</u>
Culture & Recreation				
Park Maintenance:				
Personal services	\$ 1,505,932	\$ 1,505,932	\$ 1,601,626	\$ (95,694)
Supplies and materials	113,908	113,908	125,044	(11,136)
Other services and charges	820,896	846,487	871,677	(25,190)
Capital outlay	22,268	12,700	12,694	6
Total Park Maintenance	<u>2,463,004</u>	<u>2,479,027</u>	<u>2,611,041</u>	<u>(132,014)</u>
Recreation:				
Personal services	\$ 726,355	\$ 726,355	\$ 635,924	90,431
Supplies	65,233	69,288	56,515	12,773
Other services and charges	77,468	77,468	55,185	22,283
Capital Outlay	-	-	-	-
Total Recreation	<u>869,056</u>	<u>873,111</u>	<u>747,624</u>	<u>125,487</u>
Special Services:				
Personal services	\$ 427,095	\$ 427,095	\$ 377,260	49,835
Supplies	21,008	21,008	18,070	2,938
Other services and charges	62,064	62,064	60,050	2,014
Total Special Services	<u>510,167</u>	<u>510,167</u>	<u>455,380</u>	<u>54,787</u>

CITY OF LA PORTE, TEXAS

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture & Recreation (continued)				
Parks Administration:				
Personal Services	\$ 550,635	\$ 550,635	\$ 529,752	20,883
Supplies	7,250	7,250	6,509	741
Other Services and Charges	22,371	62,371	35,438	26,933
Total Parks Administration	580,256	620,256	571,699	48,557
Golf Course - Club House				
Personal Services	\$ 498,133	\$ 498,133	\$ 460,487	37,646
Supplies	63,700	63,700	58,702	4,998
Other Services and Charges	75,155	79,955	59,551	20,404
Capital Outlay	-	-	-	
Total Golf Course	636,988	641,788	578,740	63,048
Golf Course - Maintenance				
Personal Services	\$ 673,103	\$ 673,103	\$ 663,319	9,784
Supplies	151,700	151,100	102,298	48,802
Other Services and Charges	215,991	216,591	199,538	17,053
Total Golf Course	1,040,794	1,040,794	965,155	75,639
Total Culture & Recreation	6,100,265	6,165,143	5,929,639	235,504
Total General Fund	\$ 42,967,041	\$ 43,365,887	\$ 41,024,043	\$ 2,341,843

CITY OF LA PORTE, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2019

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 4,099,230	\$ 938,585	\$ 1,726,146	\$ 6,763,961
Investments	1,465,204	321,600	591,454	2,378,258
Other receivables, net of allowance	5,512	6,921	2,296	14,729
Due from other governments	-	119,927	-	119,927
Inventories	48,314	-	-	48,314
Total Current Assets	5,618,260	1,387,033	2,319,896	9,325,189
Noncurrent Assets:				
Capital assets:				
Land and improvements	-	-	60,914	60,914
Equipment	19,476,355	-	737,392	20,213,747
Less accumulated depreciation	(11,420,245)	-	(430,566)	(11,850,811)
Total Non-Current Assets	8,056,110	-	367,740	8,423,850
Total Assets	13,674,370	1,387,033	2,687,636	17,749,039
Liabilities				
Current liabilities:				
Accounts payable	32,718	15,371	-	48,089
Accrued liabilities	15,464	1,330	-	16,794
Unearned revenue	-	0	-	-
Claims and judgments	-	598,478	-	598,478
Total Current Liabilities	48,182	615,179	-	663,361
Noncurrent Liabilities:				
Accrued compensated absences	37,679	-	-	37,679
Total Noncurrent Liabilities	37,679	-	-	37,679
Total Liabilities	85,861	615,179	-	701,040
Net Position				
Invested in capital assets	8,056,110	-	367,740	8,423,850
Unrestricted	5,532,399	771,854	2,319,896	8,624,149
Total Net Position	\$ 13,588,509	\$ 771,854	\$ 2,687,636	\$ 17,047,999

CITY OF LA PORTE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2019

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Operating Revenues				
Charges for Services	\$ 3,342,853	\$ 6,096,776	\$ 344,829	\$ 9,784,458
Other		2,030		2,030
Total Operating Revenues	<u>3,342,853</u>	<u>6,098,806</u>	<u>344,829</u>	<u>9,786,488</u>
Operating Expenses				
Personnel	797,980	347,128	-	1,145,108
Supplies and materials	566,959	8,397,356	68,824	9,033,139
Depreciation	1,654,313	-	96,040	1,750,353
Total Operating Expenses	<u>3,019,252</u>	<u>8,744,484</u>	<u>164,864</u>	<u>11,928,600</u>
Operating Income (Loss)	<u>323,601</u>	<u>(2,645,678)</u>	<u>179,965</u>	<u>(2,142,112)</u>
Non-Operating Revenues				
Investment Earnings	119,914	27,418	52,119	199,451
Gain/loss on disposal of capital assets	28,987	-	-	28,987
Total Non-Operating Revenues	<u>148,901</u>	<u>27,418</u>	<u>52,119</u>	<u>228,438</u>
Income (Loss) Before Contributions and Transfers	472,502	(2,618,260)	232,084	(1,913,674)
Contributions and Transfers				
Transfers from other funds	-	2,465,037	-	2,465,037
Transfers (to) other funds	(20,585)	-	-	(20,585)
Total Contributions and Transfer	<u>(20,585)</u>	<u>2,465,037</u>	<u>-</u>	<u>2,444,452</u>
Change in Net Position	451,917	(153,223)	232,084	530,778
Net position, beginning	<u>13,136,592</u>	<u>925,077</u>	<u>2,455,552</u>	<u>16,517,221</u>
Net position, Ending	<u>\$ 13,588,509</u>	<u>\$ 771,854</u>	<u>\$ 2,687,636</u>	<u>\$ 17,047,999</u>

CITY OF LA PORTE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2019

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 3,344,819	\$ 6,110,394	\$ 345,609	\$ 9,800,822
Disbursed for personnel services	(786,652)	(346,864)	-	(1,133,516)
Disbursed for goods and services to suppliers	(560,081)	(8,331,281)	(68,824)	(8,960,186)
Net Cash Provided (Used) by Operating Activities	1,998,086	(2,567,751)	276,785	(292,880)
Cash Flows From Noncapital Financing Activities				
Transfer from other funds	-	2,465,037	-	2,465,037
Transfers to other funds	(20,585)	-	-	(20,585)
Net Cash Provided by Noncapital Financial Activities	(20,585)	2,465,037	-	2,444,452
Cash Flows from Capital & Related Financing Activities				
Proceeds from the sale of equipment	102,309	-	-	102,309
Acquisition and construction of capital assets	(663,133)	-	-	(663,133)
Financing Activities	(560,824)	-	-	(560,824)
Cash Flows from Investing Activities				
Interest received	119,914	27,418	52,119	199,451
Sale of investments	492,179	309,914	361,728	1,163,821
Net Cash Provided by Investing Activities	612,093	337,332	413,847	1,363,272
Net Increase (Decrease) in Cash and Cash Equivalents	2,028,770	234,618	690,632	2,954,020
Cash and Cash Equivalents, Beginning	2,070,460	703,967	1,035,514	3,809,941
Cash and Cash Equivalents, Ending	\$ 4,099,230	\$ 938,585	\$ 1,726,146	\$ 6,763,961
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 323,601	\$ (2,645,678)	\$ 179,965	(2,142,112)
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation	1,654,313	-	96,040	1,750,353
(Increase) decrease in accounts receivable	1,966	11,588	780	14,334
(Increase) in inventories	(3,279)	-	-	(3,279)
Increase (decrease) in accounts payable	10,157	14,446	-	24,603
Increase (decrease) in accrued liabilities	4,730	264	-	4,994
Increase (decrease) in claims	-	51,629	-	51,629
Increase (decrease) in compensated absences	6,598	-	-	6,598
Net Cash Provided (Used) by Operating Activities	\$ 1,998,086	\$ (2,567,751)	\$ 276,785	\$ (292,880)

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	128
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	139
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	146
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	150
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	152

Sources - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF LA PORTE
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities				
Investment in capital assets	\$ 35,194,777	\$ 37,323,705	\$ 46,813,655	\$ 49,304,074
Restricted	18,108,170	8,060,185	8,728,729	8,902,103
Unrestricted	<u>13,904,445</u>	<u>26,859,397</u>	<u>21,621,240</u>	<u>22,529,801</u>
Total Governmental Activities Net Position	<u>\$ 67,207,392</u>	<u>\$ 72,243,287</u>	<u>\$ 77,163,624</u>	<u>\$ 80,735,978</u>
Business-type Activities				
Investment in capital assets	\$ 40,595,009	\$ 37,606,236	\$ 37,566,663	\$ 36,347,233
Restricted	1,459,834	680,136	559,309	2,096,178
Unrestricted	<u>2,027,477</u>	<u>4,199,014</u>	<u>3,790,669</u>	<u>2,300,991</u>
Total Business-type Activities Net Position	<u>\$ 44,082,320</u>	<u>\$ 42,485,386</u>	<u>\$ 41,916,641</u>	<u>\$ 40,744,402</u>
Primary Government				
Net investment in capital assets	\$ 75,789,787	\$ 74,929,941	\$ 84,380,318	\$ 85,651,307
Restricted	19,568,004	8,740,321	9,288,038	10,998,281
Unrestricted	<u>15,931,922</u>	<u>31,058,412</u>	<u>25,411,909</u>	<u>24,830,792</u>
Total Primary Government Net Position	<u>\$ 111,289,713</u>	<u>\$ 114,728,674</u>	<u>\$ 119,080,265</u>	<u>\$ 121,480,380</u>

Table 1

2014	2015	2016	2017	2018	2019
\$ 54,506,024	\$ 43,582,704	\$ 48,367,017	\$ 44,468,918	\$ 43,421,145	\$ 53,011,914
11,088,233	14,507,643	17,854,935	24,105,852	31,025,084	30,267,219
18,634,881	21,693,064	23,690,222	26,907,445	1,505,194	9,907,393
<u>\$ 84,229,138</u>	<u>\$ 79,783,411</u>	<u>\$ 89,912,174</u>	<u>\$ 95,482,215</u>	<u>\$ 75,951,423</u>	<u>\$ 93,186,526</u>
\$ 35,872,947	\$ 34,807,773	\$ 34,291,664	\$ 33,782,624	\$ 32,199,968	\$ 31,735,493
1,930,369	1,250,850	846,400	520,000	-	-
2,669,258	4,110,877	5,344,130	7,661,080	8,011,016	8,371,707
<u>\$ 40,472,574</u>	<u>\$ 40,169,500</u>	<u>\$ 40,482,194</u>	<u>\$ 41,963,704</u>	<u>\$ 40,210,984</u>	<u>\$ 40,107,200</u>
\$ 90,378,971	\$ 78,390,477	\$ 82,658,680	\$ 78,251,542	\$ 75,621,113	\$ 84,747,407
13,018,602	15,758,493	18,701,334	24,625,852	31,025,084	30,267,219
21,304,139	25,803,941	29,034,352	34,568,525	9,516,210	18,279,100
<u>\$ 124,701,712</u>	<u>\$ 119,952,911</u>	<u>\$ 130,394,366</u>	<u>\$ 137,445,919</u>	<u>\$ 116,162,407</u>	<u>\$ 133,293,726</u>

CITY OF LA PORTE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Governmental Activities				
General government	\$ 11,497,476	\$ 14,574,511	\$ 14,091,176	\$ 13,854,988
Public safety	17,108,837	16,305,997	17,374,566	17,765,388
Public works	4,601,382	6,279,510	3,784,047	4,451,455
Health, welfare and sanitation	2,521,222	2,453,634	2,423,898	2,327,982
Culture and recreation	6,483,006	6,032,602	6,361,313	5,721,611
Interest on long-term debt	1,556,740	1,871,431	1,268,112	1,384,875
Total Governmental Activities Expenses	<u>43,768,663</u>	<u>47,517,685</u>	<u>45,303,112</u>	<u>45,506,299</u>
Business-type activities				
Water services	5,721,303	6,942,077	7,691,088	8,207,204
Sewer services	2,674,456	3,093,526	2,932,057	2,598,649
Airport	181,040	194,392	182,700	210,323
Bay Forest Golf Course	1,485,097	-	-	-
Total Business-type Activities Expenses	<u>10,061,896</u>	<u>10,229,995</u>	<u>10,805,845</u>	<u>11,016,176</u>
Total Primary Government Expenses	<u>\$ 53,830,559</u>	<u>\$ 57,747,680</u>	<u>\$ 56,108,957</u>	<u>\$ 56,522,475</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 3,116,325	\$ 711,994	\$ 843,898	\$ 645,517
Public safety	1,593,247	3,506,254	3,127,595	3,313,735
Public works	1,066,936	329,502	267,534	265,962
Health, welfare and sanitation	1,842,135	2,046,369	2,197,491	2,204,153
Culture and recreation	660,780	1,474,247	1,384,810	1,444,002
Operating grants and contributions				
General government	-	7,649	239,654	2,841
Public safety	928,389	610,967	431,076	433,367
Public works	-	427,732	766,127	20,168
Health, welfare and sanitation	64,025	-	-	-
Culture and recreation	11,633	107,419	78,348	393,035
Capital grants and contributions				
General government	-	-	-	-
Public works	-	1,338	644	470
Total Governmental Activities Program Revenues	<u>9,283,470</u>	<u>9,223,471</u>	<u>9,337,177</u>	<u>8,723,250</u>
Business-type Activities				
Charges for services:				
Water services	3,849,661	6,267,432	6,054,683	5,693,598
Sewer services	3,307,484	3,534,535	3,600,979	3,420,370
Airport	53,216	56,429	28,340	56,246
Bay Forest golf Course	1,002,234	-	-	-
Capital grants and contributions	860,304	1,441,674	858,431	1,398,291
Total Business-type Activities Program Revenues	<u>9,072,899</u>	<u>11,300,070</u>	<u>10,542,433</u>	<u>10,568,505</u>
Total Primary Government Program Revenues	<u>\$ 18,356,369</u>	<u>\$ 20,523,541</u>	<u>\$ 19,879,610</u>	<u>\$ 19,291,755</u>
Net (Expense)/Revenue				
Governmental activities	\$ (34,485,193)	\$ (38,294,214)	\$ (35,965,935)	\$ (36,783,049)
Business-type activities	(988,997)	1,070,075	(263,412)	(447,671)
Total Primary Government Net Expense	<u>\$ (35,474,190)</u>	<u>\$ (37,224,139)</u>	<u>\$ (36,229,347)</u>	<u>\$ (37,230,720)</u>

Table 2
Page 1 of 2

2014	2015	2016	2017	2018	2019
\$ 14,115,210	\$ 12,962,387	\$ 14,255,413	\$ 15,735,976	\$ 15,832,003	\$ 15,519,147
20,436,450	19,081,622	21,114,939	21,446,421	21,673,188	21,356,779
6,259,764	4,088,146	4,422,464	4,930,721	9,796,326	7,818,696
2,519,298	5,748,206	6,059,896	3,899,678	4,685,795	4,016,465
5,854,546	3,497,174	3,439,722	6,177,554	6,513,794	6,932,569
1,403,628	1,585,354	1,782,508	2,506,004	1,059,007	900,287
<u>50,588,896</u>	<u>46,962,889</u>	<u>51,074,942</u>	<u>54,696,354</u>	<u>59,560,113</u>	<u>56,543,943</u>
7,731,776	5,064,287	4,985,902	6,269,356	8,788,113	7,985,233
2,802,013	4,347,309	4,374,763	4,267,901	1,926,133	1,769,830
229,603	230,006	210,590	210,324	133,093	157,008
-	-	-	-	-	-
<u>10,763,392</u>	<u>9,641,602</u>	<u>9,571,255</u>	<u>10,747,581</u>	<u>10,847,339</u>	<u>9,912,071</u>
<u>\$ 61,352,288</u>	<u>\$ 56,604,491</u>	<u>\$ 60,646,197</u>	<u>\$ 65,443,935</u>	<u>\$ 70,407,452</u>	<u>\$ 66,456,014</u>
\$ 825,532	\$ 3,981,230	\$ 3,035,577	\$ 2,538,477	\$ 3,397,779	\$ 4,067,810
3,208,256	1,664,782	1,913,289	1,553,872	1,125,345	2,217,655
269,830	336,917	343,682	354,096	267,358	278,509
2,223,234	2,255,095	2,244,061	2,401,783	2,231,727	2,247,869
1,509,412	2,057,253	1,614,085	1,584,863	1,547,786	1,676,381
2,982	-	-	-	-	-
545,738	307,016	436,375	1,119,223	352,886	1,286,498
258,119	23,143	17,731	123,435	2,559	15,435
1,207,958	1,205	756	751	650	1,443
-	-	-	-	57,474	-
292	3,030,480	607,357	582,045	537,786	596,878
<u>10,051,353</u>	<u>13,657,121</u>	<u>10,212,913</u>	<u>10,258,545</u>	<u>9,521,350</u>	<u>12,388,478</u>
5,406,545	4,308,578	4,795,719	5,982,350	8,726,710	8,389,773
3,422,627	3,587,825	3,652,071	3,551,728	1,320,816	1,109,495
56,157	59,181	62,849	60,651	61,879	58,971
-	-	-	-	-	-
1,125,777	787,285	534,168	126,359	126,359	262,977
<u>10,011,106</u>	<u>8,742,869</u>	<u>9,044,807</u>	<u>9,721,088</u>	<u>10,235,764</u>	<u>9,821,216</u>
<u>\$ 20,062,459</u>	<u>\$ 22,399,990</u>	<u>\$ 19,257,720</u>	<u>\$ 19,979,633</u>	<u>\$ 19,757,114</u>	<u>\$ 22,209,694</u>
\$ (40,537,543)	\$ (33,305,768)	\$ (40,862,029)	\$ (44,437,809)	\$ (50,038,763)	\$ (44,155,465)
(752,286)	(898,733)	(526,448)	(1,026,493)	(611,575)	(90,855)
<u>\$ (41,289,829)</u>	<u>\$ (34,204,501)</u>	<u>\$ (41,388,477)</u>	<u>\$ (45,464,302)</u>	<u>\$ (50,650,338)</u>	<u>\$ (44,246,320)</u>

CITY OF LA PORTE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property taxes	\$ 17,742,405	\$ 17,163,861	\$ 17,251,131	\$ 17,782,090
Industrial payments	10,732,488	10,192,582	10,471,444	11,107,848
Sales and use taxes	5,913,679	6,235,537	8,267,162	8,717,613
Franchise taxes	2,170,699	2,195,824	2,311,944	2,184,020
Investment earnings	293,943	216,465	142,951	84,170
Other revenues	164,237	374,727	167,922	432,405
Gain/(Loss) no sale of capital assets	-	4,244,239	1,939,699	-
Transfers	(1,000,432)	2,706,874	334,029	720,356
Total Governmental Activities	<u>36,017,019</u>	<u>43,330,109</u>	<u>40,886,282</u>	<u>41,028,502</u>
Business-type Activities				
Investment earnings	39,078	33,243	12,309	8,468
Other revenues	-	6,622	16,387	36,378
Miscellaneous	-	-	-	-
Transfers	1,000,432	(2,706,874)	(334,029)	(720,356)
Total Business-type Activities	<u>1,039,510</u>	<u>(2,667,009)</u>	<u>(305,333)</u>	<u>(675,510)</u>
Total Primary Government	<u>\$ 37,056,529</u>	<u>\$ 40,663,100</u>	<u>\$ 40,580,949</u>	<u>\$ 40,352,992</u>
Change in Net Position				
Governmental activities	\$ 1,531,826	\$ 5,035,895	\$ 4,920,347	\$ 4,245,453
Business-type activities	50,513	(1,596,933)	(568,745)	(1,123,181)
Total Primary Government	<u>\$ 1,582,339</u>	<u>\$ 3,438,962</u>	<u>\$ 4,351,601</u>	<u>\$ 3,122,272</u>

2014	2015	2016	2017	2018	2019
\$ 19,925,095	\$ 20,765,774	\$ 24,098,174	\$ 23,857,654	\$ 25,413,898	\$ 26,484,216
11,554,949	12,269,152	14,377,602	14,270,899	14,147,728	14,899,624
10,104,500	10,743,862	9,862,705	10,859,215	12,544,803	13,944,027
2,252,404	2,411,827	2,300,464	2,252,253	2,621,035	3,035,844
106,024	204,346	380,268	563,868	1,228,759	2,414,593
458,770	164,004	766,683	601,136	251,508	251,400
-	-	-	-	-	-
(371,039)	(1,504,570)	(795,104)	(2,397,175)	(1,922,963)	360,864
<u>44,030,703</u>	<u>45,054,395</u>	<u>50,990,792</u>	<u>50,007,850</u>	<u>54,284,768</u>	<u>61,390,568</u>
8,624	25,440	44,038	110,828	152,557	360,285
100,795	-	-	-	-	-
-	-	-	-	-	(12,350)
<u>371,039</u>	<u>1,504,570</u>	<u>795,104</u>	<u>2,397,175</u>	<u>1,922,963</u>	<u>(360,864)</u>
<u>480,458</u>	<u>1,530,010</u>	<u>839,142</u>	<u>2,508,003</u>	<u>2,075,520</u>	<u>(12,929)</u>
<u>\$ 44,511,161</u>	<u>\$ 46,584,405</u>	<u>\$ 51,829,934</u>	<u>\$ 52,515,853</u>	<u>\$ 56,360,288</u>	<u>\$ 61,377,639</u>
\$ 3,493,160	\$ 11,748,627	\$ 10,128,763	\$ 5,570,041	\$ 4,246,005	\$ 17,235,103
(271,828)	631,277	312,694	1,481,510	1,463,945	(103,784)
<u>\$ 3,221,332</u>	<u>\$ 12,379,904</u>	<u>\$ 10,441,457</u>	<u>\$ 7,051,551</u>	<u>\$ 5,709,950</u>	<u>\$ 17,131,319</u>

CITY OF LA PORTE**FUND BALANCES OF GOVERNMENTAL FUNDS***Last Ten Fiscal Years**(modified accrual basis of accounting)*

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Nonspendable	\$ 135,162	\$ 138,607	\$ 94,401	\$ 125,190
Committed	-	-	-	3,500,000
Assigned	132,558	95,923	30,003	103,690
Unassigned	11,836,769	19,118,624	23,840,153	23,856,087
Total General Fund	<u>\$ 12,104,489</u>	<u>\$ 19,353,154</u>	<u>\$ 23,964,557</u>	<u>\$ 27,584,967</u>
All Other Governmental Funds				
Restricted	\$ 4,420,190	\$ 14,084,212	\$ 12,572,942	\$ 12,193,956
Committed	24,019,140	9,078,724	6,553,417	5,585,628
Unassigned	-	-	(30,832)	-
Total All Other Governmental Funds	<u>\$ 28,439,330</u>	<u>\$ 23,162,936</u>	<u>\$ 19,095,527</u>	<u>\$ 17,779,584</u>

Table 3

2014	2015	2016	2017	2018	2019
\$ 102,775	\$ 88,954	\$ 89,165	\$ 102,058	\$ 122,784	\$ 163,083
8,500,000	7,000,000	6,000,000	2,000,000	-	-
78,182	257,147	4,439,879	297,359	420,854	134,391
<u>21,294,383</u>	<u>25,216,547</u>	<u>29,385,827</u>	<u>40,500,147</u>	<u>46,763,435</u>	<u>57,312,783</u>
<u>\$ 29,975,340</u>	<u>\$ 32,562,648</u>	<u>\$ 39,914,871</u>	<u>\$ 42,899,564</u>	<u>\$ 47,307,073</u>	<u>\$ 57,610,257</u>
\$ 14,177,078	\$ 24,421,383	\$ 24,860,811	\$ 34,573,658	\$ 41,275,328	\$ 44,362,333
2,961,849	1,916,608	2,977,676	4,555,870		-
<u>(790)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 17,138,137</u>	<u>\$ 26,337,991</u>	<u>\$ 27,838,487</u>	<u>\$ 39,129,528</u>	<u>\$ 41,275,328</u>	<u>\$ 44,362,333</u>

CITY OF LA PORTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Taxes	\$ 36,681,503	\$ 35,760,570	\$ 38,352,720	\$ 39,834,904
Licenses and permits	476,478	312,962	465,052	368,130
Fines and forfeitures	1,802,785	1,723,590	1,758,101	1,886,763
Charges for services	6,083,767	5,680,416	5,957,389	6,008,845
Intergovernmental	988,532	917,206	1,239,434	568,052
Interest	262,993	193,301	128,939	76,027
Miscellaneous	125,142	241,670	36,354	425,845
Total Revenues	<u>46,421,200</u>	<u>44,829,715</u>	<u>47,937,989</u>	<u>49,168,566</u>
Expenditures				
General government	9,787,606	10,288,502	10,461,877	11,043,438
Public safety	14,611,737	15,688,305	15,751,731	16,321,608
Public works	2,818,921	3,118,074	3,438,629	3,247,404
Health and sanitation	2,232,848	2,182,184	2,225,768	2,244,341
Culture and recreation	5,048,448	5,313,523	5,260,591	5,226,886
Debt service:				
Principal	1,755,000	1,740,000	2,170,000	2,365,000
Interest	1,387,566	1,871,371	1,519,769	1,385,204
Bond issuance cost	200,000	-	150,897	-
Capital outlay	10,843,496	8,713,827	8,583,249	5,499,508
Total Expenditures	<u>48,685,622</u>	<u>48,915,786</u>	<u>49,562,511</u>	<u>47,333,389</u>
(Deficiency) of Revenues				
(Under) Expenditures	(2,264,422)	(4,086,071)	(1,624,522)	1,835,177
Other Financing Sources (Uses)				
General obligation bonds issued	6,265,000	-	-	-
Refunding bonds issued	4,295,000	-	9,435,000	-
Certificate obligation bonds issued	-	-	-	-
Premium on refunding bonds issued	224,008	-	364,013	-
Premium on certificate obligations	-	-	-	-
Payment to refunding bond escrow agent	(4,409,763)	-	(9,638,626)	-
Transfers in	9,158,123	4,248,140	2,710,677	3,883,920
Transfers out	(10,545,233)	(5,011,924)	(2,643,894)	(3,629,974)
Sale of capital assets	5,024	6,822,126	1,941,346	215,342
Insurance recoveries	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,992,159</u>	<u>6,058,342</u>	<u>2,168,516</u>	<u>469,288</u>
Net Change in Fund Balances	<u>\$ 2,727,737</u>	<u>\$ 1,972,271</u>	<u>\$ 543,994</u>	<u>\$ 2,304,465</u>

Debt service as a percentage of noncapital expenditures

8.3%

9.0%

9.0%

9.0%

Table 4

2014	2015	2016	2017	2018	2019
\$ 43,837,240	\$ 46,155,069	\$ 50,376,219	\$ 51,574,722	\$ 54,591,769	\$ 58,567,086
497,756	1,346,552	596,451	535,741	668,808	1,344,447
1,790,849	1,953,698	1,996,073	1,965,249	2,092,419	3,269,711
6,305,127	6,994,772	6,555,228	6,069,248	5,953,581	6,062,901
1,572,360	3,195,238	1,024,097	1,077,893	893,006	1,129,654
96,409	184,029	349,551	531,369	1,157,443	2,215,142
261,204	398,872	728,390	517,828	298,792	451,362
<u>54,360,945</u>	<u>60,228,230</u>	<u>61,626,009</u>	<u>62,272,050</u>	<u>65,655,818</u>	<u>73,040,303</u>
13,828,179	11,953,166	11,706,047	13,301,718	14,486,950	11,641,780
17,428,040	17,698,818	18,323,687	18,873,276	18,377,804	19,892,523
3,432,583	2,916,113	3,028,953	4,161,399	4,429,378	5,012,265
2,334,184	2,457,565	2,644,295	2,730,308	2,871,114	2,977,561
5,440,724	5,727,700	5,848,613	5,998,452	6,332,061	7,220,144
2,640,000	4,625,582	4,281,085	4,178,629	3,370,000	6,744,168
1,217,883	1,589,644	1,451,075	1,385,122	1,156,923	1,180,817
153,884	-	-	-	-	-
5,446,287	6,331,893	4,439,319	3,840,207	3,428,834	2,895,238
<u>51,921,764</u>	<u>53,300,481</u>	<u>51,723,074</u>	<u>54,469,111</u>	<u>54,453,064</u>	<u>57,564,496</u>
2,439,181	6,927,749	9,902,935	7,802,939	11,202,754	15,475,807
-	-	-	10,635,000	-	-
9,300,000	-	3,165,000	-	-	-
-	7,770,000	-	-	-	-
608,166	-	403,795	-	-	-
-	365,502	-	-	-	-
(9,749,587)	-	(3,490,716)	-	-	-
3,911,990	3,069,474	2,851,124	3,684,995	5,200,304	5,166,476
(4,761,324)	(6,556,417)	(3,979,419)	(7,849,825)	(9,849,749)	(7,252,094)
500	-	-	2,625	-	-
-	210,854	-	-	-	-
<u>(690,255)</u>	<u>4,859,413</u>	<u>(1,050,216)</u>	<u>6,472,795</u>	<u>(4,649,445)</u>	<u>(2,085,618)</u>
<u>\$ 1,748,926</u>	<u>\$ 11,787,162</u>	<u>\$ 8,852,719</u>	<u>\$ 14,275,734</u>	<u>\$ 6,553,309</u>	<u>\$ 13,390,189</u>

8.3%

13.2%

12.1%

10.8%

8.6%

14.9%

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Table 5

CITY OF LA PORTE
ASSESSED VALUE AND ESTIMATED VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property	Personal Property	Less Other Exemptions & Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percent of Actual Taxable Value
2010	\$ 2,261,046,846	\$ 582,963,159	515,111,496	\$ 2,328,898,509	0.71000	\$ 2,328,898,509	100%
2011	2,055,914,368	672,621,147	514,928,797	2,213,606,718	0.71000	2,213,606,718	100%
2012	2,079,843,021	720,515,678	535,441,621	2,264,917,078	0.71000	2,264,917,078	100%
2013	2,080,199,179	797,558,553	536,721,284	2,341,036,448	0.71000	2,341,036,448	100%
2014	2,176,582,621	986,494,475	590,232,231	2,572,844,865	0.71000	2,572,844,865	100%
2015	2,626,580,963	745,093,978	617,133,762	2,754,541,179	0.71000	2,754,541,179	100%
2016	2,692,041,032	978,850,207	629,133,265	3,041,757,974	0.71000	3,041,757,974	100%
2017	3,025,879,671	880,297,401	751,959,455	3,154,217,617	0.71000	3,154,217,617	100%
2018	3,270,392,733	830,253,210	814,706,643	3,285,939,300	0.71000	3,285,939,300	100%
2019	3,376,299,841	824,946,153	800,377,875	3,400,868,119	0.71000	3,400,868,119	100%

Source - Harris County Certified Tax Rolls and Corrections.

CITY OF LA PORTE
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
City of La Porte by fund:				
General	0.61900	0.60500	0.60500	0.64000
Debt service	0.09100	0.10500	0.10500	0.07000
Total Direct Rates	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>
Harris County Flood Control District	0.02923	0.02809	0.02809	0.02827
Harris County	0.38805	0.39117	0.40021	0.41455
Port of Houston Authority	0.02054	0.01856	0.01952	0.01716
Harris County Board of Education	0.00658	0.00658	0.00662	0.00636
Hospital District	0.19216	0.19216	0.18216	0.17000
La Porte ISD	1.32500	1.35500	1.33000	1.33000
San Jacinto Jr. College District	0.17628	0.18560	0.18560	0.18560
Total Direct and Overlapping Rates	<u>2.84784</u>	<u>2.88716</u>	<u>2.86220</u>	<u>2.86194</u>

Tax rates per \$100 of assessed valuation
Source: Harris County Appraisal District

Table 6

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
0.61400	0.60500	0.60500	0.60500	0.60500	0.60500
0.09600	0.10500	0.10500	0.10500	0.10500	0.10500
0.71000	0.71000	0.71000	0.71000	0.71000	0.71000
0.02736	0.02733	0.02829	0.02831	0.02878	0.02792
0.41731	0.41923	0.41656	0.41801	0.41858	0.40713
0.01531	0.01342	0.01334	0.01256	0.01155	0.01074
0.00600	0.00540	0.00520	0.00520	0.00519	0.00500
0.17000	0.17000	0.17179	0.17110	0.17108	0.16591
1.33000	1.45000	1.42000	1.38000	1.38000	1.28000
0.18560	0.17578	0.18238	0.18334	0.17933	0.17817
<u>2.86158</u>	<u>2.97116</u>	<u>2.94756</u>	<u>2.90852</u>	<u>2.90451</u>	<u>2.78487</u>

Table 7

CITY OF LA PORTE
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2019		2010			
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
2019						
HRUS Underwood LLC	\$ 160,217,832	1	4.71%			
Liberty Property Limited Partnership	87,953,172	2	2.59%			
DNOW LP	54,602,933	3	1.61%			
Equistar Chemicals LP	46,062,691	4	1.35%			
Oxy Vinyls LP	42,349,069	5	1.25%			
INEOS USA LLC	37,999,780	6	1.12%			
Dow Chemical Co.	25,976,102	7	0.76%			
Liberty Property LTD Partnership	24,906,912	8	0.73%			
Ashland Industries Europ, GmbH	24,452,979	9	0.72%			
Centerpoint Energy Hou Ele	22,955,068	10	0.67%			
2010						
Concoco Phillips Co.				\$ 63,702,828	1	2.73%
Oxy Vinyls LP				49,177,149	2	2.11%
Equistar Chemicals LP				48,220,926	3	2.07%
Granite Underwood Dist Ctr LP				46,366,214	4	1.99%
Wilson Supply				44,964,903	5	1.93%
Underwood Distribution Ctr.				38,895,000	6	1.67%
Ineos USA LLC				38,042,280	7	1.63%
Dow Chemical				28,930,683	8	1.24%
PPG Industries Inc				26,768,472	9	1.15%
Total Petrochemicals				24,500,733	10	1.05%
Subtotal	527,476,538		15.51%	409,569,188		17.58%
Other Taxpayers	2,873,391,581		84.49%	1,920,357,539		82.42%
Total	\$ 3,400,868,119		100.00%	\$ 2,329,926,727		100.00%

CITY OF LA PORTE
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended September 30	Taxes levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2010	\$ 16,542,483	\$ 16,309,818	98.6%	\$ 208,261	\$ 16,518,079	99.9%
2011	15,871,498	15,599,930	98.3%	265,320	15,865,250	100.0%
2012	16,080,911	15,860,664	98.6%	224,600	16,085,264	100.0%
2013	16,621,361	16,518,207	99.4%	171,050	16,689,257	100.4%
2014	18,267,201	18,090,456	99.0%	231,514	18,321,970	100.3%
2015	19,514,402	19,304,486	98.9%	45,593	19,350,079	99.2%
2016	21,596,463	21,299,848	98.6%	188,670	21,488,518	99.5%
2017	22,269,063	22,109,029	99.3%	(88,541) *	22,020,488	98.9%
2018	23,125,072	22,798,488	98.6%	3,746	22,802,234	98.6%
2019	23,814,367	23,722,012	99.6%	-	23,722,012	99.6%

* Shows a negative amount due to the refund of taxes.

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Table 9

CITY OF LA PORTE
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year Ended September 30	Governmental Activities			Business-type Activities		Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Limited Tax Bonds	Revenue Bonds	Other* Obligations			
2010	\$ 11,665	\$ 26,350	\$ 4,050	\$ -	\$ 5,660	\$ 47,725	0.006%	\$ 1,298
2011	10,940	25,605	3,780	-	4,813	45,138	0.005%	1,322
2012	17,050	20,150	1,620	-	3,945	42,765	0.005%	1,212
2013	16,875	18,905	1,350	-	3,117	40,247	0.004%	1,165
2014	23,726	10,845	540	-	2,208	37,319	0.004%	1,072
2015	21,220	17,230	-	-	930	39,380	0.004%	891
2016	22,815	12,335	-	-	320	35,470	0.003%	991
2017	21,090	11,210	-	-	-	32,300	0.003%	1,086
2018	18,895	20,670	-	-	-	39,565	0.004%	1,119
2019	16,425	19,405	-	-	-	35,830	0.003%	1,011

Note: Details regarding the City's outstanding debt can be found in the note to the financial statements.
 See Demographic and Economic Statistics for personal income and population data.

* Includes premium on bonds.

CITY OF LA PORTE

RATIOS OF NET GENERAL BONDED DEBT TO TAXABLE VALUE
 GENERAL BONDED DEBT PER CAPITA,
 AND TAXABLE VALUE OF ALL PROPERTY
 Last Ten Fiscal Years

Fiscal Year Ended September 30	Tax Year	General Obligation Bonds	Certificates of Obligation	Less Debt Service Fund	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Percentage of Personal Income (2)	Per Capita (2)
2010	2009	\$ 15,715	\$ 26,350	\$ 2,151	\$ 39,914	1.7%	0.005%	\$ 965
2011	2010	14,720	25,605	3,118	37,207	1.7%	0.004%	1,152
2012	2011	18,670	20,150	3,113	35,707	1.6%	0.004%	1,090
2013	2012	18,225	18,905	2,490	34,640	1.5%	0.004%	1,165
2014	2013	24,266	10,845	2,769	32,342	1.3%	0.003%	1,072
2015	2014	21,220	17,230	3,161	35,289	1.3%	0.004%	1,006
2016	2015	22,815	12,335	3,541	31,609	1.0%	0.003%	899
2017	2016	21,090	11,210	3,883	28,417	0.9%	0.003%	810
2018	2017	18,895	20,670	4,398	35,167	1.0%	0.003%	994
2019	2018	16,425	19,405	4,525	31,305	1.0%	0.003%	884

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 (2) Population data can be found in the demographic and economic statistics table.

Table 11

CITY OF LA PORTE

Direct and Overlapping Governmental Activities Debt

As of September 30, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Harris County	\$ 2,042,497,125	0.67%	\$ 13,684,731
Harris County Department of Education	6,320,000	0.67%	42,344
Harris County Flood Control District	83,075,000	0.67%	556,603
Harris County Toll Road	-	0.67%	-
Harris County Hospital District	57,300,000	0.67%	383,910
La Porte I. S. D.	319,985,000	41.45%	132,633,783
Porte of Houston Authority	593,754,397	0.67%	3,978,154
San Jacinto Jr. College District	<u>491,672,707</u>	0.67%	<u>31,073,715</u>
Total Net Overlapping Debt	<u>\$ 3,594,604,229</u>		182,353,240
City of La Porte Direct Debt*	\$ 35,830,000		<u>35,830,000</u>
Total Direct and Overlapping Debt			<u>\$ 218,183,240</u>

*Approximately \$19,668,027 of the city's outstanding debt is self supporting.

Source: Texas Municipal Reports

Percentage are based on total property values.

Source: Texas Municipal Reports

Percentages are based on total property values.

CITY OF LA PORTE**DEMOGRAPHIC AND ECONOMIC STATISTICS***Last Ten Fiscal Years*

Fiscal Year Ended September 30	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2010	33,800	\$ 853,355,716	\$ 25,604	33	7,781	8.2%
2011	34,138	880,399,908	26,172	33	7,732	9.0%
2012	35,280	878,708,768	25,952	34	7,739	6.3%
2013	34,553	917,811,538	26,894	36	7,729	6.3%
2014	34,813	937,182,978	27,186	36	7,634	5.0%
2015	35,074	1,001,483,958	28,823	37	7,648	4.6%
2016	35,148	1,052,095,094	30,127	37	7,753	5.8%
2017	35,086	1,052,095,094	30,127	37	7,713	5.8%
2018	35,371	1,052,095,094	30,127	37	7,575	4.6%
2019	35,423	1,098,608,922	31,014	38	7,340	4.1%

N/A - information not available.

Data sources:

- (1) Estimated population provided by US Census Bureau.
- (2) Personal income and per capita personal income is currently unavailable.
- (3) Median age data prior to 2010 is not available, median age provided by 2010 Census.
- (4) School enrollment provided by La Porte Independent School District
- (5) Unemployment rates provided from the bureau of Labor Statistics

CITY OF LA PORTE*Principal Employers**Current Year and Ten Years Ago*

2019			2009		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Equistar Chemicals	1,635	8.66%	La Porte ISD	1,230	4.47%
La Porte ISD	1,061	5.62%	Rockwood Service Corp.	700	2.55%
Dupont Chemical	545	2.89%	Longview Inspection Corp.	664	2.41%
J V Piping	440	2.33%	Quest Tru TEC	636	2.31%
Total Petrochemicals USA	409	2.17%	Oxy Vinyls, LP	530	1.93%
City of La Porte	389	2.06%	City of La Porte	381	1.39%
Ineos	385	2.04%	Ineos	350	1.27%
Total Safety US Inc	350	1.85%	Equistar Chemicals, LP	334	1.21%
Kateon Natie Houston	350	1.85%	Sulzer Hickham	330	1.20%
CCC Group Inc	300	1.59%	Air Liquide	170	0.62%
Total	5,864	31.06%	Total	5,325	19.36%

Source: CenterPoint Energy

Note: This list includes companies within the City limits of La Porte and within the industrial districts.

CITY OF LA PORTE

FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of September 30				
	2010	2011	2012	2013	2014
General government	79	90	90	88	88
Public safety	144	144	151	152	154
Public works	32	32	32	30	30
Health and sanitation	22	24	24	23	23
Culture and recreation	46	46	46	42	42
Water services	25	25	25	25	24
Sewer services	20	20	20	20	20
Golf course*	12	-	-	-	-
Total	380	381	388	380	381

Source: City of La Porte Human Resource Department

*2011 thru 2019 are blank due to funding golf course workers out of the General Fund.

Table 14

Full-time Equivalent Employees as of September 30				
2015	2016	2017	2018	2019
89	89	89	90	89
154	154	154	155	155
30	30	33	35	35
23	22	23	23	23
42	44	42	42	42
25	25	25	25	25
20	20	20	20	20
-	-	-	-	-
<u>383</u>	<u>384</u>	<u>386</u>	<u>390</u>	<u>389</u>

CITY OF LA PORTE**OPERATING INDICATORS BY FUNCTION/PROGRAM***Last Ten Fiscal Years*

Function	2010	2011	2012	2013	2014
Police					
Physical arrests	2,538	2,354	2,311	2,205	2,032
Tickets processed	16,603	14,619	13,221	13,861	14,151
Fire					
Number of calls answered	1,559	1,483	1,195	1,219	1,262
Inspections	690	725	812	950	1,020
Highways and streets					
Street resurfacing (linear feet)	38,365	60,472	69,580	13,520	11,183
Potholes repaired	1,236	465	1,173	271	165
Sanitation					
Cubic yards of garbage collected	29,642	27,961	42,589	30,625	54,812
Cubic yards of trash collected	43,368	45,778	54,641	32,137	40,701
Culture and recreation					
Fitness center admissions	78,118	64,989	64,279	64,587	90,765
Water					
Number of water meters	12,015	12,061	12,129	12,234	12,321
Average daily consumption (millions of gallons)	3.9 417	4.6 666	4.3 311	4 379	3.8 411
Water main breaks					
Wastewater					
Average daily sewage treatment (thousands of gallons)	3.7	2.8	3.3	2.7	2.6
Golf Course					
Number of paid rounds played	31,271	34,848	34,038	32,257	32,741

Source - Various City departments.

Table 15

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
2,152	2,399	1,826	1,968	2,097
14,316	13,231	11,900	15,605	16,695
1,378	1,356	1,532	1,536	1,636
383	1,025	852	550	1,102
11,172	22,172	18,602	13,015	20,332
342	236	118	231	134
50,945	26,458	48,716	56,406	55,924
31,518	40,569	44,733	36,174	37,611
67,794	102,778	96,011	90,583	87,804
12,431	12,523	12,591	12,682	12,870
3.9	3.8	3.7	3.8	3.564
200	217	199	220	173
3.8	3.8	3.5	3.9	4
29,965	26,794	26,840	26,006	25,075

CITY OF LA PORTE**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM***Last Ten Fiscal Years*

Function	2010	2011	2012	2013	2014
Public safety					
Police station	1	1	1	1	1
Police officers	75	75	74	74	74
Reserve officers	2	2	2	6	2
Fire stations	4	4	4	4	4
Sanitation					
Collection trucks	14	14	12	12	12
Highways and streets					
Streets (miles)	126	126	125	297	297
Streetlights	2,387	2,415	2,415	2,415	2,415
Traffic signals	5	5	6	6	6
Culture and recreation					
Parks acreage	356	356	188	188	188
Parks acreage	21	21	22	22	22
Swimming pools	5	5	5	5	5
Recreation centers	4	4	3	3	2
Senior center	1	1	1	1	1
Water and sewer					
Water mains (miles)	180	181	182	183	184
Fire hydrants	1,179	1,186	1,199	1,226	1,256
Sanitary sewers (miles)	191	192	192	192	192
Storm sewers (miles)	95	97	60	112	112

Source - Various City departments.

Table 16

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1	1	1	1	1
76	75	78	79	79
3	3	2	4	1
4	4	4	4	4
14	17	16	16	14
272	273	273	273	274
2,415	2,415	2,415	2,905	2,884
7	7	7	7	7
188	188	188	188	188
22	22	22	22	23
5	5	5	5	5
2	2	2	2	2
1	1	1	1	1
185	187	187	189	192
1,265	1,276	1,291	1,314	1,349
193	194	194	194	195
115	115	116	116	118

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REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 9, 2020</u> Requested By: <u>Michael Dolby, Director</u> Department: <u>Finance</u> <input checked="" type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance

Appropriation	
Source of Funds:	<u>N/A</u>
Account Number:	<u>N/A</u>
Amount Budgeted:	<u>N/A</u>
Amount Requested:	<u>N/A</u>
Budgeted Item:	<input type="radio"/> Yes <input checked="" type="radio"/> No

Exhibits: Matrix, Evaluation Form and Performance Records

SUMMARY

The Request for Proposal (RFP #20503) in relation to Delinquent Ad Valorem “Property” Tax Collections Services was advertised in the Bay Area Observer on December 19 & 26, 2019 and posted on Public Purchase and the City’s website. The City received proposals from two (2) vendors, Linebarger Goggan Blair & Sampson, LLP (Linebarger), which is the City’s current delinquent tax firm, and Perdue Brandon Fielder Collins & Mott LLP (Perdue). The proposals were evaluated using an approved matrix. Each vendor were evaluated based on:

1. Demonstrated results of the performance of the firm for delinquent tax collections. Based on a 3-year (2016-2019) tax year summary for 4 surrounding existing municipal clients of delinquent tax collections that have been achieved. This criteria evaluates collection records and evaluates delinquent collections, excluding penalties and interest, as a percentage of total delinquent taxes receivable. (max 30 points)
2. Proven experience in the field of delinquent property tax collections. (max 25 points)
3. Experience of personnel assigned to the City’s account in connection with the collection of delinquent taxes. (max 20 points)
4. Historical performance levels and demonstrated capabilities, which focuses on litigation records. These are factors based on the percentage of primary suits filed from July 1, 2016 to June 30, 2019 from four (4) surrounding existing municipal clients. Additionally, the historical performance highlights the number of dismissals, which is an important factor of the firm’s ability to resolve delinquent accounts and collect taxes prior to a suit being filed. (max 20 points)
5. Clarity of proposal and supporting data. (max 5 points)

Though both vendors scored the maximum allowed in areas #2 & #3, there was substantial differences in areas #1 & #4, with Linebarger scoring a total 70 points and

receiving no points on #5 due to inaccurate data submitted for “suits”, while Perdue scored a total 100 points. Based upon the evaluation of the proposals, staff is recommending Council award RFP #20503 for the Delinquent Ad Valorem Tax Collection Services to Perdue.

RECOMMENDED MOTION

I move to award RFP #20503 for Delinquent Ad Valorem Tax Collection Services to Perdue Brandon Fielder Collins & Mott LLP.

Approved for the City Council meeting agenda

Corby D. Alexander, City Manager

Date

The City will select a firm based upon the outcome of a committee evaluation of proposals using the following evaluation criteria:

1. Demonstrated results of the performance of the firm for delinquent tax collections **30 points**

Based on a three year (2016-2019 tax years) summary for four surrounding existing municipal clients of delinquent tax collections that have been achieved

60% and above collected	30pts
50%-60% collected	20pts
50%-40% collected	10pts
40% or below collected	0pts

2. Proven experience in the field of delinquent property tax collections. **25 points**

30+ years =	25 pts
25+ years =	20 pts
20+ years =	15 pts
15+ years =	10 pts
Less than 15 =	0

3. Experience of personnel assigned to the City's account in connection with the collection of delinquent taxes. **20 points**

Lawyers assigned with 20+ years of experience	20pts
Lawyers assigned with 10+ years of experience	15pts
Lawyers assigned with 5+ years of experience	10pts
Lawyers assigned with below 5 years of experience	0pts

4. Historical performance levels and demonstrated capabilities

(Factors for this criteria will be based on suits filed and primary suits filed, from July 1, 2016- June 30, 2019 from four surrounding existing municipal clients) **20 points**

Firm with highest percentage	20 pts
Firm with second highest percentage	15 pts
Firm with third highest percentage	10 pts

5. Clarity of proposal and supporting data

5 points

All required information submitted 5 pts

Partial required information submitted 0 pts

CITY OF LA PORTE

RFP EVALUATION FORM**RFP 20503 DELINQUENT TAX COLLECTION SERVICES****Vendor Name:** Linebarger Goggan Blair & Sampson, LLP

Criterion	Maximum Points	Score
1.) Demonstrated results of the performance of the firm for delinquent tax collections. Based on a three year (2016-2019 tax years) summary for four surrounding existing municipal clients of delinquent tax collections that have been achieved.	30	10
2.) Proven experience in the field of delinquent property tax collections.	25	25
3.) Experience of personnel assigned to the City's account in connection with the collection of delinquent taxes.	20	20
4.) Historical performance levels and demonstrated capabilities. (Factors for this criteria will be based on the percentage of primary suits filed from July 1, 2016- June 30, 2019 from four surrounding existing municipal clients)	20	15
5.) Clarity of proposal and supporting data.	5	0
Totals:		70

CITY OF LA PORTE

RFP EVALUATION FORM

RFP 20503 DELINQUENT TAX COLLECTION SERVICES

Vendor Name: Perdue Brandon Fielder Collins and Mott LLP

Criterion	Maximum Points	Score
1.) Demonstrated results of the performance of the firm for delinquent tax collections. Based on a three year (2016-2019 tax years) summary for four surrounding existing municipal clients of delinquent tax collections that have been achieved.	30	30
2.) Proven experience in the field of delinquent property tax collections.	25	25
3.) Experience of personnel assigned to the City's account in connection with the collection of delinquent taxes.	20	20
4.) Historical performance levels and demonstrated capabilities. (Factors for this criteria will be based on the percentage of suits filed from July 1, 2016- June 30, 2019 from four surrounding existing municipal clients)	20	20
5.) Clarity of proposal and supporting data.	5	5
Totals:		100

PERFORMANCE RECORD
 PERDUE BRANDON FIELDER COLLINS & MOTT LLP

	Pearland	Friendswood	Rosenberg	Bellaire	July 1, 2016 - June 30, 2017 Average	Pearland	Friendswood	Rosenberg	Bellaire	July 1, 2017 - June 30, 2018 Average	Pearland	Friendswood	Rosenberg	Bellaire	July 1, 2018 - June 30, 2019 Average	3 Year Average
Collection Records																
Number of Accounts	2203	998	1460	603	1316	2330	975	1380	618	1326	2546	943	1547	665	1425	1356
Beginning Delinquent Taxes Receivable for all delinquent tax years on July 1.	\$1,304,127	\$493,172	\$308,692	\$262,489	\$592,120	\$1,515,875	\$481,119	\$314,400	\$381,178	\$673,143	\$1,659,595	\$489,894	\$363,900	\$393,040	\$726,607	\$663,957
Total Delinquent Taxes Collected	\$631,096	\$366,526	\$189,492	\$156,252	\$335,842	\$848,975	\$325,681	\$212,618	\$223,251	\$402,631	\$861,342	\$326,162	\$216,371	\$240,755	\$411,158	\$383,210
Total Penalties and Interest Collected	\$216,981	\$88,328	\$78,749	\$35,300	\$104,840	\$272,435	\$82,132	\$75,192	\$70,601	\$125,090	\$255,403	\$76,873	\$81,950	\$61,249	\$118,869	\$116,266
Collection Percentage (DTC/DTR) for all delinquent tax years	48.39%	74.32%	61.39%	59.53%	60.91%	56.01%	67.69%	67.63%	58.57%	62.47%	51.90%	66.58%	59.46%	61.25%	59.80%	61%
Litigation Records																
Suits Filed	37	19	33	7	24	32	11	38	8	22	66	6	59	22	38	28
Primary Suits Filed	31	19	27	5	21	25	11	27	2	16	65	6	49	15	34	24
Intervenor Suits	6	0	6	2	4	7	0	11	6	6	1	0	10	7	5	5
Number of Demand Letters	19	0	5	1	6	10	4	17	4	9	16	6	8	5	9	8
Dismissals	17	7	23	3	13	18	7	29	2	14	15	7	22	8	13	13
Percentage of Primary Suits Filed	83.78%	100.00%	81.82%	71.43%	84.26%	78.13%	100.00%	71.05%	25.00%	68.54%	98.48%	100.00%	83.05%	68.18%	87.43%	80%

PERFORMANCE RECORD
LINEBARGER GOGGAN BLAIR & SAMPSON, LLP

	Dickinson	Galveston	League City	Kemah	July 1, 2016 - June 30, 2017 Average	Dickinson	Galveston	League City	Kemah	July 1, 2017 - June 30, 2018 Average	Dickinson	Galveston	League City	Kemah	July 1, 2018 - June 30, 2019 Average	3 Year Average
Collection Records																
Number of Accounts	1097	3701	2334	217	1837	1124	3879	2440	214	1914	1184	3535	2376	228	1831	1861
Beginning Delinquent Taxes Receivable(DTR) for all delinquent tax years on July 1.	\$326,000	\$2,191,891	\$1,323,814	\$70,189	\$977,974	\$343,015	\$2,223,746	\$1,513,476	\$68,775	\$1,037,253	\$391,784	\$2,953,200	\$1,815,952	\$46,939	\$1,301,969	\$1,105,732
Total Delinquent Taxes Collected(DTC)	\$117,346	\$1,423,005	\$810,101	\$43,968	\$598,605	\$138,839	\$716,276	\$436,853	\$41,293	\$333,315	\$153,400	\$1,610,278	\$677,839	\$14,889	\$614,102	\$515,341
Total Penalties and Interest Collected	\$ 28,194	\$204,572	\$98,982	\$4,766	\$84,129	\$40,525	\$169,676	\$58,206	\$4,031	\$68,110	\$29,267	\$222,705	\$118,492	\$2,391	\$93,214	\$81,817
Collection Percentage (DTC/DTR) for all delinquent tax years	36.00%	64.92%	61.19%	62.64%	56.19%	40.48%	32.21%	28.86%	60.04%	40.40%	39.15%	54.53%	37.33%	31.72%	40.68%	46%
Litigation Records																
Suits Filed	102	325	165	16	152	46	183	84	14	82	53	293	69	6	105	113
Primary Suits Filed	56	115	66	8	61	35	136	68	11	63	43	219	53	5	80	68
Intervenor Suits	11	2	33	4	13	20	0	37	3	15	19	2	37	4	16	14
Number of Demand Letters	986	2157	1023	324	1123	1014	1489	698	210	853	426	1376	648	94	636	870
Dismissals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Percentage of Primary Suits Filed	54.90%	35.38%	40.00%	50.00%	45.07%	76.09%	74.32%	80.95%	78.57%	77.48%	81.13%	74.74%	76.81%	83.33%	79.01%	67%



REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 9, 2020</u>
Requested By: <u>Ray Mayo, Director</u>
Department: <u>Public Works</u>
<input checked="" type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance

Appropriation	
Source of Funds:	<u>003- Utility CIP</u>
Account Number:	<u>003-7085-533-5130</u>
Amount Budgeted:	<u>\$525,000</u>
Amount Requested:	<u>\$302,500</u>
Budgeted Item:	<input checked="" type="radio"/> Yes <input type="radio"/> No

Exhibits: Bid Tabulation for Bid 20007, Access Report 20007, of Recommendation and Bid from Maguire Iron

Letter

SUMMARY

Sealed Bid #20007- Lomax Elevated Water Storage Tank Rehabilitation was opened and read on February 6, 2020. Bid requests were advertised in the Bay Area Observer, posted on the City of La Porte website, Public Purchase and Dunham Engineering website. Ninety-six (96) vendors were notified with thirty-four (34) downloading the bid documents, and fifteen (15) contractors returning bids.

Maguire Iron, Inc. of Sioux Falls, South Dakota submitted the lowest base bid in the amount of \$261,000 and alternate bid item for two "bulldog" logos in the amount of \$14,000. These are similar to the logos currently on the 4th Street water tower. The alternate paint system (\$2,000 deduct) proposed by the contractor was not accepted. It was not considered an equal to the paint system detailed in the specifications. Staff is requesting a contingency amount of \$27,500, for a total authorization of \$302,500, approximately 58% of the budgeted amount.

The design consultant, Dunham Engineering, Inc. has submitted a letter of recommendation for Maguire Iron Inc. It is not uncommon for out-of-state bidders to bid this type of work.

This water storage tank was constructed in 1991. The tank was last rehabilitated in 2004. The tank is in good structural condition; however, the interior coating is now in need of replacement. The project will consist of sandblasting and replacement of the interior coating, minor welding repairs, over-coating of the exterior and cleaning of the concrete pedestal. The term of the project is 120 days. The tank will be out of service for the entirety of the project. The project will be conducted during a low-usage period to minimize any negative impact to the water system. Proper routine maintenance

increases the life of the structure. Delaying the maintenance will lead to increased repair costs and could lead to water quality issues.

RECOMMENDED MOTION

I move to award Bid 20007 to Maguire Iron, Inc. and authorize the City Manager to execute a contract with Maguire Iron, Inc. in the amount of \$275,000 plus a project contingency of \$27,500 for a total authorization of \$302,500.

Approved for the City Council meeting agenda

Corby D. Alexander, City Manager

Date

BID FORM
BID 2007-LOMAX ELEVATED WATER STORAGE TANK REHABILITATION PROJECT

DATE: 02/04/2020

Bid of Maguire Iron, Inc. ~~an individual proprietorship~~, a corporation organized and existing under laws of the State of ~~Texas~~, ~~a partnership consisting of~~ N.A., Elevated Water Storage Tank Rehabilitation Project, for the City of La Porte, Harris County, Texas.
South Dakota

Gentlemen:

The undersigned bidder has carefully examined the Instructions to Bidders, this Proposal, the General Conditions of Agreement, the Technical Specifications and the drawings for the work herein above described and referred to in the Invitation to Bid and has carefully examined the site of the work and will provide all necessary labor, superintendence, machinery, equipment, tools, materials, services and other means of construction to complete all the work upon which he bids, as called for in the Contract, the Specifications and shown on the drawings, and in the manner prescribed therein and according to the requirements of the City of La Porte.

BASE BID:

The furnishing of labor, equipment, and materials necessary for the ground storage tank replacement project per the attached specifications and plans.

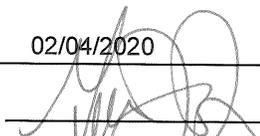
Item No.	Estimated Quantity	Description and Price in Words	Total Price
1.	Lump Sum	Furnish material and labor to rehabilitate the interior coating system on the elevated water storage tank, per the Technical Specifications for a lump sum of : <u>One Hundred Forty Nine Thousand</u> dollars and <u>No</u> cents.	\$ <u>149,000</u>
2.	Lump Sum	Furnish material and labor to overcoat the exterior coating system on the elevated water storage tank, per the Technical Specifications for a lump sum of : <u>Seventy One Thousand Five Hundred</u> dollars and <u>No</u> cents.	\$ <u>71,500</u>

It is understood that the Owner reserves the right to reject any and all bids.

In the event of Award of the Contract to the undersigned, the undersigned agrees to furnish Performance and Payment Bonds as provided in the Specifications.

The undersigned certifies that the bid prices contained in this proposal have been carefully checked and are submitted as correct and final

Date 02/04/2020

Signed 

By Gene Jones, Jr. - President
(Title)

Company Maguire Iron, Inc.

PO Box 1446, Sioux Falls, SD 57101
(Address)

605-334-9749
(Telephone Number)

WerdelT@maguireiron.com
(Email Address)


Witness Troy Werdel

SEAL (if Bidder is a Corporation)

Acknowledge receipt of Addenda Below:

Addendum No. _____

Date Received _____

CORPORATE RESOLUTION

BE IT RESOLVED by the Board of Directors of **Maguire Iron, Inc.**, a South Dakota Corporation, located at 1610 N. Minnesota Ave., Sioux Falls, SD. 57104, in a meeting duly assembled that **Gene Jones, Jr., President** of the Corporation, be, and he is hereby authorized, empowered and directed for and on behalf of the Corporation to negotiate for and sign any and all bid proposals and/or contract which this corporation might enter into for the furnishing of services for Corporation under such terms, conditions and stipulations, and for such consideration as he might deem to best interest of the Corporation.

.....

I, Scott Jones, Secretary of, Maguire Iron, Inc., do hereby certify that the above and foregoing is a true and correct copy of a Resolution adopted at a meeting of the Board of Directors of said Corporation held on the 11th day of September, 2019 at which meeting a quorum was present and voted and that said Resolution has been spread upon the minute book of said Corporation, and same is now in full force and effect.

WITNESS MY SIGNATURE this 4th day of February, 2020, at Sioux Falls, South Dakota.



Scott Jones, Secretary

BID BOND

STATE OF TEXAS §
 § SURETY'S NO. _____
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS, THAT _____

Maguire Iron, Inc.

PO Box 1446 - Sioux Falls, SD 57101

(hereinafter called the Principal), as Principal and _____

Great American Insurance Company of New York

(hereinafter called the Surety), as Surety, are bound unto the City of La Porte, Texas, a home rule municipal corporation of Harris County, Texas (hereinafter called Obligee) in the amount of five percent (5%) of total amount bid Dollars (\$ _____), for the payment whereof said Principal including all alternates and Surety bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has submitted a Bid to enter into a certain written Contract with Obligee for Bid #20007

Lomax Elevated Water Storage Tank Rehabilitation Project

La Porte Texas

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said Principal shall faithfully, enter into such written Contract, then this obligation shall be void; otherwise to remain in full force and effect.

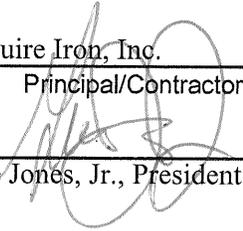
IT IS EXPRESSLY UNDERSTOOD AND AGREED that if said Principal should withdraw its Bid anytime after such Bid is opened and before this Bid Bond is returned or before official rejection of such Bid; or, if successful in securing the award thereof, said Principal should fail to enter into the Contract and furnish satisfactory Performance Bond and Payment Bond, and other required contract documents, the Obligee, in either of such events, shall be entitled and is hereby given the right to collect the full amount of this Bid Bond as liquidated damages.

PROVIDED, further that if any legal action be filed upon this Bond, venue shall lie in Harris County, Texas.

IN WITNESS WHEREOF, the said Principal and Surety do sign and seal this instrument this 3rd
day of February, 2020.

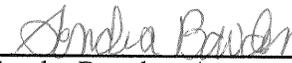
Maguire Iron, Inc.
Principal/Contractor

By:


Gene Jones, Jr., President

Great American Insurance Company of New York
Surety

By:


Sondra Bowden, Attorney-In-Fact

Address: PO Box 1446

Sioux Falls, SD 57101

Address: 3460 Washington Drive, Suite 208

Eagan, MN 55122

NOTE: Attach Power of Attorney

ACKNOWLEDGMENT OF PRINCIPAL (Individual)

STATE OF _____
COUNTY OF _____ ss:

On this _____ day of _____, in the year _____, before me personally come(s) _____, known to me to be the person(s) who (is) (are) described in and who executed the foregoing instrument and acknowledge(s) to me that he/she executed the same.

NOTARY PUBLIC

ACKNOWLEDGMENT OF PRINCIPAL (Partnership)

STATE OF _____
COUNTY OF _____ ss:

On this _____ day of _____, in the year _____, before me personally come(s) _____ a member of the co-partnership of _____ known to me to be the person who is described in and who executed the foregoing instrument, and acknowledges to me that he/she executed the same as and for the act and deed of the said co-partnership.

NOTARY PUBLIC

ACKNOWLEDGMENT OF PRINCIPAL (Corporation)

STATE OF South Dakota
COUNTY OF Minnehaha ss:

On this 3rd day of February in the year 2020, before me personally come(s) Gene Jones, Jr. to me known, who, being by me duly sworn, deposes and says that he/she resides in the City of Sioux Falls, SD that he/she is the President of Maguire Iron, Inc. a corporation that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like order.

My Commission Expires:
June 12, 2025

Debbie K. Smith
NOTARY PUBLIC

ACKNOWLEDGMENT OF SURETY

STATE OF South Dakota
COUNTY OF Minnehaha ss:

On this 3rd day of February in the year 2020, before me personally come(s) Sondra Bowden Attorney(s)-in-Fact of Great American Insurance Company of New York with whom I am personally acquainted, and who, being by me duly sworn, says that he/she reside(s) in Sioux Falls, SD that he/she is (are) the Attorney(s)-In-Fact of Great American Insurance Company of New York the company described in and which executed the within instrument; that he/she know(s) the corporate seal of such Company; and that the seal affixed to the within instrument is such corporate seal and that it was affixed by order of the Board of Directors of said Company, and that he/she signed said instrument as Attorney(s)-in-Fact of the said Company by like order.

My Commission Expires:
June 12, 2025

Debbie K. Smith
NOTARY PUBLIC

GREAT AMERICAN INSURANCE COMPANY OF NEW YORK

New York

Administrative Office: 301 E 4TH STREET • CINCINNATI, OHIO 45202 • 513-369-5000 • FAX 513-723-2740

The number of persons authorized by this power of attorney is not more than **FOUR**

No. **0** 16690

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the GREAT AMERICAN INSURANCE COMPANY OF NEW YORK, a corporation organized and existing under and by virtue of the laws of the State of New York, does hereby nominate, constitute and appoint the person or persons named below its true and lawful attorney-in-fact, for it and in its name, place and stead to execute on behalf of the said Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; provided that the liability of the said Company on any such bond, undertaking or contract of suretyship executed under this authority shall not exceed the limit stated below.

Name	Address	Limit of Power
KEVIN KROEZE	ALL OF	ALL
SONDRA BOWDEN	SIoux FALLS, SOUTH DAKOTA	\$100,000,000
MICHAEL M. MAHAN		
VAN CARMODY		
CHAD A. DUBISAR		
LORNA M. ANDERSON		

This Power of Attorney revokes all previous powers issued on behalf of the attorney(s)-in-fact named above.

IN WITNESS WHEREOF, the GREAT AMERICAN INSURANCE COMPANY OF NEW YORK has caused these presents to be signed and attested by its appropriate officers and its corporate seal hereunto affixed this **4TH** day of **MARCH**, 2019.

Attest

GREAT AMERICAN INSURANCE COMPANY OF NEW YORK



Stephen C. Beraha

Assistant Secretary

Mark Vicario

Divisional Senior Vice President

MARK VICARIO (877-377-2405)

STATE OF OHIO, COUNTY OF HAMILTON-ss:

On this **4TH** day of **MARCH**, 2019, before me personally appeared **MARK VICARIO**, to me known, being duly sworn, deposes and says that he resides in Cincinnati, Ohio, that he is a Divisional Senior Vice President of the Bond Division of Great American Insurance Company of New York, the Company described in and which executed the above instrument; that he knows the seal; that it was so affixed by authority of his office under the By-Laws of said Company, and that he signed his name thereto by like authority.



Susan A. Kohorst
Notary Public, State of Ohio
My Commission Expires 05-18-2020

Susan A. Kohorst

This Power of Attorney is granted by authority of the following resolutions adopted by the Board of Directors of Great American Insurance Company of New York by unanimous written consent dated May 14, 2009.

RESOLVED: That the Divisional President, the several Divisional Senior Vice Presidents, Divisional Vice Presidents and Divisional Assistant Vice Presidents, or any one of them, be and hereby is authorized, from time to time, to appoint one or more Attorneys-in-Fact to execute on behalf of the Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; to prescribe their respective duties and the respective limits of their authority; and to revoke any such appointment at any time.

RESOLVED FURTHER: That the Company seal and the signature of any of the aforesaid officers and any Secretary or Assistant Secretary of the Company may be affixed by facsimile to any power of attorney or certificate of either given for the execution of any bond, undertaking, contract of suretyship, or other written obligation in the nature thereof, such signature and seal when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

CERTIFICATION

I, **STEPHEN C. BERAHA**, Assistant Secretary of Great American Insurance Company of New York, do hereby certify that the foregoing Power of Attorney and the Resolutions of the Board of Directors of May 14, 2009 have not been revoked and are now in full force and effect.

Signed and sealed this **3rd** day of **February**, 2020



Stephen C. Beraha

Assistant Secretary



**Great American Insurance Company of New York
Great American Alliance Insurance Company
Great American Insurance Company**

IMPORTANT NOTICE:

To obtain information or make a complaint:

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance at:

P.O. Box 149104
Austin, TX 78714-9091
FAX: 1-512-490-1007

Your notice of claim against the attached bond may be given to the surety company that issued the bond by sending it by certified or registered mail to the following address:

Mailing Address: Great American Insurance Company
P.O. Box 2119
Cincinnati, Ohio 45202

Physical Address: Great American Insurance Company
301 E. Fourth Street
Cincinnati, Ohio 45202

You may also contact the Great American Insurance Company Claim office by:

Fax: 1-888-290-3706
Telephone: 1-513-369-5091
Email: bondclaims@gaic.com

PREMIUM OR CLAIM DISPUTES:

If you have a dispute concerning a premium, you should contact the agent first. If you have a dispute concerning a claim, you should contact the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR BOND:

This notice is for information only and does not become a part or condition of the attached document.

**CITY OF LA PORTE
RESPONDENT AFFIDAVIT**

The foregoing prices shall include all labor, materials, equipment, removal, overhead, profit, freight, insurance, etc., to cover the finished work specified in this bid.

All items bid and installed under this procurement must be new and unused and in undamaged condition.

The City of La Porte is tax exempt and no taxes shall be included in the pricing of this solicitation.

Respondent understands that the Owner reserves the right to reject any or all bids and to waive any informalities in the solicitation.

The respondent agrees that this solicitation shall be good and may not be withdrawn for a period of sixty (60) calendar days after the scheduled closing time for receiving submittals.

The undersigned affirms they are duly authorized to represent this firm, that this proposal has not been prepared in collusion with any other firm, and that the contents contained herein have not been communicated to any other firm prior to the official opening.

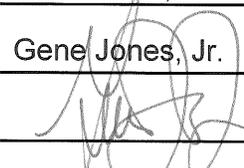
Respectfully submitted:

Business Name: Maguire Iron, Inc.

Address: PO Box 1446

Sioux Falls, SD 57101

Printed Name: Gene Jones, Jr.

Authorized Signature: 

Date: 02/04/2020

**CITY OF LA PORTE
CERTIFICATION OF RESPONDENT**

City of La Porte Ordinance #98-2217 prohibits any expenditure for goods or services by the City of La Porte from any person, firm, or corporation owing any delinquent indebtedness to the City. The undersigned respondent further certifies that it is in compliance with the requirements of said ordinance. A copy of the ordinance may be obtained by contacting the City of La Porte Purchasing Division at 281-470-5126.

If undersigned bidder is not in compliance with Ordinance 98-2217, it hereby assigns to the City of La Porte, the amount of its delinquent indebtedness to the City of La Porte, to be deducted by the City of La Porte from the amounts due the undersigned.

Failure to remit this certification with the response or non-compliance with said ordinance shall be just cause for rejection or disqualification of submitted proposal.

_____ The undersigned hereby certifies that it is in compliance with Ordinance 98-2217.

Or

_____ The undersigned assigns to the City of La Porte, the amount of its delinquent indebtedness, to be deducted by the City of La Porte from the amounts due the undersigned.

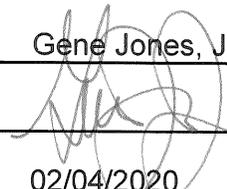
(Initial one of the above)

Business Name: Maguire Iron, Inc.

Address: PO Box 1446

Sioux Falls, SD 57101

Printed Name: Gene Jones, Jr.

Authorized Signature:  _____

Date: 02/04/2020

CITY OF LA PORTE
PROTECTION OF RESIDENT WORKERS COMPLIANCE

The City of La Porte, Texas actively supports the Immigration and Nationality Act (INA) which includes provisions addressing employment eligibility, employment verification, and nondiscrimination. Under the INA, employers may hire only persons who may legally work in the United States (i.e., citizens and nationals of the U.S.) and aliens authorized to work in the U.S.

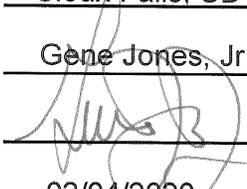
The employer must verify the identity and employment eligibility of anyone to be hired, which includes completing the Employment Eligibility Verification Form (I-9).

The Contractor shall establish appropriate procedures and controls so no services or products under the Contract Documents will be performed or manufactured by any worker who is not legally eligible to perform such services or employment.

Business Name: Maguire Iron, Inc.

Address: PO Box 1446
Sioux Falls, SD 57101

Printed Name: Gene Jones, Jr.

Authorized Signature:  _____

Date: 02/04/2020

CITY OF LA PORTE INDEMNITY HOLD HARMLESS AGREEMENT

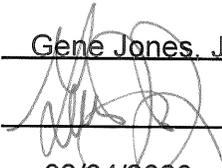
To the fullest extent permitted by law, Contractor, its successors, assigns and guarantors, shall pay, defend, indemnify and hold harmless the City of La Porte, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, including claims of patent or copyright infringement, damages, losses, expenses, including but not limited to, attorney's fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expenses, related to, arising from or out of or resulting from any actions, acts, errors, mistakes or omissions caused in whole or part by Contractor relating to work, services and/or products provided in the performance of this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by or working as an independent contractor for Contractor or said Subcontractors or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Contractor's and Subcontractor's employees or independent contractors.

The Contractor expressly understands and agrees that any insurance policies required by this contract, or otherwise provided by the Contractor, shall in no way limit the responsibility to indemnify, keep and save harmless and defend the City of La Porte, its Council members, officers, agents and employees and herein provided.

Business Name: Maguire Iron, Inc.

Address: PO Box 1446
Sioux Falls, SD 57101

Printed Name: Gene Jones, Jr.

Authorized Signature:  _____

Date: 02/04/2020

CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

FORM CIQ

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

None

2 Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

None

Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

None

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

Yes No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

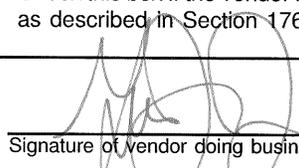
Yes No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

None

6 Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7



Signature of vendor doing business with the governmental entity

Date

References:

Please PRINT or TYPE here, the names, addresses and other contact information of persons in a management capacity where other similar work has been provided within the last five (5) years, or is currently being provided that may be willing to provide a reference and recommendation for your company. Failure to complete and submit this form may be cause to disqualify your proposal. References provided must be for similar events.

At least 2 of the 4 required references should be current and of a similar size and scope. Contractor shall also indicate the date services were performed and a brief description of the type of event, and any other pertinent information involved for each reference provided.

Company Name	Contact	Address	Telephone	E-mail
Please see attached				

Company Name	Contact	Address	Telephone	E-mail

Company Name	Contact	Address	Telephone	E-mail

Company Name	Contact	Address	Telephone	E-mail

Company Name	Contact	Address	Telephone	E-mail

REFERENCES

Winslow, NE

30MG Cone – Interior Painting & Repair
 Village of Winslow, NE
 George Wagner – Water Superintendent
 (402) 719-1604
 Contract - \$55,960
 Completion – May 2017

Chamberlain, SD

500MG Double Ellipsoidal – Ext/Int Paint &
 Repair
 City of Chamberlain, SD
 Short Eliot Hendrickson, Inc
 (651) 490-2000
 Contract - \$199,650
 Completion – November 2017

Kentwood, LA

75MG Double Ellipsoidal - Ext/Int Paint &
 Repair
 Town of Kentwood, LA
 Owen and White
 (662) 226-1081
 Contract - \$218,570
 Completion – September 2017

Springboro, OH

2.0MMG Hydro Pillar – Ext/Int Paint &
 Repair
 City of Springboro, OH
 Dixon Engineering
 (616) 374-3221
 Contract - \$256,600
 Completion – June 2017

Summit, MS

200MG Double Ellipsoidal – Ext/Int Paint &
 Repair
 Town of Summit, MS
 Dungan Engineering
 (601) 731-2600
 Contract - \$310,000
 Completion – August 2016

Three Forks, MT

1.0MMG GST – Ext/Int Painting & Repair
 City of Three Forks, MT
 Great Western Engineering
 (406) 449-8627
 Contract - \$141,240
 Completion – June 2017

Colorado Springs, CO

3.0MMG GST – Ext/Int Painting & Repair
 Cherokee Metro District
 SGM – Theresa Weidmann
 (970) 945-1007
 Contract - \$1,293,843
 Completion – September 2017

Seguin, TX

1.0MMG Composite - Ext/Int Painting &
 Repair w/Containment
 City of Seguin, TX
 TRC Engineers
 (512) 329-6080
 Contract - \$413,700
 Completion – March 2019

House Bill 89 VERIFICATION

I, Gene Jones, Jr. (Person name), the undersigned
representative of Maguire Iron, Inc.

(hereafter referred to as company) being an adult over the age of eighteen (18) years of age,
do hereby verify that the company named-above, under the provisions of Subtitle F, Title 10,
Government Code Chapter 2270::

1. Does not boycott Israel currently; and
2. Will not boycott Israel during the term of the contract the above-named
Company, business or individual with City of La Porte, Texas.

This statement is exempt for sole proprietorship vendors, vendors who have less than 10 full
time employees and contracts that are under \$100,000 of public funds.

Pursuant to Section 2270.001, Texas Government Code:

1. *"Boycott Israel" means refusing to deal with, terminating business activities with, or
otherwise taking any action that is intended to penalize, inflict economic harm on, or
limit commercial relations specifically with Israel, or with a person or entity doing
business in Israel or in an Israeli-controlled territory, but does not include an action made
for ordinary business purposes; and*
2. *"Company" means a for-profit sole proprietorship, organization, association,
corporation, partnership, joint venture, limited partnership, limited liability partnership,
or any limited liability company, including a wholly owned subsidiary, majority-owned
subsidiary, parent company or affiliate of those entities or business associations that
exist to make a profit.*

02/04/2020

DATE



Gene Jones, Jr.

SIGNATURE OF COMPANY REPRESENTATIVE

FORM 1295-Effective January 1, 2016

The Texas Legislature passed House Bill 1295 (“HB 1295”) during the 84th Legislative Session, which enacted Section 2252.908, Government Code, imposing new requirements for contracts entered into by governmental entities. These new requirements require a business to file a disclosure of interested parties form with a governmental entity if a contract requires an action or vote by the governing body of the agency or a contract with a value of at least 1 million dollars. The Texas Ethics Commission (TEC) has formulated administrative rules and FORM 1295 to be used by the business to make disclosures to governmental entities for contracts under consideration. This information is available on the website of the Texas Ethics Commission (<https://www.ethics.state.tx.us/tec/1295-Info.htm>).

1. The business registers for an online account with the TEC.
2. The business accesses the TEC website and completes an online FORM 1295, making all necessary disclosures required by HB 1295.
3. The TEC website then generates a PDF version of FORM 1295 with a “certificate number” as a certification of filing.
4. The business then prints off, executes and notarizes a hard copy of FORM 1295 and submits it to the governmental entity on or before the award of the contract.

The City will not enter into a contract or a Purchase Order issued until a completed Form 1295 with a TEC certificate number is received.

Please use the following information to fill out FORM 1295: BID 20007

City’s Name: City of La Porte
Identification Number: 20007

If you have any questions about this process, please call Purchasing at 281-470-5126, or email, purchasing@laportetx.gov.

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

Certificate Number:
2020-584172

Date Filed:
02/04/2020

Date Acknowledged:

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

Maguire Iron, Inc.
Sioux Falls, SD United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

City of La Porte, TX

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

BID 20007
Bid #20007 – Lomax Elevated Water Storage Tank Rehabilitation Project

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary

5 Check only if there is NO Interested Party.

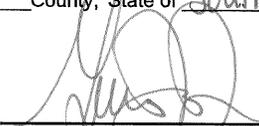
6 UNSWORN DECLARATION

My name is Gene Jones, Jr., and my date of birth is 03-04-1962.

My address is 1610 S. Minnesota Ave., Sioux Falls, SD, 57104, USA.
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Minnehaha County, State of South Dakota, on the 4th day of February, 2020.
(month) (year)



Signature of authorized agent of contracting business entity
(Declarant)
Gene Jones, Jr.

Appendix No. 1-A
Contractor's Qualification Statement

- 1 The phone number, email address, and primary contact of the Bidder's place of business.
- 2 The number of years engaged in the contracting business under the present firm name, and the name of the state where incorporated. Include names of previous firms that principals have been employed.
- 3 A list of property and equipment available to the Bidder to evaluate if the Bidder can complete the Work in accordance with the Bidding Documents.
- 4 The Bidder's performance record giving the description, location, and telephone numbers of similar projects constructed in a satisfactory manner by the Bidder.
- 5 A list of projects presently under contract, the approximate contract amount, and percent of completion of each.
- 6 A list of contracts which resulted in law suits.
- 7 A list of contracts defaulted.
- 8 A statement of the Bidder indicating whether or not the Bidder has ever filed bankruptcy while performing Work of like nature or magnitude.
- 9 A list of officers of the firm who, while in the employ of the firm or the employ of previous firms, were associated with contracts which resulted in lawsuits, contracts defaulted or filed for bankruptcy.
- 10 The technical experience of personnel guaranteed to be employed in the responsible charge of the Work stating whether the personnel have or have not performed satisfactorily on other contracts of like nature and magnitude of comparable difficulty at similar rate of progress.
- 11 Such additional information as will assist OWNER in determining whether the Bidder is adequately prepared to fulfill the contract.

QUALIFICATIONS STATEMENT

THE INFORMATION SUPPLIED IN THIS DOCUMENT IS CONFIDENTIAL TO THE EXTENT PERMITTED BY LAWS AND REGULATIONS

1. SUBMITTED BY:

Official Name of Firm: Maquire Iron, Inc.

Address: P.O. Box 1446

Sioux Falls, South Dakota 57101

P: 605-334-9749 F: 605-334-9752

2. SUBMITTED TO:

City of La Porte, TX

3. SUBMITTED FOR:

Owner: City of La Porte, TX

Project Name: Bid #20007 - Lomax Elevated Water Storage

Tank Rehabilitation Project

TYPE OF WORK:

Water Tower Rehabilitation

4. CONTRACTOR'S CONTACT INFORMATION

Contact Person: Troy Werdel

Title: Chief Estimating/PM Officer

Phone: 605-334-9749

Email: werdelt@maquireiron.com

5. **AFFILIATED COMPANIES:**

Name: N/A
Address: _____

6. **TYPE OF ORGANIZATION:**

SOLE PROPRIETORSHIP

Name of Owner: _____

Doing Business As: _____

Date of Organization: _____

PARTNERSHIP

Date of Organization: _____

Type of Partnership: _____

Name of General Partner(s): _____

CORPORATION

State of Organization: South Dakota

Date of Organization: 01/28/1966

Executive Officers:

- President: Gene Jones, Jr.

- Vice President(s): Scott Jones

- Treasurer: Brad Jones

- Secretary: Scott Jones

LIMITED LIABILITY COMPANY

State of Organization: _____

Date of Organization: _____

Members: _____

JOINT VENTURE

State of Organization: _____

Date of Organization: _____

Form of Organization: _____

Joint Venture Managing Partner

- Name: _____

- Address: _____

Joint Venture Managing Partner

- Name: _____

- Address: _____

Joint Venture Managing Partner

- Name: _____

- Address: _____

7. LICENSING

Jurisdiction: _____

Type of License: _____

License Number: _____

Jurisdiction: _____

Type of License: _____

License Number: _____

8. CERTIFICATIONS

CERTIFIED BY:

Disadvantage Business Enterprise: _____

Minority Business Enterprise: _____

Woman Owned Enterprise: _____

Small Business Enterprise: _____

Other (_____): _____

9. BONDING INFORMATION

Bonding Company: Great American Insurance

Address: 3460 Washington Drive

Eagan, MN 55122

Bonding Agent: Boen and Associates

Address: 307 W. 41st Street

Sioux Falls, SD 57104

Contact Name: Kevin Kroeze

Phone: 605-336-0425

Aggregate Bonding Capacity: \$50 Million

Available Bonding Capacity as of date of this submittal: \$20 Million

10. FINANCIAL INFORMATION

Financial Institution: First National Bank
Address: 100 S. Phillips Ave.
Sioux Falls, SD 57104
Account Manager: Eric Haugland
Phone: 605-335-5200

INCLUDE AS AN ATTACHMENT AN AUDITED BALANCE SHEET FOR EACH OF THE LAST 3 YEARS

11. CONSTRUCTION EXPERIENCE:

Current Experience:

List on **Schedule A** all uncompleted projects currently under contract (If Joint Venture list each participant's projects separately).

Previous Experience:

List on **Schedule B** all projects completed within the last 5 Years (If Joint Venture list each participant's projects separately).

Has firm listed in Section 1 ever failed to complete a construction contract awarded to it?

YES NO

If YES, attach as an Attachment details including Project Owner's contact information.

Has any Corporate Officer, Partner, Joint Venture participant or Proprietor ever failed to complete a construction contract awarded to them in their name or when acting as a principal of another entity?

YES NO

If YES, attach as an Attachment details including Project Owner's contact information.

Are there any judgments, claims, disputes or litigation pending or outstanding involving the firm listed in Section 1 or any of its officers (or any of its partners if a partnership or any of the individual entities if a joint venture)?

YES NO

If YES, attach as an Attachment details including Project Owner's contact information.

12. SAFETY PROGRAM:

Name of Contractor's Safety Officer: Larry Nierengarten

Include the following as attachments:

Provide as an Attachment Contractor's (and Contractor's proposed Subcontractors and Suppliers furnishing or performing Work having a value in excess of 10 percent of the total amount of the Bid) OSHA No. 500- Log & Summary of Occupational Injuries & Illnesses for the past 5 years.

Provide as an Attachment Contractor's (and Contractor's proposed Subcontractors and Suppliers furnishing or performing Work having a value in excess of 10 percent of the total amount of the Bid) list of all OSHA Citations & Notifications of Penalty (monetary or other) received within the last 5 years (indicate disposition as applicable) - IF NONE SO STATE.

None

Provide as an Attachment Contractor's (and Contractor's proposed Subcontractors and Suppliers furnishing or performing Work having a value in excess of 10 percent of the total amount of the Bid) list of all safety citations or violations under any state all received within the last 5 years (indicate disposition as applicable) - IF NONE SO STATE.

None

Provide the following for the firm listed in Section V (and for each proposed Subcontractor furnishing or performing Work having a value in excess of 10 percent of the total amount of the Bid) the following (attach additional sheets as necessary):

Workers' compensation Experience Modification Rate (EMR) for the last 5 years:

YEAR	<u>2020</u>	EMR	<u>1.18</u>
YEAR	<u>2019</u>	EMR	<u>.1.07</u>
YEAR	<u>2018</u>	EMR	<u>.76</u>
YEAR	<u>2017</u>	EMR	<u>.89</u>
YEAR	<u>2016</u>	EMR	<u>.97</u>

Total Recordable Frequency Rate (TRFR) for the last 5 years:

YEAR	<u>2019</u>	TRFR	<u>1.4</u>
YEAR	<u>2018</u>	TRFR	<u>2.7</u>
YEAR	<u>2017</u>	TRFR	<u>9.2</u>
YEAR	<u>2016</u>	TRFR	<u>10.2</u>
YEAR	<u>2015</u>	TRFR	<u>15.1</u>

Total number of man-hours worked for the last 5 Years:

YEAR	<u>2019</u>	TOTAL NUMBER OF MAN-HOURS	<u>140,516</u>
YEAR	<u>2018</u>	TOTAL NUMBER OF MAN-HOURS	<u>148,758</u>
YEAR	<u>2017</u>	TOTAL NUMBER OF MAN-HOURS	<u>130,166</u>
YEAR	<u>2016</u>	TOTAL NUMBER OF MAN-HOURS	<u>117,658</u>
YEAR	<u>2015</u>	TOTAL NUMBER OF MAN-HOURS	<u>92,845</u>

Provide Contractor's (and Contractor's proposed Subcontractors and Suppliers furnishing or performing Work having a value in excess of 10 percent of the total amount of the Bid) Days Away From Work, Days of Restricted Work Activity or Job Transfer (DART) incidence rate for the particular industry or type of Work to be performed by Contractor and each of Contractor's proposed Subcontractors and Suppliers) for the last 5 years:

YEAR	_____	DART	_____
YEAR	_____	DART	_____
YEAR	_____	DART	_____
YEAR	_____	DART	_____
YEAR	_____	DART	_____

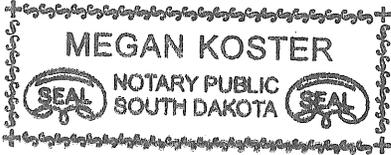
13. EQUIPMENT:

MAJOR EQUIPMENT:

List on Schedule C all pieces of major equipment available for use on Owner's Project.

I HEREBY CERTIFY THAT THE INFORMATION SUBMITTED HERewith, INCLUDING ANY ATTACHMENTS, IS TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

NAME OF ORGANIZATION: Maguire Iron, Inc.



BY: [Signature]

TITLE: President

DATED: 02/04/2020

NOTARY ATTEST: Megan Koster

SUBSCRIBED AND SWORN TO BEFORE ME

THIS 4th DAY OF February, 2020

NOTARY PUBLIC - STATE OF SOUTH DAKOTA

MY COMMISSION EXPIRES: 5-11-2024

REQUIRED ATTACHMENTS

1. Schedule A (Current Experience).
2. Schedule B (Previous Experience).
3. Schedule C (Major Equipment).
4. Audited balance sheet for each of the last 3 years for firm named in Section 1.
5. Evidence of authority for individuals listed in Section 7 to bind organization to an agreement.
6. Resumes of officers and key individuals (including Safety Officer) of firm named in Section 1.
7. Required safety program submittals listed in Section 13.
8. Additional items as pertinent.

**See Attached.

SCHEDULE A

CURRENT EXPERIENCE

Project Name	Owner's Contact Person	Design Engineer	Contract Date	Type of Work	Status	Cost of Work
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				

Current Projects 2020

City	State	Description of Work	Contract Amount	Tank Style	Status	% Estimated Complete
Marshall	IL	Interior/Exterior/Containment	\$ 501,000		Sphere On-Site	75%
Grand Stand	SC	Interior/Exterior/Containment	\$ 244,500		DE On-Site	57%
DeQueen	AR	Interior/Exterior/Containment/Steel	\$ 793,000		Legged On-Site	15%
Marks	MS	Interior/Exterior	\$ 155,715		Legged On-Site	56%
Harris County	TX	Interior/Exterior/Containment	\$ 78,500		Sphere On-Site	100%
Electra	TX	Interior/Exterior/Containment	\$ 294,850		Legged On-Site	0%
Grand Stand	SC	Interior/Exterior/Containment	\$ 218,000		DE Scheduled	0%
Authur	ND	Interior/Exterior/Containment	\$ 296,650		Waterball Spring 2020	42%
LaHarpe	IL	Interior/Exterior/Steel	\$ 451,128		DE Spring 2020	94%
North Vernon	IN	Interior/Exterior/Steel	\$ 142,550		DE Spring 2020	0%
Adair	IA	Mixing System	\$ 116,350		Legged Spring 2020	12%
Glasgow	MT	Interior/Exterior/Steel	\$ 379,255		Legged Spring 2020	0%
Crow Creek	SD	Interior/Exterior/Steel	\$ 120,178		GST Spring 2020	0%

**See Attached.

SCHEDULE B

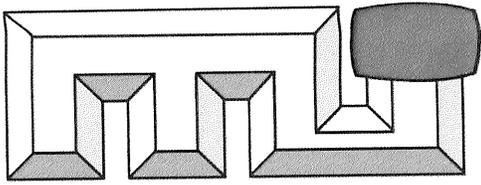
PREVIOUS EXPERIENCE (Include ALL Projects Completed within last 5 years)

Project Name	Owner's Contact Person	Design Engineer	Contract Date	Type of Work	Status	Cost of Work
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				

SCHEDULE B

PREVIOUS EXPERIENCE (Include ALL Projects Completed within last 5 years)

Project Name	Owner's Contact Person	Design Engineer	Contract Date	Type of Work	Status	Cost of Work
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				
	Name: Address: Telephone:	Name: Company: Telephone:				

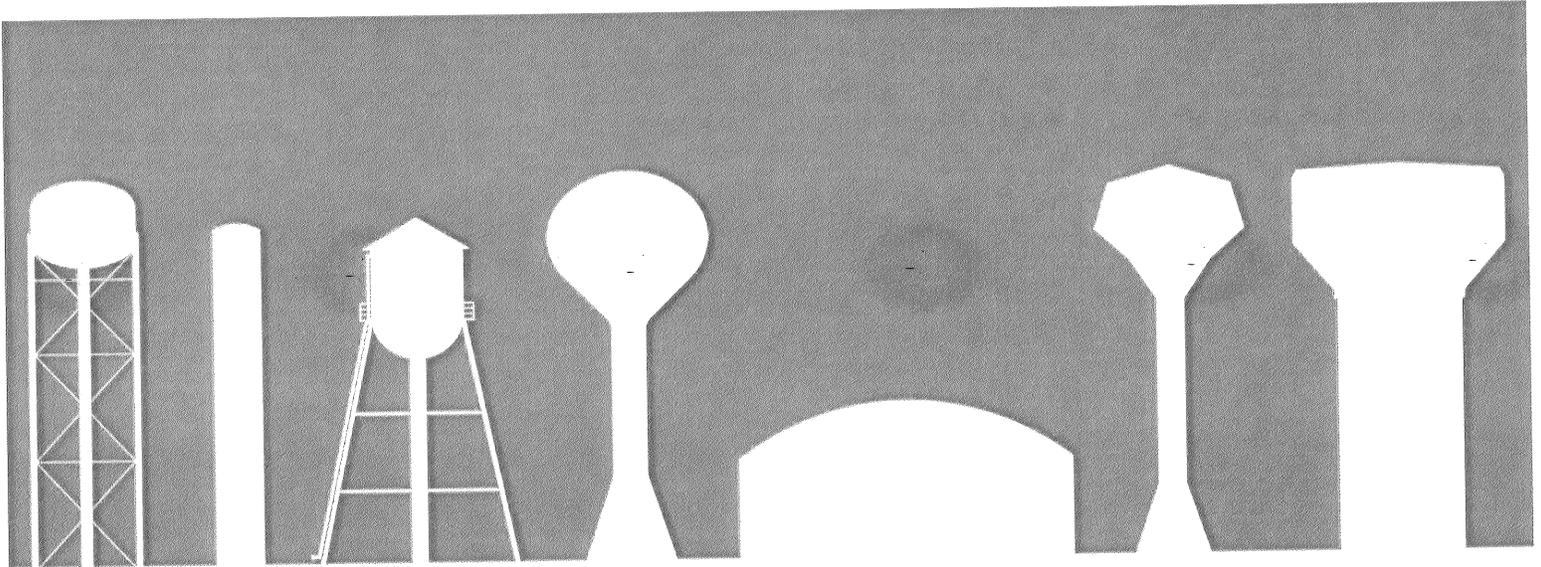


Maguire Iron, Inc.

1610 N. Minnesota Ave
Sioux Falls, SD 57104

Phone: (605) 334-9749

Fax: (605) 334-9752



TANK MAINTENANCE

TANK MANAGEMENT | INSPECTIONS | CLEANING | REPAIR | COATINGS | WATER QUALITY

NEW TANK

DESIGN | ENGINEERING | FABRICATION | CONSTRUCTION

MAGUIREIRON.COM

OUR STORY

At Maguire Iron, Inc. we believe in building a better tomorrow by providing unmatched services to deliver life-sustaining water. We do this by creating products, delivering services and partnering with communities to build and maintain the infrastructure that delivers the most important resource to live...water!

Maguire Iron is a family-owned and operated company based in Sioux Falls, South Dakota that has been in the water storage tank industry since 1915.



We offer a full spectrum of water storage tank services including new and pre-owned tanks, relocation of existing tanks, repairs and replacement parts, lead abatement services, exterior painting, interior linings (both conventional epoxy and 100% solids), service agreements, full-service maintenance programs, year around emergency services, and tank inspections by NACE certified inspectors.

We also operate a 60,000-square foot facility that includes an ASME Certified fabrication shop.

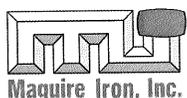
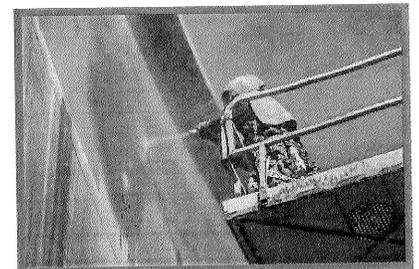
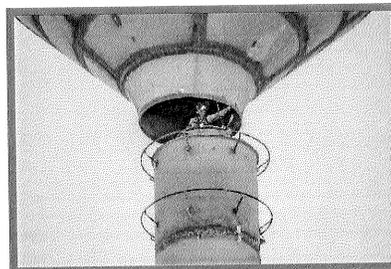


Our range of operational capability consists primarily of 23 states from the Rocky Mountains to Ohio, and North Dakota to the Gulf Coast, with occasional work in outlying states.

We employ approximately 130 full-time professional employees consisting of office staff, fabricators, welders, erectors, steelworkers, painters, inspectors and repair specialists. This includes 16 field crews performing field and site operations. We also have the expertise of an in-house engineering department, 4 SSPC C3/C5 Lead Abatement certified personnel, and National AWWA D100 Steel Tank, D101 Tank Inspection, and M42 committee members.

CORE VALUES

- Strive for Excellence
- Commit to Safety
- Build on Integrity
- Serve with Passion
- Grow the Family



OPERATIONS

The following full-time employees will be the “Principal Employees” associated with the operations and management of Maguire Iron Projects.

1. **Scott Jones, Vice President**

- As the company’s Vice President, Scott has experience in all facets of managing tank rehabilitation projects. Scott received his BS in Chemistry with a Mathematics minor from the University of South Dakota. He is NACE 3 certified, with over 30 years of experience in municipal water tank projects. Scott will be involved as the administrative head for the entire project, overseeing all of the administrative department heads, as well as heading contract execution and overall scheduling.

2. **Mike Farnsworth, Director of Operations**

- Mike is responsible for scheduling and oversight of all projects and operational personal. Mike is a retired Navy Veteran and has over 25 years’ experience in Management.

3. **Dan Drake, P.E. Lead Engineer**

- Dan will be responsible for all engineering and permitting of each of your projects. Dan will work with our project managers and management to ensure design and specification is sound and the best practice to maintain your assets.

QUALITY CONTROL

Maguire Iron has many employees with NACE certification. This ensures the quality of our workmanship is at its highest level.

NACE Certified Employees

1. NACE Certified Coating Inspector – Level 3

Scott Jones	Vice-President	#5707
Richard Kemmis	Field Representative	#10226
David Humble	Director of Field Crews	#22067
Jamie Mays	Director of Sales	#6754

2. NACE Certified Coating Inspector – Level 2

Chad Edwards	Field Representative	#22064
--------------	----------------------	--------

3. NACE Certified Coating Inspector – Level 1

Haskell Parada	Field Safety Inspector	#58238
Jack Powell	Field Representative	#64128
Jason Wipf	Field Foreman	#50716
Jeff Leubner	Field Representative	#37716
Migdad Mustafa	Project Coordinator	#81133

CERTIFICATIONS

Maguire Iron has many employees with SSPC-C3/C5 certifications. These professionals are informed on different aspects of industrial painting to insure high quality workmanship.

SSPC Certified Employees

1. SSPC – C3/C5 Certified: Supervisors/Competent Person for Deleading of Industrial Structures

Dave Humble
Jason Wipf

Director of Field Crews
Field Foreman

CREW EXPERIENCE

1. **Jason Wipf** – Foreman/Superintendent – 9 years' experience
 - NACE Coating Inspector Level 1 – Certified
 - OSHA 30 HR
 - SSPC-C3 Certified

2. **Eddie Hofer** – Foreman/Superintendent – 6 years' experience
 - OSHA 10 HR

REFERENCES

Winslow, NE

30MG Cone – Interior Painting & Repair
Village of Winslow, NE
George Wagner – Water Superintendent
(402) 719-1604
Contract - \$55,960
Completion – May 2017

Chamberlain, SD

500MG Double Ellipsoidal – Ext/Int Paint & Repair
City of Chamberlain, SD
Short Eliot Hendrickson, Inc
(651) 490-2000
Contract - \$199,650
Completion – November 2017

Kentwood, LA

75MG Double Ellipsoidal - Ext/Int Paint & Repair
Town of Kentwood, LA
Owen and White
(662) 226-1081
Contract - \$218,570
Completion – September 2017

Springboro, OH

2.0MMG Hydro Pillar – Ext/Int Paint & Repair
City of Springboro, OH
Dixon Engineering
(616) 374-3221
Contract - \$256,600
Completion – June 2017

Summit, MS

200MG Double Ellipsoidal – Ext/Int Paint & Repair
Town of Summit, MS
Dungan Engineering
(601) 731-2600
Contract - \$310,000
Completion – August 2016

Three Forks, MT

1.0MMG GST – Ext/Int Painting & Repair
City of Three Forks, MT
Great Western Engineering
(406) 449-8627
Contract - \$141,240
Completion – June 2017

Colorado Springs, CO

3.0MMG GST – Ext/Int Painting & Repair
Cherokee Metro District
SGM – Theresa Weidmann
(970) 945-1007
Contract - \$1,293,843
Completion – September 2017

Seguin, TX

1.0MMG Composite - Ext/Int Painting & Repair w/Containment
City of Seguin, TX
TRC Engineers
(512) 329-6080
Contract - \$413,700
Completion – March 2019

58183 Maguire Iron Inc

Book Future Depreciation FYE: 12/31/18

46-0256425

FYE: 12/31/2017

Asset	Property Description	Date In Service	Book Cost
Group: 1500-020 Field Equipment			
22	24' POLYUREA TRAILER	7/31/03	77,106.00
66	2 Dump Boxes on trailer	7/01/04	1,000.00
70	Airless Pump 9259	7/01/04	250.00
84	2 Blasting Pots	7/01/04	500.00
86	(2) 600# blast pots	4/29/87	2,600.00
123	2-Graco Airless Paint Sprayers	3/31/93	2,000.00
126	3-Clemco Sandblast Pots, 600lb	3/31/93	1,500.00
131	Air Cooler for Air Compressor	3/31/94	2,657.85
132	After Cooler Unit	10/07/94	4,500.00
134	2-Graco King Pumps	10/07/94	3,500.00
136	8 Ton Blast Pot w/ Accessories	10/07/94	7,500.00
173	Sand Blaster	7/01/04	750.00
189	Blast Pot Super #1050	7/01/04	650.00
208	Blast Pot Super #1050	7/01/04	700.00
212	2 Miller Big 40D Welders	2/09/96	14,127.68
213	2 Paint Pumps	3/17/96	3,500.00
216	3 Clemco Sandblaster Hoppers	3/17/96	6,600.00
218	1988 Transcraft 48' Step-Deck Trailer	3/13/96	10,562.50
219	2 Miller Big 40D Welders	12/18/96	14,717.27
221	Beechcraft A36-stormscope sys.	9/01/97	0.00
222	90 Beechcraft (sales tax)	9/01/97	0.00
223	Guyless Crane w/ Hydraulic Dr.	9/01/97	75,138.00
232	Eagle Ind.-Containment System	9/01/97	0.00
236	Hydraulic Plate Bending	9/01/97	90,814.00
238	Hydraulic C-Frame Press	9/01/97	59,630.00
293	2 MILLER 40D WELDERS	2/09/98	15,879.86
299	(2) Blasting Pots	7/01/04	1,000.00
300	2-Miller Big 40D Welders	2/05/99	16,515.37
305	4 Compressors	7/01/04	2,600.00
306	Speed Flo Pump	7/01/04	700.00
309	Graco paint pump w/gun	5/26/00	3,074.00
310	Graco paint pump w/gun	5/26/00	3,074.00
311	Graco paint pump w/gun	5/26/00	3,074.00
321	Ing. Rand Compressor #176197	7/01/04	7,500.00
324	Used JLG Man-Lift	5/12/01	12,000.00
326	Big 40 Diesel Welder	12/26/01	8,772.33
337	Ingersoll - Air Compressor	2/28/02	10,028.15
342	Wrench H-800	7/01/04	950.00
343	Airless Paint Pump A1-10-26	7/01/04	900.00
344	Blast Vac Sup	7/01/04	3,000.00
345	Blast Vac Sup	7/01/04	3,000.00
346	10 Speed Flo Pumps	7/01/04	13,000.00
352	Ing. Rand #2420	7/01/04	1,000.00
359	Air Compressor #297282	7/01/04	8,500.00
360	Air Compressor #297283	7/01/04	8,500.00
361	Air Compressor #297284	7/01/04	8,500.00
428	Winch/tripod systems 7' Alum 120' Galv	3/07/05	6,016.47
429	Work cage; spider w/o casters, Yoke assy	4/12/05	4,872.00
430	Ingersoll Rand Air Compressor HP935	5/20/05	52,430.40
432	VersaBlast Floor & Wall Machine Model 1830HV	6/13/05	71,640.00
433	Winch/tripod systems 7' Alum 120' Galv	3/14/05	6,016.47
434	(16) PN-9005 SC1000	3/31/05	153,584.03
443	Containment System	3/17/06	27,527.90
444	(2) Spider Hoists and Cages	3/30/06	19,590.97
445	Used Portable Air Compressor	2/26/07	54,019.20
453	Big 40C CC/CV Deluxe Welder	2/12/07	11,898.47
454	Big 40C CC/CV Deluxe Welder	5/25/07	11,974.07
460	Crane Hoists	5/31/08	13,110.20
462	Air Compressors (2)	1/31/09	145,869.49

471 Atlas Air Compressor (XATS1050CD6 202702)	12/19/11	79,500.00
472 Atlas Air Compressor (XATS1050CD6 202707)	12/19/11	79,500.00
478 Rigging Equipment	1/24/12	8,703.00
479 Paint Pumps	10/18/12	10,812.00
494 2 Miller TB225 Welders	3/08/13	11,352.13
495 2 Trailblazer 325 EFI Welders	9/30/13	11,352.13
496 Underwater ROV Camera	4/03/13	37,235.68
497 Graco HD Carts/Siphon Feed	12/16/13	5,143.12
498 Graco HD Cart/Siphon Feed	12/16/13	5,143.12
499 Graco HD Cart/Hopper Feed	12/16/13	5,298.94
500 Graco HD/Hopper Feed	12/16/13	5,298.94
508 Atlas Air Compressor	2/27/14	125,080.00
509 E Hofer Rig/Fuel Injector	4/29/14	1,276.22
510 BF03 Fuel Pump	7/31/14	884.68
511 2 Miller 325 Welders	11/30/14	10,780.88
548 CONTAINMENT SYSTEM	7/01/15	43,955.46
556 WELDERS 4	6/30/15	22,015.89
557 GIN POLE	6/30/15	6,290.00
558 PRESSURE WASHER	8/06/15	1,251.33
559 USED POWER WASHER	11/01/15	689.00
560 PLASMA CUTTER	2/23/15	2,177.90
561 PRESSURE WASHER	4/06/15	1,080.49
562 PAINT PUMP	4/30/15	3,392.00
576 2 Spider Z-Max 1000	12/01/15	2,000.00
577 35' Modular State	12/01/15	2,000.00
578 ST18 Basket W/Cable	12/01/15	1,000.00
579 Ultrasonic Guage	12/07/15	995.00
580 Air Tugger SN MW009263	12/23/15	13,546.88
581 Rotair D375HJ	12/22/15	33,000.00
583 Dust Collector/Blast Machine	4/12/16	111,432.98
584 Dust Collector	3/04/16	97,769.10
585 Air Compressor	3/28/16	72,080.00
586 Vapor Blasters	7/15/16	57,348.52
587 Ladder Leg Extensions	12/22/16	42,493.50
588 Field Safety Equipment	11/30/16	39,931.15
589 Climber	4/30/16	11,803.10
590 Wildr Gas/LP Drvn Gnrtr	3/31/16	10,997.90
591 Paint Pumps	8/18/16	10,221.87
592 Tomaso Rig	8/24/16	6,994.33
593 Kness Rig	3/31/16	8,293.96
596 Climber Hoise	4/30/16	2,066.87
606 Compressor	2/10/17	95,850.00
607 Compressor	1/27/17	123,246.50
608 Paint Pumps	6/12/17	25,715.91
609 Paint Pumps	10/31/17	16,924.04
610 Welders - 2	11/30/17	12,619.42
611 Paint Pumps	3/23/17	10,952.46
612 Scaffolding	2/01/17	10,650.00
613 Containment System Parts	10/31/17	6,519.08
614 Welder	6/30/17	6,309.98
615 Fasterblaster Equipment	3/24/17	6,209.71
616 Climber Parts	3/24/17	5,991.89
617 Com S08 Seal Injectors	9/29/17	4,515.80
618 Rig - McLaughlin	2/28/17	3,740.19
619 8" Snow Pusher	11/30/17	3,179.03
620 CAPX-Hoist Lever	9/30/17	3,109.80
621 Com A05 Rebuild	9/29/17	2,933.99
624 20" Electric Fan	12/29/17	2,735.00
625 Com A06 Rebuild	6/01/17	2,376.02
626 Rebuild Equipment	4/28/17	2,069.00
627 Climber Parts	6/01/17	1,877.71
628 Com A01 Rebuild	9/29/17	1,740.82
629 Safety Ropes	4/28/17	1,668.08
630 Com S10 Rebuild	6/01/17	1,611.81
631 Paint Pumps	6/01/17	1,506.26
632 Holiday Detector	2/23/17	1,294.53
633 Winch Cable - WIPF Rig	6/21/17	1,055.37
634 Mill Gage/Psychrometer	11/27/17	898.73
635 Climber Parts	9/30/17	766.66
685 Jim's Rig, Hoist and Chain	6/30/17	535.06

686 Ladders

	2/23/17	549.67
1500-020 Field Equipment		<u>2,451,761.27</u>
		0.27

Group: 1500-030 Office Equipment

168 4 dr. file safe	4/10/75	634.20
171 office file - Victor fire file	12/09/81	942.29
176 used fire safe	1/29/86	600.00
183 IBM Select II typewriter	8/12/87	524.30
205 Lateral File Cabinet	3/16/93	397.50
206 Am. Exp. - 1/2 int. Statues	3/26/93	2,062.50
207 Sofa, Loveseat - 1/2 int.	6/08/93	925.38
313 President's DeskUnit/Work Station	2/29/00	8,724.61
330 Desk unit	3/02/01	1,239.18
331 Desk Unit	3/02/01	1,327.15
339 Desk Unit	2/20/02	2,809.00
420 Office Furnishings (Scotts Credit Card)	5/18/04	4,564.09
421 Office Furniture (Canfield)	8/30/04	10,888.58
422 Office Furniture (DeWitt Designs)	8/30/04	20,714.84
423 Office Furnishings & Appliances (Scotts Credi	11/24/04	10,593.27
425 Installation of Software	8/01/04	2,155.00
426 Accting Software	12/31/04	5,567.44
480 Ricoh MP5000SP Copier	5/30/12	5,718.70
501 Dell Poweredge T260 Incl Instr	12/31/13	8,095.59
502 Dell Poweredge T260/Inc Inst	12/31/13	8,944.88
503 Sharepoint Server	12/31/13	6,676.94
504 Sharepoint Users (X20)	12/31/13	2,162.40
505 Windows Server 2012 & 40 Users	12/31/13	3,183.20
506 SQL Server Software	12/31/13	7,332.00
507 Exchange Server 2013/40 Users	12/31/13	3,875.33
512 Lenovo B590	3/24/14	920.08
513 Lenovo B590	5/01/14	920.08
514 Lenovo B590	6/27/14	1,091.80
515 Desktop Computer (Ben)	8/15/14	1,243.38
516 iPads	9/19/14	2,808.95
520 PM Building Furniture	11/30/14	57,639.89
522 Lenovo B50/Snodgrass	11/28/14	894.64
523 Copier PM Building	11/30/14	6,182.45
524 Thinkpad Edge E4400 I3	12/26/14	662.49
525 Thinkpad Edge E440 I5	12/26/14	794.99
532 Phone System	11/30/14	13,567.66
549 LENOVO LAPTOP E540	1/29/15	922.18
550 THINKPAD EDGE E540/MCCLUSKEY	2/23/15	1,306.32
551 THINKPAD T540P (BEN R)	4/01/15	1,403.02
552 EAGLE INCOMING SCULPTURE	4/21/15	2,650.00
553 SUBCONTRACTOR IPADS	7/01/15	2,093.78
554 HP 350 G1 NOTEBOOK/JACK POWELL	7/01/15	719.74
555 IPADS FOR SUBS	8/31/15	1,346.13
582 iPad (Jackson)	12/01/15	734.53
597 Computer Equmnt from Advance Tech	10/31/16	6,123.50
638 Dell Desktop	12/27/17	658.17
639 Website Design & Placement	11/06/17	750.00
640 Computer Equipment	4/27/17	865.31
641 Lenovo Laptop Thinkpad	6/07/17	890.34
642 Lenovo Notebook	8/31/17	945.72
643 Lenovo 15.6" HD Notebook	8/07/17	1,094.82
644 Computer Hardware	9/18/17	1,145.78
645 Lenovo Notebook	12/27/17	1,162.98
646 Printer - DD	7/31/17	1,206.65
647 Computer Equipment	3/07/17	1,318.26
648 Computer Equipment	1/23/17	1,428.59
649 Computer Equipment	2/02/17	1,656.87
650 PC - Estimating Coordinator	12/27/17	1,678.33
651 Office Furniture	3/31/17	2,123.78
652 Computer Equipment	3/16/17	2,125.58
653 PC - Migdad Mustafa	12/27/17	2,130.96
654 Cloud Migration	12/31/17	3,118.85
655 Marketing Computer Equipment	10/31/17	3,441.10
656 Lenevo Thinkpad	8/31/17	4,266.59
657 A/C Unit - MJB Building	7/01/17	4,424.58

658 Computer Equipment	1/31/17	4,637.97
659 PM Reception Desk	4/28/17	6,022.55
660 Marketing Startup Expenses	9/13/17	7,292.99
661 CRM 365 Software Development	11/30/17	15,016.50
687 Maint. Time Clock	5/29/17	168.33
688 Printer - Dana Wollman	6/16/17	191.69
689 Printer - Beckie Kaufmann	5/29/17	212.99
690 Jay-Lenovo Charger	12/27/17	310.87
691 Office Furniture	12/29/17	337.40
692 Desk/Credenza/Bookcase	12/29/17	579.70
1500-030 Office Equipment		295,888.23

Group: 1500-040 Vehicles/Trucks

1 1962 Dodge 1 1/2 T Truck D400	11/15/61	3,192.52
5 1981 Fontaine semi trailer	7/21/81	10,750.00
8 1975 Dorsey 42 trailer	9/22/82	7,500.00
9 1982 Stoughton 44 Trailer	11/01/82	12,195.00
28 69 Beal Bulk Tanker	4/12/94	7,250.00
46 24' UTILITY TRAILER	1/19/04	11,312.26
270 Towmaster T30-32 Trailer	9/01/97	5,969.00
273 1993 Dodge W350	9/01/97	9,540.00
276 Kayln Trailer	9/01/97	20,273.00
285 Dressen Trailer	12/11/97	3,972.08
307 1986 Transcraft dropdeck Trailer	3/09/99	10,305.00
316 2001 DCT 8x21 Flat Trailer	2/14/01	4,538.65
320 Ford 2002 F650 Straight Truck	10/08/01	36,729.03
380 91 Ford F700 SN. 2FDKF37H5MCA59110 Unit # 17	7/01/04	10,000.00
381 95 Ford SN. 1FDNF70J3SVA79624 Unit # 19	7/01/04	14,500.00
382 97 Int. SN. 1HSHGAHR5VH474419 Unit # 24	7/01/04	40,000.00
383 97 Int. SN. 1HSHGAHR7VH474454 Unit # 29	7/01/04	40,000.00
384 98 Ford 1FTYA96M5WVA21856 Unit # 11	7/01/04	47,500.00
386 98 Ford 1FDNF80C0WVA33472 Unit # 9A	7/01/04	27,000.00
388 98 Chevy C7H042 SN. 1GBJ7H1C3WJ113343 Unit #	7/01/04	27,500.00
389 99 Sterling SN. 2FZHAFA8XAF52973 Unit # 2A	7/01/04	30,000.00
390 99 Sterling SN. 2FZHAFA8XAF52974 Unit # 27A	7/01/04	30,000.00
391 99 Sterling SN. 2FWYJXCB4XA982767 Unit # 18A	7/01/04	30,000.00
392 00 Sterling SN. 2FZHAFA1YAF65257 Unit # 8A	7/01/04	51,500.00
393 78 Maclander Trailer SN. M029GV Unit # 43	7/01/04	900.00
394 78 Maclander Trailer SN. M037GV Unit # 46	7/01/04	900.00
395 80 Maclander Trailer 410GV SN. 1179GV Unit #	7/01/04	1,000.00
396 85 Trail Eze Trailer SN. 1DA72C1D1EM007762 Un	7/01/04	5,000.00
399 85 Maclander Trailer 30' HGV SN. M412GV Unit	7/01/04	2,500.00
400 85 Maclander Trailer 30' HGV SN. M410GV Unit	7/01/04	2,500.00
401 85 Maclander Trailer 30' HGV SN. M408GV Unit	7/01/04	2,500.00
402 85 Trail Ez Trailer SN. 1DA72C212FM007839 Uni	7/01/04	5,000.00
403 86 Trail Ez Trailer SN. 1DA72C223GM008315 Uni	7/01/04	5,000.00
404 88 Trail Ez Trailer SN. 1DA72C2N4HM008979 Uni	7/01/04	5,000.00
405 87 U-38 Fontaine Trailer SN. 13N142203H15412	7/01/04	5,000.00
406 90 Fontaine Trailer SN. 13N1422C8L1549807 Un	7/01/04	5,000.00
411 03 Chevy Pickup SN. 1GCHK24U33Z122907 Unit #	7/01/04	22,500.00
447 2007 GMC Sierra	7/02/07	26,018.87
452 2008 DRSN Trailer	12/27/07	3,146.50
456 2007 Sterling Acterra 8557	2/29/08	64,856.00
458 2008 Dodge 8621	11/24/08	29,724.48
463 Engine for 2002 Ford F651 (#322)	2/01/09	7,926.25
486 2013 Freightliner Y0365	11/02/12	69,000.00
487 2007 Sterling (TRK39) Overhaul	5/31/12	17,517.57
490 2013 Dodge 2500 518305	9/13/13	53,794.00
491 2013 Ford F150 20377	10/14/13	39,329.00
492 2013 Ford Escape 30056 - No longer have	10/14/13	28,029.00
493 2013 GMC Sierra 10737	11/12/13	36,000.00
536 TRK 29 Repairs	1/22/14	1,486.50
537 TRK09 Repairs	3/31/14	4,288.95
538 2014 Ford Escape 37578	4/30/14	24,982.00
539 TRK40 Winch	6/30/14	3,043.11
541 2015 Freightliner GJ4105	12/31/14	71,015.00
542 TRK23 Repairs	7/17/14	5,780.35
544 2014 Dodge Durango 49254	7/07/14	45,569.00
545 2014 Ford Escape 22339 - No longer have	4/30/14	25,088.00

563 2015 Freightliner M2 106 J4105 (TRK1501)	11/30/15	24,098.75
564 2000 FORD F650 REHAB (TRK24C)	9/25/15	3,054.16
565 2004 Sterling Rehab (TRK40)	11/30/15	23,066.96
566 1996 FORD LTL9000 REHAB (TRK69)	11/30/15	1,486.26
567 1977 DELTA 8X44 REHAB (TRL200)	9/18/15	2,433.06
568 1986 TRAILERZE 4143 REHAB (TRL28)	11/30/15	2,020.95
569 1985 MACLANDER 30' FLAT REHAB (TRL51)	8/20/15	6,367.75
575 2016 Cadillac Escalade	12/30/15	83,276.00
598 Trucks/Trailers Rebuild	11/30/16	85,821.73
599 2016 Freightliner	11/28/16	79,000.00
600 2016 GMC Truck	2/22/16	9,450.00
601 576GF282H1030280	8/31/16	6,336.75
602 DR Custom 1029653	4/07/16	4,300.00
603 DR Custom 1029654	4/07/16	4,300.00
604 TRK069	2/18/16	3,286.00
605 TRL026 Graphics	4/30/16	2,508.32
662 TRK011 Steering Sector	10/31/17	514.26
663 TRK 010	8/31/17	673.05
664 TRK 18A, MTL HSG	10/27/17	681.81
665 COM A02	6/01/17	690.19
666 DUM F01, Steel Cross Member, LED Combo Set	6/30/17	737.19
667 Tral 051 Wheel Seals	10/31/17	748.51
668 COM 510	3/31/17	941.74
669 TRK 1501	2/28/17	1,132.26
670 TRK 501	3/17/17	1,144.60
671 TRL 066	7/31/17	2,334.99
672 TRL 034-Floor Rebuild Supplies	12/13/17	2,367.60
673 TRL 022	2/28/17	2,479.85
674 TRL 035	2/28/17	2,544.46
675 TRL 028	9/29/17	3,114.84
676 TRL 173	8/31/17	3,450.00
677 TRK 009	2/28/17	3,703.44
678 TRK 24	3/30/17	3,895.61
679 TRK 301 Rebuild	1/25/17	8,757.89
680 Winch Kits	10/31/17	16,365.00
681 TRK 1301	4/26/17	23,476.62
682 TRK 172	3/30/17	23,767.63
683 2017 Ford Pickup	3/07/17	31,798.36
693 TRL 053, Powercoil, Air Hoses	10/27/17	158.08
694 Dave Humble	8/31/17	343.25
695 TRK 08A, Module Assy	11/27/17	466.34

1500-040 Vehicles/Trucks 1,588,015.38
-76,484.62

Group: 1500-050 Leasehold Improv

139 1/2 int doors & trim	8/18/92	1,500.00
140 sign	8/21/92	1,653.00
141 int/ext painting & signage	9/01/92	19,200.00
142 yard crance	9/01/92	10,150.00
143 overhead doors	9/01/92	21,750.00
144 lighting	9/01/92	8,500.00
145 radiant heating	9/01/92	12,600.00
146 roof & side panel replacement	9/01/92	175,000.00
147 masonry work	9/01/92	36,800.00
148 yard & site work	9/01/92	14,500.00
151 1/2 int wall covering	9/28/92	2,088.73
153 environ assess / survey Oak	10/15/92	2,967.90
155 1/2 int parking lot and drvway	10/26/92	2,972.50
156 brass letters & logo	11/18/92	527.00
158 1/2 int. - Electrical	5/03/93	1,170.91
159 1/2 int. - Refinish Woodwork	5/14/93	926.26
160 Title Ins. - Building	7/01/93	985.50
161 Appraisal Fee	9/21/93	1,325.00
162 1/2 int. - Rock for Yard	10/12/93	1,708.04
163 Frisbee Plumbing	10/31/93	10,000.00
164 Dicks Electric	10/31/93	3,000.00
165 Fencing, Superior Fencing	11/14/94	1,342.67
296 RADIANT HEAT-SHOP HEATERS	12/17/98	9,183.69
332 1/2 Interest in Office Remodeling	2/08/01	3,947.50
418 Alarm System	8/31/04	6,120.00

461 Drake Reroof	5/31/08	10,000.00
467 Landscaping	8/31/09	8,535.50
489 CB-2500-CFMP Furnace	2/23/12	8,374.00
527 Landscaping PM Building	11/24/14	16,122.50
529 Sprinkler System PM Building	11/24/14	2,149.65
531 PM Building Sign	10/09/14	20,284.63
533 Boring Between 1610 & 1600 Minnesota	9/22/14	678.40
534 Perkinson/Replace Mini-Split	9/30/14	1,427.00
546 PM Building Lighting	12/01/14	20,000.00
547 PM Building Alarm System	12/01/14	1,346.94
570 LIGHT FIXTURES	1/29/15	619.31
571 LIGHT FIXTURES	1/29/15	3,852.04
572 GF ELECTRIC/OFFICE LIGHTS	5/20/15	1,206.64
573 MJB BLDG BOILER REPLACEMENT	3/31/15	6,125.00
574 2015 WALNUT REMODEL	10/31/15	40,773.98
684 Boring Water Line for PMB	10/25/17	1,400.00
696 Sprinkler Line/switch	12/29/17	287.94
1500-050 Leasehold Improv		<u>493,102.23</u>

Group: 1800-005 Goodwill

427 Water Tower Paint and Repair Goodwill	7/01/04	250,000.00
1800-005 Goodwill		<u>250,000.00</u>
Grand Total		<u>5,078,767.11</u>

OSHA's Form 300A (Rev. 01/2004)
Summary of Work-Related Injuries and Illnesses

Year 2014
 U.S. Department of Labor
 Occupational Safety and Health Administration
 Form approved OMB no. 1218-0176

All establishments covered by Part 1904 must complete this Summary page, even if no injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete and accurate before completing this summary.

Using the Log, count the individual entries you made for each category. Then write the totals below, making sure you've added the entries from every page of the log. If you had no cases write "0."

Employees (former employees, and their representatives have the right to review the OSHA Form 300 in its entirety. They also have limited access to the OSHA Form 301 or its equivalent. See 29 CFR 1904.35, in OSHA's Recordkeeping rule, for further details on the access provisions for these forms.

Number of Cases

Total number of deaths	Total number of cases with days away from work	Total number of cases with job transfer or restriction	Total number of other recordable cases
<u>0</u>	<u>0</u>	<u>3</u>	<u>2</u>
(G)	(H)	(I)	(J)

Number of Days

Total number of days away from work	Total number of days of job transfer or restriction
<u>0</u>	<u>414</u>
(K)	(L)

Injury and Illness Types

Total number of... (M)	(1) Injury	(2) Skin Disorder	(3) Respiratory Condition	(4) Poisoning	(5) Hearing Loss	(6) All Other Illnesses
	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Establishment information

Your establishment name Maguire Iron, Inc.

Street 1610 N Minnesota Ave

City Sioux Falls State SD Zip 57104

Industry description (e.g., Manufacture of motor truck trailers)
Construction, painting, and maintenance of water towers

Standard Industrial Classification (SIC), if known (e.g., SIC 3715)
1 6 2 9

OR North American Industrial Classification (NAICS), if known (e.g., 336212)
2 3 7 1 1 0

Employment Information

Annual average number of employees 42

Total hours worked by all employees last year 84995.27

Sign here

Knowingly falsifying this document may result in a fine.

I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.

[Signature]
 Company Executive

U.P.
 Title

1-28-15
 Date

Post this Summary page from February 1 to April 30 of the year following the year covered by the form

Public reporting burden for this collection of information is estimated to average 58 minutes per response, including time to review the instruction, search and gather the data needed, and complete and review the collection of information. Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number. If you have any comments about these estimates or any aspects of this data collection, contact US Department of Labor, OSHA Office of Statistics, Room N-3644, 200 Constitution Ave, NW, Washington, DC 20210. Do not send the completed forms to this office.

OSHA's Form 300A (Rev. 01/2004)
Summary of Work-Related Injuries and Illnesses

Year 2015 

U.S. Department of Labor
 Occupational Safety and Health Administration
 Form approved OMB no. 1218-0176

All establishments covered by Part 1904 must complete this Summary page, even if no injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete and accurate before completing this summary.

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Number of Cases

Total number of deaths	Total number of cases with days away from work	Total number of cases with job transfer or restriction	Total number of other recordable cases
0	1	3	3
(G)	(H)	(I)	(J)

Number of Days

Total number of days away from work	Total number of days of job transfer or restriction
23	177
(K)	(L)

Injury and Illness Types

Total number of... (M)	(1) Injury	(2) Skin Disorder	(3) Respiratory Condition	(4) Poisoning	(5) Hearing Loss	(6) All Other Illnesses
	5	0	2	0	0	0

Establishment information

Your establishment name Maquire Iron, Inc.

Street 1610 N Minnesota Ave

City Sioux Falls State SD Zip 57104

Industry description (e.g., Manufacture of motor truck trailers)
Construction, painting, and maintenance of water towers

Standard Industrial Classification (SIC), if known (e.g., SIC 3715)
1 6 2 9

OR North American Industrial Classification (NAICS), if known (e.g., 336212)
2 3 7 1 1 0

Employment information

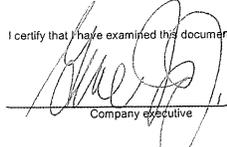
Annual average number of employees 46

Total hours worked by all employees last year 92845

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Knowingly falsifying this document may result in a fine.

I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.



 Company executive

President

 Title

1/18/16

 Date

Phone _____

Post this Summary page from February 1 to April 30 of the year following the year covered by the form

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OSHA's Form 300A (Rev. 01/2004)
Summary of Work-Related Injuries and Illnesses

Year 2016

U.S. Department of Labor
 Occupational Safety and Health Administration
 Form approved OMB no. 1210-0176

All establishments covered by Part 1904 must complete this Summary page, even if no injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete and accurate before completing this summary.

Using the Log, count the individual entries you made for each category. Then write the totals below, making sure you've added the entries from every page of the log. If you had no cases write "0."

Employees former employees, and their representatives have the right to review the OSHA Form 300 in its entirety. They also have limited access to the OSHA Form 301 or its equivalent. See 29 CFR 1904.35, in OSHA's Recordkeeping rule, for further details on the access provisions for these forms.

Number of Cases

Total number of deaths	Total number of cases with days away from work	Total number of cases with job transfer or restriction	Total number of other recordable cases
<u>0</u>	<u>0</u>	<u>1</u>	<u>5</u>
(G)	(H)	(I)	(J)

Number of Days

Total number of days away from work	Total number of days of job transfer or restriction
<u>0</u>	<u>179</u>
(K)	(L)

Injury and Illness Types

Total number of... (M)	(1) Injury	(2) Skin Disorder	(3) Respiratory Condition	(4) Poisoning	(5) Hearing Loss	(6) All Other Illnesses
	<u>6</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>

Establishment information

Your establishment name Maguire Iron, Inc.
 Street 1610 N Minnesota Ave
 City Sioux Falls State SD Zip 57104
 Industry description (e.g., Manufacture of motor truck trailers)
Construction, painting, and maintenance of water towers
 Standard Industrial Classification (SIC), if known (e.g., SIC 3715)
1 6 2 9
 OR North American Industrial Classification (NAICS), if known (e.g., 336212)
2 3 7 1 1 0

Employment information

Annual average number of employees 59
 Total hours worked by all employees last year 117658

Sign here

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I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.

[Signature]
 Company executive
 Phone _____

President
 Title
1-27-17
 Date

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OSHA's Form 300A (Rev. 01/2004)
Summary of Work-Related Injuries and Illnesses

Year 2017

U.S. Department of Labor
 Occupational Safety and Health Administration
 Form approved OMB no. 1218-0176

All establishments covered by Part 1904 must complete this Summary page, even if no injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete and accurate before completing this summary.

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Number of Cases

Total number of deaths	Total number of cases with days away from work	Total number of cases with job transfer or restriction	Total number of other recordable cases
0	1	1	5
(G)	(H)	(I)	(J)

Number of Days

Total number of days away from work	Total number of days of job transfer or restriction
47	127
(K)	(L)

Injury and Illness Types

Total number of... (M)			
(1) Injury	6	(4) Poisoning	0
(2) Skin Disorder	0	(5) Hearing Loss	0
(3) Respiratory Condition	0	(6) All Other Illnesses	0

Establishment information

Your establishment name Maguire Iron, Inc.

Street 1610 N Minnesota Ave

City Sioux Falls State SD Zip 57104

Industry description (e.g., Manufacture of motor truck trailers)
Construction, painting, and maintenance of water towers

Standard Industrial Classification (SIC), if known (e.g., SIC 3715)
1 6 2 9

OR North American Industrial Classification (NAICS), if known (e.g., 336212)
2 3 7 1 1 0

Employment Information

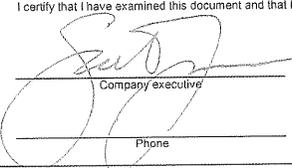
Annual average number of employees 65

Total hours worked by all employees last year 130168

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I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.



 Company executive

V.P.

 Title

1-23-2018

 Date

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Public reporting burden for this collection of information is estimated to average 58 minutes per response, including time to review the instruction, search and gather the data needed, and complete and review the collection of information. Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number. If you have any comments about these estimates or any aspects of this data collection, contact: US Department of Labor, OSHA Office of Statistics, Room N-3644, 200 Constitution Ave, NW, Washington, DC 20210. Do not send the completed forms to this office.

OSHA's Form 300A (Rev. 01/2004)
Summary of Work-Related Injuries and Illnesses

Year 2018

U.S. Department of Labor
 Occupational Safety and Health Administration

Form approved OMB no. 1218-0178

All establishments covered by Part 1904 must complete this Summary page, even if no injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete and accurate before completing this summary.

Using the Log, count the individual entries you made for each category. Then write the totals below, making sure you've added the entries from every page of the log. If you had no cases write "0."

Employees former employees, and their representatives have the right to review the OSHA Form 300 in its entirety. They also have limited access to the OSHA Form 301 or its equivalent. See 29 CFR 1904.35, in OSHA's Recordkeeping rule, for further details on the access provisions for these forms.

Number of Cases

Total number of deaths	Total number of cases with days away from work	Total number of cases with job transfer or restriction	Total number of other recordable cases
0	2	0	0
(G)	(H)	(I)	(J)

Number of Days

Total number of days away from work	Total number of days of job transfer or restriction
81	78
(K)	(L)

Injury and Illness Types

Total number of... (M)			
(1) Injury	2	(4) Poisoning	0
(2) Skin Disorder	0	(5) Hearing Loss	0
(3) Respiratory Condition	0	(6) All Other Illnesses	0

Establishment information

Your establishment name Maguire Iron, Inc.
 Street 1610 N Minnesota Ave
 City Sioux Falls State SD Zip 57104
 Industry description (e.g., Manufacture of motor truck trailers)
Construction, painting, and maintenance of water towers
 Standard Industrial Classification (SIC), if known (e.g., SIC 3715)
1 6 2 9
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2 3 7 1 1 0

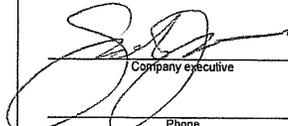
Employment information

Annual average number of employees 79
 Total hours worked by all employees last year 148758

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 Company executive

 Phone

U.P.

 Title
1-16-18

 Date

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**A
WORKPLACE ACCIDENT
AND
INJURY REDUCTION
(AWAIR)
PROGRAM**

Maguire Iron Inc.



**A
WORKPLACE ACCIDENT
AND
INJURY REDUCTION
(AWAIR)
PROGRAM**

**MAGUIRE IRON INC.
1610 MINNESOTA AVE.
SIOUX FALLS, SD 57104**

Date Prepared: February 27, 2006

Date last reviewed: May 12th, 2015

Prepared by: Larry Nierengarten

Environmental, Health & Safety Director - CESCO

Table of Contents

SECTION	PAGE
Introduction	1
A Workplace Accident and Injury Reduction (AWAIR) Overview	2
Health & Safety Responsibilities	3
Hazard Analysis	4
Communication	7
Investigating and Correcting Accidents	8
Enforcement	9

Appendix:

- A. Health & Safety Policy Statement (see: Employee Manual)
- B. Safety Meetings (see: Employee Manual)
- C. Safety Meeting Toolbox - (form)
- D. Employee Safety Orientation (see: PowerPoint Presentation or Outline).
- E. Weekly Safety Audit - (Job-site & Plant Safety Checklist - form)
- F. Hazard Report Form (see: Safety Hazard - Identification & Reporting - process)
- G. Performance Evaluation Review - (form)
- H. Occupational Accident/Incident report form
- I. OSHA 300A Summary of Injury/Illnesses (form completed by Safety Director)
- J. How “We” Solve Problems (grievance process)
- K. Corrective Discipline Form (see: Counseling Memo)

Introduction

Maguire Iron Inc. has established an AWAIR program to comply with the Minnesota Occupational Safety and Health Administration (MN/OSHA)'s "A Workplace Accident and Injury Reduction" (AWAIR) standard.

Compliance is required in reference to our "Standard Industrial Classification" (SIC) code: 1629 (Classification: Heavy Construction) & the "National American Industrial Classification Standard" (NAICS) # 23493 (Classification: Industrial Nonbuilding Structure Construction) and in accordance to accident or injury rates specified in the standard - which pertains to Construction.

Maguire's Manufacturing Plant is classified as SIC # 3442 (Classification: Heavy Gauge Tanks) NAICS #33242 (Classification: Metal Tank (Heavy Gauge) Manufacturing) and is also subject to compliance with this MN/OSHA standard.

This program is shall be modified to adapt to specific conditions and policies as needed. In addition, Maguire Iron Inc. is responsible for the implementation, enforcement and updating of the AWAIR program. The program is to be reviewed and updated annually.

A Workplace Accident and Injury Reduction (AWAIR) Overview

On January 1, 1991, Minnesota adopted an amendment to Minnesota OSHA Statutes that requires employers to develop and use a formal workplace accident and injury reduction program. Employers engaged in certain specified SIC (Standard Industrial Classification) codes are required by legislation to develop and implement a written safety and health program with specific actions designed to reduce the incidence of workplace accidents and injuries.

“ WORKPLACE ACCIDENT AND INJURY REDUCTION” - (AWAIR) ACT

Minnesota Statute 182.653

Sub. d. 8 WORK PLACE PROGRAMS. An employer covered by this section must establish a written workplace accident and injury reduction program that promotes safe and healthful working conditions and is based on clearly stated goals and objectives for meeting those goals. The program must describe the following:

- 1) How managers, supervisors, and employees are responsible for implementing the program and how continued participation of management will be established, measured, and maintained;
- 2) The methods used to identify, analyze, and control new or existing hazards, conditions, and operations;
- 3) How the plan will be communicated to all affected employees so that they are informed of work-related hazards, conditions, and operations;
- 4) How workplace accidents will be investigated and corrective action implemented; and
- 5) How safe work practices and rules will be enforced.

An employer must conduct and document a review of the workplace accident and injury reduction program at least annually and document how procedures set forth in the program are met.

HEALTH AND SAFETY RESPONSIBILITIES

President (including Vice Presidents for Tank and Iron) – is responsible for ensuring:

1. An effective policy for health and safety is prepared and maintained.
2. Company safety policies are reviewed at least once every two years (or sooner should a policy or program be revised).
3. Company policy is effectively communicated.
4. Ensuring that responsibilities for managing health and safety are established and that these responsibilities are effectively communicated.
5. Ensuring adequate resources are provided, so that the policy can be effectively carried out.
6. Ensuring that a safety program is established and adhered to.
7. Ensuring the health, safety and welfare of all employees, and all those others who are affected by the operations of the company.

Director of Human Resources – is responsible for:

1. Having an effective health and safety policy is prepared and presented to the President for approval.
2. Ensuring policy is reviewed every two years and recommendations are made to the President for approval.
3. Communicating effectively throughout the workforce.
4. Ensuring that Safety Director, Production Manager and Job-site Foremen know and accept their responsibilities for the implementation and maintenance of the health and safety policy, and are trained to play their part.
5. Ensuring that a safety program is developed and submitted to the President for approval.
6. Ensuring that the safety program is monitored and that reports of progress in achieving the program are presented to the President on a consistent basis.
7. Ensuring the adequacy of safety training for employees.
8. Ensuring that reports are generated to show losses incurred from workplace accidents, illness and other occupational related sickness.

Safety Director - is responsible for:

1. Advising the company and its management on safety related issues.
2. Generating the safety program, and presenting it to the Safety Director.
3. Providing support for management in achieving compliance with the safety program.
4. Identifying safety and health related issues for attention within the company.
5. Providing safety and health expertise on safety and health issues.
6. Providing a safety and health resource within the company.
7. Providing training on safety and health issues.
8. Guiding and stimulating the safety and health meetings.
9. The safety, health and security coordinator is responsible for liaising with safety and health agencies, such as: Federal and State Occupational Safety and Health Administration (OSHA), Department of Labor and Industry (DLI), Department of Health (MDH), Fire, Life & Safety Codes, etc.

Plant Manager – is responsible for:

1. Day to day health and safety of the plant.
2. Ensuring the observance of all rules and systems which are in place to support the health and safety policy.
3. Ensuring that the safety goals and objectives are promulgated throughout the production and subordinates.
4. The plant manager is responsible for ensuring that all persons are trained to carry out the work that they are assigned to.
5. The plant manager is responsible for ensuring that employees under their control have adequate safety training.
6. The plant manager is responsible for ensuring that all specified accidents and incidents are investigated.
7. The plant manager is responsible for ensuring that all corrective actions to eliminate hazards in the workplace are taken.
8. The plant manager is responsible for ensuring that all relevant information is provided to the executive.

All Job-Site Foremen (Supervisors) and the Manufacturing Plant Manager are:

1. Responsible for ensuring the health and safety of all those who work or visit their area of authority.
2. Responsible for ensuring the adherence to all safety rules.
3. Responsible for ensuring that they set the example for safety compliance.
4. Responsible for ensuring that all hazard reports receive immediate attention and that corrective actions are taken as soon as possible.
5. Responsible for ensuring that all specified accidents and incidents are investigated as soon as possible, and that all corrective actions to prevent a recurrence are taken as soon as possible.
6. Responsible for ensuring that regular safety inspections of their area are carried out, and that all corrective actions are taken as soon as possible.
7. Responsible for ensuring that all relevant safety and health information is presented to the Safety Director as required.

Field Safety Coordinator (as assigned) – is responsible for:

1. Advising the company management on safety related issues.
2. Providing support for management in achieving compliance to the safety program.
3. Identifying safety and health related issues for attention within the company.
4. Providing safety and health expertise on job-site safety and health issues.
5. Assisting with safety and health resources within the company.
6. Providing training on safety and health issues as assigned.
7. Guiding and stimulating safety and health toolbox meetings as assigned.
8. Liaising with the Safety Director.

All Employees – are responsible for:

1. Evaluate and monitor potential hazards, and report hazards detected to their immediate supervisor.
2. Complying with all safety rules - at all times.
3. Keeping the workplace clean and tidy.
4. Participating with the company on safety and health issues.
5. Attending and taking part in all safety training provided.
6. Consistently monitor and maintain Personal Protective Equipment (as assigned to each employee) in order to ensure full protection for each PPE is designed to do.

Hazard Analysis

Accidents in the workplace occur due to a variety of contributing factors. Some of these causes include the following examples.

Human

- Lack of employee training.
- Negligence or recklessness.
- Stress, fatigue.
- Negative attitude.
- Unsafe work practices.

Property/Facility

- Slippery or cluttered walking surfaces
- Inadequate lighting.
- Power sources and electrical service not locked-out.
- Lack of machine guarding.
- Lack of warning signs or labels.
- Lack of handrails.

Operations

- Hazardous materials
- Tool/work-station design.
- Manual lifting.
- Lack of defensive driving training (forklift, bus drivers)
- Confined spaces.
- Lockout/Tagout (control of energized equipment)
- Poor housekeeping
- Lack of standard (safe) operating procedures.
- Lack of equipment maintenance.

Maguire Iron Inc. uses various methods to identify new or existing hazards, conditions or operations. Means of identifying hazards include the following:

- Visual walk-through inspections (see checklist)
- Employee input (by means of: open door policy, toolbox meetings and safety concerns. Employee(s) can also provide input directly with the Safety Director, besides the immediate Foreman (Supervisor).
- Monitor employee absenteeism (monitored by Safety Director and Accounting Administrative Assistant for work related health and safety related issues, follow-up and resolution).
- Re-occurring injuries or accidents (review re-occurring cases with employees and management through toolbox meetings and provide recommendations for resolution of such cases, either through PPE, Administrative or Engineering Controls).
- Review of work practices/procedures (observation of such practices/procedures are presented and discussed at safety meetings for resolutions).
- OSHA 300/300A - Log and Summary of Occupational Injuries and Illnesses, and are reviewed at safety toolbox meetings.
- Insurance data. (Injury cases, trends and resolutions are discussed with Maguire Workers' Comp. Carrier.
- Evaluation of information presented to President, Vice President (Tank and Iron divisions), Job-site Plant Manager, Job-site Foremen and subordinates.

Hazards are evaluated relative to their potential consequences and probability. Once evaluated, hazards are then prioritized and according to various jobs or functions with the greatest potential for injury. A commonly used procedure in identifying and evaluating hazards is the Job Hazard Analysis. This procedure is based on the following steps:

Step 1: Survey the workplace to identify jobs most hazardous (or highest injury rate) relative to standards and work practices.

Step 2: Analyze those hazards identified by outlining the process flow or procedures involved in the task. This will identify specific hazards associated with various steps in the overall task.

Step 3: Establish safe procedures or corrections to each step where hazards have been identified.

Actual control or corrective measures for hazards identified and analyzed typically involve one of, or combination of, the following:

- Engineering controls
- Administrative controls
- Personal Protective Equipment (PPE)

Engineering Controls

The preferred control measures by OSHA, where feasible, are engineering controls. The intent is to eliminate or reduce the hazard by controlling the hazard itself. The following are examples of engineering controls:

- Re-design of an operation or piece of equipment (for example, adding a machine guard).
- Isolating the hazard from the worker (for example, construction of a guardrail or barrier, power or electrical source lock-out).
- Automated lift device.

Administrative Controls

The following are examples of administrative controls:

- Employee training and education.
- Establishing work practices or standard operating procedures.
- Housekeeping activities.
- Buddy system (no one works alone concept).
- Labeling or warning placards.
- Security to restrict access.

Personal Protective Equipment - (PPE)

PPE is used in situations where engineering or administrative controls are not feasible or fully effective. The following are examples of PPE controls we currently have in-place.

- Protective clothing (safety shoes, safety glasses, safety goggles, gloves, bump caps, aprons, etc.).
- Respirators (half face & air supplied full face)
- Ear Plugs

In all cases, Maguire's AWAIR program defines specific goals and objectives to correct or control identified hazards as warranted to reduce if not eliminate a potential risk for injury or illness. In addition, periodic job hazard analysis may be conducted to identify any modifications to a certain operation or task, as well as to identifying potential hazards.

Communication

Maguire's written program specifies how the overall program is communicated to effected employees to assure their knowledge of the hazards present and control measures involved. Employees with known hazards associated with their respective job functions receive training on the AWAIR program. Components of the training program include the following topics:

- Employee Safety Training (see: PowerPoint Presentation)
- Safety and Health policies (see: Employee Information Manual and reference with Foreman's Safety Manual).
- Staff responsibilities (see section on: Health & Safety Responsibilities).
- Applicable OSHA standards.
- Review of standard operating procedures or safe work practices (info. provided through Shop Floor Instructions, Operating Procedures & Instructions (OPI), Tool Box Meetings, and Maguire's safety policies and programs.
- Review of control measures (Engineering, Administrative and PPE).
- Reporting procedures (for: injuries, near miss conditions, and potential hazards).
- Accident, Incident and Near Miss Investigation procedures (active participants include Managers, Job-site Foremen (Supervisors) Safety Director (sub-ordinates as warranted).

Training is provided to all new employees prior to commencement of any work with identified hazards. Training is provided annually thereafter to review safe work practices and any new hazards identified. Maguire retains all training records through the Human Resources (H.R.) dept. for three years (minimum). Attendance forms are used to document training of employees.

In addition to the training program, Maguire uses one or more of the following forms of communication to maximize the effectiveness of the AWAIR program:

- Updates, articles or notices (examples: e-mail and post safety notices and alerts, Employee Information Bulletin Boards, Pay period Envelop Stuffers, Memos, Open Door Policy, Records of toolbox safety meetings, Voice Mail, and correspondences.
- Training sessions, including safety orientation of new hires.
- Make available to each employee, a copy of Maguire's safety policies (as addressed in Employee Information Manual).
- PowerPoint presentation, is used to provide AWAIR training to employees.
- Minn. & Federal OSHA health and safety (employee rights) requirements is posted in the plant employee lunch room and at all job-sites.
- Maguire Iron Inc. encourages input from employees through various means as mentioned above, and is responsive towards resolving safety and health issues and concerns as they arise.
- Toolbox (Labor/Management meetings) are conducted weekly (at a minimum). There may be specific projects or tasks which may require additional meetings as necessary.

Investigation and Correcting Accidents

Investigations of all accidents, including near mishaps are conducted as soon as possible, after the event or first report of injury. Investigations are conducted by employees who are authorized and trained to do so. They include, but not limited to the following:

- President
- Vice president (Tank Division)
- Vice President (Iron Division)
- Plant Manager
- Job-Site Foreman
- Safety Director
- Safety Coordinator (Job-site as assigned)
- Joint (Labor/Management) task force (when applicable)

Purpose of conducting investigations is to determine the cause to prevent its re-occurrence through corrective actions. In all cases, administering first aid or medical care to the injured is the first priority. Maguire Iron Inc. has an "Emergency Responder" at the plant and job-sites who are trained in First Aid/CPR (minimum) to handle emergency situations.

In order to investigate, it is imperative that every employee promptly report any accident or near mishap, without employee fear, embarrassment or concern for repercussions associated with reporting accidents. Maguire Iron Inc. is required to report, within 8 hours to OSHA, any fatal accident or one which results in the hospitalization of 3 or more employees.

Investigation of any accident shall be thorough and objective in nature. Again, the principle goal of any investigation is to identify the causal factors (asking the traditional - who, what, why, where, when and how). Results from the investigation are used to make adjustments and recommending control measures to prevent re-occurrence. All injuries or illnesses are recorded on the OSHA 300 Log and Summarized on the OSHA 300A form (signed by the President) and posted on employee information bulletin boards. An Accident/Incident Investigation & Corrective Action form is used to identify and abate all hazards presented.

Enforcement

Maguire Iron Inc. has implemented the following monitoring and enforcement activities to promote active participation and compliance with the AWAIR program:

- Review and update the AWAIR plan annually.
- Conduct periodic facility and jobsite audits to review safe work practices (see: Jobsite Checklist).
- Hold employees accountable by incorporating their responsibilities within Maguire's performance evaluation and reviews).
- Review the level of effectiveness afforded by control measures in-place (review past injury data).

- Implement the building of positive reinforcement of the program through employee incentives or rewards (examples may include: safety bingo, best safety suggestion, safety recognition award, etc.).
- Measure the success of the program through available statistics (such as: OSHA 300 Log), Facility Audits, Workers Comp. Carrier's Loss Control Analysis, and analysis of compliance with Federal, State and Local regulatory occupational safety and health standards and rules.
- Maintain communication channels (see: Safety Accountabilities and use of Maguire's open door policy).



Financial Statements
December 31, 2018 and 2017
Maguire Iron, Inc.

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Independent Auditor's Report

The Board of Directors
Maguire Iron, Inc.
Sioux Falls, South Dakota

We have reviewed the accompanying financial statements of Maguire Iron, Inc., which comprise the balance sheet as of December 31, 2018, and the related statements of income and retained earnings and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying supplementary information included on pages 15 and 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our reviews of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Prior Period Financial Statements

The balance sheet as of December 31, 2017 was audited by us, and we expressed an unmodified opinion with respect to the financial position of the Company as of that date in our report dated March 14, 2018. We were not engaged to audit the statements of income and retained earnings and cash flows for the year ended December 31, 2017, and, accordingly, did not express an opinion on the Company's results of operations or its cash flows for the year then ended. The statements of income and retained earnings and cash flows for the year ended December 31, 2017 were reviewed by us, and in our report dated March 14, 2018, we concluded that we were not aware of any material modifications that should be made to these financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide the basis for the expression of an opinion regarding the financial statements as a whole. Accordingly, we did not express such an opinion.

Eide Bailly LLP

Mankato, Minnesota
March 6, 2019

Maguire Iron, Inc.
Balance Sheets
December 31, 2018 and 2017

	<u>2018</u> Reviewed	<u>2017</u> Audited
Assets		
Current Assets		
Cash	\$ -	\$ 46,521
Receivables	5,139,942	5,229,595
Costs and estimated earnings in excess of billings on uncompleted contracts	1,962,815	1,106,858
Inventories	370,453	414,107
Due from Maguire Tank, Inc.	380,098	-
Prepaid expenses	25,655	20,738
Total current assets	<u>7,878,963</u>	<u>6,817,819</u>
Property and Equipment, Net	1,663,434	1,589,864
Costs and estimated earnings in excess of billings on uncompleted contracts	2,027,747	1,575,186
Other Assets		
Goodwill	- 125,000	150,000
Investment	111,214	192,231
Life insurance receivable	64,070	64,070
Total other assets	<u>300,284</u>	<u>406,301</u>
	<u>\$ 11,870,428</u>	<u>\$ 10,389,170</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Checks issued in excess of bank balance	\$ 58,788	\$ -
Line of credit	3,935,000	3,978,000
Current portion of long-term debt	635,310	462,275
Stockholder advances	-	447,500
Accounts payable	1,294,552	756,435
Accrued expenses	563,730	655,819
Billings in excess of costs and estimated earnings on uncompleted contracts	412,939	226,882
Total current liabilities	<u>6,900,319</u>	<u>6,526,911</u>
Long-Term Liabilities		
Long-term debt, less current portion	718,833	456,391
Billings in excess of costs and estimated earnings on uncompleted contracts	361,585	-
Stockholder advances	1,705,000	1,342,500
Total liabilities	<u>9,685,737</u>	<u>8,325,802</u>
Stockholders' Equity		
Common stock: 50,000 shares authorized, par value \$10; 1,215 shares issued and outstanding	12,150	12,150
Retained earnings	2,172,541	2,051,218
Total stockholders' equity	<u>2,184,691</u>	<u>2,063,368</u>
	<u>\$ 11,870,428</u>	<u>\$ 10,389,170</u>

See Independent Accountant's Review Report and Notes to Financial Statements

Maguire Iron, Inc.
 Statements of Income and Retained Earnings
 Years Ended December 31, 2018 and 2017

	2018 Reviewed	2017 Reviewed
Revenue	\$ 23,667,393	\$ 22,102,335
Cost of Revenue	20,126,284	17,146,020
Gross Profit	3,541,109	4,956,315
Selling, General and Administrative Expenses	2,943,940	4,554,869
Income from Operations	597,169	401,446
Other Income (Expense)		
Gain on disposal of property and equipment	-	7,866
Interest expense	(387,491)	(194,696)
Other expense	(88,355)	(149,968)
Total other expense	(475,846)	(336,798)
Net Income	121,323	64,648
Beginning Retained Earnings	2,051,218	1,986,570
Ending Retained Earnings	\$ 2,172,541	\$ 2,051,218

Maguire Iron, Inc.
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018 Reviewed	2017 Reviewed
Cash Flows from Operating Activities		
Net income	\$ 121,323	\$ 64,648
Adjustments to reconcile net income to net cash from (used for) operating activities		
Depreciation	399,441	422,993
Amortization	25,000	25,000
Gain on disposal of property and equipment	-	(7,866)
Loss from investment	83,517	127,361
Changes in		
Receivables	89,653	(1,694,467)
Costs and estimated earnings in excess of billings on uncompleted contracts	(1,308,518)	(1,437,350)
Inventories	43,654	41,617
Prepaid expenses	(4,917)	5,337
Due to/from related party	(380,098)	(1,433,839)
Checks written in excess of bank balance	58,788	-
Accounts payable and accrued expenses	446,028	(14,136)
Billings in excess of costs and estimated earnings on uncompleted contracts	547,642	(21,669)
Net Cash from (used for) Operating Activities	121,513	(3,922,371)
Cash Flows from Investing Activities		
Investment capital contributions	(2,500)	(115,000)
Proceeds from disposal of property and equipment	26,600	10,000
Purchase of property and equipment	(499,611)	-
Net Cash used for Investing Activities	(475,511)	(105,000)
Cash Flows from Financing Activities		
Net line of credit borrowings (repayments)	(43,000)	3,978,000
Proceeds from stockholder advances	1,177,500	1,100,000
Payments of stockholder advances	(1,262,500)	(1,340,000)
Proceeds from issuance of long-term debt	1,000,000	435,797
Long-term debt repayments	(564,523)	(434,082)
Net Cash from Financing Activities	307,477	3,739,715
Net Change in Cash	(46,521)	(287,656)
Beginning Cash	46,521	334,177
Ending Cash	\$ -	\$ 46,521
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 387,491	\$ 194,696
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Property and equipment acquisitions financed with long-term debt	\$ -	\$ 570,498

See Independent Accountant's Review Report and Notes to Financial Statements

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Business Activity

We, Maguire Iron, Inc. (the Company), are one of the largest providers of painting, repairs and maintenance services for water towers, ground storage water tanks, and various other water storage facilities in the Midwest. Our market concentration expands into 35 states with our primary offices and production facilities located in Sioux Falls, South Dakota. Our maintenance and repair services include heavy equipment welding, sandblasting, painting, component part replacement and emergency services. Our growth and innovation includes evaluating new extended life paint products, developing new blasting and containment processes and introducing other new services or technologies to our customers. Generally, we perform work under fixed-price contracts with durations of one to three months. We are also procuring longer term maintenance contracts.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and costs during the reporting periods. Actual results could differ from those estimates.

Concentrations

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and contract receivables. We believe our cash is placed with high quality credit institutions; however, intermittent cash balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit due to the seasonality of our business.

Our operating performance and outlook are strongly influenced by such factors as municipal growth, general economic conditions in regions or municipalities within the states we serve, the number of water storage facilities requiring our services, municipal credit availability, and other competitive factors in our industry. Our operations are dependent on the level of governmental funding of water projects along with availability of cash flow from private water districts or rural water cooperatives. Because of the nature of our business, receivables generally consist of amounts due from municipalities and rural and private water districts.

Receivables

Generally, receivables are uncollateralized customer obligations in the form of pay estimates due under normal terms requiring payment within 30 days. The Company applies payments to the earliest unpaid invoices and generally does not charge interest on past due accounts.

We grant credit to customers subsequent to a favorable credit analysis. We estimate an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts may change as our business grows. When accounts become uncollectible, they are written off. Due to varying size and scope of our contracts, individual receivables may represent a substantial portion of the total outstanding balance.

Revenue and Cost Recognition

Revenue from contracts is recognized on the percentage-of-completion method, principally in the ratio of costs incurred to total estimated costs. Accordingly, income is recognized proportionately over the term of the contract rather than at completion date.

Asset management contracts are multi-year maintenance agreements whereby the Company is committed to perform maintenance activities and periodic refurbishments of elevated and ground storage water reservoirs. These contracts are in effect for a period of up to twenty years and are generally cancellable with required minimum notice. Such agreements may also contain automatic renewal clauses. Annual payments are generally fixed for the duration of the contract. Revenue from asset management contracts is recognized on the percentage-of-completion method, consistent with the method used by the Company to recognize revenue on other contracts.

Contract costs include all direct material, subcontract, and labor costs and certain indirect costs related to contract performance.

Selling, general, and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, estimated profitability, and final contract settlements may occur and result in revisions to costs and income and are recognized in the period in which the revisions are determined.

The asset, "costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed on contracts in progress. The liability, "billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized on contracts in progress. Based on the scheduled maintenance activities of various asset management contracts and the expected billings thereon, certain of these amounts are not expected to be realized within one year of the balance sheet date. These amounts are presented as long-term assets and liabilities in the accompanying balance sheets.

Inventories

Inventories consist of materials and supplies and are stated at the lower of cost (determined on a first-in, first-out basis) or net realizable value.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Maintenance and repairs that do not improve or extend the life of an asset are expensed as incurred. Depreciation is provided on the straight-line method over estimated useful lives of respective assets, which range from four to thirty-two years.

We review the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was not impairment at December 31, 2018 and 2017.

Goodwill

Goodwill represents the excess of cost over fair value of net assets acquired through acquisitions. Goodwill is amortized on the straight-line method over a period of 10 years as allowed under Accounting Standards Update (ASU) 2014-02 and will be tested for impairment upon the occurrence of an event that would indicate the fair value of the Company is below its carrying value. As of December 31, 2018 and 2017, the carrying value of the Company's goodwill was not considered impaired.

Investment

The Company accounts for its investment in Jonda, LLC using the equity method, which consists of equity contributions and is adjusted for its share of undistributed earnings or losses.

Income Taxes

The Company, with the consent of its stockholders, has elected to have its income taxed under Subchapter S of the Internal Revenue Code. This election provides that, in lieu of corporation income taxes, stockholders are taxed on their proportionate share of the Company's taxable income. Under the elected tax method, no provision or liability for income taxes is required and none is not reflected in the accompanying financial statements.

The Company evaluates its tax positions on an annual basis. Management has determined that there are no uncertain tax positions at December 31, 2018 and 2017 that meet the criteria for recognition in the financial statements. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Variable Interest Entities

As of January 1, 2015, the Company adopted the provisions of Accounting Standards Update (ASU) 2014-07, *Applying Variable Interest Guidance to Common Control Leasing Arrangements*. This accounting alternative allows management to elect, when certain conditions exist, not to apply variable interest entity guidance for assessing whether it should consolidate lessor entities under common control.

Excise Taxes

The Company conducts business with customers in states and municipalities in which those governmental units impose excise taxes on certain revenues. The Company collects those excise taxes from its customers and remits the entire amount to the various governmental units. The Company's accounting policy is to include the tax collected and remitted in revenue and cost of revenue. Amounts collected and remitted in 2018 and 2017 were \$191,914 and \$46,807, respectively.

Advertising

The Company charges advertising production costs to expense as incurred and expenses advertising and communication costs when advertising commences. Advertising expense for the years ended December 31, 2018 and 2017 was \$87,995 and \$84,786, respectively.

Subsequent Events

In determining required financial statement disclosures, the Company has evaluated subsequent events through March 6, 2019, the date which the financial statements were available to be issued.

Note 2 - Receivables

Receivables consist of the following:

	2018	2017
Contract billings	\$ 4,440,671	\$ 4,995,200
Retainage to be paid within one year	699,271	234,395
	\$ 5,139,942	\$ 5,229,595

Note 3 - Uncompleted Contracts

Information with respect to uncompleted contracts is as follows:

	2018	2017
Costs allocated to contracts in progress	\$ 8,348,534	\$ 7,580,760
Estimated earnings thereon	5,188,397	3,472,401
	13,536,931	11,053,161
Less, billings applicable thereto	(10,320,893)	(8,597,999)
	\$ 3,216,038	\$ 2,455,162

Included in the accompanying balance sheets under the following captions:

	2018	2017
Costs and estimated earnings in excess of billings on uncompleted contracts		
Current	\$ 1,962,815	\$ 1,106,858
Long-term	2,027,747	1,575,186
Billings in excess of costs and estimated earnings on uncompleted contracts		
Current	(412,939)	(226,882)
Long-term	(361,585)	-
	\$ 3,216,038	\$ 2,455,162

Note 4 - Investment

The Company has a 25% interest in Jonda, LLC (Jonda), which owns an aircraft the Company uses in the course of its operations. The equity method is used to account for the investment, a summary of which follows:

	2018	2017
Capital contributions (from inception)	\$ 618,750	\$ 616,250
Company's share of accumulated losses	(507,536)	(424,019)
	\$ 111,214	\$ 192,231
Maximum exposure to losses (including debt guaranty)	\$ 1,305,214	\$ 1,469,231

The Company has determined it has a variable interest in Jonda. A variable interest entity (VIE) is an entity that either (1) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support or (2) has equity investors who lack the characteristics of a controlling financial interest. A VIE is consolidated by its primary beneficiary. The primary beneficiary has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE.

If the Company determines that it has operating power and the obligation to absorb losses or receive benefits, the Company consolidates the VIE as the primary beneficiary, and if not, does not consolidate. The Company's environment constitutes power that is most significant to the entity when it has unconstrained decision-making ability over key operational functions within the entity.

Assets recognized as a result of consolidating VIEs do not necessarily represent additional assets that could be used to satisfy claims against the Company's general assets. Conversely, liabilities recognized as a result of consolidating this VIE do not necessarily represent additional claims on the Company's general assets; rather, they represent claims against the specific assets of the consolidated VIE.

The Company's variable interest in Jonda results from a guaranty of debt; however, the Company is not considered to be the primary beneficiary of Jonda. Jonda's activities consist primarily of the leasing of an aircraft to the Company for use in its operations. As of and for the year ended December 31, 2018, Jonda had total assets of approximately \$5,199,000, liabilities of approximately \$4,777,000, and revenue totaling approximately \$1,027,000.

The Company has exposure to potential losses with respect to its relationship with Jonda due to a 25% guaranty of its outstanding note payable, which amounts to a guaranty of approximately \$1,194,000 as of December 31, 2018. The guaranty is related to outstanding debt of approximately \$4,777,000, which requires payments of \$45,116 monthly, with interest at a rate of 4.20% and a maturity date of January 2030. The subject indebtedness is fully collateralized by assets of Jonda, LLC and therefore, management does not believe that performance under the guaranty is probable.

Note 5 - Property and Equipment

Major classifications of property and equipment are summarized as follows:

	2018	2017
Vehicles	\$ 1,829,267	\$ 1,664,500
Equipment	2,682,689	2,451,761
Leasehold improvements	493,102	493,102
Office equipment	380,476	295,888
	5,385,534	4,905,251
Less accumulated depreciation	(3,722,100)	(3,315,387)
	\$ 1,663,434	\$ 1,589,864

Note 6 - Goodwill

Goodwill consists of the following:

	Cost	Accumulated Amortization	Accumulated Impairment Loss	Net
December 31, 2018	\$ 250,000	\$ 125,000	\$ -	\$ 125,000
December 31, 2017	\$ 250,000	\$ 100,000	\$ -	\$ 150,000

Amortization expense for the years ended December 31, 2018 and 2017 totaled \$25,000. Future amortization expense will be \$25,000 per year for the years ended December 31, 2019 through December 31, 2022. The weighted average amortization expense period is ten years.

Note 7 - Life Insurance

The Company maintains life insurance on certain stockholders. The policies provide key-man coverage whereby the Company receives all benefits payable upon death of the insured. Face amounts of policies in place were \$4,000,000 as of December 31, 2018 and 2017. The Company also has recorded life insurance receivables related to split dollar policies and respective assignment agreements. The Company will collect the receivables upon death of the insured or if the policies are terminated.

Note 8 - Line of Credit

The Company maintained a revolving line of credit with a bank that provided for borrowing limits of \$7,000,000 and \$5,000,000 at December 31, 2018 and 2017, respectively. Balances outstanding carry interest at a variable interest rate equal to the Wall Street Journal Prime Rate less 0.65% and 0.35% at December 31, 2018 and 2017, respectively. The credit line is secured by substantially all assets of the Company and matures in June 2019. Balances outstanding under this arrangement totaled \$3,935,000 and \$3,978,000 at December 31, 2018 and 2017, respectively.

Note 9 - Stockholder Advances

Stockholder advances are unsecured and bear interest at a rate of 9.00%. Advances due at December 31, 2018 totaled \$1,705,000 and were due on demand; however, demand cannot be made until at least January 1, 2020. As such, outstanding balances are reflected in long-term liabilities in the accompanying balance sheet at December 31, 2018. Advances due at December 31, 2017 totaled \$1,790,000 and were due on demand; however, demand of 75% of outstanding balances could not be made until at least January 1, 2019. As such, \$447,500 of total outstanding balances are reflected in current liabilities and \$1,342,500 are reflected in long-term liabilities in the accompanying balance sheet at December 31, 2017.

Note 10 - Long-Term Debt

Long-term debt consists of the following:

	2018	2017
3.05% note, secured by substantially all assets of the Company and guarantees of the stockholders, payable in monthly installments of \$24,935, inclusive of interest, final payment due January 2020	\$ 318,390	\$ 602,983
3.79% note, secured by substantially all assets of the Company, payable in monthly installments of \$4,418, inclusive of interest, final payment due November 2020	97,808	146,056
3.19% note, secured by substantially all assets of the Company and guarantees of the stockholders, payable in monthly installments of \$8,756, inclusive of interest, final payment due June 2019	52,043	145,260
4.10% note, secured by substantially all assets of the Company and guarantees of the stockholders, payable in monthly installments of \$22,652, inclusive of interest, final payment due June 2022	885,902	-
3.00% note, secured by substantially all assets of the Company and guarantees of the stockholders, payable in monthly installments of \$1,890, inclusive of interest, paid in full during 2018	-	22,309
2.99% note, secured by substantially all assets of the Company and guarantees of the stockholders, payable in monthly installments of \$2,066, inclusive of interest, paid in full during 2018	\$ -	\$ 2,058
	1,354,143	918,666
Less current portion	(635,310)	(462,275)
	\$ 718,833	\$ 456,391

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3.19% note, secured by substantially all assets of the Company and guarantees of the stockholders, payable in monthly installments of \$8,756, inclusive of interest, final payment due June 2019	52,043	145,260
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3.00% note, secured by substantially all assets of the Company and guarantees of the stockholders, payable in monthly installments of \$1,890, inclusive of interest, paid in full during 2018	-	22,309
2.99% note, secured by substantially all assets of the Company and guarantees of the stockholders, payable in monthly installments of \$2,066, inclusive of interest, paid in full during 2018	\$ -	\$ 2,058
	1,354,143	918,666
Less current portion	(635,310)	(462,275)
	\$ 718,833	\$ 456,391

Future maturities of long-term debt are as follows:

<u>Years Ending December 31,</u>	
2019	
2020	\$ 635,310
2021	324,208
2022	260,344
	134,281
	\$ 1,354,143

Note 11 - Leases

The Company leases office and shop facilities and equipment with lease terms ranging from month to month to one year. According to the office and shop leases, the Company pays property taxes and operating expenses related to the leased properties. Rent expense from operating leases was \$727,500 and \$667,500 for the years ended December 31, 2018 and 2017, respectively.

Minimum future obligations related to operating leases are as follows:

<u>Years Ending December 31,</u>	
2019	
2020	\$ 727,500
	40,625
	\$ 768,125

Note 12 - Related Party Transactions

Maguire Tank, Inc.

The Company earned revenues of \$518,795 and \$405,118 for subcontract work performed for Maguire Tank, Inc. (Tank), an entity related through common ownership, during the years ended December 31, 2018 and 2017, respectively. The Company incurred expenses of \$794,739 and \$2,020,012 for subcontract work performed by Tank during the years ended December 31, 2018 and 2017, respectively. Amounts due from Tank totaled \$380,098 and \$61,442 as of December 31, 2018 and 2017, respectively, and amounts at December 31, 2017 are included within receivables on the accompanying balance sheet.

Additionally, the Company is the unlimited guarantor of Tank's indebtedness to a bank. The guaranty is open and continuous and includes all obligations to the bank now existing or hereafter incurred. The Company's exposure under this guarantee was approximately \$1,347,000 at December 31, 2018. The subject indebtedness is fully collateralized by assets of Tank and therefore, management does not believe the Company will be required to make any payments relative the guaranty.

Affiliated Partnerships

The Company leases office and shop facilities from Maguire Jones Boys LLC (MJB), a related entity owned by the stockholders of the Company. MJB's activities consist primarily of the leasing of buildings to the Company for use in its operations, with substantially all of the activity between the Company and MJB being related to their leasing arrangements. As of and for the year ended December 31, 2018, MJB had total assets of approximately \$7,795,000, liabilities of approximately \$931,000, and revenue totaling approximately \$1,790,000. Rents paid to MJB were \$577,500 and \$517,500 during the years ended December 31, 2018 and 2017, respectively. Also, the Company pays property taxes and operating expenses related to the leased properties.

Additionally, the Company leases an aircraft from Jonda, LLC, an entity in which the Company has an ownership interest. Rent paid to the partnership was \$150,000 during each of the years ended December 31, 2018 and 2017. In addition, the Company paid hangar rent to the partnership totaling \$8,750 and \$7,000 during the years ended December 31, 2018 and 2017, respectively. Payables due to the partnership totaled \$16,050 and \$22,350 at December 31, 2018 and 2017, respectively.

Stockholders

The stockholders made unsecured loans to the Company amounting to \$1,705,000 and \$1,790,000 at December 31, 2018 and 2017, respectively. Interest paid to the stockholders was \$139,588 and \$114,617 during the years ended December 31, 2018 and 2017, respectively.

Note 13 - Retirement Plan

The Company sponsors a 401(k) defined contribution plan covering substantially all employees. The Company's discretionary contributions are determined annually by the Board of Directors and amounted to \$63,754 and \$53,037 for the years ended December 31, 2018 and 2017, respectively. In addition, the Company contributes to the plan amounts relating to fringe benefit payments required under contracts subject to Davis-Bacon, state prevailing wage statutes, or certain project labor agreements. These contributions to the plan amounted to \$265,145 and \$111,940 for the years ended December 31, 2018 and 2017, respectively.

Note 14 - Backlog

The following schedule shows a reconciliation of backlog representing the amount of revenue the Company expects to realize from work to be performed on uncompleted contracts at December 31, 2018, and from contractual agreements on which work has not yet begun.

Balance, December 31, 2017	\$ 14,549,044
New contracts and change orders	26,628,170
	41,177,214
Contract revenues earned	(23,667,393)
	\$ 17,509,821



Supplementary Information
December 31, 2018 and 2017
Maguire Iron, Inc.

Maguire Iron, Inc.
Schedules of Cost of Revenue
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Depreciation and amortization	\$ 424,441	\$ 447,993
Employee benefits	554,779	390,526
Equipment rent	150,000	150,000
Excise and use taxes	213,839	62,689
Freight	288,342	87,594
Fuel	483,025	406,068
Insurance	437,104	472,201
Labor and commissions	4,267,323	3,621,133
License and bonds	80,550	131,947
Materials	2,691,330	2,223,953
Miscellaneous	538,657	652,085
Payroll taxes	345,431	257,135
Plans and specifications	18,150	11,092
Office and plant rent and property taxes	614,000	570,700
Repairs and maintenance	151,216	175,847
Subcontractors	7,098,513	5,954,210
Supplies	399,401	326,108
Travel and subsistence	1,285,083	1,120,708
Utilities	85,100	84,031
	<u>\$ 20,126,284</u>	<u>\$ 17,146,020</u>

Maguire Iron, Inc.
Schedules of Selling, General and Administrative Expenses
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Advertising	\$ 87,995	\$ 84,786
Donations	81,974	73,057
Legal and accounting	55,406	63,423
Meals and entertainment	92,540	79,072
Miscellaneous	26,456	54,184
Office expense	148,536	121,838
Payroll taxes	98,743	130,903
Salaries - other	657,290	832,606
Salaries - officers	<u>1,695,000</u>	<u>3,115,000</u>
	<u>\$ 2,943,940</u>	<u>\$ 4,554,869</u>

College Station, TX
McAllen, TX
Oklahoma City, OK



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February 11, 2020

City of La Porte
2963 N 23rd St.
La Porte, Texas 77571
Email to: mayo@laportetx.org

Attn: Ray Mayo

Re: Recommendation of Contractor for Rehabilitation of the Lomax Elevated Storage Tank Rehabilitation Contract

The purpose of this letter is to recommend a contractor for the above referenced project. A complete bid tabulation from the February 6, 2020 public bid opening is attached. This project involves the rehabilitation, repainting, and structural steel repairs of the Lomax Elevated Water Storage Tank for the City of La Porte, TX.

1. Bid Tabulation Sheet – Fifteen (15) contractors participated in the bidding process. The bid was checked for mathematical errors and/or bid irregularities. The bids were found to have no mathematical errors and/or bid irregularities. The project was bid with a Base Bid and two (2) Alternate Bid Item. Copy of Bid Tabulation and Bidder's Proposal attached.
2. Qualifications and References – The lowest responsive and responsible bidder, Maguire Iron, Inc. of Sioux Falls, SD provided an acceptable list of qualifications and references, and has completed numerous successful water tank construction projects.

The lowest, responsive and responsible bidder, Maguire Iron, Inc. is recommended for award for a total contract price not to exceed \$275,000. A copy of the Bidder's Proposal is attached. Dunham Engineering has interviewed the Contractor's Project Manager, and reviewed submitted references for similar projects, and has found all to be satisfactory.

If you should have any questions regarding the above recommendations, please feel free to call anytime.

Sincerely,

A handwritten signature in blue ink that reads 'Wesley A. Oatman'.

Wesley A. Oatman, P.E.

Access Report

Agency City of La Porte (TX)
 Bid Number 20007
 Bid Title Lomax Elevated Water Storage Tank Rehabilitation Project

Vendor Name	Accessed First Time	Most Recent Access	Documents	Most Recent Response Date
Dale Dobbins	2020-01-29 09:43 PM CST	2020-01-29 09:44 PM CST		
Tukmol General Contractor	2020-01-17 08:11 PM CST	2020-01-23 09:25 PM CST		
Suburban Contractors LLC	2020-01-16 10:47 AM CST	2020-01-16 10:48 AM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	
Pittsburg Tank & Tower Mainte	2020-01-16 07:14 AM CST	2020-01-21 09:24 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Viking Painting LLC	2020-01-21 12:56 PM CST	2020-02-14 09:30 AM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	2020 General Terms & Conditions Rev(1).pdf
Perkens WS Corporation	2020-01-16 01:37 AM CST	2020-02-04 05:07 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Durba Construction	2020-01-16 02:48 PM CST	2020-01-16 02:48 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Utlility Service Co., Inc.	2020-01-16 07:48 AM CST	2020-01-16 07:48 AM CST		
Texas Tank Services	2020-01-16 09:31 AM CST	2020-01-16 09:46 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
BidClerk	2020-01-22 10:10 PM CST	2020-01-22 10:10 PM CST		
HVJ Associates, Inc.	2020-01-16 11:00 AM CST	2020-01-16 11:00 AM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	
CMS	2020-01-15 11:40 PM CST	2020-02-05 11:40 PM CST		
Wayne Enterprises	2020-01-16 12:03 PM CST	2020-02-06 12:29 PM CST		
M.K. Painting, Inc.	2020-02-03 12:11 PM CST	2020-02-03 12:36 PM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	2020 General Terms & Conditions Rev(1).pdf
TMI Coatings, Inc.	2020-01-16 08:43 AM CST	2020-02-06 11:17 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
SO	2020-01-15 10:30 PM CST	2020-01-15 10:30 PM CST		
Utility Service Co Inc	2020-01-16 08:15 AM CST	2020-02-12 11:59 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
The Blue Book Building & Con	2020-01-15 09:37 PM CST	2020-01-15 09:37 PM CST		
Nova Painting LLC	2020-01-16 08:32 AM CST	2020-02-05 09:35 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
A&M Industries	2020-02-02 04:55 PM CST	2020-02-02 04:56 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
J.T.B. Services Inc	2020-01-15 04:50 PM CST	2020-01-15 04:50 PM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	
D&M TANK LLC	2020-02-04 10:57 AM CST	2020-02-05 03:41 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Hearn Company	2020-01-16 01:41 PM CST	2020-02-06 08:44 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
American Structures, Inc.	2020-01-17 04:06 PM CST	2020-01-17 04:07 PM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	
Dodge Data & Analytics	2020-01-15 07:45 PM CST	2020-02-19 11:29 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Construction Journal	2020-01-19 11:54 PM CST	2020-01-22 05:09 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Maguire Iron, Inc.	2020-01-15 04:46 PM CST	2020-02-07 11:00 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Preferred Tank & Tower Mainte	2020-01-17 03:09 PM CST	2020-01-17 03:09 PM CST		
IMS	2020-01-24 05:41 AM CST	2020-01-24 05:41 AM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	
ConstructConnect	2020-01-21 08:35 AM CST	2020-02-07 11:48 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Webtech	2020-01-21 04:00 AM CST	2020-01-21 05:55 AM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	
Alpha Testing, Inc.	2020-01-17 10:25 AM CST	2020-01-17 10:25 AM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	
Phillips Family Enterprises LLC	2020-01-17 08:24 AM CST	2020-01-23 09:24 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
midwest maintenance and coat	2020-02-04 09:05 PM CST	2020-02-12 11:42 AM CST	Bid 20007 Lomax Elevated Wa	2020-02-04 09:14 PM CST
Inland Environments Ltd.	2020-01-16 08:53 AM CST	2020-01-16 08:53 AM CST		
Ornvia	2020-01-15 06:02 PM CST	2020-01-15 06:02 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Tanzez Coatings, Inc.	2020-01-16 08:56 AM CST	2020-01-31 11:42 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Garver, LLC	2020-01-16 01:16 PM CST	2020-01-16 01:16 PM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	
L&L Supplies	2020-01-18 02:06 PM CST	2020-01-20 10:52 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Gulf States Protective Coatings	2020-02-04 09:45 AM CST	2020-02-04 02:05 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
Schoof Wholesale Supplies LL	2020-01-15 11:44 PM CST	2020-01-15 11:44 PM CST		
Classic Protective Coatings, Inc	2020-01-17 09:39 AM CST	2020-01-21 10:43 AM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	
Tank Pro, Inc.	2020-01-15 04:41 PM CST	2020-02-05 12:18 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf
North America Procurement Cc	2020-01-20 01:55 AM CST	2020-01-21 04:36 AM CST	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf	
SmartProcure	2020-01-15 06:03 PM CST	2020-01-30 11:41 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20007 Lomax Elevated Water Storage Tank Rehabilitation Project.pdf

Bid Tabulation - Sealed Bid #20007 - Lomax Elevated Water Storage Tank Rehabilitation Project
Bid Due Date: February 6, 2020 at 2:00 p.m.

	BASE BID ITEMS		Macquire Iron, Inc.	M.K Painting, Inc.	Cherokee Painting & Sandblasting, Inc.	Tank Pro, Inc.	CTEX Construction Services LLC	Nova Paintings, LLC	Utility Service Co. Inc.	Gulf States Protective Coatings, Inc.	N.G. Painting, LP	Viking Industrial Painting	Tankez Coatings, Inc	D & M Tank, LLC	Blastco Texas Inc.	TMI Coatings, Inc.	Lone Mountain Contracting, Inc.
Item No.	Description	No. of Units															
1	Lomax Elevated Water Storage Tank Rehabilitation Project per specifications	1	\$261,000.00	\$262,000.00	\$295,000.00	\$302,963.00	\$324,000.00	\$340,000.00	\$347,300.00	\$369,035.00	\$370,000.00	\$378,000.00	\$387,000.00	\$390,800.00	\$462,930.00	\$497,000.00	\$498,771.00
Alternate Bid																	
	Provide additional "Bulldog" logos per technical Specifications	LS	\$14,000.00	\$15,000.00	\$7,000.00	\$8,400.00	\$8,000.00	\$8,000.00	\$10,000.00	\$7,000.00	\$14,000.00	\$14,800.00	\$10,000.00	\$30,000.00	\$4,409.00	\$18,000.00	\$31,668.00
Alternate Bid-Add or Dedct																	
	Provide approved alternate coating system in lieu of the specified coating system																
	Add:		no bid	no bid	no bid	no bid	no bid	no bid	no bid	no bid	no bid	no bid	no bid	no bid	no bid	no bid	no bid
	Deduct:		\$2,000.00	no bid	no bid	no bid	no bid	no bid	\$6,700.00	no bid	no bid	no bid	no bid	no bid	no bid	\$3,000.00	no bid



REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 9, 2020</u>
Requested By: <u>Ray Mayo, Director</u>
Department: <u>Public Works</u>
<input checked="" type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance

Appropriation	
Source of Funds:	<u>003- Utility CIP</u>
Account Number:	<u>003-7085-533-5120</u>
Amount Budgeted:	<u>\$270,000</u>
Amount Requested:	<u>\$176,000</u>
Budgeted Item:	<input checked="" type="radio"/> Yes <input type="radio"/> No

Exhibits: Bid Tabulation for Bid 20008, Access Report 20008, of Recommendation and Bid from W.W. Payton Corporation

Letter

SUMMARY

Sealed Bid #20008 - Water Tank Replacement for Hillridge Water Plant was opened and read on February 6, 2020. Bid requests were advertised in the Bay Area Observer, posted on the City of La Porte website, Public Purchase and Dunham Engineering website. Fifty-six (56) vendors were notified with twenty-three (23) downloading the bid documents, and two (2) contractors returning bids.

W.W. Payton Corporation submitted the lowest bid in the amount of \$160,000. Staff is requesting a contingency amount of \$16,000, for a total authorization of \$176,000, approximately 65% of the budgeted amount. The design consultant, Dunham Engineering, Inc. has submitted a letter of recommendation for W.W Payton Corporation.

The existing tank is over 40 years old and has exceeded its useful life. The term of this contract is 180 days. Following award, the tank panels will be ordered, fabricated, coated and then shipped to the site. This booster plant will then be taken out of service to accomplish demolition of the existing tank, preparation of the foundation and construction of the new tank. Actual construction time will be closer to 60 days. We maintain redundant facilities and there will be no service interruption. The project will be conducted during a low-use period to minimize any negative impact to the water system. Delaying this replacement will lead to increased maintenance costs.

RECOMMENDED MOTION

I move to award Bid 20008 to W.W. Payton Corporation and authorize the City Manager to execute a contract with W.W. Payton in the amount of \$160,000 plus a project contingency of \$16,000, for a total authorization of \$176,000.

Approved for the City Council meeting agenda

Corby D. Alexander, City Manager

Date

BID FORM

BID 2008-WATER TANK REPLACEMENT PROJECT-HILLRIDGE WATER PLANT

DATE: 2-6-20

Bid of W.W. Payton Corporation an ~~individual proprietorship~~, a corporation organized and existing under laws of the State of Texas, a ~~partnership consisting of~~, for the Water Tank Replacement Project, for the City of La Porte, Harris County, Texas.

Gentlemen:

The undersigned bidder has carefully examined the Instructions to Bidders, this Proposal, the General Conditions of Agreement, the Technical Specifications and the drawings for the work herein above described and referred to in the Invitation to Bid and has carefully examined the site of the work and will provide all necessary labor, superintendence, machinery, equipment, tools, materials, services and other means of construction to complete all the work upon which he bids, as called for in the Contract, the Specifications and shown on the drawings, and in the manner prescribed therein and according to the requirements of the City of La Porte.

BASE BID:

The furnishing of labor, equipment, and materials necessary for the ground storage tank replacement project per the attached specifications and plans.

Item No.	Estimated Quantity	Description and Price in Words	Total Price
1.	Lump Sum	Furnish material and labor to demolish and remove existing tank per the Technical Specifications for a lump sum of <u>Ten Thousand</u> dollars and <u>No</u> cents.	\$ <u>10,000.00</u>
2.	Lump Sum	Furnish material and labor to erect new bolted steel tank per the Technical Specifications for a lump sum of <u>One Hundred Forty Seven Thousand</u> dollars and <u>No</u> cents.	\$ <u>147,000.00</u>
3.	Lump Sum	Furnish material and labor to connect the new tank to existing piping and valves and place in service per the Technical Specifications for a lump sum of <u>Three Thousand</u> dollars and <u>No</u> cents.	\$ <u>3,000.00</u>

BASE BID

Total of Item 1, 2 & 3

TOTAL BASE BID \$ 160,000.00

Written One Hundred Sixty Thousand & No 100 Dollars

Utilizing (Name of bolted steel tank sub-contractor) Suprior Tank

It is understood and agreed that the work shall be complete in full within 180 calendar days after the date on which work is to be commenced as established by the Contract Documents.

It is agreed that the contract price may be increased or decreased to cover work added or deleted by order of the Engineer, in accordance with the provisions of the General Conditions of Agreement.

The undersigned agrees that the amounts bid in this proposal will not be withdrawn or modified for sixty (60) days following date of bid opening.

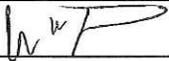
It is understood that the bid security accompanying this proposal shall be returned to the undersigned unless, in case of the acceptance of this proposal the undersigned should fail to enter into a construction contract and execute bonds as provided in the specifications. In the event the undersigned should fail to enter into a construction contract and execute bonds as required within 14 calendar days after the Engineer has given unsigned contracts to the Contractor, it is understood and agreed that the bid security shall be forfeited to the Owner and shall be considered as payment for damages due to delay and other inconveniences suffered by the Owner as a result of such failure on the part of the undersigned.

It is understood that the Owner reserves the right to reject any and all bids.

In the event of Award of the Contract to the undersigned, the undersigned agrees to furnish Performance and Payment Bonds as provided in the Specifications.

The undersigned certifies that the bid prices contained in this proposal have been carefully checked and are submitted as correct and final

Date 2-6-20

Signed 

By Wesley W. Payton - President
(Title)

Company W.W. Payton Corporation

P.O. BOX 1056, Katy, Texas 77492

(Address)

(281) 371-7068

(Telephone Number)

bids@wwpayton.com

(Email Address)



Witness **Marilyn R. Payton - Secretary**

SEAL (if Bidder is a Corporation)

Acknowledge receipt of Addenda Below:

Addendum No. _____

Date Received _____



Bid Bond
Surety Department

Bond No.n/a

KNOW ALL MEN BY THESE PRESENTS,

That we,

W. W. Payton Corporation

as Principal, hereinafter called the Principal, and the **Hartford Fire Insurance Company**, a corporation created and existing under the laws of the State of **Connecticut**, whose principal office is in **Hartford, Connecticut**, as Surety, hereinafter called the Surety, are held and firmly bound unto

The City of La Porte

as Obligee, hereinafter called the Obligee, in the sum of **five percent (5%) of total amount bid** Dollars (**\$ 5% T.A.B.**), for the payment of which sum, well and truly to be made, the said Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

Whereas, the Principal has submitted a bid for

BID #20008 - Water Tank Replacement Project - HILLRIDGE WATER PLANT

NOW, THEREFORE, if the Obligee shall accept the bid of the Principal and the Principal shall enter into a contract with the Obligee in accordance with the terms of such bid, and give such bond or bonds as may be specified in the biddings or contract documents with good and sufficient surety for the faithful performance of such contract and for the prompt payment of labor and materials furnished in the prosecution thereof, or in the event of the failure of the Principal to enter such contract and give such bond or bonds, if the Principal shall pay to the Obligee the difference not to exceed the penalty hereof between the amount specified in said bid and such larger amount for which the Obligee may in good faith contract with another party to perform the work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect.

Signed and sealed this **6th** day of **February** A.D. 20 **20**.

Witness _____
(If Individual)

W. W. Payton Corporation _____
(Principal) (SEAL)

By WWP _____ (SEAL)
Wesley W. Payton, President (Title)

Attest M R Payton _____
(If Corporation) **Marilyn R. Payton, Secretary**

Hartford Fire Insurance Company _____ (SEAL)

Attest Kourtney Reese _____
Kourtney Reese - Witness

By Sharon Cavanaugh _____ (SEAL)
Sharon Cavanaugh Attorney-in-Fact (Title)

POWER OF ATTORNEY

Direct Inquiries/Claims to:
THE HARTFORD
 BOND, T-12
 One Hartford Plaza
 Hartford, Connecticut 06155
 BondClaims@thehartford.com
 call: 888-266-3488 or fax: 860-767-6936

KNOW ALL PERSONS BY THESE PRESENTS THAT:

Agency Name: MARSH & MCLENNAN AGENCY LLC
 Agency Code: 61-610074

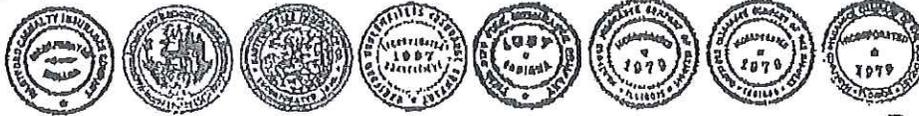
- Hartford Fire Insurance Company, a corporation duly organized under the laws of the State of Connecticut
- Hartford Casualty Insurance Company, a corporation duly organized under the laws of the State of Indiana
- Hartford Accident and Indemnity Company, a corporation duly organized under the laws of the State of Connecticut
- Hartford Underwriters Insurance Company, a corporation duly organized under the laws of the State of Connecticut
- Twin City Fire Insurance Company, a corporation duly organized under the laws of the State of Indiana
- Hartford Insurance Company of Illinois, a corporation duly organized under the laws of the State of Illinois
- Hartford Insurance Company of the Midwest, a corporation duly organized under the laws of the State of Indiana
- Hartford Insurance Company of the Southeast, a corporation duly organized under the laws of the State of Florida

having their home office in Hartford, Connecticut, (hereinafter collectively referred to as the "Companies") do hereby make, constitute and appoint, up to the amount of Unlimited:

Sharon Cavanaugh, C.W. Adams, Roxanne G. Brune, Sharen Groppell, David R. Groppell, Francine Hay, Beverly A. Ireland, Edward L. Moore, Kurt A. Risk, James W. Tomforde, Gloria Villa of HOUSTON, Texas

their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety(ies) only as delineated above by , and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written Instruments in the nature thereof, on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, and as authorized by a Resolution of the Board of Directors of the Companies on May 8, 2015 the Companies have caused these presents to be signed by its Senior Vice President and its corporate seals to be hereto affixed, duly attested by its Assistant Secretary. Further, pursuant to Resolution of the Board of Directors of the Companies, the Companies hereby unambiguously affirm that they are and will be bound by any mechanically applied signatures applied to this Power of Attorney.



John Gray

John Gray, Assistant Secretary

M. Ross Fisher

M. Ross Fisher, Senior Vice President

STATE OF CONNECTICUT }
 COUNTY OF HARTFORD } ss. Hartford

On this 5th day of January, 2018, before me personally came M. Ross Fisher, to me known, who being by me duly sworn, did depose and say: that he resides in the County of Hartford, State of Connecticut; that he is the Senior Vice President of the Companies, the corporations described in and which executed the above Instrument; that he knows the seals of the said corporations; that the seals affixed to the said Instrument are such corporate seals; that they were so affixed by authority of the Boards of Directors of said corporations and that he signed his name thereto by like authority.



CERTIFICATE

Kathleen T. Maynard

Kathleen T. Maynard
 Notary Public
 My Commission Expires July 31, 2021

I, the undersigned, Assistant Vice President of the Companies, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force effective as of February 6, 2020.
 Signed and sealed at the City of Hartford.



Kevin Heckman
 Kevin Heckman, Assistant Vice President



Claims Inquiries Notice

Hartford Fire Insurance Company
Hartford Casualty Insurance Company
Hartford Accident and Indemnity Company
Hartford Underwriters Insurance Company

Twin City Insurance Company
Hartford Insurance Company of Illinois
Hartford Insurance Company of the Midwest
Hartford Insurance Company of the Southwest

Please address inquiries regarding Claims for all surety and fidelity products issued by The Hartford's underwriting companies to the following:

Phone Number: : 888-266-3488
Fax – Claims : 860-757-5835 or 860-221-3965
E-mail : bond.claims@thehartford.com

Mailing Address : The Hartford
BOND, T-12
One Hartford Plaza
Hartford, CT 06155

IMPORTANT NOTICE

To obtain information or make a complaint:
You may contact your Agent.

You may call The Hartford's Consumer Affairs toll-free telephone number for information or to make a complaint at:
1-800-451-6944

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights, or complaints at:
1-800-252-3439

You may write the Texas Department of Insurance:
P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007
Web: www.tdi.texas.gov
E-mail: ConsumerProtection@tdi.texas.gov

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim, you should contact the (agent) (company) (agent or the company) first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

**CITY OF LA PORTE
RESPONDENT AFFIDAVIT**

The foregoing prices shall include all labor, materials, equipment, removal, overhead, profit, freight, insurance, etc., to cover the finished work specified in this bid.

All items bid and installed under this procurement must be new and unused and in undamaged condition.

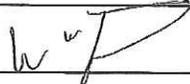
The City of La Porte is tax exempt and no taxes shall be included in the pricing of this solicitation.

Respondent understands that the Owner reserves the right to reject any or all bids and to waive any informalities in the solicitation.

The respondent agrees that this solicitation shall be good and may not be withdrawn for a period of sixty (60) calendar days after the scheduled closing time for receiving submittals.

The undersigned affirms they are duly authorized to represent this firm, that this proposal has not been prepared in collusion with any other firm, and that the contents contained herein have not been communicated to any other firm prior to the official opening.

Respectfully submitted:

Business Name:	<u>W.W. Payton Corporation</u>
Address:	<u>P.O. BOX 1056</u>
	<u>Katy, Texas 77492</u>
Printed Name:	<u>Wesley W. Payton - President</u>
Authorized Signature:	<u></u>
Date:	<u>2-6-20</u>

**CITY OF LA PORTE
CERTIFICATION OF RESPONDENT**

City of La Porte Ordinance #98-2217 prohibits any expenditure for goods or services by the City of La Porte from any person, firm, or corporation owing any delinquent indebtedness to the City. The undersigned respondent further certifies that it is in compliance with the requirements of said ordinance. A copy of the ordinance may be obtained by contacting the City of La Porte Purchasing Division at 281-470-5126.

If undersigned bidder is not in compliance with Ordinance 98-2217, it hereby assigns to the City of La Porte, the amount of its delinquent indebtedness to the City of La Porte, to be deducted by the City of La Porte from the amounts due the undersigned.

Failure to remit this certification with the response or non-compliance with said ordinance shall be just cause for rejection or disqualification of submitted proposal.

 X The undersigned hereby certifies that it is in compliance with Ordinance 98-2217.

Or

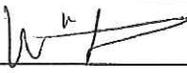
 The undersigned assigns to the City of La Porte, the amount of its delinquent indebtedness, to be deducted by the City of La Porte from the amounts due the undersigned.

(Initial one of the above)

Business Name: W.W. Payton Corporation

Address: P.O. BOX 1056
 Katy, Texas 77492

Printed Name: Wesley W. Payton - President

Authorized Signature: 

Date: 2-6-20

CITY OF LA PORTE
PROTECTION OF RESIDENT WORKERS COMPLIANCE

The City of La Porte, Texas actively supports the Immigration and Nationality Act (INA) which includes provisions addressing employment eligibility, employment verification, and nondiscrimination. Under the INA, employers may hire only persons who may legally work in the United States (i.e., citizens and nationals of the U.S.) and aliens authorized to work in the U.S.

The employer must verify the identity and employment eligibility of anyone to be hired, which includes completing the Employment Eligibility Verification Form (I-9).

The Contractor shall establish appropriate procedures and controls so no services or products under the Contract Documents will be performed or manufactured by any worker who is not legally eligible to perform such services or employment.

Business Name: W.W. Payton Corporation

Address: P.O. BOX 1056
Katy, Texas 77492

Printed Name: Wesley W. Payton - President

Authorized Signature: 

Date: 2-6-20

CITY OF LA PORTE
INDEMNITY HOLD HARMLESS AGREEMENT

To the fullest extent permitted by law, Contractor, its successors, assigns and guarantors, shall pay, defend, indemnify and hold harmless the City of La Porte, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, including claims of patent or copyright infringement, damages, losses, expenses, including but not limited to, attorney's fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expenses, related to, arising from or out of or resulting from any actions, acts, errors, mistakes or omissions caused in whole or part by Contractor relating to work, services and/or products provided in the performance of this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by or working as an independent contractor for Contractor or said Subcontractors or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Contractor's and Subcontractor's employees or independent contractors.

The Contractor expressly understands and agrees that any insurance policies required by this contract, or otherwise provided by the Contractor, shall in no way limit the responsibility to indemnify, keep and save harmless and defend the City of La Porte, its Council members, officers, agents and employees and herein provided.

Business Name: W.W. Payton Corporation

Address: P.O. BOX 1056
Katy, Texas 77492

Printed Name: Wesley W. Payton - President

Authorized Signature: 

Date: 2-6-20

CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

FORM CIQ

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.
This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).
By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.
A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

Wesley W. Payton

2 Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

N/A

Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

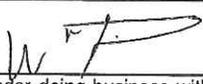
Yes No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

Yes No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6 Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

Signature of vendor doing business with the governmental entity
Wesley W. Payton - President

2-6-20
Date

References:

Please PRINT or TYPE here, the names, addresses and other contact information of persons in a management capacity where other similar work has been provided within the last five (5) years, or is currently being provided that may be willing to provide a reference and recommendation for your company. Failure to complete and submit this form may be cause to disqualify your proposal. References provided must be for similar events.

At least 2 of the 4 required references should be current and of a similar size and scope. Contractor shall also indicate the date services were performed and a brief description of the type of event, and any other pertinent information involved for each reference provided.

Company Name	Contact	Address	Telephone	E-mail
Please see the attached Reference Form				

Company Name	Contact	Address	Telephone	E-mail

Company Name	Contact	Address	Telephone	E-mail

Company Name	Contact	Address	Telephone	E-mail

Company Name	Contact	Address	Telephone	E-mail

W.W. PAYTON CORPORATION
REFERENCES

5. Costello, Inc.
9990 Richmond Avenue, Suite 450 North Building
Houston, Texas 77042
Ph: 713-783-7788
Mr. Bill Zollman, P.E.
Projects: Harris County ID 18
Water Plant #1 (Serving Exxon campus)
- Montgomery County MUD #105
Water Plant #1
6. City of Conroe
300 W. Davis
Conroe, Texas 77305
Ph: 936-522-3122
Mr. Tommy Woolley
Projects: City of Conroe
Cooling Tower at Water Well #24
- Panorama Village
Hydro. Tank Addition
7. Jones & Carter
6330 West Loop South, Suite 150
Bellaire, Texas 77401
Ph: 713-777-5337
Mr. Toby McQueary, P.E.
Projects: Grand Mission MUD #1
Water Plant #3 – Phase I
- City of Rosenberg
Water Plant #8
- Montgomery County MUD #119
Water Plant #2 – Phase I
8. IDS Engineering Group
13430 NW Freeway, Suite 700
Houston, Texas 77040
Ph: (713) 462-3178
Mr. Teague Harris, P.E.
Projects: Harris County MUD #372
Booster Pump Station
- Nottingham County MUD
Water Well & Generator

House Bill 89 VERIFICATION

I, Wesley W. Payton - President (Person name), the undersigned

representative of (Company or Business name)
W.W. Payton Corporation

(hereafter referred to as company) being an adult over the age of eighteen (18) years of age, do hereby verify that the company named-above, under the provisions of Subtitle F, Title 10, Government Code Chapter 2270.001:

1. Does not boycott Israel currently; and
2. Will not boycott Israel during the term of the contract the above-named Company, business or individual with City of La Porte, Texas.

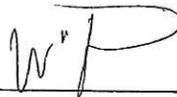
This statement is exempt for sole proprietorship vendors, vendors who have less than 10 full time employees and contracts that are under \$100,000 of public funds.

Pursuant to Section 2270.001, Texas Government Code:

1. "Boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes; and
2. "Company" means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or any limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of those entities or business associations that exist to make a profit.

2-6-20

DATE



SIGNATURE OF COMPANY REPRESENTATIVE

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

Certificate Number:
2020-585048

Date Filed:
02/05/2020

Date Acknowledged:

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

W.W. Payton Corporation
Katy, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

City of La Porte

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

20008
Water Tank Replacement Project - Hillridge Water Plant

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Payton, Wesley and Marilyn	Katy, TX United States	X	

5 Check only if there is NO Interested Party.

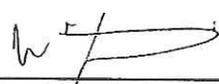
6 UNSWORN DECLARATION

My name is Wesley W. Payton, and my date of birth is 3-22-1952.

My address is P.O. BOX 1056, Katy, Texas 77492, Harris.
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Waller County, State of Texas, on the 5th day of February, 20 20.
(month) (year)



Signature of authorized agent of contracting business entity
(Declarant)

February 11, 2020

City of La Porte
2963 N 23rd St.
La Porte, Texas 77571
Email to: mayo@laportetx.org

Attn: Ray Mayo

Re: Recommendation of Contractor for Water Tank Replacement Project at Hillridge Water Plant

The purpose of this letter is to recommend a contractor for the above referenced project. A complete bid tabulation from the February 6, 2020 public bid opening is attached. This project involves the replacement repairs of the Bolted Steel Water Storage Tank at Hillridge Water Plant for the City of La Porte, TX.

1. Bid Tabulation Sheet – Two (2) contractors participated in the bidding process. The bid was checked for mathematical errors and/or bid irregularities. The bids were found to have no mathematical errors and/or bid irregularities. The project was bid with a Base Bid and no Alternate Bid Items. Copy of Bid Tabulation and Bidder's Proposal attached.
2. Qualifications and References – The lowest responsive and responsible bidder, W. W. Payton Corporation of Katy, TX provided an acceptable list of qualifications and references, and has completed numerous successful water tank construction projects.

The lowest, responsive and responsible bidder, W. W. Payton Corporation is recommended for award for a total contract price not to exceed \$160,000. A copy of the Bidder's Proposal is attached. Dunham Engineering has interviewed the Contractor's Project Manager, and reviewed submitted references for similar projects, and has found all to be satisfactory.

If you should have any questions regarding the above recommendations, please feel free to call anytime.

Sincerely,



Wesley A. Oatman, P.E.

Access Report
 Agency
 Bid Number
 Bid Title

City of La Porte (TX)
 20008
 Water Tank Replacement Project - Hillridge Water Plant

Vendor Name	Accessed First Time	Most Recent Access	Documents	Most Recent Response Date
Dale Dobbins	2020-01-29 09:48 PM CST	2020-01-29 09:48 PM CST		
Tukmol General Contractor	2020-01-17 08:10 PM CST	2020-01-23 09:25 PM CST		
Pittsburg Tank & Tower Mainte	2020-01-16 07:13 AM CST	2020-01-16 07:13 AM CST		
Schier Construction Company I	2020-01-16 07:33 AM CST	2020-01-16 07:45 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
Perkens WS Corporation	2020-01-16 01:39 AM CST	2020-02-04 05:07 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
Durba Construction	2020-01-16 07:33 AM CST	2020-01-16 07:34 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
BidClerk	2020-01-22 10:11 PM CST	2020-01-22 10:11 PM CST		
Precision Plant Services, LLC.	2020-01-16 08:21 AM CST	2020-01-30 11:40 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
CMS	2020-01-15 11:40 PM CST	2020-02-05 11:40 PM CST		
Wayne Enterprises	2020-01-16 12:03 PM CST	2020-02-06 12:28 PM CST		
TMI Coatings, Inc.	2020-02-06 11:16 AM CST	2020-02-06 11:16 AM CST		
United Industries Group, Inc.	2020-01-16 09:52 AM CST	2020-01-16 09:56 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
Caldwell Tanks, Inc.	2020-01-16 02:00 PM CST	2020-01-16 02:00 PM CST		
ConstructConnect	2020-01-21 11:36 AM CST	2020-02-07 11:45 AM CST		
SO	2020-01-15 10:30 PM CST	2020-01-15 10:30 PM CST		
The Blue Book Building & Cons	2020-01-15 09:40 PM CST	2020-01-16 07:09 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
A&M Industries	2020-02-02 05:09 PM CST	2020-02-02 05:10 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
Iseler Demolition, Inc	2020-01-16 06:34 AM CST	2020-01-27 06:40 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
J.T.B. Services Inc	2020-01-15 04:47 PM CST	2020-02-04 04:02 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
Hearn Company	2020-01-16 01:49 PM CST	2020-02-07 10:07 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
W.W. Payton Corportion	2020-01-15 04:41 PM CST	2020-02-05 08:50 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
American Structures, Inc.	2020-01-17 03:53 PM CST	2020-02-03 12:55 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
Dodge Data & Analytics	2020-01-15 07:45 PM CST	2020-02-19 11:29 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
Construction Journal	2020-01-19 11:54 PM CST	2020-01-22 05:05 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
Landmark Structures	2020-01-16 12:45 PM CST	2020-01-16 12:56 PM CST	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf	
Paso Robles Tank, Inc.	2020-01-20 09:48 AM CST	2020-01-20 12:38 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
Maguire Iron, Inc.	2020-01-23 11:43 AM CST	2020-01-23 11:43 AM CST		
Preferred Tank & Tower Mainte	2020-01-17 03:12 PM CST	2020-01-22 02:24 PM CST		
american tank company	2020-01-15 05:03 PM CST	2020-01-15 05:13 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
ConstructConnect	2020-01-21 01:30 PM CST	2020-01-21 01:33 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
Mann Flow Controls	2020-01-23 02:44 PM CST	2020-01-23 02:47 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
midwest maintenance and coat	2020-02-04 09:05 PM CST	2020-02-04 09:05 PM CST		
Onvia	2020-01-15 06:02 PM CST	2020-02-08 01:32 PM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf
Garver, LLC	2020-01-16 01:17 PM CST	2020-01-16 01:17 PM CST		
L.&L. Supplies	2020-01-18 02:06 PM CST	2020-01-20 10:51 AM CST	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf	2020 General Terms & Conditions Rev(1).pdf
School Wholesale Supplies LL	2020-01-15 11:44 PM CST	2020-01-15 11:44 PM CST		
Tank Pro, Inc.	2020-01-15 04:45 PM CST	2020-01-15 04:45 PM CST		
North America Procurement Cc	2020-01-20 01:55 AM CST	2020-01-23 08:59 AM CST	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf	
SmartProcure	2020-01-15 06:03 PM CST	2020-01-30 11:41 AM CST	2020 General Terms & Conditions Rev(1).pdf	Bid 20008 Water Tank Replacement Project-Hillridge Water Plant.pdf

BID TABULATION-BID #20008 WATER TANK REPLACEMENT PROJECT-HILLRIDGE WATER PLANT

Due Date: February 6, 2020 at 2:00 P.M.

		W.W. Payton Corporation	Schier Construction Company, Inc.
Item No.	Description		
1	Water Tank Replacment Project-Hillridge Water Plant Total Base Bid	\$160,000.00	\$206,800.00



REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 9, 2020</u>
Requested By: <u>Ian Clowes, City Planner</u>
Department: <u>Planning & Development</u>
<input type="radio"/> Report <input type="radio"/> Resolution <input checked="" type="radio"/> Ordinance

Appropriation	
Source of Funds:	<u>N/A</u>
Account Number:	<u>N/A</u>
Amount Budgeted:	<u>N/A</u>
Amount Requested:	<u>N/A</u>
Budgeted Item:	<input type="radio"/> Yes <input checked="" type="radio"/> No

Exhibits: Ordinance 2020-3782, Deed, Area Map and Appraisal Summary

SUMMARY

The City received an application from Jana Gutierrez, on behalf of Will Crenshaw of Crenshaw Real Properties II, LTD to vacate, abandon and close a portion of two (2) separate 60 foot wide street rights of way, adjacent to the property legally described as Tracts A, B, C, 1, Block 8, Lots 5-32, Block 7C, Lots 1-30, Block 7B, Nebraska Syndicate and Lots 1-32, Block 352, Lots 1-32, Block 349 Town of La Porte, located along Barbours Cut Blvd. between N. 8th and N 1st Streets. See the area map for details.

The abandonment process requires that all adjacent property owners either participate in the closure or sign away rights to their portion of the proposed closure. Frontier Port Properties, the only other adjacent property owner, decided to participate in Mr. Crenshaw's request and will be purchasing half of the N. 2nd St. right of way.

The total area of the requested closure equals 98,400 square feet. Staff have determined that there are no City or franchised utilities existing within the rights of way. Comcast, AT&T, and Centerpoint, the three franchise utility companies, have all provided letters of no objection to the proposed right of way closure.

In accordance with Sections 62-32 of the City's Code of Ordinances, the City obtained an appraisal of the subject rights of way to establish fair market value. The appraisal report established a value of \$2.50 per square foot. The applicant has submitted closing fees in the amount of \$246,000 (98,400 sq. ft. x \$2.50) to the City. These funds are being held in escrow subject to final consideration and action by Council.

RECOMMENDED MOTION

I move that the Council adopt Ordinance 2020-3782 for street and alley closure request #19-25000001, vacating and abandoning a portion of two the N 2nd St and N 4th St. rights of way, adjacent to the property legally described Tracts A, B, C,1, Block 8, Lots 5-32, Block 7C, Lots 1-30, Block 7B, Nebraska Syndicate and Lots 1-32, Block 352, Lots 1-32, Block 349 Town of La Porte, and authorize the City Manager to execute a deed to the adjacent property owner for the subject right of way.

Approved for the City Council meeting agenda

Corby D. Alexander, City Manager

Date

ORDINANCE NO. 2020-3782

AN ORDINANCE VACATING, ABANDONING AND CLOSING THE PORTIONS OF THE N 2ND STREET AND N 4TH STREET RIGHTS-OF-WAY SITUATED BETWEEN BARBOURS CUT BOULEVARD AND THE H STREET RIGHT-OF-WAY, AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DEED TO THE ADJOINING LANDOWNERS; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; CONTAINING A SEVERABILITY CLAUSE; CONTAINING A SAVINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE HEREOF.

WHEREAS, the City Council of the City of La Porte has been requested by the record owners of the properties abutting the portions of the N. 2nd and N. 4th Street rights-of-way situated between Barbours Cut Boulevard and the H Street right-of-way, to vacate, abandon and close said rights of way, and;

WHEREAS, the City Council of the City of La Porte has determined and does hereby find, determine, and declare that the portions of the N. 2nd and N. 4th Street rights-of-way situated between Barbours Cut Boulevard and the H Street right-of-way are not suitable, needed, or beneficial to the public as a public road, street, or alley, and the closing of the portions of the N. 2nd and N. 4th Street rights-of-way situated between Barbours Cut Boulevard and the H Street right-of-way is for the protection of the public and for the public interest and benefit, and that the portions of the N. 2nd and N. 4th street rights-of-way situated between Barbours Cut Boulevard and the H Street right-of-way should be vacated, abandoned, and permanently closed.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE:

Section 1. Under and by virtue of the power granted to the City of La Porte under its home rule charter, Chapter 62 of the City of La Porte Code of Ordinances and Chapter 253, Texas Local Government Code, the portions of the N. 2nd and N. 4th street rights-of-way situated between Barbours Cut Boulevard and the H Street right-of-way are hereby permanently vacated, abandoned, and closed by the City of La Porte, such rights-of-way being generally illustrated on Exhibit "A" incorporated herein, and further described to wit:

Tract 1

Being a tract of land containing 1.129 acres, being a portion of N 2nd Street, Nebraska Syndicate, recorded in Volume 83, Page 345, Harris County Deed Records, and being located in the Johnson Hunter League, Abstract Number 35, Harris County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING, at a found five eighths inch iron rod with cap stamped "Cruller 5476", marking the southwest corner of the tract herein described the southeast corner of a called 5.760 acre tract being recorded in Harris County Clerk's File No. 20070706635;

THENCE, North 03 degrees 03 minutes 04 seconds West, along the west line of the tract herein described, for a distance of 820.02 feet to the northeast corner of said called 5.760 acre tract;

THENCE , North 86 degrees 55 minutes 55 seconds East, along the north line of the tract herein described, for a distance of 60.00 feet marking the northeast corner of the tract herein described and in the west line of a called 10.903 acre tract as recorded in Harris County Clerk's File No. 20090354653;

THENCE, South 03 degrees 03 minutes 04 seconds East, along the east line of the tract herein described and the west line of said called 10.903 acre tract, for a distance of 820.02 feet marking the southwest corner of said called 10.903 acre tract;

THENCE, South 86 degrees 55 minutes 55 seconds West, along the south line of the tract herein described, for a distance of 60.00 feet to the POINT OF BEGINNING.

Tract 2

Being a tract of land containing 1.129 acres, being a portion of N 4th Street, Nebraska Syndicate, recorded in Volume 83, Page 345, Harris County Deed Records, and being located in the Johnson Hunter League, Abstract Number 35, Harris County, Texas, and being more particularly described by metes and bounds as follows;

BEGINNING, at a found five eighths inch iron rod with cap stamped "Cruller 5476", marking the southeast corner of the tract herein described the southwest corner of a called 2.810 acre tract (Tract 4) being recorded in Harris County Clerk's File No. 20070706634 and in the north line of Barbours Cut Boulevard (100 foot wide);

THENCE, South 86 degrees 55 minutes 55 seconds West, along the south line of the tract herein described, for a distance of 60.00 feet to a set five eighths inch iron rod with cap stamped "JM", marking the southeast corner of a called 5.007 acre tract (Tract 3) as recorded in Harris County Clerk's File No. 20070706634;

THENCE, North 03 degrees 03 minutes 04 seconds West, along the east line of said called 5.007 acre tract, for a distance of 820.00 feet, to a set five eighths inch iron rod in the south line of H Street (60 foot wide) and marking the northwest corner of the tract herein described;

THENCE, North 86 degrees 55 minutes 55 seconds East, along the north line of the tract herein described, for a distance of 60.00 feet to a found three eighths inch iron rod, marking the northwest corner of a called 3.02 acre tract, as recorded in Harris County Clerk's File No. 20080509130;

THENCE, South 03 degrees 03 minutes 04 seconds East, along the west line of said called 3.02 acre tract and 2.810 acre tract, for a distance of 820.00 feet to the POINT OF BEGINNING.

Section 2. That the abandonment, vacation and closure provided for herein is made and accepted subject to all present zoning and deed restrictions if the latter exist, and all easements, whether apparent or non-apparent, aerial, surface or underground.

Section 3. That the abandonment, vacation and closure provided for herein shall extend only to the public right, title, easement and interest and shall be construed to extend only to that interest which the governing body for the City of La Porte may legally and lawfully abandon, vacate and close.

Section 4. That the City Manager is hereby authorized to execute and deliver a Deed Without Warranty to the abutting owner upon completion of all conditions and requirements set forth in this Ordinance.

Section 5. That the abutting property owner shall pay all costs associated with procedures necessitated by the request to abandon the portions of the N. 2nd and N. 4th Street rights-of-way situated between Barbours Cut Boulevard and the H Street right-of-way, as described in this Ordinance, plus compensation for the market value of such abandoned property in accordance Chapter 62 of the City of La Porte Code of Ordinances.

Section 6. The City Council officially finds, determines, recites, and declares that a sufficient written notice of the date, hour, place, and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered, and formally acted upon. The City Council further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 7: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict only.

Section 8. If any part or portion of this ordinance shall be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect or impair any remaining portions or provisions of the ordinance.

Section 9. This ordinance shall be effective from and after its passage and approval, and it is so ordered.

PASSED AND APPROVED THIS 9th day of March 2020.

CITY OF LA PORTE, TEXAS

Louis R. Rigby, Mayor

ATTEST:

APPROVED:

Lee Woodward, City Secretary

Clark Askins, Assistant City Attorney

DEED WITHOUT WARRANTY

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Date: MARCH 9, 2020

Grantor: CITY OF LA PORTE, TEXAS, a municipal corporation

Mailing Address: 604 West Fairmont Parkway, La Porte, TX 77571

Grantee: Crenshaw Real Properties II, LTD

Mailing Address: 1655 Louisiana Street, Beaumont, TX 77701-1120

Consideration: Ten and No/100 Dollars (\$10.00) cash
and other good and valuable considerations

Property: (including any improvements):

Tract 1

Being a tract of land containing 0.5645 acres, being a portion of N 2nd Street, Nebraska Syndicate, recorded in Volume 83, Page 345, Harris County Deed Records, and being located in the Johnson Hunter League, Abstract Number 35, Harris County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING, at a found five eighths inch iron rod with cap stamped "Cruller 5476", marking the southwest corner of the tract herein described the southeast corner of a called 5.760 acre tract being recorded in Harris County Clerk's File No. 20070706635;

THENCE, North 03 degrees 03 minutes 04 seconds West, along the west line of the tract herein described, for a distance of 820.02 feet to the northeast corner of said called 5.760 acre tract;

THENCE , North 86 degrees 55 minutes 55 seconds East, along the north line of the tract herein described, for a distance of 30.00 feet marking the center line of the N 2nd Street right-of-way;

THENCE, South 03 degrees 03 minutes 04 seconds East, along the center line of the N 2nd Street right-of-way, for a distance of 820.02 feet marking the center line of the N 2nd Street right-of-way on the north line of Barbours Cut Boulevard;

THENCE, South 86 degrees 55 minutes 55 seconds West, along the south line of the tract herein described, for a distance of 30.00 feet to the POINT OF BEGINNING.

Tract 2

Being a tract of land containing 1.129 acres, being a portion of N 4th Street, Nebraska Syndicate, recorded in Volume 83, Page 345, Harris County Deed Records, and being located in the Johnson Hunter League, Abstract Number 35, Harris County, Texas, and being more particularly described by metes and bounds as follows;

BEGINNING, at a found five eighths inch iron rod with cap stamped "Cruller 5476", marking the southeast corner of the tract herein described the southwest corner of a called 2.810 acre tract (Tract 4) being recorded in Harris County Clerk's File No. 20070706634 and in the north line of Barbours Cut Boulevard (100 foot wide);

THENCE, South 86 degrees 55 minutes 55 seconds West, along the south line of the tract herein described, for a distance of 60.00 feet to a set five eighths inch iron rod with cap stamped "JM", marking the southeast corner of a called 5.007 acre tract (Tract 3) as recorded in Harris County Clerk's File No. 20070706634;

THENCE, North 03 degrees 03 minutes 04 seconds West, along the east line of said called 5.007 acre tract, for a distance of 820.00 feet, to a set five eighths inch iron rod in the south line of H Street (60 foot wide) and marking the northwest corner of the tract herein described;

THENCE, North 86 degrees 55 minutes 55 seconds East, along the north line of the tract herein described, for a distance of 60.00 feet to a found three eighths inch iron rod, marking the northwest corner of a called 3.02 acre tract, as recorded in Harris County Clerk's File No. 20080509130;

THENCE, South 03 degrees 03 minutes 04 seconds East, along the west line of said called 3.02 acre tract and 2.810 acre tract, for a distance of 820.00 feet to the POINT OF BEGINNING.

Reservations from and Exception to Conveyance and Warranty: This conveyance is made subject to all and singular the restrictions, conditions, oil, gas, and other mineral reservations, easements, and covenants, if any, applicable to and enforceable against the above described property as reflected by the records of the county clerk of the aforesaid county.

Grantor for the consideration and subject to the reservations from and exceptions to conveyance, conveys to Grantee the property without express or implied warranty, and all warranties that might arise by common law and the warranties in §5.023 of the Texas Property Code (or its successor) are excluded.

Attest:

City of La Porte, Texas

Lee Woodward
City Secretary

By: _____
Corby D. Alexander
City Manager

Approved:

Clark T. Askins
Assistant City Attorney

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on ____ day of _____, 2020, by Corby D. Alexander, City Manager of the City of La Porte, Texas, a municipal corporation.

Notary Public, State of Texas

AFTER RECORDING RETURN TO:

ASKINS & ASKINS, P.C.
P.O. Box 1218
La Porte, TX 77572-1218

PREPARED IN THE LAW OFFICE OF:

ASKINS & ASKINS, P.C.
P.O. Box 1218
La Porte, TX 77572-1218

DEED WITHOUT WARRANTY

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Date: MARCH 9, 2020

Grantor: CITY OF LA PORTE, TEXAS, a municipal corporation

Mailing Address: 604 West Fairmont Parkway, La Porte, TX 77571

Grantee: Frontier Port Properties, LLC

Mailing Address: 101 W. Barbours Cut Boulevard, La Porte, TX 77571-3024

Consideration: Ten and No/100 Dollars (\$10.00) cash
and other good and valuable considerations

Property: (including any improvements):

Being a tract of land containing 0.5645 acres, being a portion of N 2nd Street, Nebraska Syndicate, recorded in Volume 83, Page 345, Harris County Deed Records, and being located in the Johnson Hunter League, Abstract Number 35, Harris County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING, at a found five eighths inch iron rod with cap stamped "Cruller 5476", marking the southeast corner of the tract herein described the southwest corner of a called 10.903 acre tract being recorded in Harris County Clerk's File No. 20090354653;

THENCE, North 03 degrees 03 minutes 04 seconds East, along the east line of the tract herein described, for a distance of 820.02 feet to the northwest corner of said called 10.930 acre tract;

THENCE, North 86 degrees 55 minutes 55 seconds West, along the north line of the tract herein described, for a distance of 30.00 feet marking the center line of the N 2nd Street right-of-way;

THENCE, South 03 degrees 03 minutes 04 seconds West, along the center line of the N 2nd Street right-of-way, for a distance of 820.02 feet marking the center line of the N 2nd Street right-of-way on the north line of Barbours Cut Boulevard;

THENCE, South 86 degrees 55 minutes 55 seconds East, along the south line of the tract herein described, for a distance of 30.00 feet to the POINT OF BEGINNING.

Reservations from and Exception to Conveyance and Warranty: This conveyance is made subject to all and singular the restrictions, conditions, oil, gas, and other mineral reservations, easements, and covenants, if any, applicable to and enforceable against the above described property as reflected by the records of the county clerk of the aforesaid county.

Grantor for the consideration and subject to the reservations from and exceptions to conveyance, conveys to Grantee the property without express or implied warranty, and all warranties that might arise by common law and the warranties in §5.023 of the Texas Property Code (or its successor) are excluded.

Attest:

City of La Porte, Texas

Lee Woodward
City Secretary

By: _____
Corby D. Alexander
City Manager

Approved:

Clark T. Askins
Assistant City Attorney

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on ____ day of _____, 2020, by Corby D. Alexander, City Manager of the City of La Porte, Texas, a municipal corporation.

Notary Public, State of Texas

AFTER RECORDING RETURN TO:

ASKINS & ASKINS, P.C.
P.O. Box 1218
La Porte, TX 77572-1218

PREPARED IN THE LAW OFFICE OF:

ASKINS & ASKINS, P.C.
P.O. Box 1218
La Porte, TX 77572-1218

USER: JANA GUTIERREZ
DATE: 11/13/2018 TIME: 4:04 PM
S:\PROJECTS\2018\28-18 NEBRASKA SYNDICATE\PLAT\EP VACATE\28-18 6TH-2ND STREET VACATE.DWG

H. STREET
UNIMPROVED, 80' R.O.W., VOL. 83, PG 345
H.C.D.R.

N86°55'55"E - 60.00'

TO BE VACATED BY PLAT
SUBJECT TRACT
1.129 ACRES

N03°03'04"W - 820.02'

S03°03'04"E - 820.02'

CALLED 5.760 ACRES
CONVEYED TO CRENSHAW REAL
PROPERTIES II, LLC,
H.C.C.F. NO. 20070706635
11-30-2007

N 2ND STREET
UNIMPROVED, 60' R.O.W.
VOL. 83, PG. 345 H.C.D.R.

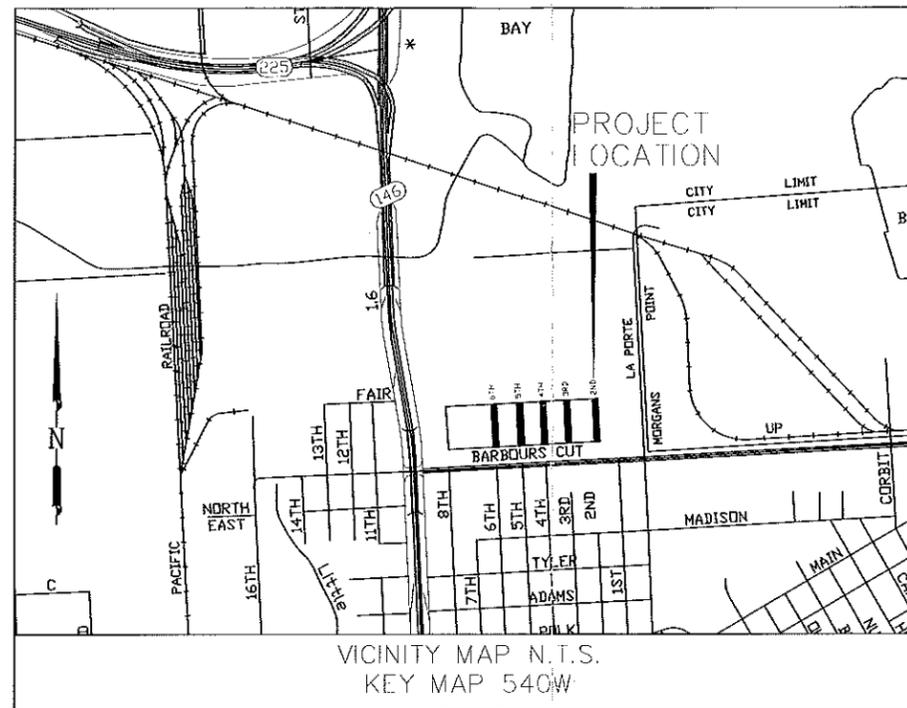
P.O.B.
FND. 5/8" I.R.
W/CAP STAMP
"CRULLER 5476"

S86°55'55"W - 60.00'

W. BARBOURS CUT BLVD.
100' R.O.W.
VOL. 83, PG 345, H.C.D.R.

CALLED 10.903 ACRES
CONVEYED TO FRONTIER PORT
PROPERTIES LLC,
H.C.C.F. NO. 20090354653
08-06-2009

STREET TO BE
VACATED



PARCEL DESCRIPTION

A tract of land containing 1.129 acres, being a portion of N 2nd Street, Nebraska Syndicate, recorded in Volume 83, Page 345, Harris County Deed Records, and being located in the Johnson Hunter League, Abstract Number 35, Harris County, Texas, and being more particularly described by metes and bounds as follows;

BEGINNING, at a found five eighths inch iron rod with cap stamped "Cruller 5476", marking the southwest corner of the tract herein described the southeast corner of a called 5.760 acre tract being recorded in Harris County Clerk's File No. 20070706635;

1. THENCE, North 03 degrees 03 minutes 04 seconds West, along the west line of the tract herein described, for a distance of 820.02 feet to the northeast corner of said called 5.760 acre tract;
2. THENCE, North 86 degrees 55 minutes 55 seconds East, along the north line of the tract herein described, for a distance of 60.00 feet marking the northeast corner of the tract herein described and in the west line of a called 10.903 acre tract as recorded in Harris County Clerk's File No. 20090354653;
3. THENCE, South 03 degrees 03 minutes 04 seconds East, along the east line of the tract herein described and the west line of said called 10.903 acre tract, for a distance of 820.02 feet marking the southwest corner of said called 10.903 acre tract;
4. THENCE, South 86 degrees 55 minutes 55 seconds West, along the south line of the tract herein described, for a distance of 60.00 feet to the POINT OF BEGINNING.

SURVEY

OF
1.129 ACRE TRACT
A PORTION OF THE 2ND STREET
NEBRASKA SYNDICATE
VOLUME 83, PAGE 345, HARRIS COUNTY DEED RECORDS AND BEING
LOCATED IN THE JOHNSON HUNTER LEAGUE, ABSTRACT NO. 35,
HARRIS COUNTY, TEXAS



J. MORALES
ARCHITECTS • ENGINEERS • SURVEYORS

3425 Federal Street
Houston, Texas 77504
(O) 713.947.6606
jmoralesinc.com
T.B.A.E. FIRM NO. BR2942
T.B.P.E. FIRM NO. F-004636
T.B.L.S. FIRM NO. 10039400

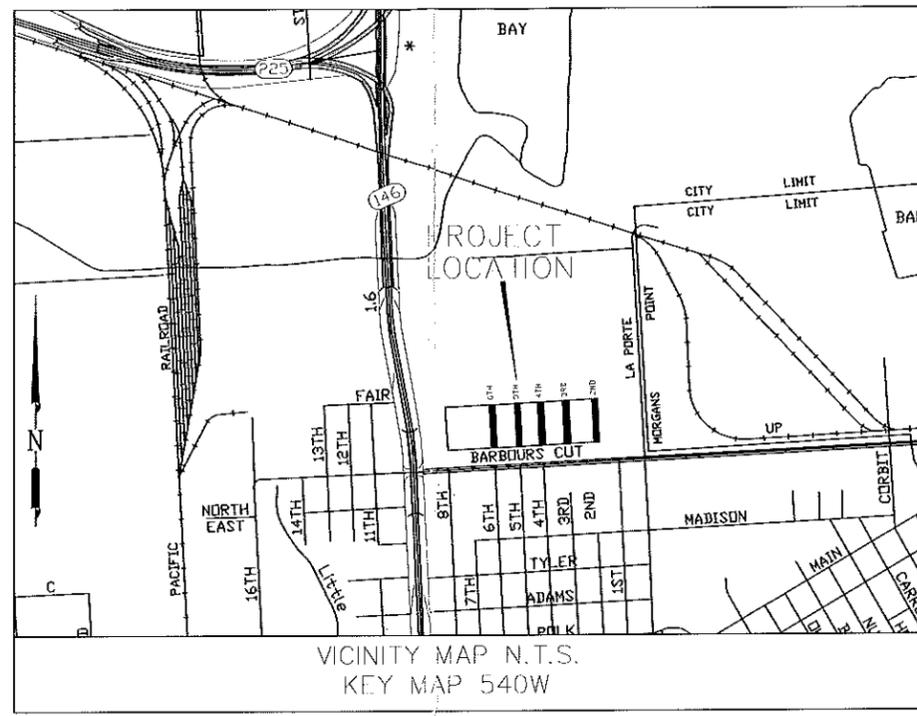
PROJECT #: 17665 28-18 SECTION 2

USER: JANA GUTIERREZ
 DATE: 11/13/2018 TIME: 4:04 PM
 S:\PROJECTS\2018\28-18 NEBRASKA SYNDICATE\PLAT\EP VACATE\28-18 6TH-2ND STREET VACATE.DWG

H. STREET
 80' R.O.W., VOL. 83, PG 345
 H.C.D.R.
 N86°55'55"E - 60.00'

TO BE VACATED BY PLAT
 SUBJECT TRACT
 1.129 ACRES

CALLED 3.02 ACRES
 CONVEYED TO CRENSHAW REAL
 PROPERTIES II, LTD
 H.C.C.F. NO. 200080509130
 H.C.C.G. 11-30-2007



N03°03'04"W - 820.00'
 4TH STREET
 (60' WIDTH)
 (VOL. 83, PG 345 H.C.D.R.)
 S03°03'04"E - 820.00'

CALLLED 5.007 ACRES
 (TRACT 3)
 CONVEYED TO CRENSHAW
 REAL
 PROPERTIES II, LTD
 H.C.C.F. NO. 200070706634
 H.C.C.G. 11-30-2007

CALLLED 2.810 ACRES
 (TRACT 4)
 CONVEYED TO CRENSHAW REAL
 PROPERTIES II, LTD
 H.C.C.F. NO. 200070706634
 H.C.C.G. 11-30-2007

STREET TO BE
 VACATED

P.O.B.
 FND. 5/8" I.R.
 W/CAP STAMP
 "CRULLER 5476

S86°55'55"W - 60.00' S8
 W. BARBOURS CUT BLVD.
 100' R.O.W.
 VOL. 83, PG 345, H.C.D.R.

PARCEL DESCRIPTION

A tract of land containing 1.129 acres, being a portion of 4th Street, Nebraska Syndicate, recorded in Volume 83, Page 345, Harris County Deed Records, and being located in the Johnson Hunter League, Abstract Number 35, Harris County, Texas, and being more particularly described by metes and bounds as follows;

BEGINNING, at a found five eighths inch iron rod with cap stamped "Cruller 5476", marking the southeast corner of the tract herein described the southwest corner of a called 2.810 acre tract (Tract 4), being recorded in Harris County Clerk's File No. 20070706634 and in the north line of Barbers Cut Boulevard (100 foot wide);

1. **THENCE**, South 86 degrees 55 minutes 55 seconds West, along the south line of the tract herein described, for a distance of 60.00 feet to a set five eighths inch iron rod with cap stamped "JM", marking the southeast corner of a called 5.007 acre tract (Tract 3) as recorded in Harris County Clerk's File No. 20070706634;
2. **THENCE**, North 03 degrees 03 minutes 04 seconds West, along the east line of said called 5.007 acre tract, for a distance of 820.00 feet, to a set five eighths inch iron rod in the south line of H Street (60 foot wide) and marking the northwest corner of the tract herein described;
3. **THENCE**, North 86 degrees 55 minutes 55 seconds East, along the north line of the tract herein described, for a distance of 60.00 feet to a found three eighths inch iron rod, marking the northwest corner of a called 3.02 acre tract, as recorded in Harris County Clerk's File No. 20080509130;
4. **THENCE**, South 03 degrees 03 minutes 04 seconds East, along the west line of said called 3.02 acre tract and 2.810 acre tract, for a distance of 820.00 feet to the **POINT OF BEGINNING**.

SURVEY

OF

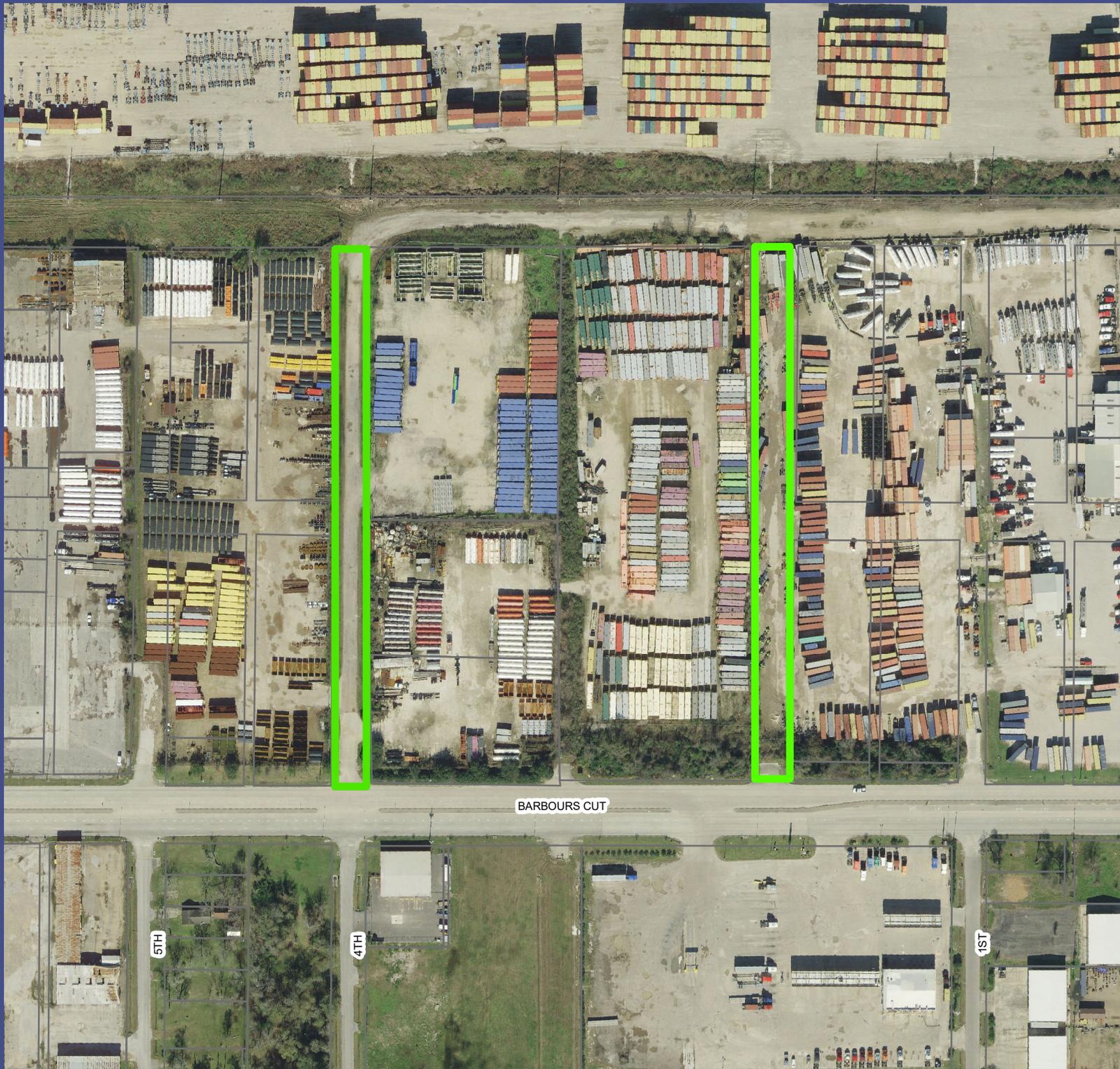
1.129 ACRE TRACT

A PORTION OF 4TH STREET
 NEBRASKA SYNDICATE
 VOLUME 83, PAGE 345, HARRIS COUNTY DEED RECORDS
 AND BEING LOCATED IN THE JOHNSON HUNTER LEAGUE,
 ABSTRACT NO. 35, HARRIS
 COUNTY, TEXAS

J. MORALES
 ARCHITECTS • ENGINEERS • SURVEYORS

3425 Federal Street
 Houston, Texas 77504
 (O) 713.947.6606
 jmoralesinc.com
 T.B.A.E. FIRM NO. BR2942
 T.B.P.E. FIRM NO. F-004636
 T.B.L.S. FIRM NO. 10039400

PROJECT #: 17665 28-18 SECTION 2



ROW CLOSURE

SAC
#19-25000001

N. 2nd & N. 4th

Legend

 Proposed ROW Closure



This product is for informational purposes and may not have been prepared for or be suitable for legal purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries

1 inch = 214 feet

MARCH 2020
PLANNING DEPARTMENT



R.C. Chuoque & Associates, Inc.
Appraisers & Consultants

P.O. Box 1447
League City, Texas 77574

Office- 281-338-9633
Fax- 281-338-9533

December 17, 2019

City of La Porte
P.O. Box 1115
La Porte, Texas 77572

RE: Restricted Appraisal regarding the estimated **Market Value** of portions of North 2nd Street and North 4th Street both unopened right of ways situated between W. Barbour's Cut Blvd. and H Street, La Porte, Harris County, Texas.

Dear Sirs:

In accordance with your request, I have inspected the following described property for the purpose of estimating the **Market Value** following described property as of the date of this Restricted Appraisal. As per our agreement, the data and analysis is presented in an abbreviated Restricted Appraisal format and is not intended to contain the full analysis.

BRIEF LEGAL DESCRIPTION OF PROPERTY

Known as +-1.129 acres of land out of a portion of North 2nd Street and +-1.129 acres of land situated a portion of North 4th Street, both being unopened right of ways between Barbour's Cut Blvd and H Street located in the City of La Porte, Harris County, Texas. (See attached surveys know located in the addenda).

I hereby certify that I have personally inspected the property described via a street inspection and that all data gathered by my investigation is from sources believed reliable and true. In preparing this Restricted Appraisal, a study of comparable sales and other related market data was performed. Per instructions from the client the market value indicated reflects the unit value of the subject property before any discounting for use as a public right of way application. This market value indication does not reflect any discounting for use as a public right of way.

It should clearly be understood that this letter only constitutes only a statement of the final value and that does not presume to be the complete analysis of the subject property nor a complete appraisal format and is subject

.....Page 2 Continued.....

to the preparation of a detailed appraisal report. The North 2nd Street ROW is described by the survey as a total of +-1.129 acres or 49,179 square feet of land area. This tract consists of a portion of the unopened North 2nd Street right of way which is 80' X 820.02'. The North 4th Street ROW is described by the survey as a total of +-1.129 acres or 49,179 square feet of land area. This tract consists of a portion of the unopened North 2nd Street right of way which is 80' X 820'. Both right of ways are located north of Barbour's Cut Blvd and east of State Highway 146 in north La Porte. The subject site is generally flat and level in terms of topography. It is not located in the 100 year flood plain. Adjacent property uses consist primarily of commercial and light industrial property uses. The adjacent and nearby properties are zoned for light industrial and business industrial use by the City of La Porte. The Highest and Best Use of the subject property is determined to be for use either for a street right of way, however it may have an alternative use by adjacent property owners due to its configuration. The client and intended user of this appraisal is the City of La Porte only. The intended use is to estimate the current market value of the subject property of this analysis as described above for use in establishing a market value for the subject property by the client. There has been no transfer of the subject property noted for the past 36 months per appraisal district records. The effective date of the appraisal is December 9, 2019 and last site inspection is December 16, 2019. The date of the report is December 17, 2019. The estimated exposure time is up to 24 months.

Other sales of generally similar properties in the subject neighborhood were researched that had locations that range from primary to secondary type roadways. A unit value range of between \$2.00 PSF to over \$8.00 PSF was noted. After adjustments, it is my opinion the estimated unit value range for the subject property would be a unit value of **\$2.50 PSF** before any additional discounting by the "City".

Therefore the unit market value of the subject tract is estimated at **\$2.50 PSF which is based on 100% fee simple ownership with no discounting applied for use as a public right of way.**

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Chris Chuoke".

Chris Chuoke, President
R.C. CHUOKE & ASSOCIATES, INC.



REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 9, 2020</u>
Requested By: <u>Ian Clowes, City Planner</u>
Department: <u>Planning & Development</u>
<input type="radio"/> Report <input type="radio"/> Resolution <input checked="" type="radio"/> Ordinance

Appropriation	
Source of Funds:	<u>N/A</u>
Account Number:	<u>N/A</u>
Amount Budgeted:	<u>N/A</u>
Amount Requested:	<u>N/A</u>
Budgeted Item:	<input type="radio"/> Yes <input checked="" type="radio"/> No

Exhibits: Ordinance 2020-3783, Deed, Area Map, Appraisal Summary and Staff Opinion Letter

SUMMARY

The City received an application from Jana Gutierrez, on behalf of Crenshaw Real Properties II, LTD to vacate, abandon and close a portion of the N 8th Street right of way, adjacent to the property legally described as Tracts 12, 12B, 12C, and 12D, Block 12, Nebraska Syndicate, located along SH 146 north of the H Street right of way.

The abandonment process requires that all adjacent property owners either participate in the closure or sign away rights to their portion of the proposed closure. La Porte Real Property, LLC, the only other adjacent property owner, decided not to participate in the request and has authorized conveyance of their portion of the right of way in its entirety to Crenshaw Real Properties II, LTD.

The total area of the requested closure equals 68,800 square feet. Staff has identified the location of existing water and sewer mains that currently exist within the right of way proposed for closure. Comcast, AT&T, and Centerpoint, the three franchise utility companies, have all provided letters of no objection to the proposed right of way closure.

In order to close the requested ROW, City will need an easement requiring unobstructed access. The water and sewer lines located in the N 8th Street right of way are the only means of service for the industrial areas to the north. The materials for both the water and sewer infrastructure are no longer utilized and they are nearing the end of their useful life. Full replacement of the existing utility lines could be necessary in the near future.

In accordance with Sections 62-32 of the City's Code of Ordinances, the City obtained an appraisal of the subject rights of way to establish fair market value. The appraisal report established a value of \$2.50 per square foot. The applicant has submitted closing

fees in the amount of \$172,000 (68,800 sq. ft. x \$2.50) to the City. These funds are being held in escrow subject to final consideration and action by Council.

RECOMMENDED MOTION

I move that the Council adopt Ordinance 2020-3783 for street and alley closure request #19-25000007, vacating and abandoning a portion of then N 8th St. right of way, adjacent to the property legally described as Tracts 12, 12B, 12C, and 12D, Block 12, Nebraska Syndicate, and authorize the City Manager to execute a deed to the adjacent property owner for the subject right of way.

Approved for the City Council meeting agenda

Corby D. Alexander, City Manager

Date

ORDINANCE NO. 2020-3783

AN ORDINANCE VACATING, ABANDONING AND CLOSING THE PORTION OF THE N. 8TH STREET RIGHT-OF-WAY SITUATED BETWEEN THE H STREET RIGHT-OF-WAY AND THE J STREET RIGHT-OF-WAY, AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DEED TO THE ADJOINING LANDOWNERS; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; CONTAINING A SEVERABILITY CLAUSE; CONTAINING A SAVINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE HEREOF.

WHEREAS, the City Council of the City of La Porte has been requested by the record owners of the properties abutting the portion of the N 8th Street right-of-way situated between the H Street right-of-way and J Street right-of-way, to vacate, abandon and close said rights of way, and;

WHEREAS, the City Council of the City of La Porte has determined and does hereby find, determine, and declare that the portion of the N. 8th Street right-of-way situated between the H Street right-of-way and J Street right-of-way are not suitable, needed, or beneficial to the public as a public road, street, or alley, and the closing of the portion of the N. 8th Street right-of-way situated between the H Street right-of-way and J Street right-of-way is for the protection of the public and for the public interest and benefit, and that the portion of the N. 8th Street right-of-way situated between the H Street right-of-way and J Street right-of-way should be vacated, abandoned, and permanently closed.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE:

Section 1. Under and by virtue of the power granted to the City of La Porte under its home rule charter, Chapter 62 of the City of La Porte Code of Ordinances and Chapter 253, Texas Local Government Code, the portion of the N 8th Street right-of-way situated between the H Street right-of-way and J Street right-of-way are hereby permanently vacated, abandoned, and closed by the City of La Porte, such rights-of-way being generally illustrated on Exhibit "A" incorporated herein, and further described to wit:

Being a tract of land containing 1.506 acres, being a portion of the N. 8th street Nebraska Syndicate, recorded in Volume 83, Page 34S. Harris County Deed Records and being located in the Johnson Hunter League, Abstract No. 35, Harris County, Texas, And be more fully described as follows:

BEGINNING, at the southerly corner of said street. said COMENCING POINT having a Texas State Plane Coordinate System, South Central Zone (4204) Value of X=3,229,599.17 and Y= 13,814,674.1S (GRID);

THENCE, South 86 degrees 55 minutes 55 seconds West over and across said street, a distance of 80 feet to the southwesterly corner of Lessee's Land Space;

THENCE , North 03 degrees 04 minutes 05 seconds West over and across said street, a distance of 860.04 feet to the northwesterly corner of Lessee's Land Space;;

THENCE, North 86 degrees 55 minutes 55 seconds West continuing over and across said street, a distance of 80.00 feet to the Northeasterly corner of Lessee's Land Space;

THENCE, North 86 degrees 01 minutes 30 seconds East continuing over and across said Parent Tract a distance of 40.00 feet to the northwesterly corner of Lessee's Land Space;

THENCE, South 03 degrees 04 minutes 05 seconds East continuing over and across said street, a distance of 860.0 feet to the POINT OF BEGINING.

Section 2. That the abandonment, vacation and closure provided for herein is made and accepted subject to all present zoning and deed restrictions if the latter exist, and all easements, whether apparent or non-apparent, aerial, surface or underground.

Section 3. That the abandonment, vacation and closure provided for herein shall extend only to the public right, title, easement and interest and shall be construed to extend only to that interest which the governing body for the City of La Porte may legally and lawfully abandon, vacate and close.

Section 4. That the City Manager is hereby authorized to execute and deliver a Deed Without Warranty to the abutting owner upon completion of all conditions and requirements set forth in this Ordinance.

Section 5. That the abutting property owner shall pay all costs associated with procedures necessitated by the request to abandon the portion of the N 8th Street right-of-way situated between the H Street right-of-way and J Street right-of-way, as described in this Ordinance, plus compensation for the market value of such abandoned property in accordance Chapter 62 of the City of La Porte Code of Ordinances.

Section 6. The City Council officially finds, determines, recites, and declares that a sufficient written notice of the date, hour, place, and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered, and formally acted upon. The City Council further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 7: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict only.

Section 8. If any part or portion of this ordinance shall be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect or impair any remaining portions or provisions of the ordinance.

Section 9. This ordinance shall be effective from and after its passage and approval, and it is so ordered.

PASSED AND APPROVED THIS 9th day of March 2020.

CITY OF LA PORTE, TEXAS

Louis R. Rigby, Mayor

ATTEST:

APPROVED:

Lee Woodward, City Secretary

Clark Askins, Assistant City Attorney

DEED WITHOUT WARRANTY

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Date: MARCH 9, 2020

Grantor: CITY OF LA PORTE, TEXAS, a municipal corporation

Mailing Address: 604 West Fairmont Parkway, La Porte, TX 77571

Grantee: Crenshaw Real Properties II, LTD

Mailing Address: 1655 Louisiana Street, Beaumont, TX 77701-1120

Consideration: Ten and No/100 Dollars (\$10.00) cash
and other good and valuable considerations

Property: (including any improvements):

Being a tract of land containing 1.506 acres, being a portion of the 8th street Nebraska Syndicate, recorded in Volume 83, Page 34S. Harris County Deed Records and being located in the Johnson Hunter League, Abstract No. 35, Harris County, Texas, And be more fully described as follows:

BEGINNING, at the southerly corner of said street. said COMENCING POINT having a Texas State Plane Coordinate System, South Central Zone (4204) Value of X=3,229,599.17 and Y=13,814,674.1S (GRID);

THENCE, South 86 degrees 55 minutes 55 seconds West over and across said street, a distance of 80 feet to the southwesterly comer of Lessee's Land Space;

THENCE , North 03 degrees 04 minutes 05 seconds West over and across said street, a distance of 860.04 feet to the northwesterly corner of Lessee's Land Space;;

THENCE, North 86 degrees 55 minutes 55 seconds West continuing over and across said street, a distance of 80.00 feet to the Northeasterly corner of Lessee's Land Space;

THENCE, North 86 degrees 01 minutes 30 seconds East continuing over and across said Parent Tract a distance of 40.00 feet to the northwesterly corner of Lessee's Land Space;

THENCE, South 03 degrees 04 minutes 05 seconds East continuing over and across said street, a distance of 860.0 feet to the POINT OF BEGINING.

Reservations from and Exception to Conveyance and Warranty: This conveyance is made subject to all and singular the restrictions, conditions, oil, gas, and other mineral reservations, easements, and covenants, if any, applicable to and enforceable against the above described property as reflected by the records of the county clerk of the aforesaid county.

Grantor for the consideration and subject to the reservations from and exceptions to conveyance, conveys to Grantee the property without express or implied warranty, and all warranties that might arise by common law and the warranties in §5.023 of the Texas Property Code (or its successor) are excluded.

Attest:

City of La Porte, Texas

Lee Woodward
City Secretary

By: _____
Corby D. Alexander
City Manager

Approved:

Clark T. Askins
Assistant City Attorney

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on ____ day of _____, 2020, by Corby D. Alexander, City Manager of the City of La Porte, Texas, a municipal corporation.

Notary Public, State of Texas

AFTER RECORDING RETURN TO:

ASKINS & ASKINS, P.C.
P.O. Box 1218
La Porte, TX 77572-1218

PREPARED IN THE LAW OFFICE OF:

ASKINS & ASKINS, P.C.
P.O. Box 1218
La Porte, TX 77572-1218

USER: JAMA GUTIERREZ
 DATE: 11/13/2018 TIME: 4:04 PM
 S:\PROJECTS\2018\20-18 NEBRASKA SYNDICATE\PLAN\PERMITS\WACATE 8TH STREET_2018\20-18 8TH STREET 5-24-18.DWG

J. STREET
 80' R.O.W., VOL. 83, PG 345
 H.C.D.R.

80.000
 N86° 55' 55" W

TO BE VACATED BY INSTRUMENT
 SUBJECT TRACT
 1.506 ACRES

860.040
 N03° 04' 05" W
 8TH STREET

N 8TH STREET
 80' R.O.W.
 VOL. 83, PG 346 H.C.D.R.

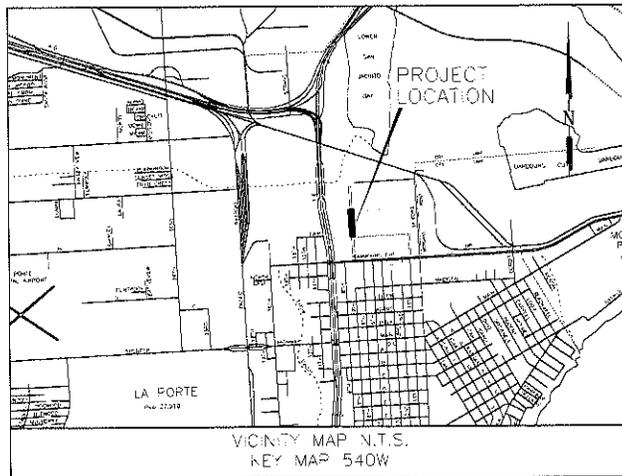
860.040
 S03° 04' 05" E

CALLLED 47.709 ACRES
 LA PORTE LANDFILL
 RESTRICTED RESERVE "A"
 FILM CODE NO 664044
 H.C.M.R.

STREET TO BE
 VACATED

P.O.B.

80.000
 S86° 55' 55" W
 H. STREET (UNIMPROVED)
 (80' R.O.W.) VOL. 83, PG 345,
 H.C.D.R.



PARCEL DESCRIPTION

A tract of land containing 1.506 acres, being a portion of the 8th street Nebraska Syndicate, recorded in Volume 83, Page 345, Harris County Deed Records and being located in the Johnson Hunter League, abstract No. 35, Harris County, Texas, And be more fully described as follows:

COMMENCING at the southeasterly corner of said street, said COMMENCING POINT having a Texas State Plane Coordinate System, South Central Zone (4204) Value of X= 3,229,599.17 and Y= 13,814,674.15 (GRID):

THENCE, South 86 degrees 55 minutes 55 seconds West over and across said street, a distance of 80 feet to the southwesterly corner of Lessee's Land Space;

THENCE, North 03 degrees 04 minutes 05 seconds West over and across said street, a distance of 860.04 feet to the northwesterly corner of Lessee's Land Space;

THENCE, North 86 degrees 55 minutes 55 seconds West continuing over and across said street, a distance of 80.00 feet to the Northeasterly corner of Lessee's Land Space;

THENCE, North 86 degrees 01 minutes 30 seconds East continuing over and across said Parent Tract, a distance of 40.00 feet to the northwesterly corner of Lessee's Land Space;

THENCE, South 03 degrees 04 minutes 05 seconds East continuing over and across said street, a distance of 860.0 feet to the POINT OF BEGINNING.

SURVEY

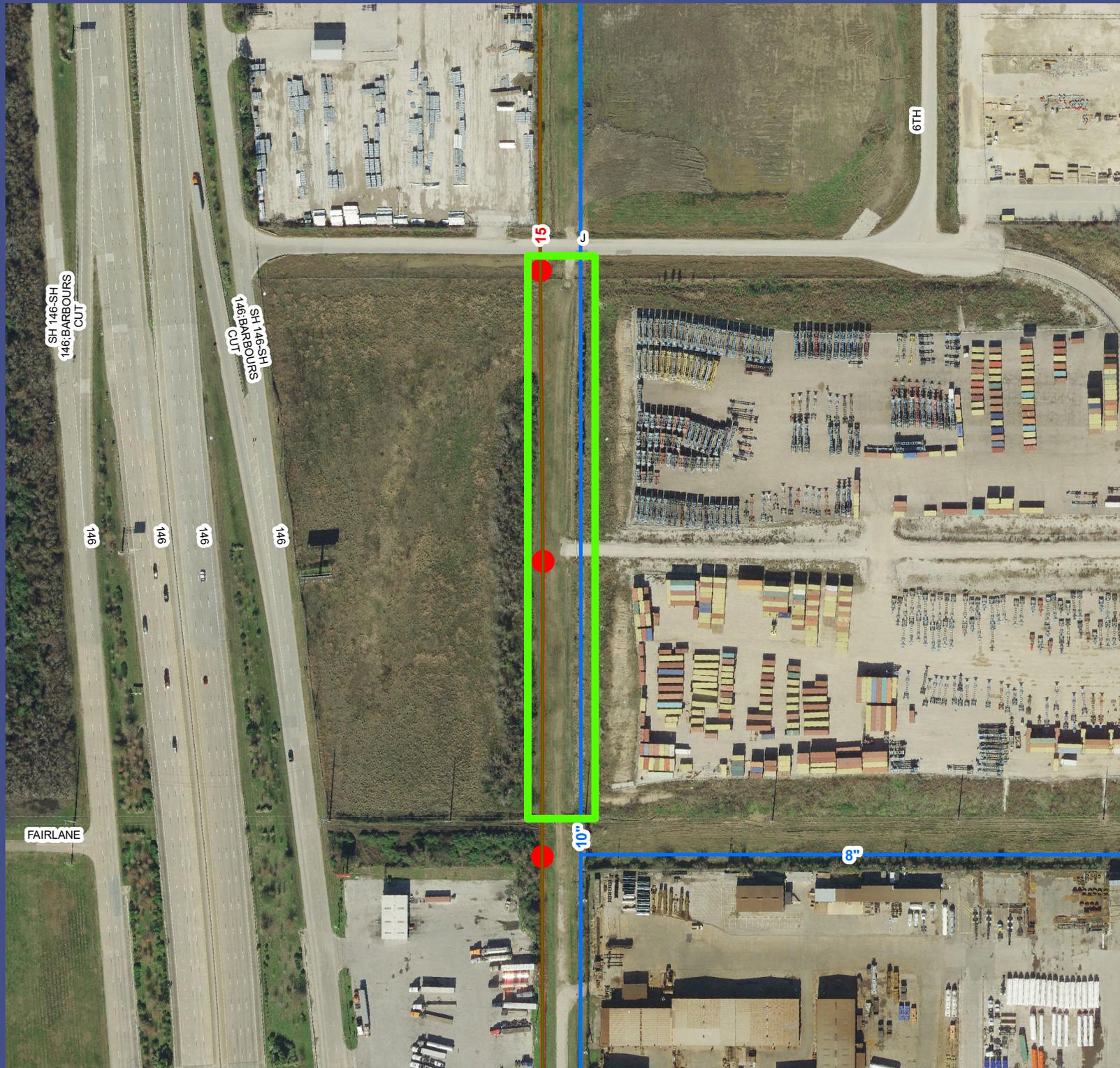
OF
 1.506 ACRE TRACT
 A PORTION OF THE 8TH STREET
 NEBRASKA SYNDICATE
 VOLUME 83, PAGE 345, HARRIS COUNTY DEED RECORDS AND BEING
 LOCATED IN THE JOHNSON HUNTER LEAGUE, ABSTRACT NO. 35,
 HARRIS COUNTY, TEXAS

J. MORALES
 ARCHITECTS • ENGINEERS • SURVEYORS

3425 Federal Street
 Houston, Texas 77504
 (O) 713.947.6606
 jmoralesinc.com

T.B.A.E. FIRM NO. BR2942
 T.B.P.E. FIRM NO. F-004636
 T.B.L.S. FIRM NO. 10039400

PROJECT #: 18661 20-18 8th Street Closure



ROW CLOSURE

SAC
#19-25000007

N. 8th St.

Legend

- Proposed ROW Closure
- Sewer Main
- Water Main



This product is for informational purposes and may not have been prepared for or be suitable for legal purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries

1 inch = 214 feet



MARCH 2020
PLANNING DEPARTMENT

R.C. Chuoke & Associates, Inc.
Appraisers & Consultants

P.O. Box 1447
League City, Texas 77574

Office- 281-338-9633
Fax- 281-338-9533

November 18, 2019

City of La Porte
P.O. Box 1115
La Porte, Texas 77572

RE: Restricted Appraisal regarding the estimated **Market Value** of a portion of North 8th Street unopened right of way between Avenue H and Avenue J, La Porte, Harris County, Texas.

Dear Sirs:

In accordance with your request, I have inspected the following described property for the purpose of estimating the **Market Value** following described property as of the date of this Restricted Appraisal. As per our agreement, the data and analysis is presented in an abbreviated Restricted Appraisal format and is not intended to contain the full analysis.

BRIEF LEGAL DESCRIPTION OF PROPERTY

Known as a total of +-1.506 acres of land situated a portion of North 8th Street unopened right of way between Avenue H and Avenue J, La Porte, Harris County, Texas. (See attached survey know as Exhibit "A" located in the addenda).

I hereby certify that I have personally inspected the property described via a street inspection and that all data gathered by my investigation is from sources believed reliable and true. In preparing this Restricted Appraisal, a study of comparable sales and other related market data was performed. Per instructions from the client the market value indicated reflects the unit value of the subject property before any discounting for use as a public right of way application. This market value indication does not reflect any discounting for use as a public right of way.

It should clearly be understood that this letter only constitutes only a statement of the final value and that does not presume to be the complete analysis of the subject property nor a complete appraisal format and is subject

.....Page 2 Continued.....

to the preparation of a detailed appraisal report. The subject property as described by the survey as provided, contains a total of +-1.506 acres or 65,601 square feet of land area. The subject property consists of a portion of the unopened North 8th Street right of way which is 80' X 860.04'. This right of way is located north of Barbour's Cut Blvd and east of State Highway 146 in north La Porte. The subject site is generally flat and level in terms of topography. It is not located in the 100 year flood plain. Adjacent property uses consist primarily of commercial and light industrial property uses. The adjacent properties area zoned for light industrial and business industrial use by the City of La Porte. The Highest and Best Use of the subject property is determined to be for use either for a street right of way, however it may have an alternative use by adjacent property owners due to its configuration. The client and intended user of this appraisal is the City of La Porte only. The intended use is to estimate the current market value of the subject property of this analysis as described above for use in establishing a market value for the subject property by the client. There has been no transfer of the subject property noted for the past 36 months per appraisal district records. The effective date of the appraisal and inspection is November 6, 2019. The date of the report is November 8, 2019. The estimated exposure time is up to 24 months.

Other sales of generally similar properties in the subject neighborhood were researched that had locations that range from primary to secondary type roadways. A unit value range of between \$2.00 PSF to over \$8.00 PSF was noted. After adjustments, it is my opinion the estimated unit value range for the subject property would be a unit value of **\$2.50 PSF** before any additional discounting by the "City".

Therefore the unit market value of the subject tract is estimated at **\$2.50 PSF which is based on 100% fee simple ownership with no discounting applied for use as a public right of way.**

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Chris Chuoke". The signature is written in a cursive style with a horizontal line extending from the end.

Chris Chuoke, President
R.C. CHUOKE & ASSOCIATES, INC.

From: [Wingate, Lorenzo](#)
To: [Clowes, Ian](#); [Banks, Robert](#); [Meekins, Clif](#)
Cc: [Huber, Mark](#); [Glass, Richard](#); [Evans, Teresa](#)
Subject: RE: Proposed SAC
Date: Thursday, April 25, 2019 2:39:42 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)

Ian,

We have both water and sewer infrastructure that exists within the 8th Street ROW. The existing water and sewer lines are the only feeds that we have servicing the industrial area to the north of this location. The material for both the water and sewer infrastructure is no longer utilized, aging, has quite possibly exceeded its useful life, possibly in need of replacement. Closing this ROW would restrict access to this aged infrastructure. Additionally, given that the proposed business appears to be a commercial trailer sales yard, these items would possibly be staged/parked atop any utility easement retained, causing obstructions to the access needed for our maintenance crews.

I object to closing the ROW.

Feel free to contact me if you have any additional questions.



Lorenzo Wingate, P.E., C.F.M. | City Engineer

2963 N 23rd Street | La Porte, TX 77571

p. 281.470.5058 | m. 281.628.3931 | f. 281.470.5129

[website](#) | [map](#) | [email](#)



REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 9, 2020</u>
Requested By: <u>Ian Clowes, City Planner</u>
Department: <u>Planning & Development</u>
<input type="radio"/> Report <input type="radio"/> Resolution <input checked="" type="radio"/> Ordinance

Appropriation	
Source of Funds:	<u>N/A</u>
Account Number:	<u>N/A</u>
Amount Budgeted:	<u>N/A</u>
Amount Requested:	<u>N/A</u>
Budgeted Item:	<input type="radio"/> Yes <input checked="" type="radio"/> No

Exhibits: Ordinance – Clean Version, Ordinance – Changes Shown and P&Z Recommendation Letter

SUMMARY

At the January 16, 2020 Planning and Zoning Commission meeting, the Commission held a Public Hearing regarding amendments to Chapter 106 of the City Code of Ordinances based on the annual review of the code.

The Planning and Zoning Commission formed a subcommittee consisting of four (4) members of the Commission. Along with staff support, the subcommittee was tasked with reviewing Chapter 106 of the City Code of Ordinances and discuss possible amendments. The Committee met weekly for two (2) months before finalizing a draft version of their proposal.

The 2019 annual review was broken down into two parts. The first part of the draft was presented to City Council and approved with amendments at the January 13, 2020 City Council meeting. Those amendments will be brought to the Planning and Zoning Commission in either March or April with plans for City Council action in May or June.

The following items are part of the second phase of the 2019 proposed changes to Chapter 106, and are separate from the amendments that were presented in January. This second round of draft amendments was presented to the full Commission as a discussion item in November 2019. Based on comments received, the subcommittee finalized their draft amendments. The full Commission recommended the 2nd phase of proposed amendments at their January 2020 meeting.

Attached is the draft version of the proposed modifications to the Zoning Ordinance. Those in **red** indicate changed language as part of the proposed modification to Chapter 106.

The following is a summary of the proposed modifications:

Sec. 106-1, Definitions

“*Parking space* means a surfaced area, ~~designed to control dust and moisture paved with either concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment)~~, enclosed or unenclosed, sufficient in size to store one automobile together with a surfaced driveway connecting the parking space with the street or alley permitting ingress and egress of an automobile. A parking space or any requisite maneuvering area incidental thereto shall not occupy any public right-of-way. ~~New technologies in parking lot surfacing can be considered and approved at the discretion of the Planning and Development Director or his/her designee.~~”

Sec. 106-216, General conditions for all conditional uses in all zoning districts

“Sec. 106-216. - General conditions for all **special** conditional uses in all zoning districts.”

Sec. 106-310, Table A, Commercial and Industrial Uses

2017 NAICS Code	2017 NAICS Title	**	NC	MS	GC	MU	BI	LI	HI
531130	Lessors of Mini-warehouses and Self-Storage Units (Not including Boat and RV Storage)				P	P	P	P	P
531130	Boat and RV Storage				C	C	C	P	P

Sec. 106-310, Table A, Commercial and Industrial Uses

2017 NAICS Code	2017 NAICS Title	**	NC	MS	GC	MU	BI	LI	HI
42	Wholesale Trade								
4231	Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers						€ P ²¹	P ₁₉	P ¹⁹

4232	Furniture and Home Furnishing Merchant Wholesalers								
4233	Lumber and Other Construction Materials Merchant Wholesalers								
4234	Professional and Commercial Equipment and Supplies Merchant Wholesalers								
42351	Metal Service Centers and Other Metal Merchant Wholesalers								
4236	Household Appliances and Electrical and Electronic Goods Merchant Wholesalers						€ P ²¹	P ₁₉	P ¹⁹
4237	Hardware, and Plumbing and Heating Equipment and Supplies Wholesalers								
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers			P ¹⁸	P ¹⁸		€ P ²¹	P ₁₉	P ¹⁹
423920	Toy and Hobby Goods and Supplies Merchant Wholesalers			P ¹⁸	P ¹⁸		€ P ²¹ 4	P ₁₉	P ¹⁹
423940	Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers						€ P ²¹	P ₁₉	P ¹⁹
423990	Other Miscellaneous Durable Goods Merchant Wholesalers						€ P ²¹	P ₁₉	P ¹⁹

4241	Paper and Paper Product Merchant Wholesalers						€ P 21	P 19	P 19
4242	Drugs and Druggists' Sundries Merchant Wholesalers								
4243	Apparel, Piece Goods, and Notions Merchant Wholesalers								
4244	Grocery and Related Product Merchant Wholesalers								
424610	Plastics Materials and Basic Forms and Shapes Merchant Wholesalers						€ P 21	P 19	P 19
424690	Other Chemical and Allied Products Merchant Wholesalers						€ P 21	P 19	P 19
424720	Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)						€ P 21	P 19	P 19
424810	Beer and Ale Merchant Wholesalers						€ P 21	P 19	P 19
424820	Wine and Distilled Alcoholic Beverage Merchant Wholesalers						€ P 21	P 19	P 19
42492	Book, Periodical, and Newspaper Merchant Wholesalers						€ P 21	P 19	P 19
42493	Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers								
42495	Paint, Varnish, and Supplies Merchant Wholesalers								

42499	Other Miscellaneous Nondurable Goods Merchant Wholesalers								
425	Wholesale Electronic Markets and Agents and Brokers				P		⊖ P 21	P	P
493	Warehousing and Storage							P 6 19	P 6 19
493190	Other Warehousing and Storage							P 17 19	P 17 19

Sec. 106-334, Special use performance standards; residential

“(g) *Shipping containers*. Single-family homes comprised and/or constructed of one or more shipping containers are ~~prohibited. permitted within all residential zoning districts with the following conditions:~~

- ~~(1) Any and all exposed container exterior shall be clad with one or a combination of the following materials: Masonry materials, stucco, wood siding, synthetic wood (such as hardie board), or alternative materials with approval from the planning director. No portion of the original shipping container exterior is allowed to be visible at any time.~~
- ~~(2) Homes constructed out of shipping containers are not permitted in the Main Street or Main Street Overlay (MSD/MSDO) zoning districts.~~

Sec. 106-444, Commercial Performance Standards

“(b) *Outdoor storage*. Open and outdoor storage as an accessory or principal use provided that:

- (1) The area is screened from view of neighboring residential uses or an abutting residential district in compliance with [section 106-444\(a\)](#) (Special use performance standards).
- (2) Storage is screened from view from the public right-of-way in compliance with [section 106-444\(a\)](#) (Special use performance standards)
- (3) Storage area ~~is grassed or surfaced to control dust~~ must be paved with either concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment). New technologies

in paving materials can be considered and approved at the discretion of the Planning and Development Director or his/her designee.

- (4) All lighting shall be hooded and so directed that the light source shall not be visible from the public right-of-way or from neighboring residences and shall be in compliance with section 106-310 footnote A (Lighting and glare).”

Sec. 106-659, Special regulations and procedures

- (a) *Procedure for establishing or developing a planned unit development district development.*

(1) An application for a **special** conditional use permit shall be filed and processed based upon procedures established by sections [106-216](#) (General conditions for all **special** conditional uses in all zoning districts), [106-217](#) (Conditions for approval), and [106-218](#) (Amendments).

(2) An application for a general plan shall be filed and processed simultaneously with the **special** conditional use permit and shall be subject to the requirements of this chapter and the City Development Ordinance Number 1444 on file in the city secretary's office.

(3) Submittal and filing of the general plan shall be according to **Chapter 86 of this Code** ~~the Development Ordinance Number 1444 on file in the city secretary's office~~ and shall contain, in addition to the requirements of **Chapter 86 of this Code** ~~the Development Ordinance Number 1444 on file in the city secretary's office~~, the following information:
General area wide development plan (general outline of the site and surrounding area).

- a. Uses.
- b. Zoning.
- c. Streets.
- d. Grade or topography.
- e. Density.
- f. Utilities and drainage

(4) The applicant shall submit a proposed schedule of construction. If the construction of the proposed planned unit development is to be in stages, then the components contained in each stage must be clearly delineated. The development schedule shall indicate the approximate starting date and the completion date of the complete development plan.

(5) A written description shall be submitted documenting the type of property control that will be utilized to administer, control and maintain any common open space or areas.

Sec. 106-741, General Provisions

(a) No accessory buildings, uses or structures shall be erected or located in any required yard other than the rear yard except:

- (1) A detached private garage as defined, may be permitted in side yards, provided:

- a. It complies with all the requirements of this section;
 - b. It shall be five feet or more from side lot lines; and
 - c. The side yard does not abut a street right-of-way.
- (2) Accessory buildings built on a skid foundation, no larger than 120 square feet and no more than one story in height may be located in utility easements in required rear yards, except that they may not be located closer than three feet from a side or rear property line or closer than six feet from any other structure.
- (b) Accessory buildings, uses and structures, with the exception of those on residential large lots, shall not exceed 15 feet in height, shall be three feet or more from all lot lines, shall be six feet or more from any other building or structure on the same lot, and shall not be located upon any utility easement.
- (c) Utilization of shipping containers as an accessory use/structure in any residential zoning district is prohibited.
- (d) Private garage structures with vehicular access doors facing public alleys, as defined in the public improvement construction policy and standards, shall be 20 feet or more from the alley right-of-way. Detached garages located in rear yards of corner lots shall be set back a minimum ten feet from the property line abutting the side street right-of-way.
- (e) Detached private garages, as defined, may be 20 feet in height, or the height of the principal structure, whichever is less.
- (f) *Floor area.* See [section 106-416](#) (Special regulations).
 - (1) *Generally.* No accessory building, or carport garage for single-family dwellings shall occupy more than 25 percent of a rear yard, nor exceed 1,000 square feet of floor area.
 - (2) *Large lot residential only.* Accessory buildings in single-family residential large lots with one acre or more may not exceed 5,000 square feet of floor area. Accessory buildings with a floor area in excess of 1,000 square feet must be located at least 10 feet from any property line and 20 feet from other structures. All accessory buildings on lots less than one acre - all provisions of this section apply.
- (g) No more than one detached private garage or carport structure on lots less than one acre with single family dwelling.
- (h) Wind generators, for producing electricity or other forms of energy shall not be located in any yards other than the rear yard and must be set back 150 feet from all property lines or the height of the structure, whichever is greater unless a special conditional use permit (SCUP) is granted. Provisions of SCUP should take into consideration size, height, noise, location to adjacent properties, etc.
- (i) Reserved.
- (j) No accessory uses or equipment except for air conditioning structures or condensers may be located in a required side yard except for side yards abutting streets where equipment is fully screened from view.
- (k) *Large lot district.* The property owner of a toolhouse, barn, shed, storage building and/or livestock in the large lot district on a tract one acre in size or larger authorized without a principal structure on the property, shall be responsible for ensuring no one lives in the toolhouse, barn, shed, or storage building without properly permitting the structure for residential habitation, the

property is kept in a sanitary condition and the property complies with all applicable city regulations

Sec. 106-801, Alternative landscaping option

“(g) All required landscaping shall be maintained throughout the useful life of the development.”

Sec. 106-839, Number of spaces required

2017 NAICS Code	2017 NAICS Title	MINIMUM NUMBER OF REQUIRED PARKING SPACES (combination)
N/A	Shopping Center	One space per 250 square feet of gross floor area.

Sec. 106-803, Tree Preservation

Sec. 106-803. - Tree preservation.

- (a) It is the intent of this section to encourage the preservation of existing trees within the city and to prohibit their unwarranted destruction. The city encourages site planning which furthers the preservation of trees and natural areas by the following methods: To protect trees during construction; to facilitate site design and construction which contributes to the long term viability of existing trees; and to control premature removal of trees; require on-site replacement of trees that must be removed and require off-site replacement of trees that cannot be replaced on-site, either by direct planting as outlined in [section 106-802](#) (tree replacement) or through a contribution to the tree fund established in [section 106-803](#) (tree fund) of this chapter. It is the further intent of this section to achieve the following objectives:
- (1) Protect healthy trees and preserve the natural, environmental, and aesthetic qualities of the city to the degree possible.
 - (2) Protect and increase the value of residential and commercial properties within the city.
 - (3) Discourage premature clear-cutting of property.
 - (4) Maintain and enhance a positive image for the attraction of new developments to the city.
- (b) It shall be unlawful for any person to cause or permit the destruction of any healthy, native tree (herein referred to as a "protected tree") within the city if such tree has a trunk which exceeds six inches in diameter (or 18.84-inch circumference) at a point 18

inches above the natural ground level. Provided, however, it shall not be a violation of this provision if a tree is removed and/or destroyed if the tree is obviously diseased or determined to be diseased by an arborist or in the opinion of the planning director or his designated representative, said tree constitutes a hazard to pedestrian and/or vehicular traffic along any such right-of-way.

(c) No person, firm or corporation desirous of developing or improving any parcel of property, shall remove or cause the removal of any tree from said property without first obtaining a clearing permit which would allow clearing of buildable areas only.

(d) The provisions of this section are not applicable to ~~individual single family lots single family subdivisions of less than 5 acres, or property located within the Large Lot (LLD) zoning district regardless of size.~~

Sec. 106-835, Design Standards

“(f) *Surfacing.* All areas for parking space and driveways shall be surfaced with materials suitable to control dust and drainage. ~~Except in the case of single family and two-family dwellings in the Large Lot (LLD) zoning district, d~~ Driveways and stalls shall be surfaced with standard concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment) ~~in— conformance with the public improvements criteria manual (PICM),~~ except in the case of single family homes in the Large Lot (LLD) zoning district. For developments in the LLD zoning district, the first forty feet (40’) of the driveway from the public right of way is required to be paved using standard concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment). New technologies in parking lot surfacing can be considered and approved at the discretion of the Planning and Development Director or his/her designee.”

Sec. 106-948, Architectural design guidelines

“(f) *Redevelopment principles for single-family dwellings.*

- (1) Homes shall be no more than two stories in height.
 - (2) Houses should be designed to incorporate characteristics in pre 1930’s residential construction. ~~Common characteristic examples would be carpenter gothic features, decorative peak trusses, single or two story porches with pillars or porticos, gable roofs, window shutters, decorative period lighting, etc.~~ Color schemes common during the time should be utilized and are subject to approval by the Planning Director (ex. ~~Contrasting, bold, and earth tones are suggested~~).
 - (3) The primary material (minimum of 90%) shall be ~~brick, stone, stucco, block,~~ wood siding or synthetic wood (such as Hardiplank).
 - (4) Sheet metal siding, plywood, and EIFS (Exterior Insulation Finishing System), synthetic stucco, aluminum window frames, and burglar bars ~~shall not be used are not permitted.~~
-

RECOMMENDED MOTION

***I move that the Council adopt Ordinance 2020-3784 amending Chapter 106
“Zoning” of the code of ordinances.***

Approved for the City Council meeting agenda

Corby D. Alexander, City Manager

Date

ORDINANCE NO. 2020-3784

AN ORDINANCE AMENDING CHAPTER 106 “ZONING” OF THE CODE OF THE CODE OF ORDINANCES OF THE CITY OF LA PORTE BY AMENDING REGULATIONS RELATED TO PARKING SURFACE MATERIALS, COMMERCIAL AND INDUSTRIAL USES, USE PERMITS, SHIPPING CONTAINERS, DESIGN STANDARDS, PARKING REQIORMENTS, TREE PRESERVATION, AND LANDSCAPING; PROVIDING THAT ANY PERSON VIOLATING THE TERMS OF THIS ORDINANCE SHALL BE DEEMED GUILTY OF A MISDEMEANOR AND UPON CONVICTION SHALL BE FINED IN A SUM NOT TO EXCEED TWO THOUSAND DOLLARS; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF; CONTAINING A SEVERABILITY CLAUSE; CONTAINING A REPEALING CLAUSE; FINDING COMPLIANCE WITH THE OPEN MEETINGS ACT; AND PROVIDING AN EFFECTIVE DATE HEREOF.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS:

Section 1: That the following definition contained in Section 106-1 “Definitions”, Article I “In General” of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“Parking space means a surfaced area, paved with either concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment), enclosed or unenclosed, sufficient in size to store one automobile together with a surfaced driveway connecting the parking space with the street or alley permitting ingress and egress of an automobile. A parking space or any requisite maneuvering area incidental thereto shall not occupy any public right-of-way. New technologies in parking lot surfacing can be considered and approved at the discretion of the Planning and Development Director or his/her designee.”

Section 2: That the title to Section 106-216, “General conditions for all conditional uses in all zoning districts” of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“Sec. 106-216. - General conditions for all special conditional uses in all zoning districts.”

Section 3: That Section 106-310, “Table A, Commercial and Industrial Uses”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended by adding new use categories for “Lessors of Mini-Warehouses and Self-Storage Units” and “Boat and RV Storage”, and which uses shall be inserted in said Section 106-310 by applicable NAICS Code in proper numerical sequence, and shall hereinafter read as follows:

2017 NAICS Code	2017 NAICS Title	**	NC	MS	GC	MU	BI	LI	HI
531130	Lessors of Mini-warehouses and Self-Storage Units (Not including Boat and RV Storage)				P	P	P	P	P
531130	Boat and RV Storage				C	C	C	P	P

Section 4: That Section 106-310, Table A, Commercial and Industrial Uses of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended by 1) adding new Footnote 21, which shall be added in proper numerical sequence; 2) amending requirements for use categories under NAICS Code 42 “Wholesale Trade”, from NAICS Code 4231 through and including NAICS Code 425; and 3) use categories under NAICS Codes 493 and 493190, and which use categories shall hereinafter read as follows:

2017 NAICS Code	2017 NAICS Title	**	NC	MS	GC	MU	BI	LI	HI
42	Wholesale Trade								
4231	Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers								
4232	Furniture and Home Furnishing Merchant Wholesalers								
4233	Lumber and Other Construction Materials Merchant Wholesalers						p ²¹	p ¹⁹	p ¹⁹
4234	Professional and Commercial Equipment and Supplies Merchant Wholesalers								
42351	Metal Service Centers and Other Metal Merchant Wholesalers								
42352	Coal and Other Mineral Merchant Wholesalers								p ¹⁹
4236	Household Appliances and Electrical and Electronic Goods Merchant Wholesalers						p ²¹	p ¹⁹	p ¹⁹

4237	Hardware, and Plumbing and Heating Equipment and Supplies Wholesalers								
4238	Machinery, Equipment, and Supplies Merchant Wholesalers						C	p ¹⁹	
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers			p ¹⁸	p ¹⁸		p ²¹	p ¹⁹	p ¹⁹
423920	Toy and Hobby Goods and Supplies Merchant Wholesalers			p ¹⁸	p ¹⁸		p ²¹ ₄	p ¹⁹	p ¹⁹
423930	Recyclable Material Merchant Wholesalers								P
423940	Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers						p ²¹	p ¹⁹	p ¹⁹
423990	Other Miscellaneous Durable Goods Merchant Wholesalers						p ²¹	p ¹⁹	p ¹⁹
4241	Paper and Paper Product Merchant Wholesalers								
4242	Drugs and Druggists' Sundries Merchant Wholesalers						p ²¹	p ¹⁹	p ¹⁹
4243	Apparel, Piece Goods, and Notions Merchant Wholesalers								
4244	Grocery and Related Product Merchant Wholesalers								
4245	Farm Product Raw Material Merchant Wholesalers							p ¹⁹	p ¹⁹
424610	Plastics Materials and Basic Forms and Shapes Merchant Wholesalers						p ²¹	p ¹⁹	p ¹⁹
424690	Other Chemical and Allied Products Merchant Wholesalers						p ²¹	p ¹⁹	p ¹⁹
424710	Petroleum Bulk Stations and Terminals							p ¹⁹	p ¹⁹

424720	Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)						p ²¹	p ¹⁹	p ¹⁹
424810	Beer and Ale Merchant Wholesalers						p ²¹	p ¹⁹	p ¹⁹
424820	Wine and Distilled Alcoholic Beverage Merchant Wholesalers						p ²¹	p ¹⁹	p ¹⁹
424910	Farm Supplies Merchant Wholesalers							C	p ¹⁹
42492	Book, Periodical, and Newspaper Merchant Wholesalers								
42493	Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers						p ²¹	p ¹⁹	p ¹⁹
42495	Paint, Varnish, and Supplies Merchant Wholesalers								
42499	Other Miscellaneous Nondurable Goods Merchant Wholesalers								
425	Wholesale Electronic Markets and Agents and Brokers				P		p ²¹	P	P
493	Warehousing and Storage							p ^{6 19}	p ^{6 19}
493190	Other Warehousing and Storage							p ^{17 19}	p ^{17 19}

21. Total site area may not exceed two acres with a maximum building size of 15,000 sq. ft. A special conditional use permit (SCUP) may be sought for individual sites in excess of two acres or buildings greater than 15,000 sq. ft.

Section 5: That Section 106-334 “Special use performance standards; residential”, Subsection “g”, “*Shipping Containers*”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended in its entirety and shall hereinafter read as follows:

“(g) *Shipping containers*. Single-family homes comprised and/or constructed of one or more shipping containers are prohibited.”

Section 6: That Section 106-444 “Commercial Performance Standards”, Subparagraph “b”, “Outdoor Storage”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“(b) *Outdoor storage.* Open and outdoor storage as an accessory or principal use provided that:

- (1) The area is screened from view of neighboring residential uses or an abutting residential district in compliance with section 106-444(a) (Special use performance standards).
- (2) Storage is screened from view from the public right-of-way in compliance with section 106-444(a) (Special use performance standards)
- (3) Storage area must be paved with either concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment). New technologies in paving materials can be considered and approved at the discretion of the Planning and Development Director or his/her designee.
- (4) All lighting shall be hooded and so directed that the light source shall not be visible from the public right-of-way or from neighboring residences and shall be in compliance with section 106-310 footnote A (Lighting and glare).”

Section 7 That Section 106-659 “Special regulations and procedures”, Subparagraph “a”, “Procedures for establishing or developing a planned unit development district development”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“Sec. 106-659. - Special regulations and procedures.

- (a) *Procedure for establishing or developing a planned unit development district development.*
 - (1) An application for a special conditional use permit shall be filed and processed based upon procedures established by sections 106-216 (General conditions for all special conditional uses in all zoning districts), 106-217 (Conditions for approval), and 106-218 (Amendments).
 - (2) An application for a general plan shall be filed and processed simultaneously with the special conditional use permit and shall be subject to the requirements of this chapter and the City Development Ordinance Number 1444 on file in the city secretary's office.
 - (3) Submittal and filing of the general plan shall be according to Chapter 86 of this Code and shall contain, in addition to the requirements of Chapter 86 of this Code, the following information: General area wide development plan (general outline of the site and surrounding area).
 - a. Uses.
 - b. Zoning.
 - c. Streets.

- d. Grade or topography.
 - e. Density.
 - f. Utilities and drainage.
- (4) The applicant shall submit a proposed schedule of construction. If the construction of the proposed planned unit development is to be in stages, then the components contained in each stage must be clearly delineated. The development schedule shall indicate the approximate starting date and the completion date of the complete development plan.
- (5) A written description shall be submitted documenting the type of property control that will be utilized to administer, control and maintain any common open space or areas.”

Section 8: That Section 106-741, “General Provisions”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

Sec. 106-741. - General provisions.

- (a) No accessory buildings, uses or structures shall be erected or located in any required yard other than the rear yard except:
 - (1) A detached private garage as defined, may be permitted in side yards, provided:
 - a. It complies with all the requirements of this section;
 - b. It shall be five feet or more from side lot lines; and
 - c. The side yard does not abut a street right-of-way.
 - (2) Accessory buildings built on a skid foundation, no larger than 120 square feet and no more than one story in height may be located in utility easements in required rear yards, except that they may not be located closer than three feet from a side or rear property line or closer than six feet from any other structure.
- (b) Accessory buildings, uses and structures, with the exception of those on residential large lots, shall not exceed 15 feet in height, shall be three feet or more from all lot lines, shall be six feet or more from any other building or structure on the same lot, and shall not be located upon any utility easement.
- (c) Utilization of shipping containers as an accessory use/structure in any residential zoning district is prohibited.
- (d) Private garage structures with vehicular access doors facing public alleys, as defined in the public improvement construction policy and standards, shall be 20 feet or more from the alley right-of-way. Detached garages located in rear yards of corner lots shall be set back a minimum ten feet from the property line abutting the side street right-of-way.
- (e) Detached private garages, as defined, may be 20 feet in height, or the height of the principal structure, whichever is less.
- (f) *Floor area.* See section 106-416 (Special regulations).
 - (1) *Generally.* No accessory building, or carport garage for single-family dwellings shall occupy more than 25 percent of a rear yard, nor exceed 1,000 square feet of floor area.
 - (2) *Large lot residential only.* Accessory buildings in single-family residential large lots with one acre or more may not exceed 5,000 square feet of floor

area. Accessory buildings with a floor area in excess of 1,000 square feet must be located at least 10 feet from any property line and 20 feet from other structures. All accessory buildings on lots less than one acre - all provisions of this section apply.

- (g) No more than one detached private garage or carport structure on lots less than one acre with single family dwelling.
- (h) Wind generators, for producing electricity or other forms of energy shall not be located in any yards other than the rear yard and must be set back 150 feet from all property lines or the height of the structure, whichever is greater unless a special conditional use permit (SCUP) is granted. Provisions of SCUP should take into consideration size, height, noise, location to adjacent properties, etc.
- (i) Reserved.
- (j) No accessory uses or equipment except for air conditioning structures or condensers may be located in a required side yard except for side yards abutting streets where equipment is fully screened from view.
- (k) *Large lot district.* The property owner of a toolhouse, barn, shed, storage building and/or livestock in the large lot district on a tract one acre in size or larger authorized without a principal structure on the property, shall be responsible for ensuring no one lives in the toolhouse, barn, shed, or storage building without properly permitting the structure for residential habitation, the property is kept in a sanitary condition and the property complies with all applicable city regulations

Section 9: That Section 106-801, “Alternative Landscaping Option”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended by adding new subparagraph “g”, which shall hereinafter read as follows:

“(g) All required landscaping shall be maintained throughout the useful life of the development.”

Section 10: That Section 106-839, “Number of spaces required” of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended by adding “Shopping Center” use as a category with applicable parking space requirements and which category shall be inserted in the table immediately after the category for “Public Administration” use:

2017 NAICS Code	2017 NAICS Title	MINIMUM NUMBER OF REQUIRED PARKING SPACES (combination)
N/A	Shopping Center	One space per 250 square feet of gross floor area.

Section 11: That Section 106-803, “Tree Preservation” of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“Sec. 106-803. - Tree preservation.

- (a) It is the intent of this section to encourage the preservation of existing trees within the city and to prohibit their unwarranted destruction. The city encourages site

planning which furthers the preservation of trees and natural areas by the following methods: To protect trees during construction; to facilitate site design and construction which contributes to the long term viability of existing trees; and to control premature removal of trees; require on-site replacement of trees that must be removed and require off-site replacement of trees that cannot be replaced on-site, either by direct planting as outlined in section 106-802 (tree replacement) or through a contribution to the tree fund established in section 106-803 (tree fund) of this chapter. It is the further intent of this section to achieve the following objectives:

- (1) Protect healthy trees and preserve the natural, environmental, and aesthetic qualities of the city to the degree possible.
 - (2) Protect and increase the value of residential and commercial properties within the city.
 - (3) Discourage premature clear-cutting of property.
 - (4) Maintain and enhance a positive image for the attraction of new developments to the city.
- (b) It shall be unlawful for any person to cause or permit the destruction of any healthy, native tree (herein referred to as a "protected tree") within the city if such tree has a trunk which exceeds six inches in diameter (or 18.84-inch circumference) at a point 18 inches above the natural ground level. Provided, however, it shall not be a violation of this provision if a tree is removed and/or destroyed if the tree is obviously diseased or determined to be diseased by an arborist or in the opinion of the planning director or his designated representative, said tree constitutes a hazard to pedestrian and/or vehicular traffic along any such right-of-way.
- (c) No person, firm or corporation desirous of developing or improving any parcel of property, shall remove or cause the removal of any tree from said property without first obtaining a clearing permit which would allow clearing of buildable areas only.
- (d) The provisions of this section are not applicable to single family subdivisions of less than 5 acres, or property located within the Large Lot (LLD) zoning district regardless of size.”

Section 12: That Section 106-835, “Design Standards (also see Figures 10-1, 10-2, and 10-3)”, Subsection “f”, “Surfacing”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“(f) *Surfacing.* All areas for parking space and driveways shall be surfaced with materials suitable to control dust and drainage. Driveways and stalls shall be surfaced with standard concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment) except in the case of single family homes in the Large Lot (LLD) zoning district. For developments in the LLD zoning district, the first forty feet (40’) of the driveway from the public right of way is required to be paved using standard concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment). New technologies in parking lot surfacing can be considered and approved at the discretion of the Planning and Development Director or his/her designee.”

Section 13: That Section 106-948, “Architectural design guidelines”, Subsection “f”, “Redevelopment principles for single-family dwellings”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“(f) *Redevelopment principles for single-family dwellings.*

- (1) Homes shall be no more than two stories in height.
- (2) Houses should be designed to incorporate characteristics in pre 1930’s residential construction. Common characteristic examples would be carpenter gothic features, decorative peak trusses, single or two story porches with pillars or porticos, gable roofs, window shutters, decorative period lighting, etc. Color schemes common during the time should be utilized and are subject to approval by the Planning Director (ex. Contrasting, bold, and earth tones are suggested).
- (3) The primary material (minimum of 90%) shall be wood siding or synthetic wood (such as Hardiplank).
- (4) Sheet metal siding, plywood, and EIFS (Exterior Insulation Finishing System), synthetic stucco, aluminum window frames, and burglar bars are not permitted.
- (5) Original doors and/or windows that were blocked or covered, shall be restored to their original appearance and functionality.
- (6) A garage is not required, but there shall be sufficient space reserved for 2 car stalls on the property. If a garage is desired, it shall be detached and offset to either the side or rear yard, adhering to single-family detached area requirements.
- (7) Detached garages must utilize a uniform façade to the primary living structure on the property and cannot exceed a single-story in height.
- (8) Placement of carports anywhere on site is not permitted.
- (9) If a property is utilizing alleyway access to rear-offset garage, the alleyway must be improved to-and-through the property lines and built to City of La Porte specifications.
- (10) The Planning and Development Director or his/her designee shall approve the final design elements.”

Section 14. Any person, as defined in Section 1.07 (27), Texas Penal Code, who shall violate any provision of the ordinance, shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine not to exceed TWO THOUSAND DOLLARS (\$2,000.00).

Section 15. Each and every provision, paragraph, sentence and clause of this Ordinance has been separately considered and passed by the City Council of the City of La Porte, Texas, and each said provision would have been separately passed without any other provision, and if any provision hereof shall be ineffective, invalid or unconstitutional, for any cause, it shall not impair or affect the remaining portion, or any part thereof, but the valid portion shall be in force just as if it had been passed alone.

Section 16. All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict only.

Section 17. The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council is posted at a place convenient to the public at the City Hall of the city for the time required by law preceding this meeting, as required by Chapter 551, TX. Gov’t Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 18. This Ordinance shall be effective fourteen (14) days after its passage and approval. The City Secretary shall give notice of the passage of this ordinance by causing the caption hereof to be published in the official newspaper of the City of La Porte at least once within ten (10) days after the passage of this ordinance.

PASSED AND APPROVED this the 9th day of MARCH, 2020.

CITY OF LA PORTE, TEXAS

By: _____
Louis R. Rigby, Mayor

ATTEST:

Lee Woodward, City Secretary

APPROVED AS TO FORM:

Clark T. Askins, Assist. City Attorney

ORDINANCE NO. 2020-3784

AN ORDINANCE AMENDING CHAPTER 106 “ZONING” OF THE CODE OF THE CODE OF ORDINANCES OF THE CITY OF LA PORTE BY AMENDING REGULATIONS RELATED TO PARKING SURFACE MATERIALS, COMMERCIAL AND INDUSTRIAL USES, USE PERMITS, SHIPPING CONTAINERS, DESIGN STANDARDS, PARKING REQIORMENTS, TREE PRESERVATION, AND LANDSCAPING; PROVIDING THAT ANY PERSON VIOLATING THE TERMS OF THIS ORDINANCE SHALL BE DEEMED GUILTY OF A MISDEMEANOR AND UPON CONVICTION SHALL BE FINED IN A SUM NOT TO EXCEED TWO THOUSAND DOLLARS; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF; CONTAINING A SEVERABILITY CLAUSE; CONTAINING A REPEALING CLAUSE; FINDING COMPLIANCE WITH THE OPEN MEETINGS ACT; AND PROVIDING AN EFFECTIVE DATE HEREOF.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS:

Section 1: That the following definition contained in Section 106-1 “Definitions”, Article I “In General” of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“Parking space means a surfaced area, ~~designed to control dust and moisture~~ paved with either concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment), enclosed or unenclosed, sufficient in size to store one automobile together with a surfaced driveway connecting the parking space with the street or alley permitting ingress and egress of an automobile. A parking space or any requisite maneuvering area incidental thereto shall not occupy any public right-of-way. New technologies in parking lot surfacing can be considered and approved at the discretion of the Planning and Development Director or his/her designee.”

Section 2: That the title to Section 106-216, “General conditions for all conditional uses in all zoning districts” of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“Sec. 106-216. - General conditions for all special conditional uses in all zoning districts.”

Section 3: That Section 106-310, “Table A, Commercial and Industrial Uses”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended by adding new use categories for “Lessors of Mini-Warehouses and Self-Storage Units” and “Boat and RV Storage”, and which uses shall be inserted in said Section 106-310 by applicable NAICS Code in proper numerical sequence, and shall hereinafter read as follows:

2017 NAICS Code	2017 NAICS Title	**	NC	MS	GC	MU	BI	LI	HI
531130	Lessors of Mini-warehouses and Self-Storage Units (Not				P	P	P	P	P

	including Boat and RV Storage)								
531130	Boat and RV Storage				C	C	C	P	P

Section 4: That Section 106-310, Table A, Commercial and Industrial Uses of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended by 1) adding new Footnote 21, which shall be added in proper numerical sequence; 2) amending requirements for use categories under NAICS Code 42 “Wholesale Trade”, from NAICS Code 4231 through and including NAICS Code 425; and 3) use categories under NAICS Codes 493 and 493190, and which use categories shall hereinafter read as follows:

2017 NAICS Code	2017 NAICS Title	**	NC	MS	GC	MU	BI	LI	HI
42	Wholesale Trade								
4231	Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers								
4232	Furniture and Home Furnishing Merchant Wholesalers						C		
4233	Lumber and Other Construction Materials Merchant Wholesalers						p ²¹	p ¹⁹	p ¹⁹
4234	Professional and Commercial Equipment and Supplies Merchant Wholesalers								
42351	Metal Service Centers and Other Metal Merchant Wholesalers								
42352	Coal and Other Mineral Merchant Wholesalers								p ¹⁹
4236	Household Appliances and Electrical and Electronic Goods Merchant Wholesalers						C p ²¹	p ¹⁹	p ¹⁹
4237	Hardware, and Plumbing and Heating Equipment and Supplies Wholesalers								
4238	Machinery, Equipment, and Supplies							C	p ¹⁹

	Merchant Wholesalers								
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers			p 18	p 18		€ p 21	p 19	p 19
423920	Toy and Hobby Goods and Supplies Merchant Wholesalers			p 18	p 18		€ p 21 4	p 19	p 19
423930	Recyclable Material Merchant Wholesalers								P
423940	Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers						€ p 21	p 19	p 19
423990	Other Miscellaneous Durable Goods Merchant Wholesalers						€ p 21	p 19	p 19
4241	Paper and Paper Product Merchant Wholesalers								
4242	Drugs and Druggists' Sundries Merchant Wholesalers						€ p 21	p 19	p 19
4243	Apparel, Piece Goods, and Notions Merchant Wholesalers								
4244	Grocery and Related Product Merchant Wholesalers								
4245	Farm Product Raw Material Merchant Wholesalers							p 19	p 19
424610	Plastics Materials and Basic Forms and Shapes Merchant Wholesalers						€ p 21	p 19	p 19
424690	Other Chemical and Allied Products Merchant Wholesalers						€ p 21	p 19	p 19

424710	Petroleum Bulk Stations and Terminals							p ¹⁹	p ¹⁹
424720	Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)						C p ²¹	p ¹⁹	p ¹⁹
424810	Beer and Ale Merchant Wholesalers						C p ²¹	p ¹⁹	p ¹⁹
424820	Wine and Distilled Alcoholic Beverage Merchant Wholesalers						C p ²¹	p ¹⁹	p ¹⁹
424910	Farm Supplies Merchant Wholesalers							C	p ¹⁹
42492	Book, Periodical, and Newspaper Merchant Wholesalers								
42493	Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers						C p ²¹	p ¹⁹	p ¹⁹
42495	Paint, Varnish, and Supplies Merchant Wholesalers								
42499	Other Miscellaneous Nondurable Goods Merchant Wholesalers								
425	Wholesale Electronic Markets and Agents and Brokers				P		C p ²¹	P	P
493	Warehousing and Storage							p ⁶ ¹⁹	p ⁶ ¹⁹
493190	Other Warehousing and Storage							p ¹⁷ ¹⁹	p ¹⁷ ¹⁹

21. Total site area may not exceed two acres with a maximum building size of 15,000 sq. ft. A special conditional use permit (SCUP) may be sought for individual sites in excess of two acres or buildings greater than 15,000 sq. ft.

Section 5: That Section 106-334 “Special use performance standards; residential”, Subsection “g”, “Shipping Containers”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended in its entirety and shall hereinafter read as follows:

“(g) *Shipping containers.* Single-family homes comprised and/or constructed of one or more shipping containers are ~~prohibited.~~ ~~permitted within all residential zoning districts with the following conditions:~~

~~(1) Any and all exposed container parent material shall be clad with one or a combination of the following materials: Masonry materials, stucco, wood siding, synthetic wood (such as hardie board), or alternative materials with approval from the planning director. No portion of the original shipping container exterior is allowed to be visible at any time.~~

~~(2) Homes constructed out of shipping containers are not permitted in the Main Street or Main Street Overlay (MSD/MSDO) zoning districts.~~

Section 6: That Section 106-444 “Commercial Performance Standards”, Subparagraph “b”, “Outdoor Storage”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“(b) *Outdoor storage.* Open and outdoor storage as an accessory or principal use provided that:

- (1) The area is screened from view of neighboring residential uses or an abutting residential district in compliance with section 106-444(a) (Special use performance standards).
- (2) Storage is screened from view from the public right-of-way in compliance with section 106-444(a) (Special use performance standards)
- (3) Storage area ~~is grassed or surfaced to control dust~~ must be paved with either concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment). ~~New technologies in paving materials can be considered and approved at the discretion of the Planning and Development Director or his/her designee.~~
- (4) All lighting shall be hooded and so directed that the light source shall not be visible from the public right-of-way or from neighboring residences and shall be in compliance with section 106-310 footnote A (Lighting and glare).”

Section 7 That Section 106-659 “Special regulations and procedures”, Subparagraph “a”, “Procedures for establishing or developing a planned unit development district development”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“Sec. 106-659. - Special regulations and procedures.

- (a) *Procedure for establishing or developing a planned unit development district development.*

- (1) An application for a **special** conditional use permit shall be filed and processed based upon procedures established by sections 106-216 (General conditions for all **special** conditional uses in all zoning districts), 106-217 (Conditions for approval), and 106-218 (Amendments).
- (2) An application for a general plan shall be filed and processed simultaneously with the **special** conditional use permit and shall be subject to the requirements of this chapter and the City Development Ordinance Number 1444 on file in the city secretary's office.
- (3) Submittal and filing of the general plan shall be according to **Chapter 86 of this Code** ~~the Development Ordinance Number 1444 on file in the city secretary's office~~ and shall contain, in addition to the requirements of **Chapter 86 of this Code** ~~the Development Ordinance Number 1444 on file in the city secretary's office~~, the following information: General area wide development plan (general outline of the site and surrounding area).
 - a. Uses.
 - b. Zoning.
 - c. Streets.
 - d. Grade or topography.
 - e. Density.
 - f. Utilities and drainage.
- (4) The applicant shall submit a proposed schedule of construction. If the construction of the proposed planned unit development is to be in stages, then the components contained in each stage must be clearly delineated. The development schedule shall indicate the approximate starting date and the completion date of the complete development plan.
- (5) A written description shall be submitted documenting the type of property control that will be utilized to administer, control and maintain any common open space or areas.”

Section 8: That Section 106-741, “General Provisions”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

Sec. 106-741. - General provisions.

- (a) No accessory buildings, uses or structures shall be erected or located in any required yard other than the rear yard except:
 - (1) A detached private garage as defined, may be permitted in side yards, provided:
 - a. It complies with all the requirements of this section;
 - b. It shall be five feet or more from side lot lines; and
 - c. The side yard does not abut a street right-of-way.

- (2) Accessory buildings built on a skid foundation, no larger than 120 square feet and no more than one story in height may be located in utility easements in required rear yards, except that they may not be located closer than three feet from a side or rear property line or closer than six feet from any other structure.
- (b) Accessory buildings, uses and structures, with the exception of those on residential large lots, shall not exceed 15 feet in height, shall be three feet or more from all lot lines, shall be six feet or more from any other building or structure on the same lot, and shall not be located upon any utility easement.
- (c) Utilization of shipping containers as an accessory use/structure in any residential zoning district is prohibited.
- (d) Private garage structures with vehicular access doors facing public alleys, as defined in the public improvement construction policy and standards, shall be 20 feet or more from the alley right-of-way. Detached garages located in rear yards of corner lots shall be set back a minimum ten feet from the property line abutting the side street right-of-way.
- (e) Detached private garages, as defined, may be 20 feet in height, or the height of the principal structure, whichever is less.
- (f) *Floor area.* See section 106-416 (Special regulations).
- (1) *Generally.* No accessory building, or carport garage for single-family dwellings shall occupy more than 25 percent of a rear yard, nor exceed 1,000 square feet of floor area.
- (2) *Large lot residential only.* Accessory buildings in single-family residential large lots with one acre or more may not exceed 5,000 square feet of floor area. Accessory buildings with a floor area in excess of 1,000 square feet must be located at least 10 feet from any property line and 20 feet from other structures. All accessory buildings on lots less than one acre - all provisions of this section apply.
- (g) No more than one detached private garage or carport structure on lots less than one acre with single family dwelling.
- (h) Wind generators, for producing electricity or other forms of energy shall not be located in any yards other than the rear yard and must be set back 150 feet from all property lines or the height of the structure, whichever is greater unless a special conditional use permit (SCUP) is granted. Provisions of SCUP should take into consideration size, height, noise, location to adjacent properties, etc.
- (i) Reserved.
- (j) No accessory uses or equipment except for air conditioning structures or condensers may be located in a required side yard except for side yards abutting streets where equipment is fully screened from view.
- (k) *Large lot district.* The property owner of a toolhouse, barn, shed, storage building and/or livestock in the large lot district on a tract one acre in size or larger authorized without a principal structure on the property, shall be responsible for ensuring no one lives in the toolhouse, barn, shed, or storage building without properly permitting the structure for residential habitation, the property is kept in a sanitary condition and the property complies with all applicable city regulations

Section 9: That Section 106-801, “Alternative Landscaping Option”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended by adding new subparagraph “g”, which shall hereinafter read as follows:

“(g) All required landscaping shall be maintained throughout the useful life of the development.”

Section 10: That Section 106-839, “Number of spaces required” of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended by adding “Shopping Center” use as a category with applicable parking space requirements and which category shall be inserted in the table immediately after the category for “Public Administration” use:

2017 NAICS Code	2017 NAICS Title	MINIMUM NUMBER OF REQUIRED PARKING SPACES (combination)
N/A	Shopping Center	One space per 250 square feet of gross floor area.

Section 11: That Section 106-803, “Tree Preservation” of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“Sec. 106-803. - Tree preservation.

- (a) It is the intent of this section to encourage the preservation of existing trees within the city and to prohibit their unwarranted destruction. The city encourages site planning which furthers the preservation of trees and natural areas by the following methods: To protect trees during construction; to facilitate site design and construction which contributes to the long term viability of existing trees; and to control premature removal of trees; require on-site replacement of trees that must be removed and require off-site replacement of trees that cannot be replaced on-site, either by direct planting as outlined in section 106-802 (tree replacement) or through a contribution to the tree fund established in section 106-803 (tree fund) of this chapter. It is the further intent of this section to achieve the following objectives:
 - (1) Protect healthy trees and preserve the natural, environmental, and aesthetic qualities of the city to the degree possible.
 - (2) Protect and increase the value of residential and commercial properties within the city.
 - (3) Discourage premature clear-cutting of property.
 - (4) Maintain and enhance a positive image for the attraction of new developments to the city.
- (b) It shall be unlawful for any person to cause or permit the destruction of any healthy, native tree (herein referred to as a "protected tree") within the city if such tree has a trunk which exceeds six inches in diameter (or 18.84-inch circumference) at a point

18 inches above the natural ground level. Provided, however, it shall not be a violation of this provision if a tree is removed and/or destroyed if the tree is obviously diseased or determined to be diseased by an arborist or in the opinion of the planning director or his designated representative, said tree constitutes a hazard to pedestrian and/or vehicular traffic along any such right-of-way.

- (c) No person, firm or corporation desirous of developing or improving any parcel of property, shall remove or cause the removal of any tree from said property without first obtaining a clearing permit which would allow clearing of buildable areas only.
- (d) The provisions of this section are not applicable to individual single family lots single family subdivisions of less than 5 acres, or property located within the Large Lot (LLD) zoning district regardless of size.”

Section 12: That Section 106-835, “Design Standards (also see Figures 10-1, 10-2, and 10-3)”, Subsection “f”, “Surfacing”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“(f) *Surfacing.* All areas for parking space and driveways shall be surfaced with materials suitable to control dust and drainage. ~~Except in the case of single family and two family dwellings in the Large Lot (LLD) zoning district, and~~ Driveways and stalls shall be surfaced with standard concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment) ~~in conformance with the public improvements criteria manual (PICM),~~ except in the case of single family homes in the Large Lot (LLD) zoning district. For developments in the LLD zoning district, the first forty feet (40’) of the driveway from the public right of way is required to be paved using standard concrete, hot-mix asphalt, or chip seal (TxDOT Standard 316 surface treatment). New technologies in parking lot surfacing can be considered and approved at the discretion of the Planning and Development Director or his/her designee.”

Section 13: That Section 106-948, “Architectural design guidelines”, Subsection “f”, “Redevelopment principles for single-family dwellings”, of Chapter 106, “Zoning,” of the Code of Ordinances of the City of La Porte, Texas, is hereby amended and shall hereinafter read as follows:

“(f) *Redevelopment principles for single-family dwellings.*

- (1) Homes shall be no more than two stories in height.
- (2) Houses should be designed to incorporate characteristics in pre 1930’s residential construction. Common characteristic examples would be carpenter gothic features, decorative peak trusses, single or two story porches with pillars or porticos, gable roofs, window shutters, decorative period lighting, etc. Color schemes common during the time should be utilized and are subject to approval by the Planning Director (ex. Contrasting, bold, and earth tones are suggested).
- (3) The primary material (minimum of 90%) shall be brick, stone, stucco, block, wood siding or synthetic wood (such as Hardiplank).

- (4) Sheet metal siding, plywood, and EIFS (Exterior Insulation Finishing System), synthetic stucco, aluminum window frames, and burglar bars shall not be used are not permitted.
- (5) ~~Where o~~ Original doors and/or windows that were blocked or covered, ~~those openings should~~ shall be restored to their original appearance and functionality.
- (6) A garage is not required, but there shall be sufficient space reserved for 2 car stalls on the property. If a garage is desired, it shall be detached and offset to either the side or rear yard, adhering to single-family detached area requirements.
- (7) Detached garages must utilize a uniform façade to the primary living structure on the property and cannot exceed a single-story in height.
- (8) Placement of carports anywhere on site is not permitted.
- (9) If a property is utilizing alleyway access to rear-offset garage, the alleyway must be improved to-and-through the property lines and built to City of La Porte specifications.
- (10) The Planning and Development Director or his/her designee shall approve the final design elements.”

Section 14. Any person, as defined in Section 1.07 (27), Texas Penal Code, who shall violate any provision of the ordinance, shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine not to exceed TWO THOUSAND DOLLARS (\$2,000.00).

Section 15. Each and every provision, paragraph, sentence and clause of this Ordinance has been separately considered and passed by the City Council of the City of La Porte, Texas, and each said provision would have been separately passed without any other provision, and if any provision hereof shall be ineffective, invalid or unconstitutional, for any cause, it shall not impair or affect the remaining portion, or any part thereof, but the valid portion shall be in force just as if it had been passed alone.

Section 16. All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict only.

Section 17. The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council is posted at a place convenient to the public at the City Hall of the city for the time required by law preceding this meeting, as required by Chapter 551, TX. Gov't Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 18. This Ordinance shall be effective fourteen (14) days after its passage and approval. The City Secretary shall give notice of the passage of this ordinance by causing the caption hereof to be published in the official newspaper of the City of La Porte at least once within ten (10) days after the passage of this ordinance.

PASSED AND APPROVED this the 9th day of MARCH, 2020.

CITY OF LA PORTE, TEXAS

By: _____
Louis R. Rigby, Mayor

ATTEST:

Lee Woodward, City Secretary

APPROVED AS TO FORM:

Clark T. Askins, Assist. City Attorney



February 19, 2020

Honorable Mayor Rigby and City Council
City of La Porte

RE: Proposed Ordinance Amending Chapter 106 "Zoning"

Dear Mayor Rigby and City Council:

The La Porte Planning and Zoning Commission held a public hearing at the January 16, 2020 meeting to consider approval of an ordinance amending certain provisions of Chapter 106 (Zoning) of the City of La Porte's Code of Ordinances based on the annual review conducted by the Commission.

The Commission voted 9-0 to recommend approval of the provisions as included in the drafted ordinance presented in the Request for City Council Agenda Item.

Respectfully submitted,

Ian Clowes, City Planner

On behalf of the Planning and Zoning Commission



REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 9, 2020</u>
Requested By: <u>Lorenzo Wingate, Asst. Director</u>
Department: <u>Public Works</u>
<input type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance

Appropriation	
Source of Funds:	<u>N/A</u>
Account Number:	<u>N/A</u>
Amount Budgeted:	<u>N/A</u>
Amount Requested:	<u>N/A</u>
Budgeted Item:	<input type="radio"/> Yes <input checked="" type="radio"/> No

Exhibits: Area map, Approved IDA–Ordinance 2020-IDA-138, Service Request and Supporting Docs, Water Service Application and Water Service Agreement

Water

SUMMARY

Truck Locker Houston, LLC has approached the City of La Porte for a water service agreement for a proposed facility located at 11210 Fairmont Parkway, in the Bayport Industrial District. The project is intended to be a three-acre development for the purpose of providing a lighted and secured site for the storage of chassis, containers, equipment, and trucks. Domestic water use is planned for a small office building only. There is no intent for truck washing or a wash rack at this location. This site intends to utilize an on-site aerobic sewage treatment unit. This installation will require permitting and inspection by Harris County and routine maintenance by a licensed technician.

The City Council has approved a policy to provide water and sanitary sewer service to companies located outside the city limits and within the City's industrial districts (ETJ). These companies are required by policy to maintain a current Industrial District Agreement (IDA) with the City. Additionally, the applicant is subject to an administrative fee of \$5,000. As required, a non-refundable payment of twenty-five percent (25%) of the total administrative fees has been received, with the remaining balance (\$3,750) to be paid upon approval of the water service agreement.

If approved, the terms of Water Service Agreement will expire on December 31, 2031, plus any renewals or extensions thereof. However, these agreements will automatically expire at such time as there is no effective Industrial District Agreement between the parties, or if the City exercises its right of termination.

Staff has placed this item in Statutory Agenda section to allow Council to either approve as submitted or direct staff to go back to the applicant and negotiate the water service

agreement in lieu of the applicant storing hazardous materials/containers on-site, stacking of containers or any other concerns Council may have due to proximity of residential neighbors to the north, northeast and northwest.

RECOMMENDED MOTION

Approve as submitted by applicant:

I move to authorize the City Manager to execute a Water Service Agreement with Truck Locker Houston, LLC for its proposed facility at 11210 Fairmont Parkway, in the Bayport Industrial District.

Direct staff to negotiate terms:

I move to direct staff to negotiate with Truck Locker Houston, LLC a Water Service Agreement in lieu of Truck Locker Houston storing hazardous materials/containers on-site, stacking of containers or any other concerns Council may have due to proximity of residential neighbors to the north, northeast and northwest.

Approved for the City Council meeting agenda

Corby D. Alexander, City Manager

Date

Comfort Inn and Suites

12" Line

1" Service Tap

Bore

BackFlow Preventer

Air Gas

Office

3-acre lit and secure storage yard

11210 Fairmont

Fairmont

Access Easement from Exxon

ORDINANCE NO. 2020-IDA-138

AN ORDINANCE AUTHORIZING THE EXECUTION BY THE CITY OF LA PORTE, TEXAS OF AN INDUSTRIAL DISTRICT AGREEMENT WITH TRUCK LOCKER HOUSTON, LLC, A TEXAS LIMITED LIABILITY COMPANY, FOR THE TERM COMMENCING JANUARY 1, 2020, AND ENDING DECEMBER 31, 2031; MAKING VARIOUS FINDINGS AND PROVISIONS RELATING TO THE SUBJECT; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; AND PROVIDING AN EFFECTIVE DATE HEREOF.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS:

Section 1. Truck Locker Houston, LLC, a Texas limited liability company, has executed an industrial district agreement with the City of La Porte, Texas, for the term commencing January 1, 2020, and ending December 31, 2031, a copy of which is attached hereto, incorporated by reference herein, and made a part hereof for all purposes.

Section 2. The Mayor, the City Manager, the City Secretary, and the City Attorney of the City of La Porte, Texas, be and they are hereby, authorized and empowered to execute and deliver on behalf of the City of La Porte, Texas, the industrial district agreement with the corporation named in Section 1 hereof.

Section 3. The City Council officially finds, determines, recites, and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the city for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 4. This Ordinance shall be effective from and after its passage and approval, and it is so ordered.

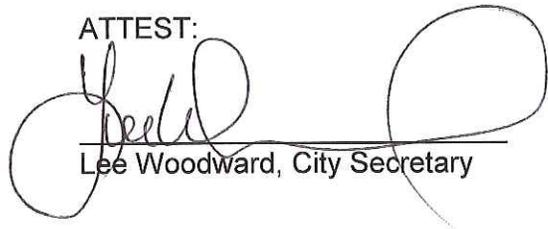
PASSED and **APPROVED**, this 10th day of February, 2020.

CITY OF LA PORTE, TEXAS



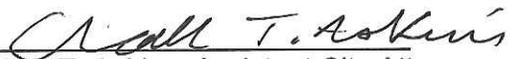
Louis R. Rigby, Mayor

ATTEST:



Lee Woodward, City Secretary

APPROVED AS TO FORM:



Clark T. Askins, Assistant City Attorney

NO. 2020 IDA- 138
STATE OF TEXAS
COUNTY OF HARRIS

INDUSTRIAL DISTRICT AGREEMENT

This AGREEMENT made and entered into by and between the CITY OF LA PORTE, TEXAS, a municipal corporation of Harris County, Texas, hereinafter called "CITY", and TRUCK LOCKER HOUSTON, LLC, a LIMITED LIABILITY COMPANY corporation, hereinafter called "COMPANY",

W I T N E S S E T H:

WHEREAS, it is the established policy of the City Council of the City of La Porte, Texas, to adopt such reasonable measures from time to time as are permitted by law and which will tend to enhance the economic stability and growth of the City and its environs by attracting the location of new and the expansion of existing industries therein, and such policy is hereby reaffirmed and adopted by this City Council as being in the best interest of the City and its citizens; and

WHEREAS, pursuant to its policy, City has enacted Ordinance No. 729, designating portions of the area located in its extraterritorial jurisdiction as the "Battleground Industrial District of La Porte, Texas", and Ordinance No. 842A, designating portions of the area located in its extraterritorial jurisdiction as the "Bayport Industrial District of La Porte, Texas", hereinafter collectively called "District", such Ordinances being in compliance with the Municipal Annexation Act of Texas, codified as Section 42.044, Texas Local Government Code; and

WHEREAS, Company is the owner of land within a designated Industrial District of the City of La Porte, said land being legally described on the attached Exhibit "A" (hereinafter "Land"); and said Land being more particularly shown on a plat attached as Exhibit "B", which plat describes the ownership boundary lines; a site layout, showing all improvements, including pipelines and railroads, and also showing areas of the Land previously annexed by the City of La Porte; and

WHEREAS, City desires to encourage the expansion and growth of industrial plants within said Districts and for such purpose desires to enter into this Agreement with Company pursuant to Ordinance adopted by the City Council of said City and recorded in the official minutes of said City:

NOW, THEREFORE, in consideration of the premises and the mutual agreements of the parties contained herein and pursuant to the authority granted under the Municipal Annexation Act and the Ordinances of City referred to above, City and Company hereby agree with each other as follows:

I.

City covenants, agrees and guarantees that during the term of this Agreement, provided below, and subject to the terms and provisions of this Agreement, said District shall continue to retain its extraterritorial status as an industrial district, at least to the extent that the same covers the Land belonging to Company and its assigns, unless and until the status of said Land, or a portion or portions thereof, as an industrial district may be changed pursuant to the terms of this Agreement. Subject to the foregoing and to the later provisions of this Agreement, City does further covenant, agree and guarantee that such industrial district, to the extent that it covers said Land lying within said District and not now within the corporate limits of City, shall be immune from annexation by City during the term hereof (except as hereinafter provided) and shall have no right to have extended to it any services by City, and that all Land, including that which has been heretofore annexed, shall not have extended to it by ordinance any rules and regulations (a) governing plats and subdivisions of land, (b) prescribing any building, electrical, plumbing or inspection code or codes, or (c) attempting to exercise in any manner whatever control over the conduct of business thereon; provided, however, 1) any portion of Land constituting a strip of land 100' wide and contiguous to either Fairmont Parkway, State Highway 225, or State Highway 146, shall be subject to the rules and regulations attached hereto as Exhibit "C" and made a part hereof, 2) intermodal shipping containers (including but not limited to freight and tank containers) placed on Land belonging to Company shall be permitted to be stacked only two containers in height within the 100' wide portion of Company's Land contiguous to either Fairmont Parkway, State Highway 225, or State Highway 146; beyond said 100' wide strip, intermodal shipping containers shall be eligible to be stacked one additional container in height within and for each successive 100' wide portion of Company's Land behind and following the preceding 100' wide strip, up to a maximum of six containers in height, regardless of distance from Fairmont Parkway, State Highway 225, or State Highway 146; and 3) it is agreed that City shall have the right to institute or intervene in any administrative and/or judicial proceeding authorized by the Texas Water Code, the Texas Clean Air Act, the Texas Health & Safety Code, or other federal or state environmental laws, rules or regulations, to the same extent and to the same intent and effect as if all Land covered by this Agreement were not subject to the Agreement.

II.

In the event that any portion of the Land has heretofore been annexed by City, Company agrees to render and pay full City ad valorem taxes on such annexed Land and improvements, and tangible personal property.

Under the terms of the Texas Property Tax Code (S.B. 621, Acts of the 65th Texas Legislature, Regular Session, 1979, as amended), the appraised value for tax purposes of the annexed portion of Land, improvements, and tangible personal property shall be

determined by the Harris County Appraisal District. The parties hereto recognize that said Appraisal District has no authority to appraise the Land, improvements, and tangible personal property in the unannexed area for the purpose of computing the "in lieu" payments hereunder. Therefore, the parties agree that the appraisal of the Land, improvements, and tangible personal property in the unannexed area shall be conducted by City, at City's expense, by an independent appraiser of City's selection. The parties recognize that in making such appraisal for "in lieu" payment purposes, such appraiser must of necessity appraise the entire (annexed and unannexed) Land, improvements, and tangible personal property.

Nothing herein contained shall ever be interpreted as lessening the authority of the Harris County Appraisal District to establish the appraised value of Land, improvements, and tangible personal property in the annexed portion, for ad valorem tax purposes.

III.

A. The properties upon which the "in lieu of" taxes are assessed are more fully described in subsections 1, 2, and 3 of subsection C, of this Paragraph III (sometimes collectively called the "Property"); provided, however, pollution control equipment installed on the Land which is exempt from ad valorem taxation pursuant to the provisions of Sec. 11.31 of the Texas Property Tax Code is exempt from ad valorem taxation and "in lieu of taxes" hereunder. Property included in this Agreement shall not be entitled to an agricultural use exemption for purposes of computing "in lieu of taxes" hereunder.

B. On or before the later of December 31, 2020, or 30 days from mailing of tax bill and in like manner on or before each December 31st thereafter, through and including December 31, 2031, Company shall pay to City an amount of "in lieu of taxes" on Company's Property as of January 1st of the current calendar year ("Value Year").

C. Company and City agree that the following percentages ("Percentage Amount") shall apply during each of the Value Years:

Value Year 2020:	64%
Value Year 2021:	64%
Value Year 2022:	64%
Value Year 2023:	64%
Value Year 2024:	64%
Value Year 2025:	64%
Value Year 2026:	64%
Value Year 2027:	64%
Value Year 2028:	64%
Value Year 2029:	64%
Value Year 2030:	64%
Value Year 2031:	64%

Company agrees to pay to City an amount of "in lieu of taxes" on Company's land, improvements and tangible

personal property in the unannexed area equal to the sum of:

1. Percentage Amount of the amount of ad valorem taxes which would be payable to City if all of the Company's Land and improvements which existed on January 1, 2020, and each January 1 thereafter of the applicable Value Year during the term of this Agreement, (excluding amounts which would be so payable with respect to any Substantial Increase in value of such Land and improvements to which subparagraph 2, below applies), had been within the corporate limits of City and appraised each year by City's independent appraiser, in accordance with the applicable provisions of the Texas Property Tax Code; and
2. (a) On any Substantial Increase in value of the Land, improvements, and tangible personal property (excluding inventory) dedicated to new construction, in excess of the appraised value of same on January 1, 2019, resulting from new construction (exclusive of construction in progress, which shall be exempt from taxation), for each Value Year following completion of construction in progress, an amount equal to Thirty percent (30%), where construction is completed in Value Years 2020 through 2031, of the amount of ad valorem taxes which would be payable to City if all of said new construction had been within the corporate limits of City and appraised by City's independent appraiser, in accordance with the applicable provisions of the Texas Property Tax Code. The eligible period for application of said thirty percent (30%) "in lieu" rate shall be for a total of six (6) Value Years.

In the case of new construction which is completed in Value Year 2028 or later, and provided, further, that City and Company enter into an Industrial District Agreement after the expiration of this Industrial District Agreement, then, and in such events, such new construction shall be entitled to additional Value Years under the new Agreement at a Thirty percent (30%) valuation under this subparagraph (a), for a total of six (6) Value Years, but not extending beyond Value Year 2034.

In the case of new construction which was completed in Value Years 2016 through 2019 in accordance with the previous Industrial District Agreement between City and Company, such new construction shall be subject to a Twenty percent (20%) valuation through Value Year 2022, and a Thirty (30%) valuation for any additional Value Years beyond Value Year 2022, for a total of six

(6) Value Years.

- (b) Application of the thirty percent (30%) "in lieu" rate for Substantial Increase in value of the Land, improvements, and tangible personal property dedicated to new construction is limited to new construction purposed for or related to manufacturing and processing uses. In no case shall Company be entitled to application of the thirty percent (30%) "in lieu" rate for Substantial Increase in value of the Land, improvements, and tangible personal property dedicated to new construction where the new construction is purposed for or related to uses for warehousing, storage, distribution, and/or general freight trucking and transportation, as well as general commercial uses, such as truck stops, rental facilities, or repair shops.
- (c) A Substantial Increase in value of the Land, improvements, and tangible personal property (excluding inventory) as used in subparagraph 2(a) above, is defined as an increase in value that is the lesser of either:
 - i. at least Five percent (5%) of the total appraised value of Land and improvements, on January 1, 2019; or
 - ii. a cumulative value of at least \$3,500,000.00.

For the purposes of this Agreement, multiple projects that are completed in a Value Year can be cumulated to arrive at the amount for the increase in value.

- (d) If existing Property values have depreciated below the Property value established on January 1, 2019, an amount equal to the amount of the depreciation will be removed from the calculation under this subparagraph 2 to restore the value to the January 1, 2019, value; and
3. Percentage Amount of the amount of ad valorem taxes which would be payable to City on all of the Company's tangible personal property of every description, located in an industrial district of City, including, without limitation, inventory, (including inventory in a federal Foreign Trade Zone and including Freeport exempted inventory), oil, gas, and mineral interests, items of leased equipment, railroads, pipelines, and products in storage located on the Land, if all of said tangible personal property which existed on January 1, 2020, and each January 1 thereafter of the applicable Value Year during the term of this Agreement, (excluding amounts which would be so payable with respect to any Substantial Increase in value of such

tangible personal property to which subparagraph 2, above applies), had been within the corporate limits of City and appraised each year by the City's independent appraiser, in accordance with the applicable provisions of the Texas Property Tax Code.

with the sum of 1, 2 and 3 reduced by the amount of City's ad valorem taxes on the annexed portion thereof as determined by appraisal by the Harris County Appraisal District.

4. Notwithstanding the above, should City elect to grant the freeport inventory exemption authorized by Article VIII, Section 1-j of the Texas Constitution and Section 11.251 of the Texas Property Tax Code to taxpayers within the City limits, then the freeport inventory exemption shall apply to parties to this Agreement. Further, should inventory or any other class or type of property become exempt from taxation by constitutional amendment or act of the Texas Legislature (including, but not limited to, Article VIII, Section 1-n, of the Texas Constitution and Section 11.253 of the Texas Property Tax Code), such class or type of property shall be exempt for purposes of this Agreement, unless the City Council of the City of La Porte shall by Ordinance provide for the continued taxation of such property under the authority of any applicable provisions of the Texas Constitution and Texas Statutes.
5. City and Company acknowledge circumstances might require the City to provide emergency services to Company's Property described on Exhibit "A" attached hereto. Emergency services are limited to fire, police, and public works emergency services. If Company is not a member of Channel Industries Mutual Aid Association (CIMA), Company agrees to reimburse City for its costs arising out of any emergency response requested by Company to Company's property, and to which City agrees to respond. If Company is a member of CIMA, the obligations of Company and City shall be governed by the CIMA agreement, to which agreement City is a party.

IV.

This Agreement shall extend for a period beginning on the 1st day of January, 2020, and continuing thereafter until December 31, 2031, unless extended for an additional period or periods of time upon mutual consent of Company and City, as provided by the Municipal Annexation Act; provided, however, that in the event this Agreement is not so extended for an additional period or periods of time on or before August 31, 2031, the agreement of City not to annex property of Company within the District shall terminate. In that event, City shall have the right to commence immediate annexation proceedings as to all of Company's property covered by this Agreement, notwithstanding any of the terms and

provisions of this Agreement.

Company agrees that if the Texas Local Government Code Section Chapter 42.044 "Creation of Industrial District in Extraterritorial Jurisdiction", or Texas Local Government Code Chapter 43 "Municipal Annexation", is amended, or any new legislation is thereafter enacted by the Legislature of the State of Texas which imposes greater restrictions on the right of City to annex land belonging to Company or imposes further obligations on City in connection therewith after the annexation of such land, Company will waive the right to require City to comply with any such additional restrictions or obligations and the rights of the parties shall be then determined in accordance with the provisions of said laws as the same existed on January 1, 2019.

V.

This Agreement may be extended for an additional period or periods by agreement between City and Company and/or its assigns even though it is not extended by agreement between City and all of the owners of all land within the District of which it is a part.

VI.

A. In the event Company elects to protest the valuation for tax purposes set on its said properties by City or by the Harris County Appraisal District for any year or years during the terms hereof, nothing in this Agreement shall preclude such protest and Company shall have the right to take all legal steps desired by it to reduce the same.

Notwithstanding such protest by Company, and except as otherwise provided in Article VI(B), Company agrees to pay to City on or before the date therefore hereinabove provided, at least the total of (a) the total amount of ad valorem taxes on the annexed portions, plus (b) the total amount of the "in lieu of taxes" on the unannexed portions of Company's hereinabove described property which would be due to City in accordance with the foregoing provisions of this Agreement on the basis of renditions which shall be filed by Company.

When the City or Harris County Appraisal District (as the case may be) valuation on said property of Company has been so finally determined, either as the result of final judgment of a court of competent jurisdiction or as the result of other final conclusion of the controversy, then within thirty (30) days thereafter Company shall make payment to City of any additional payment due hereunder, or City shall make payment to Company of any refund due, as the case may be, based on such final valuation, together with applicable penalties, interests, and costs.

B. Should Company disagree with any appraisal made by the independent appraiser selected by City pursuant to Article II above (which shall be given in writing to Company), Company shall, within twenty (20) calendar days of receiving City's invoice, give written notice to the City of such disagreement. In the event

Company does not give such written notice of disagreement within such time period, the appraisal made by said independent appraiser shall be final and controlling for purposes of the determination of "in lieu of taxes" payments to be made under this Agreement.

Should Company give such notice of disagreement, Company shall also submit to the City with such notice a written statement setting forth what Company believes to be the market value of Company's hereinabove described property. Both parties agree to thereupon enter into good faith negotiations in an attempt to reach an agreement as to the market value of Company's property for "in lieu" purposes hereunder. If, after the expiration of thirty (30) days from the date the notice of disagreement was received by City, the parties have not reached agreement as to such market value, the parties agree to submit the dispute to final arbitration as provided in subparagraph 1 of this Article VI(B).

Notwithstanding any such disagreement by Company, Company agrees to pay to City on or before December 31 of each year during the term hereof, at least the total of (a) the ad valorem taxes on the annexed portions, plus (b) the total amount of the "in lieu" payments which would be due hereunder on the basis of Company's written valuations statement submitted to City by Company hereunder, or the total assessment and "in lieu of taxes" thereon for the last preceding year, whichever is higher.

1. A Board of Arbitrators shall be created composed of one person named by Company, one by City, and a third to be named by those two. In case of no agreement on this arbitrator in 10 days, the parties will join in a written request that the Chief Judge of the U.S. District Court for the Southern District of Texas appoint the third arbitrator who, (as the "Impartial Arbitrator") shall preside over the arbitration proceeding. The sole issue to be determined in the arbitration shall be resolution of the difference between the parties as to the fair market value of Company's property for calculation of the "in lieu" payment and total payment hereunder for the year in question. The Board shall hear and consider all relevant and material evidence on that issue including expert opinion, and shall render its written decision as promptly as practicable. That decision shall then be final and binding upon the parties, subject only to judicial review as may be available under the Texas General Arbitration Act (Chapter 171, "General Arbitration", Texas Civil Practice and Remedies Code). Costs of the arbitration shall be shared equally by the Company and the city, provided that each party shall bear its own attorneys fees.

VII.

City shall be entitled to a tax lien on Company's above described property, all improvements thereon, and all tangible personal

property thereon, in the event of default in payment of "in lieu of taxes" payments hereunder, which shall accrue penalty and interest in like manner as delinquent taxes, and which shall be collectible by City in the same manner as provided by law for delinquent taxes.

VIII.

This Agreement shall inure to the benefit of and be binding upon City and Company, and upon Company's successors and assigns, affiliates and subsidiaries, and shall remain in force whether Company sells, assigns, or in any other manner disposes of, either voluntarily or by operation of law, all or any part of the property belonging to it within the territory hereinabove described, and the agreements herein contained shall be held to be covenants running with the land owned by Company situated within said territory, for so long as this Agreement or any extension thereof remains in force. Company shall give City written notice within ninety (90) days, with full particulars as to property assigned and identity of assignee, of any disposition of the Land, and assignment of this Agreement.

IX.

If City enters into an Agreement with any other landowner with respect to an industrial district or enters into a renewal of any existing industrial district agreements after the effective date hereof and while this Agreement is in effect, which contains terms and provisions more favorable to the landowner than those in this Agreement, Company and its assigns shall have the right to amend this Agreement and City agrees to amend same to embrace the more favorable terms of such agreement or renewal agreement.

X.

The parties agree that this Agreement complies with existing laws pertaining to the subject and that all terms, considerations and conditions set forth herein are lawful, reasonable, appropriate, and not unduly restrictive of Company's business activities. Without such agreement neither party hereto would enter into this Agreement. In the event any one or more words, phrases, clauses, sentences, paragraphs, sections, articles or other parts of this Agreement or the application thereof to any person, firm, corporation or circumstances shall be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, then the application, invalidity or unconstitutionality of such words, phrase, clause, sentence, paragraph, section, article or other part of the Agreement shall be deemed to be independent of and separable from the remainder of this Agreement and the validity of the remaining parts of this Agreement shall not be affected thereby.

XI.

Upon the commencement of the term of this Agreement, all other previously existing industrial district agreements with respect to

said Land shall terminate.

XII.

Notices by a party to the other party hereto, shall be mailed or delivered as follows:

To the City of La Porte: City Manager
City of La Porte
604 West Fairmont Parkway
La Porte, TX 77571

To Company: TRUCK LOCKER HOUSTON, LLC
(COMPANY)
Attention: JAY ANNAND Department
JAY@ANNANDALE.COM
214 207 9016 130901 MIDWAY ROAD SUITE 120
DALLAS, TEXAS 75244

Company shall promptly notify City of any change of ownership of Property, any assignment of this Agreement, and of any change of billing address.

Company shall notify City annually, on or before June 1, of any changes to the following information:

Plant Manager

Name: ROSS GRAVES
Address: 130901 MIDWAY ROAD SUITE 120
DALLAS, TEXAS 75244
Phone: 970-445-7188
Fax:
Email: ROSSG@CENTURYTEL.NET

Tax Agent/Billing Contact

Name: KARA RANEY
Address: 2228 RYAN RIDGE
GRAPEVINE, TEXAS 76051
Phone: 817 938 5219
Fax:
Email: KARA@ANNANDALECO.COM

ENTERED INTO effective the 1st day of January, 2020.

TRUCK LOCKER HOUSTON, LLC
(COMPANY)
By: [Signature]
Name: ROSS GRAVES
Title: MANAGER
Address: 130901 MIDWAY ROAD SUITE 120
DALLAS, TEXAS 75244

ATTEST:

[Signature]
City Secretary

CITY OF LA PORTE, TEXAS

By:

[Signature]
Louis R. Rigby
Mayor

APPROVED:

[Signature]
Knox W. Askins
City Attorney
City of La Porte

By:

[Signature]
Corby D Alexander
City Manager

P.O. Box 1218
La Porte, TX 77572-1218
281.471.1886
281.471.2047 fax
knoxaskins@comcast.net

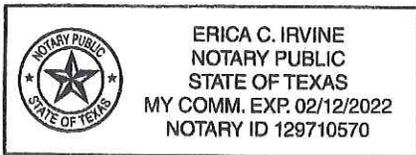
CITY OF LA PORTE, TEXAS
604 West Fairmont Parkway
La Porte, TX 77571

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the 14th day of January, 2020, by ROSS graves, manager of Truck Locker Houston, LLC corporation, a LLC corporation, on behalf of said entity.

[Signature]
Notary Public, State of Texas

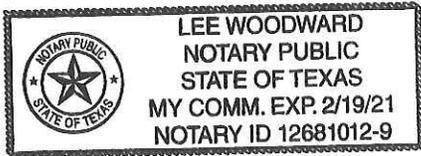


STATE OF TEXAS ' :
'

COUNTY OF HARRIS ' :
'

This instrument was acknowledged before me on the 10th day of February, 2020, by Louis R. Rigby, Mayor of the City of La Porte, a municipal corporation, on behalf of said entity.

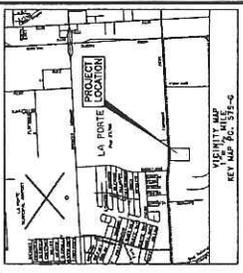
[Handwritten Signature]
Notary Public, State of Texas



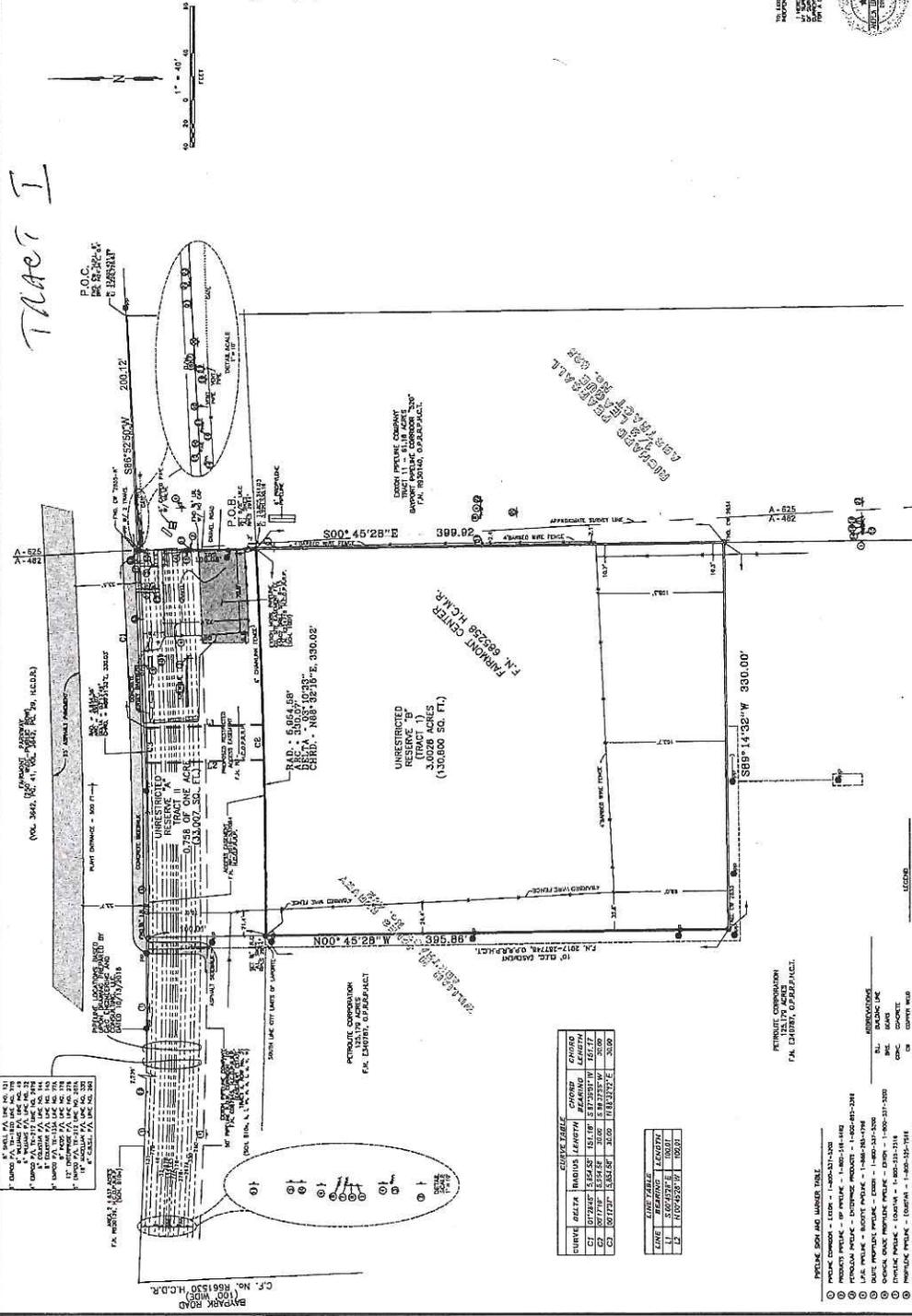
"EXHIBIT A"

(Metes and Bounds Description of Land)

TRACT I



NOTES:
 1) THE SURVEY WAS MADE ON THE 15TH DAY OF FEBRUARY, 1954, AT THE OFFICE OF THE SURVEYOR, HARRIS COUNTY, TEXAS, BY THE SURVEYOR, HARRIS COUNTY, TEXAS, AND HIS ASSISTANTS, AND THE RESULTS THEREOF ARE HEREBY CERTIFIED AS TRUE AND CORRECT.
 2) THE SURVEY WAS MADE IN ACCORDANCE WITH THE PROVISIONS OF THE SURVEYING ACTS OF THE LEGISLATURE OF THE STATE OF TEXAS.
 3) THE SURVEY WAS MADE IN ACCORDANCE WITH THE PROVISIONS OF THE SURVEYING ACTS OF THE LEGISLATURE OF THE STATE OF TEXAS.
 4) THE SURVEY WAS MADE IN ACCORDANCE WITH THE PROVISIONS OF THE SURVEYING ACTS OF THE LEGISLATURE OF THE STATE OF TEXAS.



LINE	BEARING	LENGTH	AREA
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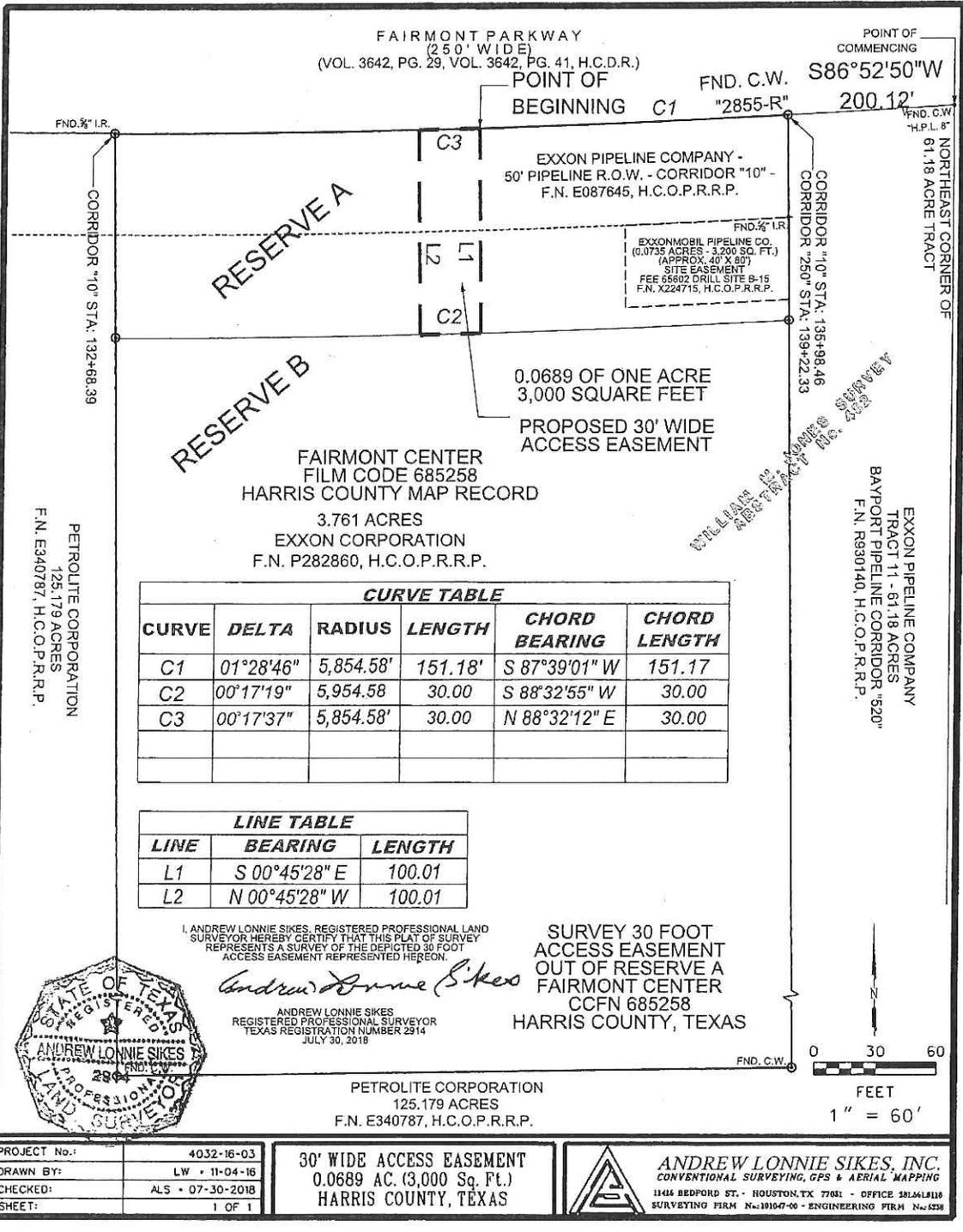
TO LARRY CORPORATION, A NEW JERSEY CORPORATION, NORTH WOODS VILLAGE, U.S.A.
 RESERVE B, 3.0028 ACRES
 SITUATED IN TRACT I, 482, HARRIS COUNTY, TEXAS
 ABSTRACT NO. 482, HARRIS COUNTY, TEXAS
 0 PATMONT PARKWAY, PASADENA, TEXAS 77571
 ANDREW LONNIE SIKES, INC.
 CONTINGENTIAL BUYING OFFER FOR THE BUYING
 1100 WASHINGTON ST., HOUSTON, TEXAS 77002
 SIGNED AND SEALED THIS 15TH DAY OF FEBRUARY, 1954.
 SURVEYOR, HARRIS COUNTY, TEXAS

PLAT OF SURVEY

RESERVE B, 3.0028 ACRES
 SITUATED IN TRACT I, 482, HARRIS COUNTY, TEXAS
 ABSTRACT NO. 482, HARRIS COUNTY, TEXAS
 0 PATMONT PARKWAY, PASADENA, TEXAS 77571
 ANDREW LONNIE SIKES, INC.
 CONTINGENTIAL BUYING OFFER FOR THE BUYING
 1100 WASHINGTON ST., HOUSTON, TEXAS 77002
 SIGNED AND SEALED THIS 15TH DAY OF FEBRUARY, 1954.
 SURVEYOR, HARRIS COUNTY, TEXAS

Inset II

USER: Untitled Workspace
 DATE: 7/31/2018 TIME: 2:54:14 PM
 Y:\Jobs\4032-16-03 - Plot D\Site B-15\CADD\4032-16-03_ACCESS EASEMENT EXHIBIT.dgn



"EXHIBIT B"

Attach Plat reflecting the ownership boundary lines; a site layout, showing all improvements, including pipelines and railroads, and also showing areas of the Land previously annexed by the City of La Porte.)

TAX CERTIFICATE



ANN HARRIS BENNETT
HARRIS COUNTY TAX ASSESSOR-COLLECTOR
1001 PRESTON, SUITE 100
HOUSTON, TEXAS 77002

Issued To:
EXXON COMPANY USA TAX DEPT
PO BOX 53
HOUSTON, TX 77001-0053

Legal Description:
TR 216
(PT DS 4B-15)
BAYPORT SEC 1 15A

Parcel Address: 0 FAIRMONT PKY
Legal Acres: .7601

Print Date: 03/13/2018
Paid Date:
Issue Date: 09/12/2009
Operator ID: 38000HADMVA

Account Number: 100-515-000-0101

Certificate No: 12162923
Certificate Fee: \$10.00

TAX CERTIFICATES ARE ISSUED WITH THE MOST CURRENT INFORMATION AVAILABLE. ALL ACCOUNTS ARE SUBJECT TO CHANGE PER SECTION 241.01 OF THE TEXAS PROPERTY TAX CODE. THIS IS TO CERTIFY THAT ALL TAXES DUE ON THE ABOVE DESCRIBED PROPERTY HAVE BEEN EXAMINED UP TO AND INCLUDING THE YEAR 2017. ALL TAXES ARE PAID IN FULL.

Exemptions:

Certified Owner:
EXXON COMPANY USA TAX DEPT
PO BOX 53
HOUSTON, TX 77001-0053

Certified Tax Units:

- 40 Harris County
- 41 Harris County Flood Control Dist
- 42 Port of Houston Authority
- 43 Harris County Hospital District
- 44 Harris County Dept. of Education
- 47 San Jacinto College District

OFFICE OF
STAR STATEMENT
COUNTY CLERK, HARRIS COUNTY, TEXAS
MAP RECORDS OF COUNTY CLERK
FILM CODE 855289

FAIRMONT CENTER
THIS IS PAGE 2 OF 2 PAGES
SCANNER Content IQ4400

Reference (GI) No: NA
Issued By:
ANN HARRIS BENNETT
HARRIS COUNTY TAX ASSESSOR-COLLECTOR

53.1.0

TAX CERTIFICATE FOR ACCOUNT 1005150000401

AD NUMBER: 1005150000401
GF NUMBER:
CERTIFICATE NO: 4035050
COLLECTING AGENCY
GOOSE CREEK TAX SERVICES
P O BOX 2005
4544 1-10 EAST
BAYTOWN TX 77521

REQUESTED BY

TX

THIS IS TO CERTIFY THAT, AFTER A CAREFUL CHECK OF THE RECORDS OF THE GOOSE CREEK CISD TAX OFFICE, THE FOLLOWING DELINQUENT TAXES, PENALTIES, AND INTEREST ARE DUE ON THE DESCRIBED PROPERTY.

THE ABOVE DESCRIBED PROPERTY TAX HAS/IS RECEIVING SPECIAL APPRAISAL BASED ON ITS USE, AND ADDITIONAL ROLLBACK TAXES MAY BECOME DUE BASED ON THE PROVISIONS OF THE SPECIAL APPRAISAL (IF APPLICABLE).

CURRENT VALUES

LAND MARKET VALUE	66,220	IMPROVEMENT	0					
AG LAND VALUE	0	DEF HOMESTEAD	0					
APPRAISED VALUE	66,220	LIMITED VALUE	0					
EXEMPTIONS:								
LAWSUITS								
YEAR	TAX UNIT	LEVY	PEN	INT	DEF INT	ATTY	AMOUNT DUE	
2017	Civ of La Porte	0.00	0.00	0.00	0.00	0.00	0.00	
2017	La Porte ISD	0.00	0.00	0.00	0.00	0.00	0.00	
							2017 SUB TOTAL	\$0.00

TOTAL CERTIFIED TAX DUE 3/2018: \$ 0.00

ISSUED TO:
ACCOUNT NUMBER: 1005150000401

CERTIFIED BY: *[Signature]* Goose Creek CISD



Changes made by
H.C.A.D. or C.A.D.
may make this certificate
invalid.

TAX CERTIFICATE



ANN HARRIS BENNETT
HARRIS COUNTY TAX ASSESSOR-COLLECTOR
1001 PRESTON, SUITE 100
HOUSTON, TEXAS 77002

Issued To:
EXXON COMPANY USA TAX DEPT
PO BOX 53
HOUSTON, TX 77001-0053

Legal Description:
TR 216
(PT DS 4B-15)
BAYPORT SEC 1 15A

Parcel Address: 0 FAIRMONT PKY
Legal Acres: .7601

Print Date: 03/13/2018
Paid Date:
Issue Date: 09/12/2009
Operator ID: 38000HADMVA

Account Number: 100-515-000-0102

Certificate No: 12162923
Certificate Fee: \$10.00

TAX CERTIFICATES ARE ISSUED WITH THE MOST CURRENT INFORMATION AVAILABLE. ALL ACCOUNTS ARE SUBJECT TO CHANGE PER SECTION 241.01 OF THE TEXAS PROPERTY TAX CODE. THIS IS TO CERTIFY THAT ALL TAXES DUE ON THE ABOVE DESCRIBED PROPERTY HAVE BEEN EXAMINED UP TO AND INCLUDING THE YEAR 2017. ALL TAXES ARE PAID IN FULL.

Exemptions:

Certified Owner:
EXXON COMPANY USA TAX DEPT
PO BOX 53
HOUSTON, TX 77001-0053

Certified Tax Units:

- 40 Harris County
- 41 Harris County Flood Control Dist
- 42 Port of Houston Authority
- 43 Harris County Hospital District
- 44 Harris County Dept. of Education
- 47 San Jacinto College District

2017 Values:	241,250
2017 Levy:	42,192.50
2017 Levy Balance:	19,061
Prior Year Levy Balance:	20,000
Total Levy Due:	39,061
P&T + Attorney Fee:	39,061
Total Amount Due:	39,061

Reference (GI) No: NA
Issued By:
ANN HARRIS BENNETT
HARRIS COUNTY TAX ASSESSOR-COLLECTOR

53.1.0

TAX CERTIFICATE FOR ACCOUNT 1005150000402

AD NUMBER: 1005150000402
GF NUMBER:
CERTIFICATE NO: 4035050
COLLECTING AGENCY
GOOSE CREEK TAX SERVICES
P O BOX 2005
4544 1-10 EAST
BAYTOWN TX 77521

REQUESTED BY

TX

THIS IS TO CERTIFY THAT, AFTER A CAREFUL CHECK OF THE RECORDS OF THE GOOSE CREEK CISD TAX OFFICE, THE FOLLOWING DELINQUENT TAXES, PENALTIES, AND INTEREST ARE DUE ON THE DESCRIBED PROPERTY.

THE ABOVE DESCRIBED PROPERTY TAX HAS/IS RECEIVING SPECIAL APPRAISAL BASED ON ITS USE, AND ADDITIONAL ROLLBACK TAXES MAY BECOME DUE BASED ON THE PROVISIONS OF THE SPECIAL APPRAISAL (IF APPLICABLE).

CURRENT VALUES

LAND MARKET VALUE	291,200	IMPROVEMENT	0					
AG LAND VALUE	0	DEF HOMESTEAD	0					
APPRAISED VALUE	291,200	LIMITED VALUE	0					
EXEMPTIONS:								
LAWSUITS								
YEAR	TAX UNIT	LEVY	PEN	INT	DEF INT	ATTY	AMOUNT DUE	
2017	La Porte ISD	0.00	0.00	0.00	0.00	0.00	0.00	
							2017 SUB TOTAL	\$0.00

TOTAL CERTIFIED TAX DUE 3/2018: \$ 0.00

ISSUED TO:
ACCOUNT NUMBER: 1005150000402

CERTIFIED BY: *[Signature]* Goose Creek CISD



Changes made by
H.C.A.D. or C.A.D.
may make this certificate
invalid.

"EXHIBIT C"
Page 1 of 3

RULES AND REGULATIONS

Any portion of Land constituting a strip of land 100' wide and contiguous to either Fairmont Parkway, State Highway 225, or State Highway 146 shall be subject to the following rules and regulations pertaining to new signage, screening, driveways and median crossovers, as well as the stacking of intermodal shipping containers. These rules and regulations shall apply after the effective date of this Agreement when Company develops or constructs improvements on vacant Land described in Exhibit "A" which is adjacent to Fairmont Parkway, State Highway 225, or State Highway 146.

1. Any sign erected in said 100' strip of land shall be subject to the following provisions:
 - ∅ One freestanding identification sign shall be permitted for each side of an industrial establishment that fronts on an improved public right-of-way.
 - ∅ Freestanding identification signs for single tenant buildings shall not exceed 150 square feet in area.
 - ∅ One freestanding identification sign for identifying multiple businesses is allowable at the intersection of improved public rights-of-way.
 - ∅ Freestanding identification signs for multiple businesses shall not exceed 350 square feet.
 - ∅ Freestanding identification signs shall not exceed 45 feet in height.
 - ∅ Minimum setback for sign construction shall be ten (10) feet from property lines.
2. Intermodal shipping containers (including by not limited to freight and tank containers) shall be permitted to be stacked only to a maximum of two (2) containers in height in the said 100' strip. In those instances where shipping containers are placed within the said 100' wide strip, the screening requirements established in paragraph 3 immediately below shall apply.
3. When Land adjacent to said 100' strip is developed, the initial 50' of said strip beyond any existing pipeline easement contiguous to either Fairmont Parkway, State Highway 225, or State Highway 146 shall be screened by one of the following techniques:

a) Leaving in place existing trees, vegetation, underbrush, etc. to provide a thorough and effective visual screening

PLEASE SEE ATTACHMENT 15

"EXHIBIT C"
Page 2 of 3

of the development. Existing trees shall, together with other vegetation and underbrush, create a continuous visual screen.

- b) The use of earthen berms with approximately 3:1 side slopes, 50' wide at the base and 8' high. The berms may be landscaped with a combination of trees, shrubs, and ground cover. All berms and landscaping will be maintained by the property owners.
- c) A screening plan, to be approved by the City, that includes a combination of trees, shrubs, and ground cover that after 5 years growth will be at least 20 feet in height and shall, together with shrubs and ground cover, create a continuous visual screen. Provided, however, in public utility easements or rights-of-way, the vegetation shall be installed and maintained in a manner which is acceptable to the public utility company, and does not interfere with the operation and maintenance of the public utility facilities.

For items b and c above, the actual length of required screening along the roadway will be equal to the length of the new development that is parallel to the roadway. Screening shall not be required for new development that is to the rear of or behind existing facilities.

In all cases the 50' strip, along the entire roadway frontage, shall be dedicated as a landscape easement and shall be kept free from any improvements except for approved driveway access and identification signs.

For cases of new development or improvements where a 50' landscape easement is not available or practical, Company shall meet with City to determine a suitable landscaping alternative.

- d) In the case of land contiguous to Fairmont Parkway, in addition to the other requirements of these Rules and Regulations, Company shall dedicate to City by Plat a ten foot (10') wide pedestrian and bicycle easement, extending along Company's Fairmont Parkway boundary, within the fifty foot (50') landscape easement. The pedestrian easement shall not be within any pipeline facility, except for necessary crossings.
4. Driveways opening from said strip of land onto State Highway 225 or State Highway 146 shall be subject to the rules and regulations of the Texas Department of Transportation and provisions of the City's Code of Ordinances, whichever is more restrictive.

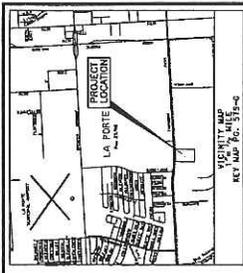
"EXHIBIT C"
Page 3 of 3

Driveways opening from said strip of land onto Fairmont Parkway shall be subject to the rules and regulations of Harris County and provisions of the City's Code of Ordinances, whichever is more restrictive.

5. Driveways opening from said strip of land onto Fairmont Parkway shall be approved by the City and may require the installation of separate acceleration/deceleration lanes.
6. Installation of a median crossover on Fairmont Parkway shall be subject to the approval of both Harris County and City.

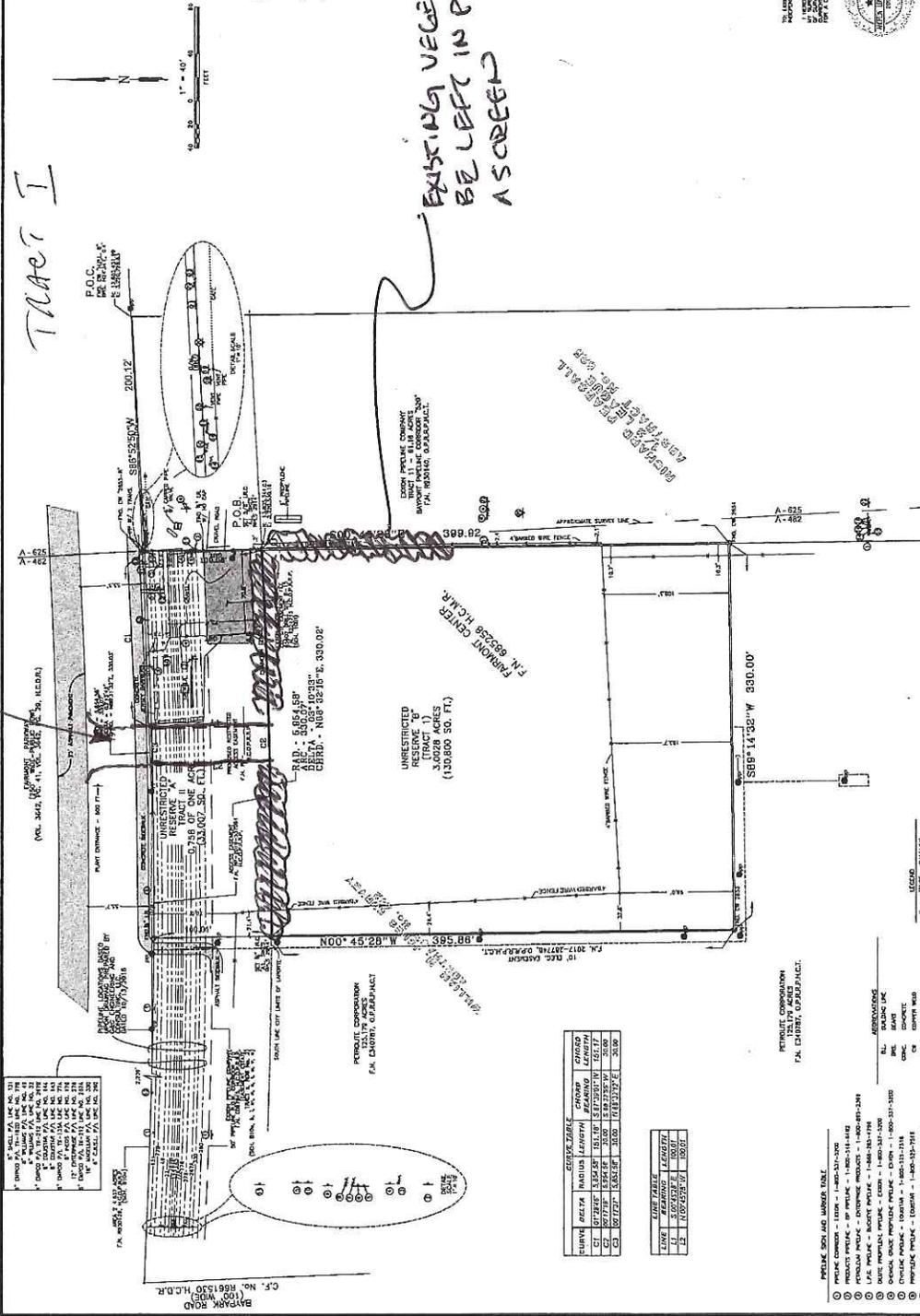
ENTRY - 30' EXON EASEMENT - 24' CONCRETE

Tract I



NOTES:
 1) THE PROPERTY SHOWN ON THIS SURVEY WAS ACQUIRED BY THE STATE OF TEXAS BY ACT OF THE LEGISLATURE OF TEXAS, CHAP. 105, ACTS, 1937, AND IS SUBJECT TO THE PROVISIONS OF THE PUBLIC LANDS ACT, 48 U.S.C. 3811-3820.
 2) THIS SURVEY IS A PARTIAL SURVEY OF THE TRACT DESCRIBED IN THE ABSTRACT REFERRED TO IN THE TITLE HEREON.
 3) THIS SURVEY IS SUBJECT TO THE RIGHTS OF THE STATE OF TEXAS AS TO THE PUBLIC LANDS.
 4) THIS SURVEY IS SUBJECT TO THE RIGHTS OF THE STATE OF TEXAS AS TO THE PUBLIC LANDS.
 5) THIS SURVEY IS SUBJECT TO THE RIGHTS OF THE STATE OF TEXAS AS TO THE PUBLIC LANDS.

EXISTING VEGETATION TO BE LEFT IN PLACE AS A SCREEN



LINE	BEARING	LENGTH	AREA
1	S 88° 14' 32" W	330.00	
2	N 00° 00' 00" E	100.00	
3	S 88° 14' 32" W	330.00	
4	N 00° 00' 00" E	100.00	

LINE	BEARING	LENGTH	AREA
1	S 88° 14' 32" W	330.00	
2	N 00° 00' 00" E	100.00	
3	S 88° 14' 32" W	330.00	
4	N 00° 00' 00" E	100.00	

PETROLEUM CORPORATION
 F.M. DISTRICT, ADZEE PLANT.

- 1. PUBLIC COMPANY - 1-800-331-3300
- 2. PUBLIC COMPANY - 1-800-331-3300
- 3. PUBLIC COMPANY - 1-800-331-3300
- 4. PUBLIC COMPANY - 1-800-331-3300
- 5. PUBLIC COMPANY - 1-800-331-3300
- 6. PUBLIC COMPANY - 1-800-331-3300
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- 17. PUBLIC COMPANY - 1-800-331-3300
- 18. PUBLIC COMPANY - 1-800-331-3300
- 19. PUBLIC COMPANY - 1-800-331-3300
- 20. PUBLIC COMPANY - 1-800-331-3300

- 1. UNRESTRICTED RESERVE OF TRACT I
- 2. UNRESTRICTED RESERVE OF TRACT I
- 3. UNRESTRICTED RESERVE OF TRACT I
- 4. UNRESTRICTED RESERVE OF TRACT I
- 5. UNRESTRICTED RESERVE OF TRACT I
- 6. UNRESTRICTED RESERVE OF TRACT I
- 7. UNRESTRICTED RESERVE OF TRACT I
- 8. UNRESTRICTED RESERVE OF TRACT I
- 9. UNRESTRICTED RESERVE OF TRACT I
- 10. UNRESTRICTED RESERVE OF TRACT I
- 11. UNRESTRICTED RESERVE OF TRACT I
- 12. UNRESTRICTED RESERVE OF TRACT I
- 13. UNRESTRICTED RESERVE OF TRACT I
- 14. UNRESTRICTED RESERVE OF TRACT I
- 15. UNRESTRICTED RESERVE OF TRACT I
- 16. UNRESTRICTED RESERVE OF TRACT I
- 17. UNRESTRICTED RESERVE OF TRACT I
- 18. UNRESTRICTED RESERVE OF TRACT I
- 19. UNRESTRICTED RESERVE OF TRACT I
- 20. UNRESTRICTED RESERVE OF TRACT I

PLAT OF SURVEY

ANDREW LONNIE SIKES, INC.
 SITUATED IN THE COUNTY OF HARRIS, TEXAS
 ABSTRACT NO. 482, HARRIS COUNTY, TEXAS
 0 FAIRMONT PARKWAY, PASADENA, TEXAS 77571

CONVENTIONAL SURVEYING, GPS & AERIAL MAPPING
 1100 MEMPHIS ST., HOUSTON, TX 77002
 PHONE: 281-442-5251 FAX: 281-442-5252
 WWW: ANDREWLONNIESIKES.COM

INDUSTRIAL DISTRICT

WATER/SANITARY SEWER SERVICE APPLICATION

1. PROPERTY OWNER CONTACT INFORMATION:

OWNER NAME: TRUCK LOCKER HOUSTON PHONE 1: 970-445-7188
PHONE 2: _____ FAX #: _____
E-MAIL: ROSS@CENTURYTEL.NET JAY@ANNANDALECO.COM
MAILING ADDRESS: 130901 MIDWAY RD. SUITE 120 DALLAS TX 75244

2. AGENT/CONTRACTOR REPRESENTING PROPERTY OWNER (If Applicable):

AGENT NAME: ROSS GRAVES PHONE 1: 970-445-7188
PHONE 2: _____ FAX #: _____
E-MAIL: _____
MAILING ADDRESS: _____

3. PROPERTY DESCRIPTION:

PARCEL NO(s) (13-digit HCAD Tax ID #): 1399150010002
SUBJECT PROPERTY ADDRESS (If existing): 11210 FAIRMONT LA PORTE, TX 77571
SUBJECT PROPERTY LEGAL DESCRIPTION: PLEASE SEE ATTACHED

4. APPLICATION INFORMATION REQUIRED:

SUBJECT PROPERTY'S CURRENT INDUSTRIAL DISTRICT AGREEMENT (IDA) NUMBER: 2007 - IDA - 2020-IDA-138
DESCRIPTION OF PROPOSED PROJECT: 3-ACRE LOT/SECURE STORAGE FOR CLASS-CONTAINERS-EQUIP-TRUCK
TOTAL FULL-TIME & CONTRACT EMPLOYEES WHO WILL OCCUPY THIS FACILITY? 4
FACILITY REQUIREMENTS: POTABLE WATER SERVICE SANITARY SEWER SERVICE
AUTHORIZED SIGNATURE: [Signature] DATE: 2-10-2020

5. APPLICATION CHECKLIST & SUPPORTING DOCUMENTATION (Check applicable boxes):

- COMPLETE ITEMS 1 THRU 4 OF APPLICATION
- ATTACH PRELIMINARY SITE & UTILITY LAYOUT PLAN
- CONTACT PLANNING DEPT. TO SCHEDULE P.A.C. (PRE-DEVELOPMENT/APPLICANT CONSULTATION) MEETING FOR PROJECT

(FOR STAFF USE ONLY):

DATE RECEIVED: _____ RECEIVED BY: _____

PROJECT NUMBER: _____ - _____

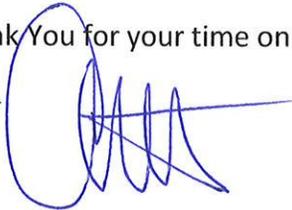
Planning and Development Department
City of La Porte
Industrial District Water Service Application
February 10, 2020

Dear La Porte Planning Department,

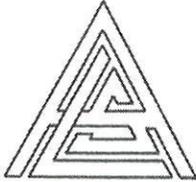
Please accept this application for water service to our property with the attached legal description. CenterPoint gave an address of 11210 Fairmont La Porte.

We have a consent agreement from Exxon and an access easement from Exxon to Access the property. We also have Encroachment Agreements with Shell Oil, INEOS and Exxon to cross their pipe corridor. We have also met with the other pipe companies that have rights within the corridor. I have called the planning department to set up an initial review with staff and I am available at any time to meet. We are requesting a 1" service tap. I have met with Mr. Lorenzo Wingate and Mr. Ray Mayo regarding this request in order to see what kind of service they would allow and the engineering involved with that process.

Thank You for your time on this



Ross Graves 970-445-7188



Andrew Lonnie Sikes, Inc.

Surveying, Mapping and Civil Engineering since 1977 with offices in Houston and Conroe

METES AND BOUNDS DESCRIPTION

3.0028 ACRES

HARRIS COUNTY, TEXAS

March 27, 2017

ALL that certain 3.0028 acre tract of land situated in the William M. Jones Survey, Abstract Number 482, Harris County, Texas, and being out of and a part of that certain call 3.761 acre tract of land (Exhibit A-9) described in a Deed to Exxon Corporation in Clerk's File Number P282860 of the Official Public Records of Real Property of Harris County, Texas (O.P.R.R.P.H.C.T.) and being more particularly described by metes & bounds as follows (All bearings and coordinates reference the Texas Coordinate System of 1983, South Central Zone 4204);

COMMENCING at a point in the south right-of-way (R.O.W.) line of Fairmont Parkway (250 feet wide, Volume 3642, Page 29, and Volume 3642, Page 41, both of the Harris County Deed Records (H.C.D.R.)) for the northeast corner of that certain call 61.18 acre tract of land (Tract 11, Bayport Pipeline Corridor "520", Segments 1, 2, and 3) described in a Right of Way and Easement Agreement by and between Exxon Land Development, Inc. and Exxon Pipeline Company in Clerk's File Number R930140 of the O.P.R.R.P.H.C.T., and from which a Copperweld rod stamped "H.P.L. 8" found for reference bears North 24 Degrees 34 Minutes East, a distance of 0.4 feet (Texas Coordinate System coordinates: Northing: 13,805,451.99; Easting: 3,220,728.63, average combined scale factor = 0.99988089537);

THENCE, with the south R.O.W. line of said Fairmont Parkway and the north line of said 61.18 acre tract, South 86 Degrees 52 Minutes 50 Seconds West, a distance of 200.12 feet to a Copperweld Rod stamped "2855-R" found for the northwest corner of said 61.18 acre tract, the northeast corner of that certain 50 foot wide pipeline R.O.W. (Corridor "10") described in a Deed to Exxon Pipeline Company in Clerk's File Number E087465 (174-34-1084) of the Harris County Deed Records (H.C.D.R.) and the northeast corner of said 3.761 acre tract;

THENCE, departing the south R.O.W. line of said Fairmont Parkway and with the west line of said 61.18 acre tract and the east line of said 3.761 acre tract and the herein described tract, South 00 Degrees 45 Minutes 28 Seconds East, at 49.8 feet pass a 5/8 inch iron rod (no cap) found for reference at the southeast corner of said Corridor "10", and continue, in all, a distance of 100.08 feet to a 5/8 inch iron rod with plastic cap stamped "A. L. Sikes RPLS 2914" set for the northeast corner and **POINT OF BEGINNING** of the herein described tract (Texas Coordinate System coordinates: Northing: 13,805,341.03; Easting: 3,220,530.16);

THENCE, continuing with the west line of said 61.18 acre tract and now with the east line of said 3.761 acre tract and the herein described tract, South 00 Degrees 45 Minutes 28 Seconds East, a distance of 399.92 feet to a Copperweld Rod stamped "2854" found for the most easterly northeast corner of that certain call 125.179 acre tract of land described in a Correction Deed to Petrolite Corporation in Clerk's File Number E340787 (114-20-2076) of the H.C.D.R. and the southeast corner of said 3.761 acre tract and the herein described tract;

11415 Bedford St. • Houston, Texas 77031-2105

Phone: 281-561-8118 • Fax: 281-561-8668 • Email: Houston@surveyor.com

Engineering Firm Registration F-5238 – Surveying Firm Registration 10104700

3.003 Acres
Harris County, Texas
March 27, 2017

THENCE, departing the west line of said 61.18 acre tract and with the lower north line of said 125.179 acre tract and the south line of said 3.761 acre tract and the herein described tract, South 89 Degrees 14 Minutes 32 Seconds West, a distance of 330.00 feet to a Copperweld Rod stamped "2853" found for an interior corner of said 125.179 acre tract and the southwest corner of said 3.761 acre tract and the herein described tract;

THENCE, with the upper east line of said 125.179 acre tract and the west line of said 3.761 acre tract and the herein described tract, North 00 Degrees 45 Minutes 28 Seconds West, a distance of 395.86 feet to a 5/8 inch iron rod with plastic cap stamped "A. L. Sikes RPLS 2914" set at the beginning of a non-tangent curve to the left for the northwest corner of the herein described tract;

THENCE, through and across said 3.761 acre tract, 330.07 feet along the arc of said non-tangent curve to the left having a radius of 5,954.58 feet, a central angle of 03 Degrees 10 Minutes 33 Seconds, and a chord that bears North 88 Degrees 32 Minutes 15 Seconds East, a distance of 330.02 feet to the **POINT OF BEGINNING** and containing 3.0028 acres of land.



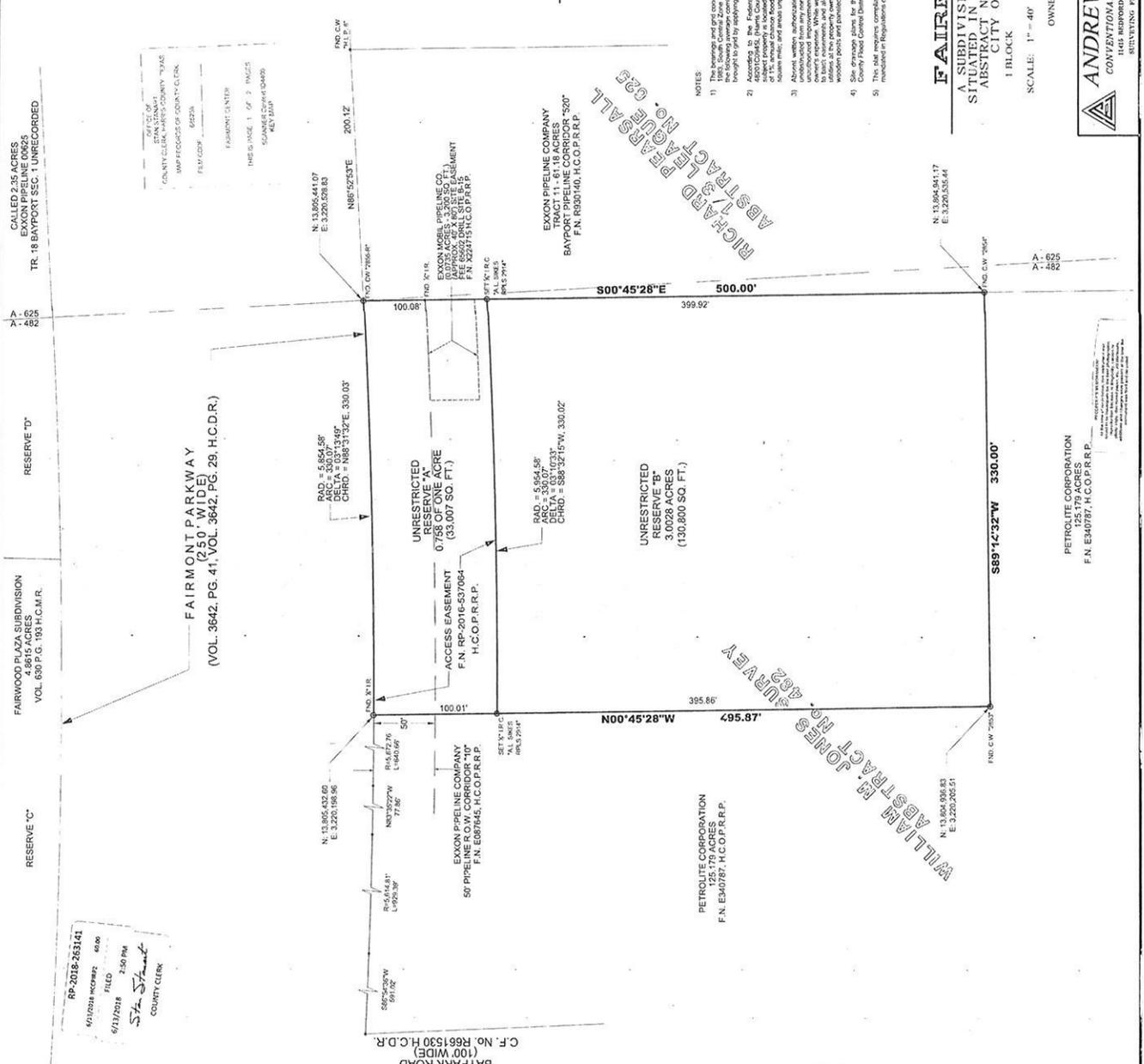
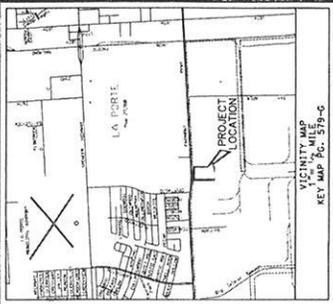
Andrew Lonnie Sikes, RPLS
Texas Registration No. 2914



Surveyed: 8/1/2018

Signed 8/2/2018

Y:\Jobs\4032\16-03 - Plat Drill Site B-15\DELIVERY\4032-16-03_3.003_Acres_Survey.PDF



STATE OF TEXAS
COUNTY OF HARRIS

Robert W. Johnson, Agent and Attorney-in-Fact

By: *Robert W. Johnson*

STATE OF TEXAS
COUNTY OF HARRIS

My Commission expires: 5/31/2018

STATE OF TEXAS
COUNTY OF HARRIS

My Commission expires: 5/31/2018

STATE OF TEXAS
COUNTY OF HARRIS

My Commission expires: 5/31/2018

STATE OF TEXAS
COUNTY OF HARRIS

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STATE OF TEXAS
COUNTY OF HARRIS

My Commission expires: 5/31/2018

STATE OF TEXAS
COUNTY OF HARRIS

My Commission expires: 5/31/2018

FAIRMONT PARKWAY
 (250' WIDE)
 (VOL. 3642, PG. 29, VOL. 3642, PG. 41, H.C.D.R.)

POINT OF COMMENCING
 S86°52'50"W
 200.12'

POINT OF BEGINNING C1
 FND. C.W. "2855-R"

FND. 3/4" I.R.

Access Reserve A
 EASEMENT FROM

CORRIDOR "10" STA: 132+68.39

C3

EXXON PIPELINE COMPANY -
 50' PIPELINE R.O.W. - CORRIDOR "10" -
 F.N. E087645, H.C.O.P.R.R.P.

FND. 3/4" I.R.
 EXXONMORIL PIPELINE CO.
 (0.0735 ACRES - 3,200 SQ. FT.)
 (APPROX. 40' X 80')
 SITE EASEMENT
 FEB 68802 DRILL SITE B-15
 F.N. X224715, H.C.O.P.R.R.P.

CORRIDOR "10" STA: 135+98.46
 CORRIDOR "250" STA: 139+22.33

FND. C.W.
 "H.P.L. 8"

NORTHEAST CORNER OF
 61.18 ACRE TRACT

RESERVE B EXXON

0.0689 OF ONE ACRE
 3,000 SQUARE FEET

PROPOSED 30' WIDE
 ACCESS EASEMENT

FAIRMONT CENTER
 FILM CODE 685258
 HARRIS COUNTY MAP RECORD

3.761 ACRES
 EXXON CORPORATION
 F.N. P282860, H.C.O.P.R.R.P.

WALLABY ABSTRACT No. 202
 SURV. 202

EXXON PIPELINE COMPANY
 TRACT 11 - 61.18 ACRES
 BAYPORT PIPELINE CORRIDOR "520"
 F.N. R930140, H.C.O.P.R.R.P.

PETROLITE CORPORATION
 125.179 ACRES
 F.N. E340787, H.C.O.P.R.R.P.

CURVE TABLE

CURVE	DELTA	RADIUS	LENGTH	CHORD BEARING	CHORD LENGTH
C1	01°28'46"	5,854.58'	151.18'	S 87°39'01" W	151.17
C2	00°17'19"	5,954.58	30.00	S 88°32'55" W	30.00
C3	00°17'37"	5,854.58'	30.00	N 88°32'12" E	30.00

LINE TABLE

LINE	BEARING	LENGTH
L1	S 00°45'28" E	100.01
L2	N 00°45'28" W	100.01

I, ANDREW LONNIE SIKES, REGISTERED PROFESSIONAL LAND SURVEYOR HEREBY CERTIFY THAT THIS PLAT OF SURVEY REPRESENTS A SURVEY OF THE DEPICTED 30 FOOT ACCESS EASEMENT REPRESENTED HEREON.

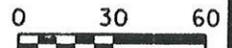
Andrew Lonnie Sikes

ANDREW LONNIE SIKES
 REGISTERED PROFESSIONAL SURVEYOR
 TEXAS REGISTRATION NUMBER 2914
 JULY 30, 2018

SURVEY 30 FOOT
 ACCESS EASEMENT
 OUT OF RESERVE A
 FAIRMONT CENTER
 CCFN 685258
 HARRIS COUNTY, TEXAS



FND. C.W.



FEET
 1" = 60'

PETROLITE CORPORATION
 125.179 ACRES
 F.N. E340787, H.C.O.P.R.R.P.

PROJECT No.:	4032-16-03
DRAWN BY:	LW • 11-04-16
CHECKED:	ALS • 07-30-2018
SHEET:	1 OF 1

30' WIDE ACCESS EASEMENT
 0.0689 AC. (3,000 Sq. Ft.)
 HARRIS COUNTY, TEXAS



ANDREW LONNIE SIKES, INC.
 CONVENTIONAL SURVEYING, GPS & AERIAL MAPPING
 1435 BRIDFORD ST. - HOUSTON, TX 77051 - OFFICE 281.641.0110
 SURVEYING FIRM No. 1010-07-00 - ENGINEERING FIRM No. 6226

- City Use Only -

Rec'd by: _____ Date: _____
Date of Initial Review Meeting: _____
Date of Internal Review Meeting: _____
Request Meets Policy Guidelines?: Y or N
Date of Notification to Company: _____

**APPLICATION for WATER / SEWER SERVICE to COMPANIES
WITH AN INDUSTRIAL DISTRICT AGREEMENT (IDA)**

Note: Submittal of partial or incomplete information may delay processing of your application

1.) COMPANY NAME (per Applicant's IDA w/ City): Name: <u>TRUCK LOCKER HOUSTON, LLC</u> Phone #: <u>970-445-7188</u> Fax #: _____ E-Mail: <u>ROSS9@CENTURYTEL.NET</u> Company Address: <u>130901 MIDWAY RD SUITE 120</u> <u>DALLAS, TX 75244</u>	2.) *SITE TENANT (if other than "Company"): Company Name: <u>ASIA</u> Phone #: _____ Fax #: _____ Address: _____ Contact Name: _____
--	---

3.) PROPERTY DATA (If available, include any survey, plat, site plan, map or sketch of the subject site with this form):

*Company's Industrial District Agreement No.: 2007 - IDA - 138
*Site Address: 11210 FAIRMONT PKWY LA PORTE TX 77571
Site HCAD ID(s): 139-915-001-0002 ; _____ ; _____
Total Site Acreage (Per Exhibit "A" of Company's IDA): 3 Acres

4.) SITE FACILITY INFORMATION (If available, include any site plan or sketch of the subject facility with this form):

New Construction
Describe Project: 3-ACRE - CONTAINER - CHASSIS TRUCK PARKING AND
OUT DOOR STORAGE

New Tenant Requesting Additional Water and/or Sanitary Sewer Allocation
(Specify reason(s) for additional allocation request: _____)

*Full-time Regular + Full-time Contract Employees who will occupy this facility: 4 Total Full-Time Employees
**Current Amount of Water Allocated to Company by existing Water Service Agreement: _____ gallons per month
**Current Amount of Sewer Allocated to Company by existing Sewer Service Agreement: _____ gallons per month

5.) WATER SERVICE IS REQUESTED to COMPANY'S SITE FOR THE FOLLOWING PURPOSE(S):

Domestic Uses (i.e. Drinking, Flushing, Etc.)
 Other (describe): _____

6.) SANITARY SEWER SERVICE IS REQUESTED to COMPANY'S SITE FOR THE FOLLOWING PURPOSE(S):

Domestic Uses (i.e. Wastewater from domestic uses)
 Other (describe): N/A ON SITE

* An Administrative Fee of \$100 per employee is assessed for each agreement (Min Fee = \$5,000; Max Fee = \$15,000)

**If Applicable

STATE OF TEXAS §

COUNTY OF HARRIS §

CITY OF LA PORTE
WATER SERVICE AGREEMENT

This AGREEMENT made and entered into by and between the CITY OF LA PORTE, TEXAS, a municipal corporation of Harris County, Texas, hereinafter called "CITY", and Truck Locker Houston, LLC hereinafter called "COMPANY".

I.

COMPANY is the owner of certain real property which is situated within the CITY'S Battleground or Bayport Industrial District and not within the corporate limits of the CITY. CITY and COMPANY are parties to a current Industrial District Agreement.

II.

COMPANY is desirous of purchasing potable water from CITY for usual human domestic uses. Previous planning considerations for the long-range potable water supply of CITY did not include the needs of properties located outside the corporate limits of CITY. COMPANY recognizes that CITY cannot at this time provide permanent and unlimited water service. CITY agrees, however, to provide limited potable water service to COMPANY. For and in consideration of furnishing domestic potable water by CITY, the parties hereto agree as follows, to-wit:

III.

COMPANY has made certain representations to CITY as to the number of employees that will be located at the COMPANY'S property as of the date of this agreement, upon which representations CITY has relied in entering into this Agreement.

Upon review of these representations, the City has determined the following:

Number of Full-Time Employees on site	<u>4</u>
+ Number of Full-Time Contract Employees on site	<u> </u>
= Total On-Site Full-Time Employees	<u>4</u>
Potable Water Approved for Domestic Use (Total on-site Employees times 50 gpd per employee)	<u>200</u>
Total Amount of Potable Water Approved for COMPANY	<u>6,100 gal/month</u>

IV.

CITY has determined that adequate resources are available to CITY to furnish potable water to COMPANY based on the following terms and conditions, to-wit:

- (A) COMPANY shall pay to CITY a one-time administrative fee of \$ 5,000.
- (B) The total amount of potable water approved to COMPANY is established at 200 () gallons per day. This number is based on an average of fifty (50) gallons per employee per day as established by CITY.
- (C) The average monthly volume of 6,100 () gallons is established by multiplying the average daily volume by a factor of 30.5, which shall be used to facilitate CITY'S utility service billings.
- (D) Nothing contained in this Agreement shall obligate CITY to furnish more than the average monthly volume of 6,100 () gallons. Repeated consumption greater than the established average monthly volume may result in termination of service.
- (E) COMPANY shall pay the standard water tap/meter fee based on CITY'S current tap/meter fee schedule. Upon final approval of COMPANY'S on-site and/or off-site utility construction by CITY, COMPANY shall pay the CITY'S standard water deposit fee through CITY'S Utility Billing Division prior to receiving water service from CITY.
- (F) The cost of water up to the average monthly volume of 6,100 () gallons shall be billed at one hundred fifty percent (150%) of the CITY'S rate as established from time to time for commercial customers inside its corporate limits.
- (G) The cost of water for amounts used in excess of the established average monthly volume shall be billed at two hundred percent (200%) of the CITY'S rate as established from time to time for commercial customers inside its corporate limits.
- (H) COMPANY shall submit a preliminary site plan showing the total acreage of the tract including present and proposed improvements and a suitable location map of the site. COMPANY'S development may be subject to certain additional requirements as described in Exhibit A. These requirements shall be shown on the final site plan and approved by City.
- (I) COMPANY'S site design and site development will, in certain cases, be subject to specific "Rules and Regulations" as defined in Exhibit "C" of COMPANY'S Industrial District Agreement with CITY.
- (J) All plumbing installed by COMPANY connected to the domestic water line from CITY, shall meet all applicable State of Texas and CITY plumbing code requirements.
- (K) A reduced pressure zone backflow preventer shall be installed and maintained by COMPANY to protect CITY from any possible cross-connections.
- (L) COMPANY'S potable water supply system will be segregated from any existing and future fire protection system.

- (M) The total cost for the engineering design and construction of any potable water main, service line, back flow preventer, meter or other required appurtenances will be the responsibility of COMPANY.
- (N) COMPANY agrees to be bound by all applicable ordinances of CITY, relative to the furnishing of potable water to customers within the corporate limits of CITY.
- (O) There shall be no resale of water provided by CITY, nor any extension of service lines by COMPANY to serve other parties.
- (P) CITY'S personnel shall have the right of prior review and approval of COMPANY'S plans and specifications for the plumbing system(s). CITY shall have the right to inspect any and all work related to the furnishing of potable water to COMPANY.
- (Q) CITY shall have the right to interrupt or temporarily suspend said water service to COMPANY if an emergency arises and there is not an adequate water supply to meet the needs of the citizens of La Porte.
- (R) CITY reserves the right to enforce its drought contingency plan on all water customers at CITY'S sole discretion.
- (S) CITY does not guarantee its water system to provide specific water pressure and/or water volume requirements of COMPANY.

V.

All expenses of the installation of the meter; service lines from the main to the meter; and from the meter to COMPANY'S facilities, shall be solely at the expense of COMPANY. COMPANY shall own and maintain all service lines and plumbing facilities beyond the meter. CITY shall own the meter.

VI.

In the event a State or Harris County license, permit, or permission to install the water main is revoked, or relocation or adjustment is required, CITY will not be responsible for the expense of such relocation, adjustment, or replacement.

VII.

CITY reserves the right of entry at all reasonable times for the purpose of inspection of COMPANY'S water facilities, reading its water meter(s) and to observe compliance with the terms and conditions of this Agreement. When exercising its right of entry, CITY shall notify COMPANY in advance. CITY also agrees to follow established health and safety policies in effect at COMPANY'S facility.

VIII.

CITY reserves the right to terminate this agreement in the event of violation of the terms and provisions hereof by COMPANY. CITY will provide COMPANY with written notice of any defects and COMPANY shall have the opportunity to cure any defects. Failure to correct defects

within ten (10) calendar days from date of written notice by CITY may result in termination of Agreement. CITY shall have the right to summarily correct, at COMPANY'S expense, any defect or deficiency, when in its opinion the integrity of the public water supply is threatened.

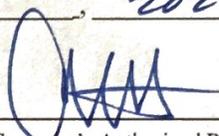
IX.

Upon receipt of written notice of termination, COMPANY shall have up to six (6) months to prepare for transition to another water supply. If the transition is not complete within said six-month period, CITY shall have the right to terminate water service at its sole discretion.

X.

In the event of any conflict between the terms and provisions of this Water Service Agreement and the terms and provisions of the Industrial District Agreement between the parties, the terms and provisions of the Water Service Agreement shall control, to the extent of such conflict. The term of this Agreement shall expire on December 31, 2031 plus any renewals and extensions thereof. However, this Agreement shall automatically expire at such time as there is no effective Industrial District Agreement between the parties or if CITY exercises its right of termination.

ENTERED INTO effective the 20 day of FEB., 2020.



Signature of Company's Authorized Representative

Printed Name: ROSS GRAVES

Company Representative's Title: MANAGER

Company's Address:

13091 MIDWAY RD. SUITE 120
DALLAS, TX 75244

ATTEST:

CITY OF LA PORTE

Patrice Fogarty
City Secretary

Louis R. Rigby
Mayor

APPROVED:

Knox W. Askins
City Attorney

By:

Corby Alexander
City Manager

EXHIBIT "A"
to Water Service Agreement

The Water Service Agreement is hereby amended and supplemented to include the following additional requirements agreed to by CITY and COMPANY. These requirements represent contractual obligations of COMPANY to receive water service from CITY per the terms of the Water Service Agreement and this addendum. COMPANY shall fulfill each of the following additional requirements as set forth below.

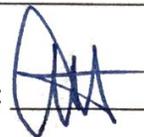
Additional Requirements of COMPANY:

1.

Initial for Approval:

CITY APPROVAL: _____

COMPANY APPROVAL: _____





REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 9, 2020</u>
Requested By: <u>Mayor Rigby</u>
Department: _____
<input checked="" type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance

Appropriation	
Source of Funds:	<u>N/A</u>
Account Number:	<u>N/A</u>
Amount Budgeted:	<u>N/A</u>
Amount Requested:	<u>N/A</u>
Budgeted Item:	<input type="radio"/> Yes <input checked="" type="radio"/> No

Exhibits: None

SUMMARY

The following individuals have committed to work the May 2, 2020, General Election as Judges and Alternate Judges for May 2, 2020. The City Secretary is the Early Voting Clerk for the election, there are no Judges or Alternate Judges for Early Voting. Chapter 32.005 of the Texas Election Code outlines the majority of such appointments of judges generally.

Chapter 127 addresses the staffing of and procedures for the Central Counting Station. The governing body appoints the Central Counting Manager (127.002), Judge (127.005), Tabulation Supervisor (127.003), Tabulation Supervisor Assistants (127.004). The Manager and Judge may appoint clerks (127.006), if needed. Employees of the political subdivision may work in Central Counting.

Election Day

City Hall

Judge – Mary Ann Trainer
Alternate Judge – Debbie Yancey

Early Voting Ballot Board, City Hall

Judge – Misty Bryan
Alternate Judge – Jill McLain

LPISD ITC Building

Judge – Isabelle Salas
Alternate Judge – Bonnie Garrison

Central Counting Station, City Hall

Manager – Lee Woodward
Judge – Jana Wood
Tabulation Supervisor – Sharon Harris
Tabulation Supervisor Assistant – Gladis Sanchez

College Park

Judge – Alice Keener
Alternate Judge – Cambria Beasley

Additionally, per EC 32.033. the *authority that appoints the election judges shall prescribe the maximum number of clerks that each presiding judge may appoint for each election* (the presiding judge for an election precinct shall appoint at least two clerks). Due to the necessity to have four-five persons working in a polling location at all times, the recommended motion includes a variable, but the suggestion of 'no more than six clerks' is offered.

RECOMMENDED MOTION

I move to approve the list of Judges and Alternate Judges, as presented, for the General Election on May 2, 2020, and to prescribe that each presiding judge of an election day election precinct appoint no more than six clerks.
