AGENDA

STATE OF TEXAS)(
CITY OF FRIENDSWOOD)(
COUNTIES OF GALVESTON/HARRIS)(
DECEMBER 03, 2018)(

NOTICE IS HEREBY GIVEN OF A FRIENDSWOOD CITY COUNCIL REGULAR MEETING TO BE HELD AT 5:00 PM ON MONDAY, DECEMBER 03, 2018, AT FRIENDSWOOD CITY HALL, COUNCIL CHAMBERS, 910 S. FRIENDSWOOD DRIVE, FRIENDSWOOD, TEXAS, REGARDING THE ITEMS OF BUSINESS ACCORDING TO THE AGENDA LISTED BELOW:

5:00 PM – REGULAR MEETING

1. **Call to order**

2. **Invocation – Pastor Jim Bass, Friendswood United Methodist Church**

3. **Pledge of Allegiance – United States and Texas (HONOR THE TEXAS FLAG; I PLEDGE ALLEGIANCE TO THEE, TEXAS, ONE STATE UNDER GOD, ONE AND INDIVISIBLE)**

4. **Communications from the Public**
   (To comply with provisions of the Open Meetings Act, the City Council may not deliberate on items discussed under this agenda item. The Council may refer this item to the City Manager or direct this item to be placed on the next regular Council agenda. PowerPoint presentations are not conducted during the citizen comment period. Out of respect for those speaking during public comment, please refrain from any outbursts or interjections to include, but not limited to, applause and/or disparaging noises from the audience. Doing so discourages others from voicing their thoughts and opinions, and disrupts the meeting.)

5. **WORK SESSION**
   - **A. Utility Rates**
   - **B. Community Development Block Grant – Disaster Recovery (CDBG-DR) Galveston County Program/Houston-Galveston Area Council (H-GAC) Method of Distribution**
   - **C. Drainage Subcommittee Update**

6. **CLOSED EXECUTIVE SESSION – (Executive Conference Room/Adjacent to Council Chambers-City Hall)**
   A. **Communications from the Public regarding Executive Session topics.**
   B. **Council may convene into Executive Session in accordance with Texas Government Code, pursuant to Section 551.087: Deliberation regarding economic development negotiations; to deliberate the offer of a financial or other incentive to a business prospect; and Section 551.072: Deliberation regarding real property with possible discussion and action related thereto in open session.**

7. **RECONVENE INTO OPEN SESSION**

8. **Special Recognition and Acknowledgements**
   A. **Recognize Wedgewood Elementary School Students**
   B. **Recognize Friendswood Resident and Armadillo Blast Coat owner Martin Griffin for the painting donation of Friendswood Police Department Boats and Trucks**
   C. **Presentation of the Five Star Spirit Award for the Third Quarter of 2018 to Katherine Blanchard, Recreation Specialist, Parks and Recreation Department**

9. **Communications from the Public**
   (To comply with provisions of the Open Meetings Act, the City Council may not deliberate on items discussed under this agenda item. The Council may refer this item to the City Manager or direct this item to be placed on the next regular Council agenda. PowerPoint presentations are not conducted during the citizen comment period. Out of respect for those speaking during public comment, please refrain from any outbursts or interjections to include, but not limited to, applause and/or disparaging noises from the audience. Doing so discourages others from voicing their thoughts and opinions, and disrupts the meeting.)

10. **City Manager's Report**
    A. **Fall Haul Numbers**
    B. **Upcoming Holiday Events**
    C. **Friendswood Named One of SafeWise Safest Cities**
    D. **Hurricane Harvey Update**

11. **Discussion and possible action regarding approving a contract with Simple Recycling. (Previously tabled 11/5/18)**

12. **Resolution**
    Consideration and possible action regarding the following:
    A. **Resolution R2018-24: A resolution of City of Friendswood, Texas, declaring December 4, 2018, as Wedgewood Elementary School Day in the City of Friendswood, Texas.**

13. **Ordinances**
    Consideration and possible action regarding the following:

A. Ordinance No. T2018-30: (Title: Second and Final reading of an ordinance establishing fees for Ground Emergency Medical Services) An ordinance establishing fees for ground emergency medical services to be provided by the Friendswood Volunteer Fire Department, Inc., as the contractor for the City of Friendswood, Texas, and providing an effective date.

B. Ordinance No. T2018-31: (Title: Second and Final reading of an ordinance amending Sec. 14-2 to remove the requirement for contractor registration fees (new and renewals), and amending Secs. 14-63, 14-118, 14-160, 14-162, and repealing Division 6. Electrician's Licenses Secs. 14-229 through 14-233 of the Code of Ordinances pertaining to electrical permits and application for licensing, to be consistent with new state laws) An ordinance of the City of Friendswood, Texas, amending the Code of Ordinances, Chapter 14, "Buildings and Building Regulations" by amending Section 14-2 "Registration and Licensing of Providers and Repair Services" relating to contractor registration fees, and amending Section 14-63 "License Required", Section 14-118 "Responsibility for Inspection and Fees", Section 14-160 "Who May Obtain", Section 14-162 "Schedule of Fees" and repealing Division 6. Sections 14-229 through 14-233 relating to electrician's licensing; repealing all ordinances or parts of ordinances inconsistent or in conflict herewith; providing for severability, publication and an effective date.

C. Ordinance No. T2018-32: (Title: Second and Final reading of an ordinance adopting an order setting a Public Hearing to discuss and review the updated Land Use Assumptions and Capital Improvements Plan and amendment of Impact Fees, as required by Texas Local Government Code Section 395.053) An ordinance adopting an order setting a public hearing on January 14, 2019, at 7:00 p.m., to discuss and review the updated Land Use Assumptions and Capital Improvements Plan and amendment of Impact Fees.

D. Ordinance No. T2018-33: (Title: Second and Final reading of an ordinance approving a vacation of a portion of a public right-of-way) An ordinance approving a vacation of a portion of a public right-of-way located adjacent to 4650 FM 2351 within the property platted as Benzi Development Garage Condominiums; authorizing the Mayor to execute and the City Secretary to attest a Quitclaim Deed by and between the City and Nick Deutsch.

E. Ordinance No. T2018-34: (Title: Second and Final reading of an ordinance approving a request to vacate three public waterline easements) An ordinance approving a vacation of three waterline easements located within the property located at 1501 W. Parkwood Ave. in the Gardens at Friendswood Lakes Subdivision; authorizing the Mayor to execute and the City Secretary to attest a Quitclaim Deed by and between the City and Jose Garza.

F. Ordinance No. T2018-35: (Title: Second and Final reading of an ordinance amending the zoning classification for a parcel comprising 55.159 acres located at 3099 FM 528 (also known as 3121 FM 528), Friendswood, Texas, by granting a zone classification change from Light Industrial (LI) to Light Industrial/Specific Use Permit (LI/SUP) for NAICS Use #7139 "Other Amusement and Recreation Industries (shooting ranges)," as more fully described herein) An ordinance amending the Code of Ordinances of the City of Friendswood, Texas, Appendix C – "Zoning," by amending the zoning classification for a tract or parcel containing 55.159 acres of land located in the Beaty Sealy and Forwood Survey, Abstract 625, in the I&GN RR Company

Survey, Section 23, Abstract 624, according to Galveston County Document No. 7402108, Friendswood, Galveston County, Texas; amending the zone classification from Light Industrial (LI) to Light Industrial/Specific Use Permit to allow NAICS Use #7139 "Other Amusement and Recreation Industries (shooting ranges);" providing for amendment of the Official Zoning Map; providing a penalty in an amount not to exceed $2,000 for each day of violation of any provision hereof; and providing for severability.

G. Ordinance No. T2018-38: (Title: First and Final reading of an ordinance authorizing the issuance and sale of City of Friendswood, Texas, Waterworks and Sewer System Revenue Bonds, Series 2018) An ordinance authorizing the issuance and sale of the City's Waterworks and Sewer System Revenue Bonds, Series 2018; approving the official statement, paying agent/registrar agreement and engagement letter for bond counsel; providing for the pledge of the net revenues of the waterworks and sewer system to secure the payment of the bonds, and agreeing to set utility rates to pay the bonds; and enacting other provisions relating to the issuance and sale of the bonds.

H. Ordinance No. T2018-39: (Title: First and Final reading of an ordinance adopting Budget Amendment II to the Original General Budget of the City for Fiscal Year 2018-2019 to provide for supplemental appropriation and/or transfer of certain funds) An ordinance amending City of Friendswood, Texas, Ordinance No. 2018-28, passed and approved October 1, 2018, same being an ordinance approving and adopting the City's General Budget for Fiscal Year 2018-2019 by approving "Budget Amendment II" to the "Original General Budget of the City of Friendswood, Texas, for the Fiscal Year 2018-2019"; providing for supplemental appropriation and/or transfer of certain funds; providing for severability; and providing other matters related to the subject.

14. Communications from the Mayor and Councilmembers

15. Consent Agenda

Consideration and possible action regarding the following:

A. Authorizing Council to invoke Rule 1(A) of the Rules of Procedure to schedule the January City Council meeting for January 14, 2019
B. Ratify the Mayor's signature authorizing the City Manager to submit an application for the Fiscal Year 2018 Flood Mitigation Assistance program
C. Approving a Buyout License Agreement for 5338 & 5342 Appleblossom Lane and authorizing the Mayor to execute the agreement
D. Accepting the October 2018 Property Tax Report
E. Approving the minutes of the October 01, 2018, and November 05, 2018, Council Meetings

16. Adjournment

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive service must be made two (2) business days or more prior to this meeting. Please contact the City Secretary's Office at (281) 996-3270 for further information.

I, MELINDA WELSH, CITY SECRETARY OF THE CITY OF FRIENDSWOOD DO HEREBY CERTIFY THAT THE ABOVE NOTICE OF MEETING OF THE FRIENDSWOOD CITY COUNCIL WAS POSTED IN A PLACE CONVENIENT TO THE GENERAL PUBLIC IN COMPLIANCE WITH CHAPTER 551, TEXAS GOVERNMENT CODE, ON NOVEMBER 29, 2018, AT 4:15 PM.

____

MELINDA WELSH, TRMC
CITY SECRETARY

****All meetings of City Council are open to the public, except when there is a necessity to meet in an Executive Session (closed to the public) under the provisions of Section 551, Texas Government Code. The City Council reserves the right to convene into Executive Session to hear any of the above described agenda items that qualify for an executive session by publicly announcing the applicable section number of the Open Meetings Act.**

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: 12/03/2018

Date Submitted: 11/28/2018

Dept. Clearances: AS

Prepared by: Katina Hampton

Subject: Discussion regarding results of Cost of Service and Utility Rate Study conducted by Nelisa Heddin Consulting, LLC

Originating Department: Admin Services

City Attorney Review: N/A

Proceeding: Work Session

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required: $0

Amount Budgeted: $0

Appropriation Required: $0

Source of Funds: N/A

FINANCE APPROVAL: krh

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

In April 2017, City Council accepted staff's recommendation to contract with Nelisa Heddin Consulting, LLC to perform a cost of service and utility rate study for the City.

Working with staff, Nelisa Heddin Consulting, LLC conducted the cost of utility services and utility rate study. In the work session portion of the December 3, 2018 City Council meeting, the firm's consultant, Nelisa Heddin, will provide results of the work performed and provide recommended utility rate design options available to the City. The recommended rate options (spanning the next 5 years) will ensure the City's ability to meet its annual revenue requirements for operational costs, current debt service obligations and anticipated debt service needs to fund utility projects included in the City's capital improvements plan.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

Approving a rate design option will ensure adequate revenue for the City's utility operations, current debt service requirements and future debt service obligations needed to maintain and/or expand the City's utility infrastructure.

RECOMMENDATIONS

Staff seeks direction from Council on the recommended utility rates in preparation for presentation of a utility rate adjustment ordinance in the future.

ATTACHMENTS

Nelisa Heddin Consulting LLC PowerPoint Presentation

City of Friendswood, TX

Cost of Service and Rate Design Study
Water and Wastewater Utility

December 3, 2018

Nelisa Heddin Consulting, LLC
(512) 589-1028
nheddin@nelisaheddinconsulting.com

Overview

- Introduction
- Background
- Methodology
- Findings
- Recommendations

"When the well is dry, we learn the worth of water."

- Ben Franklin -

CONSULTING

Economic Reality of Water

Revenues
- Water has an inherent value to fund infrastructure necessary for treatment and distribution

Economy
- Water is critical to a variety of industries, and as a result, the economy

Community
- Water is a fundamental building block for communities

Commodity
- Water is a commodity which we cannot live without

CONSULTING

Project Approach

- Step 1: Determine Revenue Requirements
- Step 2: Functionalize Revenue Requirements into Cost Components
- Step 3: Allocation Cost Components to Customer Classes
- Step 4: Design Rates

Step 1: Revenue Requirements

- Expenses – Off-sets = Revenue Requirements
- 5-Year Outlook
- Used FYE2019 Budget as Starting Point
- Included $26.559M Future Debt for Water
- Included $14.086M Future Debt for Wastewater

Public Works Water & Sanitary Sewer Five Year Capital Improvement Plan

Year of Completion	Project Description	Estimated Cost	Total by Year
2019	Lift Station #1 & #17 Combined Reconstruction	$1,594,000	
2019	Sanitary Sewer System Assessment Phase IV - Construction	$1,464,000	
2019	Water Plant #1 Tank Rehabilitation	$1,207,000	
2019	42-inch Water Main Replacement - Phase I	$2,531,200	
2019	Sanitary Sewer System Assessment Phase V - Design	$100,000	
2019	Second Elevated Water Storage Tank Rehabilitation	$954,000	
2019	Sanitary Sewer System Assessment Phase VI - Design	$100,000	
2019	Surface Water Station #3	$3,600,000	
2019	Lift Station #23 Reconstruction	$2,540,000	
2019	Sanitary Sewer Plant Additional Capacity - phase II	$1,000,000	**$15,090,200**
2020	Lift Station #4 Reconstruction	$1,594,000	
2020	Sanitary Sewer System Assessment Phase VII - Design	$175,000	
2020	Automated Meter Implementation	$3,000,000	
2020	Sanitary Sewer Plant Additional Capacity - phase III	$1,000,000	**$5,769,000**
2021	Lift Station #22 Reconstruction	$2,372,000	
2021	42-inch Water Main Replacement - Phase II	$10,284,000	
2021	Water Plant #3 Tank Rehabilitation	$636,000	
2021	Water Plant #4 Tank Rehabilitation	$636,000	
2021	Sanitary Sewer System Assessment Phase VIII - Construction	$1,830,000	
2021	Sanitary Sewer Plant Additional Capacity - phase IV	$1,000,000	**$16,758,000**
2022	West Water Interconnect	$461,000	
2022	Sanitary Sewer Plant Additional Capacity - phase V	$1,000,000	**$1,461,000**
		Grand Total	**$39,078,200**

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Step 1: Revenue Requirements

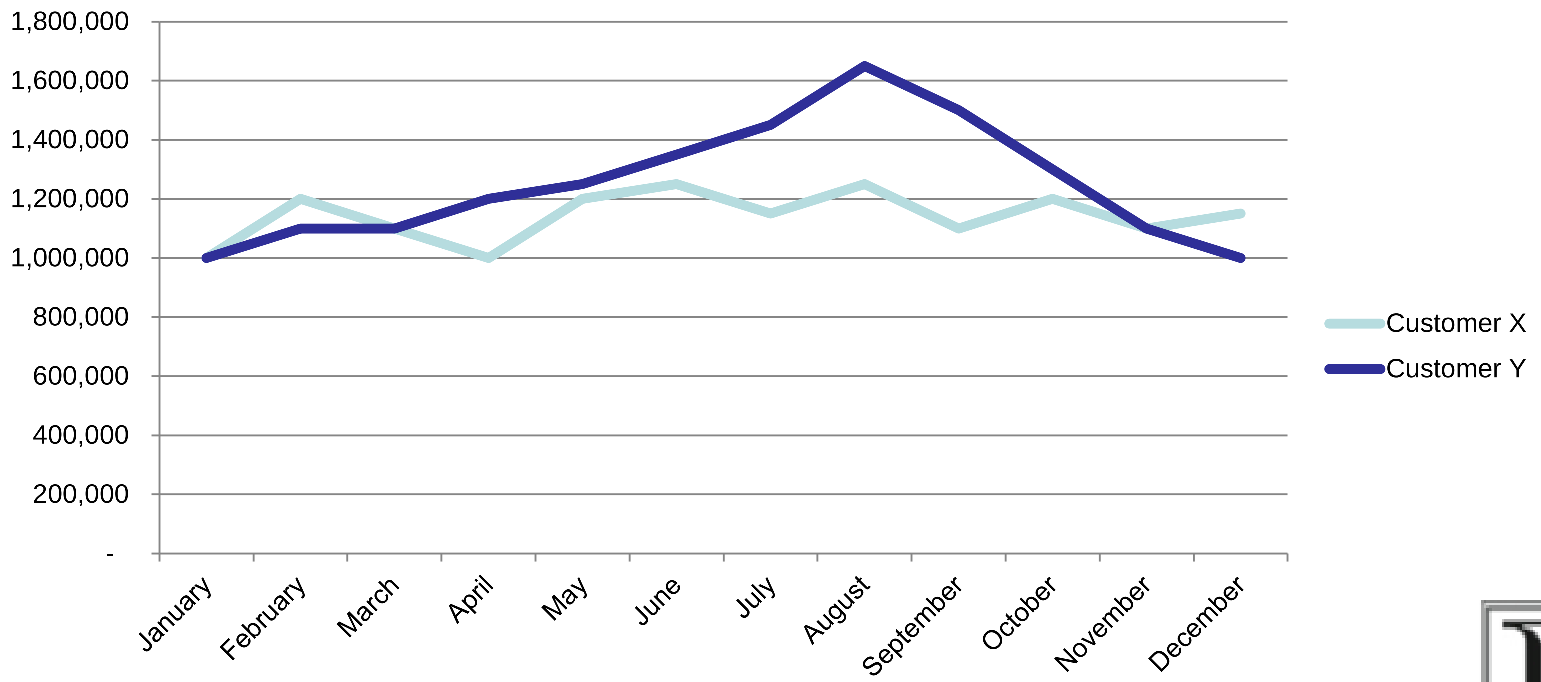
	2019	2020	2021	2022	2023
Water	$9,108,394	$9,370,048	$10,568,835	$10,322,230	$10,574,975
Wastewater	$5,999,708	$6,371,324	$7,041,621	$7,225,487	$7,526,098

Step 2: Functionalization

- Recognizes Peaking Nature of Utility Systems
- Identifies Functional Nature of Costs
- Based Upon AWWA Described Methodology – Base/Extra Capacity
  – Base Costs of Service
  – Extra Capacity Costs of Service
  – Customer Costs of Service

Step 3: Cost Allocation

- Recognizes different usage patterns of customer classes



Step 4: Rate Design

- Recovers Cost of Service from Each Class of Customers
- Packaged to Mitigate Financial Impact to Customers

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Step 4: Rate Design

- Water Utility
  - Base Fee

Water	Current	2019	2020	2021	2022	2023
Base Fee						
5/8"	$15.50	$23.50	$24.68	$25.91	$25.91	$25.91
3/4"	$15.50	$23.50	$24.68	$25.91	$25.91	$25.91
1"	$15.50	$23.50	$24.68	$25.91	$25.91	$25.91
1 1/2"	$27.90	$48.23	$68.56	$88.89	$109.22	$129.54
2"	$44.95	$77.41	$109.88	$142.34	$174.81	$207.27
3"	$44.95	$113.69	$182.42	$251.16	$319.90	$388.63
4"	$44.95	$165.50	$286.06	$406.61	$527.17	$647.72
6"	$44.95	$295.05	$545.15	$795.24	$1,045.34	$1,295.44
8"	$44.95	$450.50	$856.05	$1,261.60	$1,667.15	$2,072.70

*Monthly base fee.

Step 4: Rate Design

- Water Utility
  - Volumetric Charge – Residential

Water	Current	2019	2020	2021	2022	2023
Volumetric Fee						
Single Family Residential						
0-3,000 Gallons	$-	$-	$-	$-	$-	$-
3,001 - 10,000 Gallons	$2.90	$2.98	$2.98	$3.36	$3.36	$3.36
10,001 - 25,000 Gallons	$3.15	$3.72	$3.72	$4.20	$4.20	$4.20
25,001 and Above	$3.40	$5.59	$5.59	$6.30	$6.30	$6.30

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Step 4: Rate Design

- Water Utility
  - – Volumetric Charge – Irrigation/Sprinkler

Water	Current	2019	2020	2021	2022	2023
Sprinkler						
0-3,000 Gallons	$-	$-	$-	$-	$-	$-
3,001 - 10,000 Gallons	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00
10,001 - 25,000 Gallons	$4.25	$4.25	$4.25	$4.25	$4.25	$4.25
25,001 and Above	$4.50	$5.59	$5.59	$6.30	$6.30	$6.30

Step 4: Rate Design

- Water Utility
  - Volumetric Charge – Commercial

Water	Current	2019	2020	2021	2022	2023
Commercial (Includes all non-residential and multi-family residential, except sprinkler)	$2.90	$5.08	$5.08	$5.21	$5.21	$5.21

Step 4: Rate Design

- Wastewater Utility

Wastewater	Current	2019	2020	2021	2022	2023
Base Fee*	$15.00	$23.00	$24.15	$25.36	$26.63	$27.96
Volumetric Fee	$2.13	$3.84	$4.02	$4.44	$4.42	$4.49

*Monthly base fee.

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Customer Impact

Water	Current	2019	2020	2021	2022	2023
Residential, Bi-Monthly 6,000 Gallons	$31.00	$47.00	$49.35	$51.82	$51.82	$51.82
Residential, Bi-Monthly 20,000 Gallons	$71.60	$88.70	$91.05	$98.82	$98.82	$98.82
Commercial 2", Bi-Monthly 40,000 Gallons	$205.90	$358.16	$423.09	$493.02	$557.95	$622.87
Irrigation 2", Bi-Monthly 50,000 Gallons	$273.40	$338.33	$403.26	$468.18	$533.11	$598.04

Wastewater	Current	2019	2020	2021	2022	2023
Residential, Bi-Monthly 6,000 Gallons	$42.78	$69.06	$72.39	$77.35	$79.75	$82.83
Residential, Bi-Monthly 20,000 Gallons	$72.60	$122.87	$128.60	$139.51	$141.59	$145.65
Commercial 2", Bi-Monthly 40,000 Gallons	$115.20	$199.74	$208.90	$228.30	$229.92	$235.39

*Bi-monthly bill comparison.

CONSULTING

Comparative Benchmarking

Average Utility Bill Comparison	20,000 Gallons (Bi-Monthly)
Friendswood Current	$144.20
Friendswood Proposed	$211.57
Pearland	$277.72
League City	$212.50
Alvin	$203.10

*Bi-monthly bill comparison.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: 12/3/2018

Date Submitted: 11/16/2018

Dept. Clearances: T. Byrd

Prepared by: B. Mansfield

Subject: CDBG-DR Grant - Galveston County

Originating Department: FMO

City Attorney Review: mkf

Proceeding: Work Session

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required:

Amount Budgeted:

Appropriation Required:

Source of Funds:

FINANCE APPROVAL: krh

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

Presentation to update council on the process, timeline and proposed projects for the 2018 Community Development Block Grant – Disaster Recovery (CDBG-DR) funds allocated to the Galveston County portion of Friendswood.

HGAC (excluding Harris County) has developed a Method of Distribution (MOD) to distribute $240,000,000 in Community Development Block Grant – Disaster Recovery (CDBG-DR) funds for Galveston County cities devastated by Harvey. Friendswood has been allocated $2,691,517 in infrastructure projects and $2,762,650 for buyouts and acquisitions.

On December 13, 2018, the Community Development Block Grant – Disaster Recovery (CDBG-DR) applications will be made available for public comment via the City website for 30 days. At the January 14, 2019 council meeting, a resolution supporting the CDBG applications will be presented to council.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

This workshop allows the staff to present proposed Galveston County CDBG-DR projects and hear input from the council and the community.

RECOMMENDATIONS

Not applicable

ATTACHMENTS

Galveston County - Hurricane Harvey MOD Plan Presentation

City of Friendswood
Hurricane Harvey

HGAC CDBG-DR Allocation

Background

- Following Hurricane Harvey, Texas was awarded $5.024 Billion in CDBG-DR funds through HUD.
- HGAC developed a MOD to distribute more than $240 million to local cities in the HGAC region. (Excludes Harris County and Houston)
- Harris County received a direct Community Development Block Grant (CDBG) allocation of $1,115,386,830 The direct allocation was made due to Harris County being one of the most impacted counties.
- This meeting and use of funds refers only to the Galveston County side of Friendswood.

Key Terminology

- **CDBG-DR–** Community Development Block Grant –Disaster Recovery program
- **HGAC** – Houston Galveston Area Council
- **MOD**—Method Distribution: process by which the region must develop the formula to allocate funding to affected jurisdictions
- **LMI-** Low and Moderate income; the primary national objective of the CDBG program under which CDBG-DR funding must also comply

Method of Distribution (MOD)

HGAC has developed a MOD used to distribute CDBG-DR infrastructure funding ($240,000,000) to local cities due to Hurricane Harvey.

- Under this MOD: Friendswood was calculated to receive $2,691,517 for infrastructure projects and $2,762,650 for buyouts and acquisitions.

Method of Distribution (MOD)

- Eligible Activities under CDBG-DR Infrastructure/Non-housing funding:
  - Flood control and drainage repair and improvements, including the construction or rehabilitation of storm water management systems;
  - Restoration of publically owned infrastructure (such as water and sewer facilities, streets/bridges, provision of generators, etc.)
  - Demolition, rehabilitation/reconstruction of publicly-owned commercial, institutional, or industrial buildings and code enforcement
- Ineligible Activities under CDBG-DR Infrastructure/Non-housing funding:
  - To enlarge a dam or levee beyond the original footprint of the structure
  - To assist privately-owned utility for any purpose
  - To assist building/facilities used for the general conduct of government (e.g. city halls, courthouses, and emergency operation centers)

Friendswood Projects - Infrastructure

- Flood control project in the Deepwood Drive area. Estimated $2.7 Million
- Flood control project in the Polly Ranch area
- Combining of lift stations 1 and 17. Estimated $1.6 Million
- Completion of Friendswood Lakes Blvd from FM 528 to FM 2351 as an evacuation route. Estimated $2.8 million (20% cost share)
- Application for local 10% cost share of FEMA Public Assistance Projects. Estimated $200,000

Friendswood Projects – Buyouts and Acquisitions

- Acquisition of repetitive loss / severe repetitive loss properties for the purposes of a retention pond.
  - Homes that are located within the flood way
  - Multiple previous flood claims
  - Many have not been issued permits for repairs following Hurricane Harvey
  - Future repair permits will require the elevation of the properties to conform with higher BFE.
  - Estimated cost: $2,700,000

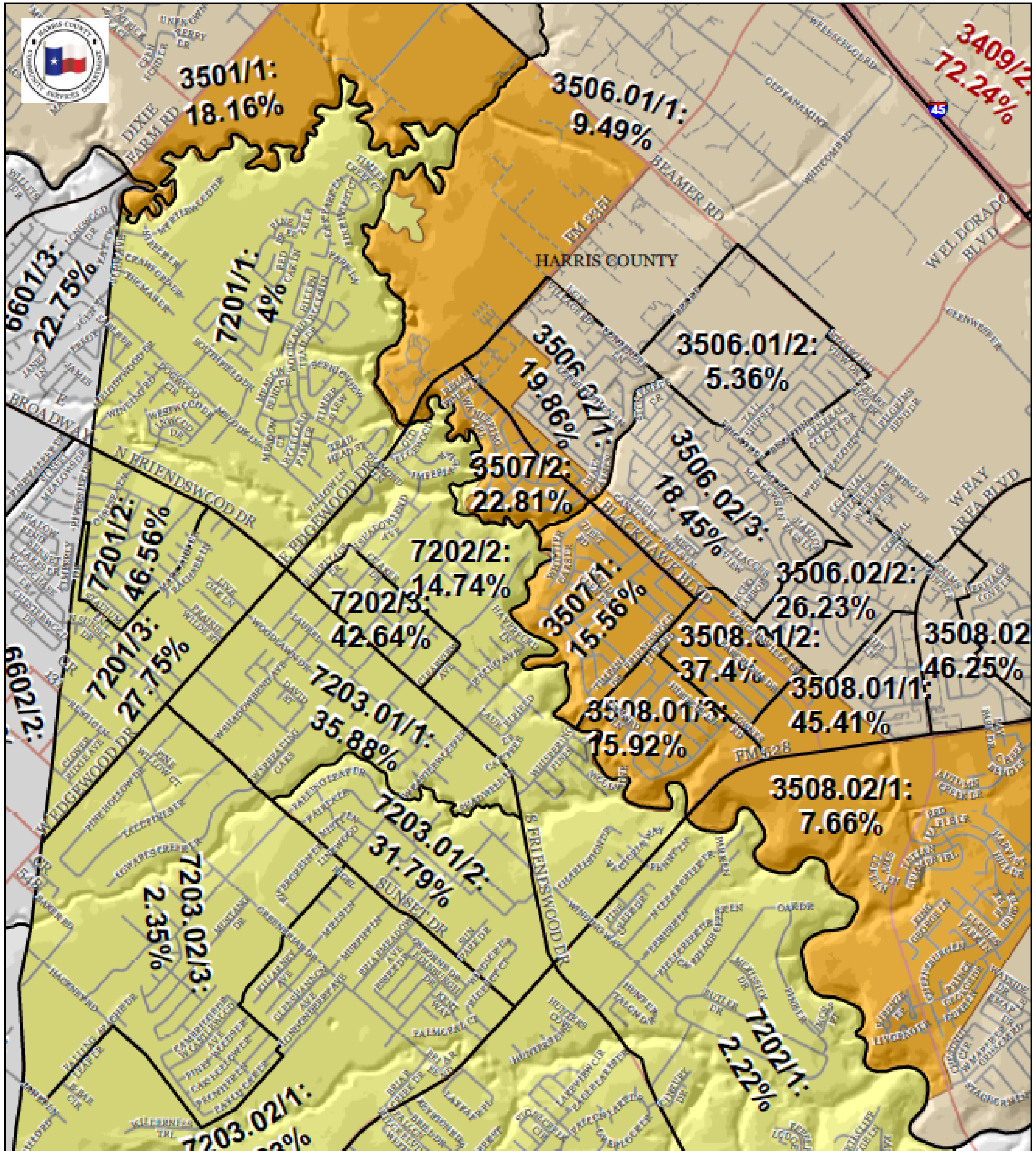
Tentative Timeline

- ✓ **November 12, 2018**– Letter of intent sent to GLO
- ✓ **December 3, 2018**– Public Work Session
- ✓ **December 13, 2018 –** Application made available via the City Website -   beginning of 30 day public comment period.
- ✓ **January 14, 2019-** Council to consider resolution supporting CDBG projects.
- ✓ **January 31, 2019-** Applications due to GLO.

LMI

- HUD requires that 70% of funds be used on LMI projects. To qualify as a LMI project, 51% or more of the project's service area must be LMI.
- Friendswood has no LMI qualifying neighborhoods or projects.
- City projects will have to rely on other jurisdictions having enough LMI projects to cover the 70% LMI use of funds.
- Due to LMI requirements, the City may not receive all or any of the funds allocated to the City within the HGAC MOD.

Friendswood Block Groups by LMI Percentage



Public Comment

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: December 3, 2018

Date Submitted: November 29, 2018

Dept. Clearances: CMO

Prepared by: Morad

Originating Department: City Manager's Office

Subject: Drainage Subcommittee Interim Report

Proceeding: Work Session

City Attorney Review: N/A

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required: N/A

Amount Budgeted: N/A

Appropriation Required: N/A

Source of Funds: N/A

FINANCE APPROVAL:

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

In June of this year, Council chartered an ad-hoc committee to study flooding issues in Friendswood. The group, comprised of two Councilmembers, two members of City staff, five residents, and representatives of local drainage/flood control districts, as well State and Federal offices, have met a number to times since then.

The group will present an interim report to Council Monday night. The presentation will be provided Monday.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

Subcommittee's Problem Statement: The City of Friendswood is subject to periodic high intensity historic level flooding events caused by Clear Creek being incapable of containing watershed rainwater within its current banks; backing up tributaries. These events have caused significant property damage, displacement of families, economic impact, disruption of emergency services, and loss of life.

A strategy is required to mitigate historic level flood events, which are happening at a regularity greater than rainstorm probabilities predict. The problem requires a plan that should include the engineering, costs, political realities, and will to act to overcome obstacles.

RECOMMENDATIONS

None at this time

ATTACHMENTS

None

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form must be completed and distributed a minimum of two weeks prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: 12/3/18

Date Submitted: 11/6/18

Dept. Clearances: CMO

Prepared by: GCF

Subject: Five Star Spirit Award Recognition

Originating Department: CMO

Proceeding: Special Acknowledgement

City Attorney Review: N/A

Degree of importance: Critical ☐ Significant ☐ Elective ☒

Expenditure Required: N/A	Amount Budgeted:
Appropriation Required:	Source of Funds:
FINANCE APPROVAL: N/A	

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

The Five Star Spirit Award recipient for the third quarter of 2018 is Katy Blanchard. Katy is the Recreation Specialist in the Parks and Recreation department and began working for the City in May of 2012.

Katy was nominated by a co-worker who was impressed after Katy was promoted to oversee the Friendswood Summer Day Camp (FSDC) and during her first year she faced many new challenges. The FSDC is a very popular and long standing program and expectations are always high. Katy spent many hours working on ideas and improving procedures to make the program better for staff and the participants. She faced unexpected changes with staff and Katy made sure that there was no negative impact to anyone involved with the program. She also added new events for campers and staff that proved to be huge successes.

Katy is also the City's in-house graphic designer and has created many projects for all departments that have been used in presentations, promotional fliers, and social media posts.

Katy's actions certainly exemplify the attributes of the Five Star Spirit Award: being Courteous, Competent, Reliable, Professional, and Enthusiastic. We congratulate Katy on being the recipient of the Five Star Spirit Award for the third quarter of 2018 and thank her for her service to our citizens!

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: **December 3, 2018**

Date Submitted: **November 26, 2018**

Dept. Clearances: **Parks and Recreation**

Prepared by: **James Toney**

Subject: **Simple Recycling Program**

Originating Department: **P&R**

City Attorney Review: Yes

Proceeding: **Discussion and Action**

Degree of importance: Critical ☐ Significant ☐ Elective X

Expenditure Required: N/A	Amount Budgeted: N/A
Appropriation Required: N/A	Source of Funds: N/A

FINANCE APPROVAL: ___________

MK

____

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

Simple Recycling is a free curbside recycling of clothing and home goods program launched in 2013. It has quickly become the largest and fastest growing curbside clothing and home goods recycling company in the nation with current service provided to over 4 million residents across Texas, Ohio, Michigan, Minnesota, North Carolina, Connecticut, Illinois and Massachusetts. Simple Recycling has successfully launched and continues to operate in cities of comparable size such as Sugar Land, Pearland, The Woodlands and Plano. More recently, service agreements have been secured with Magnolia, Oak Ridge North and Rosenberg.

Simple Recycling is a free and turn-key curbside clothing and home goods recycling company focused on providing maximum convenience and simplicity for its partnering municipalities and their residents. Simple Recycling also offers free fundraising clothing drives and environmental initiatives by providing clothing collection bin at sponsored events.

During the November meeting Council instructed staff to reach back out to Simple Recycling to see if the program would be willing to only provide service for the Annual Spring Sparkle and Fall Haul Citywide Cleanups. After meeting with Simple Recycling representatives, they declined the offer to only provide service at our Citywide Cleanups. Unfortunately, the program cannot be separated out in pieces or fragments. Staff also secured responses to additional concerns posed by Council.

- *Staff time regarding service calls-* residents are instructed to contact the toll free number regarding service issues. Additionally, staff reached out to other Cities in the program and their responses were- “received few calls during the onset of the program however soon thereafter the call drastically reduced to less than 5 calls a week with less than a minute of conversation”.
- *Program Participants in the surrounding Houston Area-* Pearland, Rosenberg, Sugar Land, The Woodlands & several municipal utility districts.
- *Size and type of truck traveling on City streets-* the program vehicles are the small Ford Transit Vans.
- *How many vehicle accidents-* zero accidents within the last year of the program

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

Keep Friendswood Beautiful has been approached by Simple Recycling about the possibility of providing a Textile Recycling Program in Friendswood. If authorized by City Council, the city would enter into a 3 year agreement with Simple Recycling to provided free curbside recycling of clothing and home goods (clothing, shoes, accessories, linens, towels, coats & jackets, kitchenware, tools and toys). The recycling of these textiles by Simple Recycling would occur on the same day as the existing curbside recycling program.

Keep Friendswood Beautiful goal is to be a “Green” or Environmentally Sensitive Community by reducing the amount of material that goes into the landfill.

This agreement will have no financial impact on the City of Friendswood. In fact, Simple Recycling will pay to the city a sum equal to one cent ($0.01) per pound of Soft Recyclables collected by the Contractor.

Additionally, participation in a program such as this improves the City’s chances of securing beautification grants similar to the $200K one received a couple years back upgrading the medians along Friendswood Drive.

RECOMMENDATIONS

Staff recommends that Council approve the agreement with Simple Recycling, and authorize the Mayor to execute the agreement on behalf of the City.

ATTACHMENTS

Simple Recycling Agreement
Letter of Support – Keep Friendswood Beautiful
Letter of Support – Keep Pearland Beautiful
Letter of Support – City of Sugar land
Survey
Survey Results
Survey Comments
Mailer 1

CONTRACT

RESIDENTIAL COLLECTION, TRANSPORTATION, AND PROCESSING OF, AND DISPOSAL SERVICES FOR, SOFT RECYCLABLES

November 5, 2018

Soft Recyclables Collection Contract

Table of Contents

CONTRACT

This Contract (Contract) for the collection of Soft Recyclables is effective on the later date of the parties' execution of this Contract, by and between the City of Friendswood ("City") and Great

Lakes Recycling, Inc. d/b/a Simple Recycling ("Contractor" and collectively with the City, the "Parties") is executed for the purpose of providing Residential Collection, Transportation, and Processing of, and Disposal Services for, Soft Recyclables within the City of Friendswood. Contractor is responsible for providing all of the services and all equipment, materials, supplies, labor, supervision, and other items necessary to complete the work described herein.

CITY OF FRIENDSWOOD	**GREAT LAKES RECYCLING, INC., D/B/A SIMPLE RECYCLING**
By: ____________________________ Morad Kabiri, City Manager	By:______________________________ Adam Winfield, President Great Lakes Recycling, Inc. d/b/a Simple Recycling
Date: ____________________________	Date: _________________________

Whereas, in consideration of the following mutual agreements and covenants, it is understood and agreed by and between the parties hereto as follows:

Article I. Definitions

For the purpose of this Contract the following definitions apply:

Bag means a plastic sack used to hold Soft Recyclables with sufficient wall strength to withstand the weight of the contents when lifted from the top.

City means the City of Friendswood, Texas, a municipal corporation, and includes City management and staff acting on behalf of the City Manager and Council for the purposes of managing the collection, transportation, processing and disposal of Soft Recyclables

Complaint means a notification or correspondence expressing or reporting disapproval of collection practices, unsatisfactory service, an accusation of property damage, a missed collection, or general dissatisfaction with the Contractor or services provided by the Contractor.

Contract Labor means any employee providing services under this Contract and not directly employed by the Contractor.

Contractor means Great Lakes Recycling, Inc. d/b/a Simple Recycling and its successors or assigns.

Excluded Items means Garbage, Green Waste, Hazardous Waste, large furniture, large appliances, newspapers, carpet, household items, such as car seats, cribs, mattresses, paint, tires, ,and cleaning solutions and any item heavier than fifty (50) pounds.

Holiday means the following days: New Year's Day, Martin Luther King Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day and Christmas Day.

Missed Collection means a collection that was not provided as scheduled.

Receptacle means a Bag, box or bin supplied by the Contractor and used to hold Soft Recyclables.

Recycling means a process by which materials that have served their intended use or are scrapped, discarded, used, surplus, or obsolete are collected, separated, or processed and returned to use in the form of raw materials in the production of new products. Except for mixed municipal solid waste composting, which is composting of the typical mixed solid waste stream generated by residential, commercial, and/or institutional sources, recycling includes the composting process if the compost material is put to beneficial use.

Recycling Program means a program designed to meet the Recycling goals established by the U.S. Environmental Protection Agency, the TCEQ, or the City to reduce waste impacts.

Residential Unit means a dwelling within the geographical limits of the City occupied by a person or group of persons comprising not more than four families. A Residential Unit is deemed occupied when water service is being supplied to the Residential Unit.

Soft Recyclables means items of an individual weight less than fifty (50) pounds that can be carried by one person and include the items identified as Soft Recyclables in Appendix A. Soft Recyclables.

Special Event means an event sponsored, co-sponsored, or supported by the City.

Tag means preprinted correspondence attached to an item for the purpose of notifying resident of problems with an item set out for collection.

TCEQ means the Texas Commission on Environmental Quality or its successor agency.

Unit Price means the amount to provide Soft Recyclables services to each Residential Unit, as designated in this Contract.

Article II. Residential Service and Collection Specifications

A. Collection Schedule, Hours of Service, and Collection Frequency

1. Collection shall be scheduled by subdivision on the City's specified recycling collection day. No collection shall be made on Saturdays or Sundays except during weeks that contain a rolling holiday schedule. The collection schedule will be determined by the City.

2. Collection must occur between 7:00 a.m. and 6:00 p.m. on the scheduled collection day.

3. Collection of Soft Recyclables from a Residential Unit must be provided once a week.

B. Collection Days and Routing

1. Collection shall occur in a routine manner, following established Routes.

2. The City shall submit a schedule of collection days to the Contractor at least forty-five (45) days prior to implementation of service.

3. If change in a collection schedule is necessary, the City will notify the Contractor at least sixty (60) days prior to implementation of any change.

4. Contractor must collect all items placed at the curb that are in compliance with this Contract on the first pass by the home.

5. The Contractor shall Tag items placed for collection that are not collectable under the terms of this Contract.

C. Holiday Schedule

1. The collection of Soft Recyclable shall not be provided on city holidays unless approved by the City.

2. Contractor must follow the City-approved holiday collection schedule for the term of this Contract.

D. Missed Collections and Complaints

1. Contractor must give immediate and courteous attention to all customer inquiries or requests about the collection services for Soft Recyclables.

2. Contractor must have staff on-call for after-hours problems and emergencies.

3. Contractor must maintain a log of all calls (inquiries, missed collections, and complaints) that includes 1) the date and time of notification; 2) address and subdivision of occurrence/complaint; 3) manner of resolution and/or collection; 4) time of resolution and/or collection.

4. The Contractor must maintain an office with a local telephone number or toll free number for the purpose of handling all customer complaints and any other calls regarding the collection service provided by Contractor. The office must be adequately staffed and equipped to meet the specifications of this Contract. The Contractor agrees to secure an annual listing in the appropriate telephone directory under the name by which it conducts business in the community. Contractor agrees to keep the phones available for calls from 8:30 a.m. to 5:00 p.m. (CST) on all collection days except holidays. The phones must be staffed with sufficient competent personnel to handle calls and inquiries during such hours.

5. Missed Collections

   If a collection is missed by the Contractor, Contractor must provide collection within the next 24 hours and inform the resident of the time the collection will be provided. When a missed collection is received on the day preceding a holiday, the Contractor must provide collection within the first three (3) hours of the next working day.

6. Complaints

    a. Contractor must notify the City within two hours of any service complaint received and the planned resolution. Service complaints include such things as property damage, equipment leaks, spills, poor service, rude and discourteous service, unsafe operations, suspicious behavior.

    b. The Contractor must provide the City with a full written explanation of the disposition of any complaint involving property damage within three working days following disposition.

E. Spills

1. If Soft Recyclables spill onto a street, sidewalk, private property, or public property at any time during collection and transport, Contractor must either (i) clean up the spill and place the Soft Recyclables in the collection vehicle before the vehicle proceeds to the next stop on the collection route, or (ii) promptly make necessary arrangements for the immediate clean-up of the spilled Soft Recyclables.

2. Each vehicle must be equipped with the proper tools to adequately clean up any spillage.

F. Receptacles

1. During the term of this Contract, Contractor must purchase (at its sole cost), and maintain an inventory of acceptable and approved bags and stickers for distribution to each Residential Unit. Contractor must provide new bags and stickers to each Residential Unit immediately upon execution of this Contract and thereafter upon a customer request. Bags must be delivered with a City-approved informational brochure on the Recycling Collection Program (of Soft Recyclables) produced by the City and printed by the Contractor.

G. Soft Recyclables

1. Collection

    a. Soft Recyclables shall be collected once per week in a vehicle designated for collection of Soft Recyclables.

    b. Collection must occur on the City's specified recycling collection day(s).

c. Residents must be encouraged to separate and set out Soft Recyclables, but neither the City nor the Contractor will mandate participation in the program.

d. Contractor shall leave materials at the curb that are not Soft Recyclables to the extent that Contractor can separate them.

2. List of Soft Recyclables

   a. Contractor must collect all items on the List of Soft Recyclables.

   b. With approval of the City, the Contractor may alter the List of Soft Recyclables. The request must be made in writing, specify the reason for the request, and explain the impact of deleting or adding the item(s) for collection and processing. After approval of the notice by the City, Contractor shall distribute a notice to City residents, advising them of any changes to items to be collected by Contractor.

   c. Contractor shall deliver Soft Recyclables to the Processing Facilities identified in the list delivered to the City pursuant to this Contract.

   d. Contractor must not landfill any Soft Recyclables without the prior written consent of the City.

H. Collection Impediments

1. Contractor is responsible for providing services to collect Soft Recyclables to households affected by collection impediments, such as house repair/construction, street repair/construction, vehicles parked in the street, and/or utility repair/construction.

2. Contractor shall notify the City of the specific locations where such impediments routinely hinder collection.

Article III. City Facilities

A. Service to City Facilities.

1. Soft Recyclables collection service to facilities owned and/or operated by the City shall be provided at no cost to the City.

2. Service shall be at a frequency reasonably determined by the City.

B. Special Events

1. The Contractor must provide the City services to collect Soft Recyclables at the Spring Sparkle and the Fall Haul and one other Special Event. The Contractor must collect Soft Recyclables at these Special Event and dispose of them as required by this Contract.

2. City will give a minimum of two (2) weeks advance notice of when services will be needed for a Special Event.

Article IV. Collection Vehicles and Equipment

A. Collection Vehicles and Equipment

1. Contractor must provide and maintain a fleet of collection vehicles and equipment sufficient in number and capacity to perform the work and render the services required by this Contract during peak and non-peak seasons.

2. At all times the Contractor must provide well-maintained vehicles and equipment and keep them in good repair, clean and sanitary, and free of leaks and excessive emissions. Contractor shall be responsible for immediate cleanup of all leakage, spillage, and blown debris resulting from Contractor's vehicles or equipment.

3. All vehicles and equipment used by Contractor for the collection of Soft Recyclables must be clearly marked with Contractor's name in letters of a size sufficient to reasonably identify the vehicle and equipment, but not less than five inches (5") in height.

4. The Contractor must assign each of its vehicles an identifying number and must mark the identifying number upon each vehicle in two prominent locations, as approved by the City, in a size not less than five inches (5") in height.

5. The Contractor must operate all vehicles and equipment in compliance with all laws and manufacturers' specifications.

6. The Contractor's name and telephone number must be clearly marked on both sides of each vehicle or equipment.

7. Annually on or before January 1, the Contractor shall provide the City with a List of Vehicles and Equipment that will be used to service this Contract and shall notify the City of deletions and additions from the previous twelve-month period. The Contractor must include the age of each vehicle and equipment on the list.

Article V. Educational Programs

A. Educational Programs

1. The Contractor must coordinate with the City to provide educational materials to inform residents of the Soft Recyclables program.

2. The Contractor must participate in City- directed promotional and educational efforts as outlined below:

    a. During the course of the routine recycling pick up, provide and distribute notices regarding rejected materials and proper set-out procedures.
    b. Training employees to deal courteously with customers on the telephone and on-route to promote the collection services and to explain proper preparation of Soft Recyclables.
    c. Coordinate with the City for distribution of written promotional and instructional materials directly to Residential Units.
    d. Be available a minimum of two times per year to participate in promoting the collection service at an area fair, neighborhood association program, school, or community event.
    e. Provide advice to the City on promotional and educational material content and presentation.

3. Any communication to Friendswood residents shall not be sent without prior approval from the City.

Article VI. Reporting

A. Reporting

1. The Contractor must maintain and submit to the City quarterly (calendar quarters) and annual reports. Reports must have the information specified below and be in a Microsoft compatible digital format. The reports must include a spreadsheet listing the amount of Soft Recyclables collected (in tons/pounds), number of stops and payment to the City. Quarterly reports are due within 30 days following each March 31st, June 30th, September 30th, and December 31st The annual reports are due by January 31st following the end of the calendar year.

2. The Contractor must submit the reports by the 20th day following the reporting period.

3. The Contractor must submit reports to:

Mail/Delivery:

City of Friendswood
Attn: Director of Parks and Recreation
910 South Friendswood Drive
Friendswood, Texas 77546-4856

Or via email: jtoney@friendswood.com

Article VII. Fee and Payment

A. Fee and Payment

1. For and in consideration of the right to provide the services under this Contract, the Contractor:

   a. Must remove and dispose of all Soft Recyclables at no cost to City or customers; and

   b. Shall pay to the City a sum equal to one cent ($0.01) per pound of Soft Recyclables collected by the Contractor.

2. The Contractor must submit payment to the City within thirty (30) days following the close of each calendar month during the term of this Contract. The payment to the City must include documents showing the weight of the Soft Recyclables collected each month.

3. The City's acceptance of a payment is not deemed to be a release or an accord and satisfaction of any claim the City may have for further or additional sums due or payable to the City under this Contract.

4. The City may inspect and audit the Contractor's records upon which payments to the City are computed and paid. If the City's inspection or audit shows that the Contractor has underpaid an amount required to be paid under this Contract, Contractor must pay the deficiency within 60 days of the date the City gives the Contractor written notice of the deficiency. If the deficiency is more than ten percent of the amount the Contractor was required to pay for the quarter, the Contractor must also pay a penalty of ten percent per annum, compounded daily, on the deficiency and the City's reasonable cost incurred for the inspection or audit.

Article VIII. Processing Facilities

A. Processing Facilities

1. The Contractor shall identify and provide the City with a list of the designated Processing Facilities that will be accepting Soft Recyclables collected under the

terms of this Contract. Each disposal facility and processing facility must be legally authorized and have been issued the permits required under all applicable federal, state, and local laws.

B. Ownership of Soft Recyclables Collected

1. The Contractor accepts title to the Soft Recyclables placed for collection when the Recyclables are removed by the Contractor from a Receptacle, removed from the customer's premises, or placed in Contractor's vehicle, whichever first occurs.

Article IX. Independent Contractor

The relationship of the Contractor to the City shall be that of an independent contractor, and no principal-agent or employer-employee relationship between the Parties is created by this Contract. By entering into this Contract with the City, Contractor acknowledges that it will, in the performance of its duties under this Contract, be acting as an independent contractor and that no officer, agent or employee of the Contractor will be for any purpose an employee of the City and that no officer, agent or employee of the Contractor is entitled to any of the benefits and privileges of a City employee or officer under any provision of the statutes of the State of Texas or the Charter and ordinances of the City of Friendswood.

Article X. Human Resources and Labor Force

A. Contractor's Employees and Contract Labor

1. The Contractor must assure that its employees and contract laborers serve the public in a courteous, helpful, and impartial manner.

2. The Contractor must outfit each employee or contract laborer in uniforms that clearly identifies him/her as a representative of the Contractor.

3. The Contractor must provide each employee and contract laborer with appropriate safety equipment.

4. The Contractor must assure that all employees and contract laborers are properly trained in safe operations and have sufficient skill, ability, and experience to properly perform the duties to which they are assigned.

5. The Contractor must conduct background checks and annual DMV record checks on all employees and, subject to and except as provided by applicable law, will not employ individuals found to have job-related criminal history. Nothing in this provision, however, shall be construed to require Contractor to violate federal or state laws regarding employment of individuals with criminal histories.

6. The Contractor must employ superintendents, foremen, and workers who are careful, competent, and fully qualified to perform the duties or tasks assigned to them.

7. The Contractor must provide a written report to the City outlining complete details of any allegation that a Contractor's employee(s) or contract laborer(s) was wanton, discourteous, belligerent, profane, or in any way intimidating, either physically or verbally in connection with this Contract. The Contractor's report must also include the name and title of the employee/contract laborer and disciplinary action taken.

8. The City may request that an employee be barred from further work for the Contractor in connection with this Contract for reasons stated in the foregoing paragraph 7. The City's request will be in writing and will describe the reasons for the request. Upon receipt of the City's request, the Contractor must conduct an investigation and respond to the City within 48 hours of the City's request. The City and the Contractor will mutually agree on the appropriate action based on the City's information and the results of the Contractor's investigation.

B. Subcontractors

1. The Contractor must not subcontract any task under this Contract without the prior written consent of the City. The Contractor shall submit a list of potential subcontractors for advance approval by the City.

2. The Contractor must properly supervise and instruct subcontractors to assure that the subcontractors comply with all requirements of this Contract in performing any work hereunder. The Contractor is responsible for the acts or omissions of its subcontractors.

Article XI. Permits, Penalties and Fines

A. Payment of Fines and Penalties

1. The Contractor must pay any and all fines or penalties assessed against the City by any entity having jurisdiction for the Contractor's violations of applicable laws, codes, regulations or orders arising in connection with the Contractor's performance of services hereunder.

B. Licenses and Permits

1. The Contractor must obtain and pay for all licenses, permits, and certificates required by any statute, ordinance, rule, or regulation of any regulatory body having jurisdiction over the conduct of the Contractor's operations herein.

ARTICLE XII. INDEMNIFICATION

THE CONTRACTOR SHALL PROTECT, DEFEND, INDEMNIFY, AND HOLD THE CITY, ITS OFFICERS, ELECTED OFFICIALS, AGENTS, AND EMPLOYEES, HARMLESS FROM ANY CLAIMS, FINES, DEMANDS, LOSS, DAMAGE, SUIT, AND LIABILITY OF EVERY KIND, INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS, AND ATTORNEY'S FEES, FOR INJURY TO OR DEATH OF ANY PERSON, OR FOR DAMAGE TO ANY PROPERTY, CAUSED BY THE NEGLIGENT, INTENTIONAL OR WILLFUL ACTS OR OMISSIONS OF THE CONTRACTOR, ITS OFFICERS, EMPLOYEES, AGENTS, CONTRACT LABORERS, OR SUBCONTRACTORS IN THE PERFORMANCE OF THIS AGREEMENT.

THE CONTRACTOR SHALL REQUIRE ALL OF ITS APPROVED SUBCONTRACTORS TO INCLUDE IN THEIR SUBCONTRACTS A RELEASE AND INDEMNITY IN FAVOR OF THE CITY IN SUBSTANTIALLY THE SAME FORM AS ABOVE.

ARTICLE XIII. INSURANCE

A. Insurance

The Contractor must maintain the types and amounts of insurance and comply with the insurance requirements shown in the attached Appendix B. The Contractor must notify the City in writing at least thirty (30) days' prior to any non-renewal of or material change in the insurance coverage(s) required by this Contract. Contractor shall require all of its subcontractors performing services under this Contract to maintain types and amounts of insurance and comply with the insurance requirements shown in the attached Appendix B.

Article XIV. Monitoring

A. Performance Monitoring

1. The Contractor must supervise and monitor all work specified in this Contract for compliance with this Contract.

2. The City will administer and monitor Contractor activities and performance with field monitoring and inspections.

3. The City may inspect and monitor the collection, transportation, and processing/disposal operations pertaining to this Contract.

4. The Contractor must have a representative available to meet with City staff and/or City Council as needed to discuss performance, problems, and resolutions.

5. Within three working days after a request by the City, the Contractor must provide to the City explanations of non-compliance and the action(s) taken to rectify the problem(s).

Article XV. Contract Term and Dates to Begin Services

A. Annexation

The Contractor must provide services to collect Soft Recyclables from Residential Units located within land annexed into the City's corporate boundaries during the term of this Contract, in accordance with the terms specified in this Contract.

B. Contract Term, Contract Extension, and Contract Amendment

1. The term of this Contract shall be for a period of three (3) years, commencing on the later date of the parties' execution of this Contract, unless terminated as provided in this Contract. The Soft Recyclables collection services will begin on January 7, 2019.

2. The City and Contractor may extend this Contract for one three-year term , upon mutual written agreement, by each party giving written notice of the its intention to extend the Contract ninety (90) days before the expiration of the initial term.

3. This Contract may be amended only by written instrument duly executed by the City and Contractor.

Article XVI. Termination of Contract

A. Termination by City

1. Termination by City.

   a. The City may terminate the Contractor's performance of services under this Contract in the event of default by the Contractor and failure by the Contractor to cure such default after receiving notice thereof, as provided in this subsection. Default by the Contractor shall occur if the Contractor fails to comply with the terms of this Contract. If a default occurs, the City may deliver a written notice to the Contractor describing such default and the proposed date of termination. Such date may not be sooner than ninety (90) days following receipt of the notice. The City, at its sole option, may extend the proposed date of termination to a later date. If the Contractor cures the default within ninety (90) days or the extended date approved by the City, the proposed termination shall be ineffective. If the Contractor fails to cure such default prior to the proposed date of termination, the City may terminate the Contractor's performance under this Contract as of such date.

b. The following, by way of example, but not of limitation, may be considered a default and grounds for cancellation, in whole or in part:

   i. Failure of Contractor to perform or observe any of the obligations, covenants, agreements, and conditions required to be performed or observed by Contractor herein;

   ii. Failure of the Contractor to commence work operations within the time specified in the Contract;

   iii. Failure of the Contractor to provide and maintain sufficient labor and equipment to properly execute working operations;

   iv. Evidence that the Contractor has abandoned the work;

   v. Evidence that the Contractor has become insolvent, bankrupt, or otherwise financially unable to carry out the work satisfactorily;

   vi. Failure on the part of the Contractor to comply with the terms of the Contract or any requirements given by the City provided for in this Contract; or

   vii. Indication that the Contractor has made an unauthorized assignment of the Contract.

c. Upon the effective date of termination as contained in the notice, the Contractor shall, unless the notice directs otherwise, immediately discontinue all service in connection with this Contract.

d. Within thirty (30) days after the date of termination, the Contractor shall submit a statement to the City showing in detail the services performed under this Contract to the date of termination. The Contractor must submit payment to the City for the Soft Recyclables collected and not paid for under Article VII.

e. In addition to, or in lieu of the termination procedure set forth above, the City may take any or all of the following actions in the event of a default by the Contractor:

i. if the City determines, and notifies the Contractor, that such default poses an immediate threat to the health or safety of any person or to any property interest, and if the Contractor has not cured such default within twenty-four (24) hours after receipt of such notice, the City shall have the right to perform or cause to be performed all or part of the work necessary to cure such default. In the event that the City performs such work, or caused it to be performed, the Contractor shall compensate the City for the cost thereof.

B. Termination by the Contractor for City's Default

The Contractor may terminate its performance under this Contract only in the event of default by the City and a failure by the City to cure such default after receiving notice thereof. Default by the City shall occur if the City fails to observe any of its material duties under this Contract. Should such a default occur, the Contractor may deliver a written notice to the City describing such default, specifying the provisions of the Contract under which the Contractor considers the City to be in default, giving sufficient details of the alleged breach to enable the City to cure and the proposed date of termination. Such date may not be sooner than ninety (90) days following receipt of the notice. The Contractor, at its sole option, may extend the proposed date of termination to a later date. If prior to the proposed date of termination, the City cures such default, then the proposed termination shall be ineffective. If the City fails to cure such default prior to the proposed date of termination, then the Contractor may terminate its performance under this Contract as of such date.

C. Force Majeure

No party may be deemed to be in default of this Contract if performance of this Contract is delayed, disrupted, or becomes impossible because of any act of God, tornado, war, earthquake, fire, strike, hurricanes, floods, accident, civil commotion, epidemic, act of government, its agencies or offices, or any other cause beyond the control of the party during the time, but only for so long as, the event of force majeure reasonably prevents performance. Upon occurrence of any such event, the Contractor will make the "best reasonable effort" to collect, transport, process and dispose of Soft Recyclables.

Article XVII. Miscellaneous

A. Notice

1. All notices required under this Contract shall be in writing and be sent by United States mail, courier service, facsimile or may be delivered in person. All notices shall be sent or delivered to the following addresses or as the City or Contractor may hereafter designate by written notice. Notice shall be deemed to have been given when the notice is mailed or delivered by fax, electronic mail, courier or in person, to the following address, as applicable.

Contractor:	City:
Adam Winfield, President Great Lakes Recycling, Inc. DBA Simple Recycling 5425 Naiman Pkwy Solon, Oh 44139	City of Friendswood Attention: Director of Parks & Recreation 910 South Friendswood Drive Friendswood, Texas 77546-4856

B. Paragraph Headings

1. Paragraph headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of the Contract.

C. Assignability

1. Neither the Contractor nor the City may assign its interest in this Contract without the written consent of the other party.

D. Changes in Law and Severability

The City and the Contractor agree to use their best efforts and cooperate with each other to amend this Contract to meet legal requirements or enter into a new lawful contract regarding the provision of the services contemplated by this Contract:

1. If subsequent federal or state legislation or a final non-appealable court decision renders any term, covenant or condition of this Contract invalid, illegal or unenforceable; or

2. A party’s rights or obligations under this Contract are materially prejudiced.

The City and the Contractor intend that this Contract be modified or amended by the court to render it enforceable to the maximum extent permitted to effectuate the Parties’ intent regarding the provision of Soft Recyclables collection services under this Contract if:

1. A non-appealable court decision renders any term, covenant or condition of this Contract invalid, illegal or unenforceable; or

2. A party’s rights or obligations under this Contract are materially prejudiced.

If, however, a term, covenant, or condition in this Contract is held to be invalid by any court of competent jurisdiction and the invalidity does not materially prejudice a party’s rights or obligations under this Contract, the invalidity shall not affect any other term, covenant, or condition herein contained.

E. **Disclosure of Interested Persons.** This Contract is subject to the requirements of Section 2252.908, Tex Gov't Code. Under the provisions of this statute:

(1) The City may not enter into a contract with a business entity that requires Council approval unless the business entity submits a disclosure of interested persons at the time the business entity submits a signed contract to the City;

(2) A disclosure of interested parties must be submitted on a form prescribed by the Texas Ethics Commission (Commission) that includes:

(a) A list of each interested party for the contract of which the contractor business entity is aware, an interested party being a person who has a controlling interest in the business entity or who actively participates in facilitating or negotiating the terms of the contract, including a broker, intermediary, adviser, or attorney for the business entity; and

(b) The signature of the authorized agent of the contracting business entity, acknowledging that the disclosure is made under oath and under penalty of perjury.

The Commission has approved a Certificate of Interested Persons form, which must be filled out, signed and notarized by the Contractor and submitted to the City at the time of execution of this Contract, along with the certification of filing generated from the Commission's website at https://www.ethics.state.tx.us/tec/1295-Info.htm . The Certificate of Interested Persons form is available on the Commission's website and the Contractor must follow the Commission's filing process adopted pursuant to the statute.

F. **Anti-Boycott Verification.** As required by Chapter 2270, Texas Government Code, Contractor hereby verifies that it does not boycott Israel through the term of this Agreement. For purposes of verification, "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 make for ordinary business purposes.

Article XVIII. Appendices

The following Appendices are attached to and incorporated into this Contract:

Appendix A –List of Soft Recyclables

Appendix B – Insurance Requirements

APPENDIX A

SOFT RECYCLABLES ACCEPTABLE ITEM LIST

Men's Clothing
Women's Clothing
Children's Clothing
Coats and Jackets
Jewelry
Shoes
Purses
Hats
Toys
Pictures
Mirrors
Blankets
Drapes/Curtains
Pillows
Sleeping Bags
Small Furniture
Small Appliances
Irons
Radios
Lamps
Hairdryers
Tools
Toasters
Microwaves
Coffee Makers
Silverware
Dishes
Pots/Pans
Glasses
Backpacks

APPENDIX B

<u>INSURANCE REQUIREMENTS</u>

REQUIREMENTS FOR ALL INSURANCE DOCUMENTS

The Contractor shall comply with each and every condition contained herein. The Contractor shall provide and maintain the minimum insurance coverage set forth below during the term of its agreement with the City. Any Subcontractor(s) hired by the Contractor shall maintain insurance coverage equal to that required of the Contractor. It is the responsibility of the Contractor to assure compliance with this provision. The City of Friendswood accepts <u>no responsibility</u> arising from the conduct, or lack of conduct, of the Subcontractor.

INSTRUCTIONS FOR COMPLETION OF INSURANCE DOCUMENT

With reference to the foregoing insurance requirements, Contractor shall specifically endorse applicable insurance policies as follows:

A. The City of Friendswood shall be named as an additional insured with respect to General Liability and Automobile Liability **<u>on a separate endorsement</u>**

B. A waiver of subrogation in favor of The City of Friendswood shall be contained in all liability policies and must be provided **<u>on a separate endorsement.</u>**

C. All insurance policies shall be endorsed to the effect that The City of Friendswood will receive at least thirty (30) days' written notice prior to cancellation of the insurance.

D. All insurance policies, which name The City of Friendswood as an additional insured, must be endorsed to read as primary and non-contributory coverage regardless of the application of other insurance.

E. **Chapter 1811 of the Texas Insurance Code, Senate Bill 425 82(R) of 2011, states that the above endorsements cannot be on the certificate of insurance. Separate endorsements must be provided for each of the above.**

F. All liability policies shall contain no cross liability exclusions or insured versus insured restrictions.

G. Required limits may be satisfied by any combination of primary and umbrella liability insurances.

H. Insurance must be purchased from insurers having a minimum AmBest rating of B+.

I. All insurance must be written on forms filed with and approved by the Texas Department of Insurance. (ACORD 25 2010/05) Coverage must be written on an <u>occurrence</u> form.

J. Contractual Liability must be maintained covering the Contractors obligations contained in the contract. Certificates of Insurance shall be prepared and executed by the insurance company or its authorized agent and shall contain provisions representing and warranting all endorsements and insurance coverages according to requirements and instructions contained herein.

K. A valid certificate of insurance verifying each of the coverages required above shall be issued directly to the City of Friendswood within ten (10) business days after contract award and prior to starting any work by the successful contractor's insurance agent of record or insurance company. Also, prior to the start of any work and at the same time that the Certificate of Insurance is issued and sent to the City of Friendswood, all required endorsements identified in sections A, B, C and D, above shall be sent to the City of Friendswood. The certificate of insurance and endorsements shall be sent to:

City of Friendswood **emailed to: jspears@friendswood.com**
Purchasing Office
910 South Friendswood Drive
Friendswood, TX 77546-4856
Questions, please contact Jeffrey Spears, Purchasing Coordinator, City of Friendswood 281 996-3274

(Instructions for completing and submitting a certificate to the City of Friendswood)

Complete the certificate of insurance with the information listed below:

A) Certificate of Insurance date

B) Producer (Insurance Agency) Information -complete name, address, telephone information, & email address.

C) Insured's (Insurance Policy Holder) Information -complete name & address information

D) Insurer (name/names of insurance company) **(Remember the City requires all insurance companies to be Authorized to do business in the State of Texas and be rated by A.M. Best with a rating of B+ (or better) Class VI (or higher) or otherwise be acceptable to the City if not rated by A. M. Best)

E) NAIC # (National Association of Insurance Commissioners, a # that is assigned by the State to all insurance companies)

F) Insurer letter represents which insurance company provides which type of coverage from D

G) General Liability Insurance Policy - must have an (x) in box. Also, "Occurrence" type policy -must have an (x) in the box (occurrence policy preferred but claims made policy can be accepted with special approval)

H) Automobile Liability Insurance – must be checked for Any Auto, All Owned Autos, Hired Autos

I) Umbrella Coverage – must be checked in this section and by occurrence whenever it is required by written contract and in accordance with the contract value.

J) Worker's Compensation (or equivalent) and Employers Liability Insurance - information must be completed in this section of the certificate of insurance form (if applicable)

K) Insurance Policy #'s

L) Insurance policy effective dates (always check for current dates)

M) Insurance Policy limits **(See Insurance Requirements Checklist)**

N) City of Friendswood's name and address information must be listed in this section

O) Notice of cancellation, non-renewal, or material change to the insurance policy(ies) must be provided to the City of Friendswood in accordance with a cancellation notice endorsement to the policy and/or per the policy provisions based on the endorsement adding the City as an additional insured. (Sec. 1811.155, Tex. Ins. Code)

P) The certificate must be signed by the Authorized Agent in this section of the certificate form.

INSURANCE REQUIREMENTS

Items marked "X" are required to be provided if award is made to your firm.
Coverages Required & Limits (Figures Denote Minimums)

_X_ Workers' Compensation (or equivalent) Statutory limits, State of TX.
_X_ Employers' Liability $500,000 per employee per disease / $500,000 per employee per accident / $500,000 by disease aggregate
_X__ Commercial General Liability:

	__ Very High/High Risk	**__X_ Medium Risk**	**___ Low Risk**
Each Occurrence	$5,000,000	$500,000	$300,000
Fire Damage	$5,000,000	$100,000	$100,000
Personal & ADV Injury	$5,000,000	$1,000,000	$600,000
General Aggregate	$5,000,000	$1,000,000	$600,000
Products/Compl Op	$5,000,000	$500,000	$300,000
XCU	$5,000,000	$500,000	$300,000

_X__ Automobile Liability: (Owned, Non-Owned, Hired and Injury & Property coverage for all)

_ _Very High/ High Risk	**_X__ Medium Risk**	**___ Low Risk**
Combined Single Limits	Combined Single Limits	Combined Single Limits
$1,000,000 Bodily	$500,000 Bodily	$300,000 Bodily

___ Garage Liability for BI & PD
$1,000,000 each accident for Auto, $1,000,000 each accident Non-Auto
$2,000,000 General Aggregate
___Garage Keepers Coverage (for Auto Body & Repair Shops)
$500,000 any one unit/any loss and $200,000 for contents
___ Professional Liability, including, but not limited to services for Accountant, Appraiser, Architecture, Consultant, Engineering, Insurance Broker, Legal, Medical, Surveying, construction/renovation contracts for engineers, architects, constructions managers, including design/build Contractors.
Minimum limits of $1,000,000 per claim/aggregate
This coverage must be maintained for at least two (2) years after the project is completed.
__ Builder's Risk (if project entails vertical construction, including but not limited to bridges and tunnels or as determined by the City of Friendswood) Limit is 100% of insurable value, replacement cost basis
____Pollution Liability for property damage, bodily injury and clean up (if project entails possible contamination of air, soil or ground or as determined by the City of Friendswood)
___ Other Insurance Required: ____

Keep Friendswood Beautiful

910 South Friendswood Drive
Friendswood, Texas 77546-4856
(281) 996-3220

Friendswood City Council Members:

At the Keep Friendswood Beautiful board meeting on September 25, 2018, the board approved participation in the Simple Recycling Program for Friendswood residents. We have carefully researched this program, received positive feedback from other cities involved in this program and have meet with the representative in charge of this program for our area. We are satisfied that this program is a good fit for our community and addresses the need today for "textile recycling" which is an up and coming recycling initiative across the nation.

Thank you for your consideration of this program for Friendswood and thank you for your continuous support of KFB goals and initiatives.

Sherry Goen

Keep Friendswood Beautiful Chairperson

From: Scott Stevenson
To: Kimberly Ramirez
Subject: Fwd: Letter
Date: Wednesday, August 15, 2018 7:39:05 PM

See below letter from Pearland

Begin forwarded message:

From: Andrew Miller <amiller@mykpb.org>
Date: August 8, 2018 at 1:31:17 PM CDT
To: Scott Stevenson <scott@simplerecycling.com>
Subject: Re: Letter

See below. Let me know if you need anything further.

City of Pearland residents have been enjoying free curbside pickup of textiles from Simple Recycling for over 1 year now. To date this program has helped divert over 100 tons of textiles in Pearland from the landfill. Any new program has it's challenges, but overall this program has helped further the mission of Keep Pearland Beautiful. The program truly is 'simple' and has added value to the services we provide our residents.

Andrew J. Miller
Executive Director
Keep Pearland Beautiful
www.mykpb.org
facebook.com/keeppearlandbeautiful
twitter.com/kpbpearland
pinterest.com/mykpb

Office: 281-489-2795
Mobile: 281-923-4529
Fax: 1-281-994-9735

Address: 5800 Magnolia St., Pearland, TX 77584

On Tue, Aug 7, 2018 at 3:01 PM, Scott Stevenson <scott@simplerecycling.com> wrote:

> Andrew,
>
> I was wondering if we could get a letter of endorsement from you about the program via email. This is for friendswood.
>
> Also any luck with the gate code?

Regards,

Scott Stevenson
Municipal Representative
C: 281-520-0427
O: 866-835-5068
Scott@simplerecycling.com
www.simplerecycling.com

CITY OF SUGAR LAND

Taylor Danesi
Environmental Manager
City of Sugar Land
101 Gillingham Ln
Sugar Land, TX 77478

August 13, 2018

On behalf of the City of Sugar Land, I would like to recommend the services provided by Simple Recycling. As of March 2016, Simple Recycling has provided the residents of Sugar Land with textile recycling service in an efficient and effective manner. Although the City encourages residents to donate items to local charities first, we believe there is a tremendous advantage in having an alternative option for items not suitable for donation. Simple Recycling's program has been largely embraced by our residents and has helped to sustain our aggressive landfill diversion rate. The partnership with Simple Recycling has enhanced our solid waste services with no additional cost to residents.

Our residents have the ability to order collection bags via our city website with order confirmations being provided to our Solid Waste department for recording purposes. Collection takes place once a week in conjunction with resident's recycling service day. The Simple Recycling collection team has provided consistent service with minimal customer service issues. When issues do arise, Scott and his team are prompt in rectifying the situation.

The City of Sugar Land has seen much success with Simple Recycling and would recommend their services as part of your solid waste program.

Thank you,

Taylor Danesi

simple recycling

FREE CURBSIDE CLOTHING & HOME GOODS RECYCLING PROGRAM

FREE	TURN KEY	SIMPLE & EASY	SAVE $ MAKE $

www.SimpleRecycling.com • Info@SimpleRecycling.com

Who is Simple Recycling?

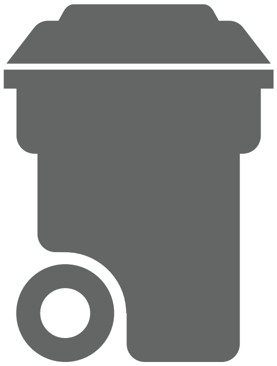
We have over 50 years of experience in clothing & household discard collection

Our sister company manages clothing & household discard donation programs in partnership with non-profit organizations[1]

Environmental Impact Facts

Clothing, Appliances, Durables, & Furniture account for 15% of local waste stream

85% OF TEXTILES ARE NOT RECYCLED OR DONATED



EPA ESTIMATES 70 LBS./PERSON OF CLOTHING ARE THROWN AWAY EACH YEAR

(YOUR CITY'S POPULATION X 70LBS = MILLIONS OF LBS./YEAR)

Source:
1. http://www.weardonaterecycle.org

www.SimpleRecycling.com • Info@SimpleRecycling.com

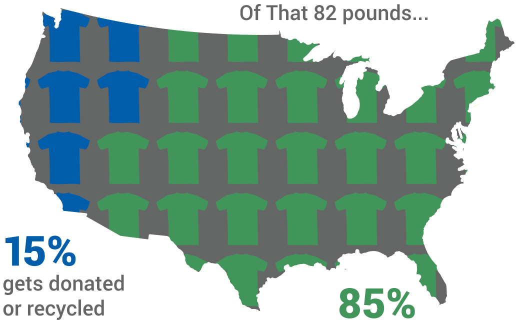
THE FACTS ABOUT TEXTILE WASTE

The U.S. generates an average of **25 BILLION POUNDS** of textiles* per year.[1]

That's about **82 POUNDS** per U.S. resident.

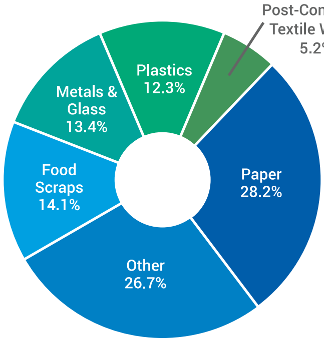
* Textiles includes clothing, footwear, accessories, towels, bedding, drapery, etc.

Of That 82 pounds...



15%
gets donated or recycled
3.8 billion lbs recovered through donation/recycling; (12 lbs. per person.)

85%
goes to our landfills.[2] (70 lbs. per person)



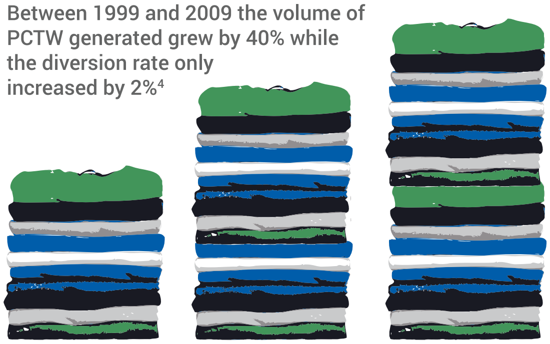
USEPA Municipal Solid Waste Generation

That **85%** adds up to about **21 BILLION POUNDS** of post-consumer textile waste (PCTW) PER YEAR

More than **5.2%** of all municipal solid waste generated in the U.S.[3]

AND THIS AMOUNT IS GROWING

Between 1999 and 2009 the volume of PCTW generated grew by 40% while the diversion rate only increased by 2%[4]



This Model has been Tested & Proven

Excerpt from USA Today, April 23, 2013 -

"Clothes recycling is going curbside in more U.S. towns as global prices rise for the used apparel, shoes and linens that Americans often toss in the trash.

Since September, more than a dozen local governments -- in Arizona, Massachusetts, New Jersey, Pennsylvania and Washington State -- have begun curbside pickup of textiles, often in special bags next to bins containing paper and cans."[2]

Source:
2. http://www.usatoday.com/story/news/nation/2013/04/20/recyling-clothes-expands-curbside/2092351/

COST TO YOUR RESIDENTS = $0
COST TO YOUR CITY = $0

Details & Logistics

Simple Recycling provides:

- Free residential curbside pickup service
- Specially designed recycling collection bags
- All informational materials
- All trucking, pickup expenses & program management
- Local jobs
- All related insurance coverage
- Drop boxes in locations of city's choosing (if desired)

Your city provides:

- Supplemental notification & information to residents

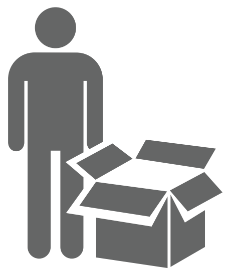
www.SimpleRecycling.com • Info@SimpleRecycling.com

THE LIFE CYCLE OF SECONDHAND CLOTHING

simple recycling

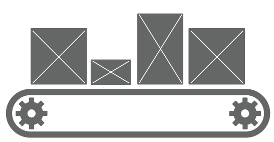
WHAT HAPPENS TO YOUR RECYCLED USED CLOTHING?

Once a resident determines that their clothing, shoes, handbags, or household textiles have reached the end of their useful life, materials are collected by Simple Recycling and collected clothing is sorted and graded for condition.

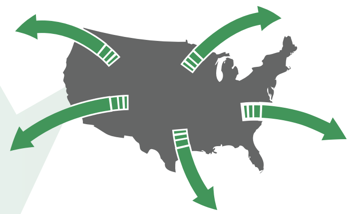


10-20%
Top quality materials are sold to local thrift stores where they create access to low cost clothing and jobs for local residents.

80%
The vast majority of clothing collected is not resaleable in the U.S. so it is further sorted for international export or broken down for raw materials.



45%
Reused and Repurposed
Majority exported as secondhand clothing.



30%
Recycled and Converted
Reclaimed wiping rags are used in various ways as industrial and residential absorbents.

20%
Recycled into Fiber
Post-consumer fiber is used to make home insulation, carpet padding, and raw material for the automotive industry.

Only 5% ends up as waste.

Thrift industry employs nearly 100,000 workers in the U.S. with over $1 billion wages paid. In addition, private sector recyclers create an additional 15,000 to 20,000 jobs nationally.[1]

WE MAKE IT SIMPLE

TO DRAMATICALLY REDUCE TEXTILE WASTE.

Source:
1. "Textile Recycling in the U.S." Report submitted to SMART by Dr. Jana Hawley PhD. Univ. of Missouri 2009

www.SimpleRecycling.com • Info@SimpleRecycling.com

UPGRADE CREATE SURVEY cofparksandrec

Create better surveys faster. Upgrade to add users and get team collaboration tools. View pricing »

Keep Friendswood Beautiful Textile Recycling Survey

SUMMARY → DESIGN SURVEY → PREVIEW & SCORE → COLLECT RESPONSES → ANALYZE RESULTS → PRESENT RESULTS NEW!

CURRENT VIEW

+ FILTER + COMPARE + SHOW

No rules applied

Rules allow you to **FILTER, COMPARE** and **SHOW** results to see trends and patterns.

Learn more »

SAVED VIEWS (1)

EXPORTS

PAID FEATURE
Export your survey data in .PDF, .XLS, .CSV, .PPTX, or SPSS format.

UPGRADE Learn more »

SHARED DATA

RESPONDENTS: 48 of 48

QUESTION SUMMARIES DATA TRENDS INDIVIDUAL RESPONSES

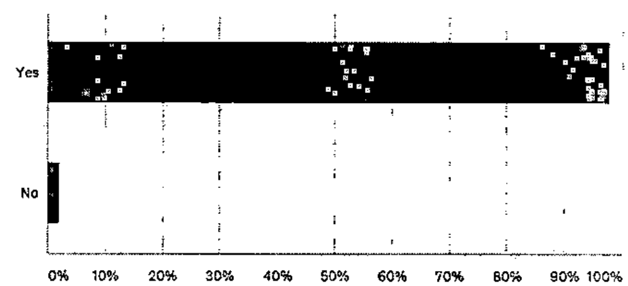
Page 1

Q1

Customize

Would you be interested in a free textile recycle program in Friendsw
of the materials are graded and sorted locally and/or regionally basec
quality and condition. The top quality materials will be resold to local
outlets, mid grade is exported to international markets and "unusabl
are processed for raw materials. This program prevents clothing endi
our land fills at no cost to the resident or city. The program also enc
to donate first to local non-profit organizations, the clothing that is
unacceptable for a local non-profit clothing donation store is great fo
program and prevents those items ending up in the land fill.

Answered: 47 Skipped: 1



ANSWER CHOICES	RESPONSES
Yes	97.87%
No	2.13%
TOTAL	

Q2

Customize

Would you like the idea of curbside pick up with your weekly recycle

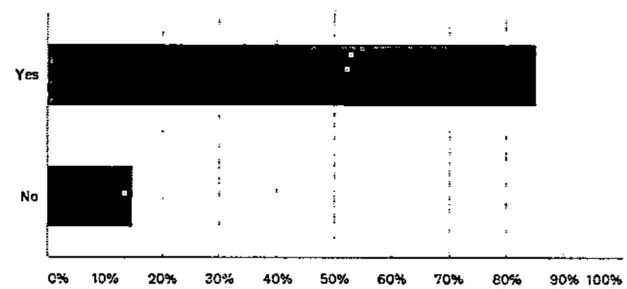
Answered: 47 Skipped: 1

ANSWER CHOICES	RESPONSES
Yes	89.36%
No	10.64%
TOTAL	

Q3 Customize

Do you participate in the weekly recycling pickup in Friendswood?

Answered: 47 Skipped: 1



ANSWER CHOICES	RESPONSES
Yes	85.11%
No	14.89%
TOTAL	

Q4

Comments:

Answered: 18 Skipped: 30

RESPONSES (18) WORD CLOUD TAGS (0)

PAID FEATURE
Text Analysis lets you search and tag comments and see word clouds of frequent words and phrases. To get this feature, upgrade to

UPGRADE Learn more »

Apply to Selected Filter by tag Search responses

Showing 18 responses

I'm not a Friendswood resident but I live nearby think it's great that you're considering this.

10/14/2018 6:15 PM View respon

Knowing that y'all will be selling the nicer stuff, I would not want to pay for this service. Also maybe a monthly pickup would w better rather than weekly.

10/14/2018 5:59 PM View respon

Rather than textile I would love to see curbside plastic bag pick up.

SURVEY COMMENTS

I'm not a Friendswood resident but I live nearby think it's great that you're considering this.

10/14/2018 6:15 PM View respondent's answers

Knowing that y'all will be selling the nicer stuff, I would not want to pay for this service. Also maybe a monthly pickup would work better rather than weekly.

10/14/2018 5:59 PM View respondent's answers

Rather than texile I would love to see curbside plastic bag pick up.

10/14/2018 1:57 PM View respondent's answers

Recently purchased a home in Friendswood and believe any good community should do their part to protect the environment by repurposing, reusing, or recycling.

10/12/2018 12:44 PM View respondent's answers

Great idea

10/12/2018 12:25 PM View respondent's answers

I think most people clean out there clothes one or two times a year. Therefore, a weekly pickup schedule is probably too much. Clothes recycle pickup might need to be on a different schedule, possibly once a month. Or possibly a central drop off for clothes would work better.

10/12/2018 7:44 AM View respondent's answers

We should get curbside composting too!

10/12/2018 7:34 AM View respondent's answers

This is a great idea. I currently use my sister to recycle cloth since she has it in Sugar Land. Being able to have the ability curbside would be great!

10/12/2018 5:46 AM View respondent's answers

I would love this!

10/11/2018 8:28 PM View respondent's answers

We should be doing and promoting activities that reduce waste.

10/11/2018 6:46 PM View respondent's answers

This would be awesome but do other countries still buy it. I've heard of some complaining because it brings down there economy. Still a great idea instead landfill. Have you considered city compost as well?

10/11/2018 6:37 PM View respondent's answers

My box is broken due to the men throwing from across the street back to my driveway.

10/11/2018 6:19 PM View respondent's answers

Great idea!

10/11/2018 5:12 PM View respondent's answers

We love any kind of recycling! We'd even love bigger bins and pick up more than 1x a week!

10/11/2018 4:25 PM View respondent's answers

Great idea!

10/11/2018 3:21 PM View respondent's answers

Excellent idea to further Friendswood’s recycling effort!

10/11/2018 3:17 PM View respondent's answers

The only concern I have with curbside pickup is: 1) Trash doesn't throw it away if there is an overlapping date. 2) We already have flea market trollers every pick up date as it is. How can we assure the donations don't end up in the back of a pickup truck and personally sold if curbside is used?

10/11/2018 2:39 PM View respondent's answers

PLEASE!!!! We need to save this beautiful Earth for the generations to come.

10/11/2018 12:27 PM

LET YOUR CLOTHING BE LOVED AGAIN

Need additional bags? **Visit www.SimpleRecycling.com**
Call **866.835.5068** or email: **info@simplerecycling.com**

FRIENDSWOOD TEXAS ™

DONATE FIRST

simple recycling

RECYCLE SECOND

simplerecycling

A convenient collection program for pre-loved clothing, shoes & accessories

85% OF ALL CLOTHING ENDS UP IN LANDFILLS, ONLY 15% GETS RECYCLED OR DONATED

STEP 1 Place this bag in your closet and fill it with clothing & shoes

STEP 2 Set your bag out on your collection day by 7:00 am

STEP 3 Our friendly drivers will pick up your bags and leave replacement bags for future use

BEGINS JANUARY 7, 2019

RECYCLE CLOTHING, SHOES & ACCESSORIES

Brought to you by:

Keep FRIENDSWOOD™ Beautiful

A convenient collection program for pre-loved clothing, shoes & accessories

Place your orange Simple Recycling bags where your trash/recycling is picked up on your collection day

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: December 3, 2018

Date Submitted: November 28, 2018

Dept. Clearances: Melinda Welsh

Prepared by: Susan Ballard/Mayor Foreman

Subject: Wedgewood Elementary School Day

Originating Department: M & C

Proceeding: Resolutions

Degree of importance: Critical ☐ Significant ☒ Elective ☐

SUMMARY / ORIGINATING CAUSE

Select second-grade students from Wedgewood Elementary will be participating in the Council meeting to take part in a mock governance simulation. These students will step up to the dais to replace the Mayor, City Council, and Staff. They will consider and vote on a resolution declaring December 4, 2018, as Wedgewood Elementary Day in Friendswood.

This is the second of three programs in which this will take place. In the upcoming months, Westwood Elementary will be honored as well.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

To show the students government in action.

ASSOCIATED COSTS / FUNDING SOURCE

N/A

ATTACHMENTS

Resolution R2018-24

RESOLUTION NO. R2018-24

A RESOLUTION OF CITY OF FRIENDSWOOD, TEXAS, DECLARING DECEMBER 4, 2018, AS WEDGEWOOD ELEMENTARY SCHOOL DAY IN THE CITY OF FRIENDSWOOD, TEXAS.

* * * * * * * * * *

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, THAT DECEMBER 4, 2018 IS HEREBY DECLARED AS WEDGEWOOD ELEMENTARY SCHOOL DAY IN FRIENDSWOOD, TEXAS.

PASSED, APPROVED AND ADOPTED this the 3rd day of December, 2018.

____
Mike Foreman
Mayor

Attest:

____
Melinda Welsh, TRMC
City Secretary

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: December 3, 2018

Date Submitted: 11/28/2018 Dept. Clearances: Terry Byrd

Prepared by: B. Mansfield

Subject: Establish Fees for Ground Emergency Medical Services

Originating Department: FMO City Attorney Review: mkf

Proceeding: Ordinance

Degree of importance: Critical ☒ Significant ☐ Elective ☐

Expenditure Required: Amount Budgeted:
Appropriation Required: Source of Funds:

FINANCE APPROVAL: krh

MK
Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

This is the second reading for this ordinance.

At three subsequent meetings starting in July, City Council:

- Selected the Friendswood Volunteer Fire Department for Ground Emergency Ambulance Services;
- Awarded EMS Billing and Collection Services to Emergicon; and
- Authorized the City Manager to negotiate an amendment to the current contract with the Friendswood Volunteer Fire Department to include EMS billing.

The next step for the implementation of EMS billing is to set charge rates for EMS services. With the assistance of Emergicon and the FVFD, the attached ordinance was developed setting charge rates for ambulance services.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

The charging of Emergency Medical Services will provide a revenue stream for the City to offset increasing provider cost; reducing the burden on tax payers.

RECOMMENDATIONS

Staff recommends that Council approve the ordinance establishing fees for Ground Emergency Medical Services to be provided by Friendswood Volunteer Fire Department, Inc., as the Contractor for the City of Friendswood

ATTACHMENTS

Ordinance

(Title: An Ordinance establishing fees for Ground Emergency Medical Services.)

ORDINANCE NO. T2018-30

AN ORDINANCE ESTABLISHING FEES FOR GROUND EMERGENCY MEDICAL SERVICES TO BE PROVIDED BY THE FRIENDSWOOD VOLUNTEER FIRE DEPARTMENT, INC., AS THE CONTRACTOR FOR THE CITY OF FRIENDSWOOD, TEXAS, AND PROVIDING AN EFFECTIVE DATE.

* * * * * * * * * *

WHEREAS, on July 2, 2018, the City Council awarded the provision of Ground Emergency Ambulance Service to Friendswood Volunteer Fire Department, Inc., who will provide these services as the contractor for the City of Friendswood, Texas; and

WHEREAS, on August 8, 2018, the City Council awarded the contract for Emergency Medical Services (EMS) billing and collection services to Emergicon; and

WHEREAS, on September 10, 2018, the City Council authorized the City Manager to negotiate an amendment to the current contract with the Friendswood Volunteer Fire Department, Inc., to include EMS billing, and the next step for the implementation of EMS billing is to establish fees for Ground Emergency Medical Services.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. That the following fees are hereby adopted and established for Ground Emergency Medical Services to be provided by Friendswood Volunteer Fire Department, Inc., as the contractor for the City of Friendswood, Texas:

Advanced Life Support (ALS) Transport	$1,100
Advanced Life Support (ALS) -2 Transport	$1,300
Basic Life Support (BLS) Transport	$1,000

Advanced Life Support (ALS) Disposables (Flat Rate)	$400
Basic Life Support (BLS) Disposables (Flat Rate)	$200
Oxygen	$125
Specialty Care Transport (SCT)	$1,663
Treat No Transport (TNT)	$250
Ground Mileage	$15 per mile

Section 2. That in the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Friendswood, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

Section 3. That this ordinance shall become effective from and after its date of passage in accordance with law.

PASSED AND APPROVED on first reading this 5th day of November, 2018.

PASSED, APPROVED, AND ADOPTED on second and final reading this 3rd day of December, 2018.

____
Mike Foreman
Mayor

ATTEST:

____
Melinda Welsh, TRMC
City Secretary

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: December 3, 2018

Date Submitted: November 20, 2018

Dept. Clearances: Steven Rhea

Prepared by: Aubrey Harbin

Subject: Amendments to Chapter 14. Buildings and Building Regulations – remove fee requirement for contractors and change all electrician license references to state license, rather than city issued

Originating Department: Community Development

City Attorney Review: Yes

Proceeding: 2nd Reading of Ordinance

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required:	Amount Budgeted:
Appropriation Required:	Source of Funds:
FINANCE APPROVAL:	

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

As a result of the approved fee changes regarding contractor registrations (not requiring the $100 annual fee for a new registration and $50 annual renewal fee), the proposed ordinance change removes the fee requirement. All contractors are still required to register and provide current general liability insurance and state issued licenses, if applicable.

Additionally, the proposed ordinance change removes the language relating to City issued electrical licenses. The State took over electrical licensing in September 2003. Additionally, the ordinance changes references from the "City Manager or his designee" to "Building Official" in overseeing issuance and maintenance of city issued contractor registrations.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

These changes bring our local ordinance in line with state laws and other adopted ordinances.

RECOMMENDATIONS

Staff recommends adoption of the proposed changes.

ATTACHMENTS

Ordinance

(Title: An ordinance amending Sec. 14-2 to remove the requirement for contractor registration fees (new and renewals), and amending Secs. 14-63, 14-118, 14-160, 14-162, and repealing Division 6. Electrician's Licenses Secs. 14-229 through 14-233 of the Code of Ordinances pertaining to electrical permits and application for licensing, to be consistent with new state laws.)

ORDINANCE NO. 2018-31

AN ORDINANCE OF THE CITY OF FRIENDSWOOD, TEXAS, AMENDING THE CODE OF ORDINANCES, CHAPTER 14, "BUILDINGS AND BUILDING REGULATIONS" BY AMENDING SECTION 14-2 "REGISTRATION AND LICENSING OF PROVIDERS AND REPAIR SERVICES" RELATING TO CONTRACTOR REGISTRATION FEES, AND AMENDING SECTION 14-63 "LICENSE REQUIRED", SECTION 14-118 "RESPONSIBILITY FOR INSPECTION AND FEES", SECTION 14-160 "WHO MAY OBTAIN", SECTION 14-162 "SCHEDULE OF FEES" AND REPEALING DIVISION 6. SECTIONS 14-229 THROUGH 14-233 RELATING TO ELECTRICIAN'S LICENSING; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT HEREWITH; PROVIDING FOR SEVERABILITY, PUBLICATION AND AN EFFECTIVE DATE.

* * * * * * * * * * *

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. The foregoing recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact. The City Council hereby further finds and determines that the rules, regulations, terms, conditions, provisions and requirements of this ordinance are reasonable and necessary to protect the public health, safety and welfare of the citizens of the City.

Section 2. Chapter 14 of the Code of Ordinances entitled "Buildings and Building Regulations", Section 14-2 (c) and (d) are hereby amended to read as follows:

"**Sec. 14-2. – Registration and licensing of providers and repair services.**

(c) *Registration; filing of application.* It shall be unlawful for any building contractors to do business in the City of Friendswood without having first registered with the city and received a building contractors license. Registrants/applicants shall register and file applications with the building permits department ~~city manager or his designee at city hall~~. Such registration/application form shall include the name of the building contractor, the principal office address (not a P.O. box), the name, address and phone number(s) of an individual who will be available to respond to questions or complaints, proof of comprehensive general liability insurance with minimum limits of $300,000.00 per occurrence, and such other information as the building official ~~city manager~~ deems necessary and appropriate for the proper identification and location of such applicant/registrant. Required policies of insurance shall be issued by a carrier duly authorized to write such coverage in Texas, and must also contain a completed operations endorsement. An applicant shall, under oath, provide the building official ~~city manager~~ with a statement describing the general nature of the business to be conducted and give true and correct information as may be called for on the registration form, application or certificate provided by the city. Contractors who are ~~already~~ registered with the city shall~~, in addition to payment of the annual fee required under appendix D,~~ be required to maintain proof of insurance as described herein.

~~(d) *Fees.* Building contractor license fees are hereby fixed pursuant to appendix D of the Code of Ordinances and represent the administrative cost to the city for processing such applications and issuing necessary license certificates. License fees shall be paid in full at the time of issuance of the license.~~

(d~~e~~) *Transfer of license.* Each license issued pursuant hereto shall be personal to the applicant/registrant, and may not be transferred to any other building contractor.

(e~~f~~) *Display of license.* A true and correct copy of each license issued hereunder shall be carried by every person operating pursuant to such licensee within the city, and shall be exhibited to any authorized enforcement officer when so requested.

(f~~g~~) *License revocation or suspension.* Each license granted under this section is a permit to engage in the business for which such license is granted while and only during such period said business is conducted in a lawful manner. The city hereby reserves the right to revoke or suspend any license which has been granted hereunder, if the licensee, or the licensee's agent or employee acting within the scope of his employment, violates this section or any other city, state, or federal law. If after issuance of a license, the building official ~~city manager~~ receives evidence that such business is not being conducted in a lawful manner, he shall, prior to revocation of such license, give written notice thereof to the licensee, which notice shall specify the violation with which the licensee is charged and a date, time and place at which a hearing before the building official ~~city manager~~ shall be held with regard to the violation. The licensee shall have an opportunity to be heard at such hearing, shall have the right to be represented by counsel, and shall have the right to introduce and submit evidence in opposition to such revocation.

(g~~h~~) *Penalty for violation.* Any person who shall violate any provision of this section shall be deemed guilty of a misdemeanor and, upon conviction, shall be fined in an amount not to exceed $2,000.00. Each day of violation shall constitute a separate offense.

Section 3. Chapter 14 of the Code of Ordinances entitled “Buildings and Building Regulations”, Section 14-63 is hereby amended to read as follows:

Sec. 14-63. - License required.

No electrical work of any type shall be done by any individual or company without a ~~current~~ valid, unexpired state ~~city~~ electrical license, except that a property owner performing electrical work with his own hands in a building or on the surrounding property owned by him and registered as his homestead may be issued a permit to do electrical work on his homestead without a state ~~city~~ license.

Section 4. Chapter 14 of the Code of Ordinances entitled “Buildings and Building Regulations”, Section 14-118 is hereby amended to read as follows:

Sec. 14-118. - Responsibility for inspection and fees.

It shall be the duty of the electrical inspector to enforce the provisions of this article. He shall, upon application by electricians licensed by the state ~~city~~, collect and account for the fees and deposits fixed and provided for in this article, and shall make inspections of electrical installations and perform such other acts and duties as are provided for in this article.

Section 5. Chapter 14 of the Code of Ordinances entitled “Buildings and Building Regulations”, Section 14-160 is hereby amended to read as follows:

Sec. 14-160. - Who may obtain.

(a) Except as otherwise specifically provided in this article, no permit shall be issued to any person who is not the holder of a valid unexpired master electrician's license. A master electrician who is employed as a master electrician for a person shall take out building ~~electrical~~ permits (electrical) only for that person and shall supervise, direct and control the electrical work for which the building ~~electrical~~ permit (electrical) is obtained. A master electrician who is engaged in the electrical business for himself shall take out building ~~electrical~~ permits (electrical) for his business only and no building ~~electrical~~ permits (electrical) shall be taken out by any master electrician who does not supervise, direct and control the electrical work for which the permit is obtained. ~~Each master electrician may appoint not more than two of his full-time employees to act as his agents in obtaining permits by filing with the electrical inspector an affidavit sworn to before an officer authorized to administer oaths, stating the name and address of each such agent, that each agent is a regular and full-time employee under the supervision of such master electrician, and that such master electrician assumes all and full responsibility for any permit taken out or applied for by any such agent. Such affidavit shall be permanently filed by the electrical inspector, but this provision is intended only as a convenience to master electricians in handling ordinary electrical work and shall never be construed as making the delivery of a permit to any agent mandatory upon the electrical inspector.~~

Section 6. Chapter 14 of the Code of Ordinances entitled "Buildings and Building Regulations", Section 14-162 is hereby amended to read as follows:

Sec. 14-162. - Schedule of fees.

Before any permit will be granted for the installation or alteration of electrical work, the licensed electrician making application for such <u>building</u> permit shall pay ~~to the electrical inspector~~ the <u>building permit (electrical)</u> fees in such amount as established by resolution and printed in Appendix D to this Code.

Section 7. Chapter 14 of the Code of Ordinances entitled "Buildings and Building Regulations", Division 6 – Electrician<u>'s</u> Licenses Sections 14-229 through 14-233 are hereby repealed:

<u>Sec. 14-229 – 233. Reserved</u>

~~Sec. 14-229. - Required.~~

~~Except as otherwise provided in this division, no person shall engage in the business of contracting for, installing, altering, or repairing any electrical work within the city which is regulated by this division unless such person shall hold a valid, unexpired master electrician's license granted in accordance with state law.~~

~~Sec. 14-230. - Applications.~~

~~Every application for a license as a master electrician, journeyman electrician, master sign electrician, journeyman sign electrician, residential wireman, maintenance electrician, or apprentice electrician shall be made upon a form furnished by the electrical inspector. Every application shall state the name, date of birth, residence and business address of the applicant. Each applicant shall supply a copy of their current state electrical license.~~

~~Sec. 14-231. - Term and renewal.~~

~~No license under this article shall be issued for more than a year, and such license may be renewed from year to year upon application by the holder of such license. All licenses shall expire on December 31 of each year.~~

~~Sec. 14-232. - Issuance.~~

~~Upon the submission of satisfactory proof that an applicant is licensed by the state as a master electrician, journeyman electrician, master sign electrician, journeyman sign electrician, residential wireman, maintenance electrician, or apprentice electrician, the electrical inspector, upon payment of such fees and upon fulfillment of such other requirements as are specified in this article, shall issue to each applicant the class of license which such person is qualified to receive under the provisions of this article~~

~~Sec. 14-233. Restrictions on work beyond scope of license.~~

~~It shall be unlawful for the holder of any license issued under the provisions of this division to engage in any phase of the electrical business or perform any work in the electrical trade other than such business or work authorized by the class of license or permit held by him. The master,~~

~~journeyman, or when applicable, residential wireman electrician responsible shall be present, on the site, whenever electrical materials, products or equipment are being installed.~~

<u>Section 8</u>. All ordinances or parts of ordinances in conflict or inconsistent with this Ordinance are hereby expressly repealed.

<u>Section 9</u>. In the event any clause phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstances shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Friendswood, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

<u>Section 10</u>. This ordinance shall become effective from and after its date of passage and its publication, as provided by law.

PASSED AND APPROVED on first reading this <u>5th</u> day of November, 2018.

PASSED, APPROVED, and ADOPTED on second and final reading this <u>3rd</u> day of December, 2018.

____
Mike Foreman
Mayor

ATTEST:

____
Melinda Welsh, TRMC
City Secretary

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: December 3, 2018

Date Submitted: November 20, 2018

Dept. Clearances: Steven Rhea

Prepared by: Aubrey Harbin

Subject: Capital Improvement Plan, Land Use Assumption and Impact Fee Update 2018

Originating Department: Community Development

City Attorney Review: Yes

Proceeding: 2nd reading of Ordinance to establish an order for Public Hearing

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required:	Amount Budgeted:
Appropriation Required:	Source of Funds:

FINANCE APPROVAL:

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

Impact fees are capital recovery fees that are charged based on new development and the funds are used to improve the City's infrastructure to serve the new development. The City of Friendswood charges impact fees for water and sewer connections. Any time a new tap is added to the system, an impact fee that is based on the meter size is assessed. Currently, for a new one inch tap/meter, the impact fee is $2,928 ($840 goes towards sewer impact fees and $2088 goes towards water impact fees).

Chapter 395 of the Local Government Code authorizes cities to collect impact fees. In order to ensure that fees are assessed accurately and are representative of the impact of new development on the water and sewer systems, the City is required to update the Land Use Assumptions and Capital Improvement Plan every five years. The Land Use Assumptions project population growth and the Capital Improvement Plan outlines the capital projects needed to serve the new development that the funds could be used to complete.

The proposed ordinance adopts an order to establish the public hearing date of January 7, 2019, in order to discuss and review the updated land use assumptions and capital improvements plan and amendment of impact fees, as required by Texas Local Government Code Section 395.053.

The 2018 update of the Land Use Assumptions, Capital Improvement Update is also being provided. The study will be reviewed by the Capital Improvement Advisory Committee.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

In order to keep charging impact fees, the steps to update the Land Use Assumptions, Capital Improvement Plan and Impact Fees are required. Charging impact fees provides a funding mechanism for water and sewer capital projects.

RECOMMENDATIONS

The Capital Improvement Advisory Committee will provide written comments in the proposed impact fees before the fifth business day before the date of the public hearing.

ATTACHMENTS

Ordinance
Draft 2018 Update – Land Use Assumptions Capital Improvement Plan and Impact Fees

(Title: An Ordinance adopting an order setting a public hearing to discuss and review the updated land use assumptions and capital improvements plan and amendment of impact fees, as required by Texas Local Government Code Section 395.053.)

ORDINANCE NO. T2018-32

AN ORDINANCE ADOPTING AN ORDER SETTING A PUBLIC HEARING ON JANUARY 14, 2019, AT 7:00 P.M., TO DISCUSS AND REVIEW THE UPDATED LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN AND AMENDMENT OF IMPACT FEES.

* * * * * * * * * *

WHEREAS, on November 5, 2018, the City Council received the update of the land use assumptions and the capital improvements plan and the amended impact fee; and

WHEREAS, pursuant to Texas Local Government Code Section 395.053, the governing body shall, within 60 days after the date it receives the update of the land use assumptions and the capital improvements plan and the amended impact fee, adopt an order setting a public hearing to discuss and review the update and shall determine whether to amend the plan and amend the impact fee amount.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. That the City Council of the City of Friendswood, Texas, hereby adopts an order setting a public hearing date of January 14, 2019, at 7:00 p.m. in the City Hall City Council Chambers located at 910 South Friendswood Drive, Friendswood, Texas, to discuss and review the updated land use assumptions and capital improvements plan pursuant to Texas Local Government Code Section 395.053.

Section 2. That the City shall publish notice of this hearing before the 30th day before the date set for the hearing in the Friendswood Reporter News newspaper, advising the public of the time, date and location of the hearing and notifying the public of its right to appear at the hearing and present evidence for or against the update.

Section 3. That on or before the date of the publication notice of the hearing on the amendments, the land use assumptions and the capital improvements plan, including the amount of any proposed amended impact fee per service unit, shall be made available to the public.

Section 4. That in the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Friendswood, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

Section 5. That this ordinance shall become effective from and after its date of passage in accordance with law.

PASSED AND APPROVED on first reading this 5th day of November, 2018.

PASSED, APPROVED, AND ADOPTED on second and final reading this 3rd day of December, 2018.

____

Mike Foreman
Mayor

ATTEST:

____

Melinda Welsh, TRMC
City Secretary

Impact Fee Study

2018 UPDATE STUDY OF LAND USE ASSUMPTIONS,
CAPITAL IMPROVEMENTS PLAN & IMPACT FEES

WATER SUPPLY/DISTRIBUTION and
WASTEWATER TREATMENT/COLLECTION

CITY OF FRIENDSWOOD, TEXAS

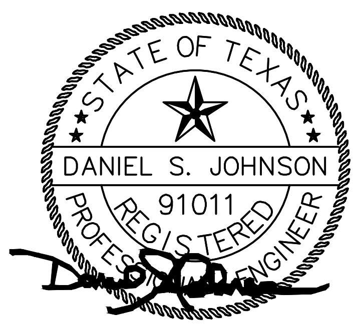
OCTOBER 2018

PREPARED BY:

DANIEL SCOTT
ENGINEERING, LLC
19701 Morris Avenue, Manvel, Texas 77578
TBPE F-9827

Advisory Committee

Member	Joe Matranga
Member	Richard Clark
Member	Brett Banfield
Member	Eric Guenther
member	Lisa Lundquist
Member	Richard Sasson
Member	Marcus Perry



10/30/2018

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I. INTRODUCTION

A. BACKGROUND

The City of Friendswood, Texas has elected to adopt Water and Wastewater Impact Fees to assist in the financing of Capital Improvements for those systems that are necessitated by growth and development anticipated in the City. These Impact Fees were first adopted on June 4, 1990 by Resolution No. 90-22, in accordance with the provisions of the, then current State Law.

The State Law originally required that impact fees be reviewed and updated at least every three years from the adoption date; however, the legislation was amended to revise the maximum period to five years between required updates. Table 1 provides a historical summary of all updates to the Impact Fee Study for the City of Friendswood:

TABLE 1
IMPACT FEE STUDY UPDATE SUMMARY

Year	Revision	Resolution	Preparer
1990	Original	R90-22	Brown & Gay Engineers, Inc.
1991	Amendment	R91-4	Brown & Gay Engineers, Inc.
1993	Update #1	R93-24	Brown & Gay Engineers, Inc.
1997	Update #2	R97-48	Claunch & Miller, Inc.
2000	Update #3	R2000-40	Claunch & Miller, Inc.
2003	Update #4	R2003-47	Claunch & Miller, Inc.
2008	Update #5	R2008-17	HDR/Claunch & Miller, Inc.
2013	Update #6	R2013-11	JET Civil Consulting, LLC
2018	Update #7	R2018-	Daniel Scott Engineering, LLC

In 2013, the City Council authorized JET Civil Consulting, LLC to prepare the update of the Land Use Assumptions, Capital Improvements Plan (CIP), and Impact Fee Study in accordance with Chapter 395 of the Local Government Code (Impact Fee Legislation), which is the state legislation regulating this adoption process.

In July 2018, the City authorized Daniel Scott Engineering, LLC (DSE) to prepare the required five-year update of the 2013 Study. This document includes the basis for determination of the Water and Wastewater Impact Fee per Equivalent Service Unit (ESU), based on Land Use Assumptions and the corresponding CIP.

B. ADVISORY COMMITTEE

The City Council has appointed an Advisory Committee to give policy direction, guide the public hearing process, and make a recommendation to the Council regarding the final report and fee amount. This committee consists of the Friendswood Planning and Zoning Commission (P&Z), which currently has at least one member representing the real estate industry, as required by the Impact Fee Legislation.

C. PLANNING PERIOD

The City of Friendswood is located in a high growth corridor along Interstate 45, approximately 20 miles southeast of the City of Houston, and about 30 miles northwest of the City of Galveston. The planning period for this Impact Fee Study will be for the ten-year period from 2018-2028 in accordance with requirements of the aforementioned Chapter 395. Population projections and resulting growth for the planning period can be found in the Land Use Assumptions, and details of the projects are shown in the CIP.

D. CAPITAL IMPROVEMENTS

Water and Wastewater Capital Improvements are defined as "*any facility that has a life expectancy of three or more years and are owned and operated by or on behalf of a political subdivision: water supply, treatment and distribution facilities; wastewater collection and treatment facilities.*"

Costs for system improvements necessitated by regulatory changes, maintenance requirements, or to correct deficiencies in existing developed areas are not eligible for reimbursement by impact fees and are therefore not included in the CIP developed for the purposes of this study. Many of the improvements may be financed through the issuance of bonds, and therefore finance charges can been estimated and included in the fee calculation. Acquisition of land, easements, and engineering costs for the projects are also eligible under the legislation and can be included in the calculation.

E. IMPACT FEES

This document will establish the projected number of Equivalent Service Units estimated to be added to the City of Friendswood's water and wastewater system over the Planning Period, as well as the anticipated areas, which will require these services. The required Capital Improvements to be constructed can then be determined with cost estimates that will be utilized to calculate the proposed Impact Fees.

II. LAND USE ASSUMPTIONS

A. BASIS

The Land Use Assumptions established herein are based on the following:

- The City's current Zoning Map
- The City's Capital Improvements Program 2017 Update
- The City's Comprehensive Plan adopted in 1998
- Vision 2020
- 2001 Groundwater Reduction Plan
- Area Growth projections provided by HGAC and other sources
- United States Census Bureau data and previous historical data
- Current growth trends experienced in the City
- Availability of vacant tracts in the City

B. SERVICE AREA

The Impact Fee Legislation defines Land Use Assumptions as: "*a description of the service area and projections of changes in land uses, densities, intensities and population in the service area over at least a ten-year period.*" The City of Friendswood has elected to define the service area for Impact Fees as the current City Limits. The legislation also allows the City to impose impact fees in the City's Extraterritorial Jurisdiction (ETJ); however, the City of Friendswood has no ETJ.

The City has elected to establish Impact Fees on a system-wide basis. Currently, the City has no standalone systems (Municipal Utility Districts) providing water and wastewater to residents and businesses.

C. POPULATION PROJECTIONS

According to the United States Census Bureau (Table 2), the population for the City of Friendswood was estimated at 39,839 on July 1, 2017. This represents an increase of 11.3% from the 2010 Official Census (35,805), and an increase of 4,034 people in seven years. After the increase of 23.3% (6,768 people) from 2000 (29,037) to 2010 (35,805), the Census Bureau continues to document Friendswood's growth toward buildout.

Over the last 47 years of Census data, the City of Friendswood has experienced varying population increases. The City witnessed tremendous population spikes of 88.9% from 1970 to 1980, and 112.8% from 1980 to 1990, and a steady increase of about 6,300 people every decade since the 1990's. Altogether, the City has experienced an average annual population increase of 4.27% since 1970.

The 2013 Impact Fee Study incorporated an average annual increase of 1.5% for the population projection, which proved to be consistent with the 1.54% increase observed by the Census Bureau.

Table 2
US Census Bureau

Geography Name	Year	Household Population	% Increase	Population Increase
Friendswood	1970	5,675		
Friendswood	1980	10,719	88.9%	5,044
Friendswood	1990	22,814	112.8%	12,095
Friendswood	2000	29,037	27.3%	6,223
Friendswood	2010	35,805	23.3%	6,768
Friendswood	2017	39,839	11.3%	4,034
		ANNUAL AVERAGE		
		SINCE 1970:	4.27%	726.9
		SINCE 1980:	3.62%	787.0
		SINCE 1990:	2.09%	630.6
		SINCE 2000:	1.88%	635.4
		SINCE 2010:	1.54%	576.3

The City's Comprehensive Plan, Vision 2020, and the Groundwater Reduction Plan projected a build-out population of 57,400 within the combined 21 square miles of the City. Growth trends for the current decade are on a similar track with Houston Galveston Area Council (HGAC) projecting a population increase of 9,147 by 2028. The HGAC population projections for the 10-Year Planning Period are presented in Table 3.

Table 3
HGAC Population Projections

Place	Year	Household Population	% Increase	Population Increase
Friendswood	2015	38,435	-	-
Friendswood	2016	39,066	-	-
Friendswood	2017	39,697	-	-
Friendswood	2018	40,327	-	-
Friendswood	2019	40,958	1.6%	630.8
Friendswood	2020	41,589	1.5%	630.8
Friendswood	2021	42,853	3.0%	1,263.8
Friendswood	2022	44,117	2.9%	1,263.8
Friendswood	2023	45,380	2.9%	1,263.8
Friendswood	2024	46,644	2.8%	1,263.8
Friendswood	2025	47,908	2.7%	1,263.8
Friendswood	2026	48,430	1.1%	522.1
Friendswood	2027	48,952	1.1%	522.1
Friendswood	2028	49,474	1.1%	522.1
		ANNUAL AVERAGE: TOTAL:	2.1%	9,147

D. GROWTH RATE

According to the Census Bureau, the City of Friendswood has experienced an average growth rate of 1.54% per year over the last seven years. In turn, HGAC projects the City's average annual growth rate at 2.1% over the next ten years.

The 2008 Impact Fee Study used a 1.9% annual growth rate, which projected a population in 2017 of 42,988. The 2013 Impact Fee Study implemented a slightly more conservative rate of 1.5% and estimated a population in 2017 of 41,144. According to the US Census Bureau, Friendswood's 2017 population was actually estimated at 39,839, which is on target with the 2013 projection. Therefore, the recommendation of this 2018 Updated Study is to maintain the same conservative growth rate for the planning period between 2018 and 2028 at **1.5%**.

This 1.5% Growth Rate is recommended for the projection of population and resulting service units for the calculation of the Impact Fee amount. Table 4 indicates the resulting population projections by year, with a total estimated population growth of **6,492** over the next 10 years.

Table 4
1.5% Annual Growth Rate Projections

Source	Year	Household Population	% Increase	Population Increase
US Census Data	*2000*	*29,037*		
	2010	*35,805*	*23.3%*	6,768
	2017	*39,839*	*11.3%*	4,034
Friendswood	2018	40,436		
Friendswood	2019	41,043		607
Friendswood	2020	41,659		616
Friendswood	2021	42,284		625
Friendswood	2022	42,918		634
Friendswood	2023	43,562		644
Friendswood	2024	44,215		653
Friendswood	2025	44,878		663
Friendswood	2026	45,552		673
Friendswood	2027	46,235		683
Friendswood	2028	46,928		694
		AVERAGE:	**1.5%**	
		TOTAL:		**6,492**

III. CAPITAL IMPROVEMENTS PLAN

A. CAPITAL IMPROVEMENTS PROGRAM

Pursuant to the City Charter, the City Manager is required to submit a Capital Improvements Program (PROGRAM) to the City Council. By agreement, this program is to be updated periodically to reflect the completion of projects, the addition of new projects, and to update project costs for financial projection and management efforts. The first PROGRAM was adopted in 1999 and has been updated in 2003, 2007, 2009, 2012, 2014, and 2017.

From the 2017 Update: "*The intent of the updated program is to identify, describe, and prioritize the infrastructure needs of the community as it grows and evolves. The overall goal of the CIP is to maintain the same high quality of life for all citizens through the timely anticipation of the City's needs, planning of improvement projects and determining funding sources as the community grows. The program is also intended to depict financial challenges of the City's growth and maintenance of infrastructure that characterize the City's future and the associated funding requirements to meet these objectives. The programming portion includes formulating preliminary plans, projecting estimated project costs, setting priorities, identifying funding sources, and scheduling the implementation of the plans.*"

The City of Friendswood adopted their current Capital Improvement Projects Manual in May of 2017 by Resolution R2017-13. This Manual proposed 77 projects for water, wastewater, facilities, drainage, parks, and streets. Within those 77 projects, 7 water and 10 wastewater projects were identified for the next 5 years (2017-2021). Additionally, 23 water and wastewater projects were identified in the "Beyond 5 Year Plan."

Since the planning period for the Impact Fee adoption process is *10 years*, all of the *eligible* water and wastewater projects from the Capital Improvements Program are included, as well as other projects anticipated within the 10-year range.

B. EXISTING CAPITAL IMPROVEMENTS

1. WATER SUPPLY AND DISTRIBUTION

Historically, water supply for the City of Friendswood was served exclusively by groundwater. However, in 1975, the Harris-Galveston Subsidence District (HGSD) was created by the Texas Legislature for the purpose of preventing land subsidence and increased flooding. Under HGSD's requirements, it was determined that the City's future water supply must be converted from a majority of groundwater use to a majority of surface water use.

In January 2001, a Groundwater Reduction Plan (GRP) was developed by Klotz Associates, Inc. in order to meet the HGSD requirements. The GRP indicated that the total water supply needed for the anticipated buildout population of 57,400 would be 16.8 million gallons per day (MGD):

57,400 x 136 gallons per person per day x 2.16 peaking factor = 16.8 MGD

Further, it determined that, in order to meet groundwater reduction goals, the appropriate mix should be 11.8 MGD surface water and 5.0 MGD groundwater. As such, the City of Friendswood has diligently purchased 12.0 MGD of water treatment capacity from the City of Houston's Southeast Water Purification Plant, La Porte Water Authority, and MUD 55.

As described in the PROGRAM, there are six (6) water projects that will be needed in the next 5 years in order to upgrade, update, and improve the existing Capital Improvements to meet the existing needs of the City. Although these projects cannot be used in the Impact Fee calculation, their inclusion in this Study is a requirement of Section 395.014 (a) (1) and (2) of the Impact Fee Legislation:

TABLE 5
WATER PROJECTS FOR EXISTING NEEDS

WATER PROJECTS	APPROXIMATE COST
1. City of Houston Water Plant Rehabilitation	$ 3,500,000
2. Water Plant #1 Rehabilitation	$ 1,339,000
3. 42" Water Main Replacement	$ 12,545,000
4. Elevated Storage Tank #2 Rehabilitation	$ 1,059,000
5. Water Plant Tank #3 Rehabilitation	$ 706,000
6. Water Plant Tank #4 Rehabilitation	$ 706,000
SUBTOTAL WATER	$ 19,855,000

2. WASTEWATER COLLECTION AND TREATMENT

Since 1979, the City of Friendswood has purchased 4.875 MGD of the 9.25 MGD capacity in the Blackhawk Regional Wastewater Treatment Facility. Of the City's total capacity, 2.5 MGD was purchased in the Phase I construction to serve existing development. An additional 2.375 MGD was purchased in the Phase II expansion project to serve new development and has previously been subject to the impact fee.

In order to serve the anticipated buildout population of 57,400 people, a total capacity of 6.5 MGD will be needed:

57,400 people / 2.8 people per connection = 20,500 connections
20,500 connections x 315 gallons per connection = 6.5 MGD

Therefore, a 2.0 MGD Phase III expansion is anticipated to serve new development and was included in the 2013 impact fee calculation. Additionally, the PROGRAM identified 10 wastewater projects needed in the next 5 years in order to upgrade, update, and improve the existing Capital Improvements to meet the existing needs of the City. Although these projects cannot be used in the Impact Fee calculation, their inclusion in this Study is a requirement of Section 395.014 (a) (1) and (2) of the Impact Fee Legislation:

TABLE 6
WASTEWATER PROJECTS FOR EXISTING NEEDS

WASTEWATER PROJECTS	APPROXIMATE COST
1. Lift Station #1 Replacement	$ 1,594,000
2. Lift Station #4 Replacement	$ 1,594,000
3. Lift Station #17 Replacement	$ 1,594,000
4. Lift Station #22Replacement	$ 2,372,000
5. Lift Station #23 Replacement	$ 3,540,000
6. Sanitary Sewer System Assessment Phase 4	$ 1,464,000
7. Sanitary Sewer System Assessment Phase 5	$ 100,000
8. Sanitary Sewer System Assessment Phase 6	$ 100,000
9. Sanitary Sewer System Assessment Phase 7	$ 175,000
10. Sanitary Sewer System Assessment Phase 8	$ 1,830,000
SUBTOTAL WASTEWATER	$ 14,363,000

C. PROJECTS

As discussed, the City's Capital Improvements Program (PROGRAM) identified 77 projects for water, wastewater, facilities, drainage, parks, and streets. The Capital Improvements Plan (CIP) contained within this 2018 Updated Impact Fee Study document consists of only *eligible* water and wastewater projects from the City's PROGRAM.

Four (4) water projects and five (5) wastewater projects were identified within the PROGRAM for this CIP and are included in Table 7. The approximate subtotal costs are $6.8M for the water projects and $13.7M for the wastewater projects.

TABLE 7
CAPITAL IMPROVEMENTS PLAN

WATER PROJECTS	APPROXIMATE COST
1. Sixteen Inch Waterline Phase III	$ 2,500,000
2. Beamer Road Waterline	$ 2,043,000
3. East Waterline	$ 1,354,000
4. South Friendswood Waterline	$ 878,000
SUBTOTAL WATER	$ 6,775,000

WASTEWATER PROJECTS	APPROXIMATE COST
1. Beamer Road Sanitary Sewer	$ 4,200,000
2. El Dorado Sanitary Sewer	$ 3,880,000
3. FM 528 – Falcon Ridge to Windsong Sanitary Sewer	$ 1,005,000
4. FM 528 – Lundy Lane to Tower Estates Sanitary Sewer	$ 1,585,000
5. Windsong Sanitary Sewer	$ 3,061,000
SUBTOTAL WASTEWATER	$ 13,731,000

D. PROJECT DESCRIPTIONS

Project descriptions for the four (4) water projects and five (5) wastewater projects contained within this CIP were also included within the PROGRAM, and are provided below per the requirement of Section 395.014 (a) (3) of the Impact Fee Legislation:

Water Project #1: Sixteen Inch Waterline Phase III $ 2,500,000

The proposed improvements would extend waterlines west from Water Plant #4 connecting to existing City waterlines in the western reaches of the City Limits. Currently, limited unlooped waterlines service various developments throughout the western region of Friendswood. This proposed water line loop would open up development opportunities along FM 528 and greatly improve water pressure.

Water Project #2: Beamer Road Waterline $ 2,043,000

This project consists of the proposed installation of a twelve-inch waterline along Beamer Road from FM2351 to Dixie Farm Road. The proposed improvements will expand those installed in the 2010 Beamer Road utility project funded with U.S. Economic Development Administration Grant. Efforts to attract light industry and office warehouse business and development into this area are largely dependent on availability of City service infrastructure.

Water Project #3: East Waterline $ 1,354,000

This project consists of the installation of approximately 2,850 linear feet of fourteen-inch waterline that would extend water service to the East Service Area, and then loop the line back into the existing system by installing 6,600 linear feet of twelve-inch waterline to Bay Area Boulevard. This project will provide water to the eastern most area of the City and loop the FM 528 line to the Bay Area Boulevard line.

Water Project #4: South Friendswood Waterline $ 878,000

This project would extend waterlines south along FM 528 connecting to existing City water-lines in the southern reaches of the City Limits. Currently, limited unlooped water lines service various developments throughout the southern region of Friendswood. The proposed water line loop would open up development opportunities along FM 528.

Wastewater Project #1: Beamer Road Sanitary Sewer $ 4,200,000

This project consists of the proposed installation of additional gravity sewer lines along Beamer Road toward Dixie Farm. The proposed improvements will expand those installed in the 2010 Beamer Road utility project funded with U.S. Economic Development Administration Grant. Efforts to attract light industry and office warehouse business and development into this area are largely dependent on availability of City service infrastructure.

Wastewater Project #2: El Dorado Sanitary Sewer $ 3,880,000

This project will include approximately 2,500 feet of six-inch force main, 5,000 feet of twelve-inch gravity sewer, 1,500 feet of fifteen-inch gravity sewer, and twenty manholes. The lift station will be located in the vicinity of the intersection of Lundy Lane and El Dorado Lane. Easements must be obtained for construction and installation of the Lift Station. Currently this area consists of 36 large lots and large acreage tracts, and is served by individual septic systems.

Wastewater Project #3: $ 1,005,000
FM528 - Falcon Ridge to Windsong Sanitary Sewer

The purpose of this project is to provide sanitary sewer to the non-serviced area along FM 528 from Falcon Ridge to Windsong. The project will require construction of a Lift Station, approximately 5,700 feet of eight-inch force main, 4,800 feet of ten-inch gravity line and fourteen manholes. Easements must be obtained for construction and installation of the force main.

Wastewater Project #4: $ 1,585,000
FM528 – Lundy Lane to Tower Estates Sanitary Sewer

The construction of a new sanitary sewer is required to provide services to the currently non-serviced areas along FM 528 from Lundy Lane to Tower Estates. The project will consist of approximately 3,000 feet of ten-inch gravity line, 800 feet of eight-inch line, and ten manholes.

Wastewater Project #5: Windsong Sanitary Sewer $ 3,061,000

This project will provide sanitary sewer to the non-serviced area on Windsong to FM 528. The project will also include the Wind Creek and Windwood Lane areas. This project will consist of the construction of a Lift Station, in the vicinity of Windsong and Wind Creek Lane, approximately 3,000 feet of 6-inch force main, 6,450 feet of 8-inch gravity line and 18 manholes. In addition, a utility easement will be required for the construction of the Lift Station. Currently, the area is served by individual septic systems.

E. EQUIVALENT SERVICE UNITS

In Section 395.014 (a) (4), the Impact Fee Legislation requires that the study provide a *"definitive table establishing the specific quantity of use, consumption, generation, or discharge of a service unit for each category of capital improvements or facility expansions, and an equivalent or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, and industrial."*

Many municipalities have determined that the method that is the most equitable and easy to administer is based on the water meter size required to support the proposed building or facility. The American Water Works Association has published tables identifying the industry standard rated flow rates for meters of various sizes.

These flow rates are compared to the standard residential meter (1" for Friendswood) as one service unit and provide an equivalency factor to determine the total impact fee. This method is recommended since it provides the most equitable determination of actual *impact* of the development on the water and wastewater systems.

Table 8 establishes Equivalency Factors for water meters based on AWWA hydraulic capacities standard to the engineering industry:

TABLE 8
EQUIVALENT METER TABLE

Actual Meter Size (inches)	AWWA Capacity (GPM)	Equivalency Factor
1	50	1
1-1/2	100	2
2	160	3
3	300	6
4	500	10
6	1000	20
8	1600	32
10	2300	46
12	4300	86

As of October 2018, the Utility Billing Department reported a total of 12,614 existing residential water meters in the City of Friendswood. As shown in Table 9, the majority of those meters (12,513/12,614 = 99%) are 1” in size or smaller, and therefore represent a 1:1 equivalency. However, there are also 101 residential meters that are larger than 1”.

Using the Equivalency Factors determined in Table 8 above, these 12,614 residential meters represent a total of 12,760 equivalent meters:

Table 9
Current Residential Meter Summary

Meter Size (inches)	Equivalency Factor	Residential Water Meters	Equivalent Meters
1*	1	12,513	12,513
1-1/2	2	66	132
2	3	34	109
3	6	1	6
4	10		0
6	20		0
8	32		0
10	46		0
12	86		0
Total		12,614	12,760

** Includes 3/4", 5/8", and 1" water meters.*

In addition to the residential water meters, the Utility Billing Department also identified 558 existing non-residential water meters in the City of Friendswood. As shown in Table 10, the majority of those meters (339/558 = 60%) are 1" in size or smaller, and therefore represent a 1:1 equivalency. However, there are also 219 non-residential meters that are larger than 1".

Using the Equivalency Factors determined in Table 8 above, these 558 non-residential meters represent a total of 1,140 equivalent meters:

TABLE 10
CURRENT NON-RESIDENTIAL METER SUMMARY

Meter Size (inches)	Equivalency Factor	Non-Residential Water Meters	Equivalent Meters
1*	1	339	339
1-1/2	2	50	100
2	3	141	451
3	6	18	108
4	10	7	70
6	20	2	40
8	32	1	32
10	46		0
12	86		0
Total		558	1,140

** Includes 3/4", 5/8", and 1" water meters.*

By combining the *Total Actual* and *Total Equivalent* meter data from Tables 9 and 10 for residential and non-residential water meters, Table 11 shows that approximately 8% of the current demand can be attributed to that of non-residential usage:

TABLE 11
CURRENT WATER METER SUMMARY

	Residential Water Meters	Non-Residential Water Meters	Total Water Meters
Total Actual Meters	12,614	558	13,172
Total Equivalent Meters	12,760	1,140	13,900
Percentage of Equivalent Meters	92%	8%	100%

In November 1998, when Vision 2020 was prepared by Kenneth Balk & Associates, the non-residential land usage at the time was observed as 8% (536 acres out of 6,759 acres). While the Vision Summary was to "*develop undeveloped land in Friendswood in general conformance to the existing zoning plan with regard to the split between residential and non-residential land as 73% Residential and 27% Commercial and Light Industrial*," Friendswood is still predominantly a residential community.

Utilizing the 1.5% Growth Rate recommended in Section II. Land Use Assumptions, the number of Equivalent Service Units (ESU) projected to be added from 2018 to 2028 can be determined per Section 395.014 (a) (5) the Impact Fee Legislation.

According to the HGAC data, there were 13,511 total households within the City limits of Friendswood in 2015. With a corresponding 2015 population of 38,435, this equates to a ratio of 2.84 persons per household. In the year 2020, HGAC predicts that Friendswood will have 41,589 people in 14,258 households, representing 2.92 persons per household. Averaging these HGAC data points (2.84 and 2.92) results in a density of 2.88, which directly corresponds with the 2016 Census data of 2.88 persons per household in Friendswood. Previous updates have implemented 2.80, 2.82, and 3.00, indicating that 2.88 persons per household is an appropriate value for this Study.

In addition to Friendswood's residential population, approximately 8% of the water and wastewater usage is represented by non-residential development. Assuming a continued density of 2.88 people per household, and a corresponding increase in non-residential development of 8%, the following increase in ESU will provide the basis for determining the maximum allowable impact fee that may be charged by the City:

TABLE 12
EQUIVALENT SERVICE UNITS

Projected increase in population for planning period (Table 4):	6,492
Projected increase in population per Service Unit:	6,492/2.88
Projected increase in Residential Service Units:	2,254
Projected increase in Non-Residential Service Units (8%):	180
Equivalent Service Units for planning period (2018-2028) =	**2,434 ESU**

IV. IMPACT FEES

The impact fee amount per Equivalent Service Unit (ESU) will be determined based on the number of service units projected to be added to the systems over the 10-year planning period. The single-family residence will be considered as the standard service unit.

A. ADMINISTRATIVE ITEMS

1. The impact fee will be *assessed* (subject to future updates) at the time that a plat is filed (where applicable), and *collected* during the building permit process, as identified in the impact fee legislation.
2. Parks and temporary construction trailers will not be assessed any impact fees.
3. Houses and businesses obtaining additional meter(s) for fire line or lawn irrigation purposes only will not pay the impact fee associated with water or wastewater.
4. The Architect or Engineer for the Owner will size the water meter for the development based on industry standards.
5. Governmental buildings will not pay the water and wastewater impact fees based on the proposed assessment method.
6. Schools are exempt from payment of impact fees unless the board of trustees consents to a specific agreement in accordance with Chapter 395, Local Government Code.
7. When an existing water meter is changed out, additional impact fees will only be assessed if the meter size is increased. The fee will be based on the incremental increase in the Service Units.
8. When meters are changed out for the same size meter or a smaller meter, no Impact Fee will be assessed.
9. If an existing home is currently on a private well and/or septic system, and public water or wastewater become available:
    a. If the homeowner connects within 1 year of the installation of the City services, they will not have to pay impact fees.
    b. If the homeowner has not connected to City services within 1 year, they will pay the full impact fee at the time of their connection.
10. Impact fees do not include tap or meter fees; these regulations do not waive any tap or meter fees.

B. MAXIMUM IMPACT FEE DETERMINATION

Chapter 395 of the Local Government Code was amended in 2001 to include that the City must provide for one of the following from Section 395.014 Paragraph (a) (7):

(A) *a credit for the portion of ad valorem tax and utility service revenues generated by new service units during the program period that is used for the payment of improvements, including the payment of debt, that are included in the Capital Improvements Plan; or*

(B) *in the alternative, a credit equal to 50 percent of the total projected cost of implementing the capital improvements plan.*

The City of Friendswood has elected to follow option (B) and provide the credit equal to 50 percent of the CIP resulting in the following maximum Impact Fees. Therefore:

TABLE 13
MAXIMUM IMPACT FEES

Total Cost of Water Projects	(Table 7)	=	$ 6,775,000
Total Cost of Wastewater Projects	(Table 7)	=	$ 13,731,000
Increase in Service Units	(Table 12)	=	2,434
Total Cost of Water Projects from CIP/Increase in Service Units (2018-2028)			
	$6,775,000 / 2,434	=	$ 2,783 / ESU
Total Cost of Wastewater Projects from CIP/Increase in Service Units (2018-2028)			
	$13,731,000 / 2,434	=	$ 5,641 / ESU
Maximum Water Impact Fee:	$ 2,783 x 50%	=	$ 1,391 / ESU
Maximum Wastewater Impact Fee:	$ 5,641 x 50%	=	$ 2,820/ ESU
Maximum Total Impact Fee:	$ 1,391 + $2,820	=	**$ 4,211 / ESU**

V. SUMMARY AND RECOMMENDATIONS

The City of Friendswood, Texas has elected to adopt Water and Wastewater Impact Fees to assist in the financing of Capital Improvements for the systems that are necessitated by growth and development anticipated in the City.

- The Planning Period for this Impact Fee Study is **2018 to 2028**.
- A growth rate of **1.5%** per year is recommended for projection of population and resulting service units for the calculation of the Impact Fee amount.
- The projected population increase for this Planning Period is **6,492** people.
- The equivalent increase in service units is **2,434 ESU**.
- The Total Costs for eligible Water Projects identified in the CIP equate to **$6,775,000**.
- The Total Costs for eligible Wastewater Projects in the CIP equate to **$13,731,000**.
- The Maximum Water Impact Fee is **$1,391** per ESU.
- The Maximum Wastewater Impact Fee is **$2,820** per ESU.

TABLE 14
PREVIOUS IMPACT FEES

Year	Water	Sewer	Total
2003	$1,892	$967	$2,859
2008	$1,849	$1,290	$3,139
2013	$2,088	$840	$2,928

The City of Friendswood has traditionally adopted the maximum calculated Impact Fee, as recommended by the Advisory Committee. While a community can elect to adopt a *lesser* amount than the maximum calculated Impact Fee, they cannot adopt a *greater* amount.

Based on the information presented in this 2018 Impact Fee Study, the Impact Fee Advisory Committee recommends that the City Council adopt the following Impact Fee rates:

RECOMMENDED WATER IMPACT FEE	=	$? / ESU
RECOMMENDED WASTEWATER IMPACT FEE	=	$? / ESU
RECOMMENDED TOTAL IMPACT FEE	=	$? / ESU

Staff

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: December 3, 2018

Date Submitted: November 20, 2018 Dept. Clearances: Steven Rhea

Prepared by: Aubrey Harbin

Subject: Request to vacate 40 feet of right-of-way at 4650 FM 2351

Originating Department: Community Development City Attorney Review: Yes

Proceeding: 2nd reading of Ordinance

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required:	Amount Budgeted:
Appropriation Required:	Source of Funds:
FINANCE APPROVAL:	

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

In 2016, this property owner platted his 10-acre tract of land in order to develop the property. At the time, an extension of Blackhawk Boulevard was identified on the City's Major Thoroughfare Plan as a future 80-100 foot boulevard; therefore, the property owner was required to dedicate half of the width of the proposed boulevard. In March 2018, the Major Thoroughfare Plan was amended and the Blackhawk Boulevard extension was removed from the plan. This property owner is now requesting to reverse the dedication of the 40 feet of right-of-way.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

It is unnecessary for the City to retain this portion of dedicated right-of-way since the road extension was removed from the MTP. Additionally, there was never any funding for the road to be built.

RECOMMENDATIONS

The Planning and Zoning Commission voted unanimously 7-0 to approve the above referenced request to vacate right-of-way.

ATTACHMENTS

Ordinance
Exhibit A
Planning and Zoning Recommendation Memo

(Title: An ordinance approving a vacation of a portion of a public right-of-way.)

ORDINANCE NO. T2018-33

AN ORDINANCE APPROVING A VACATION OF A PORTION OF A PUBLIC RIGHT-OF-WAY LOCATED ADJACENT TO 4650 FM 2351 WITHIN THE PROPERTY PLATTED AS BENZI DEVELOPMENT GARAGE CONDOMINIUMS; AUTHORIZING THE MAYOR TO EXECUTE AND THE CITY SECRETARY TO ATTEST A QUITCLAIM DEED BY AND BETWEEN THE CITY AND NICK DEUTSCH.

* * * * * * * * * * *

WHEREAS, a forty (40) foot right-of-way for Blackhawk Boulevard (.6061 acres) was dedicated to the public by way of a subdivision plat known as Benzi Development Garage Condominiums, a subdivision recorded in Film Code No. 678060, Harris County Map Records, Friendswood, Harris County, Texas, adjacent to a certain property located in the City of Friendswood, Texas at 4650 FM 2351, also known as Unrestricted Reserve A, Block 1 of Benzi Development Garage Condominiums Subdivision according to Film Code No. 678060 of Map Records of Harris County, Texas; and

WHEREAS, the owner of said property, Nick Deutsch on behalf of Benzi Development Garage Condominiums, has applied to the City to vacate a .6061 acre (26,400 square feet) portion of the said forty (40) foot wide Blackhawk Boulevard right-of-way; and

WHEREAS, pursuant to Section 70-25 of the Code of Ordinances of the City of Friendswood, Texas, the applicant has supplied all required information to the City, and the City Council has conducted a joint public hearing with the Planning and Zoning Commission to consider any public comments concerning the proposed vacation; and

WHEREAS, the Major Thoroughfare Plan was amended by Ordinance 2018-05, and the Blackhawk Boulevard extension was removed from the map; and

WHEREAS, the Planning and Zoning Commission has filed its written report with City Council, which recommends __________________ of the application for the request to vacate the .6061 acre portion of 40-foot right-of-way of Blackhawk Boulevard; and

WHEREAS, the City Council of the City of Friendswood deems it in the best interest of the City of Friendswood to approve the vacation of the forty (40) foot wide Blackhawk Boulevard right-of-way to the applicant.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. That the Mayor and City Secretary are hereby authorized and directed to execute and attest, respectively, any and all quitclaim deeds necessary to provide for the vacation and release of the following portion of the right-of-way to the owner of property located at 4650 FM 2351, also known as Unrestricted Reserve A, Block 1 of Benzi Development Garage Condominiums Subdivision according to Film Code No. 678060 of Map Records of Harris County, Texas:

> A 0.6061 acre (26,400 sq. ft.) tract of land, being out of Unrestricted Reserve "A", Block 1, of the Benzi Development Garage Condominiums, a subdivision recorded in Film Code No. 678060, Harris County Map Records, Friendswood, Harris County, Texas. Said easement area to be released is more clearly shown on the survey attached hereto and made a part hereof.

Section 2. That the metes and bounds description attached to this ordinance as Exhibit "A" shall constitute the legal description of the right-of-way being vacated and released to the owner of property located at 4650 FM 2351, also known as Unrestricted Reserve A, Block 1 of Benzi Development Garage Condominiums Subdivision according to Film Code No. 678060 of Map Records of Harris County, Texas.

PASSED AND APPROVED on first reading this 5th day of November, 2018.

PASSED, APPROVED, and ADOPTED on second and final reading this 3rd day of December, 2018.

Mike Foreman
Mayor

ATTEST:

Melinda Welsh, TRMC
City Secretary

Exhibit A

1. Metes and Bounds Description and Survey

A 0.6061 acre (26,400 sq. ft.) tract of land, being out of Unrestricted Reserve "A", Block 1, of the Benzi Development Garage Condominiums, a subdivision recorded in Film Code No. 678060, Harris County Map Records, Harris County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING, at a found 5/8-inch iron rod with cap, being the westerly corner of said Unrestricted Reserve "A", in the south right-of-way line of Timber Creek Private Drive;

THENCE, South 42°16’45” West, along the southeast line of said Unrestricted Reserve "A", a distance of 660.00 feet to a found 5/8-inch iron rod with cap, being the southerly corner of said Unrestricted Reserve "A";

THENCE, North 48°20’02” West, along the southerly line of said Unrestricted Reserve "A", a distance of 40.00 feet to a point;

THENCE, North 42°16’45” East, across said Unrestricted Reserve "A", a distance of 660.00 feet to a point in the south right-of-way line of Timber Creek Private Drive;

THENCE, South 48°20’02” East, along the south right-of-way line of Timber Creek Private Drive, a distance 40.00 feet to the **POINT OF BEGINNING** and containing 0.6061 acre of land.

This metes and bounds description was compiled in conjunction with a survey performed on the same date.

WITNESS my hand and seal this 18th day of July, 2018.

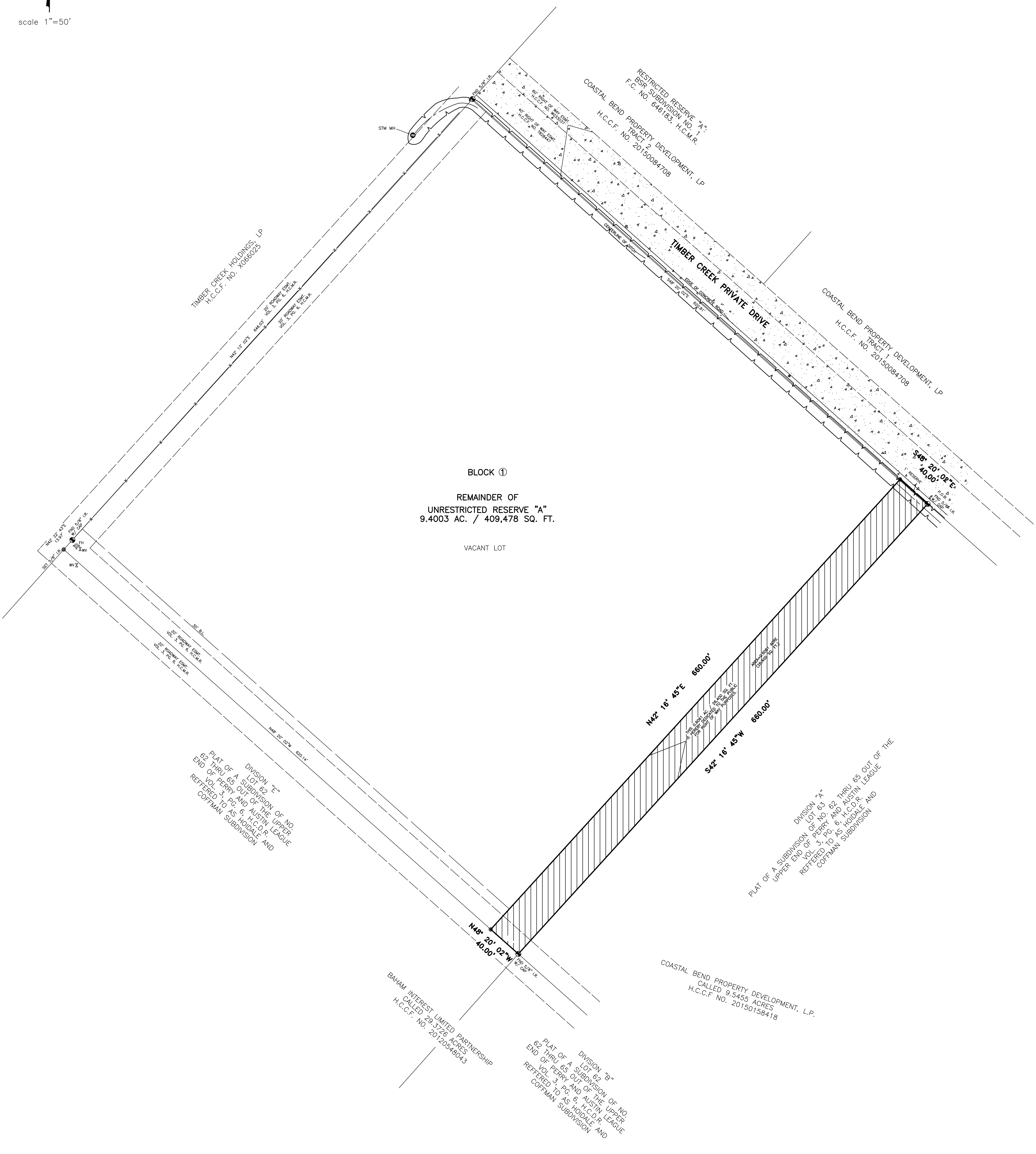
STATE OF TEXAS
REGISTERED
GEORG R. LARDIZABAL
6051
PROFESSIONAL
LAND SURVEYOR

Georg Lardizabal
R.P.L.S. No. 6051
GGC Survey, PLLC
Firm No. 10146000
Tel:832-729-7256

scale 1"=50'

LEGEND:

U.E.	UTILITY EASEMENT
W.L.E.	WATERLINE EASEMENT
R.O.W.	RIGHT OF WAY
B.L.	BUILDING LINE
P.L.	PROPERTY LINE
⊕	CONTROLLING MONUMENT
FH	FIRE HYDRANT
WM	WATER METER
EM	ELECTRIC METER
GM	GAS METER
PP	POWER POLE
CP	*CABLE PEDESTAL*
PLM	PIPELINE MARKER
TP	*TELEPHONE PEDESTAL*
< >	CALLED DISTANCE
( )	MEASURED DISTANCE



NOTES:

1. BEARINGS BASED ON PLAT.

2. SUBJECT TO APPLICABLE RESTRICTIVE COVENANTS LISTED IN SCHEDULE "B" OF THE TITLE COMMITMENT ISSUED BY AMERICAN TITLE COMPANY UNDER G.F. NO. 3055918–00283, EFFECTIVE 02/19/18 AS LISTED: IN FILM CODE NO. 678060, H.C.M.R.

3. EASEMENT AND BUILDING LINES PER RECORDED PLAT.

4. 40' PUBLIC R.O.W PER FILM CODE NO. 678060, H.C.M.R.

5. SUBJECT TO UNLOCATED PIPELINE EASEMENT PER VOL. 1302, PG. 223 AND VOL. 1061, PG. 681, H.C.D.R.

6. SUBJECT TO TERMS, CONDITIONS AND STIPULATIONS OF THAT CERTAIN PUBLIC R.O.W. AND INDEMNITY AGREEMENT PER H.C.C.F. NO. RP–2016–63683.

BOUNDARY SURVEY
0.6061 ACRE (26,400 SQ. FT.)
OUT OF
UNRESTRICTED RESERVE "A" IN BLOCK 1
OF BENZI DEVELOPMENT GARAGE CONDOMINIUMS
RECORDED IN FILM CODE NO. 678060
OF THE MAP RECORDS OF
HARRIS COUNTY, TEXAS.

GGC SURVEY,PLLC
Firm Number 10146000
8114 Golden Harbor Missouri City, TX 77459
TEL. (832)729-7256 *ggcsurvey@gmail.com*
www.ggcsurvey.com

F.I.R.M. NO. 485468 PANEL 0005E
EFFECTIVE DATE 09/22/99 ZONE "X"

FLOOD INFORMATION PROVIDED HEREON IS BASED ON SCALING THE LOCATION OF THE SUBJECT TRACT ON THE FLOOD INSURANCE RATE MAPS. THE INFORMATION SHOULD BE USED TO DETERMINE FLOOD INSURANCE RATES ONLY AND IS NOT INTENDED TO IDENTIFY SPECIFIC FLOODING CONDITIONS. WE ARE NOT RESPONSIBLE FOR THE F.I.R.M.'S ACCURACY.

SURVEYED FOR: BENZI DEVELOPMENT CO. LLC
ADDRESS: 0 TIMBER CREEK PRIVATE DRIVE, FRIENDSWOOD, TEXAS 77546
FIELDWORK: 03/08/18
TITLE COMPANY: AMERICAN TITLE COMPANY
GF. NO.: 3055918–00283
G.F. EFFECTIVE DATE: 02/19/18
JOB NO.: 104203

CERTIFICATION

I HEREBY CERTIFY THAT THIS SURVEY WAS MADE ON THE GROUND AND THAT THIS PLAT CORRECTLY REPRESENTS THE FACTS FOUND AT THE TIME OF SURVEY SHOWING ANY IMPROVEMENTS, FROM LEGAL DESCRIPTIONS SUPPLIED BY CLIENT. THIS SURVEY IS ONLY CERTIFIED FOR BOUNDARY AND THIS TRANSACTION ONLY. SURVEYOR DID NOT ABSTRACT PROPERTY. EASEMENTS, BUILDING LINES, ETC. SHOWN ARE AS IDENTIFIED BY THE TITLE COMMITMENT.

STATE OF TEXAS
REGISTERED
GEORG R. LARDIZABAL
6051
PROFESSIONAL
LAND SURVEYOR

07/18/18

GEORG R. LARDIZABAL, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 6051

City of Friendswood

Memo

To: **Mayor and City Council**

From: **Joe Matranga, P&Z Chairman** JM (AH)

Date: **November 6, 2018**

Re: **Request to vacate a 40-ft ROW of Blackhawk Blvd. (portion adjacent to 4650 FM 2351), a 0.6061 acre (26,400 sq. ft.) tract of land, being out of Unrestricted Reserve "A", Block 1, of the Benzi Development Garage Condominiums, a subdivision recorded in Film Code No. 678060, Harris County Map Records, Friendswood, Harris County, Texas**

At the meeting held November 5, 2018, the City of Friendswood Planning and Zoning Commission voted unanimously 7-0 to approve the above referenced request to vacate right-of-way.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: December 3, 2018

Date Submitted: November 20, 2018

Dept. Clearances: Steven Rhea

Prepared by: Aubrey Harbin

Subject: Request to vacate three public waterline easements at 1501 W. Parkwood Ave.

Originating Department: Community Development

City Attorney Review: Yes

Proceeding: 2nd reading of Ordinance

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required:	Amount Budgeted:
Appropriation Required:	Source of Funds:
FINANCE APPROVAL:	

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

The Gardens at Friendswood Lakes Plat (2008) dedicated three waterline easements throughout Lot 2 in anticipation of expanding the adjacent apartment complex on Lot 1 onto this property. That expansion did not happen and the property has been sold. The current owner is proposing two retail strip center buildings and the waterline easements are not needed.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

The waterline easements were dedicated on the plat in anticipation of the expansion of the adjacent apartment complex. The easements are no longer needed.

RECOMMENDATIONS

The Planning and Zoning Commission voted unanimously 7-0 to approve the above referenced request to vacate the water line easements.

ATTACHMENTS

Ordinance
Exhibit A
Planning and Zoning Recommendation Memo

(Title: An ordinance approving a request to vacate three public waterline easements.)

ORDINANCE NO. T2018-34

AN ORDINANCE APPROVING A VACATION OF THREE WATERLINE EASEMENTS LOCATED WITHIN THE PROPERTY LOCATED AT 1501 W. PARKWOOD AVE. IN THE GARDENS AT FRIENSDWOOD LAKES SUBDIVISION; AUTHORIZING THE MAYOR TO EXECUTE AND THE CITY SECRETARY TO ATTEST A QUITCLAIM DEED BY AND BETWEEN THE CITY AND JOSE GARZA.

* * * * * * * * * * *

WHEREAS, three waterline easements were dedicated to the public by way of a subdivision plat known as the Final Plat of Gardens at Friendswood Lakes and Replat of Friendswood Lakes Section 1 Unrestricted Reserve B, over and across a certain property located in the City of Friendswood, Texas, at 1501 W. Parkwood Ave., also known as Lot 2, Block 1 of Final Plat of Gardens at Friendswood Lakes and Replat of Friendswood Lakes Section 1 Unrestricted Reserve B Subdivision according to Film Code No. 2008040176 of Map Records of Galveston County, Texas; and

WHEREAS, the owner of said property, Jose Garza, has applied to the City to vacate the three waterline easements; and

WHEREAS, pursuant to Section 70-25 of the Code of Ordinances of the City of Friendswood, Texas, the applicant has supplied all required information to the City, and the City Council has conducted a joint public hearing with the Planning and Zoning Commission to consider any public comments concerning the proposed vacation; and

WHEREAS, the Planning and Zoning Commission has filed its written report with City Council, which recommends ___________________ of the application for the request to vacate the three waterline easements; and

WHEREAS, the City Council of the City of Friendswood deems it in the best interest of the City of Friendswood to approve the request to vacate the three waterline easements to the applicant.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. That the Mayor and City Secretary are hereby authorized and directed to execute and attest, respectively, any and all quitclaim deeds necessary to provide for the vacation and release of the following waterline easements to the owner of property located at 1501 W. Parkwood Ave., also known as Lot 2, Block 1 of the Final Plat of Gardens at Friendswood Lakes and Replat of Friendswood Lakes Section 1 Unrestricted Reserve B according to Film Code No. 2008040176 of Map Records of Galveston County, Texas:

1) A 0.017 of an acre waterline easement, out of Lot 2, Block 1 of Gardens at Friendswood Lakes, recorded in Galveston County Clerk's File Number (G.C.C.F. No.) 2008040176; and
2) A 0.017 of an acre waterline easement, out of Lot 2, Block 1 of Gardens at Friendswood Lakes, recorded in Galveston County Clerk's File Number (G.C.C.F. No.) 2008040176; and
3) A 0.070 of an acre waterline easement, out of Lot 2, Block 1 of Gardens at Friendswood Lakes, recorded in Galveston County Clerk's File Number (G.C.C.F. No.) 2008040176.

Section 2. That the metes and bounds description attached to this ordinance as Exhibit "A" shall constitute the legal description of the waterline easements being vacated and released to the owner of property located at 1501 W. Parkwood Ave., also known as Lot 2, Block 1 of the

Final Plat of Gardens at Friendswood Lakes and Replat of Friendswood Lakes Section 1 Unrestricted Reserve B according to Film Code No. 2008040176 of Map Records of Galveston County, Texas.

PASSED AND APPROVED on first reading this 5th day of November, 2018.

PASSED, APPROVED, and ADOPTED on second and final reading this 3rd day of December, 2018.

Mike Foreman
Mayor

ATTEST:

Melinda Welsh, TRMC
City Secretary

Exhibit "A"

1. Metes and Bounds Description and Exhibit

P.O.C.	POINT OF COMMENCING	B.L.	BUILDING SETBACK LINE
P.O.B.	POINT OF BEGINNING	L.B.	LANDSCAPE BUFFER
W.L.E.	WATERLINE EASEMENT	U.E./S.S.E.	UTILITY EASEMENT/SANITARY SEWER EASEMENT
		ST. SWE.	STORM SEWER EASEMENT

0 100 200

SCALE: 1"=100'

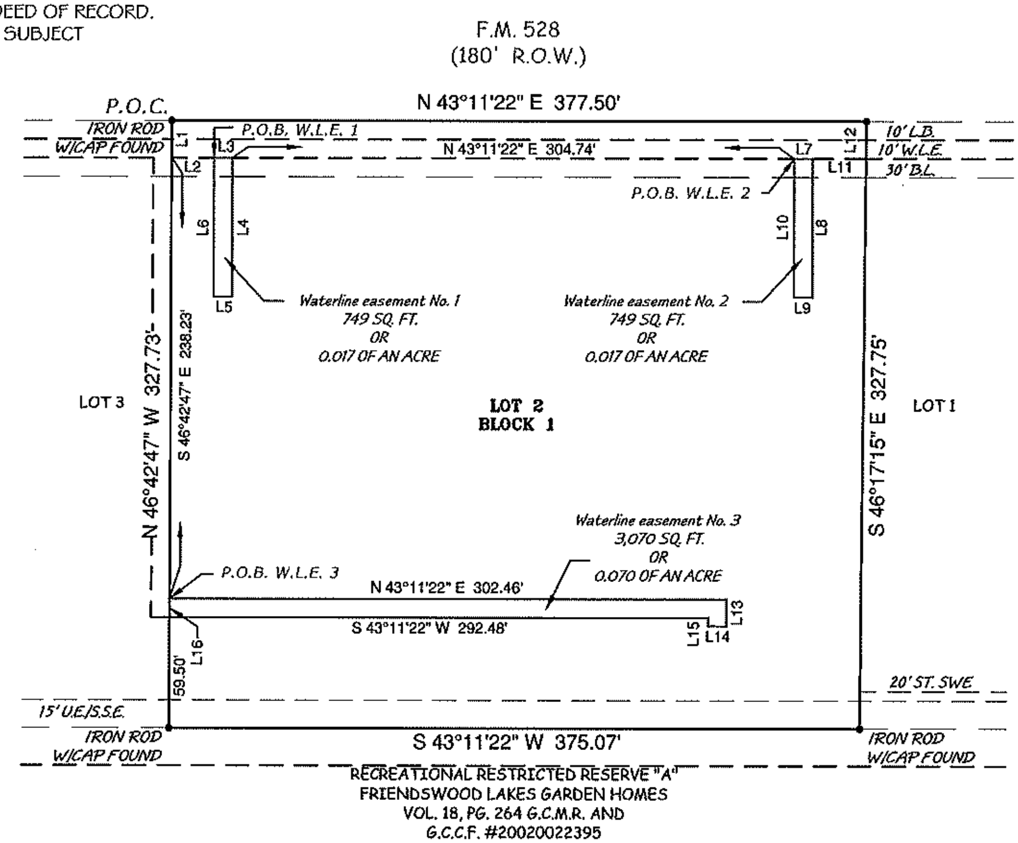
FMS JOB No. 56349

NOTES:

1. BEARINGS ARE BASED ON THE RECORDED PLAT OF GARDENS AT FRIENDSWOOD LAKES, RECORDED IN G.C.C.F. NO. 2008040176.
2. A SEPARATE METES AND BOUNDS DESCRIPTION HAS BEEN PREPARED IN CONNECTION WITH THIS EXHIBIT.
3. THE SURVEYOR HAS NOT ABSTRACTED THIS PROPERTY. THIS EXHIBIT WAS PREPARED WITHOUT THE BENEFIT OF A TITLE REPORT/COMMITMENT AND IS SUBJECT TO ANY AND ALL BUILDING LINES, EASEMENTS OR ORDINANCES THAT MAY BE CONTAINED THEREIN AND/OR NOT REFLECTED BY THE DEED OF RECORD.
4. AN ABSTRACT OF TITLE HAS NOT BEEN PERFORMED ON THE SUBJECT PROPERTY, THERE MAY BE OTHER MATTERS WHICH MAY APPLY.

N
FMS

LINE	BEARING	DISTANCE
L1	S 46°42'47" E	20.00'
L2	N 43°11'22" E	23.42'
L3	N 43°11'22" E	10.00'
L4	S 46°48'38" E	74.91'
L5	S 43°11'22" W	10.00'
L6	N 46°48'38" W	74.91'
L7	N 43°11'22" E	10.00'
L8	S 46°48'38" E	74.91'
L9	S 43°11'22" W	10.00'
L10	N 46°48'38" W	74.91'
L11	S 43°11'22" W	29.19'
L12	S 46°17'15" E	20.00'
L13	S 46°48'38" E	14.50'
L14	S 43°11'22" W	10.00'
L15	N 46°48'38" W	4.50'
L16	N 46°42'47" W	10.00'



SURVEYOR:

F.M.S. SURVEYING
19701 STATE HIGHWAY 6,
MANVEL, TEXAS 77578
CONTACT: JASON P. SHERIDAN
PHONE: (281) 519-8530, EXT. 102
TBPLS FIRM # 10040400
www.fmssurveying.com
FMS 56349

DWN: KR	PARCEL 515492	SCALE: 1"=100'	JOB #56349	ORIGINAL PLOT DATE: 9-12-18

FMS SURVEYING, INC ESTABLISHED 1978

OF TWO 0.017 OF AN ACRE WATERLINE EASEMENTS, AND A 0.070 OF AN ACRE WATERLINE EASEMENT OUT OF LOT 2, BLOCK 1 OF GARDENS AT FRIENDSWOOD LAKES, RECORDED IN G.C.C.F. NO. 2008040176 AND BEING THAT SAME TRACT CONVEYED TO BGG, LLC IN G.C.C.F. NO. 2014047754.

CITY OF FRIENDSWOOD, GALVESTON COUNTY, TEXAS

SHEET 1 OF 4

FMS SURVEYING, INC
ESTABLISHED 1978

WATERLINE EASEMENT NO. 1

PARCEL 515492

BGG, LLC

STATE OF TEXAS §

COUNTY OF GALVESTON §

METES AND BOUNDS DESCRIPTION of 0.017 of an acre (749 square feet) waterline easement, out of Lot 2, Block 1 of Gardens At Friendswood Lakes, recorded in Galveston County Clerk's File Number (G.C.C.F. No.) 2008040176 and being that same tract conveyed to BGG, LLC in G.C.C.F. No. 2014047754, with said 749 square foot easement more particularly described by metes and bounds as follows:

COMMENCING at an iron rod w/cap found in the southerly right-of-way (R.O.W.) line of 180' F.M. 528, marking the northwest corner of said Lot 2, Block 1 and the northeast corner of Lot 3, Block 1 of said Gardens At Friendswood Lakes;

THENCE S 46°42'47" E, along and with the common line of said Lots 2 and 3, a distance of 20.00 feet to a point for corner, from which an iron rod w/cap found in the northerly line of the Recreational Restricted Reserve "A" of Friendswood Lakes Garden Homes, recorded in Volume (Vol.) 18, Page (Pg.) 264 of the Galveston County Map Records (G.C.M.R.) and G.C.C.F. No. 20020022395, marking the southwest corner of said Lot 2 and the southeast corner of said Lot 3, bears S 46°42'47" E, 307.73 feet;

THENCE N 43°11'22" E, parallel to and 20 feet southerly of the northerly line of said Lot 2, a distance of 23.42 feet to a point marking the northwest corner and **POINT OF BEGINNING** of herein described easement;

THENCE N 43°11'22" E, along and with the northerly line of herein described easement and 20 feet southerly of the northerly line of said Lot 2, a distance of 10.00 feet to a point, marking the northeast corner of herein described easement;

THENCE S 46°48'38" E, along and with the easterly line of herein described easement, a distance of 74.91 feet to a point, marking the southeast corner of herein described easement;

THENCE S 43°11"22" W, along and with the southerly line of herein described easement, a distance of 10.00 feet to a point, marking the southwest corner of herein described easement;

THENCE N 46°48'38" W, along and with the westerly line of herein described easement, a distance of 74.91 feet to the **POINT OF BEGINNING** containing a calculated area of 0.017 of an acre of land.

NOTES:

1. All bearings are based on the Recorded Plat of Gardens At Friendswood Lakes, recorded in G.C.C.F. No. 2008040176. All distances are actual distances.
2. A separate Exhibit Map has been prepared in connection with this metes and bounds description.

F.M.S. Surveying, Inc.
19701 State Highway 6,
Manvel, Texas 77578
TBPLS FIRM No. 10040400
281-519-8530

Job No. 56349

Scott R. Sheridan
RPLS No. 6171

9/12/18

STATE OF TEXAS
REGISTERED
SCOTT R. SHERIDAN
6171
PROFESSIONAL
LAND SURVEYOR

SHEET 2 OF 4

WATERLINE EASEMENT NO. 2

PARCEL 515492

BGG, LLC

STATE OF TEXAS §

COUNTY OF GALVESTON §

METES AND BOUNDS DESCRIPTION of a 0.017 of an acre (749 square feet) waterline easement, out of Lot 2, Block 1 of Gardens At Friendswood Lakes, recorded in Galveston County Clerk's File Number (G.C.C.F. No.) 2008040176 and being that same tract conveyed to BGG, LLC in G.C.C.F. No. 2014047754, with said 749 square foot easement more particularly described by metes and bounds as follows:

COMMENCING at an iron rod w/cap found in the southerly right-of-way (R.O.W.) line of 180' F.M. 528, marking the northwest corner of said Lot 2, Block 1 and the northeast corner of Lot 3, Block 1 of said Gardens At Friendswood Lakes;

THENCE S 46°42'47" E, along and with the common line of said Lots 2 and 3, a distance of 20.00 feet to a point for corner, from which an iron rod w/cap found in the northerly line of the Recreational Restricted Reserve "A" of Friendswood Lakes Garden Homes, recorded in Volume (Vol.) 18, Page (Pg.) 264 of the Galveston County Map Records (G.C.M.R.) and G.C.C.F. No. 20020022395, marking the southwest corner of said Lot 2 and the southeast corner of Lot 3, Block 1 of said Gardens At Friendswood Lakes, bears S 46°42'47" E, 307.73 feet;

THENCE N 43°11'22" E, parallel to and 20 feet southerly of the northerly line of said Lot 2, a distance of 338.16 feet to a point marking the northwest corner and **POINT OF BEGINNING** of herein described easement;

THENCE N 43°11'22" E, along and with the northerly line of herein described easement and 20 feet southerly of the northerly line of said Lot 2, a distance of 10.00 feet to a point, marking the northeast corner of herein described easement, that bears, S 46°17'15" E, 20.00 feet and S 43°11'22" W, 29.19 feet from a point in the southerly R.O.W. line of said F.M. 528, marking the northeast corner of said Lot 2 and the northwest corner of Lot 1, Block 1 of said Gardens At Friendswood Lakes;

THENCE S 46°48'38" E, along and with the easterly line of herein described easement, a distance of 74.91 feet to a point, marking the southeast corner of herein described easement;

THENCE S 43°11"22" W, along and with the southerly line of herein described easement, a distance of 10.00 feet to a point, marking the southwest corner of herein described easement;

THENCE N 46°48'38" W, along and with the westerly line of herein described easement, a distance of 74.91 feet to the **POINT OF BEGINNING** containing a calculated area of 0.017 of an acre of land.

NOTES:

1. All bearings are based on the Recorded Plat of Gardens At Friendswood Lakes, recorded in G.C.C.F. No. 2008040176. All distances are actual distances.
2. A separate Exhibit Map has been prepared in connection with this metes and bounds description.

F.M.S. Surveying, Inc.
19701 State Highway 6,
Manvel, Texas 77578
TBPLS FIRM No. 10040400
281-519-8530
Job No. 56349

Scott R. Sheridan
RPLS No. 6171

9/13/18

STATE OF TEXAS REGISTERED SCOTT R. SHERIDAN 6171 PROFESSIONAL LAND SURVEYOR

FMS SURVEYING, INC
ESTABLISHED 1978

WATERLINE EASEMENT NO. 3

PARCEL 515492

BGG, LLC

STATE OF TEXAS §

COUNTY OF GALVESTON §

METES AND BOUNDS DESCRIPTION of a 0.070 of an acre (3,070 square feet) waterline easement, out of Lot 2, Block 1 of Gardens At Friendswood Lakes, recorded in Galveston County Clerk's File Number (G.C.C.F. No.) 2008040176 and being that same tract conveyed to BGG, LLC in G.C.C.F. No. 2014047754, with said 3,070 square foot easement more particularly described by metes and bounds as follows:

COMMENCING at an iron rod w/cap found in the southerly right-of-way (R.O.W.) line of 180' F.M. 528, marking the northwest corner of said Lot 2, Block 1 and the northeast corner of Lot 3, Block 1 of said Gardens At Friendswood Lakes;

THENCE S 46°42'47" E, along and with the common line of said Lots 2 and 3, a distance of 258.23 feet to a point marking the northwest corner and **POINT OF BEGINNING** of herein described easement;

THENCE N 43°11'22" E, along and with the northerly line of herein described easement and parallel to the northerly line of said Lot 2, a distance of 302.46 feet to a point, marking the northeast corner of herein described easement;

THENCE S 46°48'38" E, along and with the easterly line of herein described easement, a distance of 14.50 feet to a point, marking the most easterly southeast corner of herein described easement;

THENCE S 43°11"22" W, along and with the southerly line of herein described easement, a distance of 10.00 feet to an angle point for corner;

THENCE N 46°48'38" W, parallel to the east line of herein described easement, a distance of 4.50 feet to a point, marking an interior corner of herein described easement;

THENCE S 43°11'22" W, along and with the southerly line of herein described easement, a distance of 292.48 feet to a point in the common line of said Lots 2 and 3, marking the southwest corner of herein described easement, from which an iron rod w/cap found in the northerly line of the Recreational Restricted Reserve "A" of Friendswood Lakes Garden Homes, recorded in Volume (Vol.) 18, Page (Pg.) 264 of the Galveston County Map Records (G.C.M.R.) and G.C.C.F. No. 20020022395, marking the southwest corner of said Lot 2 and the southeast corner of Lot 3, bears S 46°42'47" E, 59.50 feet;

THENCE N 46°42'47" W, along and with the common line of said Lots 2 and 3, a distance of 10.00 feet to the **POINT OF BEGINNING** containing a calculated area of 0.070 of an acre of land.

NOTES:

1. All bearings are based on the Recorded Plat of Gardens At Friendswood Lakes, recorded in G.C.C.F. No. 2008040176. All distances are actual distances.
2. A separate Exhibit Map has been prepared in connection with this metes and bounds description.

F.M.S. Surveying, Inc.
19701 State Highway 6,
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TBPLS FIRM No. 10040400
281-519-8530
Job No. 56349

Scott R. Sheridan
RPLS No. 6171

9/14/18

STATE OF TEXAS REGISTERED SCOTT R. SHERIDAN 6171 PROFESSIONAL LAND SURVEYOR

City of Friendswood

Memo

To: Mayor and City Council

From: Joe Matranga, P&Z Chairman JM (4A)

Date: November 6, 2018

Re: Request to vacate three water line easements at 1501 W Parkwood Ave:

1) A 0.017 of an acre waterline easement, out of Lot 2, Block 1 of Gardens at Friendswood Lakes, recorded in Galveston County Clerk's File Number (G.C.C.F. No.) 2008040176; and

2) A 0.017 of an acre waterline easement, out of Lot 2, Block 1 of Gardens at Friendswood Lakes, recorded in Galveston County Clerk's File Number (G.C.C.F. No.) 2008040176; and

3) A 0.070 of an acre waterline easement, out of Lot 2, Block 1 of Gardens at Friendswood Lakes, recorded in Galveston County Clerk's File Number (G.C.C.F. No.) 2008040176.

At the meeting held November 5, 2018, the City of Friendswood Planning and Zoning Commission voted unanimously 7-0 to approve the above referenced request to vacate the water line easements.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: December 3, 2018

Date Submitted: November 20, 2018

Dept. Clearances: Steven Rhea

Prepared by: Aubrey Harbin

Subject: Zone Change Request – to change from Light Industrial (LI) to Light Industrial/Specific Use Permit (LI/SUP) to allow NAICS Use 7139 Other Amusement and Recreation Industries (shooting range).

Originating Department: Community Development

City Attorney Review: Yes

Proceeding: 2nd reading of Ordinance

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required:	Amount Budgeted:
Appropriation Required:	Source of Funds:
FINANCE APPROVAL:	

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

PSC Shooting Club is an existing use and developed property. The current Permitted Use Table in the City of Friendswood Zoning Ordinance requires a Specific Use Permit (SUP) for the use. The property owner is proposing to build a new building and two additional structures in the future, which is what triggered the application for the SUP. The underlying zoning of the property is Light Industrial.

Two of the proposed buildings are 3600 square foot buildings to be utilized as a club house and classroom training facilities. One of the buildings will be built now, and the other in the future. The other proposed structure on the site plan is a covered, open structure consisting of a roof and posts that will serve as a pistol range, approximately 13,000 square feet in size.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

This is an existing business located within the City requesting to expand and improve the structures on their property.

Local Government Code, Chapter 229 Miscellaneous Regulatory Authority of Municipalities and Local Government Code, Chapter 250 Miscellaneous Regulatory Authority of Municipalities and Counties regulate the city's authority regarding sport shooting ranges. According to LGC 250.001, the operation hours of the business are subject to the City of Friendswood Code of Ordinance, Chapter 54 Article IV. Noise ordinance.

RECOMMENDATIONS

The Planning and Zoning Commission voted unanimously 7-0 to approve the above referenced zone change request.

ATTACHMENTS

Ordinance
Exhibit A
Exhibit B
Planning and Zoning Recommendation Memo

(Title: An ordinance amending the zoning classification for a parcel comprising 55.159 acres located at 3099 FM 528 (also known as 3121 FM 528), Friendswood, Texas, by granting a zone classification change from Light Industrial (LI) to Light Industrial/Specific Use Permit (LI/SUP) for NAICS use # 7139 "Other Amusement and Recreation Industries (shooting ranges)," as more fully described herein.)

ORDINANCE NO. T2018-35

AN ORDINANCE AMENDING THE CODE OF ORDINANCES OF THE CITY OF FRIENDSWOOD, TEXAS, APPENDIX C – "ZONING," BY AMENDING THE ZONING CLASSIFICATION FOR A TRACT OR PARCEL CONTAINING 55.159 ACRES OF LAND LOCATED IN THE BEATY SEALY AND FORWOOD SURVEY, ABSTRACT 625, IN THE I&GN RR COMPANY SURVEY, SECTION 23, ABSTRACT 624, ACCORDING TO GALVESTON COUNTY DOCUMENT NO. 7402108, FRIENDSWOOD, GALVESTON COUNTY, TEXAS; AMENDING THE ZONE CLASSIFICATION FROM LIGHT INDUSTRIAL (LI) TO LIGHT INDUSTRIAL/SPECIFIC USE PERMIT TO ALLOW NAICS USE # 7139 "OTHER AMUSEMENT AND RECREATION INDUSTRIES (SHOOTING RANGES);" PROVIDING FOR AMENDMENT OF THE OFFICIAL ZONING MAP; PROVIDING A PENALTY IN AN AMOUNT NOT TO EXCEED $2,000 FOR EACH DAY OF VIOLATION OF ANY PROVISION HEREOF; AND PROVIDING FOR SEVERABILITY.

* * * * * * * * * * *

WHEREAS, Pearland Sportsman's Club Service Corporation is the Owner of a 55.159 acre parcel of land located in the Beaty Sealy and Forwood Survey, Abstract 625, in the I&GN RR Company Survey, Section 23, Abstract 624, according to Galveston County Deed Records Document No. 7402108/Book 2445 Page 842, Friendswood, Galveston County, Texas, as also depicted in Exhibit "A" incorporated herein by reference, (the "Property'); and

WHEREAS, the Owners previously made application to the City to change the zoning classification of the Property from Light Industrial (LI) to Light Industrial/Specific Use Permit

(LI/SUP) to allow NAICS use # 7139 "Other Amusement and Recreation Industries (shooting ranges)," as depicted in Exhibit "B", attached hereto and incorporated by reference; and

WHEREAS, the Planning and Zoning Commission and the City Council have conducted, in the time and manner required by law and the City Code of Ordinances, a public hearing on such request, allowing all persons attending to be heard on the question of whether the changes of the uses being requested would affect the public health, safety, or general welfare of the citizens of Friendswood; and

WHEREAS, the Planning and Zoning Commission has filed its written report with City Council, which recommends **____________** of the application, subject to any certain conditions made the subject of said recommendation; and

WHEREAS, the City Council deems it appropriate to grant such request, subject to applicable regulations, restrictions, exceptions and conditions; and

WHEREAS, City Council has determined that all public notices have been posted and published, all required hearings on this matter have been held, and that this Ordinance complies with the applicable provisions of the City Charter, City Code and all other applicable laws;

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

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct and incorporated by reference, including the representations of

Applicants, (as referenced in its Zone Change Application), the final report from the Planning & Zoning Commission, and the minutes of City Council, which City Council is specifically relying upon in adopting this Ordinance, as provided hereafter.

Section 2. The Friendswood City Code, Appendix C, "Zoning," Section 3, "Provision for Official Zoning Map," is hereby amended, rezoning the Property identified in the attached Exhibit "A" from Light Industrial (LI) to Light Industrial/Specific Use Permit (LI/SUP) for NAICS use # 7139 "Other Amusement and Recreation Industries (shooting ranges)" for such purposes and conditions as depicted in Exhibit "B," but otherwise consistent and subject to the current Zoning Code, and related conditions contained therein.

Section 3. The Zoning District Map of the City of Friendswood shall be revised and amended to show the designation of the Property, as described and as provided in Section 2 above, with the appropriate reference thereon to the number and effective date of this Ordinance, and a brief description of the nature of the change.

Section 4. This Ordinance shall in no manner amend, change, supplement or revise any provision of any ordinance of the City of Friendswood, save and except the change in zoning classification of said Property as conditioned and described above. Consistent with the foregoing, upon passage of this Ordinance, Ordinance No. 99-18 passed and adopted on July 26, 1999 is hereby deemed repealed.

Section 5. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Friendswood, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 6. Any person who shall willfully, intentionally, or with criminal negligence violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined in an amount not to exceed $2,000.00. Each day of violation shall constitute a separate offense.

PASSED AND APPROVED on first reading this 5th day of November, 2018.

PASSED, APPROVED, and ADOPTED on second and final reading this 3rd day of December, 2018.

____
Mike Foreman
Mayor

ATTEST:

____
Melinda Welsh, TRMC
City Secretary

Exhibit "A"

1. Application
2. Deed
3. Metes and Bounds Description
4. Aerial Map
5. Location Map
6. Zoning Map

Exhibit "B"

1. Club House Narrative
2. Proposed Site Plan
3. Classroom Building Elevations
4. Existing Aerial Site Plan

Q

City of Friendswood – Community Development
910 S. Friendswood Drive
Friendswood, TX 77546
Phone: 281-996-3201 Fax: 281-996-3260
www.ci.friendswood.tx.us

Zone Change Application

CURRENT ZONE OF PROPERTY: LI

TYPE OF ZONE CHANGE (check one):

- ☐ Land Use Change to Zone: ________
- ☐ Planned Unit Development Option 1
- ☐ Planned Unit Development Option 2
- ☐ Specific Use Permit Option 1
- ☒ Specific Use Permit Option 2

SUP for Use(s) #: 7139

PROPERTY IDENTIFICATION:

Address: 3099 W. Parkwood Ave.

Platted Land – Plat Name: ________ Lot: ____ Block: ____

Unplatted Land – Attach a certified metes and bounds description

OWNER NAME: PEARLAND SPORTSMAN CLUB Phone: 7134467161

Owner's Mailing Address: PO Box 528.

City: FRIENDSWOOD State: TX Zip: 77549 Fax: ________

Owner's Email Address: PHIL@PSCSHOOTINGCLUB.COM

AGENT'S NAME : Jim Pierre Phone: 832-851-8412

Agent's Mailing Address: P.O. Box 39

City: Friendswood State: TX Zip: 77549 Fax: ________

Agent's Email Address: JPierre30@texasshooting.com

In authorizing an agent to represent the owner, the owner attests that his/her agent may make verbal or written representations and/or declarations on the owner's behalf and the owner understands and acknowledges that the City of Friendswood shall rely upon the agent's representations in matters pertaining to the above described property. The designation of an agent in this matter in no way absolves the owner of any of the owner's responsibilities outlined by the City of Friendswood. The owner must be the legal owner of record of the property at the time of submittal of the application.

The undersigned hereby request approval by the City Council on the above identified zone change.

Owner's Signature Philip L Myers Treasurer Date: 9-25-18

Agent's Signature: [signature] Date: 9-24-18

Received By: BSummers	Application Number: PLAN-2018-0043
	Received Date: 10-1-18
Date of Public Hearing: 11-5-18	Newspaper Notice: 10-15-18
Property Owner Notices: 10-26-18	Sign on Property: 10-26-18

150—WARRANTY DEED (WITH VENDOR'S LIEN) 52861 TEXAS STANDARD FORM

DEED BOOK 2271 PAGE 555

The State of Texas, County of GALVESTON } Know All Men by These Presents:

That WE, FRANK L. WILLAERT AND WIFE, JOHNETTA C. WILLAERT

of the County of Harris State of Texas for and in consideration of the sum of TEN DOLLARS ($10.00) AND other good and valuable considerations XXXXXXXX to us paid, and secured to be paid, by PEARLAND SPORTSMAN'S CLUB, INC. as follows:

The sum of TEN DOLLARS ($10.00) and other good and valuable considerations cash in hand paid, receipt of which is hereby acknowledged, and one (1) Promissory Vendor's Lien Note executed by PEARLAND SPORTSMAN'S CLUB, INC. in the principal sum of THIRTY-EIGHT THOUSAND EIGHT HUNDRED NINTY-TWO DOLLARS AND THIRTY-FOUR CENTS ($38,892.34) payable in fifteen (15) annual installments of FOUR THOUSANDFIVE HUNDRED FORTY-THREE AND 78/100 DOLLARS ($4,543.78) each, including interest at 8% per annum;

have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey, unto the said PEARLAND SPORTSMAN'S CLUB, INC., a Texas corporation of the County of State of Texas all that certain

Tract or parcel of land lying situate in Galveston County, Texas described as follows:

The surface only in and to all that certain tract or parcel of land known as a 55.159 acre tract, in the Beaty Sealy, and Forwood Survey, Abstract 625, in the I&GN RR Company Survey, Section 23, Abstract 624, Alvin, Galveston County, Texas, and the tract herein being conveyed being more particularly described by metes and bounds as follows:

COMMENCING at a 3/4 inch iron pipe set in the East right of way line of State Highway Farm Road # 528 (100 feet wide), and said iron pipe being across said highway and West of a concrete monument set at the Southeast corner of Tower Estates Subdivision;

THENCE, North 89° 57' East along and with the South line of said James E. Raines Survey, a distance of 2174.5 feet to an iron rod for corner, being the PLACE OF BEGINNING of the tract herein described;

THENCE, North 89° 57' East, continuing along the South line of said James E. Raines Survey, a distance of 2427.13 feet to an iron pipe for corner;

THENCE, North 0° 01' 05" East, a distance of 943.97 feet to an iron rod set in the South line of American Canal Company Easement;

THENCE, North 87° 54' 06" West, along and with the South line of said canal easement, a distance of 2430.92 feet to an iron rod for corner;

THENCE, South 0° 06' 10" East, a distance of 1035.1 feet to the PLACE OF BEGINNING of the tract hereby described.

Containing 55.159 acres, more or less. Recorded in Volume 79 at Page 533 of the Galveston County Deed Records.

Said land is subject to and conveyed subject to right-of-way easement as reflected by instrument of record in Volume 1527 at Page 676 of the Records in the Office of the County Clerk of Galveston County, Texas and to oil and gas lease recorded in Volume 2046 at Page 861 of the Galveston County Deed Records.

There is excepted from this conveyance and reserved to Grantors herein, their heirs and assigns all of the oil, gas, sulphur and other minerals under or that may be produced and saved from said land, together with rights of ingress and egress over, upon or across said land for producing and saving said minerals.

It is agreed that at such time as Grantee shall have paid the sum of FIVE THOUSAND DOLLARS ($5,000.00) on the principal of the Note secured hereby, then and at that time, holder of the Note will execute a partial release covering a five (5) acre strip bordering the most Westerly side of the hereinabove described property. Release to be at the expense of Grantee herein.

There is likewise granted, sold and assigned to the Grantees herein, its successors and assigns that certain easement and right-of-way out of the Beaty, Sealy and Forwood Survey, Section 5, Abstract 625 and I&GN RR Co. Survey, Abstract 624, Galveston County, Texas covering a 30 foot strip lying within the easement of Brazos Valley Rice Co. as described in Volume 1493 at Page 445 of the Deed Records of Galveston County, Texas, said 30 foot strip adjoining the South right-of-way line of said canal easement, and being the same easement granted and sold by M. J. Carroll to Frank L. Willaert by easement of record in the office of the County Clerk of Galveston County, Texas.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said PEARLAND SPORTSMAN'S CLUB, INC. its sucessors

XXXX and assigns forever and we do hereby bind ourselves, our heirs, executors and administrators, to Warrant and Forever Defend, all and singular the said premises unto the said PEARLAND SPORTSMAN'S CLUB, INC. , its successors

XXXX and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

But it is expressly agreed and stipulated that the Vendor's Lien is retained against the above described property, premises and improvements, until the above described note , and all interest thereon are fully paid according to its face and tenor, effect and reading, when this deed shall become absolute.

WITNESS OUR hands at

this 21st day of February 1972

FLW Frank L. Willaert

Witness at request of Grantor: JCW Johnetta C. Willaert

Vol. 2241 Pg. 559

D E E D

BOOK 2241 PAGE 560

SINGLE ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF BRAZORIA

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Frank L. Willaert and wife, Johnetta C. Willaert known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE,
this the 21st day of Feb. A. D. 19 72

(L. S.)

Olin G Wellborn
Notary Public in and for Brazoria County, Texas

SINGLE ACKNOWLEDGMENT Olin G Wellborn

THE STATE OF TEXAS,
COUNTY OF

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared

known to me to be the person whose name subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE,
this the day of A. D. 19

(L. S.)

Notary Public in and for County, Texas

CORPORATION ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared , known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE,
this the day of A. D. 19

(L. S.)

Notary Public in and for County, Texas

THE STATE OF TEXAS,
COUNTY OF

I HEREBY CERTIFY that the foregoing instrument of writing with its certificate of authentication, was filed for record in my office on the day of , A. D. 19 at o'clock M., and was duly recorded by me on the day of A. D. 19 in Vol. , page , of the Records of said County.

WITNESS MY HAND and the Seal of the County Court of said County, at my office in the day and year last above written.

(L. S.)

County Clerk County, Texas

By , Deputy.

DEED
BOOK 2241 PAGE 561

52861

150

Warranty Deed

(WITH VENDOR'S LIEN)

FROM

TO

FILED FOR RECORD

This ______ day of ______ 19____

at ______ o'clock ______ M

FILED FOR RECORD

at 9:20 o'clock A M

MAR 15 1972

GERTRUDE McKENNA

CLERK CO. CT. GALVESTON COUNTY, TEXAS

By Jordon Harvell Deputy

______ County Clerk

By ______ Deputy

______ A. D. 19____

In ______ County Records

In Book ______ on Page ______

GUARANTY ABSTRACT COMPANY
P. O. BOX 670
TEXAS CITY, TEXAS 77590

______ County Clerk

By ______ Deputy

Recording Fee $______

This instrument should be filed immediately with the County Clerk for Record.

Box 42
Pearland, Texas

THE ODEE COMPANY, PUBLISHERS, DALLAS

STATE OF TEXAS COUNTY OF GALVESTON

I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded in the volume and page of the named records of Galveston County, Texas as stamped hereon by me.

MAR 15 1972

Gertrude McKenna

COUNTY CLERK, Galveston County, Texas

98436

DEED OF TRUST

BOOK 2776 PAGE 104

RELEASE OF LIEN

THE STATE OF TEXAS ⁑
⁑ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF GALVESTON ⁑

THAT we, FRANK L. WILLAERT and wife, JOHNETTA C. WILLAERT, acting herein by and through our agent and Attorney-in-Fact, JOHN H. POLK, of the County of Galveston, and State of Texas, the legal and equitable owner and holder of that one certain promissory note in the original principal sum of THIRTY-EIGHT THOUSAND EIGHT HUNDRED NINETY-TWO AND THIRTY-FOUR/100------ DOLLARS ($38,892.34) dated February 21, 1972, executed by PEARLAND SPORTSMAN CLUB, a Texas corporation, payable to the order of FRANK L. AND JOHNETTA C. WILLAERT, more fully described in a Deed of Trust, duly recorded in Vol. 2242, page 224 of the Deed of Trust Records of Galveston County, Texas; said note being secured by said Deed of Trust lien against the following described property, to-wit:

"EXHIBIT A"

for and in consideration of the full and final payment of all indebtedness secured by the aforesaid lien or liens, the receipt of which is hereby acknowledged, has released and discharged, and by these presents hereby releases and discharges, the above described property from all liens held by FRANK L. WILLAERT and wife, JOHNETTA C. WILLAERT, securing said indebtedness.

EXECUTED this 23rd day of December, A.D., 1976.

John H. Polk

JOHN H. POLK, Attorney-in-Fact for
Frank L. Willaert and wife,
Johnetta C. Willaert

THE STATE OF TEXAS I

COUNTY OF HARRIS I

BEFORE ME, the undersigned authority, on this day personally appeared JOHN H. POLK, Attorney-in-Fact for FRANK L. WILLAERT and wife, JOHNETTA C. WILLAERT, whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of FRANK L. WILLAERT and wife, JOHNETTA C. WILLAERT.

GIVEN UNDER MY HAND AND SEAL of office on this the ________ day of ________________, A.D., 1976.

____
Notary Public in and for
Harris County, T e x a s

My Commission Expires:

____

DEED OF TRUST
BOOK 2776 PAGE 106

"EXHIBIT A"

THE SURFACE ONLY in and to all that certain tract or parcel of land known as a 55.159 acre tract, in the Beaty Sealy and Forwood Survey, Abstract 625, in the I&GN RR Co. Survey, Section 23, Abstract 624, Alvin, Galveston County, Texas, and the tract herein conveyed being more particularly described by metes and bounds as follows: COMMENCING at a 3/4 inch iron pipe set in the East right-of-way line of State Highway Farm Road # 528 (100 feet wide), and said iron pipe being across said highway and West of a concrete monument set at the Southeast corner of Tower Estates Subdivision; THENCE North 89° 57' East along and with the South line of said James E. Raines Survey, a distance of 2174.5 feet to an iron rod for corner, being the PLACE OF BEGINNING of the tract herein described; THENCE North 89° 57' East, continuing along the South line of the James E. Raines Survey, a distance of 2427.13 feet to an iron pipe for corner; THENCE North 0° 01' 05" East, a distance of 943.97 feet to an iron rod set in the South line of American Canal Company Easement; THENCE North 87° 54' 06" West, along and with the South line of said canal easement, a distance of 2430.92 feet to an iron rod for corner; THENCE South 0° 06' 10" East, a distance of 1035.1 feet to the PLACE OF BEGINNING of the tract hereby described and containing 55.159 acres, more or less.

Said land is subject to right-of-way easements as reflected by instrument of record in Volume 1527 at Page 676 of the Records in the Office of the County Clerk of Galveston County, Texas and to Oil and Gas Lease recorded in Volume 2046 at Page 861 of the Galveston County Deed Records.

There is likewise granted, sold and assigned to the Trustee herein, his substitutes or successors that certain easement and right-of-way out of the Beaty, Sealy and Forwood Survey, Section 5, Abstract 625 and I&GN RR Co. Survey, Abstract 624, Galveston County, Texas covering a 30 foot strip lying within the easement of Brazos Valley Rice Co. as described in Volume 1493 at Page 445 of the Deed Records of Galveston County, Texas, said 30 foot strip adjoining the South right-of-way line of said canal easement, and being the same easement granted and sold by M. J. Carroll to Frank L. Willaert by Easement of record in the Office of the County Clerk of Galveston County, Texas.

36436

DEED OF TRUST
BOOK 2776 PAGE 107

FILED FOR RECORD
Dec 27 11 59 AM 1976

COUNTY CLERK, GALVESTON COUNTY, TEXAS

STATE OF TEXAS COUNTY OF GALVESTON

I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded in the volume and page of the named records of Galveston County, Texas as stamped hereon by me.

DEC 27 1976

COUNTY CLERK, Galveston County, Texas

JOHN H. POLK
ATTORNEY AT LAW
1200 SOUTH POST OAK ROAD
SUITE 111
HOUSTON, TEXAS 77027

The State of Texas,
COUNTY OF GALVESTON

Know all Men by These Presents:

That Pearland Sportsman's Club, Inc., a corporation duly formed and existing under the laws of the State of Texas of the County of Brazoria

~~of the County of~~ State of Texas for and in consideration of the sum of Ten ($10.00) Dollars, and other good and valuable considerations, the receipt of which is hereby acknowledged and ~~confessed~~ confessed, to it in hand paid by Pearland Sportsman's Club Service Corporation as follows:

The above mentioned cash and other consideration paid prior to the date hereof and the execution hereof.

And the further consideration of the assumption and agreement by the Grantee herein to pay off and discharge as the same shall become due and payable the unpaid principal balance and interest as it accrues owing on that one certain promissory note dated February 21, 1972, in the original principal sum of $38,892.34 payable in fifteen (15) annual installments of $4,543.78 each including interest therein at 8% per annum, and which said note is secured by Vendor's Lien retained in deed of even date therewith from Frank L. Willaert and wife, Johnetta C. Willaert to Pearland Sportsman's Club Inc. recorded in Volume 2241 at Page 558 of the Deed Records of Galveston County, Texas;

have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey, unto the said Pearland Sprotsman's Club Service Corporation, a Texas corporation, of the County of Galveston State of Texas all that certain

Tract or parcel of land lying situate in Galveston County, Texas described as follows:

The surface only in and to all that certain tract or parcel of land known as a 55.159 acre tract, in the Beaty Sealy, and Forwood Survey, Abstract 625, in the I&GN RR Company Survey, Section 23, Abstract 624, Alvin, Galveston County, Texas, and the tract herein being conveyed being more particularly described by metes and bounds as follows:

COMMENCING at a 3/4 inch iron pipe set in the East right of way line of State Highway Farm Road # 528 (100 feet wide), and said iron pipe being across said highway and West of a concrete monument set at the Southeast corner of Tower Estates Subdivision;

THENCE, North 89° 57' East along and with the South line of said James E. Raines Survey, a distance of 2174.5 feet to an iron rod for corner, being the PLACE OF BEGINNING of the tract herein described;

THENCE, North 89° 57' East, continuing along the South line of said James E. Raines Survey, a distance of 2427.13 feet to an iron pipe for corner;

THENCE, North 0° 01' 05" East, a distance of 943.97 feet to an iron rod set in the South line of American Canal Company Easement;

THENCE, North 87° 54' 06" West, along and with the South line of said canal easement, a distance of 2430.92 feet to an iron rod for corner;

THENCE, South 0° 06' 10" East, a distance of 1035.1 feet to the PLACE OF BEGINNING of the tract hereby described.

Containing 55.159 acres, more or less. Recorded in Volume 79 at Page 533 of the Galveston County Deed Records.

Said land is subject to and conveyed subject to right-of-way easement as reflected by instrument of record in Volume 1527 at Page 676 of the Records in the Office of the County Clerk of Galveston County Texas and to oil and gas lease recorded in Volume 2046 at Page 861 of the Galveston County Deed Records.

There is excepted from this conveyance the mineral reserve to Frank L. Willaert, Et Ux, in the deed to Grantors herein recorded in Volume 2241 at Page 558 of the Deed Records of Galveston County, Texas.

There is likewise granted, sold and assigned to the Grantees herein, its successors and assigns that certain easement and right-of-way out of the Beaty, Sealy and Forwood Survey, Section 5, Abstract 625 and I&GN RR Co. Survey, Abstract 624, Galveston County, Texas covering a 30 foot strip lying within the easement of Brazos ValleyRice Co. as described in Volume 1493 at Page 445 of the Deed Records of Galveston County, Texas said 30 foot strip adjoining the South right-of-way line of said canal easement, and being the same easement gramted and sold by M. J. Carroll to Frank L. Willaert by easement of record in the office of the County Clerk of Galveston County, Texas.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Pearland Sportsman's Club Service Corporation its successors and assigns

~~XXXXXXXXXX~~ forever and we do hereby bind Grantor, Pearland Sportsman's Club, Inc. its successors and assigns ~~XXXXXXXXXXXXXXXXXXXXXXXXX~~ to Warrant and Forever Defend, all and singular the said premises unto the said Pearland Sportsman's Club Service Corporation, its successors and assigns

~~XXXXXXXXXX~~ against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

WITNESS our hands at Houston, Texas

this 29th day of January , A. D. 1974

PEARLAND SPORTSMAN'S CLUB INC.

~~XXXXXXXXXXXXXXXXXXX~~

ATTEST: William H. Taylor

William H. Taylor Jr., Secretary

BY Andrew M. Sea

Andrew M. Sea, President

BOOK 2445 PAGE 844 SINGLE ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared
known to me to be the person whose name subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the day of , A. D., 19

(L. S.)

Notary Public in and for County, Texas.

SINGLE ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared
known to me to be the person whose name subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the day of , A. D., 19

(L. S.)

Notary Public in and for County, Texas.

ACKNOWLEDGMENT OF CORPORATION

THE STATE OF TEXAS,
COUNTY OF HARRIS

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Andrew M. Sea
known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of Pearland Sportsman's Club Inc., of Galveston County, Texas, and as the President thereof and for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 29th day of Jan., A. D., 1974

(L. S.) John Segelquist

John Segelquist

Notary Public in and for Harris County, Texas.

THE STATE OF TEXAS,
COUNTY OF

I HEREBY CERTIFY that the foregoing instrument of writing, with its certificate of authentication, was filed for record in my office on the day of , A. D., 19 at o'clock M. and was duly recorded by me on the day of , A. D., 19 in Vol. page , of the Records of Deeds of said County.

WITNESS MY HAND and the Seal of the County Court of said County, at my office in the day and year last above written.

(L. S.)

County Clerk County, Texas.

By .... Deputy.

FILED

BOOK 2445 PAGE 845

6366

E-1134

Warranty Deed

TO

FILED FOR RECORD

This ___ day of ___ A. D., 19___

FILED FOR RECORD
at 9:00 o'clock a M
FEB 1 1974
GERTRUDE McKENNA
CLERK CO. CT. GALVESTON COUNTY, TEXAS
By Shirley ___ RECORDED Deputy

County Clerk.

Deputy.

___ A. D., 19___

In ___ County Records

In Book ___, on Page ___

County Clerk.

By ___ Deputy.

Recording Fee $ 4.50

This instrument should be filed immediately with the County Clerk for record.

Return to: Healther ___
John Segelquist
P.O. Box 66739
Houston, Texas 77006

STATE OF TEXAS COUNTY OF GALVESTON

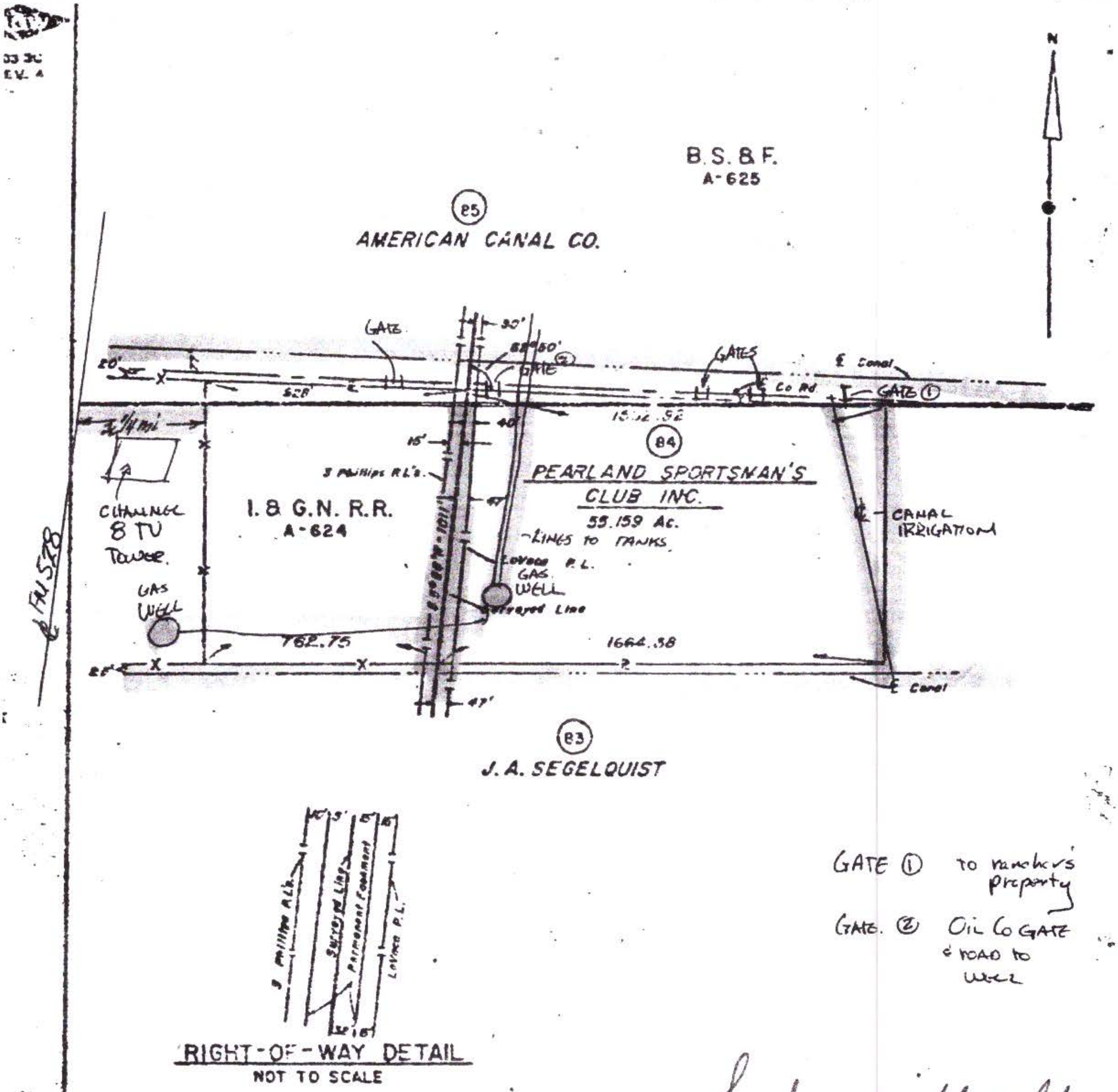
I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded in the volume and page of the named records of Galveston County, Texas as stamped hereon by me.

FEB 1 1974

Gertrude McKenna

COUNTY CLERK, Galveston County, Texas

COUNTY CLERK OF GALVESTON COUNTY, TEXAS



Surface rights only.

MK.	DATE	REVISION	APP.
	11-12-73	ADDED BOUNDARY DIMENSIONS	ILT

Total Rods: 161.27

B/M F.B. 3 Pg. 27

THE DOW CHEMICAL COMPANY

FREEPORT-BAYPORT PROP. PIPELINES
PEARLAND SPORTSMAN'S CLUB, INC.
BRAZORIA COUNTY, TEXAS

DR. BY G & A	CH'K BY G & A	APP.
DATE 6-21-73		

PSC – 3099 W. Parkwood Ave.

Being a 55.159 acre tract, in the Beaty Sealy, and Forwood Survey, Abstract 625, in the I&GN RR Company Survey, Section 23, Abstract 624, Friendswood, Galveston County, Texas, and the tract herein being more particularly described by metes and bounds as follows:

COMMENCING at a ¾ inch iron pipe set in the East right of way line of State Highway Farm Road # 528 (100 feet wide), and said iron pipe being across said highway and West of a concrete monument set at the Southeast corner of Tower Estates Subdivision;

THENCE, North 89° 57’ East along and with the South line of said James E. Raines Survey, a distance of 2174.5 feet to an iron rod for corner, being the PLACE OF BEGINNING of the tract herein described;

THENCE, North 89° 57’ East, continuing along the South line of said James E. Raines Survey, a distance of 2427.13 feet to an iron pipe for corner;

THENCE, North 0° 01’ 05” East, a distance of 943.97 feet to an iron rod set in the South line of American Canal Company Easement;

THENCE, North 87° 54’ 06” West, along and with the South line of said canal easement, a distance of 2430.92 feet to an iron rod for corner;

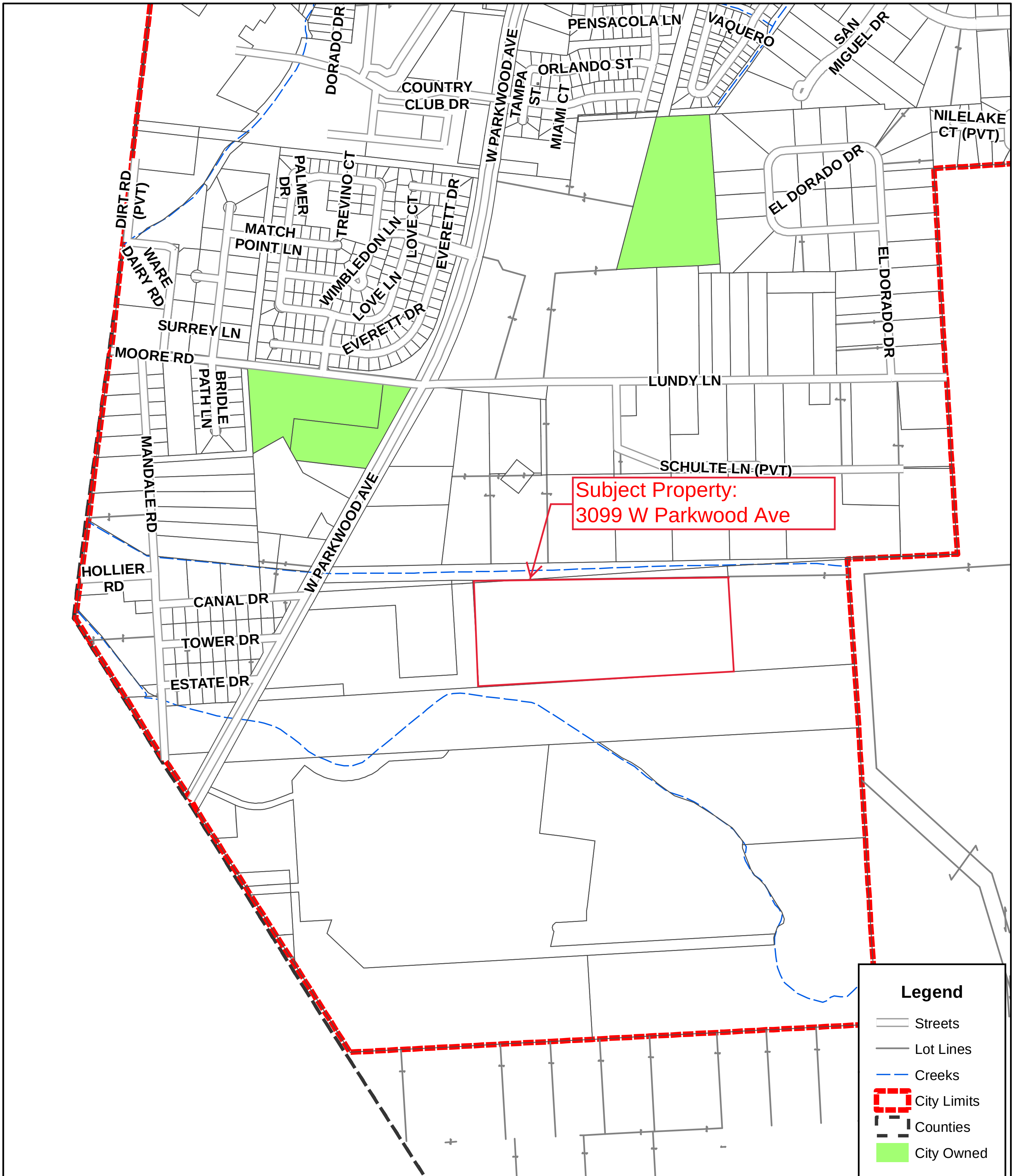
THENCE, South 0° 06’ 10” East, a distance of 1035.1 feet to PLACE OF BEGINNING of the tract hereby described.

Containing 55.159 acres, more or less. Recorded in Volume 79 at Page 533 of the Galveston County Deed Records.

City of Friendswood
910 South Friendswood Drive
Friendswood, Texas 77546
(281) 996-3200
www.ci.friendswood.tx.us

Friendswood GIS Mapping

1 " = 605 '

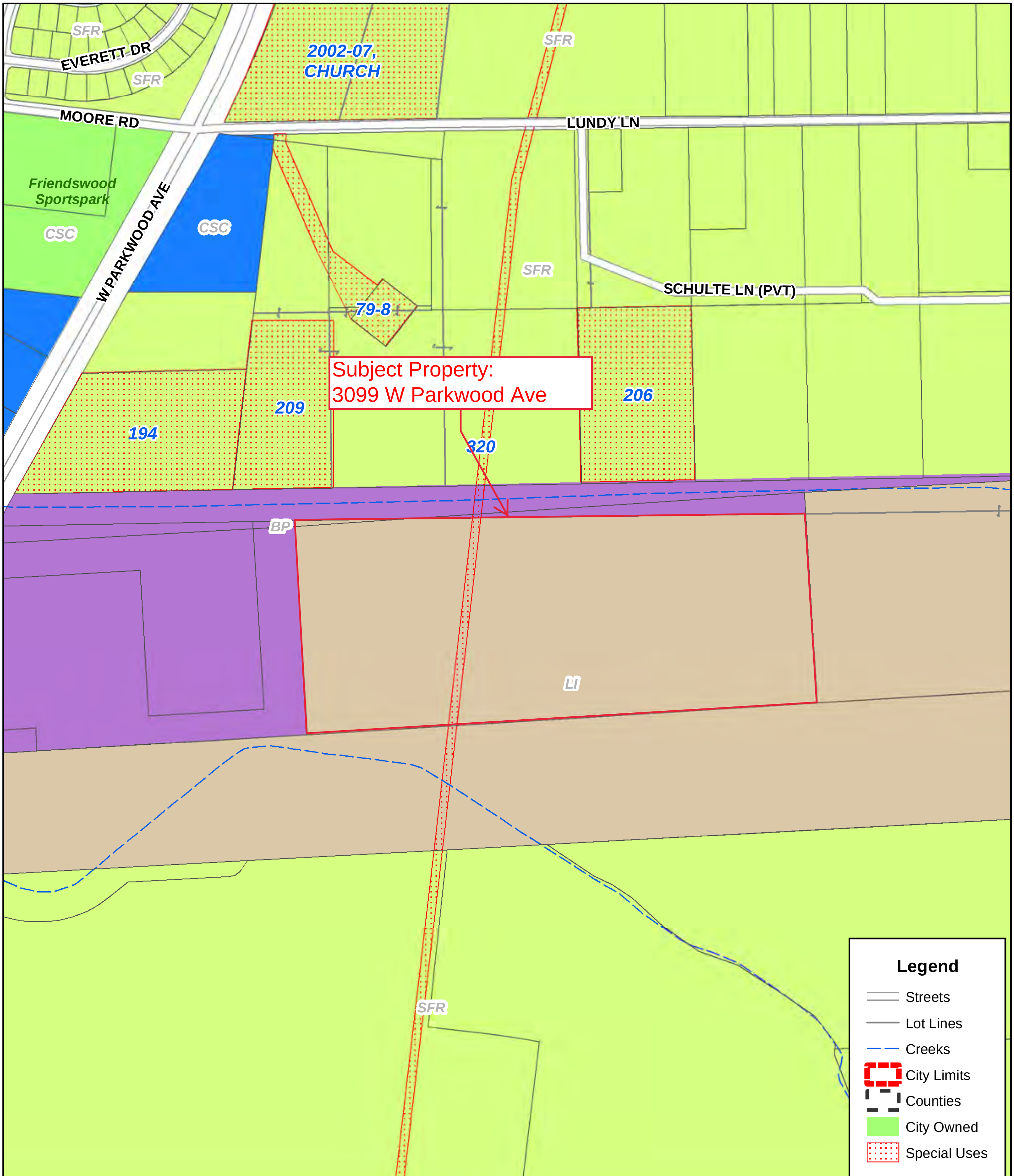


Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. Gov. C. §2501.102. The user is encouraged to independently verify all information contained in this product. The City of Friendswood makes no representation or warranty as to the accuracy of this product or to its fitness for a particular purpose. The user: (1) accepts the product AS IS, WITH ALL FAULTS; (2) assumes all responsibility for the use thereof; and (3) releases the City of Friendswood from any damage, loss, or liability arising from such use.

City of Friendswood
910 South Friendswood Drive
Friendswood, Texas 77546
(281) 996-3200
www.ci.friendswood.tx.us

Friendswood GIS Mapping

1 " = 1,209 '



City of Friendswood
910 South Friendswood Drive
Friendswood, Texas 77546
(281) 996-3200
www.ci.friendswood.tx.us

Friendswood GIS Mapping

1 " = 605 '

To Whom it may concern, 10/10/2018

PSC Shooting Club, Inc. proposes to construct a new club house on the north side of our property, just west of the existing buildings. The new structure will be located more than 50' from the existing pipe line right of way.

This will be a PEMB structure consisting of a 50' x 60' enclosed area with a 60' x 10' covered patio. The foundation will be concrete construction over select fill. Windstorm rating of 150 mph for Galveston County will be met, for insurance purposes. The roof will be solar white R panels for energy efficiency, and the walls will be light blue R panel to match the existing buildings. All trim to be white. One pair of 7'0" x 6'0" entry doors will be installed along with three 3'0" x 3'0" windows on the front face (south elevation). Walls to be insulated with 3" (R10) vinyl backed and the roof with 6" (R19) vinyl backed material.

Men's and Women's restrooms will be included in the project on a septic system. The Club house will have a small residential style kitchen with the remainder of the area to be open and used for a meeting room.

The building will be all electric and have LED lighting. The structure will be insulated and air-conditioned. The interior will have an acoustic lay in ceiling. All the access will be ADA compliant, and we will provide one ADA parking space and signage.

We will add approximately 8100 sq. ft. of parking area. The required parking spaces will be constructed of solid surface material such as concrete or asphalt. The remainder of the parking area will be stabilized crushed concrete. Access to the new building will be from our existing roadways.

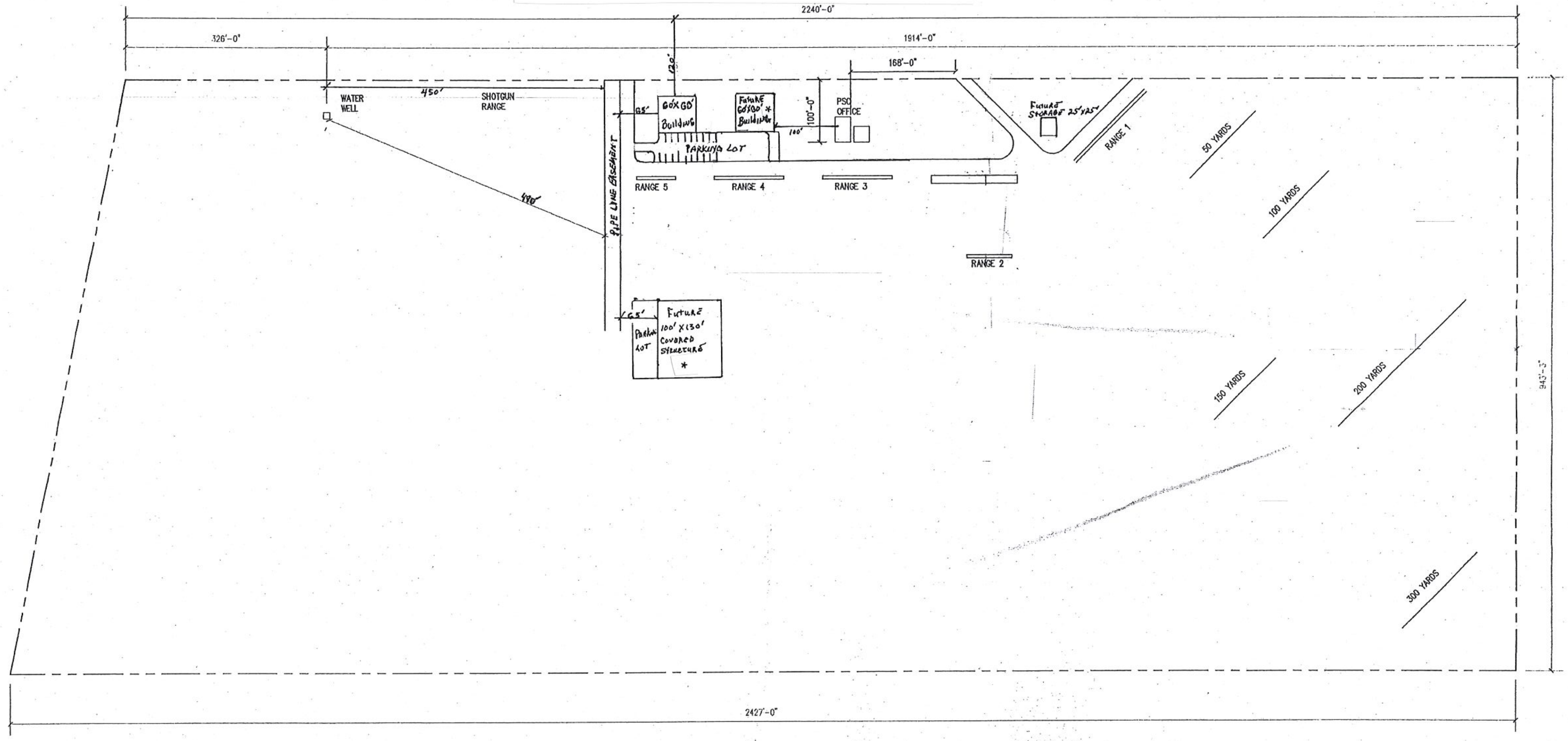
There are no plans in the project to add any additional site lighting or landscaping.

The Club will be petitioning the Galveston County Consolidated Drainage District to purchase detention in lieu of any type of pond.

GENERAL NOTE:
ALL MATERIALS AND CONSTRUCTION SHALL COMPLY WITH IBC 2012 AND ALL REGULATIONS OF THE CITY OF FRIENDSWOOD.

PARKING TABLE
1 space per 200 sq ft of indoor facility plus 1 space per target
Required: 3600 sq ft/200 = 18 spaces
Provided: 19 spaces

*Future buildings and ranges will install additional parking as required.

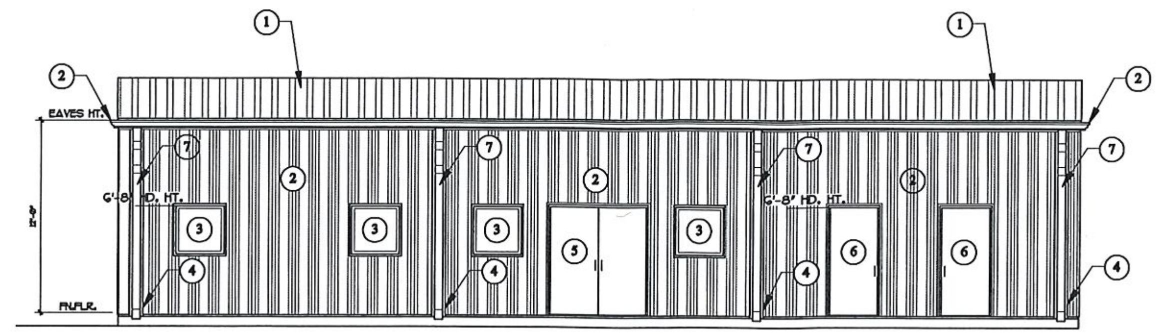


No trees greater than 12" exist within construction areas.
-
No additional exterior lighting is proposed.

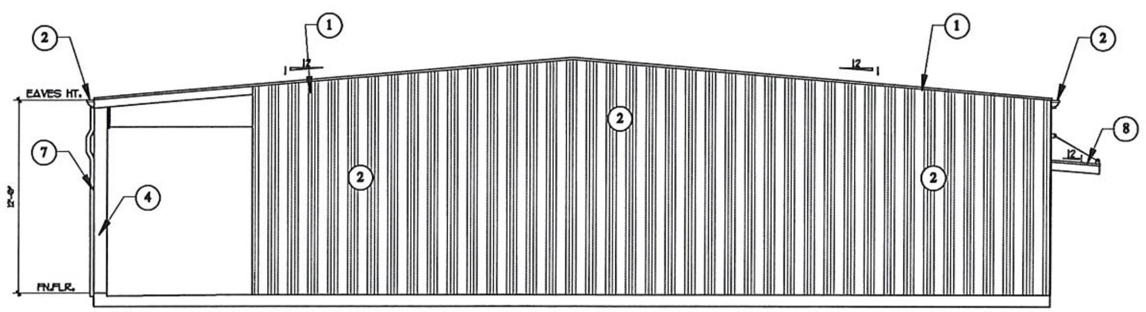
1 SITE PLAN
SCALE: 1" = 100' -0"

PSC SHOOTING RANGE
3121 W. PARKWOOD DRIVE, FRIENDSWOOD, TEXAS

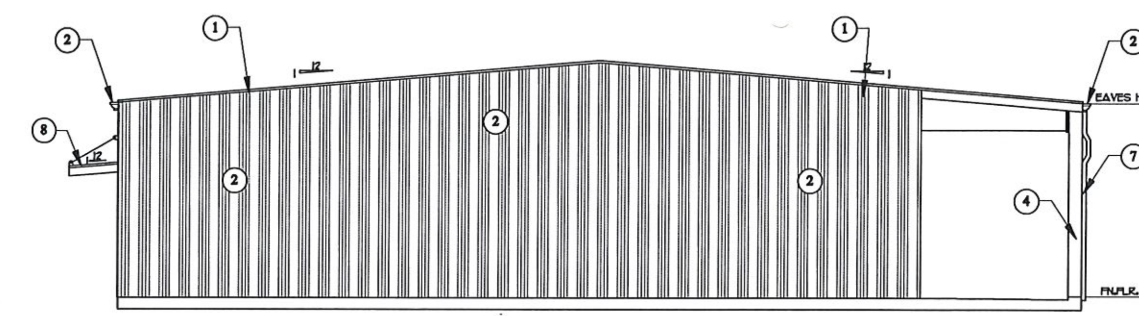
ISSUED FOR:
ENGINEERED BY:
DESIGNED BY:
SHEET NUMBER
A0.0



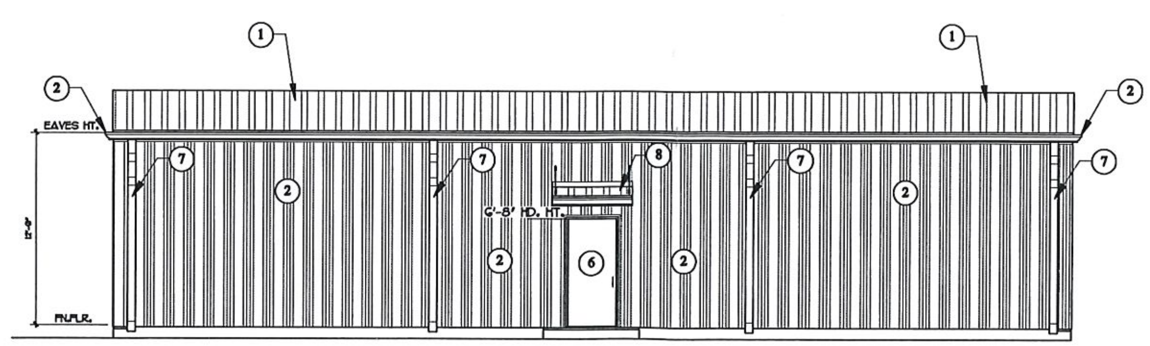
FRONT



LEFT



RIGHT



FRONT

ELEVATION KEYNOTES:

1. STANDARD METAL ROOF
2. METAL R PANEL (SELECTED BY OWNER)
3. 3030 FIXED LOW-E GLASS
4. METAL BUILDING COLUMN
5. 3068 METAL DOOR, PAIR, INSULATED
6. 3068 METAL DOOR, INSULATED
7. DOWN SPOUT
8. METAL AWNING

ELEVATION NOTES:

A. FLASH AND COUNTERFLASH AS REQUIRED.
B. OWNER SELECT COLOR IN TRIM, DOORS, PANEL AND ROOF.
C. GUTTER AND DOWNSPOUT LOCATED BY OWNER.
D. SEE STEEL BUILDING MANUFACTURER PLANS FOR STEEL BUILDING DETAILS.

A1
SC: 3/16" = 1'-0"

ELEVATIONS

FILE NAME: [illegible]
DESCRIPTION: [illegible]
DRAWING SCALE: [illegible]
SCALE FACTOR: 64

RIVES
DESIGNERS, LLC
Quality Residential & Commercial Designs

* DESIGNERS –
– PLANNERS *
* CONSTRUCTION –
– CONSULTANTS *

301 WEST EDGEWOOD
SUITE #10 B
FRIENDSWOOD, TEXAS
77546
(281)482-3395
FAX:
(281)482-7304
E-MAIL:
sean@rivesdesigners.com

PROJECT DESCRIPTION:

CLIENT:
A PROPOSED NEW BUILDING FOR:
PSC
FRIENDSWOOD, TEXAS

REVISIONS:

DATE: 09/27/18
JOB NO:
DRAWN BY: S. RIVES
SHEET NUMBER:
3.0
OF


Access Road - 20 MPH
Shotgun Clubhouse
Maintenance
Classroom
Range 1
Trap & Skeet
Archery
Range 4
Benchrest
Only
Range 3
.22 Rimfire
only
Pistol Cells
Pistol Bays

City of Friendswood

Memo

To: Mayor and City Council

From: Joe Matranga, P&Z Chairman JM (GH)

Date: November 6, 2018

Re: Zone classification change from Light Industrial (LI) to Light Industrial / Specific Use Permit (LI/SUP) to allow NAICS Use #7139 Other Amusement and Recreation Industries (shooting ranges) at 3099 W. Parkwood Ave being a 55.159 acre tract, in the Beaty Sealy, and Forwood Survey, Abstract 625, in the I&GN RR Company Survey, Section 23, Abstract 624, Friendswood, Galveston County, Texas

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At the meeting held November 5, 2018, the City of Friendswood Planning and Zoning Commission voted unanimously 7-0 to approve the above referenced zone change request.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: 12/03/2018

Date Submitted: 11/26/2018 Dept. Clearances: KRH

Prepared by: Katina Hampton

Subject: City of Friendswood Waterworks and Sewer System Revenue Bonds, Series 2018

Originating Department: Administrative Services City Attorney Review: mkf

Proceeding: Ordinances

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required: N/A	Amount Budgeted: N/A
Appropriation Required:N/A	Source of Funds: N/A

FINANCE APPROVAL: krh

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

On November 5, 2018, Council approved the Schedule of Events for the proposed issuance of the City of Friendswood Waterworks and Sewer System Revenue Bonds, Series 2018 in the amount of $20,025,000 for utility capital improvements including the following projects:

- Lift Station #1 & #17 Combined Reconstruction - $1,594,000
- Sanitary Sewer System Assessment Phase IV - Construction - $1,464,000
- Water Plant #1 Tank Rehabilitation - $1,207,000
- 42-inch Water Main Replacement - Phase I - $2,531,200
- Sanitary Sewer System Assessment Phase V – Design - $100,000
- Second Elevated Water Storage Tank Rehabilitation - $954,000
- Sanitary Sewer System Assessment Phase VI – Design - $100,000
- Surface Water Station #3 - $3,600,000
- Lift Station #23 Reconstruction - $2,540,000
- Sanitary Sewer Plant Additional Capacity - phase II - $1,000,000
- Lift Station #4 Reconstruction - $1,594,000
- Sanitary Sewer System Assessment Phase VII – Design - $175,000
- Automated Meter Implementation - $3,000,000

The posted ordinance, prepared by Bond Counsel and reviewed by our City Attorney, is in draft form. On December 3rd, the bonds will be priced in the market. At that time, the terms of the bonds will be added to the ordinance. Bond Counsel will deliver the final ordinance prior to the December 3rd City Council Meeting. Several of the documents included as attachments are in draft form and will be completed prior to the Council Meeting. The bonds will be secured by utility charges for services.

We are pleased to inform Council that Standard and Poor's (S&P) has re-affirmed the City's AA- rating for Revenue Bonds. Based on S&P's definitions, this rating means the City has a very strong capacity to meet financial commitments.

John Robuck, our Financial Advisor (Managing Director - Texas Public Finance, BOK Financial Securities) will be in attendance to share the results of the bond pricing.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

Issuance of the bonds will allow us the opportunity to proceed with thirteen major water and sewer utilities projects.

RECOMMENDATIONS

Based on the City's Financial Advisor's assessment of bond pricing on Monday, December 3, 2018, staff recommends approval of the ordinance and related documents.

ATTACHMENTS

Ordinance T2018-38
Attorney General Fee Letter
Bond Counsel Engagement Letter DRAFT
Bond Purchase Agreement – City of Friendswood 2018 WW SS BPA DRAFT
Preliminary Official Statement – Waterworks Sewer System Revenue Bonds Series 2018 POS DRAFT
Schedule of Events

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS	**§**
COUNTIES OF GALVESTON AND HARRIS	**§**
CITY OF FRIENDSWOOD	**§**

We, the undersigned officers of the City of Friendswood (the "City"), hereby certify as follows:

1. The City Council of the City (the "City Council") convened in REGULAR MEETING ON THE 3RD DAY OF DECEMBER, 2018, at the designated meeting place, and the roll was called of the duly constituted officers and members of the City Council, to wit:

Mike Foreman, Mayor
Steve Rockey
Sally Branson
Trish Hanks
Robert J. Griffon
John H. Scott
Carl W. Gustafson

Melinda Welsh, City Secretary

and all of said persons were present, except the following absentees: _________________, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

ORDINANCE NO. T2018-__ AUTHORIZING THE ISSUANCE AND SALE OF CITY OF FRIENDSWOOD, TEXAS, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2018; PROVIDING FOR THE SECURITY OF THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING AN OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

was duly introduced for the consideration of the City Council. It was then duly moved and seconded that the Ordinance be adopted and, after due discussion, said motion, carrying with it the adoption of the Ordinance, prevailed and carried by the following vote:

AYES: All members of the City Council shown present above voted "Aye," except as shown below:

NOES: ________

ABSTAIN: ________

2. That a true, full and correct copy of the aforesaid Ordinance adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Ordinance has been duly recorded in the City Council's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the City Council's minutes of the Meeting pertaining to the adoption of the Ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; that each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that the Ordinance would be introduced and considered for adoption at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose, and that the Meeting was open to the public and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Texas Government Code.

3. That the Mayor of the City (or the Mayor Pro-tem in the absence of the Mayor) has approved and hereby approves the aforesaid Ordinance; and that the Mayor (or the Mayor Pro-tem in the absence of the Mayor) and the City Secretary of the City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of the Ordinance for all purposes.

SIGNED AND SEALED the 3rd day of December, 2018.

City Secretary	Mayor

(SEAL)

ORDINANCE NO. T2018-__
OF THE CITY OF FRIENDSWOOD, TEXAS

AUTHORIZING THE ISSUANCE OF

CITY OF FRIENDSWOOD, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2018

TABLE OF CONTENTS

ORDINANCE NO. T2018-__

ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF FRIENDSWOOD, TEXAS, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2018; PROVIDING FOR THE SECURITY OF THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING AN OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

THE STATE OF TEXAS	**§**
COUNTIES OF HARRIS AND GALVESTON	**§**
CITY OF FRIENDSWOOD	**§**

WHEREAS, the City Council (the "Council") of the City of Friendswood, Texas (the "City") has heretofore issued and delivered revenue bonds under authority of Chapter 1502, Texas Government Code, as amended ("Chapter 1502"), to finance improvements to the System (as hereinafter defined); and

WHEREAS, at the date of delivery of the bonds authorized hereby (the "Bonds"), the City will have a series of its System revenue bonds outstanding, which are payable from a first lien on the Net Revenues (as hereinafter defined), to wit: the City of Friendswood, Texas Waterworks and Sewer System Revenue Bonds, Series 2016, outstanding in the principal amount of $5,290,000 (the "Series 2016 Bonds"); and

WHEREAS, the Bonds are being issued as Parity Bonds (as hereinafter defined), and secured on a parity with the Series 2016 Bonds with respect to the pledge of the Net Revenues; and

WHEREAS, the Council deems it advisable to issue the Bonds to provide funds to fund capital improvements to the System and for payment of costs incurred in connection with the issuance of the Bonds; and

WHEREAS, the Bonds are to be issued and delivered pursuant to laws of the State of Texas, including particularly Chapter 1502 and other applicable laws; Now, Therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS:

ARTICLE I

RECITALS

It is hereby found and determined that the matters and facts set out in the preamble to this Ordinance are true and correct.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1: Definitions. In addition to the terms defined in the preambles hereto and elsewhere in this Ordinance, the following terms shall have the following meanings when used in this Ordinance, unless the context clearly indicates otherwise:

"Act" means Chapter 1502.

"Additional Parity Bonds" mean the additional parity revenue bonds permitted to be issued by the City pursuant to Section 5.1 of this Ordinance.

"Bond Purchase Agreement" means the agreement between the City and the Underwriters described in Section 7.1 of this Ordinance.

"Bonds" mean the $20,025,000 City of Friendswood, Texas, Waterworks and Sewer System Revenue Bonds, Series 2018 authorized in this Ordinance, unless the context clearly indicates otherwise.

"Business Day" means any day which is not a Saturday, Sunday, or a day on which the Registrar is authorized by law or executive order to close.

"City" means the City of Friendswood, Texas.

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"DTC" means The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Gross Revenues" means all revenues, income and receipts of every nature derived or received by the City from the operation and ownership of the System and the interest income from the investment or deposit of money in the Revenue Fund, the Interest and Sinking Fund, and the Reserve Fund.

"Initial Bond" means the Initial Bond authorized by Section 3.4(d).

"Interest and Sinking Fund" means the debt service fund for payment of principal of and interest on the Bonds described in Section 4.3 of this Ordinance.

"Interest Payment Date", when used in connection with any Bond, means March 1, 2019, and each September 1 and March 1thereafter until maturity or earlier redemption.

"Maintenance and Operation Expenses" mean the reasonable and necessary expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service (but only such repairs and extensions as, in the judgment of the governing body of the City, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the System), and all payments under contracts now or hereafter defined as operating expenses by the Legislature of Texas. Depreciation shall never be considered as a Maintenance and Operation Expense.

"Net Revenues" mean all Gross Revenues remaining after deducting the Maintenance and Operation Expenses.

"Ordinance" means this bond ordinance and all amendments hereof and supplements hereto.

"Outstanding Bonds" means the Series 2016 Bonds.

"Owner" when used with respect to any Bond, means the person or entity in whose name such Bond is registered in the Register. Any reference to a particular percentage or proportion of the Owners mean the Owners at the particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then outstanding under this Ordinance, exclusive of Bonds held by the City.

"Parity Bonds" mean the Bonds, the Outstanding Bonds, and each series of Additional Parity Bonds from time to time hereafter issued, but only to the extent such Parity Bonds remain outstanding within the meaning of this Ordinance.

"Record Date" means, with respect to the Bonds, the close of business on the fifteenth day of the month preceding such Interest Payment Date.

"Register" means the books of registration kept by the Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

"Registrar" means The Bank of New York Mellon Trust Company, N.A., and its successors in that capacity.

"Reserve Fund Requirement" means the average annual principal and interest requirements on the Parity Bonds, which may be determined and redetermined each year by the City but in no event less frequently than upon the issuance of each series of Parity Bonds.

"Reserve Fund Surety Policy" means an insurance policy or other credit agreement as provided in Section 4.6 of this Ordinance.

"Special Project" means, to the extent permitted by law, any waterworks or sanitary sewer system property, improvement or facility declared by the City not to be part of the System and substantially all of the costs of acquisition, construction, and installation of which is paid from proceeds of a financing transaction other than the issuance of bonds payable from ad valorem taxes or Gross Revenues or Net Revenues of the System, and for which all maintenance and operation expenses are payable from sources other than revenues of the System, but only to the extent that and for so long as all or any part of the revenues or proceeds of which are or will be pledged to secure the payment or repayment of such costs of acquisition, construction and installation under such financing transaction.

"System" means all properties, facilities, improvements, equipment, interests, and rights constituting the waterworks and sanitary sewer system of the City, including all future extensions, replacements, betterments, additions, and improvements to the System. The System shall not include any Special Project.

"Underwriters" mean ________________________________.

Section 2.2: Interpretations. All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Parity Bonds and the validity of the lien on and pledge of the Net Revenues to secure the payment of the Parity Bonds.

ARTICLE III

TERMS OF THE BONDS

Section 3.1: Purpose and Amount of Bonds. The Bonds shall be issued, pursuant to the Act, in fully registered form in the aggregate principal amount of $20,025,000 for the purpose of financing improvements to the System.

Section 3.2: Designation, Date, and Interest Payment Dates. The Bonds shall be designated as "City of Friendswood, Texas, Waterworks and Sewer System Revenue Bonds, Series 2018," and shall be dated December 1, 2018. The Bonds shall bear interest at the rates set out in Section 3.3

of this Ordinance from the date of initial delivery of the Bonds to the Underwriters, or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360 day year of twelve 30 day months, payable on March 1, 2019, and semiannually thereafter on September 1 and March 1of each year until maturity or earlier redemption.

Section 3.3: Principal Amounts and Interest Rates; Numbers and Denominations. The Bonds shall be issued in the principal amounts and bearing interest at the rates set forth in the following schedule, and may be transferred and exchanged as set out in this Ordinance. The Bonds shall mature subject to prior redemption in accordance with this Ordinance on March 1 in each of the years and in the amounts set out in such schedule. The Initial Bond shall be numbered T-1 and all other Bonds shall be numbered in sequence beginning with R-1. Bonds delivered on transfer of or in exchange for other Bonds shall be numbered in order of their authentication by the Registrar, shall be in the denomination of $5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

Year	Principal Amount	Interest Rate
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		

Section 3.4: Execution of Bonds; Seal. (a) The Bonds shall be signed on behalf of the City by the Mayor and countersigned by the City Secretary, by their manual, lithographed, or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(b) If any officer of the City whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Registrar. In lieu of the executed Registrar's Authentication certificate described above, the Initial Bond delivered at the Closing Date shall have attached hereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) On the Closing Date, the Initial Bond, being a single bond representing the entire principal amount of the Bonds, payable in stated installments to the Underwriters or their designee, executed by manual or facsimile signature of the Mayor and City Secretary of the City, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Underwriters or their designee. Upon payment for the Initial Bond, the Registrar shall cancel the Initial Bond and deliver definitive Bonds to DTC.

Section 3.5: Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent and registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable at the principal payment office of the Registrar in Dallas, Texas. The interest on each Bond shall be payable on each Interest Payment Date, by check mailed by the Registrar on or before the Interest Payment Date to the Owner of record as of the Record Date.

If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

Section 3.6: Successor Registrars. The City covenants that at all times while any Bonds are outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any state, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to serve as and perform the duties and services of Registrar for the Bonds. The City reserves the right to change the Registrar on not less than 50 days written notice to the Registrar, so long as any such notice is effective not less than 45 days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail; first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

Section 3.7: Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the City. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

Section 3.8: Ownership; Unclaimed Principal and Interest. The City, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

Section 3.9: Registration, Transfer, and Exchange. So long as any Bonds remain outstanding, the Registrar shall keep the Register at its principal payment office in Dallas, Texas, and, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Ordinance.

Each Bond shall be transferable only upon the presentation and surrender thereof at the principal payment office of the Registrar in Dallas, Texas, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three Business Days after such presentation, a new Bond or Bonds registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Registrar in Dallas, Texas, for a Bond or Bonds of like maturity and interest rate and in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The City or the Registrar may require the Owner of any Bond to pay a sum sufficient to cover
any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the City.

Section 3.10: Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the City, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize and the Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The City or the Registrar may require the Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The City or the Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before
any replacement Bond is issued, to:

(1) furnish to the City and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;

(2) furnish such security or indemnity as may be required by the Registrar and the City to save them harmless;

(3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and

(4) meet any other reasonable requirements of the City and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the City or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the City in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11: Cancellation of Bonds. All Bonds paid in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be cancelled and destroyed upon the making of proper records regarding such payment. The Registrar shall furnish the City with appropriate certificates of destruction of such Bonds.

Section 3.12: Book-Entry System. (a) The Initial Bond shall be registered in the name of Coastal Securities, Inc. Except as provided in Section 3.13 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the City and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest of the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Ordinance with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

Section 3.13: Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the City in its sole discretion, determines that the beneficial owners of the Bonds be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the City shall appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 3.14: Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations.

Section 3.15: Optional and Mandatory Redemption. The Bonds are subject to optional and mandatory redemption to the extent set forth in the Form of Bonds in this Ordinance.

Principal amounts may be redeemed only in integral multiples of $5,000. If a Bond subject to redemption is in a denomination larger than $5,000, a portion of such Bond may be redeemed, but

only in integral multiples of $5,000. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with Section 3.9 hereof, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity, Issuance Date, and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail, postage prepaid, to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Section 3.16: Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Section 3.17: Forms. The form of the Bonds, including the form of Registration Certificate of the Comptroller of Public Accounts; which shall be attached or affixed to the Initial Bond, the form of the Registrar's Authentication Certificate and the form of Assignment, shall be, respectively, substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Ordinance:

(a) Form of Bonds.

NO. R-

PRINCIPAL AMOUNT
$_________

UNITED STATES OF AMERICA
STATE OF TEXAS

CITY OF FRIENDSWOOD, TEXAS
WATERWORKS AND SEWER SYSTEM
REVENUE BOND, SERIES 2018

Interest Rate	Date of Delivery	Maturity Date	CUSIP No.
	__________, 2018	March 1, ____	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

THE CITY OF FRIENDSWOOD, TEXAS, a municipal corporation duly incorporated under the laws of the State of Texas (herein the "City") for value received, promises to pay, but solely from certain Net Revenues as hereinafter provided, to the registered owner identified above or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond to The Bank of New York Mellon Trust Company, N.A. (the "Registrar"), at its principal payment office in Dallas, Texas, the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America, and to pay, solely from such Net Revenues, interest thereon at the rate shown above, calculated on the basis of a 360 day year of twelve 30 day months, from the later of the Date of Delivery set forth above, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable by check on March 1 and September 1 of each year, beginning on March 1, 2019, mailed to the registered owner of record as of the close of business on the fifteenth day of the month preceding each interest payment date.

THIS BOND is one of a duly authorized issue of Bonds, aggregating $20,025,000 (the "Bonds"), issued for the purposes of improving the City's water and sewer system, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, and pursuant to an ordinance adopted by the City Council (the "Ordinance"), which Ordinance is of record in the City's official minutes.

THE CITY RESERVES THE RIGHT to redeem the Bonds maturing on or after March 1, 2029, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2028, or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

AT LEAST 30 DAYS PRIOR to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Registrar by United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the day such notice of redemption is mailed; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption, due provision shall be made with the Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of $5,000, at the written request of the registered owner, and in aggregate amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in the Ordinance.

THE BONDS ARE EXCHANGEABLE at the principal payment office of the Registrar in Dallas, Texas, for Bonds in the principal amount of $5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Ordinance.

THE CITY has covenanted in the Ordinance that it will at all times provide a legally qualified
registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

THIS BOND AND THE SERIES OF WHICH IT IS A PART are special obligations of the City that, along with the City's outstanding Waterworks and Sewer System Revenue Bonds, Series 2016 (the "Outstanding Bonds"), are payable from and are equally and ratably secured by a first lien on the revenues of the City's waterworks and sewer system remaining after deduction of the operation and maintenance expenses of that system (the "Net Revenues"), as defined and provided in the Ordinance, which Net Revenues are required to be set aside and pledged to the payment of the Bonds, the Outstanding Bonds, and all additional bonds issued on a parity therewith, in the Interest and Sinking Fund and the Reserve Fund maintained for the payment of all such bonds, all as more fully described and provided for in the Ordinance. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Net Revenues and do not constitute an indebtedness or general obligation of the City. The holder of this obligation is not entitled to demand payment of this obligation out of any money raised by taxation.

THE CITY HAS RESERVED THE RIGHT to issue additional parity revenue bonds, subject to the restrictions contained in the Ordinance, which may be equally and ratably payable from, and secured by a first lien on and pledge of, the Net Revenues in the same manner and to the same extent as this Bond and the series of which it is a part.

IT IS HEREBY DECLARED AND REPRESENTED that this Bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; that the Bonds do not exceed any statutory limitation;

and that provision has been made for the payment of the principal of and interest on this Bond and all of the Bonds by the creation of the aforesaid lien on and pledge of the Net Revenues.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and provisions of this Bond and the Ordinance constitute a contract between each registered owner hereof and the City.

IN WITNESS WHEREOF, the City has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the City (or in the Mayor's absence, by the Mayor Pro-Tem) and countersigned with the manual or facsimile signature of the City Secretary of the City, and has caused the official seal of the City to be duly impressed, or placed in facsimile, on this Bond.

(signature)	(signature)
City Secretary	Mayor

(SEAL)

(b) Form of Registrar's Authentication Certificate.

REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Ordinance described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: ___________________.

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas
Registrar

By:________________________________
Authorized Representative

(c) Form of Assignment.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

____

Please insert Social Security or Taxpayer Identification Number of Transferee:

____

Please print or typewrite name and address, including zip code of Transferee:

____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ___________________.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.	NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

(d) Form of Registration Certificate of the Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. ______________

I hereby certify that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this ___________________.

____
Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(e) Initial Bond Insertions.

(i) The initial Bond shall be in the form set forth is paragraph (a) of this Section, except that:

A. immediately under the name of the Bond, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. _____" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF FRIENDSWOOD, TEXAS, a municipal corporation duly incorporated under the laws of the State of Texas (herein the "City") for value received, promises to pay, but solely from certain Net Revenues as hereinafter provided, to the registered owner identified above or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond to The Bank of New York Mellon Trust Company, N.A. (the "Registrar"), at its principal payment office in Dallas, Texas, the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America, and to pay, solely from such Net Revenues, on March 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years	Principal Installments	Interest Rates	Years	Principal Installments	Interest Rates
2020			2030		
2021			2031		
2022			2032		
2023			2033		
2024			2034		
2025			2035		
2026			2036		
2027			2037		
2028			2038		
2029					

The City promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Date of Delivery shown above at the respective Interest Rate per annum specified above. Interest is payable on March 1, 2019, and semiannually on each September 1 and March 1thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the close of business on the fifteenth day of the month preceding each interest payment date, such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after such date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond shall be numbered "T-1."

ARTICLE IV

SECURITY AND SOURCE OF PAYMENT FOR ALL PARITY BONDS

Section 4.1: Pledge and Source of Payment. The City hereby covenants and agrees that all Gross Revenues of the System shall be deposited and paid into the special funds established for the Parity Bonds, as provided in this Ordinance, and shall be applied in the manner set out herein, to provide for the payment of all Maintenance and Operation Expenses and to provide for the payment of principal, interest and any redemption premium of the Parity Bonds and all expenses of paying, securing and insuring the same. The Parity Bonds shall constitute special obligations of the City that shall be payable solely from, and shall be equally and ratably secured by a first lien on, the Net Revenues, as collected and received by the City, from the operation and ownership of the System, which Net Revenues shall, in the manner herein provided, be set aside for and pledged to the payment of the Parity Bonds in the Interest and Sinking Fund and Reserve Fund as hereinafter provided, and the Parity Bonds shall be in all respects on a parity with and of equal dignity with one another. The holders of the Parity Bonds shall never have the right to demand payment out of any funds raised or to be raised by taxation.

Section 4.2: Rates and Charges. So long as any Parity Bonds remain outstanding, the City shall fix, charge and collect rates and charges for the use and services of the System which are fully sufficient to produce Net Revenues in each fiscal year at least equal to 125% of the principal and interest requirements scheduled to occur in such fiscal year on all Parity Bonds then outstanding plus an amount equal to the sum of all deposits required to be made to the Reserve Fund in such fiscal year; but in no event shall Net Revenues ever be less than the amount required to maintain the Interest and Sinking Fund and the Reserve Fund as hereinafter provided, and, to the extent that funds for such purpose are not otherwise available, to pay all other outstanding obligations payable from the Net Revenues of the System, as and when the same become due.

The City will not grant or permit any free service from the System except for public buildings and institutions operated by the City.

Section 4.3: Special Funds. The following special funds created pursuant to, or confirmed in, the ordinance authorizing the Outstanding Bonds are hereby confirmed, and such funds shall be maintained and accounted for as hereinafter provided, so long as any Parity Bonds remain outstanding:

(a) Waterworks and Sewer System Revenue Fund (the "Revenue Fund");

(b) Waterworks and Sewer System Revenue Bonds Interest and Sinking Fund (the "Interest and Sinking Fund"); and

(c) Waterworks and Sewer System Revenue Bonds Reserve Fund (the "Reserve Fund").

The Revenue Fund shall be maintained as a separate account on the books of the City. The Interest and Sinking Fund and the Reserve Fund shall be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City and shall constitute trust funds which shall be held in trust for the benefit of the Owners of the Parity Bonds and the proceeds of which shall be and are hereby pledged to the payment of the Panty Bonds. All of the Funds named above shall be used solely as provided in this Ordinance so long as any Parity Bonds remain outstanding.

Section 4.4: Flow of Funds. All Gross Revenues of the System (except for interest and earnings on investments in the Reserve Fund and the Interest and Sinking Fund) shall be deposited as collected into the Revenue Fund. Money from time to time on deposit in the Revenue Fund shall be applied as follows in the following order of priority:

(a) First, to pay Maintenance and Operation Expenses.

(b) Second, to make all deposits into the Interest and Sinking Fund required by this Ordinance, the ordinance authorizing the issuance of the Outstanding Bonds, and any ordinance authorizing the issuance of Additional Parity Bonds.

(c) Third, to make all deposits into the Reserve Fund required by this Ordinance, the ordinance authorizing the issuance of the Outstanding Bonds, and any ordinance authorizing the issuance of Additional Parity Bonds.

(d) Fourth, to pay any amounts due to any bond insurer of Parity Bonds not paid pursuant to subsections (b) or (c) above.

(e) Fifth, to pay any amounts due to any issuer of a reserve fund surety policy not paid pursuant to subsections (b) or (c) above.

(f) Sixth, for any lawful purpose.

Whenever the total amounts on deposit to the credit of the Interest and Sinking Fund and the Reserve Fund shall be equivalent to the sum of the aggregate principal amount of all outstanding Parity Bonds plus the aggregate amount of all interest accrued and to accrue thereon, no further payments need be made into the Interest and Sinking Fund or the Reserve Fund.

Section 4.5: Interest and Sinking Fund. On or before the last Business Day of each month, so long as any Parity Bonds remain outstanding, after making all required payments and provision for payment of Maintenance and Operation Expenses, there shall be transferred into the Interest and Sinking Fund from the Revenue Fund:

(i) such amounts, in approximately equal monthly installments, as will be sufficient to accumulate the amount required to pay the interest scheduled to become due on the Parity Bonds on the next interest payment date; and

(ii) such amounts, in approximately equal monthly installments, as will be sufficient to accumulate the amount required to pay the next maturing principal of the Parity Bonds, including the principal amounts of, and any redemption premium on, any Parity Bonds payable as a result of the exercise or operation of any optional or mandatory redemption provision contained in any ordinance authorizing the issuance of Parity Bonds.

Money deposited to the credit of the Interest and Sinking Fund shall be used solely for the purpose of paying principal (at maturity or prior redemption or to purchase Parity Bonds issued as term bonds in the open market to be credited against mandatory redemption requirements), interest and any redemption premium on the Parity Bonds, plus all bank charges and other costs and expenses relating to such payment. The paying agent shall destroy all paid Parity Bonds and shall provide the City with appropriate certificates of destruction.

Section 4.6: Reserve Fund. (a) On or before the last Business Day of each month so long as any Parity Bonds remain outstanding, after making all required payments and provision for payment of Maintenance and Operation Expenses, and after making the transfers into the Interest and Sinking Fund required in the preceding Section, there shall be transferred into the Reserve Fund from the Revenue Fund, in approximately equal monthly installments, amounts sufficient to accumulate within sixty (60) months the Reserve Fund Requirement. Each increase in the Reserve Fund Requirement resulting from the issuance of Additional Parity Bonds shall be accumulated within sixty (60) months of the issuance of such Additional Parity Bonds by making transfers from the Revenue Fund into the Reserve Fund in approximately equal monthly installments of amounts sufficient for such purpose. After the Reserve Fund Requirement has accumulated in the Reserve Fund and so long thereafter as such Fund contains the Reserve Fund Requirement, no further deposits shall be required to be made into the Reserve Fund, and any excess amounts may be transferred to the Revenue Fund. If the balance in the Reserve Fund is reduced below the Reserve Fund Requirement, either due to a draw on the funds or reduction or cancellation of a Reserve Fund Surety Policy, monthly deposits into such Fund shall be resumed and continued in amounts at least equal to one twenty-fourth (1/24th) of the deficiency in the Reserve Fund Requirement until the Reserve Fund again equals the Reserve Fund Requirement. The Reserve Fund shall be used to pay the principal of and interest on the Parity Bonds at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose and to pay and retire the last Parity Bonds to mature or be redeemed.

(b) The City expressly reserves the right at any time to satisfy all or any part of the Reserve Fund Requirement by obtaining for the benefit of the Reserve Fund a Reserve Fund Surety Policy (as defined below). In the event the City elects to substitute a Reserve Fund Surety Policy for any funded amounts in the Reserve Fund, it may apply any bond proceeds thereby released, including investment earnings or such proceeds, to any purposes for which the bonds were issued and any other funds thereby released to any purposes for which such funds may lawfully be used, including the payment of debt service on the Parity Bonds. A Reserve Fund Surety Policy shall be an insurance policy or other credit agreement (as such term is defined by Section 1371.001, Government Code) in a principal amount equal to the portion of the Reserve Fund Requirement to be satisfied and issued by a financial institution or insurance company with a rating for its long term unsecured debt or claims paying ability in the highest letter category by two major municipal securities evaluation sources. A Reserve Fund Surety Policy shall be for the pro rata benefit of all Parity Bonds. The premium for any such policy shall be paid from bond proceeds or other funds of the City lawfully available for such purpose. Any Reserve Fund Surety Policy shall be authorized by resolution or ordinance and submitted to the Attorney General for examination and approval.

(c) In connection with the issuance of the Bonds, the City will deposit the amount of $____________ to the Reserve Fund from proceeds of the Bonds to fully fund the required increase in the Reserve Fund associated with the issuance of the Bonds on the date of initial delivery of the Bonds.

Section 4.7: Deficiencies in Funds. If in any month there shall not be deposited into any Fund maintained pursuant to this Article the full amounts required herein, amounts equivalent to such deficiency shall be set apart and paid into such Fund or Funds from the first available and unallocated money in the Revenue Fund, and such payment shall be in addition to the amounts otherwise required to be paid into such Funds during the succeeding month or months. To the extent necessary, the rates and charges for the System shall be increased to make up for any such deficiencies.

Section 4.8: Investment of Funds; Transfer of Investment Income. (a) Money in the Revenue Fund, the Interest and Sinking Fund and the Reserve Fund may, at the option of the City, be invested as permitted by law; provided that all such deposits and investments shall be made in such manner that the money within each Fund will be available at the proper time or times, and provided further that in no event shall such deposits or investments of money in the Reserve Fund mature later than the final maturity date of the Parity Bonds. Any obligation in which money is so invested shall be kept and held in the Fund from which the investment was made. All such investments shall be promptly sold when necessary to prevent any default in connection with the Parity Bonds.

(b) All interest and income derived from such deposits and investments shall be credited as received to the Fund from which the investment was made.

ARTICLE V

ADDITIONAL BONDS

Section 5.1: Additional Parity Bonds. The City reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds or any other bonds or obligations of the City issued in connection with or payable from the revenues of the System), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Net Revenues of the System on a parity with the Bonds and any previously issued Additional Parity Bonds; provided, however, that no Additional Parity Bonds may be issued unless:

(a) the Additional Parity Bonds mature on, and interest is payable on, the same days of the year as any outstanding Parity Bonds;

(b) the Interest and Sinking Fund and the Reserve Fund each contains the amount of money then required to be on deposit therein;

(c) for either the preceding fiscal year or a 12 consecutive calendar month period ending no more than 90 days prior to adoption of the ordinance authorizing such Additional Parity Bonds, Net Revenues were equal to at least 140% of the average annual principal and interest requirements on all Parity Bonds that will be outstanding after the issuance of the series of Additional Parity Bonds then proposed to be issued, as certified by the City's Controller or Director of Administrative Services or by an independent certified public accountant or firm of independent certified public accountants; and

(d) if the City cannot meet the test described in (c) above, but a change in the rates and charges applicable to the System becomes effective at least sixty (60) days prior to the adoption of the ordinance authorizing Additional Parity Bonds and the City's Controller or Director of Administrative Services certifies that, had such change in rates and charges been effective for the preceding fiscal year or 12 consecutive calendar month period ending no more than 90 days prior to adoption of said ordinance, the Net Revenues for such period would have met the test described in (c) above.

Section 5.2: Subordinate Lien Bonds. The City reserves the right to issue, for any lawful purpose, bonds, notes or other obligations secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the lien on the Net Revenues securing payment of the Parity Bonds. Such subordinate lien obligations may be further secured by any other source of payment lawfully available for such purpose.

Section 5.3: Special Project Bonds. The City reserves the right to issue revenue bonds secured by liens on and pledges of revenues and proceeds derived from Special Projects.

ARTICLE VI

COVENANTS AND PROVISIONS RELATING TO ALL PARITY BONDS

Section 6.1: Punctual Payment of Parity Bonds. The City will punctually pay or cause to be paid the interest on and principal of all Parity Bonds according to the terms thereof and will faithfully do and perform, and at all times fully observe, any and all covenants, undertakings, stipulations and provisions contained in this Ordinance and in any ordinance authorizing the issuance of Additional Parity Bonds.

Section 6.2: Maintenance of System. So long as any Parity Bonds remain outstanding, the City covenants that it will at all times maintain the System, or within the limits of its authority cause the same to be maintained, in good condition and working order and will operate the same, or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound business principles. In operating and maintaining the System, the City will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders of any governmental, administrative, or judicial body promulgating same, noncompliance with which would materially and adversely affect the operation of the System.

Section 6.3: Sa1e or Encumbrance of System. So long as any Parity Bonds remain outstanding, the City will not sell, dispose of or, except as permitted in Article VI, further encumber the System; provided, however, that this provision shall not prevent the City from disposing of any portion of the System which is being replaced or is deemed by the City to be obsolete, worn out, surplus or no longer needed for the proper operation of the System. Any agreement pursuant to which the City contracts with a person, corporation, municipal corporation or political subdivision to operate the System or to lease and/or operate all or part of the System shall not be considered as an encumbrance of the System.

Section 6.4: Insurance. The City further covenants and agrees that it will keep the System insured with insurers of good standing against risks, accidents or casualties against which and to the extent customarily insured against by political subdivisions of the State of Texas operating similar systems, to the extent that such insurance is available. The cost of all such insurance together with any additional insurance, shall be a part of the Maintenance and Operation Expenses. All net proceeds of such insurance shall be applied to repair or replace the insured property that is damaged or destroyed, or to make other capital improvements to the System, or to redeem Parity Bonds.

Section 6.5: Account, Records, and Audits. So long as any Parity Bonds remain outstanding, the City covenants and agrees that it will maintain a proper and complete system of records and accounts pertaining to the operation of the System in which full, true and proper entries will be made of all dealings, transactions, business and affairs which in any way affect or pertain to the System or the Gross Revenues or the Net Revenues thereof. The City shall after the close of each of its fiscal years cause an audit report of such records and accounts to be prepared by an independent certified public accountant or independent firm of certified public accountants. Each year promptly after such audit report is prepared, the City shall furnish a copy thereof without cost to the Municipal Advisory Council of Texas, the major municipal rating agencies and any Owner of Parity Bonds who shall request same. All expenses incurred in preparing such audits shall be Maintenance and Operation Expenses.

Section 6.6: Competition. To the extent it legally may, the City will not grant any franchise or permit for the acquisition, construction, or operation of any competing facilities which might be used as a substitute for the System and will prohibit the operation of any such competing facilities.

Section 6.7: Pledge and Encumbrance of Net Revenues. The City covenants and represents that it has the lawful power to create a lien on and to pledge the Net Revenues to secure the payment of the Parity Bonds and has lawfully exercised such power under the Constitution and laws of the State of Texas. The City further covenants and represents that, other than to the payment of the Parity Bonds, the Net Revenues are not and will not be made subject to any other lien, pledge or encumbrance to secure the payment of any debt or obligation of the City, unless such lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Parity Bonds.

Section 6.8: Bondowners' Remedies. This Ordinance shall constitute a contract between the City and the Owners of the Parity Bonds from time to time outstanding (including any bond insurers of Parity Bonds) and shall remain in effect until the Parity Bonds and the interest thereon shall be fully paid or discharged or provision therefor shall have been made as provided herein (including payments of any amounts due to bond insurers of Parity Bonds). In the event of a default in the payment of the principal of or interest on any of the Parity Bonds or a default in the performance of any duty or covenant provided by law or in this Ordinance, the Owner or Owners of any of the Parity Bonds may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the City to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, it is expressly provided that any Owner of any of the Parity Bonds may proceed at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties requited to be performed by the City under this Ordinance, including the making and collection of reasonable and sufficient rates and charges for the use and services of the System, the deposit of the Gross Revenues into the special funds herein provided, and the application of the Gross Revenues and the Net Revenues in the manner required in this Ordinance.

Section 6.9: Discharge by Deposit. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Registrar for the payment of its services until all Defeased Bonds shall have become due and payable, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in Subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Registrar may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in Subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Bonds.

(d) Until all Defeased Bonds shall have become due and payable, the Registrar shall perform the services of Registrar for such Defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) In the event that the City elects to defease less than all of the principal amount of Bonds of a maturity, the Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

Section 6.10: Paying Agents May Own Parity Bonds. The paying agents for the Parity Bonds, in their individual or any other capacity, may become holders or pledges of the Parity Bonds with the same rights they would have if they were not paying agents.

Section 6.11: No Recourse Against City Officials. No recourse shall be had for the payment of principal of or interest on any Parity Bonds or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Parity Bonds.

ARTICLE VII

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF BONDS

Section 7.1: Sale; Bond Purchase Agreement. The Bonds are hereby sold and shall be delivered to the Underwriters at a price of $___________ (representing the par amount of the Bonds, less an Underwriters' discount of $___________, plus an aggregate premium of $___________), all in accordance with the terms of the Bond Purchase Agreement of even date herewith, presented to and hereby approved by the City Council, which price and terms are hereby found and determined to be the most advantageous reasonably obtainable by the City. The Mayor and other appropriate officials of the City are hereby authorized and directed to execute the Bond Purchase Agreement on behalf of the City, and the Mayor and all other officers, agents and representatives of the City are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

Section 7.2: Federal Income Tax Exclusion.

(a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of $5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with –

> (A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,
>
> (B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and
>
> (C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(10) to assure that the proceeds of the Bonds issued for improvements to the System will be used solely for new money projects.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(8), a "Rebate Fund" is hereby established by the City for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the Bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Use of Proceeds. For purposes of the foregoing covenants (a)(1) and (a)(2), the City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Manager or the Director of Administrative Services to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Project. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the improvements financed with the Bonds (the "Project") on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the City shall not expend proceeds of the sale of the Bonds or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the City obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Bonds or the interest thereon. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The City covenants that the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax proposes from gross income of the interest.

Section 7.3: Use of Proceeds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the City, be applied as follows:

(a) $____________ shall be deposited to the Reserve Fund; and

(c) $____________ shall be used to pay for improvements to the System and to pay costs of issuing the Bonds.

ARTICLE VIII

CONTINUING DISCLOSURE

Section 8.1: Continuing Disclosure Undertaking.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports. (i) The City shall provide annually to the MSRB, in the electronic format prescribed by the MSRB, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by this Ordinance, being the financial information and operating data with respect to the City of the general type included in the Official Statement under the headings "OFFICIAL STATEMENT SUMMARY – Selected Financial Information," "CITY REVENUE DEBT" and "THE SYSTEM" (collectively, the "Annual Operating Report"). The City will additionally provide financial statements of the City (the "Financial Statements"), that will be (A) prepared in accordance with the accounting principles described in the notes to the financial statements that are attached to the Official Statement as Appendix B, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and shall be in substantially the form included in the final Official Statement and (B) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The City will update and provide the Annual Operating Report within six months after the end of each fiscal year and the

Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2018. The City may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

(ii) If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any documents available to the public on the MSRB's internet website or filed with the SEC.

(iii) Event Notices. The City shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor trustee or change in the name of the trustee, if material.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (i) of this Section by the time required by subsection (i). As used in clause (iii)12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the Board and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(iv) Limitations, Disclaimers, and Amendments. (A) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes the Bonds no longer to be outstanding.

(B) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(C) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(D) No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under the Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(E) The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

ARTICLE IX

MISCELLANEOUS

Section 9.1: Official Statement. The Council ratifies and confirms its prior approval of the form and content of the Preliminary Official Statement prepared in the initial offering and sale of the Bonds and hereby authorizes the preparation of a final Official Statement reflecting the terms of the Bond Purchase Agreement with the Underwriters and other relevant matters. The use of such Official Statement in the reoffering of the Bonds by the Underwriters is hereby approved and authorized.

Section 9.2: Further Proceedings. The Mayor, the Director of Administrative Services, the City Secretary, and other appropriate officials of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Ordinance.

Section 9.3: Severability. If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 9.4: Paying Agent/Registrar Agreement. The form of agreement setting forth the duties of the Registrar is hereby approved and an appropriate official of the City is hereby authorized to execute such agreement for and on behalf of the City.

Section 9.5: No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bond or for any claim based thereon, or on this Ordinance, against any official or employee of the City or any person executing any Bond.

Section 9.6: Parties Interested. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Registrar and the Owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance shall be for the sole and exclusive benefit of the City, the Registrar and the Owners of the Bonds.

Section 9.7: Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 9.8: Open Meeting. It is hereby officially found and determined that the meeting at which this Ordinance was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

Section 9.9: Method of Amendment. The City hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The City may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the City's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of then outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Bonds so as to:

(1) Make any change in the maturity of any of the outstanding Bonds;

(2) Reduce the rate of interest borne by any of the outstanding Bonds;

(3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds;

(4) Modify the terms of payment of principal or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or

(5) Change the minimum percentage of the principal amount of any series of Bonds necessary for consent to such amendment.

(c) If at any time the City shall desire to amend this Ordinance under this Section, the City shall send by U.S. mail to each registered owner of the affected Bonds a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the City for inspection by all holders of such Bonds.

(d) Whenever at any time within one year from the date of publication of such notice the City shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the City may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the City and all holders of such affected Bonds shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the City, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Bonds then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

For the purposes of establishing ownership of the Bonds, the City shall rely solely upon the registration of the ownership of such Bonds on the registration books kept by the Registrar.

<u>Section 9.10</u>: <u>Effective Date</u>. In accordance with the provisions of Texas Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the Council.

<u>Section 9.11</u>. <u>Custody, Approval, and Registration of Bonds; Bond Counsel's Opinion; CUSIP Numbers and Contingent Insurance Provision, If Obtained; Engagement of Bond Counsel; Attorney General Review Fee</u>.

(a) The Mayor of the Issuer is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Bonds is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the City, which opinion shall be dated as of and delivered on the date of initial delivery of the Bonds to the initial purchaser. The engagement of such firm as bond counsel to the City in connection with issuance, sale and delivery of the Bonds is hereby approved and confirmed. The execution and delivery of an engagement letter between the City and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor or the City Manager, and the Mayor or the City Manager is hereby authorized to execute such engagement letter.

(c) In accordance with the provisions of Section 1202.004, Tex. Gov't Code Ann., in connection with the submission of the Bonds by the Attorney General of Texas for review and approval, a statutory fee (an amount equal to 0.1% principal amount of the Bond, subject to a minimum of $750 and a maximum of $9,500) is required to be paid to the Attorney General upon the submission of the transcript of proceedings for the Bonds. The City hereby authorizes and directs that a check in the amount of the Attorney General filing fee for the Bonds, made payable to the "Texas Attorney General," be promptly furnished to the City's Bond Counsel, for payment to the Attorney General in connection with his review of the Bonds.

ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

August 10, 2005

To All Bond Counsel:

Re:Statutory Fee Increase

As most of you are aware, the Legislature this year passed Senate Bill 495, which amended Chapter 1202 of the Texas Government Code, relating to the examination fees charged for Attorney General review and approval of public securities and credit agreements.

Instead of the tiered structure currently in place, the amended Section 1202.004 provides for a fee equal to one-tenth of one percent of the principal amount of the public security to which the record of proceedings relates or $9,500, whichever is less; provided, the fee shall not be less than $750. If the record of proceedings includes multiple series, a separate fee must be calculated and paid for each series. If the record of proceedings includes authorization of a credit agreement, but does not also include the authorization of a public security, the fee is calculated based on the principal amount of the public security or public securities to which the credit agreement relates.

The fee may be rounded to the nearest whole dollar. If the principal amount of the public security has not been finalized at the time a record of proceedings is submitted for review, the fee will be calculated and paid based on the maximum principal amount authorized.

The amendment is effective for all records of proceedings submitted on or after September 1, 2005. Please be advised that any transcript submitted prior to September 1, 2005, with a closing date after September 21, 2005, must be substantially complete; pro forma transcripts will not be accepted.

We recognize that questions will arise as we all transition to the new fee structure. We will endeavor to promptly address each question. Thank you in advance for your cooperation.

Yours truly,

T.Lynn Stuck
Assistant Attorney General
Chief, Public Finance Division

December 3, 2018

Mayor and Members of the City Council
City of Friendswood
910 S. Friendswood Drive
Friendswood, Texas 77546

Re: Proposed City of Friendswood, Texas, Waterworks and Sewer System Revenue Bonds, Series 2018

Ladies and Gentlemen:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to the City of Friendswood, Texas (the "Issuer") in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds are being issued for the purpose of providing approximately $20,000,000 to finance improvements to the waterworks and sewer system of the Issuer (the "System"), to fund a debt service reserve fund for the Bonds and to pay the costs of issuing the Bonds, and that the Bonds will be secured by a pledge of the net revenues (the "Net Revenues") of the System. We further understand that the Bonds will be authorized to be sold by the City Council of the Issuer (the "Council") pursuant to an ordinance (the "Ordinance") adopted on the date hereof (the "Sale Date"), and that the Bonds will be sold by negotiation to FTN Financial Capital Markets and SAMCO Capital Markets, Inc. (collectively, the "Underwriter") on the Sale Date.

A. THE FINANCING

As Bond Counsel to the Issuer, we would like for the Council to understand how the issuance of the Bonds will be effected and the ramifications of the financing. I will briefly describe the procedures and certain applicable law that pertains to the issuance of the Bonds, below. However, you should feel free to call me at any time to discuss any questions that you or your staff may have.

(1) The Bonds will be "ordered to be issued" when and if the Council approves the Ordinance on the Sale Date. The Ordinance provides for (i) the terms of the Bonds, including the principal amortization schedule and interest rates; (ii) the Issuer's pledge of the Net Revenues to pay the debt service on the Bonds; (iii) the sale of the Bonds to the Underwriter; (iv) the approval of this engagement letter; (v) approval of a paying agent agreement with a paying agent/registrar bank, to whom you will make semiannual payments sufficient to pay the debt service on the Bonds; (vi) covenants of the Issuer with respect to on-going disclosure obligations in accordance with Rule 15c2-12 of the Securities and Exchange Commission; and (vii) certain other covenants of the Issuer that are designed to allow the Issuer to issue the Bonds as tax-exempt obligations. As you can see, the Ordinance is an omnibus undertaking of the Issuer that is intended to provide for all actions and undertakings that are required for the issuance of the

Bonds. There will be other certificates and letters that will be required to be executed by officers of the Issuer on the Sale Date, but they all spring from, and are authorized by, the Ordinance.

(2) As noted above, the Bonds will be sold to the Underwriter in accordance with the provisions of the Ordinance and, in addition, in accordance with a Bond Purchase Agreement, which will set forth the terms of the sale of the Bonds. In connection with the sale of the Bonds, the Issuer will make representations to the Underwriter in various closing certificates (collectively, the "Closing Certificate") to the effect that the Issuer is authorized to issue the Bonds and that it has made full disclosure to the Underwriter and the bond investors of all material information. The Issuer's representations regarding its disclosures are statements of inducement that are governed by the anti-fraud provisions of State and federal securities laws. As a condition to the Underwriter's payment for the Bonds, the Underwriter will require this firm to deliver our Bond Counsel opinion to them, in which we will opine that the Bonds are valid obligations of the Issuer and that, assuming ongoing compliance by the Issuer with the provisions of the Ordinance, the interest on the Bonds will be exempt from federal income taxation. The Underwriter's bid will also require the delivery of an opinion of the Texas Attorney General approving the Bonds, as is required by State law. We have reviewed the Issuer's representations in the Closing Certificate, and we believe that it is appropriate for the Issuer to make such representations. However, if there are any unusual financial or legal circumstances affecting the Issuer that would make the covenants, representations or statements made by the Issuer in the Official Statement (described below) or the Closing Certificate untrue or incomplete, you should let your Financial Advisor or the undersigned know about them as soon as possible.

(3) You should know that the purchase price for the Bonds will likely be somewhat higher than the principal amount of the Bonds. This is because additional proceeds are often generated by the sale of certain of the Bonds at a premium. Any premium can be used to pay costs of issuance of the Bonds and to fund the construction of the project.

(4) The Underwriter will offer the Bonds into the public debt markets prior to the time that the Council meets to accept the Underwriter's offer for the Bonds. Through this process, the Bonds will be "priced" – i.e., interest rates and premiums or discounts, if any, for the Bonds will be established. On the Sale Date, the Council will then consider the terms offered to the Issuer by the Underwriter based upon the market conditions and other factors that determine interest rates and pricing information. The Issuer's Financial Advisor, working with the staff of the Issuer, has prepared an offering document called an "Official Statement" that contains financial and operating data concerning the Issuer, and information that describes the Bonds. The Issuer is responsible for the information that is contained in the Official Statement to the extent that it describes the Bonds and the Issuer. Some information in the Official Statement has been prepared by others, including the Underwriter, and the Issuer is not responsible for that information. As your Bond Counsel, we have reviewed the Official Statement to ensure that the information describing the Bonds and the Ordinance are correct. The Issuer has strict responsibility for truthful disclosures when it offers securities into the public markets. An issuer of securities does not have a "due diligence defense" should there be material misrepresentations or omissions in the document that relate to the information for which the issuer is responsible. Therefore, if you know of any information that an investor would consider to be material in order

to make an investment decision, and that information is omitted from, or incorrect in, the Official Statement, the Underwriter needs to know, and the Official Statement should be corrected, accordingly.

B. SCOPE OF ENGAGEMENT

In this engagement, we have performed, or expect to perform, the following duties:

(1) Subject to the completion of proceedings to our satisfaction, render our legal opinion (the "Bond Opinion") regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the excludability of interest on the Bonds from gross income for federal income tax purposes.

(2) Prepare and review documents necessary or appropriate to the authorization, issuance and delivery of the Bonds, coordinate the authorization and execution of such documents, and review enabling legislation.

(3) Assist the Issuer in seeking from other governmental authorities such approvals, permissions and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance and delivery of the Bonds, except that we will not be responsible for any required federal or state securities law filings. In this connection, we particularly undertake to assist the Issuer in having the Bonds approved by the Public Finance Division of the Office of the Texas Attorney General, and, following such approval, registered by the Texas Comptroller of Public Accounts.

(4) Review legal issues relating to the structure of the Bond issue.

(5) Review those sections of the official statement to be disseminated in connection with the sale of the Bonds which describe the Bonds, the Ordinance pursuant to which they will be issued and the tax-exempt treatment of the interest on the Bonds for purposes of federal income taxation.

(6) If requested, assist the Issuer in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds.

(7) Draft the continuing disclosure undertaking of the Issuer.

Our Bond Opinion will be delivered by us on the date the Bonds are exchanged for their purchase price (the "Closing"). The Issuer will be entitled to rely on our Bond Opinion.

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the Issuer with applicable laws relating to the Bonds. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will direct members of your staff and other employees of the Issuer to cooperate with us in this regard. Our Bond Opinion will represent the our legal judgment based upon our review of existing law and the reliance on the aforementioned information, as well as other representations and covenants of the Issuer. The Bond Counsel opinion is not a guarantee of a result. Applicable law pertaining to the Bond Opinion is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such applicable law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds. As Bond Counsel to the Issuer, we are not being retained to monitor compliance with the requirements of applicable law subsequent to the issuance of the Bonds, but we will provide advice to the Issuer following the issuance of the Bonds, which advice will be based on post-issuance information (if any) provided to us by the Issuer.

Our duties in this engagement are limited to those expressly set forth above. Unless we are separately engaged in writing to perform other services, our duties do not include any other services, including the following:

(a) Except as described in paragraph (5) above, assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds, or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the official statement or other disclosure document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(b) Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.

(c) Preparing state securities law memoranda or investment surveys with respect to the Bonds.

(d) Drafting state constitutional or legislative amendments.

(e) Pursuing test cases or other litigation.

(f) Making an investigation or expressing any view as to the creditworthiness of the Issuer or the Bonds.

(g) Except as described in paragraph (7) above, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.

(h) Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.

(i) After Closing, providing continuing advice to the Issuer or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds).

(j) Negotiating the terms of, or opining as to, any investment contract.

(k) Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

C. ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the Issuer will be our client and an attorney-client relationship will exist between us. We further assume that all other parties in this transaction understand that we represent only the Issuer in this transaction, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the Issuer's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the Issuer will not affect, however, our responsibility to render an objective Bond Opinion.

Our representation of the Issuer and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Form 8038, prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

D. FIRM NOT A MUNICIPAL ADVISOR; NO ISRAEL BOYCOTT

As a consequence of the adoption of Rule 15Ba1-1 pursuant to the Securities Exchange Act of 1934 (the "Municipal Advisor Rule"), which has been promulgated by the Securities and Exchange Commission as a result of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), we hereby inform the Issuer that we are not a "Municipal Advisor" within the meaning of the Municipal Advisor Rule or the Dodd-Frank Act (collectively, the "MA Rule"). In the course of performing our services as Bond Counsel in this transaction, we may engage in analysis, discussion, negotiation, and advice to the Issuer regarding the legal ramifications of the structure, timing, terms, and other provisions of the financial transaction that culminates with the planned issuance of the Bonds, and such services and advice may be essential to the development of the plan of finance for the issuance of the Bonds. In turn, these services become, among other things, the basis for the transaction's basic legal documents, the preparation and delivery of the official statement or any other disclosure document that describes the material terms and provisions of the transaction, if an offering document is used in the offering of the Bonds, the preparation of the various closing certificates that embody the terms and provisions of this transaction and the preparation and delivery of our

Bond Opinion. Moreover, legal advice and services of a traditional legal nature in the area of municipal finance inherently involve a financial advice component; but we hereby advise the Issuer that while we have expertise with respect to the legal aspects relating to the issuance of municipal securities, we are not "financial advisors" or "financial experts" in a manner that would subject us to the provisions of the MA Rule. As Bond Counsel, we provide only legal advice, not purely financial advice that is not inherent in our legal advice to the Issuer. The Issuer should seek the advice of its financial advisor with respect to the financial aspects of the issuance of the Bonds. By signing this engagement letter, the Issuer acknowledges receipt of this information, and evidences its understanding of the limitations of our role to the Issuer as Bond Counsel with respect to the MA Rule, as discussed in this paragraph.

We hereby represent that during the term of this agreement we do not, nor will we, boycott Israel, in compliance with and within the meaning of 50 U.S.C. Section 4607 and Section 2270.002, of the Texas Government Code.

E. CONFLICTS

As you are aware, our firm represents many political subdivisions and investment banking firms, among others, who do business with political subdivisions. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer, including the Issuer's financial advisor and the Underwriter. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Execution of this letter will signify the Issuer's consent to our representation of others consistent with the circumstances described in this paragraph.

F. ELECTRONIC COMMUNICATION AND STORAGE

In the interest of facilitating our services to you, we may send documents, information or data electronically or via the Internet or store electronic documents or data via computer software applications hosted remotely or utilize cloud-based storage. Your confidential electronic documents or data may be transmitted or stored using these methods. We may use third party service providers to store or transmit these documents or data. In using these electronic communication and storage methods, we employ reasonable efforts to keep such communications, documents and data secure in accordance with our obligations under applicable laws, regulations, and professional standards; however, you recognize and accept that we have no control over the unauthorized interception or breach of any communications, documents or data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us or by our third party vendors. By your acceptance of this letter, you consent to our use of these electronic devices and applications and submission of confidential client information to or through third party service providers during this engagement.

G. FEES

Based upon: (i) the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith, our fee will be $6,000 for the first $1,000,000 in net proceeds of the Bonds, plus $1 per $1,000 of net proceeds of the Bonds for all such amounts above $1,000,000. Net proceeds include any net original issue premium, less the amount of the Underwriter's discount, plus the principal amount of the Bonds (accrued interest is excluded from net proceeds). In addition, we will be reimbursed for all client charges made or incurred on your behalf, such as election translation costs, travel costs, photocopying, deliveries, long distance telephone charges, telecopier charges, computer-assisted research and other expenses. Our fee will be billed after the Closing. If the financing is not consummated, we understand and agree that we will not be paid.

H. RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of this engagement.

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.

Respectfully yours,

McCall, Parkhurst & Horton L.L.P.

By:
Dan S. Culver

Accepted and Approved

City of Friendswood, Texas

By:
Its: Mayor
Date: December 3, 2018

CITY OF FRIENDSWOOD, TEXAS
(A home rule city of the State of Texas located within Galveston and Harris Counties)

$__________
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2018

PURCHASE AGREEMENT

December 3, 2018

Honorable Mayor and City Council
City of Friendswood, Texas
910 S. Friendswood Drive
Friendswood, Texas 77546

Ladies and Gentlemen:

The undersigned, FTN Financial Capital Markets, (the "*Representative*"), acting on its own behalf and on behalf of the other underwriters listed on Schedule I hereto (collectively, the "*Underwriters*"), and not acting as fiduciary or agent for the City of Friendswood, Texas (the "*Issuer*"), offers to enter into the following agreement (this "*Agreement*") with the Issuer which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Central Time, on December 3, 2018, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice as described in Section 10 hereof delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Ordinance (as defined herein) or in the Official Statement (as defined herein).

1. ***Purchase and Sale of the Bonds***. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree, jointly and severally, to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's $_________ Waterworks and Sewer System Revenue Bonds, Series 2018 (the "*Bonds*").

Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer acknowledges and agrees that: (i) the primary role of the Underwriters is to purchase securities for resale to investors in an arm's length transaction between the Issuer and the Underwriters; (ii) the Underwriters have financial and other interests that differ from those of the Issuer; (iii) the Underwriters are not acting as municipal advisors, financial advisors or fiduciaries to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided, or are currently providing, other services to the Issuer on other matters); (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (v) the Issuer has consulted its own financial, municipal, legal, accounting, tax and/or other advisors, as applicable, to the extent it deems appropriate. The Issuer hereby acknowledges that the Underwriters have provided to the Issuer prior disclosures regarding its role as underwriter and under Rule G-17 of the Municipal Securities Rulemaking Board (the "*MSRB*"), which have been received by the Issuer. The Issuer has a municipal advisor in this transaction. The Representative has been duly authorized to execute this Agreement and to act hereunder on behalf of itself and the other Underwriters, and the Issuer may rely on the Representative's actions as those of all the Underwriters.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions and interest rates per annum are set forth in Schedule II hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the ordinance adopted by the City Council of the Issuer (the "*City Council*") on December 3, 2018 approving the terms of pricing and sale of the Bonds (the "*Ordinance*").

The purchase price for the Bonds shall be $________________ (representing the par amount of the Bonds, plus a [net] original issue premium of $_______________ on the Bonds, and less an underwriting discount of $_________).

Unless otherwise exempt, each Underwriter represents that it has submitted to the Issuer, a disclosure of interested parties form (the "Disclosure Form"), which was completed and filed with the Texas Ethics Commission (the "TEC") in accordance with the provisions of Section 2252.908, Texas Government Code, and the applicable rules adopted by the TEC (found at 1 Tex. Admin. Code § 46.1 - 46.5). The Underwriters and the Issuer understand that neither the Issuer nor its consultants have the ability to verify the information included in a Disclosure Form, and neither the Issuer nor its consultants have an obligation, nor have undertaken any responsibility, for advising the Underwriters with respect to the proper completion of the Disclosure Form other than, with respect to the Issuer, providing the identification number required for the completion of the Disclosure Form by any nonexempt Underwriter. The following Underwriter hereby represents and warrants that they are claiming an exemption from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to subsection (c)(4) thereof: FTN Financial Capital Markets.

If exempt, the Underwriters hereby individually certify that they meet the criteria for an exemption under Section 2252.908(c)(4) of the Texas Government Code with respect to the requirement that the Underwriters file an application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the Texas Ethics Commission. The Underwriters and the Issuer understand and agree that neither the Issuer nor its consultants are responsible for the determination of the applicability of such exception to the requirements of Section 2252.908 and neither the Issuer nor its consultants have verified such information.

Each Underwriter hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, '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. Each Underwriter understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with such Underwriter and exists to make a profit.

Each Underwriter represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf,
https://comptroller.texas.gov/purchasing/docs/iran-list.pdf,or
https://comptroller.texas.gov/purchasing/docs/fto-list.pdf.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Underwriter and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. Each Underwriter understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

2. ***Public Offering***. The Underwriters agree to make a bona fide public offering of all of the Bonds at prices not to exceed the public offering prices (or yields not less than the reoffering yields) set forth on the cover of the Official Statement and, subject to the provisions of Section 3 hereof, may subsequently change such offering prices or yields without any requirement of prior notice. The Underwriters also reserve the right to: (i) over-allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without notice; provided, however that no such actions shall affect the certification of the original issue price of the Bonds as provided below. After the initial public offering, the Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower (or yields greater) than the public offering prices or yields stated on the cover of the Official Statement.

3. ***<u>Establishment of Issue Price of Bonds.</u>*** Notwithstanding any provision of this Purchase Agreement to the contrary, the following provisions related to the establishment of the issue price of the Bonds apply:

(a) *Definitions.* For purposes of this Paragraph, the following definitions apply:

(i) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Participating Underwriter or a Related Party to a Participating Underwriter.

(ii) "*Participating Underwriter*" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the Representative to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

(iii) "*Related Party*" means any two or more persons who are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(iv) "*Sale Date*" means the date of execution of this Purchase Agreement by all parties.

(b) *Issue Price Certificate.* The Representative, on behalf of the Participating Underwriters, agrees to assist the Issuer in establishing the issue price of the Bonds and to execute and deliver to the Issuer at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as *Exhibit A*, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Bond Counsel, to accurately reflect, as applicable, the initial offering price (the "*Initial Offering Price*") or prices or the sales price or prices to the Public of the Bonds.

(c) *Substantial Amount Test.* [Other than those maturities of the Bonds which are designated by the Manager in writing [in the attached Schedule __] (the "Hold-the-

Price Maturities"),] the Issuer will treat the first price at which at least ten percent (a "Substantial Amount") in principal amount of each maturity of the Bonds is sold to the Public as of the Sale Date (the "*Substantial Amount Test*") as the issue price of that maturity (or each separate CUSIP number within that maturity). At or promptly after the execution of this Purchase Agreement, the Representative will report to the Issuer the price or prices at which the Participating Underwriters have offered and sold to the Public each maturity of the Bonds. If at that time the Substantial Amount Test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to the Issuer the prices at which the Bonds have been sold by the Participating Underwriters to the Public. That reporting obligation will continue, whether or not the Closing Date has occurred, until the Substantial Amount Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public.

(d) *Hold-The-Price Restriction.* The Representative agrees, on behalf of the Participating Underwriters, that each Participating Underwriter will neither offer nor sell any of the Hold-the-Price Maturities to any person at a price that is higher than the applicable Initial Offering Price for such maturity during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Participating Underwriters have sold a Substantial Amount of such a Maturity to the Public at a price that is no higher than the Initial Offering Price of such Maturity (the "Hold-the-Price Restriction").

The Representative shall promptly advise the Issuer when the Participating Underwriters have sold a Substantial Amount of each such Hold-The-Price Maturity to the Public at a price that is no higher than the applicable Initial Offering Price such Hold-The-Price Maturity, if that occurs prior to the close of the fifth business day after the Sale Date.

The Issuer acknowledges that, in making the representation set forth in this subparagraph, the Representative will rely on (A) the agreement of each Participating Underwriter to comply with the Hold-The-Price Restriction, as set forth in an agreement among underwriters and the related pricing wires, (B) in the event a selling group has been created in connection with the sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the Hold-The-Price Restriction, as set forth in a selling group agreement and the related pricing wires, and (C) in the event that a Participating Underwriter is a party to a third-party distribution agreement that was employed in connection with the sale of the Bonds, the agreement of each such underwriter, dealer or broker-dealer that is a party to such agreement to comply with the Hold-The-Price Restriction, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each Participating Underwriter will be solely liable for its failure to comply with its agreement regarding the Hold-the-Price Restriction and that no Participating Underwriter will be liable for the failure of any other Participating Underwriter to comply with its corresponding agreement regarding the Hold-The-Price Restriction as applicable to the Bonds.

(e) <u>Agreements Among Participating Underwriters</u>. The Representative confirms that (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement to which the Representative is a party relating to the initial sale of the Bonds to the Public, together with related pricing wires, contains or will contain language obligating each Participating Underwriter, each dealer who is a member of any selling group, and each broker-dealer that is a party to any such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until it is notified by the Representative that either the Substantial Amount Test has been satisfied as to the Bonds of that maturity or all Bonds if that maturity have been sold to the Public, (B) comply with the Hold-the-Price Restriction, if applicable, in each case if and for so long as directed by the Representative and as set forth in the relating pricing wires, and (C) acknowledge that, unless otherwise advised by the Participating Underwriter, the Representative will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with related pricing wires, contains or will contain language obligating each Participating Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each underwriter or broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the Representative or the applicable Participating Underwriter that either the Substantial Amount Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Price Restriction, if applicable, in each case if and for so long as directed by the Representative or the applicable Participating Underwriter and as set forth in the relating pricing wires, and

(f) *Sale to Related Party not a Sale to the Public.* The Participating Underwriters acknowledge that sales of any Bonds to any person that is a Related Party to a Participating Underwriter do not constitute sales to the Public for purposes of this Section. If a Related Party to a Participating Underwriter purchases during the initial offering period all of a Hold-The-Price Maturity, the related Participating Underwriter will notify the Representative and will take steps to confirm in writing that such Related Party will either (i) hold such Bonds for its own account, without present intention to sell, reoffer, or otherwise dispose of such Bonds for at least five business days from the Sale Date, or (ii) comply with the Hold-The-Price Restriction.

4. *The Official Statement*.

(a) The Issuer previously has delivered, or caused to be delivered, to the Underwriters copies of the Preliminary Official Statement dated November 26, 2018 (the "*Preliminary Official Statement*") to the Underwriters in a "designated electronic format," as defined in MSRB Rule G-32 ("*Rule G-32*"). The Issuer will prepare, or cause to be prepared, a final Official Statement relating to the Bonds, which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission's Rule 15c2-12, as amended (the "*Rule*"), (iii) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriters before the execution hereof and (iv) in both a "designated electronic format" consistent with the requirements of Rule G-32 and in a printed format. Such final Official Statement, including the cover page thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the "*Official Statement*." Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriters sufficient quantities (which may be in electronic form) of the Preliminary Official Statement as the Representative reasonably deems necessary to satisfy the obligation of the Underwriters under the Rule with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(b) The Preliminary Official Statement has been prepared by the Issuer for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement has been "deemed final" by the Issuer as of its date for purposes of the Rule, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of the Rule.

(c) The Issuer represents that the responsible officers of the Issuer have reviewed and approved the information in the Official Statement and hereby authorizes the Official Statement to be used by the Underwriters in connection with the public offering and sale of the Bonds. The Issuer ratifies and consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters (i) in a "designated electronic format" consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Representative shall request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB. The Issuer hereby confirms that it does not object to the distribution of the Preliminary Official Statement or the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) ninety (90) days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Representative), copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made, not misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Agreement and any representation, warranty or covenant made herein, or any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("*DTC*"), or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The Issuer shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a "designated electronic format" consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Representative shall request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(e) The Representative hereby agrees to timely file, or cause to be filed, the Official Statement (and any amendment or supplement to the Official Statement prepared in accordance with Section 4(d) above) with (i) the MSRB or its designee (including the MSRB's Electronic Municipal Market Access System) or (ii) other repositories approved from time to time by the United States Securities and Exchange Commission (in addition to the filing referred to in clause (i) above). Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

(f) To the best knowledge and belief of the Issuer, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds.

5. ***Representations , Warranties , and Covenants of the Issuer***. The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a home rule city duly created, organized and existing under the laws of the State of Texas (the "*State*") and the Issuer's Home Rule Charter, duly created, organized and existing under the Constitution and laws of the State, and has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority, under the laws of the State, including particularly Chapter 1502 Texas Government Code, as amended (the "*Act*"), and the Ordinance (i) to enter into, execute and deliver this Agreement, the Ordinance and the Continuing Disclosure Undertaking (as defined in Section 7(i)(3) hereof), and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Ordinance and the Continuing Disclosure Undertaking are hereinafter referred to as the "*Issuer Documents*"), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions described by the Issuer Documents and the Official Statement; and, the Issuer has complied, and will at the Closing be in compliance in all material respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions.

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the issuance and sale of the Bonds on the terms set forth herein, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents, (iii) the approval, distribution and use of the Preliminary Official Statement and the Official Statement for use by the Underwriters in connection with the public offering of the Bonds and (iv) the consummation by it of all other transactions described in the Official Statement and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement.

(c) This Agreement constitutes a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the other Issuer Documents, when duly executed and delivered, will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Ordinance and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Ordinance and enforceable in accordance with their terms, subject to sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Ordinance will provide, for the benefit of the holders of the Bonds, for the lien on and pledge of the Net Revenues (as defined in the Ordinance) of the Issuer's waterworks and sanitary sewer system (the "System") for the payment of the Bonds and the maintenance of the Reserve Fund (as defined in the Ordinance), all as described in the Ordinance.

(d) Other than as described in the Official Statement, the Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the Bonds or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer in any material respect under any of the foregoing; and the execution and delivery of the Bonds, the Issuer Documents and the adoption of the Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a material breach of or default in any material respect under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Ordinance.

(e) Except for the approval of the Bonds by the Attorney General of the State and the registration thereof by the Comptroller of Public Accounts of the State, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds.

(f) The Bonds and the Ordinance conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "THE BONDS – Use of Proceeds" and "THE BONDS – Sources and Uses of Funds; and the Continuing Disclosure Undertaking conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION."

(g) Except as may be otherwise disclosed in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION – Compliance with Prior Undertakings", during the last five years the Issuer has complied in all material respects with its previous continuing disclosure undertakings made by it in accordance with the Rule.

(h) Except as may be otherwise disclosed in the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the assessment and collection of System revenues pledged to the payment of principal of and interest on the Bonds pursuant to the Ordinance or the operation of the System, or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Ordinance or the execution and delivery of the Issuer Documents, nor, to the knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents.

(i) As of the date thereof and as the date hereof, the Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) During the period beginning when the Official Statement is delivered to the Underwriters pursuant to paragraph (a) of Section 4 of this Agreement and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 4 of this Agreement) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(k) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 4 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(l) The Issuer has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Ordinance and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(m) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters, at the sole expense of the Underwriters, as the Representative may reasonably request (1) to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and

(ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (2) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(n) The financial statements of, and other financial information regarding, the Issuer in the Official Statement fairly present the financial position and results of the operations and condition of the Issuer as of the dates and for the periods therein set forth. The financial statements of the Issuer have been prepared in accordance with generally accepted accounting principles consistently applied, and except as noted in the Official Statement, the other historical financial information set forth in the Official Statement has been presented on a basis consistent with that of the Issuer's audited financial statements included in the Official Statement. Prior to the Closing, the Issuer will not take any action within or under its control that will cause any adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer since the dates of such statements and information.

(o) Except as disclosed in the Official Statement, the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer.

(p) Prior to the Closing the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues of the System which will secure the Bonds, except as may be incurred in the ordinary course of business, without the prior approval of the Representative, which approval shall not be unreasonably withheld.

(q) The Issuer, to the extent heretofore requested in writing by the Representative, has delivered to the Representative true, correct, complete, and legible copies of all information, applications, reports, or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Bonds true, correct, complete, and legible copies of all correspondence or other communications relating, directly or indirectly, thereto.

(r) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein.

(s) The Issuer covenants that between the date hereof and the date of Closing, it will take no actions which will cause the representations and warranties made in this Section to be untrue in any material respect as of the date of Closing.

By delivering the Official Statement to the Underwriters, the Issuer shall be deemed to have reaffirmed, with respect to such Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

6. ***Closing***.

(a) At 10:00 a.m. Central Time, on December 27, 2018, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds, as set forth in Section 1 of this Agreement in immediately available funds by wire transfer to the account of the Issuer as indicated by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "*Paying Agent/Registrar*"). Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent/Registrar or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form, utilizing the book entry only system, shall be made through DTC, or at the office of the Paying Agent/Registrar acting on behalf of DTC. The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Ordinance, and shall be made available at the offices of the DTC (or if Bonds are to be held in safekeeping for the DTC by the Paying Agent/Registrar pursuant to DTC's FAST System, at the office of the Paying Agent/Registrar) to the Representative at least one (1) business day before the date of the Closing for the purposes of inspection.

7. ***Closing Conditions***. The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative unless waived by the Representative on behalf of the Underwriters:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) the net proceeds of the sale of the Bonds and any funds to be provided by the Issuer shall be deposited and applied as described in the Official Statement and in the Ordinance and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel to deliver the opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Representative;

(e) At or prior to the Closing, the Ordinance shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered the definitive Bonds;

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the reasonable judgment of the Representative, is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner described in the Official Statement;

(g) The Issuer shall not currently be in default in the timely payment of principal or interest when due on any of its outstanding obligations for borrowed money;

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Agreement shall be reasonably satisfactory in legal form and effect to Bond Counsel and the Representative;

(i) At or prior to the Closing, the Representative shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, as may have been agreed to by the Representative in (i) a "designated electronic format" that meets the requirements of Rule G-32 and (ii) a printed format;

(2) The Ordinance, having been duly adopted by the Issuer and certified as being in full force and effect, with such supplements or amendments as may have been agreed to by the Representative;

(3) The undertaking of the Issuer which satisfies the requirements of Section (b)(5)(i) of the Rule contained in the Ordinance (the "*Continuing Disclosure Undertaking*");

(4) The opinion of Bond Counsel with respect to the Bonds, in substantially the form attached to the Official Statement;

(5) A supplemental opinion of Bond Counsel addressed to the Issuer and the Underwriters, substantially to the effect that:

(A) the Ordinance has been duly adopted and are in full force and effect;

(B) the Bonds are exempted securities under section 3(a)(2) of the Securities Act of 1933, as amended (the "*1933 Act*"), and the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"), and it is not necessary, in connection with the offering and sale of the Bonds to register the Bonds under the 1933 Act or to qualify the Ordinance under the Trust Indenture Act; and

(C) Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions and subcaptions "THE BONDS" (except "Book-Entry-Only System," "Sources and Uses of Funds," "Future Debt" and "Remedies in the Event of Default"), "SALE AND DISTRIBUTION OF THE BONDS – Securities Laws," "SELECTED PROVISIONS OF THE ORDINANCE," "LEGAL MATTERS – Legal Opinions" (excluding the last sentence of the first paragraph thereof), "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" (except "Compliance with Prior Undertakings") and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Ordinance;

(6) An opinion, dated the date of the Closing and addressed to the Underwriters, of Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as counsel for the Underwriters, to the effect that:

(A) the Bonds are exempted securities that do not require registration under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds to register the Bonds under the 1933 Act and the Ordinance need not be qualified under the Trust Indenture Act; and

(B) based upon their participation in the preparation of the Official Statement as counsel for the Underwriters and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (we expressly exclude from the scope of this paragraph and express no view or opinion about any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about verification, feasibility, valuation, appraisals, absorption, real estate or environmental matters, relationship among the parties, litigation, any management discussion and analysis, Appendices, or any information about book-entry, DTC, ratings, rating agencies, tax exemption, tax consequences of owning the Bonds, the Underwriters, underwriting, included or referred to therein or omitted);

(7) A certificate, dated the date of Closing, signed by an authorized official of the Issuer acceptable to the Representative to the effect that (i) all official action of the Issuer relating to the Bonds, the Issuer Documents and the Official Statement have been duly taken by the Issuer, are in full force and effect, and have not been amended, modified, supplemented or repealed; (ii) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (iii) except to the extent disclosed in the Official Statement, no litigation or proceeding against it is pending or, to his or her knowledge, threatened in any court or administrative body, nor is there a basis for litigation, which would (a) contest the right of the officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents, or (d) attempt to limit, enjoin or otherwise prevent the Issuer from functioning and collecting System revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iv) to the best of his or her knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (v) there has not been any material adverse change in the financial condition of the Issuer since September 30, 2017, the latest date as of which audited financial information is available;

(8) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code;

(9) The approving opinion of the Attorney General of the State and the registration certificate of the Comptroller of Public Accounts of the State in respect of the Bonds;

(10) Any other certificates and opinions required by the Ordinance for the issuance thereunder of the Bonds;

(11) Evidence satisfactory to the Representative that the Bonds have been rated "AA-" by S&P Global Ratings business without regard to credit enhancement, and that such ratings are in effect as of the date of Closing;

(12) Such additional legal opinions, certificates, instruments and other documents as the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Representative.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the and the Underwriters set forth in Sections 5 and 9 hereof shall continue in full force and effect.

8. ***Termination***. The Underwriters shall have the right to cancel their obligation to purchase the Bonds if, (as evidenced by a written notice to the Issuer terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the reasonable judgment of the Representative, by the occurrence of any of the following:

(a) Legislation shall be enacted by the Congress or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement;

(b) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the United States Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as described herein or in the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) Any state blue sky or securities commission or other governmental agency or body in any state in which more than 15% of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto, provided that such withholding or stop order is not due to the malfeasance, misfeasance or nonfeasance of the Underwriters;

(d) A general suspension of trading in securities on the New York Stock Exchange or any other major exchange, the establishment of minimum prices on such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so or a material disruption in securities settlement, payment or clearance services in the United States shall have occurred, which change shall occur subsequent to the date hereof and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriters;

(e) The New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(f) Any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the collection of the System revenues to pay principal of and interest on the Bonds;

(g) Any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) There shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur;

(i) There shall have occurred (whether or not foreseeable) any (a) new material outbreak of hostilities (including, without limitation, an act of terrorism) or (b) new material other national or international calamity or crisis including, but not limited to, an escalation of hostilities that existed prior to the date hereof, or (c) material financial crisis or adverse change in the financial or economic conditions affecting the United States government or the securities markets in the United States;

(j) Any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement and the Official Statement has not been amended or supplemented;

(k) There shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that at the date of this Agreement has published a rating (or has been asked to furnish a rating on the Bonds) on any of the Issuer's debt obligations that are secured in a like manner as the Bonds, which action reflects a negative change in the ratings accorded any such obligations of the Issuer (including any rating to be accorded the Bonds);

(l) The purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; provided, however, that such prohibition occurs after the date of this Agreement and is not caused by an intentional act, or failure to act, of any Underwriter; or

(m) A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the United States Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including any underlying obligations as may be described in this Agreement or the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing date, including 1933 Act, the Securities Exchange Act of 1934 and the Trust Indenture Act.

With respect to the condition described in subparagraph (l) above, the Underwriters are not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Agreement which would permit the Underwriters to invoke their termination rights thereunder.

9. ***Expenses***.

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay all expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, Preliminary Official Statement, Official Statement, and any amendment or supplement thereto, (ii) the fees and disbursements of Bond Counsel and other counsel retained by the Issuer, if any; (iii) the fees and disbursements of the financial advisor to the Issuer, if any; (iv) the fees and disbursements of the Paying Agent/Registrar; (v) the fees and disbursements of engineers, accountants, and other experts, consultants or advisers retained by the Issuer, if any; and (vi) all fees and expenses in connection with obtaining bond ratings. The Issuer shall also pay for any expenses (included in the expense component of the Underwriters' discount) mutually agreed by the Issuer and the Representative to be reasonably considered expenses of the Issuer and are incurred by the Underwriters in connection with the marketing, issuance and delivery of the Bonds.

(b) The Issuer acknowledges that the Representative will pay from the Underwriters' expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Council of Texas, a non-profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

(c) Except as provided for above, the Underwriters shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters. Certain payments may be in the form of inclusion of such expenses in the expense component of the Underwriters' discount.

10. ***Notices***. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing or via email at City of Friendswood, Texas, 910 S. Friendswood Drive, Friendswood, Texas 77546, Attention: Director of Administrative Services; and, any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing, including by email correspondence, to FTN Financial Capital Markets, 920 Memorial City Way, 11th Floor, Houston, Texas 77024, Attention: Seth McKinney.

11. ***Parties in Interest***. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations and warranties contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

12. ***Effectiveness***. This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

13. ***Choice of Law***. This Agreement shall be governed by and construed in accordance with the law of the State.

14. ***Severability***. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

15. ***Business Day***. For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

16. ***Section Headings***. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

17. ***Counterparts***. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

18. ***No Personal Liability***. Neither the City Council, nor any officer, agent, or employee of the Issuer, shall be charged personally by the Underwriters with any liability, or be held liable to the Underwriters under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach, of this Agreement.

19. ***Entire Agreement***. This Agreement represents the entire agreement between the Issuer and the Underwriters with respect to the preparation of the Preliminary Official Statement and the Official Statement, the conduct of the offering, and the purchase and sale of the Bonds.

[*signature page follows*]

If the Issuer agrees with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this Agreement shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

FTN FINANCIAL CAPITAL MARKETS, as
Representative of the Underwriters

By:______________________________________
Name:____________________________________
Title:_____________________________________

APPROVED AND ACCEPTED as of the date hereof:

CITY OF FRIENDSWOOD, TEXAS

By:________________________________
Name:______________________________
Title:_______________________________

____
Date and Time of Acceptance

Schedule I - List of Underwriters
Schedule II - Schedule of Terms

Schedule I

List of Underwriters

FTN Financial Capital Markets
920 Memorial City Way, 11th Floor
Houston, Texas 77024

SAMCO Capital Markets, Inc.
1700 Pacific Avenue
Suite 2000
Dallas, TX 75201

SCHEDULE II

$______
City of Friendswood, Texas
Waterworks and Sewer System Revenue Bonds, Series 2018

Interest Accrues From: Delivery Date

Maturity Date (March 1)[(a)]	Principal Amount	Interest Rate	Initial Yield[(b)]
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			

(a) The Bonds maturing on and after March 1, 2029, are subject to redemption prior to maturity at the option of the Issuer, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2028, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

(b) The initial reoffering prices or yields of the Bonds are furnished by the Underwriters and represent the initial offering prices or yields to the public, which, subject to the provisions of Section 3 of the Bond Purchase Agreement, may be changed by the Underwriter at any time. Yields shown are to the earlier of maturity or the earliest optional redemption date.

EXHIBIT A

ISSUE PRICE CERTIFICATE

The undersigned, as the duly authorized representative of FTN Financial Capital Markets (the "Representative)" on behalf of itself and underwriters listed in the Bond Purchase Agreement (together, the "Syndicate"), with respect to the Waterworks and Sewer System Bonds, Series 2018 issued by the City of Friendswood, Texas (the "Issuer") in the principal amount of $_______ (the "Bonds"), hereby certifies, based on its records and information, as follows:

(a) Other than the Bonds maturing in _______________ (the "Hold-the-Price Maturities"), the first price at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms (a "Maturity") was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (the "Public") is set forth in the final Official Statement relating to the Bonds.

(b) On or before the first day on which the Bond Purchase Agreement is entered into (the "Sale Date"), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices (the "Initial Offering Prices"), as listed in the final Official Statement relating to the Bonds.

(c) As set forth in the Bond Purchase Agreement, the Representative represents that each member of the Syndicate agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the respective Initial Offering Price for such Hold-the-Price Maturity until a date that is the earlier of the close of the fifth business day after the Sale Date or the date on which the Syndicate sells a Substantial Amount of a Hold-the-Price Maturity to the Public at no higher price than the Initial Offering Price for such Hold-the-Price Maturity.

A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as **Schedule A**.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, the Representative is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this December 27, 2018.

FTN Financial Capital Markets,

as Representative

By:________________________________

Name:______________________________

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(*Attached*)

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 26, 2018

In the opinion of Bond Counsel to the City, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein.

The Bonds will **NOT** be designated as "Qualified Tax-Exempt Obligations for Financial Institutions."

NEW ISSUE: BOOK-ENTRY-ONLY **RATINGS: S&P Global Ratings. .... "___"**
See "SALE AND DISTRIBUTION OF THE BONDS – Municipal Bond Ratings"

$20,025,000*

CITY OF FRIENDSWOOD, TEXAS

(A home rule city of the State of Texas located within Galveston and Harris Counties)

WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2018

Dated: December 1, 2018 Due: March 1, as shown below
Interest Accrues from Delivery Date

Principal of and interest on the $20,025,000* City of Friendswood, Texas, Waterworks and Sewer System Revenue Bonds, Series 2018 (the "Bonds") are payable by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, the initial paying agent/registrar (the "Paying Agent/Registrar"). The Bonds are initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof**. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

Interest on the Bonds will accrue from the Delivery Date (defined below), and is payable on March 1 and September 1 of each year, commencing March 1, 2019, to the registered owners (initially Cede & Co.) appearing on the registration books of the Paying Agent/Registrar on the 15th day of the month preceding each interest payment date. See "THE BONDS - Description."

The Bonds are special obligations of the City of Friendswood, Texas (the "City") and are payable from a first lien on and pledge of the Net Revenues (hereinafter defined) of the City's waterworks and sanitary sewer system (the "System") on parity with the City's outstanding System revenue bonds. The Bonds are further secured by amounts on deposit in the Reserve Fund. See "THE BONDS – Source of Payment" and "SELECTED PROVISIONS OF THE ORDINANCE." The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, and an ordinance authorizing the issuance of the Bonds. See "THE BONDS – Authority for Issuance."

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND PRICES
(Due March 1)

Maturity March 1	Principal Amount*	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. 358595 (b)	Maturity March 1	Principal Amount*	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. 358595 (b)
2020	$ 650,000	%	%		2030(c)	$1,070,000	%	%	
2021	680,000				2031(c)	1,120,000			
2022	715,000				2032(c)	1,180,000			
2023	750,000				2033(c)	1,240,000			
2024	790,000				2034(c)	1,305,000			
2025	830,000				2035(c)	1,370,000			
2026	875,000				2036(c)	1,440,000			
2027	920,000				2037(c)	1,515,000			
2028	965,000				2038(c)	1,595,000			
2029(c)	1,015,000								

* Preliminary, subject to change.

(a) The initial yields will be established by and are the sole responsibility of the Underwriters (hereinafter defined), and the yields of some Bonds may subsequently be changed.

(b) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the City, the Financial Advisor, nor the Underwriters, are responsible for the selection or correctness of the CUSIP numbers set forth herein.

(c) The Bonds maturing on March 1, 2029* and thereafter are subject to redemption on March 1, 2028* or any date thereafter, in whole or in part, at the option of the City, at the par value thereof plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS - Redemption Provisions."

Proceeds from the sale of the Bonds will be used to make certain extensions and improvements to the System, to fund a deposit to the Reserve Fund, and to pay the costs of issuance of the Bonds. See "THE BONDS - Use of Proceeds."

The Bonds are offered when, as and if issued, subject to the approving opinion of the Attorney General of the State of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel for the City, as to the validity of the issuance of the Bonds under the Constitution and laws of the State of Texas. See "LEGAL MATTERS." Certain legal matters will be passed upon for the underwriters listed below (the "Underwriters") by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as counsel to the Underwriters. Delivery of the Bonds through DTC is expected to be on or about December 27, 2018 (the "Delivery Date").

FTN FINANCIAL CAPITAL MARKETS **SAMCO CAPITAL MARKETS, INC.**

* Preliminary, subject to change.

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended ("Rule 15c2-12")*, and in effect on the date of this Official Statement, this document constitutes an Official Statement of the City with respect to the Bonds that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.*

This document, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "final official statement" of the City with respect to the Bonds, as such term is defined in Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City.

This Official Statement is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition of the City or other matters described herein since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

NEITHER THE CITY, THE UNDERWRITERS, NOR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE ATTACHED APPENDICES, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, Rule 15c2-12.

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$20,025,000*
CITY OF FRIENDSWOOD, TEXAS
(A home rule city of the State of Texas located within Galveston and Harris Counties)

WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2018

INTRODUCTORY STATEMENT

Information contained in this Official Statement, including Appendices A and B, has been obtained from the City of Friendswood, Texas (the "City") in connection with the offering by the City of its $20,025,000* Waterworks and Sewer System Revenue Bonds, Series 2018 (the "Bonds") identified on the cover page hereof.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

FTN Financial Capital Markets and SAMCO Capital Markets, Inc. (together, the "Underwriters") have agreed to purchase the Bonds from the City for $_____________, (being the principal amount of the Bonds, plus/less a [net premium/discount] on the Bonds of $_________ and an Underwriters' discount of $_________).

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the City of a certificate executed and delivered by the Underwriters on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bondhouse, broker or similar person acting in the capacity of underwriter or wholesaler. The City has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Underwriters at the yields specified on the cover page. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

The prices and other terms respecting the offering and sale of certain of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any jurisdiction. The City assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such jurisdictions.

* Preliminary, subject to change.

Municipal Bond Ratings

In connection with the sale of the Bonds, the City has made application to S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), for a rating on the Bonds, and a rating of "___" has been assigned. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P, and the City makes no representation as to the appropriateness of such rating.

There is no assurance that such rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

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OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information.

The Issuer	The City of Friendswood, Texas (the "City") is a political subdivision and home rule city of the State of Texas located primarily within Galveston County with a small portion in Harris County, Texas. See "ADMINISTRATION OF THE CITY" and "APPENDIX A – General Information Regarding the City of Friendswood" herein.
The Bonds......................................	$20,025,000* Waterworks and Sewer System Revenue Bonds, Series 2018 (the "Bonds"), are dated December 1, 2018 and mature on March 1, 2020 through March 1, 2038 inclusive, unless the Underwriters designate one or more maturities as a term bond. See "THE BONDS – Description."
Payment of Interest.........................	Interest on the Bonds will accrue from the date of initial delivery, and is payable initially on March 1, 2019, and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption. See "THE BONDS - Description."
Other Characteristics	The Bonds are issued in fully registered form in integral multiples of $5,000. The Bonds maturing on and after March 1, 2029* are subject to redemption on March 1, 2028* or any date thereafter, in whole or in part, at the option of the City, at a price of the par value thereof plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS - Redemption Provisions."
Authority..	The Bonds are special obligations of the City and are payable solely from a first lien on and pledge of the Net Revenues (hereinafter defined) of the City's waterworks and sanitary sewer system (the "System") on parity with the City's outstanding System revenue bonds. See "THE BONDS - Source of Payment." The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, and an ordinance authorizing the issuance of the Bonds. See "THE BONDS – Authority for Issuance."
Paying Agent/Registrar..................	The initial paying agent/registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"). The City intends to use the book-entry-only system of The Depository Trust Company ("DTC"), but reserves the right on its behalf or on behalf of the DTC to discontinue use of such system. (See "THE BONDS - Book-Entry-Only System.")
Source of Payment..........................	Principal of and interest on the Bonds are payable from a first lien on and pledge of the Net Revenues (hereinafter defined) from the operations of the System on a parity with the City's Outstanding Bonds. See "SELECTED PROVISIONS OF THE ORDINANCE – Definitions" for a description of the Outstanding Bonds. The Bonds are further secured by amounts on deposit in the Reserve Fund. The Bonds are not a charge upon any other income or revenues of the City, and shall never constitute an indebtedness or pledge of the general credit or taxing powers of the City. See "THE BONDS - Source of Payment."
Use of Proceeds	Proceeds from the sale of the Bonds will be used to make certain System extensions and improvements, to fund a deposit to the Reserve Fund, and to pay the costs of issuance of the Bonds. See "THE BONDS - Use of Proceeds."

* Preliminary, subject to change.

Rating	S&P Global Ratings.."___"
Tax Exemption	In the opinion of Bond Counsel to the City, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein. The Bonds will **NOT** be designated as "Qualified Tax-Exempt Obligations for Financial Institutions."

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- Selected Financial Information -
(Unaudited)

The Revenue Bonds

Outstanding Parity Bonds (as of September 30, 2018)	$	5,290,000	
Plus: The Bonds		20,025,000	*
Total Revenue Supported Debt	$	25,315,000	*
General Obligation Debt Payable From Waterworks and Sewer System Revenues	$	26,425,000	(a)
Fund Balances (Unaudited, as of September 30, 2018)			
Debt Service Fund	$	776,741	
Reserve Fund	$	407,862	(b)
Water and Sewer Operations (Unaudited, as of September 30, 2018)			
Total Revenues	$	12,198,117	
Total Expenditures		7,074,925	
Net Revenues Available for Debt Service	$	5,123,192	
Coverage Based on Pro-forma Net Revenue			
Estimated Average Annual Debt Service of $1,947,518* (2019-2038)		2.63 x	
Estimated Maximum Annual Debt Service of $2,040,450* (2020)		2.51 x	
Water Customers (as of November 1, 2018)		13,833	
Sewer Customers (as of November 1, 2018)		12,721	

Summary of Water and Sewer Operating Revenues and Expenditures:

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
Revenues	$12,437,419	$11,415,626	$11,069,167	$11,158,104	$11,500,344
Expenditures	6,911,675	6,361,229	6,010,050	6,376,510	6,113,276
Revenue Available for Debt Service	$ 5,525,744	$ 5,054,397	$ 5,059,117	$ 4,781,594	$ 5,387,068

* Preliminary, subject to change.

(a) Includes an aggregate $26,425,000 of the City's Permanent Improvement Refunding Bonds, Series 2010B, General Obligation Refunding Bonds, Series 2014, General Obligation Permanent Improvement and Refunding Bonds, Series 2016 and General Obligation Refunding Bonds, Series 2016A debt requirements, which are not Parity Bonds with the Bonds, but which pursuant to City policy are paid from revenues of the City's System and such policy is subject to change at the discretion of the City. Any such payments from Net Revenues (herein defined) to pay obligations that are not Parity Bonds (herein defined) is subordinate to Net Revenue payments on the Bonds and other Parity Bonds.

(b) The increase in the Reserve Fund which is required in connection with the issuance of the Bonds will be funded by proceeds from the sale of the Bonds. The Reserve Fund for Parity Bonds may be accumulated over time or provided by deposits of proceeds in connection with the issuance of the Parity Bonds. See "SELECTED PROVISIONS OF THE ORDINANCE – Reserve Fund."

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INTRODUCTION

This Official Statement and the Appendices hereto provide certain information with respect to the issuance by the City of Friendswood, Texas (the "City") in connection with the offering by the City of its $20,025,000* Waterworks and Sewer System Revenue Bonds, Series 2018 (the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, including particularly Chapter 1502 Texas Government Code, as amended, and an ordinance authorizing issuance of the Bonds (the "Ordinance") adopted by the City Council of the City (the "Council").

There follows in this Official Statement descriptions of the Bonds, the plan of financing, and certain information about the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City upon request. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the Bonds (the "Ordinance"), except as otherwise indicated herein.

THE BONDS

Special Obligations

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE FROM AND SECURED BY A FIRST LIEN ON NET REVENUES AS COLLECTED AND RECEIVED BY THE CITY FROM THE OPERATION AND OWNERSHIP OF THE CITY'S WATERWORKS AND SANITARY SEWER SYSTEM (THE "SYSTEM") AND BY AMOUNTS ON DEPOSIT IN THE RESERVE FUND. THE LIEN ON NET REVENUES AND AMOUNTS ON DEPOSIT IN THE RESERVE FUND IS ON A PARITY WITH THE LIENS SECURING THE CITY'S OUTSTANDING SYSTEM BONDS AND ANY ADDITIONAL PARITY BONDS HEREAFTER ISSUED BY THE CITY. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE CITY AND ARE NOT PAYABLE FROM FUNDS RAISED OR TO BE RAISED BY TAXATION AND OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF FROM THE LEVY OF AD VALOREM TAXES OR FROM ANY SOURCE NOT PLEDGED TO PAYMENT OF THE BONDS. SEE "THE BONDS – Source of Payment."

Description

The Bonds are dated December 1, 2018 and bear interest from the Delivery Date (as defined on the cover hereof) at the stated interest rates indicated under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND PRICES" on the cover page hereof, which interest is payable initially on March 1, 2019, and each September 1 and March 1 thereafter until the earlier of maturity or prior redemption. The Bonds are issued in fully registered form in denominations of $5,000 each or any multiple thereof. Principal of the Bonds is payable at the principal payment office of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar. The Bonds initially will be registered only to Cede & Co., the nominee of The Depository Trust Company pursuant to the Book-Entry-Only System described below.

In the event the Book-Entry-Only-System is discontinued, the Bonds may be transferred and exchanged on the bond register kept by the Paying Agent/Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity in any authorized denomination upon surrender of the Bonds to be exchanged at the principal payment office of the Paying Agent/Registrar. No service charge will be made for any transfer, but the City may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

The record date (the "Record Date") for the interest payable on any interest payment date means the 15th day of the month next preceding such interest payment date.

It will be required that all transfers be made within three business days after request and presentation.

The City has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the City and the Paying Agent/Registrar of security or indemnity to keep them harmless. The City may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

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* Preliminary, subject to change.

Redemption Provisions

The Bonds maturing on March 1, 2029* and thereafter are subject to optional redemption prior to maturity, in whole or in part, on March 1, 2028*, or any date thereafter, at the option of the City at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date of redemption. If less than all of the Bonds are redeemed at any time, the maturities of such Bonds to be redeemed shall be selected by the City. If less than all of a maturity of the Bonds is to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot or other random selection method the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Mandatory Redemption

If principal amounts designated in the serial maturity schedule herein are combined to create Term Bonds, each such Term Bond shall be subject to mandatory sinking fund redemption commencing on March 1 of the first year which has been combined to form such Term Bond and continuing on March 1 in each year thereafter until the stated maturity date of that Term Bond. Term Bonds to be redeemed in any year by mandatory redemption shall be redeemed at par and shall be selected by lot, or other customary random selection method, from and among the Term Bonds then subject to redemption. The City, at its option, may credit against any mandatory redemption requirement Term Bonds of the maturity then subject to redemption which have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory redemption requirement.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar. **ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE BONDHOLDER, AND, SUBJECT TO PROVISION FOR PAYMENT OF THE REDEMPTION PRICE HAVING BEEN MADE AND THE SATISFACTION OF ANY OTHER CONDITION SPECIFIED IN THE NOTICE, INTEREST ON THE REDEEMED BONDS SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A BOND HAS NOT BEEN PRESENTED FOR PAYMENT.**

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed has been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds have not been redeemed.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Underwriters and the Financial Advisor believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City, the Underwriters and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of

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* Preliminary, subject to change.

the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes not responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and, (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Successor Paying Agent/Registrar

Provision is made in the Ordinance for replacing the Paying Agent/Registrar. If the City replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor paying agent/registrar (the "Successor Paying Agent/Registrar"), and the Successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any Successor Paying Agent/Registrar selected by the City shall be a commercial bank or trust company organized under the laws of the United States or any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Source of Payment

The Bonds are special obligations of the City payable, both as to principal and interest, from and secured by a first lien on and a pledge of the Net Revenues of the City's Waterworks and Sanitary Sewer System (the "System"). The Bonds are further secured by amounts on deposit in the Reserve Fund. The Ordinance defines Net Revenues as all Gross Revenues remaining after deducting Maintenance and Operation Expenses. See "SELECTED PROVISIONS OF THE ORDINANCE – Definitions." The Bonds are not a charge upon any other income or revenues of the City and shall never constitute an indebtedness or pledge of the general credit or taxing powers of the City. The Ordinance does not create a lien or mortgage on the System and any judgment against the City may not be enforced by levy and execution against any property of the City. See "THE BONDS – Remedies in the Event of Default."

The Ordinance permits the City to issue additional first lien bonds that are on a parity with the Bonds and to issue junior lien bonds and special project bonds. See "SELECTED PROVISIONS OF THE ORDINANCE."

As additional security for the Bonds, a Reserve Fund has been established pursuant to the Ordinance which is to be funded in an amount equal to the aggregate average annual debt service requirements of the Parity Bonds (as defined in the Ordinance). See "SELECTED PROVISIONS OF THE ORDINANCE." The Ordinance permits the City to use reserve fund surety policies in lieu of making cash deposits to the Reserve Fund. However, the City intends to fund the increase in the Reserve Fund associated with the issuance of the Bonds with proceeds of the Bonds.

Authority for Issuance

The Bonds are being issued pursuant to the applicable provisions of the Constitution and laws of the State of Texas, including particularly Chapter 1502, Texas Government Code, as amended, and the provisions of the Ordinance.

Use of Proceeds

Proceeds from the sale of the Bonds will be used to make certain System extensions and improvements, to fund a deposit to the Reserve Fund, and to pay the costs of issuance of the Bonds.

Sources and Uses of Funds

The proceeds from the sale of the Bonds will be applied as follows:

SOURCES OF FUNDS:	
Principal Amount of Bonds	$
[Net Premium/Discount] on the Bonds	
Total Sources of Funds	$
USES OF FUNDS	
Deposit to Construction Fund	$
Deposit to Reserve Fund	
Expenses:	
Underwriters' Discount	$
Other Issuance Expenses	
Total Uses of Funds	$

Amendments

In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any holder for the purpose of amending or supplementing the Ordinance to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the holders, (iv) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the holders.

The Ordinance further provides that the majority of owners of the Bonds shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in principal amount of the then outstanding Bonds so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Bonds; (ii) reducing the rate of interest borne by any of the outstanding Bonds; (iii) reducing the amount of the principal payable on any outstanding Bonds; (iv) modifying the terms of payment of principal or interest on outstanding Bonds or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

Defeasance

The Ordinance provides for the defeasance of the Bonds when payment of the principal amount of the Bonds plus interest accrued on the Bonds to their due date (whether such due date be by reason of stated maturity, redemption or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment and/or (2) Defeasance Securities, that will mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the City to initiate proceedings to take any other action amending the terms of the Bonds are extinguished.

Future Debt

The City may issue additional bonds payable from the Net Revenues which together with the Outstanding Bonds (as defined in the Ordinance) and the Bonds shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System, subject, however, to complying with certain conditions in the Ordinance. See "SELECTED PROVISIONS OF THE ORDINANCE – Additional Parity Bonds" for terms and conditions to be satisfied for the issuance of Additional Bonds.

Legal Investments in Texas

Pursuant to the Texas Public Securities Procedures Act, Chapter 1201, Texas Government Code, as amended, the Bonds, whether rated or unrated, are (a) legal investments for insurance companies, fiduciaries and trustees and (b) legal investments for the sinking funds of political subdivisions or public agencies of the State. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than "A" or its equivalent to be legal investments for such entity's funds. The Bonds are eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, to secure deposits of public funds of the State or any political subdivision or public agency of the State and are lawful and sufficient security for those deposits to the extent of their market value. Again, political subdivisions in the State of Texas may impose a requirement that the Bonds have a rating of not less than "A" or its equivalent to be eligible to serve as collateral for their funds.

The City has not made any investigations of any other laws, rules, regulations or investment criteria that might affect the suitability of the Bonds for any of the above purposes or limit the authority of any of the above entities or persons to purchase or invest in the Bonds.

Remedies in the Event of Default

The Ordinance provides that in the event of a default in the payment of the principal of or interest on any of the Parity Bonds or a default in the performance of any duty or covenant provided by law or in the Ordinance, the Owner or Owners of any of the Parity Bonds may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the City to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, it is expressly provided in the Ordinance that any Owner of any of the Parity Bonds may proceed at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties requited to be performed by the City under the Ordinance, including the making and collection of reasonable and sufficient rates and charges for the use and services of the System, the deposit of the Gross Revenues into the special funds in accordance with the Ordinance, and the application of the Gross Revenues and the Net Revenues in the manner required in the Ordinance.

The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the registered owners upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition, and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court has ruled in Tooke v. City of Mexia, 197 S.W.3rd 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, registered owners may not be able to bring such a suit against the City for breach of the Bond or Ordinance covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bond holders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce the remedies under the Ordinance would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, by general principles of equity which permit the exercise of judicial discretion and by governmental immunity.

INVESTMENT AUTHORITY AND INVESTMENT OBJECTIVES OF THE CITY

The City invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Mayor and City Council of the City. Both state law and the City’s investment policies are subject to change.

Legal Investments

Under State law, the City is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City’s account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

Investment Policies

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly, the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City; (2) that all investment officers jointly prepared and signed the report, (3) the beginning and the ending market value for each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it related to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the Mayor and Council of the City.

The City's policies require investments in accordance with applicable state law. The City's Statement of Investment Policy does not exclude any investments allowable under State law described above under "Legal Investments." The City generally invests in certificates of deposit, money market accounts and obligations of the United States or its agencies and instrumentalities.

Current Investments

The City's investment balances on September 30, 2018 were as follows:

	Principal Invested	Market Value	Book Value
Government Securities	$11,000,000	$10,916,655	$10,916,655
Investment Pool	18,258,074	18,258,074	18,258,074
Total Portfolio	$29,258,074	$29,174,729	$29,174,729

Additional Provisions

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the Mayor and Council; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict the investment in mutual funds in the aggregate to no more than 80% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to not more than 15% of the entity's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; and (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

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CITY REVENUE DEBT

Revenue Bond Debt Statement

The following tables and calculations relate to the Bonds, Parity Bonds and to all other System revenue supported debt of the City.

Bonded Indebtedness Payable from Waterworks and Sewer System Revenue

Direct Debt:			
Outstanding Parity Bonds (as of September 30, 2018)	$	5,290,000	
The Bonds		20,025,000	*
Total Revenue Supported Debt	$	25,315,000	*
General Obligation Debt Payable From Waterworks and Sewer System Revenues	$	26,425,000	(a)
Debt Service Fund Balance (Unaudited, as of September 30, 2018)	$	776,741	
Reserve Fund Balance	$	407,862	(b)

* Preliminary, subject to change.

(a) Includes an aggregate $26,425,000 of the City's Permanent Improvement Refunding Bonds, Series 2010B, General Obligation Refunding Bonds, Series 2014, General Obligation Permanent Improvement and Refunding Bonds, Series 2016 and General Obligation Refunding Bonds, Series 2016A debt requirements, which are not Parity Bonds with the Bonds, but which pursuant to City policy are paid from revenues of the System and such policy is subject to change at the discretion of the City. Any such payments from Net Revenues (herein defined) to pay obligations that are not Parity Bonds (herein defined) is subordinate to Net Revenue payments on the Bonds and other Parity Bonds.

(b) The increase in the Reserve Fund which is required in connection with the issuance of the Bonds will be funded by proceeds from the sale of the Bonds. The Reserve Fund for Parity Bonds may be accumulated over time or provided by deposits of proceeds in connection with the issuance of the Parity Bonds. See "SELECTED PROVISIONS OF THE ORDINANCE – Reserve Fund."

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Pro-Forma Revenue Bonds Debt Service Schedule

The following sets forth the principal and interest on the City's Outstanding System Revenue Supported Debt.

FY Ending 9/30	Current Debt Service Payable From System Revenues	Less: General Obligation Debt Payable From System Revenues (a)	Current Debt Service Requirements of Parity Bonds	Plus: The Bonds* Principal*	Plus: The Bonds* Interest (b)	Plus: The Bonds* Total Principal and Interest	Total Debt Service Requirements
2019	$3,327,250	$2,922,150	$ 405,100		$ 678,625	$ 678,625	$ 1,083,725
2020	3,328,500	2,923,050	405,450	$ 650,000	985,000	1,635,000	2,040,450
2021	3,327,850	2,927,100	400,750	680,000	951,750	1,631,750	2,032,500
2022	2,840,225	2,439,225	401,000	715,000	916,875	1,631,875	2,032,875
2023	2,840,475	2,439,325	401,150	750,000	880,250	1,630,250	2,031,400
2024	2,836,900	2,435,700	401,200	790,000	841,750	1,631,750	2,032,950
2025	2,843,300	2,438,500	404,800	830,000	801,250	1,631,250	2,036,050
2026	2,894,600	2,494,000	400,600	875,000	758,625	1,633,625	2,034,225
2027	2,808,275	2,403,575	404,700	920,000	713,750	1,633,750	2,038,450
2028	2,809,500	2,404,750	404,750	965,000	666,625	1,631,625	2,036,375
2029	2,923,075	2,518,675	404,400	1,015,000	617,125	1,632,125	2,036,525
2030	2,920,000	2,517,800	402,200	1,070,000	565,000	1,635,000	2,037,200
2031	1,136,900	732,400	404,500	1,120,000	510,250	1,630,250	2,034,750
2032	1,132,600	731,300	401,300	1,180,000	452,750	1,632,750	2,034,050
2033	1,136,700	734,100	402,600	1,240,000	392,250	1,632,250	2,034,850
2034	1,135,900	732,600	403,300	1,305,000	328,625	1,633,625	2,036,925
2035	403,400		403,400	1,370,000	261,750	1,631,750	2,035,150
2036	402,900		402,900	1,440,000	191,500	1,631,500	2,034,400
2037				1,515,000	117,625	1,632,625	1,632,625
2038				1,595,000	39,875	1,634,875	1,634,875
Totals	$41,048,350	$33,794,250	$7,254,100	$20,025,000	$11,671,250	$31,696,250	$38,950,350

Estimated Average Annual Requirements (2019-2038)........ $ 1,947,518(a)*
Estimated Maximum Annual Requirement (2020)........ $ 2,040,450(a)*

Principal Payout (All Revenue Supported Bonds)........ 15.72% in 5 years
38.34% in 10 years
66.96% in 15 years
100.00% in 20 years

* Preliminary, subject to change.

(a) Includes an aggregate $26,425,000 of the City's Permanent Improvement Refunding Bonds, Series 2010B, General Obligation Refunding Bonds, Series 2014, General Obligation Permanent Improvement and Refunding Bonds, Series 2016 and General Obligation Refunding Bonds, Series 2016A debt requirements, which are not Parity Bonds with the Bonds, but which pursuant to City policy are paid from revenues of the System and such policy is subject to change at the discretion of the City. Any such payments from Net Revenues (herein defined) to pay obligations that are not Parity Bonds (herein defined) is subordinate to Net Revenue payments on the Bonds and other Parity Bonds.

(b) Interest estimated at market rates for illustration purposes only. Preliminary, subject to change.

THE SYSTEM

Description of the System

- Waterworks System -

The water production facilities consist of six water wells with a total capacity of 8.1 million gallons per day ("MGD") and two surface water booster stations capable of pumping 12.0 MGD. The system total water capacity is 20.1 MGD.

The distribution system consists of over 214 miles of 4" - 24" water lines, two 1 million gallon elevated tanks and 10 ground storage tanks with a total capacity of over 7.85 MG.

- Sanitary Sewer System -

The sanitary sewer system consists of one 9.25 MGD regional activated sludge wastewater treatment plant, 39 lift stations and over 200 miles of sewer lines ranging in size from 6" - 36" diameter.

- Top Ten Water Customers -

Customer	2018 Water Consumption (in thousand gallons)	2018 Revenue	2017 Water Consumption (in thousand gallons	2017 Revenue
LSREF3 Bravo (Houston), LLC	10,200	$30,119	9,743	$28,794
Friendswood 518 Ltd.	7,823	25,660	(a)	(a)
The Reserve @ Autumn Creek	8,252	24,470	9,966	29,441
Bay Meadows Apartments	7,734	22,968	8,226	24,395
Baywood Apartments	7,227	21,497	8,586	25,439
Park Place Friendswood	5,864	17,545	5,799	17,357
Clear Creek ISD	4,848	15,839	(a)	(a)
HUT-Mobile Park	5,214	15,455	5,216	15,461
Friendswood TRS LLC	4,832	14,552	(a)	(a)
Friendswood Development Company	4,280	12,951	3,986	12,099
Bridgestone Apartments	(a)	(a)	4,633	13,975
Salem Square Apartments	(a)	(a)	4,094	12,412
Friendswood Retirement Living Ltd.	(a)	(a)	3,779	11,499

(a) Not a top ten water customer in that year.

Water and Sewer Rates

The City currently serves 13,833 water customers and 12,721 sewer customers. The following is a summary of the City's current water and sewer rates.

- Water Service Charges -
(Effective October 1, 2014)

The City charges the following monthly water rates:

Residential Water Rates Inside City Limits

- Minimum Monthly Base Charge By Meter Size (Includes 3,000 Gallons) –

Meter Size	Minimum Base Charge
1 Inch or Less	$ 15.50
1.5 Inch	27.90
2 Inch or Greater	44.95

Usage	Rate
Minimum 0 - 3,000 gallons	Base Charge
3,001 – 10,000 gallons, per thousand	$2.90
10,001 – 25,000 gallons, per thousand	3.15
25,001 gallons and over	3.40

Commercial and Multi-Unit Water Rates Inside City Limits

- Minimum Monthly Base Charge By Meter Size (No Gallons Included) –

Meter Size	Minimum Base Charge
5/8 Inch	$ 15.50
1 Inch	21.70
1.5 Inch	27.90
2 Inch or Greater	44.95

Usage	Rate
Per 1,000 gallons, per thousand	$2.90

Water Rates Outside City Limits

The amount to be charged and collected for water service outside the corporate limits of the City is computed and charged as 1.5 times the amount established for service inside the City.

- Sanitary Sewer Service Charges -
(Effective May 31, 2016)

The City charges the following monthly sanitary sewer service rates:

Residential Sanitary Sewer Rates Inside City Limits

Usage	Rate
Minimum	$15.50
Per thousand gallons	2.13

Commercial and Multi-Unit Sanitary Sewer Rates Inside City Limits

Usage	Rate
Minimum	$15.50
Per thousand gallons	2.13

Sanitary Sewer Rates Outside City Limits

The amount to be charged and collected for sewer service outside the corporate limits of the City is computed and charged as 1.5 times the amount established for service inside the City.

- Irrigation/Sprinkler Service Charges -
(Effective May 31, 2016)

Residential or Commercial Irrigation/Sprinkler Rates Inside City Limits

- Minimum Monthly Base Charge By Meter Size (Includes 3,000 Gallons) –

Meter Size	Minimum Base Charge
5/8 Inch	$ 15.50
1 Inch	21.70
1.5 Inch	27.90
2 Inch or Greater	44.95

Usage	Rate
Minimum 0 - 3,000 gallons	Base Charge
3,001 – 10,000 gallons, per thousand	$4.00
10,001 – 25,000 gallons, per thousand	4.25
25,001 gallons and over	4.50

Irrigation/Sprinkler Rates Outside City Limits

The amount to be charged and collected for sewer service outside the corporate limits of the City is computed and charged as 1.5 times the amount established for service inside the City.

Southeast Water Purification Plant

The City has entered into a contract with the City of Houston, Texas (the "City of Houston") for constructing, operating and maintaining a water purification plant known as Southeast Water Purification Plant. The City's pro rata share of the actual pumping construction costs is 1.33 percent.

The City began receiving water from the plant on October 15, 1990. The City is billed on a monthly basis for the actual gallons of water received times the City's pro rata share of actual costs. At the end of each quarter, the City of Houston computes the total operation and maintenance expense for the quarter just ended, recalculates the cost per one thousand gallons, and adjusts previous billings on the next invoice.

The relationship of the parties is fiduciary. No partnership or joint venture is created by this contract.

Blackhawk Regional Waste Treatment Plant

The City has entered into an arrangement with the Gulf Coast Waste Disposal Authority for the operation and maintenance of a joint treatment plant known as Blackhawk Regional Waste Treatment Plant. The City, the City of Houston, Harris County MUD No. 55, and the Baybrook MUD 1 (collectively, the "Participants") share in the expense of operation and maintenance based on their respective usage on a monthly basis. The percentages of equity in the joint venture based on their respective capacity rights at September 30, 2018, are as follows:

City of Friendswood	55.19%
City of Houston	12.56%
Harris County MUD No. 55	21.21%
Baybrook MUD No. 1	11.04%
	100.00%

An annual budget for operations is submitted to the Gulf Coast Waste Disposal Authority each year. The Gulf Coast Waste Disposal Authority is the governing authority and consists of 9 members (3 appointed by the governor, 3 appointed by Harris County, Galveston County, and Chambers County, and 3 appointed by the Participants).

Historical Operations of the System

	Fiscal Year Ended September 30, (a)				
	2018 (b)	2017	2016	2015	2014
REVENUES					
Water and Sewer Services	$11,998,194	$12,295,441	$11,319,801	$11,020,029	$11,117,391
Other Revenues	199,923	141,978	95,825	49,138	40,713
Total Revenues	$12,198,117	$12,437,419	$11,415,626	$11,069,167	$11,158,104
EXPENDITURES					
Personnel Services	$ 2,141,335	$ 2,117,344	$ 1,995,978	$ 1,675,139	$ 1,603,813
Sewer Operations	1,653,459	1,594,805	1,573,019	1,755,070	1,970,403
Water Purchases	1,455,427	1,539,452	1,280,556	1,070,000	1,220,696
Repairs and Maintenance	755,671	676,143	684,363	560,443	563,463
Supplies	125,249	133,402	93,296	138,988	194,641
Other Services and Charges	943,784	850,529	734,017	810,410	823,494
Total Expenditures	$ 7,074,925	$ 6,911,675	$ 6,361,229	$ 6,010,050	$ 6,376,510
Available for Debt Service	$ 5,123,192	$ 5,525,744	$ 5,054,397	$ 5,059,117	$ 4,781,594
Customer Count:					
Water Customers	13,833	13,619	13,482	13,289	13,093
Sewer Customers	12,721	12,588	12,483	12,407	12,236

(a) Source: City's audited financial statements.
(b) Unaudited, as of September 30, 2018.

Pension Fund

The City participates in the Texas Municipal Retirement System ("TMRS"), an agency operated by the State of Texas. Employees of the City who participate in TMRS contribute a fixed percentage, currently 7%, of their gross pay and the City matching percent is currently 2 to 1. As employees leave municipal employment other than through retirement, they may withdraw from TMRS those funds they contributed, but forfeit their employer's contributions. Each municipal employer's requirements for current contributions are offset by the amounts of such forfeitures.

As of September 30, 2018, the City employed 200 full-time employees and 42 part-time and seasonal employees. All full-time employees are covered by TMRS and the City's contribution for fiscal year 2017, amounted to approximately $2,197,015. The City had a net pension benefit obligation in the amount of $12,000,943 as of September 30, 2017. The liability for prior service benefits will be amortized over a period of twenty-seven years or less by contributions from the City which are a level percentage of payroll.

SELECTED PROVISIONS OF THE ORDINANCE

The Ordinance authorizes the issuance and sale of the Bonds and prescribes terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the City. Set forth below is a summary of certain provisions of the Ordinance. Such summary is not a complete description of the entire Ordinance and is qualified by reference to the Ordinance, copies of which are available from the City's Financial Advisor upon request.

Definitions

The following are selected terms that are defined in the Ordinance.

"Additional Parity Bonds" mean the additional parity revenue bonds permitted to be issued by the City pursuant to the Ordinance.

"Gross Revenues" mean all revenues, income and receipts of every nature derived or received by the City from the operation and ownership of the System and the interest income from the investment or deposit of money in the Revenue Fund, the Interest and Sinking Fund, and the Reserve Fund.

"Maintenance and Operation Expenses" mean the reasonable and necessary expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service (but only such repairs and extensions as, in the judgment of the governing body of the City, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the System), and all payments under contracts now or hereafter defined as operating expenses by the Legislature of Texas. Depreciation shall never be considered as a Maintenance and Operation Expense.

"Net Revenues" mean all Gross Revenues remaining after deducting the Maintenance and Operation Expenses.

"Outstanding Bonds" mean the City's Waterworks and Sewer System Revenue Bonds, Series 2016, dated March 1, 2016, outstanding at the date of issuance of the Bonds in the amount of $5,290,000.

"Parity Bonds" mean the Bonds, the Outstanding Bonds and each series of Additional Parity Bonds from time to time hereafter issued, but only to the extent such Parity Bonds remain outstanding within the meaning of this Ordinance.

"Reserve Fund Requirement" means the average annual principal and interest requirements on the Parity Bonds, which may be determined and redetermined each year by the City but in no event less frequently than upon the issuance of each series of Parity Bonds.

"System" means all properties, facilities, improvements, equipment, interests, and rights constituting the waterworks and sanitary sewer system of the City, including all future extensions, replacements, betterments, additions, and improvements to the System. The System shall not include any Special Project.

Pledge and Source of Payment

The City covenants and agrees that all Gross Revenues of the System shall be deposited and paid into the special funds established for Parity Bonds, as provided in the Ordinance, and shall be applied in the manner set out therein, to provide for the payment of all Maintenance and Operation Expenses and to provide for the payment of principal, interest and any redemption premium of the Parity Bonds and all expenses of paying, securing and insuring the same. The Parity Bonds shall constitute special obligations of the City that shall be payable solely from, and shall be equally and ratably secured by a first lien on, the Net Revenues, as collected and received by the City, from the operation and ownership of the System, which Net Revenues shall, in the manner therein provided, be set aside for and pledged to the payment of the Parity Bonds in the Interest and Sinking Fund and Reserve Fund as hereinafter provided, and the Parity Bonds shall be in all respects on a parity with and of equal dignity with one another. The owners of the Parity Bonds shall never have the right to demand payment out of any funds raised or to be raised by taxation.

Rates and Charges

So long as any Parity Bonds remain outstanding, the City shall fix, charge and collect rates and charges for the use and services of the System which are fully sufficient to produce Net Revenues in each fiscal year at least equal to 125% of the principal and interest requirements scheduled to occur in such fiscal year on all Parity Bonds then outstanding plus an amount equal to the sum of all deposits required to be made to the Reserve Fund in such fiscal year; but in no event shall Net Revenues ever be less than the amount required to maintain the Interest and Sinking Fund and the Reserve Fund as provided in the Ordinance, and, to the extent that funds for such purpose are not otherwise available, to pay all other outstanding obligations payable from the Net Revenues of the System, as and when the same become due.

The City will not grant or permit any free service from the System except for public buildings and institutions operated by the City.

Special Funds

The following special funds are created in the Ordinance and such funds shall be maintained and accounted for as provided in the Ordinance, so long as any Parity Bonds remain outstanding:

(a) Waterworks and Sewer System Revenue Fund (the "Revenue Fund");

(b) Waterworks and Sewer System Revenue Bonds Interest and Sinking Fund (the "Interest and Sinking Fund"); and

(c) Waterworks and Sewer System Revenue Bonds Reserve Fund (the "Reserve Fund").

The Revenue Fund shall be maintained as a separate account on the books of the City. The Interest and Sinking Fund and the Reserve Fund shall be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City and shall constitute trust funds which shall be held in trust for the benefit of the Owners of the Parity Bonds and the proceeds of which shall be and are hereby pledged to the payment of the Parity Bonds. All of the Funds named above shall be used solely as provided in the Ordinance so long as any Parity Bonds remain outstanding.

Flow of Funds

All Gross Revenues of the System (except for interest and earnings on investments in the Reserve Fund and the Interest and Sinking Fund) shall be deposited as collected into the Revenue Fund. Money from time to time on deposit in the Revenue Fund shall be applied as follows in the following order of priority:

(a) First, to pay Maintenance and Operation Expenses.

(b) Second, to make all deposits into the Interest and Sinking Fund required by the Ordinance, the ordinance authorizing the issuance of the Outstanding Bonds and any ordinance authorizing the issuance of Additional Parity Bonds.

(c) Third, to make all deposits into the Reserve Fund required by the Ordinance, the ordinance authorizing the issuance of the Outstanding Bonds and any ordinance authorizing the issuance of Additional Parity Bonds.

(d) Fourth, to pay any amounts due to any bond insurer of Parity Bonds not paid pursuant to subsections (b) or (c) above.

(e) Fifth, to pay any amounts due to any issuer of a reserve fund surety policy not paid pursuant to subsections (b) or (c) above.

(f) Sixth, for any lawful purpose.

Whenever the total amounts on deposit to the credit of the Interest and Sinking Fund and the Reserve Fund shall be equivalent to the sum of the aggregate principal amount of all outstanding Parity Bonds plus the aggregate amount of all interest accrued and to accrue thereon, no further payments need be made into the Interest and Sinking Fund or the Reserve Fund.

Interest and Sinking Fund

On or before the last Business Day of each month so long as any Parity Bonds remain outstanding, after making all required payments and provision for payment of Maintenance and Operation Expenses, there shall be transferred into the Interest and Sinking Fund from the Revenue Fund:

(i) such amounts, in approximately equal monthly installments, as will be sufficient to accumulate the amount required to pay the interest scheduled to become due on the Parity Bonds on the next interest payment date; and

(ii) such amounts, in approximately equal monthly installments, as will be sufficient to accumulate the amount required to pay the next maturing principal of the Parity Bonds, including the principal amounts of, and any redemption premium on, any Parity Bonds payable as a result of the exercise or operation of any optional or mandatory redemption provision contained in any ordinance authorizing the issuance of Parity Bonds.

Money deposited to the credit of the Interest and Sinking Fund shall be used solely for the purpose of paying principal (at maturity or prior redemption or to purchase Parity Bonds issued as term bonds in the open market to be credited against mandatory redemption requirements), interest and any redemption premium on the Parity Bonds or reimbursing credit providers for amounts, advanced for such purpose, plus all bank charges and other costs and expenses relating to such payment. The paying agent shall destroy all paid Parity Bonds and shall provide the City with appropriate certificates of destruction.

Reserve Fund

On or before the last Business Day of each month so long as any Parity Bonds remain outstanding, after making all required payments and provision for payment of Maintenance and Operation Expenses, and after making the transfers into the Interest and Sinking Fund required in the preceding Section, there shall be transferred into the Reserve Fund from the Revenue Fund, in approximately equal monthly installments, amounts sufficient to accumulate within sixty (60) months the Reserve Fund Requirement. Each increase in the Reserve Fund Requirement resulting from the issuance of Additional Parity Bonds shall be accumulated within sixty (60) months of the issuance of such bonds by making transfers from the Revenue Fund into the Reserve Fund in approximately equal monthly installments of amounts sufficient for such purpose. After the Reserve Fund Requirement has accumulated in the Reserve Fund and so long thereafter as such Fund contains the Reserve Fund Requirement, no further deposits shall be required to be made into the Reserve Fund, and any excess amounts may be transferred to the Revenue Fund. But if and whenever the balance in the Reserve Fund is reduced below the Reserve Fund

Requirement, either due to a draw on the funds or reduction or cancellation of a Reserve Fund Surety Policy, monthly deposits into such Fund shall be resumed and continued in amounts at least equal to one-twelfth (1/12th) of the deficiency in the Reserve Fund Requirement until the Reserve Fund again equals the Reserve Fund Requirement. The Reserve Fund shall be used to pay the principal of and interest on the Parity Bonds at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose and to pay and retire the last Parity Bonds to mature or be redeemed.

The City expressly reserves the right at any time to satisfy all or any part of the Reserve Fund Requirement by obtaining for the benefit of the Reserve Fund a Reserve Fund Surety Policy (as defined below). In the event the City elects to substitute at any time a Reserve Fund Surety Policy for any funded amounts in the Reserve Fund, it may apply any bond proceeds thereby released, to the greatest extent permitted by law, to any purposes for which the bonds were issued and any other funds thereby released to any purposes for which such funds may lawfully be used, including the payment of debt service on the Parity Bonds. A Reserve Fund Surety Policy shall be an insurance policy or other instrument issued pursuant to a credit agreement (as such term is defined by Section 1371.001, Government Code) in a principal amount equal to the portion of the Reserve Fund Requirement to be satisfied and issued by a financial institution or insurance company with a rating for its long term unsecured debt or claims paying ability in the highest letter category by two major municipal securities evaluation sources. The premium for any such policy shall be paid from bond proceeds or other funds of the City lawfully available for such purpose. Any Reserve Fund Surety Policy shall be authorized by resolution or ordinance and submitted to the Attorney General for examination and approval.

At any time that there are insufficient funds available in the Interest and Sinking Fund to make any required payment of interest on or principal of the Bonds, or to reimburse the credit providers for amounts advanced for such purpose, there shall be transformed from the Reserve Fund to the Interest and Sinking Fund such amounts as may be necessary for such purpose. In the event the Reserve Fund contains one or more Reserve Fund Surety Policy or Policies, the City shall not draw on Reserve Fund Surety Policy unless no other cash or investments are otherwise available in the Reserve Fund. If more than one Reserve Fund Surety Policy is held in the Reserve Fund, the City shall draw on such policies on a proportionate basis. Whenever amounts have been drawn on one or more Reserve Fund Surety Policies, amounts subsequently transferred to the Reserve Fund shall be used to reimburse the provider (or if more than one, to the providers on a proportionate basis) of such Reserve Fund Surety Policies in accordance with the terms thereof, for the amounts advanced, interest thereon and any associated fees. The issuer(s) of such Reserve Fund Surety Policy or Policies shall be secured with respect to such reimbursement obligations by a lien on the Net Revenues, subject and subordinate to the lien securing the Bonds and the required deposits to the Fund, and shall further be secured by a lien on amounts from time to time on deposit in and required to be deposited to the Reserve Fund.

Additional Parity Bonds

The City reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds or any other bonds or obligations of the City issued in connection with or payable from the revenues of the System), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Net Revenues of the System on a parity with the Bonds and any previously issued Additional Parity Bonds; provided, however, that no Additional Parity Bonds may be issued unless:

(a) The Additional Parity Bonds mature on, and interest is payable on, the same days of the year as the Bonds;

(b) The Interest and Sinking Fund and the Reserve Fund each contains the amount of money then required to be on deposit therein;

(c) For either the preceding fiscal year or a 12 consecutive calendar month period ending no more than 90 days prior to adoption of the ordinance authorizing such Additional Parity Bonds, Net Revenues were equal to at least 140% of the average annual principal and interest requirements on all Parity Bonds that will be outstanding after the issuance of the series of Additional Parity Bonds then proposed to be issued, as certified by the City's Controller or Director of Administrative Services or by an independent certified public accountant or firm of independent certified public accountants; and

(d) If the City cannot meet the test described in (c) above, but a change in the rates and charges applicable to the System becomes effective at least sixty (60) days prior to the adoption of the ordinance authorizing Additional Parity Bonds and the City's Controller or Director of Administrative Services certifies that, had such change in rates and charges been effective for the preceding fiscal year or 12 consecutive calendar month period ending no more than 90 days prior to adoption of said ordinance, the Net Revenues for such period would have met the test described in (c) above.

Subordinate Lien Bonds

The City reserves the right to issue, for any lawful purpose, bonds, notes or other obligations secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the lien on the Net Revenues securing payment of the Parity Bonds. Such subordinate lien obligations may be further secured by any other source of payment lawfully available for such purpose.

Special Project Bonds

The City reserves the right to issue revenue bonds secured by liens on and pledges of revenues and proceeds derived from Special Projects.

ADMINISTRATION OF THE CITY

Mayor and City Council

Policy-making and supervisory functions are the responsibility of and are vested in the Mayor and City Council for the City, under provisions of the "Charter of the City of Friendswood" (the "Charter") approved by the electorate October 16, 1971. City Council is elected at large on the first Saturday in May. The Mayor and six Council members serve three-year staggered terms. Members of the Council are described below:

Council Members	Period Served	Term Expires May	Occupation
Mike Foreman Mayor	2 Years	2021	Business Owner
Steve Rockey Council Member	6 Years	2021	Chief Operating Officer
Sally Branson Council Member	1 Year	2020	Financial Advisor
Trish Hanks Council Member	5 Months	2021	Education Consultant
Robert J. Griffon Council Member	5 Months	2019 (a)	Investor
John H. Scott Council Member	7 Years	2020	Business Owner
Carl Gustafson Council Member	5 Years	2019	Engineer / Project Manager

(a) Filling unexpired term.

Administration

Under provisions of the Charter, the City Council enacts local legislation, adopts budgets, determines policies and appoints the City Manager, who is charged with the duties of executing the laws and administering the government of the City. As the chief executive officer and head of the administrative branch of the City government, the City Manager is given the power and duties to:

(1) Appoint and remove all department heads and all other employees in the administrative service of the City and may authorize the head of a department to appoint and remove subordinates in his respective department;

(2) Prepare the budget annually, submit it to City Council, and be responsible for its administration;

(3) Prepare and submit to City Council a complete report on the finances and administrative activities of the City;

(4) Keep City Council advised of the financial condition and future needs of the City and make appropriate recommendations; and

(5) Perform such other necessary duties as prescribed by the Charter or required by City Council.

Members of the administrative staff are described below:

Name	Position	Period Served
Morad Kabiri	City Manager	11 Years
Steven Rhea	Assistant City Manager	4 Months
Melinda K. Welsh	City Secretary	16 Years
Katina Hampton	Director of Administrative Services	11 Years
James Toney	Director of Parks and Recreation	13 Years
Patrick G. Donart	Director of Public Works	4 Years
Aubrey Harbin	Director of Community Development	11 Years
Terry Byrd	Fire Marshal / Emergency Management Coordinator	23 Years
Robert Wieners	Police Chief	19 Years
Mary K. Fischer	Internal City Attorney	1 Year

Consultants

The City has retained several consultants to perform professional services in connection with the independent auditing of its books and records and other City activities. Several of these consultants are identified below:

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Certified Public Accountants.. Pattillo, Brown & Hill, L.L.P.L.L.P.
Waco, Texas

Financial Advisor .... BOK Financial Securities, Inc.
Houston, Texas

LEGAL MATTERS

Legal Opinion

The delivery of the Bonds is subject to the approving opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the City payable from the Net Revenues and, the approving legal opinions of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City ("Bond Counsel"), in substantially the form attached as APPENDIX C. Though it represents the Financial Advisor and the Underwriters, from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Counsel to the Underwriters, whose legal fees are contingent upon the sale and delivery of the Bonds.

Bond Counsel has reviewed the statements and information appearing in the Official Statement under the captions "THE BONDS" (except the subcaptions "Book-Entry-Only System," "Future Debt," "Sources and Uses of Funds" and "Remedies in the Event of Default"), "SALE AND DISTRIBUTION OF THE BONDS – Securities Laws," "SELECTED PROVISIONS OF THE ORDINANCE," "LEGAL MATTERS - Legal Opinions" (excluding the last sentence of the first paragraph thereof), "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" (except the subcaption "Compliance With Prior Undertakings") and such firm is of the view that the information under such captions fairly summarizes the procedures and documents referred to therein and is correct as to matters of law. Bond Counsel has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained herein.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No-Litigation Certificate

The City will furnish to the Underwriters a certificate, dated as of the date of delivery of the Bonds, executed by appropriate City officials, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

The obligations of the Underwriters to take and pay for the Bonds, and of the City to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the City subsequent to the date of sale from that set forth or contemplated in the Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix C -- Form of Opinion of Bond Counsel.

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City's federal tax certificate and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the City with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds") . In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM RECENTLY ENACTED LEGISLATION OR THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such Bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). Information will be available from the MSRB free of charge via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB annually via EMMA. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the headings "OFFICIAL STATEMENT SUMMARY – Selected Financial Information," "CITY REVENUE DEBT" and "THE SYSTEM" (collectively, the "Annual Operating Data"). The City will update and provide the Annual Operating Data within six months after the end of each fiscal year. The City will additionally provide audited financial statements of the City (the "Financial Statements"), and such Financial Statements will be provided within 12 months after the end of each fiscal year ending in or after 2018, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available. Any such Financial Statements will be prepared in accordance with the accounting principles described in APPENDIX "B" or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12.

The City's current fiscal year end is September 30. Accordingly, the Annual Operating Data must be provided by March 31 in each year, and the Financial Statements must be provided by September 30 of each year, unless the City changes its fiscal year.

Notice of Certain Events

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. (Neither the Bonds nor the Ordinance makes any provision for debt service reserves, credit enhancement or a trustee.) In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Availability of Information

All information and documentation filing required to be made by the City will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings is provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

Limitations and Amendments

The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, of its continuing disclosure agreement or from any statement made pursuant to its agreement. Holders or beneficial owners of Bonds may seek as their sole remedy a writ of mandamus to compel the City to comply with its agreement. No default by the City with respect to its continuing disclosure agreement shall constitute a breach of or default under the Ordinance for purposes of any other provision of the Ordinance.

Nothing in this paragraph is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws. The City's undertakings and agreements are subject to appropriation of necessary funds and to applicable legal restrictions.

The City may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status or type of operations of the City if, but only if (i) the agreement, as so amended, would have permitted a purchaser to purchase or sell the Bonds in the offering made hereby in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate amount of the outstanding Bonds consent to such amendment or (b) a person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid, and the City may amend the agreement in its discretion in any other circumstance or manner, but in either case only to the extent that its right to do so would not prevent an underwriter from purchasing the Bonds in the offering described herein in compliance with Rule 15c2-12. If the City amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

During the last five years, the City has substantially complied in all material respects with its undertakings made in accordance with Rule 15c2-12.

WEATHER EVENTS AND HURRICANE HARVEY

The City is located approximately 25 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the City, the assessed value of property within the City could be substantially reduced, with a corresponding decrease in tax revenues and the necessity to increase the City's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the City will be covered by insurance (or that property owners will even carry insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the City. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period during which assessed values within the City would be adversely affected and, therefore, the City's ability to pay its obligations, including the Bonds, could be adversely impacted.

In August 2017, Hurricane Harvey, characterized as a Category 4 hurricane at its peak, made landfall on the Texas coast before stalling over the Houston-Galveston region (the "Region") and producing significant flooding. Many residences and commercial and industrial properties in the Region, including properties within the City, sustained varying degrees of damage. The cost of repairs and mitigation to affected City facilities are estimated to be approximately $7,423,436. The City is coordinating with its insurance provider, as well as the Federal Emergency Management Agency (FEMA), to receive reimbursements of these costs. It is estimated that insurance and FEMA will reimburse up to 70% of costs associated with the repairs and mitigation.

As of the date of this Official Statement, the City does not expect the storm to have a material adverse effect on future taxable assessed valuations within the City or on its ability to pay debt service on the Bonds or its outstanding debt.

FINANCIAL ADVISOR

BOK Financial Securities, Inc. is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

GENERAL CONSIDERATIONS

Sources and Compilation of Information

The information contained in this Official Statement has been obtained primarily from the City and from other sources believed to be reliable. No representation is made as to the accuracy or completeness of the information derived from sources other than the City. The summaries of the statutes, ordinances and other related documents are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Neither this Official statement nor any statement that may have been made orally or in writing is to be constructed as or as part of a contract with the original purchasers or subsequent owners of the Bonds.

Forward Looking Statements

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

This Official Statement was duly authorized and approved by the City Council of the City of Friendswood, Texas as of the date specified on the first page hereof.

____
Mayor
City of Friendswood

ATTEST:

____
City Secretary
City of Friendswood

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY OF FRIENDSWOOD

The following information has been derived from various sources, including the Texas Municipal Reports, U.S. Census data, "Sales Management Survey of Buying Power", and City officials. While such sources are believed to be reliable, no representation is made as to the accuracy thereof.

- City Economics -

The City of Friendswood, Texas (the "City"), is a commercial center located 20 miles southeast of downtown Houston at the intersection of Farm to Market Road 2351 and Farm to Market Road 518 in the northeast corner of Galveston County, with a small portion in Harris County. At present, there are numerous residential subdivisions either developed or under construction within the City with homes ranging in value from $75,000 to $400,000, the average being approximately $125,000.

Manufacturing and Commerce

Employment in Galveston County (the "County") is provided by the extensive petro-chemical industry. (Source: Texas Municipal Report.) Also adding to the general economy of the County are fishing, tourism and recreation activities and agribusiness. The Gulf Intracoastal Waterway comes through the lowlands near Surfside Beach and is an important waterway in America with reported annual tonnage comparable to the Panama and Suez Canals.

ECONOMIC AND GROWTH INDICATORS

U.S. Census of Population

	City of Friendswood		Galveston County	
	Number	% Change	Number	% Change
1930	---	---	23,054	+11.84
1940	---	---	27,069	+17.42
1950	---	---	46,549	+71.96
1960	1,497	---	76,204	+63.71
1970	6,444	+330.46	108,312	+42.13
1980	13,248	+105.59	169,587	+56.57
1990	18,927	+42.87	191,707	+13.04
2000	29,037	+53.42	250,158	+30.49
2010	35,805	+23.31	291,309	+16.45

(a) Source: U.S. Census Bureau.

Employment Statistics

State of Texas

	2018 (a)	2017	2016	2015	2014
Labor Force	13,802,300	13,538,385	13,317,176	13,074,570	13,024,701
Employed	13,285,696	12,960,595	12,702,122	12,493,197	12,360,368
Unemployed	516,604	577,790	615,054	581,373	664,333
Unemployment Rate	3.7%	4.3%	4.6%	4.4%	5.1%

Galveston County

	2018 (a)	2017	2016	2015	2014
Labor Force	165,802	161,703	159,820	157,808	157,629
Employed	158,460	153,291	151,306	149,954	148,793
Unemployed	7,342	8,412	8,514	7,854	8,836
Unemployment Rate	4.4%	5.2%	5.3%	5.0%	5.6%

City of Friendswood

	2018 (a)	2017	2016	2015	2014
Labor Force	20,205	19,675	19,493	19,319	19,492
Employed	19,498	18,864	18,617	18,579	18,636
Unemployed	707	811	876	740	856
Unemployment Rate	3.5%	4.1%	4.5%	3.8%	4.4%

(a) As of September 30, 2018.

Employment Statistics
Source: Texas Workforce Commission

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY

CITY OF FRIENDSWOOD TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED

September 30, 2017

Officials Issuing Report:

Roger C. Roecker
City Manager

Katina Hampton
Director of Administrative Services

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INTRODUCTORY SECTION

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CITY OF FRIENDSWOOD

March 26, 2018

The Honorable Mayor, Members of the City Council, and the Citizens of Friendswood:

The Comprehensive Annual Financial Report (CAFR) of the City of Friendswood for the fiscal year ended September 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes a list of principal officials, this transmittal letter, and the City's organizational chart. The financial section includes the auditor's report on the financial statements, a Management Discussion and Analysis (MD&A), the basic financial statements, required supplementary information and the combining statement and individual fund schedules. The MD&A, found immediately following the report of the independent auditor, is a narrative introduction; overview and analysis required by generally accepted accounting principles (GAAP). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City Charter requires an annual audit of the financial statements of all of the various funds of the City by independent certified public accountants. The accounting firm of Pattillo, Brown & Hill, L.L.P. has performed such an audit and their opinion has been included in this report.

PROFILE OF THE CITY

Established in 1895 as a Quaker colony, the City of Friendswood is rich in heritage. The City was incorporated in 1960 and chartered a home-rule city under Texas law in 1971. The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and six (6) Council Members. The Mayor and Council are responsible, among other things, for passing ordinances, adopting the budget, appointing board and committee members and hiring the City Manager, City Attorney, Municipal Judge, and City Secretary. The City Manager is responsible for carrying out the policies and ordinances of the City Council and overseeing the day-to-day operations of the City government, and for appointing heads of various departments. The Mayor and Council are elected on an at-large, non-partisan basis. The Mayor and Council are elected to serve no more than four consecutive three-year terms.

The City provides a full range of municipal services including public safety (police, fire and emergency medical), maintenance of streets and infrastructure, sanitation services, maintenance of the treated waste distribution system and both sanitary and storm sewer collection transmission systems, recreational activities and cultural events as well as general administrative services.

FACTORS AFFECTING FINANCIAL CONDITION

Location

Encompassing 21 square miles, Friendswood is located in southeast Texas near the Texas Gulf Coast, between downtown Houston and Galveston, spanning across two counties – northern Galveston County and southern Harris County. The current estimated population is 40,570. Residents and visitors can access Friendswood through FM 2351, FM 518, and FM 528 (NASA Parkway). Hobby Airport and Ellington Airport are located within a 15 minute drive from Friendswood, and Bush Intercontinental Airport is just 45 minutes away. Major sectors of the area's economic base include aerospace, specialty chemicals, health care, retail, and tourism.

Community

Friendswood has been nationally recognized as one of the best places to live in the country. With low tax rates, outstanding public education, and the lowest crime rate in the region, Friendswood is the perfect place to live, work, and play. The City features beautiful parks and lush landscaping, along with a championship golf course. Children academically excel via two superior public school systems – Friendswood ISD and Clear Creek ISD. These attributes perfectly match Friendswood's affluent resident base of well-educated, high-income families. More than 50% of residents work in executive, professional, and managerial positions. The average household income is $137,732 and the median household income is $105,993.

Business

Friendswood is the perfect choice for many types of commercial enterprises. Target markets include professional offices, retail, commercial, and light industrial developments. A key City focus is to encourage redevelopment of the downtown area and development of the City's panhandle area. City leaders have approved special tools and incentives to revitalize downtown to promote mixed-use, multi-story developments with pedestrian streetscapes and other amenities. The City offers competitive business incentives, including a municipal grant program, tax abatement that includes "green" development, freeport tax exemption, and downtown development fee waivers. Additionally, the City received a $2 million EDA grant that provided utilities to serve a large commercial area located at the northeast corner of the City along

FM 2351 near Beamer Road and Interstate 45. This commercial area will provide opportunities for new construction, employment and sales tax revenue in the City.

Quality Lifestyle
As with any City, the goal is planning for continued quality growth to create a well-balanced community. Friendswood offers single-family residential housing in pleasant, park-like settings, tucked-away from the busy stream of vehicular traffic. Friendswood is committed to attracting more local enterprises that will complement and enhance the unique community environment that has been carefully built over the past 100 years; one that has come to be cherished by residents and business owners alike.

LONG TERM PLANNING

Budgeting Controls
The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by Council. The charter requires the City Manager to submit a proposed budget and an accompanying message to the City Council on or before August 1. The Council shall review and revise as deemed appropriate prior to general circulation for the public hearing. The Public Notice and Hearing must be posted in the City Hall and published in the official newspaper. The budget must be adopted by the 15th of September or as soon thereafter as practical. The City legally adopts annual budgets for the General, Special Revenue and Debt Service Funds. Annual and project budgets are also adopted for the Proprietary and Capital Projects Funds, respectively.

The level of budgetary control; that is, the level at which expenditures cannot legally exceed the appropriated amount, is established by department within a fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances lapse at fiscal year end, but can be re-appropriated through a budget amendment the following fiscal year. The City Manager is authorized to transfer budgeted amounts between departments within any fund, but revisions that increase the total expenditures of any fund must be approved by Council.

Multi-Year Financial Planning
A Multi-Year Financial Plan (MYFP) was developed in 2006. Originally, staff was directed to develop a plan to forecast the City's financial condition through 2020, the projected build-out date. The first version of this plan was drafted and later reduced in scope to a five year projection.

The MYFP is based on the City's strategic planning efforts, including the Comprehensive Land Use Plan, Vision 2020 and the Capital Improvements Plan. Departmental operational plans funding requirements to provide programs and services are included in the MYFP as well. Funding needs and available resources, both current and alternative revenue enhancements, are identified. Expenditures are projected based on departmental needs assessments and are organized based on "one-time" and "on-going" expenditures. In collaboration with Council, the plan is updated at least annually and serves as the basis of budget development.

Relevant Financial Policies
As part of the annual budget process, the City adopts Financial Management Policy Statements that establish a framework for fiscal decision making and that ensure that financial resources are available to meet the present and future needs of its citizens. These statements provide guidelines for financial planning and management, addressing every major financial function and process.

Most importantly, the Financial Management Policy requires that the City maintain the General Fund unassigned fund balance at a minimum of 90 days of prior year audited operating expenditures. Any unassigned funds after the fiscal year-end audit will be allowed to accumulate to build this 90-day reserve. After the General Fund has gathered sufficient resources, additional unassigned funds will be allowed to accumulate for future General Fund capital improvements.

The Financial Management Policy also requires the minimum working capital in the Water and Sewer Fund be 90 days of prior year audited operating expenses. Any unrestricted funds after the fiscal year-end audit will be allowed to accumulate to build this 90-day reserve. After these funds have gathered sufficient resources, additional unrestricted funds will be allowed to accumulate in working capital for future utility /operating fund capital improvements.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Friendswood for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the twenty-ninth 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.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Administrative Services Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

In closing, I also express my thanks to the Mayor, members of the City Council and the City Manager for their leadership, interest and support in conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

Katina Hampton

Katina Hampton
Director of Administrative Services

CITY OF FRIENDSWOOD, TEXAS

PRINCIPAL OFFICIALS AS OF

SEPTEMBER 30, 2017

Elected Officials	**Position**	**Term Expires**
Kevin M. Holland	Mayor	May 2018
Steve Rockey	Council Member – Position No. 1	May 2018
Sally Branson	Council Member – Position No. 2	May 2020
Jim Hill	Council Member – Position No. 3	May 2018
Mike Foreman	Council Member – Position No. 4	May 2019
John H. Scott	Council Member – Position No. 5	May 2020
Carl W. Gustafson	Council Member – Position No. 6	May 2019

Key Staff	**Position**
Roger C. Roecker	City Manager
Morad Kabiri	Assistant City Manager
Katina Hampton	Director of Administrative Services
Terry Byrd	Fire Marshal/Emergency Management Coordinator
Patrick Donart	Director of Public Works
Melinda Welsh	City Secretary
James Toney	Director of Parks and Recreation
Robert B. Wieners	Police Chief
Mary K. Fischer	City Attorney
James W. Woltz	Judge – Municipal Court

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Friendswood
Texas

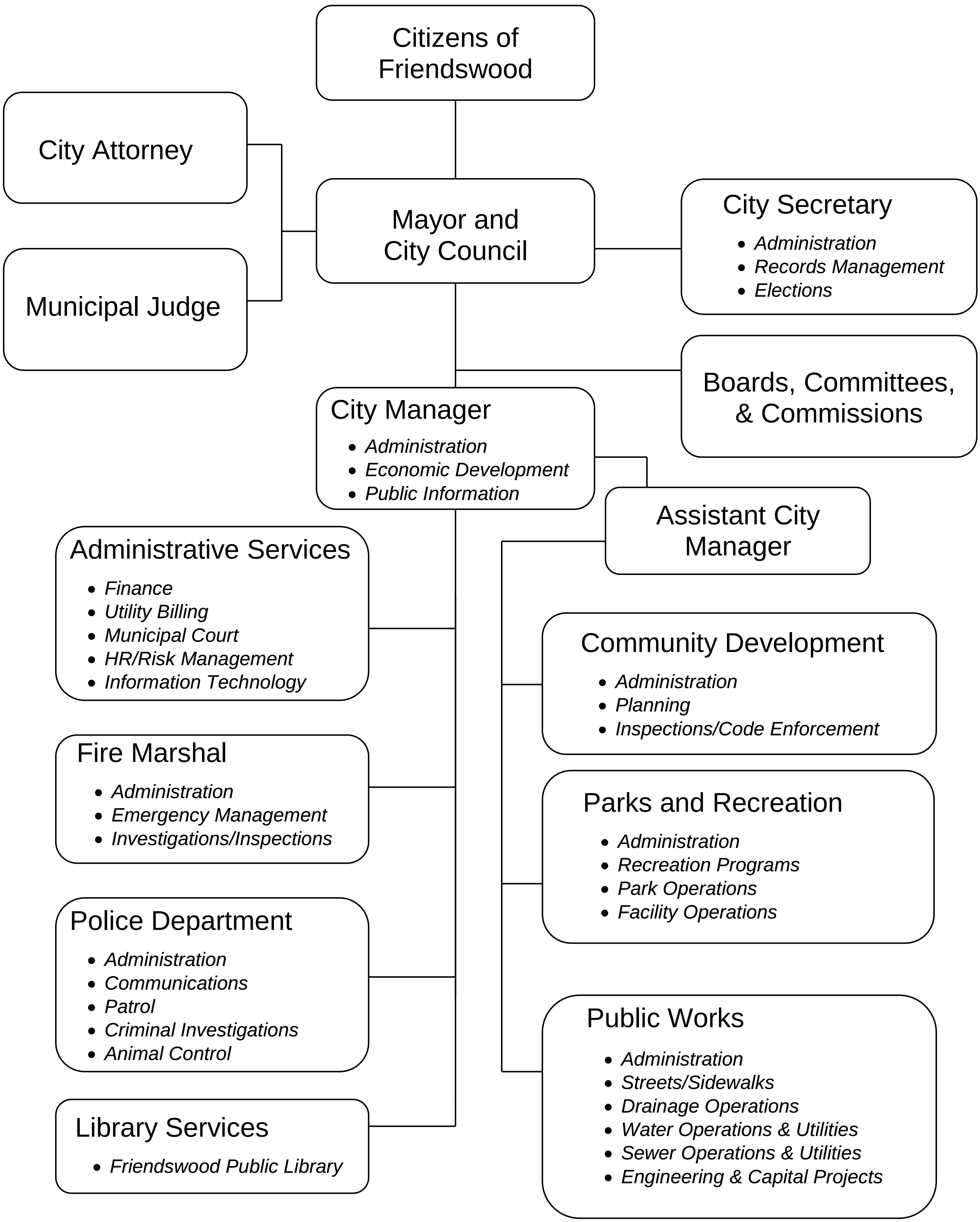
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

CITY OF FRIENDSWOOD
Organization Chart



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FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and City Council of
City of Friendswood, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Friendswood, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Friendswood, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

the City of Friendswood, Texas' 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 West Ranch Management District, which is a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the West Ranch Management District, 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. The financial statements of the West Ranch Management District were not audited in accordance with *Government Auditing Standards*.

WACO, TX
401 West Highway 6
Waco, Texas 76710
254.772.4901
www.pbhcpa.com

HOUSTON, TX
281.671.6850

RIO GRANDE VALLEY, TX
956.544.7778

TEMPLE, TX
254.791.3460

ALBUQUERQUE, NM
505.266.5904

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.

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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Friendswood, Texas, as of September 30, 2017, 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, budgetary comparison information, and pension and other post-employment benefit information on pages 4 through 17 and 64 through 75, respectively, to 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 of Friendswood, Texas' 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 statement and individual nonmajor fund financial schedules are the responsibility of management and was derived from and relates 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 by us and the other auditors. In our opinion, the combining statement and individual nonmajor fund financial 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018 on our consideration of the City of Friendswood, Texas' 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 solely 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 the effectiveness of the City's 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 of Friendswood, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 26, 2018

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MANAGEMENT'S
DISCUSSION AND ANALYSIS

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CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Friendswood, Texas ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Friendswood for the fiscal year ended September 30, 2017. Please read this information in conjunction with the basic financial statements that follow this section.

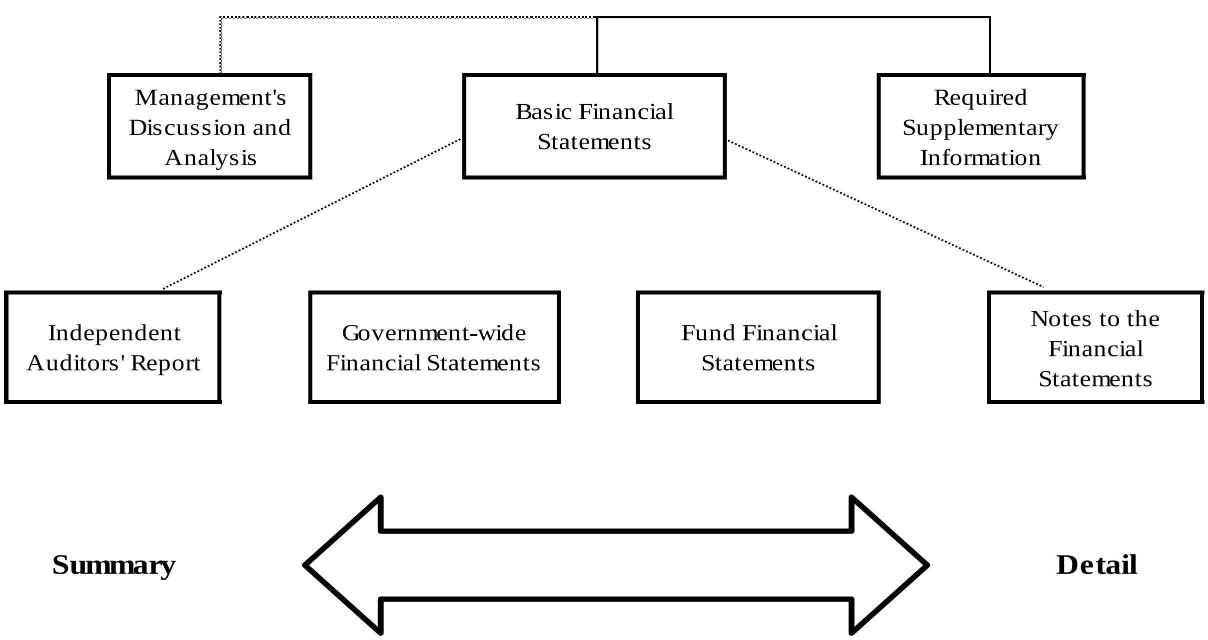
FINANCIAL HIGHLIGHTS

Some of the City's financial highlights for the fiscal year ending September 30, 2017 include:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $120,848,598.
- The City's total net position increased during the year by $1,613,813 from operations.
- Unrestricted net position is $16,116,962.
- Program revenues of $17,843,689 reduced the net cost of the City's functions to be financed from the City's general revenues to $24,287,472.

OVERVIEW OF THE FINANCIAL STATEMENTS

Components of the Financial Section



This discussion and analysis is intended to service as an introduction to the City's basic financial statements. The 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 includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are assigned to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting,* which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The Statement of Activities presents information showing how the City'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 – the accrual method rather than modified accrual that is used in the fund level statements.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or significant portion of their costs through user fees (business-type activities).

- Governmental activities – Most of the City's basic services are reported here including general government (mayor and council, city secretary, city manager, and administrative services); public safety (police, volunteer fire department and fire marshal); public works (streets and drainage); community development (engineering, building inspection and planning and zoning); community services (parks, facility operations and community activities) and library. Interest payments on the City's debt are also reported here. Property tax, sales tax, franchise taxes, municipal court fines and permit fees finance most of the activities.

- Business-type activities – Services involving a fee for those services, which include the City's water and sewer system are reported here.

- Component Units – activities include activities of The West Ranch Management District and Friendswood Downtown Economic Development Corporation.

Fund Financial Statements

A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City uses two fund types – governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements with the exclusion of internal service fund activity. However, unlike the government-wide financial statements, governmental funds 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 the City's near-term financing requirements.

Because the focus of the 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, the reader may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental 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 eleven governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund and Bond Construction Fund which are considered to be major funds. The other nine funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found in this report.

Proprietary Funds

The City maintains two types of proprietary funds: enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its operation in water distribution and wastewater collection/treatment along with its water and wastewater impact fees, and water construction projects. Management would note that trash collection services are provided by a third party contract.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for fleet management services. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information ("RSI"). The RSI includes a schedule of funding progress for the City's other post-employment healthcare benefits and two schedules related to the City's pension with the Texas Municipal Retirement System ("TMRS"). The City adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been provided in RSI to demonstrate compliance with this budget. RSI can be found after the basic financial statements.

The combining statement and individual fund schedules that further support the information in the financial statements are presented immediately following the notes to the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Friendswood, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $120,848,598 as of September 30, 2017 in the primary government, which is an increase in the City's overall financial position compared to the prior year.

The largest portion of the City's net position (84.35%) reflects its investments in capital assets (e.g., land, buildings and improvements, machinery and equipment, infrastructure, water and sewer system, construction in progress and water rights); less any debt outstanding used to acquire those assets. 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 resources, since the assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 26,832,792	$ 26,449,063	$ 17,861,201	$ 19,395,572	$ 44,693,993	$ 45,844,635
Capital assets	102,145,795	97,575,331	61,387,988	60,640,086	163,533,783	158,215,417
Total assets	128,978,587	124,024,394	79,249,189	80,035,658	208,227,776	204,060,052
Deferred outflows of resources	4,824,499	5,424,885	1,464,777	1,606,929	6,289,276	7,031,814
Total assets and deferred outflows of resources	133,803,086	129,449,279	80,713,966	81,642,587	214,517,052	211,091,866
Long-term liabilities	46,766,883	41,910,551	36,263,720	38,574,221	83,030,603	80,484,772
Other liabilities	5,488,936	5,805,898	4,162,502	4,233,414	9,651,438	10,039,312
Total liabilities	52,255,819	47,716,449	40,426,222	42,807,635	92,682,041	90,524,084
Deferred inflows of resources	849,565	1,158,762	136,848	174,235	986,413	1,332,997
Net position:						
Net investment in capital assets	72,631,192	73,588,484	29,305,429	28,322,718	101,936,621	101,911,202
Restricted	2,534,312	1,405,907	260,703	99,006	2,795,015	1,504,913
Unrestricted	5,532,198	5,579,677	10,584,764	10,238,993	16,116,962	15,818,670
Total net position	$ 80,697,702	$ 80,574,068	$ 40,150,896	$ 38,660,717	$ 120,848,598	$ 119,234,785

A portion of the primary government's net position, $2,795,015 or 2.31%, represents resources that are subject to external restrictions on how they may be used. These restrictions include monies accounted for in special revenue funds for which the use is legally restricted and capital project funds. The remaining balance of unrestricted net position, $16,116,962 or 13.34%, may be used to meet the City's ongoing obligations to citizens and creditors.

Change in Net Position

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

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	$ 2,737,415	$ 2,468,620	$ 12,295,441	$ 11,319,801	$ 15,032,856	$ 13,788,421
Operating grants and contributions	2,591,025	800,151	-	-	2,591,025	800,151
Capital grants and contributions	219,808	318,657	-	-	219,808	318,657
General revenues:						
Property taxes	17,270,647	16,350,101	-	-	17,270,647	16,350,101
Sales and alcohol taxes	6,482,367	5,393,920	-	-	6,482,367	5,393,920
Franchise taxes	1,661,654	1,779,234	-	-	1,661,654	1,779,234
Investment earnings	187,001	149,003	141,978	95,825	328,979	244,828
Miscellaneous	157,638	148,377	-	7,569	157,638	155,946
Total revenues	31,307,555	27,408,063	12,437,419	11,423,195	43,744,974	38,831,258
Expenses:						
General government	5,128,399	4,736,867	-	-	5,128,399	4,736,867
Public safety	15,861,719	13,101,691	-	-	15,861,719	13,101,691
Public works	4,429,664	4,429,482	-	-	4,429,664	4,429,482
Community development	1,495,001	1,577,813	-	-	1,495,001	1,577,813
Parks and recreation	3,459,053	3,080,453	-	-	3,459,053	3,080,453
Library	1,215,683	1,134,859	-	-	1,215,683	1,134,859
Water and sewer	-	-	8,502,218	7,975,920	8,502,218	7,975,920
Interest on long-term debt	953,146	862,654	1,086,278	1,642,723	2,039,424	2,505,377
Total expenses	32,542,665	28,923,819	9,588,496	9,618,643	42,131,161	38,542,462
Increase/(decrease) in net position before transfers	(1,235,110)	(1,515,756)	2,848,923	1,804,552	1,613,813	288,796
Transfers	1,358,744	1,397,065	(1,358,744)	(1,397,065)	-	-
Change in net position	123,634	(118,691)	1,490,179	407,487	1,613,813	288,796
Net position - beginning as originally reported	80,574,068	80,692,759	38,660,717	38,696,363	119,234,785	119,389,122
Prior period adjustment	-	-	-	(443,133)	-	(443,133)
Net position - beginning, as restated	80,574,068	80,692,759	38,660,717	38,253,230	119,234,785	118,945,989
Net position, ending	$ 80,697,702	$ 80,574,068	$ 40,150,896	$ 38,660,717	$ 120,848,598	$ 119,234,785

Governmental Activities

Governmental activities increased the City of Friendswood's net position by $123,634 from operations. Key elements of this change are as follows:

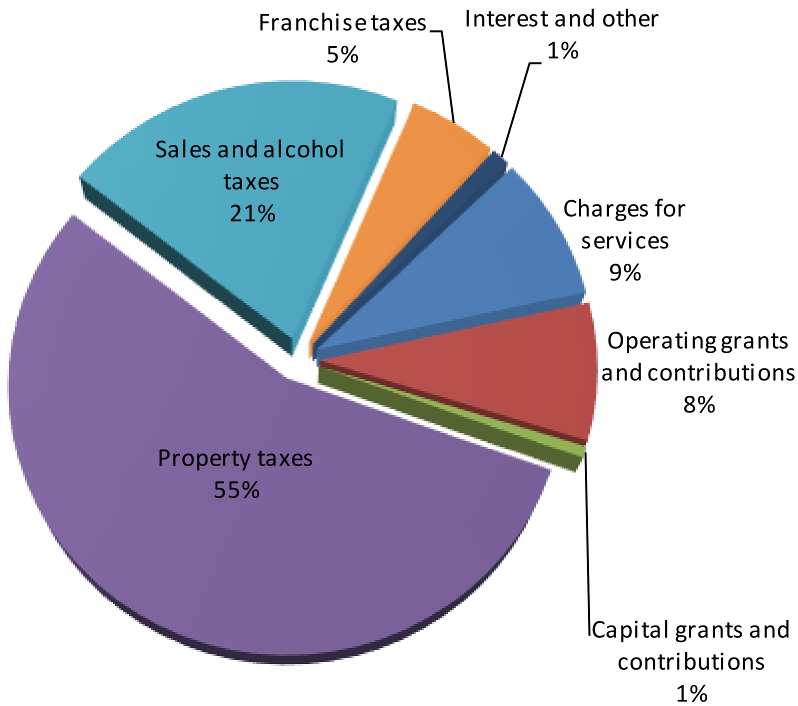
- Property taxes continue to be the City's largest revenue source. Property tax revenue increased by $920,546 due to an increase in property values and new construction within the City.

- Sales and alcohol tax revenue remained strong during fiscal year 2017, providing a 20.18% increase for the year, from $5.4 million to $6.5 million.

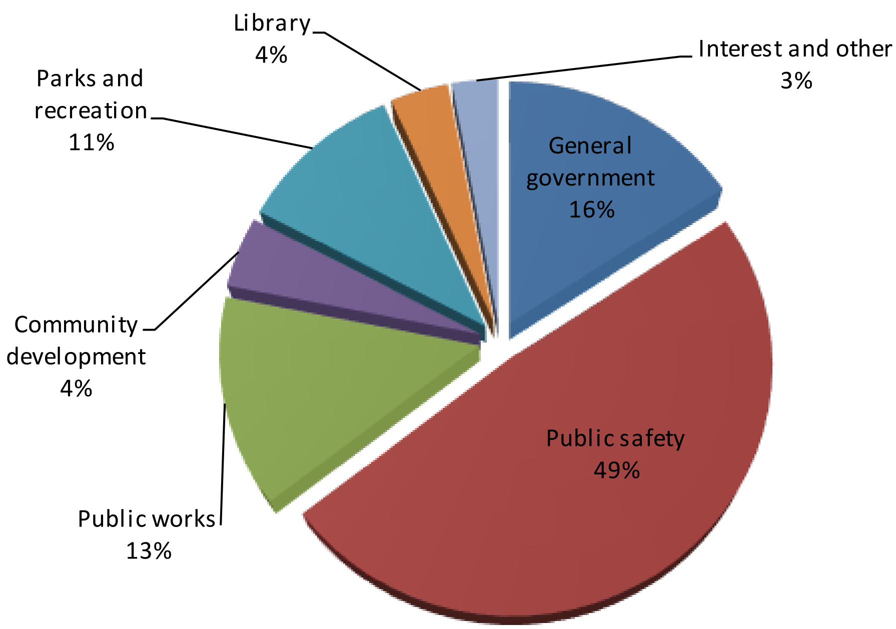
- Operating grants and contributions increased $1,790,874 from prior year, primarily due to FEMA assistance due to flooding during the current fiscal year.

- Total expenses increased $3,618,846 from the prior year. The largest increase was in Public Safety ($2,760,028). This increase is related to debris removal, additional salaries and benefits and other storm related costs incurred as a result of the flooding caused by Hurricane Harvey.

Governmental Activities – Revenues



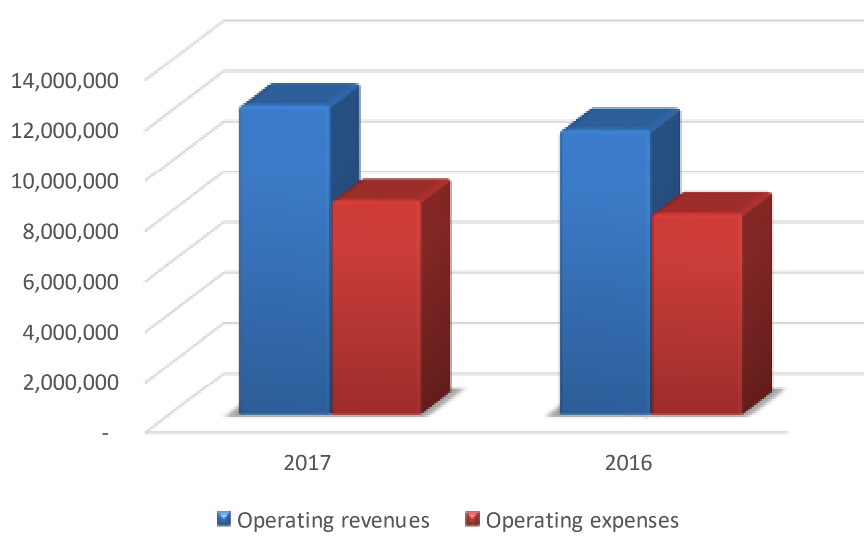
Governmental Activities – Expenses



Business-Type Activities

Business-type activities increased the City of Friendswood's net position by $1,490,179. Key elements of this change are as follows:

- Revenues increased by $1,014,224 or 8.88%; resulting from greater utility fees revenue and increased water and sewer impact fees, which can be attributed to new development within the City. Expenses increased $526,289 or 6.59% due to salary and associated benefits and additional water and sewer operational costs.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 on 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 year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of $22,039,485. Approximately 43.32% of this amount ($9,547,039) is unassigned fund balance; however, $6.66 million is set aside for the 90-day operating reserve, as set forth in the City's financial policies.

The remaining $12,492,446 is nonspendable, restricted, committed, or assigned as follows:

2.12%	- Nonspendable		
	Prepaid items	$	149,386
	Notes receivable		285,364
	Permanent fund		31,869
		$	466,619
41.43%	- Restricted		
	Public education and government channels	$	667,271
	Debt service		91,938
	Municipal court operations		212,053
	Public safety operations		177,091
	Capital projects		7,983,777
		$	9,132,130
13.13%	- Assigned		
	Purchases on order	$	1,518,849
	Capital projects		374,848
	Mud Gully detention project		1,000,000
		$	2,893,697

The General Fund is the chief operating fund of the City of Friendswood. At the end of the current fiscal year, total fund balance reached $13.5 million of which unassigned fund balance of the General Fund was $9.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 33.28% of total General Fund expenditures, while total fund balance represents 47.21% percent of that same amount. At year end, the City's operating reserve was $6.66 million, representing 23% of total General Fund expenditures.

Key differences between last year's General Fund activity and this year's include:

- $2,044,459 increases in total revenues – new homes added to the property tax roll increased the property levy, federal grant received as a result of Hurricane Harvey and permit fees increased due to new development.

- $3,255,382 increase in total expenditures – salary merit increases and associated benefits, additional personnel, higher health insurance premiums and several one-time expenditures incurred as a result of the flooding in the current year.

Fund balance in the Bond Construction Fund decreased $793,666. This decrease was a result of capital expenditures of $6,725,391 offset by the issuance of $5,605,000 in bonds during the fiscal year. This bond issuance was the final of those authorized in November 2013.

Proprietary Funds

The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, unrestricted net position was $10,584,764 for the Water and Sewer Fund. The total increase in the net position of the Water and Sewer Fund was $1,490,179 from operations. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Friendswood's business-type activities.

Unrestricted net position of the Internal Service Fund was $410,701. The net position of the internal service fund decreased by $134,791 primarily as a result of expenditures, especially depreciation expense, exceeding the allocations to the City's participating funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City made revisions to the original appropriations approved by the City Council. Budgeted revenues increased by $1,085,228 or 4.39% and expenditures were increased by $5,061,899 or 19.42%.

Total revenues were above budget by $540,005. The more significant variances are detailed below:

- $478,640 below budget in property taxes due to fewer of the property values under protest at the time of budget development becoming taxable than projected.

- $183,783 above budget in permit fees due to larger than anticipated growth resulting in more permits being issued.

- $68,202 above budget in sales taxes and alcohol tax due to improved economic conditions.

- $247,355 above budget in fines and forfeitures due to a significant increase in tickets paid during the current fiscal year and increase in warrants applied to court fines.

Total expenditures of the General Fund were $2,438,865 below the final expenditure budget. The more significant variances are detailed below:

- $927,513 below budget in total general government expenditures primarily a result of personnel vacancies, fuel costs, retainage of payment for software support related to the City's new enterprise software implementation and the computer refresh project not being complete at the fiscal year end.

- $236,709 over budget in public safety expenditures as a result of the flooding in the current fiscal year offset by personnel vacancies in the police department.

CAPITAL ASSETS

The City of Friendswood's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2017 is $163,533,783. The investment in capital assets include land, buildings and improvements, machinery and equipment, infrastructure, water and sewer system, water rights and construction in progress.

Major capital events during the year included the following:

- Completion of the new Kenneth Camp Fire Station and renovation of Fire Station #4 on Woodlawn Drive. The combined cost of both projects was approximately $6.6 million.

- Completion of the Library expansion and renovation which was approximately $2.9 million.

- Completion of Lake Friendswood Park. The total cost of the project was approximately $1.0 million.

- Completion of several additional Parks and Recreation projects including the Basketball Pavilion at Centennial Park and improvements at both the Corporal Steven Schulz Sports Park and Stevenson Park. The combined cost of these projects was approximately $3.7 million.

- The following major water and sewer projects are in construction in progress at the end of fiscal year 2017: Blackhawk Wastewater Treatment Plant – 3rd Clarifier addition and Lift Station #23 (Crazy Horse).

CITY OF FRIENDSWOOD'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	$ 25,805,161	$ 25,805,161	$ 319,473	$ 319,473	$ 26,124,634	$ 26,124,634
Buildings and improvements	37,698,577	24,866,740	335,681	353,533	38,034,258	25,220,273
Equipment	4,132,484	4,824,343	256,788	292,008	4,389,272	5,116,351
Infrastructure	24,075,329	25,543,237	29,326,598	30,851,335	53,401,927	56,394,572
Water rights	-	-	19,716,695	19,716,695	19,716,695	19,716,695
Construction in progress	10,434,244	16,535,850	11,432,753	9,107,042	21,866,997	25,642,892
Total capital assets	$ 102,145,795	$ 97,575,331	$ 61,387,988	$ 60,640,086	$ 163,533,783	$ 158,215,417

More detailed information on the City's capital assets is presented in Note V to the financial statements.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Friendswood had a total bonded debt and capital lease obligation of $67,863,284.

CITY OF FRIENDSWOOD'S OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligations	$ 33,320,000	$ 29,260,000	$ 28,360,000	$ 30,240,000	$ 61,680,000	$ 59,500,000
Revenue bonds payable	-	-	5,515,000	5,735,000	5,515,000	5,735,000
Capital leases	668,284	180,408	-	-	668,284	180,408
	$ 33,988,284	$ 29,440,408	$ 33,875,000	$ 35,975,000	$ 67,863,284	$ 65,415,408

The City's General Obligation and Revenue Bonds bond ratings are listed below:

	Standard & Poor's
General Obligation Bonds	AA+
Revenues Bonds	AA-

More detailed information about the City's outstanding debt can be found in Note VII to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Friendswood continues to experience moderate growth. The City's current population is estimated to be 40,570. Friendswood is expected to reach build out with an estimated population of 57,000. The City is continuing to focus on economic development initiatives, including the revitalization of downtown and a large residential and commercial development called West Ranch. The West Ranch residential development is currently under way, with commercial construction scheduled to follow as the area's residential population growth.

The City's largest single source of revenue in the General Fund continues to be ad valorem taxes. The adopted budget for fiscal year 2018 has a tax rate of $0.5274 per $100 of taxable value. This rate consists of a maintenance and operations (M&O) tax rate of $0.4324 and an interest and sinking (debt service) tax rate of $0.0950. The rate was set based on a net assessed value of $3,420,831,171. This is an increase of $247,457,365 from certified taxable values for tax year 2016. This increase is mainly a result of new construction in the City. This additional value results in a total levy increase of $896,969. The City's financial management policy sets the guideline to maintain the fund balance and net position of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

The City's second largest source of revenue in the General Fund is sales tax. The City anticipates an increase in this revenue stream from the prior year and has adjusted the budget from $5,372,934 to $5,717,840. The franchise fees budget is increased from $1,657,673 to $1,709,283 and the budget for license and permits has been increased from $780,327 to $841,816. If all projections are accurate, the total General Fund unassigned fund balance net of the 90 day operating requirement ($6.5 million) is estimated to be approximately $5.3 million at September 30, 2018.

Water revenues are budgeted at $6,900,951 which is an increase of $476,360 in revenues, or 7.4% percent. Sewer revenues are budgeted at $4,897,926 which is a decrease of $299,605 in revenues, or 6.5 percent. Water and Sewer Fund net position, net of the 90 day operating requirement ($1.8 million), is projected to be $11.1 million at the end of fiscal year 2018.

Pursuant to the City's financial management policy, funds in excess of the 90-day operating reserve are designated for future capital improvements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finance and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact Administrative Services, P.O. Box 1288, Friendswood, Texas 77549-1288, or call Katina Hampton at 281-996-3221, or email khampton@ci.friendswood.tx.us.

Separately issued financial statements for the West Ranch Management District can be obtained by writing to: West Ranch Management District, a Component Unity of the City of Friendswood, c/o Allen Boone Humphries LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

BASIC
FINANCIAL STATEMENTS

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CITY OF FRIENDSWOOD, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	West Ranch Management District	Friendswood Downtown EDC
ASSETS					
Cash and cash equivalents	$ 14,233,510	$ 4,224,953	$ 18,458,463	$ 5,659,639	$ 103,239
Investments	8,365,428	5,429,581	13,795,009	-	128,805
Receivables (net of allowance):					
Taxes	2,009,248	-	2,009,248	20,153	81,746
Customer accounts	534,388	2,370,119	2,904,507	-	-
Other	14,909	-	14,909	24	-
Accrued interest	21,555	16,111	37,666	-	227
Due from other governments	1,219,004	-	1,219,004	8,250	-
Prepaid items	149,386	42,595	191,981	316	-
Notes receivable	285,364	-	285,364	-	-
Working capital deposit	-	389,080	389,080	-	-
Restricted cash and cash equivalents	-	5,388,762	5,388,762	-	-
Capital assets:					
Nondepreciable	36,239,405	31,468,921	67,708,326	6,821,433	-
Depreciable, net	65,906,390	29,919,067	95,825,457	409,911	-
Total capital assets, net	102,145,795	61,387,988	163,533,783	7,231,344	-
Total assets	128,978,587	79,249,189	208,227,776	12,919,726	314,017
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on issuance of refunding bonds	388,180	971,853	1,360,033	14,110	-
Deferred outflow of resources for pensions	4,436,319	492,924	4,929,243	-	-
Total deferred outflows of resources	4,824,499	1,464,777	6,289,276	14,110	-
Total assets and deferred outflows of resources	133,803,086	80,713,966	214,517,052	12,933,836	314,017
LIABILITIES					
Accounts payable	1,879,092	1,232,320	3,111,412	256,037	-
Accrued liabilities	607,306	111,998	719,304	-	-
Retainage payable	475,286	38,812	514,098	21,650	-
Accrued interest	95,296	99,867	195,163	392,955	-
Customer deposits	131	506,391	506,522	-	-
Due to other governments	135,296	-	135,296	-	-
Noncurrent liabilities:					
Due within on year	2,296,529	2,173,114	4,469,643	795,000	-
Due in more than one year	46,766,883	36,263,720	83,030,603	23,725,407	-
Total liabilities	52,255,819	40,426,222	92,682,041	25,191,049	-
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on issuance of refunding bonds	-	42,452	42,452	-	-
Deferred inflow of resources for pensions	849,565	94,396	943,961	-	-
Total deferred inflows of resources	849,565	136,848	986,413	-	-
Total liabilities and deferred inflows of resources	53,105,384	40,563,070	93,668,454	25,191,049	-
NET POSITION					
Net investment in capital assets	72,631,192	29,305,429	101,936,621	(568,443)	-
Restricted for:					
Public education and government channels	667,271		667,271		
Debt service	115,150	-	115,150	1,866,944	-
Municipal court operations	212,053	-	212,053	-	-
Economic development	-	-	-	-	314,017
Public safety operations	177,091	-	177,091	-	-
Community development - nonexpendable	31,869	-	31,869	-	-
Capital projects	1,330,878	260,703	1,591,581	15,394	-
Unrestricted	5,532,198	10,584,764	16,116,962	(13,571,108)	-
Total net position	$ 80,697,702	$ 40,150,896	$ 120,848,598	$(12,257,213)	$ 314,017

The accompanying notes are an integral part of these financial statements.

CITY OF FRIENDSWOOD, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Program Revenue		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 5,128,399	$ 1,004,968	$ 13,125	$ -
Public safety	15,861,719	35,007	2,502,535	219,808
Public works	4,429,664	242,184	-	-
Community development	1,495,001	1,036,741	-	-
Parks and recreation	3,459,053	387,915	72,588	-
Library	1,215,683	30,600	2,777	-
Interest on long-term debt	953,146	-	-	-
Total governmental activities	32,542,665	2,737,415	2,591,025	219,808
Business-type activities:				
Water and sewer	9,588,496	12,295,441	-	-
Total business-type activities	9,588,496	12,295,441	-	-
Total primary government	42,131,161	15,032,856	2,591,025	219,808
Component units:				
West Ranch Management District	1,415,669	-	-	-
Friendswood Downtown EDC	19,959	-	-	-
Total component units	$ 1,435,628	$ -	$ -	$ -

General revenues:
Taxes:
Property
Sales and alcohol
Franchise
Interest
Gain on disposal of capital assets
Miscellaneous
Transfers
Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	West Ranch Management District	Friendswood Downtown EDC
$(4,110,306)	$ -	$(4,110,306)	$ -	$ -
(13,104,369)	-	(13,104,369)	-	-
(4,187,480)	-	(4,187,480)	-	-
(458,260)	-	(458,260)	-	-
(2,998,550)	-	(2,998,550)	-	-
(1,182,306)	-	(1,182,306)	-	-
(953,146)	-	(953,146)	-	-
(26,994,417)	-	(26,994,417)	-	-
-	2,706,945	2,706,945	-	-
-	2,706,945	2,706,945	-	-
(26,994,417)	2,706,945	(24,287,472)	-	-
			(1,415,669)	-
			-	(19,959)
			(1,415,669)	(19,959)
17,270,647	-	17,270,647	2,178,577	-
6,482,367	-	6,482,367	-	333,277
1,661,654	-	1,661,654	-	-
187,001	141,978	328,979	8,934	699
25,999	-	25,999	-	-
131,639	-	131,639	-	-
1,358,744	(1,358,744)	-	-	-
27,118,051	(1,216,766)	25,901,285	2,187,511	333,976
123,634	1,490,179	1,613,813	771,842	314,017
80,574,068	38,660,717	119,234,785	(13,029,055)	-
$ 80,697,702	$ 40,150,896	$ 120,848,598	$(12,257,213)	$ 314,017

CITY OF FRIENDSWOOD, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General	Bond Construction	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 6,050,049	$ 7,247,125	$ 753,828	$ 14,051,002
Investments	7,198,472	-	939,250	8,137,722
Receivables, net of allowance				
Taxes receivable	1,715,312	-	293,936	2,009,248
Customer accounts	531,903	-	2,485	534,388
Other receivables	11,336	-	3,573	14,909
Accrued interest	18,762	-	2,306	21,068
Due from other funds	285,543	-	-	285,543
Due from other governments	1,004,717	-	214,287	1,219,004
Notes receivable	285,364	-	-	285,364
Prepaids and other assets	149,386	-	-	149,386
Total assets	17,250,844	7,247,125	2,209,665	26,707,634
LIABILITIES				
Accounts payable	1,632,119	193,444	53,529	1,879,092
Accrued liabilities	607,306	-	-	607,306
Due to other governments	135,296	-	-	135,296
Customer deposits	131	-	-	131
Retainage payable	74,504	400,782	-	475,286
Due to other funds	-	-	285,543	285,543
Total liabilities	2,449,356	594,226	339,072	3,382,654
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	1,258,731	-	26,764	1,285,495
Total deferred inflows of resources	1,258,731	-	26,764	1,285,495
FUND BALANCES				
Nonspendable:				
Prepaid items	149,386	-	-	149,386
Notes receivable	285,364	-	-	285,364
Permanent fund	-	-	31,869	31,869
Restricted for:				
Public education and government channels	667,271	-	-	667,271
Debt service	-	-	91,938	91,938
Municipal court operations	-	-	212,053	212,053
Public safety operations	-	-	177,091	177,091
Capital projects	-	6,652,899	1,330,878	7,983,777
Assigned for:				
Purchases on order	1,518,849	-	-	1,518,849
Capital projects	374,848	-	-	374,848
Mud Gully detention project	1,000,000	-	-	1,000,000
Unassigned	9,547,039	-	-	9,547,039
Total fund balances	13,542,757	6,652,899	1,843,829	22,039,485
Total liabilities, deferred inflows of resources and fund balances	$ 17,250,844	$ 7,247,125	$ 2,209,665	$ 26,707,634

The accompanying notes are an integral part of these financial statements.

CITY OF FRIENDSWOOD, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

Total fund balances - governmental funds	$ 22,039,485
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	101,352,285
Interest payable on long term debt does not require current financial resources; therefore, it is not reported as a liability in the governmental funds balance sheet.	(95,296)
An internal service fund is used by management to charge the cost of certain activities, such as fleet management to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	1,204,211
Revenues earned but not available within sixty days of the year-end are not recognized as revenue on the fund financial statements.	1,285,495
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements. These long-term liabilities at year end consists of:	
Bonds payable	(33,320,000)
Premiums on issuance	(2,747,806)
Capital leases payable	(668,284)
Net pension liability	(10,800,848)
Net OPEB obligation	(807,232)
Compensated absences	(719,242)
Deferred inflows and outflows of resources related to pensions are reported in conjunction with the net pension liability and are not reported in the City's fund financial statements.	3,586,754
Deferred losses on issuances of refunding bonds are recorded s deferred outflows of resources in the statement of net position. This is the difference between the reacquisition price and the net carrying amount of refunded bonds, net of amortization.	388,180
Net position of governmental activities	$ 80,697,702

The accompanying notes are an integral part of these financial statements.

CITY OF FRIENDSWOOD, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General	Bond Construction	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 14,672,877	$ -	$ 3,692,693	$ 18,365,570
Sales and alcohol taxes	5,482,536	-	-	5,482,536
Franchise taxes	1,661,654	-	-	1,661,654
Fines and forfeitures	994,051	-	29,505	1,023,556
Permits and fees	1,581,700	-	126,657	1,708,357
Intergovernmental	1,471,578	-	292,396	1,763,974
Investment earnings	99,174	74,070	10,883	184,127
Donations	203,384	-	230,780	434,164
Miscellaneous	165,619	-	-	165,619
Total revenues	26,332,573	74,070	4,382,914	30,789,557
EXPENDITURES				
Current:				
General government	4,954,518	-	21,408	4,975,926
Public safety	14,489,105	-	262,276	14,751,381
Public works	2,160,152	-	-	2,160,152
Community development	893,663	-	-	893,663
Parks and recreation	3,339,864	-	-	3,339,864
Library	1,172,245	-	-	1,172,245
Debt service:				
Principal	-	-	1,813,130	1,813,130
Interest and other	-	95,404	1,075,554	1,170,958
Capital outlay	1,677,667	6,725,391	26,142	8,429,200
Total expenditures	28,687,214	6,820,795	3,198,510	38,706,519
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,354,641)	(6,746,725)	1,184,404	(7,916,962)
OTHER FINANCING SOURCES (USES)				
Issuance of capital-related debt	-	5,605,000	-	5,605,000
Premium on bond issuance	-	342,404	92,670	435,074
Insurance recoveries	25,999	-	-	25,999
Transfers in	1,358,744	5,655	-	1,364,399
Transfers out	(5,655)	-	-	(5,655)
Sale of capital assets	2,757	-	10,000	12,757
Issuance of capital lease	756,006	-	-	756,006
Total other financing sources and uses	2,137,851	5,953,059	102,670	8,193,580
NET CHANGE IN FUND BALANCES	(216,790)	(793,666)	1,287,074	276,618
FUND BALANCES, BEGINNING	13,759,547	7,446,565	556,755	21,762,867
FUND BALANCES, ENDING	$ 13,542,757	$ 6,652,899	$ 1,843,829	$ 22,039,485

The accompanying notes are an integral part of these financial statements.

CITY OF FRIENDSWOOD, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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

Net change in fund balances - total governmental funds	$	276,618
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 of capital outlays reported in the current period.		8,655,169
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording current year depreciation is to decrease net position.	(	3,542,705)
The internal service fund is used by management to charge the cost of fleet management to individual funds. The change in net position of the internal service fund is included in the governmental activities in the statement of net position.	(	134,791)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of bonds	(	5,605,000)
Premium on issuance of bonds	(	435,074)
Issuance of capital lease	(	756,006)
Repayment of principal on long-term debt		1,813,130
Amortization of:		
Premium on bond issuance		196,073
Loss on refunding	(	42,145)
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(	105,930)
Net pension liability	(	741,219)
Net OPEB obligation	(	41,475)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.		63,884
Revenues from property taxes and fines that do not provide current financial resources are not reported as revenues in the funds.		523,105
Change in net position of governmental activities	$	123,634

The accompanying notes are an integral part of these financial statements.

CITY OF FRIENDSWOOD, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2017

	Business-Type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,224,953	$ 182,508
Investments	5,429,581	227,706
Accounts receivable, net of allowance		
Customer accounts	2,370,119	-
Accrued interest	16,111	487
Prepaids and other assets	42,595	-
Restricted cash and cash equivalents	5,388,762	-
Total current assets	17,472,121	410,701
Noncurrent assets		
Working capital deposit	389,080	-
Capital assets		
Land	319,473	-
Construction in progress	11,432,753	-
Water rights	19,716,695	-
Buildings and improvements	589,624	-
Machinery and equipment	1,213,530	2,971,978
Water and sewer system	63,267,248	-
Accumulated depreciation	(35,151,335)	(2,178,468)
Net capital assets	61,387,988	793,510
Total noncurrent assets	61,777,068	793,510
Total assets	79,249,189	1,204,211
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on issuance of refunding bonds	971,853	-
Deferred outflow of resources for pensions	492,924	-
Total deferred outflows of resources	1,464,777	-
Total assets and deferred outflows of resources	80,713,966	1,204,211

CITY OF FRIENDSWOOD, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2017

	Business-Type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service
LIABILITIES		
Current liabilities		
Accounts payable	$ 1,232,320	$ -
Accrued liabilities	111,998	-
Accrued interest	99,867	-
Customer deposits	506,391	-
Retainage payable	38,812	-
Compensated absences	13,114	-
Bonds and other long-term debt payable	2,160,000	-
Total current liabilities	4,162,502	-
Noncurrent liabilities		
Compensated absences	52,457	-
Net pension liability	1,200,095	-
Net OPEB obligation	139,306	-
Bonds and other long-term debt payable	34,871,862	-
Total noncurrent liabilities	36,263,720	-
Total liabilities	40,426,222	-
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on issuance of refunding bonds	42,452	-
Deferred inflow of resources for pensions	94,396	-
Total deferred inflows of resources	136,848	-
Total liabilities and deferred inflows of resources	40,563,070	-
NET POSITION		
Net investment in capital assets	29,305,429	793,510
Restricted for capital projects	260,703	-
Unrestricted	10,584,764	410,701
Total net position	$ 40,150,896	$ 1,204,211

The accompanying notes are an integral part of these financial statements.

CITY OF FRIENDSWOOD, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service
OPERATING REVENUES		
Charges for services	$ 12,295,441	$ 375,718
Total operating revenues	12,295,441	375,718
OPERATING EXPENSES		
Personnel services	2,117,344	-
Sewer operations	1,594,805	-
Water purchases	1,539,452	-
Repairs and maintenance	676,143	-
Supplies	133,402	-
Other services and charges	850,529	-
Depreciation	1,590,543	466,646
Total operating expenses	8,502,218	466,646
Operating income (loss)	3,793,223	(90,928)
NONOPERATING REVENUES (EXPENSES)		
Investment income	141,978	2,874
Gain (loss) on disposal of capital assets	-	(46,737)
Interest expense	(1,086,278)	-
Total nonoperating revenues (expenses)	(944,300)	(43,863)
Income (loss) before transfers	2,848,923	(134,791)
Transfers out	(1,358,744)	-
Change in net position	1,490,179	(134,791)
Net position, beginning	38,660,717	1,339,002
Net position, ending	$ 40,150,896	$ 1,204,211

The accompanying notes are an integral part of these financial statements.

CITY OF FRIENDSWOOD, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service
OPERATING ACTIVITIES		
Cash received from customers	$ 11,893,187	$ -
Receipts from interfund charges for fleet management	-	375,718
Cash payments to suppliers for goods and services	(1,976,915)	(1,052)
Cash payments to employees for services	(4,802,483)	-
Net cash provided by operating activities	5,113,789	374,666
NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(1,358,744)	-
Net cash used by noncapital financing activities	(1,358,744)	-
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,533,729)	(260,542)
Repayment of debt	(2,100,000)	-
Interest paid on debt	(1,232,025)	-
Net cash used in capital and related financing activities	(5,865,754)	(260,542)
INVESTING ACTIVITIES		
Purchase of investments	(2,080,591)	(255,738)
Proceeds from sale of investments	781,174	32,849
Investment income	125,867	2,387
Net cash used by investing activities	(1,173,550)	(220,502)
Net change in cash and cash equivalents	(3,284,259)	(106,378)
CASH AND CASH EQUIVALENTS, BEGINNING	12,897,974	288,886
CASH AND CASH EQUIVALENTS, ENDING	$ 9,613,715	$ 182,508
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS		
Current assets - cash and cash equivalents	$ 4,224,953	$ 182,508
Restricted assets - cash and cash equivalents	5,388,762	-
Total cash and cash equivalents	$ 9,613,715	$ 182,508

CITY OF FRIENDSWOOD, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	$ 3,793,223	$(90,928)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	1,590,543	466,646
Change in assets, deferred inflows and outflows, and liabilities		
Decrease (increase) in customer receivable	(446,764)	-
Decrease (increase) in prepaids and other assets	12,404	-
Decrease (increase) in deferred outflow for pensions	62,028	-
Increase (decrease) in accounts payable	(20,556)	(1,052)
Increase (decrease) in other liabilities	45,582	-
Increase (decrease) in customer deposits	44,510	-
Increase (decrease) deferred inflows for pensions	(34,355)	-
Increase (decrease) in net OPEB obligation	5,953	-
Increase (decrease) in net pension liability	54,686	-
Increase (decrease) in compensated absences	6,535	-
Net cash provided by operating activities	$ 5,113,789	$ 374,666

The accompanying notes are an integral part of these financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Friendswood, Texas ("the City") was incorporated on October 15, 1960. The City charter provides for a City County-City manager form of government. The Mayor and six Council members are elected from the City at large serving three-year terms. The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for law enforcement, appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget. The Mayor resides at meetings of the City Council and can vote. The City provides the following services: public safety, streets, parks and recreation, library, water and sewer, sanitation, planning and zoning, building inspection, code enforcement, and general administrative services.

Financial Reporting Entity

The City is an independent political subdivision of the State of Texas governed by an elected six-member Council and Mayor and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. Based on these considerations, the West Ranch Management District and Friendswood Downtown Economic Development Corporation have been included in the City's reporting entity as discretely presented component units. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Consideration regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity is based on criteria prescribed by general accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is financial independent of other state and local governments. Additional prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The West Ranch Management District ("the District"), a discretely presented component unit, was created under Section 59, Article XVI of the Texas Constitution added by an Act of the 79th Legislature of the State of Texas, effective June 17, 2005, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 3837, Texas Special District Local Laws Code, Chapters 49 and 54 of the Texas Water Code and Chapter 375 of the Texas Local Government Code, and is subject to the continuing supervision of the Texas Commission on Environmental Quality. The District was created to promote and encourage employment and the public welfare within the District. The affairs of the District are managed by a Board of Directors composed of persons appointed by the City Council. The City is financially accountable for the District because City Council must approve any debt issuances. Complete financial statements from the component may be obtained at the District's administrative office.

The Friendswood Downtown Economic Development Corporation ("FDEDC") was incorporated August 1, 2016 as a nonprofit economic development corporation under the Development Corporation Act. The citizens of Friendswood voted to pass a one- half cent sales tax dedicated to support and enhance the welfare and prosperity of the citizens of the City and of this State by promotion of economic development and growth by encouraging the development of new business enterprises and the retention or expansion of existing business enterprises. To serve this purpose, the Corporation shall have the authority and power of a Type B corporation to undertake projects as described in Subchapter C of Chapter 501 of the Local Government Code and Chapter 505 of the Local Government Code, including undertaking projects as authorized by law, including but not limited to projects to promote new or expanded business enterprises in the downtown area as defined by the City of Friendswood Downtown District Map, including but not limited to streets, targeted infrastructure, paved sidewalks, pedestrian amenities including lighting, benches, signage, and other related public improvements, and the maintenance and operations expenses for any of the above-described projects. A separate governing board oversees FDEDC, which is appointed by Friendswood City Council, and consists of members of City Council, City's management, and individuals from the community. The City can remove appointed board members and approves the FDEDC's budget. The FDEDC is reported as a discretely presented component unit because the governing body is not identical to the governing body of the City, the FDEDC does not solely serve the City and the City has the ability to impose its will on FDEDC. Complete financial statements of the FDEDC may be obtained by contacting FDEDC's administration office.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary governmental is reported separately from certain legally separate component units for which the primary government is financial accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 operations or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the *economic 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 government considered revenue to be available if 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 judgements, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, accordingly, have been recognized as revenue of the current fiscal period. All of revenue items are considered to be measureable and available only when cash is received by the City.

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***Bond Construction Fund*** is used to account for the construction of public facilities, and park, street and drainage improvements that are funded by the proceeds from Permanent Improvement Bonds.

Other governmental funds is a summarization of all the non-major governmental funds.

The City reports the following major enterprise fund:

The ***Water and Sewer Fund*** is used to account for the activities of the City's water and wastewater operations.

Additionally, the City reports the following fund type:

> The ***Internal Service Fund*** is used to account for fleet management services provided to other departments of the City on a cost reimbursement basis.

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

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

Cash and Investments

Cash and investments include cash on hand, deposits with financial institutions, short-term investments in a state-managed public funds investment pool account (TexPool), and a privately managed public funds investment pool (Texas Class). Other investments consist mainly of U.S. government treasury bills, treasury notes and other U.S. government obligations. Restricted cash and investments are assets restricted for specific use. Restricted includes cash deposits with financial institutions and investment pools.

The City maintains a pooled cash and investments account for all funds of the City. Each fund's positive equity in the pooled cash account is presented as "cash and investments" in the financial statements. Negative equity balances are reclassified and are reflected as interfund accounts payable. Interest income and interest expense are allocated monthly to each respective individual fund based on their representative fund balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

TexPool and Texas Class have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans”). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Management estimates an allowance for trade accounts receivable based on past experience, historical losses, and other pertinent factors.

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 and assessed at 100% of appraised value less exemptions. The City’s property taxes are billed and collected by Galveston County. 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 subsequent calendar year.

Property taxes are prorated between operations and debt service based on rates adopted for the year of the levy. For the current year, the City levied property taxes of $0.5460 per $100 of assessed valuation that were prorated between operations and debt service in the amounts of $0.4620 and $0.0840, respectively. The resulting tax levies were approximately $14.3 and $2.7 million for operations and debt service, respectively, based on a total taxable valuation of approximately $3.1 billion for the 2016 tax year.

West Ranch Management District bond resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended July 31, 2016, the District levied an ad valorem debt service tax at the rate of $0.1000 per $100 of assessed valuation, which resulted in tax levy of $394,477 on the taxable valuation of approximately $330.4 million for the 2016 tax year.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City applies the consumption method in accounting for prepaid items in the governmental funds.

Restricted Assets

Certain proceeds of the City’s enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Contract with West Ranch Management District

The District approved a contract with the City effective August 15, 2005, as amended. Under the terms of the contract, the District is to pay for construction of water distribution, sanitary sewer, drainage, transportation, education and recreation facilities to serve the District.

The District shall be the owner of the system until the system is completed, approved by the City and conveyed to it, at which time ownership will vest in the City. The District will own and operate these facilities to serve the District. Pursuant to the contract, the District shall have a security interest therein until all bonds issued by the District are retired.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure, and water rights, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated historical cost if actual historical cost is not available. 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. The City's water rights have an indefinite life.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The City's property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Machinery and equipment	5 - 10 years
Infrastructure	40-50 years
Water and sewer system	40-50 years

The West Ranch Management District's capital assets are depreciated using the straight-line method over estimated useful lives of 10 to 45 years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred loss on refunding debt – A deferred loss 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.

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

- Changes in actuarial assumptions related to pensions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has two types of items that qualify for reporting in this category under the full accrual basis of accounting. The first, the difference in expected and actual pension experience, is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date. The second, deferred gains on refunding debt, 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.

The City also has one item that qualifies for reporting in this category under the modified accrual basis of accounting. This item, unavailable revenues, represents revenues that are not considered available because they are not collected by the City within the 60-day accrual period.

Compensated Absences

The City's employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance cost are expenses in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financial sources. Premiums received in debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS'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.

Fund Balances and Net Position

Government-Wide Financial Statements:

The Statement of Net Position includes the following categories of net position:

Net investment in capital assets – the component unit of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, net of premiums and discounts, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted – Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted – the difference between assets, deferred outflows and inflows, and liabilities that are not reported in any of the classifications above.

Governmental Fund Financial Statements:

The City classifies governmental fund balances as follows:

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes prepaid items and the fund balance of the City's permanent fund.

Restricted – includes fund balance amounts that are constrained for specific purposes which are imposed by providers, such as creditors or amounts restricted due to constitutional provision or enabling legislation. This classification includes retirement of long-term debt, construction programs, City ordinances, and other federal and state grants.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action in an open meeting of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passes by the City Council.

Assigned – includes fund balance amounts that are self-imposed by the City to be used for particular purpose. Fund balance can be assigned by the City Council or the City Manager, pursuant to the City's fund balance policy. At September 30, 2017, the City's assigned fund balance included amounts assigned for encumbrances.

Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications are available.

The City has established a minimum fund balance policy whereby the City's unassigned general fund balance will be maintained at levels sufficient to protect the City's creditworthiness, as well as its financial position, from unforeseeable emergencies. The City will strive to maintain the unassigned general fund balance at a minimum of 90 days of prior year audited operating expenditures.

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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ materially from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended September 30, 2017, expenditures exceeded appropriations in the Friendswood Volunteer Fire Department – fire administration and the Fire Marshall – storm departments (the legal level of budgetary control) within the public safety function of the general fund by $30 and $1,236,783, respectively. These overages were funded with existing fund balance. Expenditures exceeded appropriations in capital outlay and debt service of the bond construction fund, public safety of the police investigation fund and public safety in the fire/ems donations fund by $425,283, $95,404, $5,325 and $164,222, respectively. These overages were funded by existing fund balance.

III. DEPOSITS AND INVESTMENTS

Under provisions of state and local statutes, the City's investment policies, and provisions of the City's depository contracts with an area financial institution, the City is authorized to place available deposits and investments in the following:

1. Obligations of the U.S., it's agencies and instrumentalities;

2. Certificates of Deposit issued by state and national banks or savings or loan associations domiciled in this state that are guaranteed or incurred by the Federal Deposit Insurance Corporation or collateralized in accordance with Section 2256.010, the Texas Government Code, in face amounts not to exceed $100.000;

3. No-load money market mutual funds; and

4. TexPool, Lone State Investment Pool and Texas CLASS.

The City Council has adopted a written investment policy regarding the investments of its funds as defined by the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the Council's investment policies. The City did not have any derivative investment products during the current year. All significant legal and contractual provisions for investments were complied with during the year.

As of September 30, 2017, the City held the following investments.

	Reported Value of Investments	Weighted Average Maturity (Days)
Investment pools:		
TexPool	$ 2,469,699	37
Texas CLASS	16,801,819	53
Total investment pools	19,271,518	
Debt securities:		
Federal Farm Credit Bonds	2,989,259	449
Federal Home Loan Bank Bonds	996,417	327
Federal Home Loan Mortgage Corporation	5,471,602	405
Federal National Mortgage Association	4,466,536	600
Total debt securities	13,923,814	
Total investments	$ 33,195,332	

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, 2017:

- Debt securities of $5,964,803 were valued using an option-adjusted discounted cash flow model (Level 2 inputs).
- Debt securities of $6,962,594 were valued using a documented trade history in exact security pricing model (Level 2 inputs).
- Debt securities of $996,417 were valued using a documented trade history in exact security pricing model (Level 1 inputs).

The City invests in Texas Local Government Investment Pool (TexPool), which was created under the Interlocal Cooperation Act, Texas Government Code Ann. Chapter 791 and the Texas Public Funds Investment Act. The Texas Treasury Safekeeping Trust Company ("the Trust") is trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is sole officer, director and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Texas Public Funds Investment Act.

The City invests in Texas CLASS Investment Pool which was established in 1996 pursuant to the Texas Public Funds Investment Act. The pool is governed by a 7-member board of trustees, who are elected by pool participants. The Cutwater Investor Services Corp. serves as the pools program administrator and Wells Fargo Bank Texas, NA, serves as custodian.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2017, all of the City's cash deposits with financial institutions were collateralized with securities held by the pledging financial institution in the City's name.

Credit Risk. It is the City's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City's investments as of September 30, 2017, were rated as follows:

Investment Type	Rating	Rating Agency
Texas CLASS	AAAm	Standard & Poor's
TexPool	AAAm	Standard & Poor's
Debt Securities:		
Federal Home Loan Mortgage Corporation	Aaa	Moody's Investor Service
Federal Home Loan Bank	Aaa	Moody's Investor Service
Federal Farm Credit Bank	Aaa	Moody's Investor Service
Federal National Mortgage Association	Aaa	Moody's Investor Service

IV. ACCOUNTS RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

Receivables as of September 30, 2017 for the City's individual major funds and nonmajor funds in the aggregate and the Internal Service Fund including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds		Proprietary	
	General	Nonmajor	Water and Sewer	Total
Receivables:				
Property taxes	$ 268,942	$ 40,231	$ -	$ 309,173
Penalties and interest	148,002	20,922	-	168,924
Sales taxes	980,951	245,238	-	1,226,189
Franchise taxes	402,340	-	-	402,340
Customer accounts	241,403	2,485	2,649,278	2,893,166
Court fines	1,415,770	-	-	1,415,770
Other	11,336	3,573	-	14,909
Gross receivables	3,468,744	312,449	2,649,278	6,430,471
Less: allowance for uncollectibles	(1,210,193)	(12,455)	(279,159)	(1,501,807)
Net receivables	$ 2,258,551	$ 299,994	$ 2,370,119	$ 4,928,664

Governmental funds reported deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources for unavailable revenues reported in the governmental funds were as follows:

	Deferred Inflows of Resources
General Fund	
Delinquent property taxes	$ 48,886
Property tax penalties and interest	117,857
Court fines	269,523
Grants	809,352
Miscellaneous	13,113
Total General Fund	1,258,731
Nonmajor funds	
Delinquent property taxes	6,551
Property tax penalties and interest	16,661
Court fines	3,552
Total nonmajor funds	26,764
Total governmental funds	$ 1,285,495

V. NOTES RECEIVABLE

On June 1, 2015, The City Council approved the purchase of a fire truck for the Friendswood Volunteer Fire Department for $483,364. This purchase is supported with a repayment agreement whereby the Friendswood Volunteer Fire Department where the City would be repaid $72,000 per year for the first six years, with a final payment of $65,000. The City set an initial interest rate of 1% with an option to increase should interest rates rise significantly. The balance of the note receivable at September 30, 2017 is $285,364.

VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

Governmental Activities	Beginning Balance	Increases	Reclassifications/ Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 25,805,161	$ -	$ -	$ 25,805,161
Construction in progress	16,535,851	8,119,485	(14,221,092)	10,434,244
Total capital assets not being depreciated	42,341,012	8,119,485	(14,221,092)	36,239,405
Capital assets being depreciated				
Buildings and improvements	41,250,535	14,221,092	-	55,471,627
Machinery and equipment	15,573,146	534,529	(520,250)	15,587,425
Infrastructure	68,751,444	-	-	68,751,444
Total capital assets being depreciated	125,575,125	14,755,621	(520,250)	139,810,496
Less accumulated depreciation				
Buildings and improvements	(16,383,795)	(1,389,255)	-	(17,773,050)
Machinery and equipment	(10,748,802)	(1,152,189)	446,050	(11,454,941)
Infrastructure	(43,208,209)	(1,467,906)	-	(44,676,115)
Total accumulated depreciation	(70,340,806)	(4,009,350)	446,050	(73,904,106)
Total capital assets being depreciation, net	55,234,319	10,746,271	(74,200)	65,906,390
Government activities capital assets, net	$ 97,575,331	$ 18,865,756	$(14,295,292)	$ 102,145,795

Business-type Activities	Beginning Balance	Increases	Reclassifications/ Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 319,473	$ -	$ -	$ 319,473
Water rights	19,716,695	-	-	19,716,695
Construction in progress	9,107,042	2,325,711	-	11,432,753
Total capital assets not being depreciated	29,143,210	2,325,711	-	31,468,921
Capital assets being depreciated				
Buildings and improvements	589,624	-	-	589,624
Machinery and equipment	1,200,796	12,734	-	1,213,530
Water and sewer system	63,267,248	-	-	63,267,248
Total capital assets being depreciated	65,057,668	12,734	-	65,070,402
Less accumulated depreciation:				
Buildings and improvements	(236,091)	(17,852)	-	(253,943)
Machinery equipment	(908,788)	(47,954)	-	(956,742)
Water and sewer system	(32,415,913)	(1,524,737)	-	(33,940,650)
Total accumulation deprecation	(33,560,792)	(1,590,543)	-	(35,151,335)
Total capital assets being depreciated, net	31,496,876	(1,577,809)	-	29,919,067
Business-type activities capital assets, net	$ 60,640,086	$ 747,902	$ -	$ 61,387,988

Component Unit	Beginning Balance	Increases	Reclassifications/ Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 6,006,988	$ 814,445	$ -	$ 6,821,433
Capital assets being depreciated				
Water production and distribution facilities	483,467	-	-	483,467
Less accumulated deprecation:				
Water production and distribution facilities	(62,811)	(10,745)	-	(73,556)
Total capital assets being depreciated, net	420,656	(10,745)	-	409,911
Component unit capital assets, net	$ 6,427,644	$ 803,700	$ -	$ 7,231,344

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

Governmental activities		
General government	$	199,153
Public safety		583,700
Public works		2,191,690
Community services		568,161
Capital assets held by the City's internal service fund are charged to the various functions based on their usage		466,646
Total deprecation expense - governmental activities	$	4,009,350
Business-type activities		
Water and sewer	$	1,590,543
Total deprecation expense - business-type activities	$	1,590,543

VII. INTERFUND BALANCES AND ACTIVITIES

Interfund balances at September 30, 2017 consisted of the following individual fund balances that are scheduled to be repaid within one year:

Due from other funds	Due to other funds	Amount	Purpose
General Fund	Nonmajor governmental	$ 285,543	Balance of fund expenditures funded by the General Fund, pending reimbursements.

During the year ended September 30, 2017, transfers between funds occurred as described below:

Transfer In	Transfers Out	Amount	Purpose
General Fund	Water and Sewer	$ 1,358,744	Budgeted annual transfer for indirect water and sewer costs by the General Fund.
Bond Construction Fund	General Fund	5,655	To fund Bond Construction Fund expenditures.
		$ 1,364,399	

VIII. LONG-TERM DEBT

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, revenue bonds, and capital leases. These debt obligations are secured by either future tax revenue, water and sewer system revenue, or liens on property and equipment. Debt obligations that are intended to be repaid from water and sewer system revenue have been recorded as business-type activities. All other long-term obligations of the City are considered to be governmental type activities.

Federal Arbitrage

General obligation bonds, combination tax and revenue bonds, and certificates of obligation are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions.

Bonds Payable and Certificates of Obligation

The following schedule summarizes the terms of the City's general obligation bonds, combination tax and revenue bonds, and certificates of obligation outstanding and their corresponding allocations to the governmental and business-type activities at September 30, 2017:

Series and Original Issue Amount		Final Maturity	Interest Rate	Governmental Activities	Business-Type Activities
General Obligation Bonds					
2010A Permanent Improvement	$ 3,460,000	2035	1.0% - 4.75%	$ 2,735,000	$ -
2010B Permanent Improvement and Refunding	5,460,000	2021	1.0% - 4.0%	-	2,370,000
2012 General Obligation Refunding	8,890,000	2026	2.0% - 3.5%	6,690,000	-
2014 General Obligation Refunding	8,805,000	2028	2.0% - 4.0%	2,300,000	5,810,000
2015 General Obligation Refunding	9,595,000	2030	2.0% - 3.0%	8,760,000	-
2016 General Obligation Permanent Improvement and Refunding	19,095,000	2031	2.0% - 5.0%	7,230,000	10,815,000
2016A General Obligation Refunding	9,765,000	2034	2.0% - 4.0%	-	9,365,000
2017 General Obligation Bonds	5,605,000	2031	2.0% - 4.0%	5,605,000	-
				33,320,000	28,360,000
Revenue Bonds					
2016 Waterworks and Sewer System	5,735,000	2036	2.0% - 4.0%	-	5,515,000
				-	5,515,000
Total				$ 33,320,000	$ 33,875,000

Annual debt service requirements for the City's bonds and certificates of obligation are as follows:

Year Ending September 30,	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest	Total
2018	$ 1,775,000	$ 1,124,344	$ 2,160,000	$ 1,171,425	$ 6,230,769
2019	1,815,000	1,083,831	2,215,000	1,112,250	6,226,081
2020	1,855,000	1,042,281	2,275,000	1,053,500	6,225,781
2021	1,995,000	991,231	2,335,000	992,850	6,314,081
2022	2,150,000	927,606	1,905,000	935,225	5,917,831
2023-2027	11,840,000	3,534,803	10,555,000	3,668,550	29,598,353
2028-2032	11,345,000	1,150,769	9,525,000	1,397,075	23,417,844
2033-2037	545,000	39,544	2,905,000	173,900	3,663,444
	$ 33,320,000	$ 9,894,409	$ 33,875,000	$ 10,504,775	$ 87,594,184

Defeasance of Bonds

The City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2017, $9,785,000 of bonds considered defeased are still outstanding.

Obligations Under Capital Leases

The City has entered into capital lease agreements in order to purchase machinery and equipment for public works, police and fire departments. The assets acquired through these lease agreements are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	$ 467,270
Less: accumulated deprecation	(114,133)
Total	$ 353,137

The following is a summary of future lease payments due on this machinery and equipment:

Year Ending September 30,	Lease Obligation
2018	$ 272,909
2019	273,000
2020	74,872
2021	74,872
Total	695,653
Less: interest portion	(27,369)
Obligations under capital leases	$ 668,284

Changes in Long-Term Liabilities

Long-term liability activities of the primary government for the year ended September 30, 2017, was as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Governmental activities					
General obligation bonds	$ 29,260,000	$ 5,605,000	$(1,545,000)	$ 33,320,000	$ 1,775,000
Premium on bond issuance	2,508,805	435,074	(196,073)	2,747,806	-
Capital lease obligation	180,408	756,006	(268,130)	668,284	258,006
Net pension liability	10,308,673	4,206,043	(3,713,868)	10,800,848	-
Net OPEB obligation	765,757	71,104	(29,629)	807,232	-
Compensated absences	613,312	703,486	(597,556)	719,242	263,523
Total governmental activities	43,636,955	11,776,713	(6,350,256)	49,063,412	2,296,529
Business-type activities					
Revenue bonds	5,735,000	-	(220,000)	5,515,000	225,000
General obligation bonds	30,240,000	-	(1,880,000)	28,360,000	1,935,000
Premium on bond issuance	3,373,228	-	(216,366)	3,156,862	-
Net pension liability	1,145,409	467,338	(412,652)	1,200,095	-
Net OPEB obligation	133,353	10,205	(4,252)	139,306	-
Compensated absences	59,038	75,914	(69,381)	65,571	13,114
Total business-type activities	40,686,028	553,457	(2,802,651)	38,436,834	2,173,114
Total primary government	$ 84,322,983	$ 12,330,170	$(9,152,907)	$ 87,500,246	$ 4,469,643

The compensated absences, net pension liability, and net OPEB obligation attributable to the governmental activities will be liquidated primarily by the General Fund.

West Ranch Management District

The following schedule summarizes the terms of the West Ranch Management District's general obligation bonds at July 31, 2017:

Series		Amounts Outstanding July 31, 2017	Interest Rates	Range of Maturities	Callable Dates *
Series 2010	$	6,185,000	3.25% to 5.25%	2017 - 2040	September 1, 2020
Road Series 2010A		1,665,000	3.50% to 5.00%	2017 - 2040	September 1, 2020
Series 2012A		3,110,000	3.50% to 4.10%	2027 - 2040	September 1, 2020
Road Series 2013		1,120,000	2.00% to 3.00%	2017 - 2028	September 1, 2021
Series 2013		1,220,000	3.00% to 5.00%	2017 - 2040	September 1, 2021
Road Series 2014		2,140,000	2.00% to 3.75%	2017 - 2040	September 1, 2022
Series 2015		5,655,000	1.30% to 4.125%	2017 - 2030	September 1, 2023
Series 2016		2,080,000	3.00% to 4.00%	2031 - 2040	September 1, 2024
Refunding Series 2016		1,255,000	2.00% to 4.00%	2017 - 2040	September 1, 2024
	$	24,430,000			

* Or any date thereafter, callable at par plus accrued interest to the date of redemption.

Annual debt service requirements for the District's bonds are as follows:

Year Ending July 31,		Principal		Interest		Total
2018	$	795,000	$	945,687	$	1,740,687
2019		800,000		928,016		1,728,016
2020		830,000		907,460		1,737,460
2021		850,000		883,383		1,733,383
2022		885,000		856,611		1,741,611
2022 - 2027		4,900,000		3,794,099		8,694,099
2028 - 2032		5,450,000		2,726,449		8,176,449
2033 - 2037		5,040,000		1,634,492		6,674,492
2038 - 2041		4,880,000		442,843		5,322,843
	$	24,430,000	$	13,119,040	$	37,549,040

The District's bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Long-term liability activity of the West Ranch Management District for the year ended July 31, 2017, was as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Component Unit					
General obligation bonds	$ 22,805,000	$ 3,335,000	$(1,710,000)	$ 24,430,000	$ 795,000
Discount on bonds	(416,752)	(39,216)	25,504	(430,464)	-
Premium on bonds	-	115,700	(4,429)	111,271	-
Developer advances	40,000	-	-	40,000	-
Due to developer	2,667,297	66,666	(2,364,363)	369,600	-
Total component unit	$ 25,095,545	$ 3,478,150	$(4,053,288)	$ 24,520,407	$ 795,000

During the current year, the District issued $3,335,000 in unlimited tax and refunding bonds, Series 2016, to reimburse the developer for park and recreation facilities constructed within the District and to refund $1,285,000 of outstanding Series 2012B bonds. The District refunded the bonds to reduce total debt service payments over future years by $124,873 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $103,456. As of year-end the District did not have defeased bonds outstanding.

A developer of the District has advanced $40,000 to the District for operating expenses. The District has agreed to pay these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. These amounts have been recorded in the financial statements as long-term liabilities. The District is currently unable to estimate when bonds will be issued to pay this liability.

The developer of the District has constructed underground utilities on behalf of the District. The District's engineer estimates reimbursable costs for completed projects are $369,600. The District has agreed to reimburse the developers for these amounts, plus interest, to the extent approved by the Texas Commission on Environmental Quality from the proceeds of future bond sales. These amounts have been recorded in the financial statements as long-term liabilities.

IX. PLEDGED REVENUES

On February 1, 2016, the City issued $5,735,000 in Waterworks and Sewer System Revenue Bonds, Series 2016. These bonds represent special obligations of the City and are payable solely from a first lien on and pledge of the net revenues of the City's waterworks and sanitary sewer system. The proceeds of the bonds were and are to be used to finance sanitary sewer and waterworks system extensions and improvements. At September 30, 2017, the remaining principal on the series 2016 bonds was $5,515,000. Interest and principal payments for the fiscal year were $184,100 and $220,000, respectively. Water and Sewer revenues for the current year were $12,295,441. The outstanding revenue bonds have a final maturity of March 1, 2036.

X. CONSTRUCTION COMMITMENTS AND ENCUMBRANCES

Construction Commitments

The City has active construction projects as of September 30, 2017. At year end the City's commitments with contractors are as follows:

Project	Remaining Commitment
Governmental funds	
Street Bond Projects	$ 2,027,564
Total	$ 2,027,564
Enterprise funds	
Lift Station #23 replacement	$ 99,380
Blackhawk WWTP 3rd Clarifier	875,320
Total	$ 974,700

The remaining commitment amounts were encumbered at year end. The encumbrances and related appropriation lapse at the end of the fiscal year, but they are re-appropriated and become a part of the subsequent year's budget because performance under the executory contract is expected in the next year.

Encumbrances

At year end, the amount of encumbrances expected to be honored upon performance by a vendor in the next fiscal year were as follows:

General Fund	$ 1,518,849
Total	$ 1,518,849

XI. RESTRICTED ASSETS

The balances of the restricted asset accounts in the enterprise fund are as follows:

Cash and investments:		
Customer deposits	$	506,391
Construction - 2006 bonds		41,880
Construction - 2009 bonds		332,161
Construction - 2016 bonds		4,247,988
Construction - impact fees		260,342
Total restricted assets	$	5,388,762

XII. DEFINED BENEFIT PENSION PLAN

Plan Descriptions

The City participates as one of 872 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 agency 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 Sections 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.

Benefits Provided

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 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 grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 1999, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that 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, initiated in 2012, the City provided 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	5
Service retirement eligibility	Vested at age 60 or 20 years at any age
Updated service credit	100%; Repeating
Annuity increase to retirees	50% of CPI; Repeating

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	110
Inactive employees entitled to but not yet receiving benefits	103
Active employees	204
	417

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contributions rate for each city is determined annually by the 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 15.44% and 15.47% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were $2,161,617 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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 Tables with Blue Collar Adjustment, 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. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Tem Expected Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

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 statue. 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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	$ 65,782,920	$ 54,328,838	$ 11,454,082
Changes for the year:			
Service cost	2,334,817	-	2,334,817
Interest	4,435,984	-	4,435,984
Difference between expected and actual experience	366,687	-	366,687
Contributions - employer	-	2,037,849	(2,037,849)
Contributions - employee	-	923,896	(923,896)
Net investment income	-	3,672,583	(3,672,583)
Benefit payments, including refunds of employee	(2,464,107)	(2,464,107)	-
Administrative expense	-	(41,467)	41,467
Other changes	-	(2,234)	2,234
Net changes	4,673,381	4,126,520	546,861
Balance at 12/31/2016	$ 70,456,301	$ 58,455,358	$ 12,000,943

Sensitivity of the net pension liability to changes in the discount rate

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%) of 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Single Rate Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 20,033,028	$ 12,000,943	$ 3,779,463

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at *www.tmrs.com.*

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

For the year ended September 30, 2017, the City recognized pension expense $2,985,196. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 292,906	$ 943,961
Changes in actuarial assumptions	509,832	-
Difference between projected and actual investment earnings	2,458,895	-
Contributions subsequent to the measurement date	1,667,610	-
Total	$ 4,929,243	$ 943,961

$1,667,610 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For the Year Ended September 30:	
2018	$ 761,786
2019	761,786
2020	724,349
2021	69,751
Total	$ 2,317,672

XIII. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Retiree Insurance Coverage

The City Council has established a single-employer medical, dental, and vision insurance defined benefit plan for retirees. Eligible retirees are provided insurance benefits at a set premium rate equal to the City's employees' rate. Eligible retirees may also cover their dependents. Retirees are responsible for paying the premium cost associated with their coverage. A retiree is defined as a person who has received lifetime monthly TMRS pension benefits payments and retired directly from active employment at the City. The City will stop insurance coverage on the retiree and all dependents on the last day of the month the retiree fails to submit the required premium payment or upon death of the employee. The retiree health plan does not issue a publically available financial report.

Retirement Benefit Eligibility

The retiring employee must be 60 years of age with 5 years of service or have 20 years of service at any age. Employees terminating before normal retirement conditions are not eligible for retiree health plans. Retirees are not required to enroll in Medicare Parts A and B once eligible.

Plan Participants

Permanent full-time employees and any dependents covered on the employee's last date of employment are eligible for coverage. Dependents are not eligible for coverage unless the retired employee is covered. Should the retiring employee reject any of the plans, he/she is never eligible to re-enroll in the rejected plans. At the time of coverage election, the retiring employee has the option of cancelling coverage on any dependent with the understanding that the dependent can never be re-enrolled; new dependents cannot be added to the plan.

Medical Plan

The retiring employee is eligible to retain the medical plan the employee had on the last day of employment. Any dependents covered at that time may remain on the retired employee's plan as long as the retired employee remains active on the plan. All terms and conditions of the plan are the same as active employees.

Dental Plan

The retiring employee is eligible to retain the dental plan the employee had on the last day of employment. Any dependents covered at the time may remain on the retired employee's plan as long as the retired employee remains active on the plan. All terms and conditions of the plan are the same as active employees.

Vision Plan

The retiring employee is eligible to retain the vision plan the employee had on the last day of employment. Any dependents covered at that time may remain on the retired employee's plan as long as the retired employee remains active on the plan. All terms and conditions of the plan are the same as active employees.

Premiums Paid

All premiums are 100% paid monthly by the retiree. The City does not contribute to any of the plans once an employee retires.

Funding Policy and Annual OPEB Cost

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize the unfunded actuarial liability (or funding excesses) over a period not to exceed thirty years. The City's annual OPEB cost for the fiscal year ending September 30, 2017 is as follows:

Annual required contribution	$ 80,380
Interest on OPEB obligation	35,964
Adjustment to ARC	(35,035)
Annual OPEB cost (expense) end of year	81,309
Net estimated employer contributions	(33,881)
Increase in net OPEB obligation	47,428
Net OPEB obligation - beginning of year	899,110
Net OPEB obligation - end of year	$ 946,538

City historical data is as follows:

Fiscal Year	Annual OPEB Cost	Actual Contribution Made	Percentage of OPEB Cost Contributed	Net OPEB Obligation at September 30
2015	$ 84,838	$ 9,856	11.6%	$ 831,165
2016	87,556	19,611	22.4%	899,110
2017	81,309	33,881	41.7%	946,538

Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2016, the most recent valuation date, is as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio ((1) / (2))	(4) Unfunded AAL (UAAL) ((2) - (1))	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll ((4) / (5))
12/31/2016	$ -	$ 1,010,239	0.00%	$ 1,010,239	$ 13,198,512	7.65%

Under the reporting parameters, the City's retiree health care plan is 0% funded with as estimated actuarial liability exceeding actuarial assets by $1,010,239 at December 31, 2016. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 7.65%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefits costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Investment rate of return	4.0%, net of expenses
Inflation rate	2.50%
Healthcare cost trend rates	4.25% to 7.5%
Actuarial cost method	Individual Entry Age
Amortization method	Level Percent of Payroll over an open period of 30 years
Payroll growth rate	3.00%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Supplemental Death Benefits Fund

Plan Descriptions

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 an "other post-employment benefit," or OPEB.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by the annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employee's entire careers.

The City's contributions to the TMRS SDBF for the years ended September 30, 2017, 2016 and 2015 were $29,371, $28,051, and $24,187, respectively, which equaled the required contributions each year.

XIV. 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; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining property and liability insurance through Texas Municipal League (TML), an Intergovernmental Risk Pool. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the City in TML is limited to payment of premiums. During the year ended September 30, 2017, the City paid premiums to TML for provision of various liability, property and casualty insurance. The City has various deductible amounts ranging from $500 to $5,000 on various policies. During the year, the City incurred flood damage due to Hurricane Harvey. The amount of claims outstanding as of September 30, 2017, are unknown.

The City also provides workers' compensation insurance on its employees through TML. Workers' compensation is subject to change when audited by TML. At year-end, September 30, 2017, the City believed the amounts paid on workers' compensation would not change significantly from the amounts recorded.

During the year ended September 30, 2017, employees of the City were covered by a health and dental insurance plan. The City pays 90% of the monthly premium of employees choosing individual coverage only. The City pays 70% of the monthly premium for employees choosing to cover themselves and their dependents.

XV. COMMITMENTS AND CONTINGENCIES

Southeast Water Purification Plant

The City has entered into a contract with the City of Houston for construction, operating and maintaining a water purification plant known as Southeast Water Purification Plant. The City's pro rata share of the actual pumping construction costs is 1.33 percent.

The City began receiving water from the plant on October 15, 1990. The City is billed on a monthly basis for the actual gallons of water received times the City's pro rata share of actual costs. At the end of each quarter, the City of Houston computes the total operation and maintenance expenses for the quarter just ended, recalculates the cost per one thousand gallons, and adjusts previous billings on the next invoice.

The relationship of the parties is of a fiduciary character, no partnership or joint venture is created by this contract.

Blackhawk Regional Wastewater Treatment Facility

On December 12, 1974, the City entered into an agreement with Gulf Coast Waste Disposal Authority to construct the Blackhawk Regional Wastewater Treatment Facility. The Blackhawk Wastewater Treatment Facility was constructed in the early 1980s and is a regional wastewater treatment plant serving MUD 55, Baybrook MUD 1, City of Houston and the City of Friendswood. The plant has a capacity of 9.25 million gallons per day (MGD) and is operated and maintained by Gulf Coast Waste Disposal Authority. Friendswood is the majority owner having 52.465% or 4.853 MGD of its capacity.

As a part of the contract with Gulf Coast Waste Disposal Authority, the City and all participants pay their share of operational costs and expenses (direct and indirect) incurred monthly at the Blackhawk Wastewater Treatment Facility based upon actual flows. This includes the maintenance of the plant and the creation and maintenance of reasonable reserves for repairs and other contingencies. Capital expenditures on the other hand shall be the responsibility of all participants based upon their purchased capacity in the plant. For Friendswood, that equates to 52.465% for capital projects identified and approved at the plant.

Federal and State Programs

The City recognizes grant monies received as reimbursement for costs incurred in certain federal and state programs it administers as revenue. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation

The City is a defendant in various lawsuits. The outcome and the impact of these lawsuits is not presently determinable.

XVI. NEW ACCOUNTING PRINCIPLES

Significant new accounting standards not yet implemented by the City include the following:

Statement No, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This statement changes the focus of accounting of postemployment benefits other than pensions from whether an entity is responsible for funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the City in fiscal year 2018.

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the City in fiscal year 2021.

APPENDIX C

FORM OF BOND COUNSEL OPINION

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

**CITY OF FRIENDSWOOD, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2018
IN THE AGGREGATE PRINCIPAL AMOUNT OF $________**

AS BOND COUNSEL for the City of Friendswood, Texas (the "Issuer"), the issuer of the Bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, at the rates and payable on the dates as stated in the text of the Bonds, maturing, unless redeemed prior to maturity in accordance with the terms of the Bonds, serially, all in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1) and the ordinance of the Issuer, pursuant to which the Bonds are issued (the "Bond Ordinance").

BASED ON SAID EXAMINATION, **IT IS OUR OPINION** that the Bonds have been authorized and issued and the Bonds delivered concurrently with this opinion have been duly delivered and that, assuming due authentication, Bonds issued in exchange therefore will have been duly delivered, in accordance with law, and that the Bonds, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally, and by governmental immunity and general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer, and that the Bonds, together with the Issuer's outstanding Parity Obligations (as defined in the Bond Ordinance) are secured by and payable from a pledge of the Net Revenues of the Issuer as provided in the Bond Ordinance.

THE ISSUER HAS RESERVED the right, subject to the restrictions stated in the Bond Ordinance, to issue additional Parity Bonds (as defined in the Bond Ordinance) which also may be made payable from, and secured by, a lien on and pledge of the Net Revenues on a parity with the lien that secures the Bonds and the Issuer's other Parity Bonds.

THE ISSUER HAS ALSO RESERVED the right to amend the Bond Ordinance as provided therein and subject to the restrictions therein stated.

THE HOLDERS OF THE BONDS shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation; and the Bonds are payable solely from sources described in the Bond Ordinance, and are not payable from any other funds or resources of the Issuer.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on and assume continuing compliance with, certain representations contained in the federal tax certificate of the Issuer and covenants set forth in the order adopted by the Issuer to authorize the issuance of the Bonds, relating to, among other matters, the use of the project and the investment and expenditure of the proceeds and certain other amounts used to pay or to secure the payment of debt service on the Bonds, the accuracy of which we have not independently verified. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the availability and sufficiency of the revenues pledged by the Issuer to the payment of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

City of Friendswood, Texas

Tentative Schedule of Events

$20,025,000*
Waterworks and Sewer System
Revenue Bonds, Series 2018

October - 2018

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

November - 2018

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

December - 2018

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Date	Action	Role
Tuesday, October 23rd	First Draft of Preliminary Official Statements (POS)	BOKFS
Tuesday, October 30th	Second Draft of POS	BOKFS, MPH, City
Monday November 5th	**Council Meeting** to Review Schedule of Events	BOKFS, City
Friday, November 9th	Third Draft of POS	BOKFS, MPH, City
Week of November 12th	Rating Agency Calls	BOKFS, City
Monday, November 19th	Final Draft of POS	BOKFS, MPH, City, UW
Monday, November 26th	Print and Distribute Final POS	BOKFS, UW
Monday, December 3rd	**Pricing of Waterworks and Sewer System Revenue Bonds, Series 2018**	BOKFS, MPH, City, UW
	Council Meeting to Approve Sales	
Thursday, December 27th	**Closing of Waterworks and Sewer System Revenue Bonds, Series 2018**	BOKFS, MPH, City, UW

Participants

City – City of Friendswood, Texas
BOKFS – BOK Financial Securities, Inc.
MPH – McCall, Parkhurst & Horton L.L.P.
UW - Underwriters

* Preliminary, subject to change.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: 12/03/2018

Date Submitted: 11/28/2018 Dept. Clearances: KRH

Prepared by: Jennifer Walker

Subject: FY 2018-19 Budget Amendment II

Originating Department: Administrative Services City Attorney Review: ☒

Proceeding: Ordinances

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required: $9,191,003 Amount Budgeted: $0

Appropriation Required: $9,191,003 Source of Funds: General Fund, Pk Land Dedication Fund, Street Improvement Funds, Friendswood Downtown Economic Development Improvement Fund, 2015 GO Bond Funds, 2017 GO Bond Funds, Vehicle Replacement Fund, Water & Sewer Fund, 2016 W&S Bond Construction Fund, 1776 Park Trust Fund

FINANCE APPROVAL: krh

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

By its nature, our budget is an estimate of the revenues and expenditures needed to accomplish the City Council and Staff goals for the year. Throughout the year events occur that require adjustments to the budget. These adjustments may be needed for various reasons, such as the recognition of extraordinary revenues or expenditures, new projects that are authorized by Council or providing funding for expenditures resulting from extraordinary events like natural disasters. As the need arises, items for budget appropriations are accumulated and then submitted for approval at the City Council meeting each month. The budget adjustments covered by this ordinance comprise the second set for fiscal year 2018-19.

We have attempted to provide as much explanation of the adjustments as possible through two sets of exhibits. Exhibit A provides a narrative explanation of each budget amendment. Exhibit B provides the detail of each accounting transaction.

Ordinance and exhibits are reviewed and approved by the City Attorney prior to inclusion on a City Council meeting agenda.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

Approval of this budget amendment will allow for timely procurement of program supplies and limit delays in the progress of capital improvement projects.

RECOMMENDATIONS

Recommend approval of the ordinance and exhibits covering Budget Amendment II 2018–19.

ATTACHMENTS

Ordinance
Exhibit A
Exhibit B

(Title: An Ordinance adopting Budget Amendment II to the Original General Budget of the City for Fiscal Year 2018-2019 to provide for supplemental appropriation and/or transfer of certain funds.)

ORDINANCE NO. T2018-39

AN ORDINANCE AMENDING CITY OF FRIENDSWOOD, TEXAS, ORDINANCE NO. 2018-28, PASSED AND APPROVED OCTOBER 1, 2018, SAME BEING AN ORDINANCE APPROVING AND ADOPTING THE CITY'S GENERAL BUDGET FOR FISCAL YEAR 2018-2019 BY APPROVING "BUDGET AMENDMENT II" TO THE "ORIGINAL GENERAL BUDGET OF THE CITY OF FRIENDSWOOD, TEXAS, FOR THE FISCAL YEAR 2018-2019"; PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT.

*** * * * * * * * * ***

WHEREAS, by Ordinance No. 2018-28, the City Council of the City of Friendswood, Texas, adopted its "Original General Budget for Fiscal Year 2018-2019"; and

WHEREAS, the City Council has determined that revenues and/or reserves are available for supplemental appropriation, and/or that the transfer of certain funds interdepartmentally is economically feasible and in the best interest of prudent budgeting and for municipal purposes; and

WHEREAS, Section 8.04 of The City Charter provides for amendments after adoption of the budget; and

WHEREAS, the City Council desires to amend said Original General Budget to reflect such supplemental appropriation and/or transfer in the fiscal year 2018-2019;

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

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. The "Original General Budget of the City of Friendswood, Texas, for the Fiscal Year 2018-2019," is hereby amended for municipal purposes as shown on "Budget Amendment II" to the "Original Budget of the City of Friendswood, Texas, for the Fiscal year 2018-2019" attached hereto. Said Budget Amendment II shall be attached to and made a part of such Original General Budget by the City Secretary and shall be filed as required by state law, a true and correct copy of which is attached hereto as Exhibits "A" and "B" and made a part hereof for all purposes.

Section 3. In the event any clause, phrase, provision, sentence, or part of this ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Friendswood, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

PASSED AND APPROVED this 3rd day of December, 2018.

____

Mike Foreman
Mayor

ATTEST:

____

Melinda Welsh, TRMC
City Secretary

City of Friendswood
Budget Amendment Summary
Fiscal Year 2018 – 2019
Budget Amendment II
December 03, 2018

1. **Prior Year Encumbrance, $4,900,281.** Appropriate funds for purchase orders issued in fiscal year 2017-18 and outstanding at fiscal year-end, September 30, 2018. Goods and services for these purchase orders will be received and expensed in 2019.

2. **Unencumbered Capital, $4,156,556.** Re-appropriate funds budgeted for capital expenditures in fiscal year 2017-18; but not expensed at fiscal year-end September 30, 2018. Goods and services will be received and expensed in fiscal year 2018-19. Section 8.06 of the City Charter allows for funds appropriated for capital expenditure to remain in force for up to three years if unencumbered or until the intended purpose is accomplished.

3. **Texas State Library and Archives Commission Grant, $6,021.** Appropriate funds received from the Texas State Library and Archives Commission Inter-Library Project program to the Friendswood Public Library budget for operating services and electronic resources. The funds were received on November 23, 2018.

4. **Library Mobile Self-checkout System, $5,525.** Appropriate funds from the designated General Fund Balance Library Board Reserves to purchase a mobile self-checkout system for the Library. The purchase of a second mobile self-checkout would help to improve flow of circulation during peak months. The system would be designed for easy movement into the children's department during the summer when reading programs and overall circulation is at a peak.

5. **Library Book Sales and Donations, $414.** Appropriate Library book sale revenue and donations received to the Library department's operating budget. The funds will be appropriated to the Library operating budget to be used in fiscal year 2019.

6. **State Homeland Security Program Grant, $22,314.** Appropriate funds in advance to purchase equipment to upgrade the mobile operations center (MOC). Upgrades include a generator, computers, and other electronics. At the March 5, 2018 Council meeting, Council approved submission of the grant. The grant was awarded on October 23, 2018. This is a reimbursable grant. The funding source will be from unassigned general fund balance and will be reimbursed when the grant funds are received.

7. **Police Department Criminal Investigations Division Donation, $600.** Appropriate donation to Police Criminal Investigations Division (CID) operating budget. The donation was received from Friendswood United Methodist Church on November 14, 2018. The funding will be appropriated to CID division's operating equipment account to purchase a 360-degree camera and tripod.

8. **Parks & Recreation Santa in the Park Donation, $10,000.** Appropriate funds donated to the Parks and Recreation Department by Home Town Bank of Friendswood for the 11th annual Santa in the Park event. The donation was received on November 28, 2017.

City of Friendswood
12/3/2018
2018-19 Budget Amendment II - Exhibit B

BA Number	Account Number	Project Number	PO Number	Vendor	Description	Amount
1	001-0101-411.7110		18004576	VIADA & STRAYER	LEGAL SERVICES	851.42
1	001-0101-411.7119		17002839-R1	LEWIS BRISBOIS BISGAARD & SMITH LLP	OTHER LEGAL SERVICES	4,331.04
1	001-0101-411.7119		18002877	LLOYD GOSSELINK ROCHELLE	OTHER LEGAL SERVICES	8,760.80
1	001-0301-413.7800		18004084	HEALTH CARE VISIONS	CONTRACT SERVICES	2,795.71
1	001-0301-413.7800		18004671	JEFFERY S WARD & ASSOCIATES	CONTRACT SERVICES	38,250.00
1	001-0301-413.7801		18005382	RIVERON CORP	GRANT SERVICES	78,612.00
1	001-0303-419.7400		18002321	TUDES GRAPHIC DESIGN	OPERATING SERVICES	1,320.00
1	001-0401-415.7140		17005413-R1	NEWGEN STRATEGIES & SOLUTIONS	CONSULTING SERVICES	820.25
1	001-0416-419.7400	15355BLKHWK	18004735	CDW TECHNOLOGIES LLC	OPERATING SERVICES	1,126.56
1	001-2120-421.5200		18005247	GALLS LLC	PERSONNEL SUPPLIES	138.90
1	001-2150-441.7410		18004683	FRIENDSWOOD ANIMAL CLINIC	ADOPTION RELATED SERVICES	380.00
1	001-2150-441.7410		18004786	FRIENDSWOOD ANIMAL CLINIC	ADOPTION RELATED SERVICES	460.00
1	001-2150-441.7410		18004908	FRIENDSWOOD ANIMAL CLINIC	ADOPTION RELATED SERVICES	630.00
1	001-2150-441.7410		18004995	FRIENDSWOOD ANIMAL CLINIC	ADOPTION RELATED SERVICES	8.00
1	001-2150-441.7410		18005005	FRIENDSWOOD ANIMAL CLINIC	ADOPTION RELATED SERVICES	225.04
1	001-2150-441.7410		18005064	FRIENDSWOOD ANIMAL CLINIC	ADOPTION RELATED SERVICES	1,190.80
1	001-2150-441.7410		18005101	FRIENDSWOOD ANIMAL CLINIC	ADOPTION RELATED SERVICES	490.00
1	001-2150-441.7410		18005175	FRIENDSWOOD ANIMAL CLINIC	ADOPTION RELATED SERVICES	380.00
1	001-2150-441.7410		18005412	FRIENDSWOOD ANIMAL CLINIC	ADOPTION RELATED SERVICES	280.00
1	001-2501-422.5200		18005072	GALLS LLC	PERSONNEL SUPPLIES	59.80
1	001-3620-431.7800	FVS2018	18005324	P B BEDIENT AND ASSOC	CONTRACT SERVICES	25,000.00
1	001-3770-431.7800		18005168	CAHOON CONSULTING	CONTRACT SERVICES	5,800.00
1	001-6310-459.5482		18003230	BAKER & TAYLOR	BOOKS	16.23
1	001-6310-459.5482		18003443	BAKER & TAYLOR	BOOKS	39.73
1	001-6310-459.5482		18003607	BAKER & TAYLOR	BOOKS	28.03
1	001-6310-459.5482		18004214	BAKER & TAYLOR	BOOKS	49.08
1	001-6310-459.5482		18004350	BAKER & TAYLOR	BOOKS	22.27
1	001-6310-459.5482		18004440	BAKER & TAYLOR	BOOKS	258.50
1	001-6310-459.5482		18004477	OVERLOOKED BOOKS	BOOKS	1,361.46
1	001-6310-459.5482		18004560	BAKER & TAYLOR	BOOKS	108.99
1	001-6310-459.5485		18002825	RECORDED BOOKS LLC	AUDIO BOOKS	35.99
1	001-6310-459.5487		18005228	BAKER & TAYLOR	CD	47.02
1	001-6401-451.5200		18005379	BSN SPORTS/COLLEGIATE	PERSONNEL SUPPLIES	368.00
1	001-6420-452.5200		18005379	BSN SPORTS/COLLEGIATE	PERSONNEL SUPPLIES	552.00
1	001-6429-452.5200		18005379	BSN SPORTS/COLLEGIATE	PERSONNEL SUPPLIES	308.00
1	001-6430-456.5200		18005379	BSN SPORTS/COLLEGIATE	PERSONNEL SUPPLIES	184.00
1	001-6430-456.5800		18004112	OFFICE DEPOT	OPERATING EQUIPMENT<$5000	2,518.33
1	001-6430-456.5800	PK0032EXP	18005250	COVERT CONCEPTS & CONSULTING	OPERATING EQUIPMENT<$5000	3,199.96
1	001-6430-456.6600	PK0032EXP	18005138	FUN ABOUNDS	FACILITY MAINTENANCE	1,150.00
1	001-6430-456.7400	PK0032EXP	18005250	COVERT CONCEPTS & CONSULTING	OPERATING SERVICES	1,000.00
1	001-6430-456.7800		18003617	C L DAVIS & COMPANY	CONTRACT SERVICES	2,000.00
1	001-6430-456.8800	PK0095	18004480	ROLLAC SHUTTER OF TEXAS	CAPITAL EQUIPMENT	2,064.60
1	001-6460-419.5800	PK0032EXP	18004655	COVERT CONCEPTS & CONSULTING	OPERATING EQUIPMENT<$5000	5,869.54
1	001-6460-419.6600	8LI459	18003246	STAR SERVICE INC	FACILITY MAINTENANCE	499.00
1	001-6460-419.7400	PK0032EXP	18004655	COVERT CONCEPTS & CONSULTING	OPERATING SERVICES	3,500.00
1	001-7001-431.8530	MUDGULLEY	18003746	GALVESTON COUNTY CONSOLIDATED	DRAINAGE IMPROVEMENTS	1,000,000.00

City of Friendswood
12/3/2018
2018-19 Budget Amendment II - Exhibit B

BA Number	Account Number	Project Number	PO Number	Vendor	Description	Amount
1	001-7001-433.6510	DESILTING18	18005461	ALL POINTS INSPECTION SERVICES	STREET MAINTENANCE	696,336.00
1	001-7001-456.8560	PK0071EXP	18003077	FUN ABOUNDS	PARKS IMPROVEMENTS	87,356.38
1	001-7001-456.8560	PK0052	18005341	GALVESTON COUNTY CONSOLIDATED DRAINAGE	PARKS IMPROVEMENTS	5,688.69
1	001-7001-456.8560	PKSC01	18005341	GALVESTON COUNTY CONSOLIDATED DRAINAGE	PARKS IMPROVEMENTS	5,000.31
1	**001-0000-30200**				**PRIOR YEAR ENCUMBRANCES**	**(1,991,472.43)**
1	164-7001-453.8560	PK0070	18003325	STORY ARCHITECTS INC	PARKS IMPROVEMENTS	9,282.50
1	164-7001-456.8230	PK0070	18003896	GEOSCIENCE ENGINEERING	PARKING/DRIVEWAYS/SIDEWALK	8,534.25
1	164-7001-456.8230	PK0070	18003955	MATULA & MATULA CONSTRUCTION	PARKING/DRIVEWAYS/SIDEWALK	90,732.45
1	164-7001-456.8230	PK0070	18003955	MATULA & MATULA CONSTRUCTION	18004786-PARKING LOT FOR OLD CITY PARK C/O#2	81,628.00
1	**164-0000-30200**				**PRIOR YEAR ENCUMBRANCES**	**(190,177.20)**
1	170-7001-431.8599		18005473	GEOSCIENCE ENGINEERING	GEOTECHNICAL SERVICES	49,547.00
1	**170-0000-30200**				**PRIOR YEAR ENCUMBRANCES**	**(49,547.00)**
1	175-0303-419.7800		19000287	TRAFFIC ENGINEERS	CONTRACT SERVICES	12,100.00
1	175-0303-419.7800		18002106	LAUREN GRIFFITH, INC.	CONTRACT SERVICES	28,218.00
1	**175-0000-30200**				**PRIOR YEAR ENCUMBRANCES**	**(40,318.00)**
1	253-7001-456.8230	PK0070	18003955	MATULA & MATULA CONSTRUCTION	PARKING AND DRIVEWAYS	137,727.25
1	**253-0000-30200**				**PRIOR YEAR ENCUMBRANCES**	**(137,727.25)**
1	255-7001-431.8582	GO1515	17002678-R1	HDR ENGINEERING, INC	DESIGN ENGINEERING	112,383.57
1	255-7001-431.8597	GO1515	19000649	TERRACON CONSULTANTS	CONSTRUCTION TESTING	72,264.50
1	**255-0000-30200**				**PRIOR YEAR ENCUMBRANCES**	**(184,648.07)**
1	301-0501-431.8300	PW81	18005383	GENERAL BODY MANUFACTURE	VEHICLE EQUIPMENT	7,571.78
1	301-0501-431.8300	PW73	18005455	GENERAL BODY MANUFACTURE	VEHICLE EQUIPMENT	24,904.72
1	**301-0000-30200**				**PRIOR YEAR ENCUMBRANCES**	**(32,476.50)**
1	401-3648-434.7400		17005419-R1	NELISA HEDDIN CONSULTING	OPERATING SERVICES	3,265.00
1	401-3650-434.7800		18004801	DANIEL SCOTT ENGINEERING	CONTRACT SERVICES	10,000.00
1	401-3650-434.7800		320517-R2	CITY OF PASADENA	CONTRACT SERVICES	17,047.51
1	401-3651-433.7800		18004801	DANIEL SCOTT ENGINEERING	CONTRACT SERVICES	10,000.00
1	401-3655-434.5495		18005373	HACH COMPANY	CHEMICALS	195.17
1	401-3655-434.6543		18004046	SOUTHERN FLOWMETER INC	WATER PLANT MAINTENANCE	1,110.00
1	401-3655-434.6543		18004866	SOUTHERN FLOWMETER INC	WATER PLANT MAINTENANCE	8,280.00
1	401-3656-433.6552	LS036	18004867	WW GRAINGER INC	LIFT STATION MAINTENANCE	2,458.70
1	401-3656-433.6552	LS022	18005252	ELITE FENCING	LIFT STATION MAINTENANCE	5,253.00
1	401-3656-433.6552	LS027	18005284	WW GRAINGER INC	LIFT STATION MAINTENANCE	98.44
1	401-3656-433.6552	LS021	18005285	K2 SERVICES LLC	LIFT STATION MAINTENANCE	464.00
1	401-3656-433.6552		18005397	WW GRAINGER INC	LIFT STATION MAINTENANCE	2,458.70
1	401-3656-433.6552		18005398	K2 SERVICES LLC	LIFT STATION MAINTENANCE	600.00
1	401-3656-433.7473		18005492	CITY OF HOUSTON	BLACKHAWK WW OPERATIONS	1,832,241.00
1	401-7001-433.6551		17002873-R1	GOLDEN TRIANGLE CONSULTING	COLLECTION LINE MAINTENANCE	21,000.00
1	401-7001-433.6551		18002135	IPR SOUTH CENTRAL, LLC	COLLECTION LINE MAINTENANCE	40,960.29
1	401-7001-433.6551		18005436	IPR SOUTH CENTRAL, LLC	COLLECTION LINE MAINTENANCE	18,625.00
1	401-7001-433.8582		17000760-R1	GULF COAST AUTHORITY	DESIGN ENGINEERING	47,833.85
1	**401-0000-30200**				**PRIOR YEAR ENCUMBRANCES**	**(2,021,890.66)**

City of Friendswood
12/3/2018
2018-19 Budget Amendment II - Exhibit B

BA Number	Account Number	Project Number	PO Number	Vendor	Description	Amount
1	420-7001-433.8552	LS023	18005464	LOCKWOOD, ANDREWS, & NEWNAM	LIFT STATION IMPROVEMENTS	130,700.00
1	420-7001-433.8581		P16002855-R2	LOCKWOOD, ANDREWS, & NEWNAM	PRELIMINARY ENGINEERING	78,293.00
1	420-7001-433.8591		17000760-R1	GULF COAST AUTHORITY	CONSTRUCTION (CONTRACTED)	29,178.79
1	**420-0000-30200**				**PRIOR YEAR ENCUMBRANCES**	**(238,171.79)**
1	701-7001-456.8560	PK0052	18005341	GALVESTON COUNTY CONSOLIDATED	PARKS IMPROVEMENTS	13,852.00
1	**701-0000-30200**				**PRIOR YEAR ENCUMBRANCES**	**(13,852.00)**

BA Number	Account Number	Project Number		Description	Amount
2	**001-0000-30300**			**Prior Year Unencumbered Capital - General Fund**	**(746,069)**
2	001-7001-456.8560	PK0071EXP		Prior Year Unencumbered Capital - General Fund	2,477
2	001-7001-431.8512	ST2017		Prior Year Unencumbered Capital Asphalt Street Improvements	243,592
2	001-7001-431.8512	ST2018		Prior Year Unencumbered Capital Asphalt Street Improvements	500,000
2	**170-0000-30300**			**Prior Year Unencumbered Capital - Street Improvement Fund**	**(59,722)**
2	170-7001-431.8512	GO1515		Street Maintenance Program - Contingency	59,722
2	**255-0000-30300**			**Prior Year Unencumbered Capital - 2017 GO Bonds**	**(44,646)**
2	255-7001-431.8591	GO1515		Prior Year Encumbrance Blackhawk Blvd Phase II	44,646
2	**401-0000-30300**			**Prior Year Unencumbered Capital - Water and Sewer Fund**	**(567,617)**
2	401-7001-433.6551			Prior Year Unencumbered Capital Sewer Line Maintenance - 2017	113,173
2	401-7001-433.6551			Prior Year Unencumbered Capital Sewer Line Maintenance - 2018	300,000
2	401-7001-433.8582	US0802		Prior Year Unencumbered Capital Blackhawk WWTP 3rd Clarifier - Design Engineering	154,444
2	**420-0000-30600**			**Prior Year Unencumbered Capital - 2016 Water and Sewer Bond Construction Fund**	**(2,827,794)**
2	420-7001-433.8800			Prior Year Unencumbered Capital - Lift Station #23 Replacement - Construction	1,462,000
2	420-7001-433.8800			Prior Year Unencumbered Capital - Blackhawk WWTP Rehab (3rd Clarifier) - Construction	1,365,794
3	**001-0000-33432**	G00070		Appropriate funding received from TX State & Library Archives Commission to Library operating budget	**(6,021)**
3	001-6310-459.5488	G00070		Appropriate funding received from TX State & Library Archives Commission to Library operating budget	6,021
4	**001-0000-30500**			Appropriate Designated General Fund Balance Library Board Reserves for Mobile Self-checkout system	**(5,525)**
4	001-6310-459.8800			Appropriate Designated General Fund Balance Library Board Reserves for Mobile Self-checkout system	5,525
5	**001-0000-38600**			Appropriate Donations and Book Sales to the Library Operating Budget	**(414)**
5	001-6310-459.5400			Appropriate Donations and Book Sales to the Library Operating Budget for Operating Supplies	63
5	001-6310-459.5482			Appropriate Donations and Book Sales to the Library Operating Budget for Books	25
5	001-6310-459.7910			Appropriate Donations and Book Sales to the Library Operating Budget for Programs	326
6	**001-0000-30500**			Appropriate advance funding of Unassigned General Fund Balance for Upgrading of MOC Trailer	**(22,314)**
6	001-2510-422.8800	G00077		Appropriate advance funding of Unassigned General Fund Balance for Upgrading of MOC Trailer	22,314
7	**001-0000-38600**			Appropriate donation received from Friendswood United Methodist Church to Police CID operating equipment account	**(600)**
7	001-2130-421.5800			Appropriate donation received from Friendswood United Methodist Church to Police CID operating equipment account	600
8	**001-0000-38600**	SANTA		Appropriate donation received from Hometown Bank to the Parks operating budget for Santa in the Park Event	**(10,000)**
8	001-6420-452.7910			Appropriate donation received from Hometown Bank to the Parks operating budget for Santa in the Park Event	10,000

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: December 3, 2018

Date Submitted: November 20, 2018 Dept. Clearances: CM

Prepared by: GCF

Subject: Scheduling January Council Meeting

Originating Department: CMO City Attorney Review: N/A

Proceeding: Consent Agenda

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required: N/A	Amount Budgeted:
Appropriation Required:	Source of Funds:
FINANCE APPROVAL: N/A	

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

Council meetings are generally scheduled for the first Monday of each month, except for holidays and special meetings. In these cases, the Council decides when to set the meeting. We have such an instance coming up in January.

In order to accommodate both Council and City Staff's holiday vacation schedules, it has been requested to move the first meeting to the following Monday, January 14th. This allows for an appropriate amount of time and attention to prepare the City Council meeting agenda.

RECOMMENDATIONS

Recommend that Council consider invoking Rule 1(A) of the Rules of Procedure for City Council Meetings to schedule the Council meeting in January for January 14, 2019.

ATTACHMENTS

None

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: December 3, 2018

Date Submitted: November 21, 2018

Dept. Clearances: Morad Kabiri

Prepared by: Morad Kabiri

Originating Department: CMO

Subject: Texas Water Development Board – Flood Mitigation Grant

Proceeding: Consent

City Attorney Review: N/A

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required:

Amount Budgeted: None

Appropriation Required:

Source of Funds: General Fund Balance*

FINANCE APPROVAL: N/A

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

Council may recall the City filed a Flood Mitigation Assistance (FMA) grant application in October of 2017, shortly after Hurricane Harvey. The grant was for the buyout of properties that met the criteria below:

- The property is categorized as a Severe Repetitive Loss (SRL) located in the floodway and/or 100-year floodplain; or
- The property is categorized as a Repetitive Loss (RL) located in the floodway and/or 100-year floodplain; and
- Sustained substantial damage as a result of Harvey

If the above was met, the properties would qualify for Federal assistance/Buyout at either 100% (Federal-State share) or 90% (Federal-State share). Ultimately, our application containing 44 properties was denied.

Recently, the window reopened for this year's FMA program. An application has already been compiled and sent to the State. Properties included in this year's application were limited to those that were verified SRLs and were located along a creek.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

The pursuit of and potential award of any funding from an outside agency/entity will reduce the fiscal burden on the City as we recover from Harvey and prepare for the next event.

RECOMMENDATIONS

Ratify the Mayor's signature authorizing the City Manager to submit an application for the Fiscal Year 2018 Flood Mitigation Assistance program.

ATTACHMENTS

None

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: **December 3, 2018**

Date Submitted: **November 26, 2018**

Dept. Clearances: **Parks and Recreation**

Prepared by: **James Toney**

Subject: **Buyout Property License Agreement**

Originating Department: **P&R**

City Attorney Review: Yes

Proceeding: **Consent**

Degree of importance: Critical ☐ Significant X Elective ☐

Expenditure Required: N/A	Amount Budgeted: N/A
Appropriation Required: N/A	Source of Funds: N/A

FINANCE APPROVAL:

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

As a result of the Tropical Storm Allison Buyout Project, the City obtained 136 residential lots. Since the completion of this project, the Parks and Recreation Department has been tasked with the mowing maintenance along with paying HOA fees for the majority of these lots. However, Parks and Recreation has continued to seek out and coordinate license agreements with other entities to help relieve the financial burden.

Thus far, 46 of these lots have been reserved for the Galveston County Consolidated Drainage District (but only four are currently maintained by GCCDD); 14 have been identified for Parks and Recreation access, 13 have been licensed to Homeowners Associations, and 28 have been licensed to individual homeowners. The remaining 35 lots are still available to interested adjacent homeowners. Note: One lot (113 Cherry Tree) was donated to the City bringing the overall total to 137 lots.

As of the last meeting between City and GCCDD staff regarding the possibility of the District taking over the maintenance of more of their reserved lots, City Staff was informed that GCCDD is not in need of additional lots.

This item is on the agenda to request a new license agreement for the property(s) located at 5338 & 5342 Appleblossom Lane. The residents wishing to license the property are Philip and Connie Ratisseau residing at 5327 Appleblossom Lane

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

If this license agreement is awarded, this lot will be licensed to an individual homeowner for the purpose of beautification, thus, allowing the Parks and Recreation Department to suspend the maintenance cost associated with this lot.

RECOMMENDATIONS

Staff recommends that Council approve the license agreement with Philip and Connie Ratisseau residing at 5327 Appleblossom Lane, and authorize the Mayor to execute the agreement on behalf of the City according to the Open Space Guidelines.

ATTACHMENTS

Licensing Agreement
Exhibit A – Friendswood GIS Mapping - 5338 and 5342 Appleblossom Lane.
Open Space Guidelines and Buyout Program Adjacent Homeowners Questionnaire

LICENSE AGREEMENT

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF GALVESTON §

This License Agreement is made and entered into this 3th day of December, 2018, by and between the City of Friendswood, Texas, a municipal corporation located in Galveston and Harris Counties, Texas, having its City Hall located at 910 South Friendswood Drive, Friendswood, Texas, hereinafter referred to as "Licensor," and Philip and Connie Ratisseau, being located at 5327 Appleblossom Lane, Friendswood, Texas, hereinafter referred to as "Licensee."

W I T N E S S E T H:

1. **Premises**: Licensor hereby grants to Licensee the right, privilege, and license to use the following described property located in Galveston County, Texas, hereinafter referred to as the "Premises," and being more particularly described as follows:

5338 & 5342 Appleblossom Lane
Friendswood, Texas, 77546

SEE EXHIBIT "A"

2. **Use**: The License granted hereby to Licensee shall and does authorize Licensee to use and occupy the Premises nonexclusively for the purpose of maintaining and using as open space, in accordance with the Licensor's open space use guidelines. Licensee is authorized to construct such improvements, and only those improvements, as may be consented to in writing by Licensor's Floodplain Manager. Licensee covenants not to use the Premises in any manner that would preclude Licensor's future use of any portion of the Premises or easement thereon consistent with the Licensor's open space guidelines. Licensor hereby reserves the right to use the Premises in the future for utilities, parks, or any other use consistent with Licensor's open space guidelines.

3. **Term**: The term of this License shall be for a period of ten (10) years, commencing on December 3, 2018 and terminating at midnight, December 3, 2028. This ten (10) year term is renewable by Licensee for one (1) additional ten (10) year term by written notice provided by Licensee to Licensor a minimum of thirty (30) days prior to the termination date of this License Agreement.

4. **Consideration**: In consideration for the License granted hereby, Licensee shall pay to the respective Home Owner's Association all Home Owners' Association fees and dues associated with the Premises each year for the term of this License Agreement (hereinafter "License Fees"). Licensee shall also maintain the Premises in accordance with all applicable ordinances of the City of Friendswood, policies of the respective Home Owner's Association, and any applicable restrictive covenants covering the Premises.

5. **Access**: Licensee is hereby given and granted the right of ingress and egress over and across the Premises for such purposes as may be needed in conjunction with the rights granted in this License Agreement. Such right of ingress and egress shall be over existing roads, parking lots, or other roads that may be established by Licensee hereafter, subject to the prior written approval of Licensor's Flood Plain Manager. Licensee, subject to approval by Licensor's Flood Plain Manger, which approval shall not be unreasonably withheld, may improve any lands of Licensor in keeping with the purposes of the open space of the Premises.

6. **Utilities at Licensee's Cost:** Licensee shall be solely responsible for and promptly pay any and all charges for gas, electricity, telephone service, or any other utility used or consumed by Licensee on the Premises. Licensee may have an electrical current meter installed on the Premises, and Licensee thereof shall pay for the cost of such meter and of installation, maintenance, and repair.

7. **Holding Over:** If Licensee should continue occupancy of the Premises after the expiration of the primary term or any extension of this License, without the exercise of an option or the execution by Licensor and Licensee of a new License Agreement, then Licensee shall be deemed to be occupying the Premises as a licensee-at-sufferance on a month-to-month basis, subject to all the covenants and obligations of this License Agreement.

8. **Notice:** Any notice required hereunder shall be given in writing and shall be delivered by hand or sent by United States Registered or Certified Mail, postage prepaid addressed as follows:

If to Licensor:	City Friendswood, Texas 910 South Friendswood Drive Friendswood, Texas 77546 Attention: City Manager
If to Licensee:	Philip and Connie Ratisseau 5327 Appleblossom Lane Friendswood, Texas 77546 713-304-0956; philip8909@att.net

Either party hereto may change its address to which said notice shall be delivered or mailed by giving notice of such change as provided above. Notice shall be deemed given when delivered (if delivered by hand) or when postmarked (if sent properly by mail).

9. **Liability and Indemnity**: Licensee agrees to indemnify and save Licensor harmless from and against any and all claims (including costs and expenses of defending against such claims) arising or alleged to arise from any negligence, gross negligence, or wrongful act of whatsoever nature, of Licensee or Licensee's agents, employees, or contractors occurring or in anywise incident to, in connection with, or arising directly or indirectly out of this License Agreement. Licensee agrees to use and occupy the Premises at its own risk and hereby releases

Licensor, its officers, agents and employees, from all claims for any damage or injury caused by or as a result of any negligence or wrongful act or omission of Licensee, its officers, agents, employees, or contractors, unless due to the negligence, gross negligence, or wrongful act of whatsoever nature of Licensor, its agents or employees.

10. **Termination:** Either party hereto shall have the right to terminate this License at any time upon providing the other party thirty (30) days advance written notice. Upon notice of termination by either party, Licensee shall return the Premises to the condition of the Premises at the time of the execution of this License Agreement, normal wear and tear excepted.

11. **Defaults and Remedies**: Notwithstanding any other provision contained in this License Agreement to the contrary, Licensee shall not be in default under this License until:

A. In the case of a failure to pay License Fees or other sums due under this License, fifteen (15) days after receipt of written notice thereof from Licensor; or

B. In the case of any other default, thirty (30) days after receipt of written notice thereof from Licensor; provided, however, where any such default cannot reasonably be cured within thirty (30) days, Licensee shall not be deemed to be in default under the License if Licensee commences to cure such default within said thirty (30) day period and thereafter diligently pursues such cure to completion.

In the event of Licensee's default in the payment of License Fees or Licensee's failure to comply with any other material provision of this License, Licensor may, at its option, terminate this License without affecting its right to sue for all past due License Fees, and any other damages to which Licensor may be entitled. Should Licensor be entitled to collect License Fees or damages and be forced to do so through its attorney, or by other legal procedures, Licensor shall, upon receipt of a favorable ruling, be entitled to its reasonable costs and attorney fees thereby incurred, upon said collection.

12. **Taxes**: Licensee shall pay annually an amount equal to any increase in ad valorem taxes that may be attributable to any improvement to the Premises made by Licensee. If Licensor pays such tax, Licensee shall reimburse Licensor for the amount of any such tax payment within sixty (60) days of the receipt of sufficient documentation indicating the amount paid and the calculation of Licensee's pro-rata share. Upon written request by Licensee, Licensor shall furnish evidence of payment of all taxes.

13. **Improvements**: Licensee covenants and agrees that it will not construct, erect, or place any improvements on the Premises or other real property owned by Licensor without the prior written consent of the Licensor.

14. **Assignment**: Licensee shall not assign (by sublease or other means) any rights granted it under this License Agreement without the prior written consent of Licensor’s Floodplain Manager, which consent shall not be unreasonably withheld.

15. **Other Conditions**:

A. Whenever under the License the consent or approval of either party is required or a determination must be made by either party, no such consent or approval shall be unreasonably withheld or delayed, and all such determinations shall be made on a reasonable basis and in a reasonable manner. Provided, however, nothing contained herein shall be construed to limit or restrict the exercise of Licensor of its legislative authority, specifically, but not limited to, matters relating to building, zoning, and other land development regulatory matters.

B. Licensor covenants that Licensee shall, upon the payment of License Fees and observation of covenants and conditions herein, possess the right, title, and license to use the Premises during the License Term or as may be extended without hindrance, ejection, or molestation by Licensor, or by any person claiming under Licensor or any other licensee of Licensor.

C. In the event that any government or public body shall take all or such part of the Premises thereby making it physically or financially infeasible for the Premises to be used in the manner it was intended to be used by this Agreement, Licensee shall have the right to terminate this License effective as of the date of the taking by the condemning party and the License Fees shall be prorated appropriately. However, if only a portion of the Premises is taken, and Licensee does not elect to terminate this License under this provision, then License Fees provided under this License shall be abated proportionately as to the portion taken which is not then usable by Licensee and this License shall continue.

D. Licensee shall not use the Premises in any way which interferes with the use of the surrounding Licensor property by Licensor, or lessees or licensees of Licensor, with rights in the Premises prior in time to Licensee's (subject to Licensee's rights under this License Agreement, including, without limitation, non-interference). Similarly, Licensor shall not use, nor shall Licensor permit its lessees, licensees, employees, invitees or agents to use, any portion of the Premises in any way, which interferes with the operations of Licensee. Such interference shall be deemed a material breach by the interfering party, who shall, upon written notice from the other, be responsible for terminating said interference. In the event such interference does not cease promptly, the parties acknowledge that continuing interference may cause irreparable injury and, therefore, the injured party shall have the right, in addition to any other rights it may have at law or in equity, to bring a court action to enjoin such interference or to terminate this License immediately upon written notice.

16. **Severability and Substitution of Valid Provisions**: In the event that any provision of this Agreement shall be found to be void or unenforceable, such finding shall not be construed to render any other provision of this License either void or unenforceable, and all other provisions shall remain in full force and effect unless the provisions which are invalid or unenforceable shall substantially affect the rights or obligations granted to or undertaken by either party.

17. **Entire Agreement and Binding Effect**: This License and any attached exhibits signed or initialed by the parties constitute the entire agreement between Licensor and Licensee; no

prior written nor prior, contemporaneous, or subsequent oral promises or representations shall be binding. This License shall not be amended, or changed except by written instrument signed by both parties hereto. Paragraph captions herein are for convenience only, and neither limit nor amplify the provisions of this instrument. The provisions of this License shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties.

IN WITNESS WHEREOF, Licensor and Licensee have executed this License Agreement as of the date and year first above written.

LICENSOR:

CITY OF FRIENDSWOOD, TEXAS

By: ______________________________
Mike Foreman
Mayor

Attested: ______________________________
Melinda Welsh
City Secretary

LICENSEE:

By: ______________________________

Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. Gov. C. §2501.102. The user is encouraged to independently verify all information contained in this product. The City of Friendswood makes no representation or warranty as to the accuracy of this product or to its fitness for a particular purpose. The user: (1) accepts the product AS IS, WITH ALL FAULTS; (2) assumes all responsibility for the use thereof; and (3) releases the City of Friendswood from any damage, loss, or liability arising from such use.

City of Friendswood
910 South Friendswood Drive
Friendswood, Texas 77546
(281) 996-3200
www.ci.friendswood.tx.us

Friendswood GIS Mapping

1 " = 70 '

City of Friendswood
Buyout Lot Licensing Program
Adjacent Homeowner's Questionnaire

Name(s): Philip & Connie Ratisseau

Address: 5327 Appleblossom lane

Phone: 7133040956

Email: philip8909@att.net

I have lived at this address since*: January 15th 1990

* In the event that more than one homeowner expresses interest in the same property, priority will be given to the one who has lived at their current address the longest.

I am interested in licensing the following lot(s): 5338 & 5342

I am NOT interested in licensing any of the Buyout Lot properties. ____________

Please return this form within the next 30 days to:
City of Friendswood
Community Services
910 S. Friendswood
Friendswood, TX 77546

Cheryl E. Johnson, PCC
Assessor and Collector of Taxes
County of Galveston
722 Moody Avenue, Galveston, Texas 77550
Toll Free (877) 766-2284 Fax: (409) 766-2479
Email: galcotax@co.galveston.tx.us

November 7, 2018

The Governmental Entities of the Galveston County Tax Assessor/Collector's Office:

I, Cheryl E. Johnson, Tax Assessor and Collector of the County of Galveston do solemnly swear that this statement of collections made by me and the disposition thereof during the month of October, 2018 is true and correct.

Under my hand and seal this 7th day of November, 2018.

Cheryl E. Johnson

Cheryl E. Johnson, PCC
Galveston County Tax Assessor/Collector

cc: Randall Rice, County Auditor
Linebarger, Goggan, Blair, & Simpson
Perdue, Brandon, Fielder, Collins, & Mott
Assessment & Collection Partners:

City of Bayou Vista
City of Clear Lake Shores (delinquent)
City of Dickinson
City of Friendswood
City of Galveston
City of Hitchcock
City of Jamaica Beach
City of Kemah
City La Marque
City of League City
City of Santa Fe
City of Texas City
City of Tiki Island
Dickinson Independent School District
Galveston Independent School District
High Island Independent School District
Hitchcock Independent School District
College of the Mainland
Galveston Community College
GC Drainage District No. 1
GC Drainage District No. 2
GC Emergency Services Dist. No. 1
GC Emergency Services Dist. No. 2
GC Fresh Water Supply Dist. No. 6
Bacliff MUD
Bayview MUD
Galveston County MUD No. 12
Galveston County MUD No. 13
San Leon MUD
Tara Glen MUD
GC Navigation District No. 1
WCID No. 1
WCID No. 12
WCID No. 19
Westwood Management District

YEAR	FUND	TAX RATE	LEVY PAID	DISCOUNT GIVEN	PENALTY INTEREST	TIF AMOUNT	DISBURSE TOTAL	ATTORNEY	OTHER FEES	REFUND AMOUNT	PAYMENT AMOUNT
2018	M & O	.437173	357,139.93	.00	.00	.00	357,139.93	.00	.00	.00	357,139.93
	I & S	.095218	77,786.60	.00	.00	.00	77,786.60	.00	.00	.00	77,786.60
	TOTAL	.532391	434,926.53	.00	.00	.00	434,926.53	.00	.00	.00	434,926.53
2017	M & O	.432349	8,041.12	.00	2,042.03	.00	10,083.15	2,977.58	.00	.00	13,060.73
	I & S	.095000	1,766.86	.00	448.72	.00	2,215.58	.00	.00	.00	2,215.58
	TOTAL	.527349	9,807.98	.00	2,490.75	.00	12,298.73	2,977.58	.00	.00	15,276.31
2016	M & O	.462000	2,280.35	.00	870.72	.00	3,151.07	882.06	.00	.00	4,033.13
	I & S	.084000	414.63	.00	158.30	.00	572.93	.00	.00	.00	572.93
	TOTAL	.546000	2,694.98	.00	1,029.02	.00	3,724.00	882.06	.00	.00	4,606.06
2015	M & O	.497200	913.43	.00	172.86	.00	1,086.29	128.08	.00	.00	1,214.37
	I & S	.071500	131.36	.00	24.86	.00	156.22	.00	.00	.00	156.22
	TOTAL	.568700	1,044.79	.00	197.72	.00	1,242.51	128.08	.00	.00	1,370.59
2014	M & O	.530300	748.66	.00	181.42	.00	930.08	111.51	.00	.00	1,041.59
	I & S	.061100	86.25	.00	20.90	.00	107.15	.00	.00	.00	107.15
	TOTAL	.591400	834.91	.00	202.32	.00	1,037.23	111.51	.00	.00	1,148.74
2013	M & O	.530300	328.18	.00	5.38	.00	333.56	1.56	.00	.00	335.12
	I & S	.061100	37.82	.00	.62	.00	38.44	.00	.00	.00	38.44
	TOTAL	.591400	366.00	.00	6.00	.00	372.00	1.56	.00	.00	373.56
2012	M & O	.530700	3.45	.00	.00	.00	3.45	.00	.00	.00	3.45
	I & S	.066300	.43	.00	.00	.00	.43	.00	.00	.00	.43
	TOTAL	.597000	3.88	.00	.00	.00	3.88	.00	.00	.00	3.88
2007	M & O	.501600	3.19	.00	4.12	.00	7.31	.00	.00	.00	7.31
	I & S	.074800	.48	.00	.61	.00	1.09	.00	.00	.00	1.09
	TOTAL	.576400	3.67	.00	4.73	.00	8.40	.00	.00	.00	8.40
ALL	M & O		369,458.31	.00	3,276.53	.00	372,734.84	4,100.79	.00	.00	376,835.63
ALL	I & S		80,224.43	.00	654.01	.00	80,878.44	.00	.00	.00	80,878.44
ALL	TOTAL		449,682.74	.00	3,930.54	.00	453,613.28	4,100.79	.00	.00	457,714.07
DLQ	M & O		12,318.38	.00	3,276.53	.00	15,594.91	4,100.79	.00	.00	19,695.70
DLQ	I & S		2,437.83	.00	654.01	.00	3,091.84	.00	.00	.00	3,091.84
DLQ	TOTAL		14,756.21	.00	3,930.54	.00	18,686.75	4,100.79	.00	.00	22,787.54
CURR	M & O		357,139.93	.00	.00	.00	357,139.93	.00	.00	.00	357,139.93
CURR	I & S		77,786.60	.00	.00	.00	77,786.60	.00	.00	.00	77,786.60
CURR	TOTAL		434,926.53	.00	.00	.00	434,926.53	.00	.00	.00	434,926.53

TAX COLLECTION SYSTEM
TAX COLLECTOR MONTHLY REPORT
FROM 08/01/2018 TO 10/31/2018

INCLUDES AG ROLLBACK

FISCAL START: 08/01/2018 END: 07/31/2019 JURISDICTION: 0337 FRIENDWD CITY

	CERT TAXABLE VALUE	ADJUSTMENTS	ADJ TAX VALUE	TAX RATE	TAX LEVY	PAID ACCTS
CURRENT YEAR	3,292,414,186	117,644,747	3,410,058,933	00.532391	17,740,024.75	1,185

YEAR	TAXES DUE	MONTH ADJ	ADJUSTMENT YTD	LEVY PAID	PAID YTD	BALANCE	COLL %	YTD UNCOLL
2018	17,123,229.32	616,795.43	616,795.43	434,926.53	434,926.53	17,305,098.22	2.45	7.99-
2017	166,852.29	856.07-	856.07-	84,447.04	84,447.04	81,549.18	50.87	0.00
2016	44,211.77	1,537.65	1,537.65	8,417.51	8,417.51	37,331.91	18.40	0.00
2015	21,670.94	2,413.46	2,413.46	2,172.65	2,172.65	21,911.75	9.02	0.00
2014	22,349.21	2,368.66	2,368.66	1,868.70	1,868.70	22,849.17	7.56	0.00
2013	17,333.06	1,507.74	1,507.74	795.07	795.07	18,045.73	4.22	0.00
2012	13,775.53	.00	0.00	52.26	52.26	13,723.27	.38	0.00
2011	13,156.57	.00	0.00	53.71	53.71	13,102.86	.41	0.00
2010	12,173.22	.00	0.00	0.00	0.00	12,173.22		0.00
2009	13,941.29	.00	0.00	101.26	101.26	13,840.03	.73	0.00
2008	10,617.22	.00	0.00	123.02	123.02	10,494.20	1.16	0.00
2007	3,846.68	.00	0.00	9.69	9.69	3,836.99	.25	0.00
2006	3,780.84	.00	0.00	0.00	0.00	3,780.84		0.00
2005	2,416.01	.00	0.00	0.00	0.00	2,416.01		0.00
2004	650.49	.00	0.00	0.00	0.00	650.49		0.00
2003	647.12	.00	0.00	0.00	0.00	647.12		0.00
2002	924.85	.00	0.00	0.00	0.00	924.85		0.00
2001	941.66	.00	0.00	0.00	0.00	941.66		0.00
2000	996.69	.00	0.00	0.00	0.00	996.69		0.00
1999	481.49	.00	0.00	0.00	0.00	481.49		0.00
1998	551.21	.00	0.00	0.00	0.00	551.21		0.00
1997	0.00	.00	0.00	0.00	0.00	0.00		0.00
****	17,474,547.46	623,766.87	623,766.87	532,967.44	532,967.44	17,565,346.89		7.99-

TAX COLLECTION SYSTEM
SUPPLEMENTAL / ADJUSTMENT CONTROL TOTALS
FOR TAX YEAR: 2018
JURISDICTION: 0337 FRIENDWD CITY

INCLUDES AG ROLLBACK

	CERTIFIED ROLL	ROLL AS OF 08/01/2018	SUPPLEMENTALS THIS PERIOD	ADJUSTMENTS THIS PERIOD	NET CHANGE THIS PERIOD	ROLL AS OF 10/31/2018
LAND VALUE	4,207,374,518	3,589,474,109	34,265,668	231,285-	34,034,383	3,623,508,492
AG EXCLUSION	23,842,910	23,842,910	0	0	0	23,842,910
IMPROVEMENTS	617,900,409	617,900,409	106,137,344	514,140-	105,623,204	723,523,613
APPRAISED VALUE	4,207,374,518	4,207,374,518	140,403,012	745,425-	139,657,587	4,347,032,105
EXEMPTIONS	891,117,422	891,117,422	20,778,267	1,234,573	22,012,840	913,130,262
TAXABLE VALUE	3,292,414,186	3,292,414,186	119,624,745	1,979,998-	117,644,747	3,410,058,933
LEVY	17,123,229.32	17,123,229.32	626,787.84	9,992.41-	616,795.43	17,740,024.75
UNCOLLECTIBLE	.00	7.99	.00	.00	.00	7.99
RECEIVABLE					.00	
EXEMPTION COUNTS:						
HOMESTEADS	10,001	10,001	289	6	6	10,007
OVER 65	2,897	2,897	61	2	2	2,899
DISABLED	0	0	0	1	1	1
VETERAN	204	204	11	3-	3-	201
TOTAL EXEMPT	0	0	0	0	0	0

ALL PROPERTY

TAX COLLECTION SYSTEM
SUPPLEMENTAL / ADJUSTMENT CONTROL TOTALS
FOR TAX YEAR: 2017
JURISDICTION: 0337 FRIENDWD CITY

INCLUDES AG ROLLBACK

	CERTIFIED ROLL	ROLL AS OF 08/01/2018	SUPPLEMENTALS THIS PERIOD	ADJUSTMENTS THIS PERIOD	NET CHANGE THIS PERIOD	ROLL AS OF 10/31/2018
LAND VALUE	4,271,816,787	3,655,904,976	2,176,969	123,846-	2,053,123	3,657,958,099
AG EXCLUSION	18,989,755	18,989,755	0	0	0	18,989,755
IMPROVEMENTS	615,911,811	615,911,811	187,500	12,468-	175,032	616,086,843
APPRAISED VALUE	4,271,816,787	4,271,816,787	2,364,469	136,314-	2,228,155	4,274,044,942
EXEMPTIONS	988,826,434	988,826,434	2,364,469	159,389	2,523,858	991,350,292
TAXABLE VALUE	3,264,000,598	3,264,000,598	0	295,703-	295,703-	3,263,704,895
LEVY	166,852.29	166,852.29	.00	856.07-	856.07-	165,996.22
UNCOLLECTIBLE	.00	.00	.00	.00	.00	.00
RECEIVABLE					.00	
EXEMPTION COUNTS:						
HOMESTEADS	10,005	10,005	0	1	1	10,006
OVER 65	2,854	2,854	0	3	3	2,857
DISABLED	0	0	0	1	1	1
VETERAN	207	207	0	0	0	207
TOTAL EXEMPT	647	647	0	0	0	647

ALL PROPERTY

TAX COLLECTION SYSTEM
SUPPLEMENTAL / ADJUSTMENT CONTROL TOTALS
FOR TAX YEAR: 2016
JURISDICTION: 0337 FRIENDWD CITY

INCLUDES AG ROLLBACK

	CERTIFIED ROLL	ROLL AS OF 08/01/2018	SUPPLEMENTALS THIS PERIOD	ADJUSTMENTS THIS PERIOD	NET CHANGE THIS PERIOD	ROLL AS OF 10/31/2018
LAND VALUE	3,999,127,118	3,429,239,107	1,872,769	730-	1,872,039	3,431,111,146
AG EXCLUSION	13,436,213	13,436,213	0	0	0	13,436,213
IMPROVEMENTS	569,888,011	569,888,011	0	39,706-	39,706-	569,848,305
APPRAISED VALUE	3,999,127,118	3,999,127,118	1,872,769	40,436-	1,832,333	4,000,959,451
EXEMPTIONS	968,850,710	968,850,710	1,872,769	193,881-	1,678,888	970,529,598
TAXABLE VALUE	3,016,840,195	3,016,840,195	0	153,445	153,445	3,016,993,640
LEVY	44,211.77	44,211.77	.00	1,537.65	1,537.65	45,749.42
UNCOLLECTIBLE	.00	.00	.00	.00	.00	.00
RECEIVABLE					.00	
EXEMPTION COUNTS:						
HOMESTEADS	9,913	9,913	0	5-	5-	9,908
OVER 65	2,721	2,721	0	2-	2-	2,719
DISABLED	0	0	0	1	1	1
VETERAN	242	242	0	0	0	242
TOTAL EXEMPT	642	642	0	0	0	642

TAX COLLECTION SYSTEM
SUPPLEMENTAL / ADJUSTMENT CONTROL TOTALS
FOR TAX YEAR: 2015
JURISDICTION: 0337 FRIENDWD CITY

ALL PROPERTY

INCLUDES AG ROLLBACK

	CERTIFIED ROLL	ROLL AS OF 08/01/2018	SUPPLEMENTALS THIS PERIOD	ADJUSTMENTS THIS PERIOD	NET CHANGE THIS PERIOD	ROLL AS OF 10/31/2018
LAND VALUE	3,624,772,568	3,125,559,710	1,872,729	730-	1,871,999	3,127,431,709
AG EXCLUSION	17,997,504	17,997,504	0	0	0	17,997,504
IMPROVEMENTS	499,212,858	499,212,858	0	0	0	499,212,858
APPRAISED VALUE	3,624,772,568	3,624,772,568	1,872,729	730-	1,871,999	3,626,644,567
EXEMPTIONS	906,250,004	906,250,004	1,872,729	307,463-	1,565,266	907,815,270
TAXABLE VALUE	2,700,525,060	2,700,525,060	0	306,733	306,733	2,700,831,793
LEVY	21,670.94	21,670.94	.00	2,413.46	2,413.46	24,084.40
UNCOLLECTIBLE	.00	.00	.00	.00	.00	.00
RECEIVABLE					.00	
EXEMPTION COUNTS:						
HOMESTEADS	9,425	9,425	0	6-	6-	9,419
OVER 65	2,517	2,517	0	3-	3-	2,514
DISABLED	170	170	0	0	0	170
VETERAN	231	231	0	0	0	231
TOTAL EXEMPT	632	632	0	0	0	632

ALL PROPERTY

TAX COLLECTION SYSTEM
SUPPLEMENTAL / ADJUSTMENT CONTROL TOTALS
FOR TAX YEAR: 2014
JURISDICTION: 0337 FRIENDWD CITY

INCLUDES AG ROLLBACK

	CERTIFIED ROLL	ROLL AS OF 08/01/2018	SUPPLEMENTALS THIS PERIOD	ADJUSTMENTS THIS PERIOD	NET CHANGE THIS PERIOD	ROLL AS OF 10/31/2018
LAND VALUE	3,220,611,338	2,761,917,896	1,872,729	730-	1,871,999	2,763,789,895
AG EXCLUSION	22,656,763	22,656,763	0	0	0	22,656,763
IMPROVEMENTS	458,693,442	458,693,442	0	0	0	458,693,442
APPRAISED VALUE	3,220,611,338	3,220,611,338	1,872,729	730-	1,871,999	3,222,483,337
EXEMPTIONS	739,118,459	739,118,459	1,872,729	303,812-	1,568,917	740,687,376
TAXABLE VALUE	2,458,836,116	2,458,836,116	0	303,082	303,082	2,459,139,198
LEVY	22,349.21	22,349.21	.00	2,368.66	2,368.66	24,717.87
UNCOLLECTIBLE	.00	.00	.00	.00	.00	.00
RECEIVABLE					.00	
EXEMPTION COUNTS:						
HOMESTEADS	9,648	9,648	0	7-	7-	9,641
OVER 65	2,524	2,524	0	3-	3-	2,521
DISABLED	176	176	0	0	0	176
VETERAN	220	220	0	0	0	220
TOTAL EXEMPT	624	624	0	0	0	624

	CERTIFIED ROLL	ROLL AS OF 08/01/2018	SUPPLEMENTALS THIS PERIOD	ADJUSTMENTS THIS PERIOD	NET CHANGE THIS PERIOD	ROLL AS OF 10/31/2018
LAND VALUE	3,137,530,828	3,137,530,828	0	0	0	3,137,530,828
AG EXCLUSION	23,290,819	23,290,819	0	0	0	23,290,819
IMPROVEMENTS	0	0	0	0	0	0
APPRAISED VALUE	3,137,530,828	3,137,530,828	0	0	0	3,137,530,828
EXEMPTIONS	704,624,861	704,624,861	0	170,622-	170,622-	704,454,239
TAXABLE VALUE	2,409,615,148	2,409,615,148	0	170,622	170,622	2,409,785,770
LEVY	17,333.06	17,333.06	.00	1,507.74	1,507.74	18,840.80
UNCOLLECTIBLE	.00	.00	.00	.00	.00	.00
RECEIVABLE					.00	
EXEMPTION COUNTS:						
HOMESTEADS	9,611	9,611	0	4-	4-	9,607
OVER 65	2,398	2,398	0	2-	2-	2,396
DISABLED	183	183	0	0	0	183
VETERAN	215	215	0	0	0	215
TOTAL EXEMPT	618	618	0	0	0	618

Summary of Jurisdiction Remittances Processed

Report run on: November 7, 2018 9:08 AM

For Remitted Deposit Dates 10/01/2018 thru 10/31/2018 as of 11/07/2018

Version 1.50

Tax Unit		M & O Total	I & S Total	TIF Levy	TIF Interest	Fee Total	Total
337 FRIENDWD CITY							
ACH 43545	Print Date:10/04/2018						
	Delq	645.31	134.50	0.00	0.00	0.00	779.81
Last Deposit Date	10/01/2018	$645.31	$134.50	$0.00	$0.00	$0.00	$779.81
ACH 43580	Print Date:10/04/2018						
	Delq	648.30	142.46	0.00	0.00	0.00	790.76
Last Deposit Date	10/02/2018	$648.30	$142.46	$0.00	$0.00	$0.00	$790.76
ACH 43612	Print Date:10/05/2018						
	Delq	4,716.83	1,027.02	0.00	0.00	0.00	5,743.85
Last Deposit Date	10/03/2018	$4,716.83	$1,027.02	$0.00	$0.00	$0.00	$5,743.85
ACH 43647	Print Date:10/05/2018						
	Delq	1,041.66	220.30	0.00	0.00	0.00	1,261.96
Last Deposit Date	10/04/2018	$1,041.66	$220.30	$0.00	$0.00	$0.00	$1,261.96
ACH 43680	Print Date:10/09/2018						
	Delq	241.88	42.58	0.00	0.00	0.00	284.46
Last Deposit Date	10/05/2018	$241.88	$42.58	$0.00	$0.00	$0.00	$284.46
ACH 43769	Print Date:10/16/2018						
	Current	40,315.50	8,780.91	0.00	0.00	0.00	49,096.41
	Delq	(1,007.04)	(224.73)	0.00	0.00	0.00	(1,231.77)
Last Deposit Date	10/12/2018	$39,308.46	$8,556.18	$0.00	$0.00	$0.00	$47,864.64
ACH 43834	Print Date:10/17/2018						
	Delq	17.12	2.25	0.00	0.00	0.00	19.37
Last Deposit Date	10/16/2018	$17.12	$2.25	$0.00	$0.00	$0.00	$19.37
ACH 43863	Print Date:10/18/2018						
	Current	784.13	170.79	0.00	0.00	0.00	954.92
	Delq	(217.74)	(44.61)	0.00	0.00	0.00	(262.35)
Last Deposit Date	10/17/2018	$566.39	$126.18	$0.00	$0.00	$0.00	$692.57
ACH 43891	Print Date:10/19/2018						
	Current	381.33	83.06	0.00	0.00	0.00	464.39
	Delq	33.47	6.56	0.00	0.00	0.00	40.03
Last Deposit Date	10/18/2018	$414.80	$89.62	$0.00	$0.00	$0.00	$504.42
ACH 43919	Print Date:10/22/2018						
	Current	2,983.94	649.92	0.00	0.00	0.00	3,633.86
	Delq	2,485.94	529.32	0.00	0.00	0.00	3,015.26
Last Deposit Date	10/19/2018	$5,469.88	$1,179.24	$0.00	$0.00	$0.00	$6,649.12
ACH 43951	Print Date:10/23/2018						
	Current	498.53	108.58	0.00	0.00	0.00	607.11
	Delq	1,909.05	309.27	0.00	0.00	0.00	2,218.32
Last Deposit Date	10/22/2018	$2,407.58	$417.85	$0.00	$0.00	$0.00	$2,825.43
ACH 43987	Print Date:10/25/2018						
	Current	3,584.65	780.75	0.00	0.00	0.00	4,365.40
	Delq	2,021.15	363.01	0.00	0.00	0.00	2,384.16
Last Deposit Date	10/23/2018	$5,605.80	$1,143.76	$0.00	$0.00	$0.00	$6,749.56

Summary of Jurisdiction Remittances Processed

Report run on: November 7, 2018 9:08 AM

For Remitted Deposit Dates 10/01/2018 thru 10/31/2018 as of 11/07/2018

Version 1.50

Tax Unit		M & O Total	I & S Total	TIF Levy	TIF Interest	Fee Total	Total
337 FRIENDWD CITY							
ACH 44022	Print Date:10/25/2018						
	Current	14,412.48	3,139.10	0.00	0.00	0.00	17,551.58
Last Deposit Date	10/24/2018	$14,412.48	$3,139.10	$0.00	$0.00	$0.00	$17,551.58
ACH 44058	Print Date:10/26/2018						
	Current	20,158.13	4,390.51	0.00	0.00	0.00	24,548.64
	Delq	46.53	8.46	0.00	0.00	0.00	54.99
Last Deposit Date	10/25/2018	$20,204.66	$4,398.97	$0.00	$0.00	$0.00	$24,603.63
ACH 44095	Print Date:10/30/2018						
	Current	29,209.00	6,361.85	0.00	0.00	0.00	35,570.85
	Delq	385.19	57.40	0.00	0.00	0.00	442.59
Last Deposit Date	10/26/2018	$29,594.19	$6,419.25	$0.00	$0.00	$0.00	$36,013.44
ACH 44135	Print Date:10/31/2018						
	Current	80,431.88	17,518.39	0.00	0.00	0.00	97,950.27
	Delq	1,635.76	335.58	0.00	0.00	0.00	1,971.34
Last Deposit Date	10/29/2018	$82,067.64	$17,853.97	$0.00	$0.00	$0.00	$99,921.61
ACH 44175	Print Date:10/31/2018						
	Current	68,804.71	14,985.91	0.00	0.00	0.00	83,790.62
Last Deposit Date	10/30/2018	$68,804.71	$14,985.91	$0.00	$0.00	$0.00	$83,790.62
ACH 44217	Print Date:11/07/2018						
	Current	95,575.65	20,816.83	0.00	0.00	0.00	116,392.48
	Delq	991.50	182.47	0.00	0.00	0.00	1,173.97
Last Deposit Date	10/31/2018	$96,567.15	$20,999.30	$0.00	$0.00	$0.00	$117,566.45
Total:		**$372,734.84**	**$80,878.44**	**$0.00**	**$0.00**	**$0.00**	**$453,613.28**

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: 12/03/18

Date Submitted: 11/21/18

Dept. Clearances: Melinda Welsh

Prepared by: Heather Van Dine

Subject: Approve Council Meeting Minutes

Originating Department: City Secretary

Proceeding: Consent Agenda

Degree of importance: Critical ☐ Significant ☒ Elective ☐

Expenditure Required: N/A	Amount Budgeted: N/A
Appropriation Required: N/A	Source of Funds: N/A

FINANCE APPROVAL: N/A

MK

Morad Kabiri
City Manager

SUMMARY / ORIGINATING CAUSE

The Council Meeting minutes of October 01, 2018, and November 05, 2018, are submitted for Council's review and consideration.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

Approval of the Council Meeting minutes provides a historical document of actions taken by City Council as provided for in the Local Government Code and in the City Charter.

RECOMMENDATIONS

City Secretary recommends that Council approve the Council meeting minutes as presented.

ATTACHMENTS

10-01-18 Minutes
11-05-18 Minutes

DRAFT

STATE OF TEXAS)(
CITY OF FRIENDSWOOD)(
COUNTIES OF GALVESTON/HARRIS)(
OCTOBER 01, 2018)(

MINUTES OF A REGULAR MEETING OF THE FRIENDSWOOD CITY COUNCIL THAT WAS HELD ON MONDAY, **OCTOBER 01, 2018,** AT 4:30 PM AT FRIENDSWOOD CITY HALL COUNCIL CHAMBERS, 910 S. FRIENDSWOOD DRIVE, FRIENDSWOOD, TEXAS, WITH THE FOLLOWING PRESENT CONSTITUTING A QUORUM:

MAYOR	MIKE FOREMAN
MAYOR PRO-TEM	JOHN SCOTT
COUNCILMEMBER	STEVE ROCKEY
COUNCILMEMBER	SALLY BRANSON
COUNCILMEMBER	TRISH HANKS
COUNCILMEMBER	ROBERT J. GRIFFON
COUNCILMEMBER	CARL GUSTAFSON
CITY ATTORNEY	MARY KAY FISCHER
CITY MANAGER	MORAD KABIRI
CITY SECRETARY	MELINDA WELSH

REGULAR SESSION

Mayor Foreman called the meeting to order.

The invocation was given by Pastor Ralph Hobratschk with Hope Lutheran Church.

Mayor Foreman led the Pledge of Allegiance to the United States and to the State of Texas.

COMMUNICATIONS FROM THE PUBLIC

Cheryl Johnson, Friendswood resident, addressed Council and expressed her objections to the Public Information Act ordinance. Galveston County considered invoking the section after its passage but the enormous scope of the burdens of implementation were determined to be onerous, and limitations established by the Texas Administrative Code are significant. Consideration for adoption of the ordinance should be delayed, all parties should fully understand and weigh the benefit of moving forward, and language in the ordinance should be changed. During the May election, there was discussion about a transparency committee being formed, hopes Council will move forward with the committee, and she would be happy to serve on the committee.

Michael Rollins, Friendswood resident, addressed Council and stated his family is opposed to the carousel project, disappointed to see no one from Council attend the public meeting, and unlikely the carousel will have a positive effect on the City of Friendswood as proposed. Problems with the proposed project include parking, noise, increased crime, potential liability, negative impact on citizens using Stevenson Park for other purposes, lack of a positive economic benefit, and the land could be used for better uses. He further stated he is opposed to the concept of making Friendswood a destination city, do not want or need to be like Kemah, do not spend future city time or resources on this concept, and citizens are demanding the concept be put to a public vote. Council should focus more on restrooms at the city pool, there are larger issues to focus on at Stevenson Park, and more importantly, Council should focus on drainage and flood mitigation for the city.

Linda Richard, Friendswood resident, addressed Council and stated she agrees with Mr. Rollin's remarks. The City of Friendswood floods from multi-day storms due to water from the Clear Creek watershed, water that flooded homes during Hurricane Harvey came from elsewhere. The city must stop being the detention point for the watershed, must work with the counties and watershed to formulate a plan that will help carry water downstream during large multi-day rain events, and Friendswood Link should be replaced with a wider/higher bridge to assist with emergency services and evacuation routes during high water situations.

Robert Marshall, Friendswood resident, addressed Council and stated he is a long-term resident of the City of Friendswood. On August 29, 2017, the Houston Chronicle reported that one-third of the houses in the City of Friendswood flooded, two-thirds of those houses did not have flood insurance since they were not in the floodplain, reminded Council fixing Clear Creek is a city issue, encourages Council to remove the carousel project from discussions, work with the counties to force the United States Army Corps of Engineers to begin work on the issue, and need to fix the city's flooding issues.

Gail Lovely, Friendswood resident, addressed Council and stated there is a lot on the agenda about flooding, Council has a lot to think about, what problems are trying to be resolved, do the numbers make sense, does the solution work towards solving the problem and not motivated by other means. She believes the flooding problem in the City of Friendswood is caused by water rising from Houston, city leadership's job is to fight for solutions, funding, and resources to solve the problem. She asked Council to listen carefully and ask a lot of questions.

Ron Lovely, Friendswood resident, addressed Council and stated he would like to make certain that the proposed detention ponds do not proceed until a legitimate analysis is done to show they will reduce flood levels. He discussed capacity of proposed inline detention ponds in contrast to capacity of a multi-day storm, 88% of the water that flooded Friendswood residents came from the Cities of Houston and Pearland, eventually all surrounding cities will need to collaborate to send the water to the ocean, and in the meantime Friendswood leadership needs to help Friendswood citizens move water from the City of Houston and Pearland out of the City of Friendswood.

Don Johnson, Friendswood resident, addressed Council and thanked Council for considering participation in the WaterWise program, is a long-standing program, well-liked by kids and teachers, helps school children understand conservation, and provides water credits to the city.

Don Dickson, Friendswood resident, addressed Council and stated he is opposed to the carousel project, went on a recent trip to France in June and brought back several pictures of carousels that no one was riding, views the carousel in Friendswood as a nonperforming asset, as a taxpayer does not want to see the city donating property, and believes if a carousel is built in the City of Friendswood, taxpayers and the city will wind up paying all the cost.

WORK SESSION

Mayor Foreman opened the discussion regarding the Drainage Subcommittee presentation. Drainage Subcommittee member Lee Coggins stated he is a Friendswood/Harris County resident, during Hurricane Harvey was awake and concerned about rain, had 28 inches of water in his house, is from Rochester, Minnesota which had a flooding problem, but was thankfully resolved through City Council acting. Drainage Subcommittee member James Stahl stated he has been a resident of Friendswood for six years, did not flood during Hurricane Harvey so helped out where needed, and has extensive experience working on committees and with people. He further stated that the Drainage Subcommittee is comprised of two Councilmembers, two members from city Staff, three representatives from the drainage districts, five community representatives, and four staff members from state and local federal officials. He has grown to realize the subcommittee is a great group of people, experts in their fields, brings a wealth of knowledge, and finds that he is often overwhelmed by the member's genuine concern and overall knowledge. The subcommittee has followed a Six Sigma process, have done the problem definition and official statement phase, currently finishing the measurement phase, and next phase will be the analysis phase. Tonight will only report data found through the measurement base and the subcommittee recommendation should be available January 2019. There are four key parts to the problem statement. The city has had multiple extreme precipitation storm events, during these events Clear Creek floods, life-altering problems are caused by the flooding, subcommittee would like to mitigate damage from these types of storms, and is a complex problem with a lot of moving parts. The subcommittee looked at multiple articles, reports, studies, current and historical maps, and listened to guest speakers and experts in the area. Mr. Coggins discussed current National Oceanic and Atmospheric Administration (NOAA) weather predictions for the Friendswood area. A “100-Year” flood means that each year there is a 1% chance of a storm of a certain rainfall amount for a specific duration. NOAA uses different duration probabilities from 30 minutes to 10 days. Hurricane Harvey is classified as an “8,000-year” storm, and there is a 0.0125% chance of a similar storm in a given year. Historical rainfall events in Friendswood include four “100-year plus” probability storms in the last 39 years, three “extreme precipitation events” in the last 39 years and four storms that flooded homes. There is a 7.7% chance per year of an extreme event, something in the area’s weather has changed, and it can no longer be ignored or thought of as an anomaly. Hourly rain gauges during Hurricane Harvey, a graph with inches per hour was shown and explained, overall average of whole watershed was 40 inches of rain through the entire storm, and the highest reading (Winding Road at Mary’s Creek Lane) reported 51 inches total for the storm. There was an extensive pattern of flood loss during Hurricane Harvey along the whole Clear Creek watershed. Clear Creek watershed is ranked number 1 out of 22 watersheds in Harris County for the percentage of structures damaged from Hurricane Harvey. Mr. Stahl discussed the geography and hydrology of the Clear Creek Watershed, total acreage of Clear Creek Watershed is 160,000 acres, Friendswood consists of 13,000 of those acres, and during Hurricane Harvey 306,000-acre feet of water passed through the City of Friendswood (100 Billion gallons of water). The volume of water that came to Friendswood from Hurricane Harvey would fill a pond twice the area of the City of Friendswood and be 12 feet deep. Only 40% of the water that passes through the City of Friendswood comes from upstream. Of the water passing through the Bay Area Bridge, only 14% actually falls on Friendswood. There are six major tributaries of Clear Creek that meet in Friendswood, and these tributaries contribute to 60% of the water passing through the city. Clear Creek is twice as curvy in Friendswood as it is upstream or downstream, as a result, a slug of water will take twice as long to travel through Friendswood if the width of the creek was the same. A comparison slide of Clear Creek aerial photos from 1940 was shown, government agencies or groups began to straighten the creek, and people believed it could provide a better opportunity for agriculture and farming. A drone video over Clear Creek was shown, an unfinished snippet roughly 30 feet over the creek, hopes that the finished project will show the entire length of the creek throughout the city and give reference to the altitude and the GPS area. Mr. Coggins discussed the elevations and flooding patterns of Clear Creek in Friendswood from Dixie Farm bridge to Bay Area Boulevard, and the need to create more drains and velocity at the outlet. Water velocity and the factors that contribute play a big part in the equation of how much flooding will occur. The subcommittee recommends hiring Rice University Professor Doctor Phil Bedient to create a hydrologic and hydraulic model of how Clear Creek reacts in high rain events for the Friendswood area, can demonstrate different flooding scenarios and determine if mitigation projects upstream and downstream will affect the City of Friendswood and how to implement solutions. In order to implement solutions, the city must know how much land is available around the creek, and showed a map of current land ownership and available land around Clear Creek. Mr. Stahl stated the subcommittee is keeping track of post Hurricane Harvey funding opportunities for the Friendswood area. City Manager Morad Kabiri has been diligently fighting for funding, an estimated $50 Million has been earmarked to date for the City of Friendswood, subcommittee felt optimistic regarding funding after meeting with the United States Army Corps of Engineers, have agreed to work with the city on other sources of funding within their control. A lot of undetermined funds would be in the form of loans or require a matching program, and several funding options use a ratio of 51% of low to moderate income to determine criteria. The next steps for the subcommittee is to finish gathering data and then move to the analysis and recommendation phase. There will be at least one more update report to Council before submitting a final recommendation report, and will try different situations in the Rice University Model by Dr. Bedient’s drainage model. The subcommittee is looking forward to collaboration among local drainage districts and the Unites States Army Corps of Engineers.

Discussion took place between Mayor and Council regarding that the United States Army Corps of Engineers are working closely with the subcommittee and have guaranteed to provide mitigation being planned upstream from Dixie Farm Road that will not harm the City of Friendswood.

Mayor Foreman opened the discussion regarding the Capital Projects update. Director of Public Works/City Engineer Patrick Donart presented a PowerPoint presentation regarding the progress made on Capital Projects since the August meeting. He reported on Old City Park, Blackhawk Boulevard Phase II, Lift Station No. 23, current Texas Department of Transportation (TxDOT) projects, current Galveston County Consolidated Drainage District projects, 2018 street maintenance contract, de-silting project, sidewalks on Greenbriar Drive, city-wide traffic study, 15355 Blackhawk building, utility rate study, and utility impact rate

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study.

Discussion took place between Mayor, Council, and Staff regarding most projects were rained out for the month of September, traffic congestion at FM 518 and Dunbar Estates Drive, turn lanes are necessary with the development that is scheduled at FM 518 and FM 528, city-wide traffic study could expedite discussions with Texas Department of Transportation (TxDOT) engineers, and Staff will request TxDOT inspect the traffic signal sensor at FM 518 and Clearview Avenue.

With concurrence of Council, Mayor Foreman moved to Agenda Item 6B, Acknowledgement of Cline Elementary second grade students.

SPECIAL RECOGNITION AND ACKNOWLEDGEMENTS

Mayor Foreman introduced the Friendswood Student Education Outreach program and stated the program would be premiered at this meeting with Cline Elementary students. The outreach program was created to help students learn more about democracy, understand the value of community service. Council wishes to support the school district's Character Education Program, and foster leadership development in students.

City Manager Morad Kabiri announced that similar presentations would be made in upcoming months for Wedgewood Elementary and Westwood Elementary.

Mayor Foreman thanked the teachers from Cline Elementary and Friendswood Independent School District for participating in the program. The Mayor introduced the second graders that would take Council's place at the dais, Mayor Bristol Del Bello, City Secretary Tory Merritt, City Attorney Kade Ambeau, City Manager Beau Hanks, Council Position No. 1 Kingsley Lovell, Council Position No. 2 Aislee Rasmussen, Council Position No. 3 Zoha Sahib, Council Position No. 4 Gary Faltysek, Council Position No. 5 William Esbeck, and Council Position No. 6 Carter Kirkpatrick. Mayor Foreman turned the meeting over to the Cline Elementary students.

City Manager Beau Hanks stated Mayor and Council you have before you Resolution **R2018-21** declaring October 02, 2018, Cline Elementary Day in Friendswood, Texas. As you know, Cline Elementary is part of Friendswood Independent School District and is an exemplary campus and a source of pride for the community.

Mayor Bristol Del Bello asked if the City Attorney approved the wording of the resolution, and City Attorney Kade Ambeau answered that the draft wording of the resolution is in line with the Vision Statement of the City of Friendswood.

Mayor Bristol Del Bello asked City Secretary Tory Merritt to read the City of Friendswood's Vision Statement for the record.

City Secretary Tory Merritt stated the City of Friendswood has the following statement as its vison; together we build our future in a friendly place to live, work, play, learn and worship.

Mayor Bristol Del Bello read Resolution **R2018-21** – A resolution of City of Friendswood, Texas, declaring October 02, 2018, as Cline Elementary School Day in the City of Friendswood, Texas.

******Councilmember Kingsley Lovell moved to approve Resolution **R2018-21** – A resolution of City of Friendswood, Texas, declaring October 02, 2018, as Cline Elementary School Day in the City of Friendswood, Texas.
Seconded by Councilmember Aislee Rasmussen. The motion was approved unanimously.

Councilmember Kingsley Lovell stated at Cline Elementary the students show respect to everyone they meet.

Councilmember Aislee Rasmussen stated Clinefest is just one of the many ways Cline Elementary shows

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citizenship in their community.

Councilmember Zoha Sahib stated Cline Elementary is full of responsible students and staff.

Councilmember Gary Faltysek stated everyone is treated fairly at Cline Elementary.

Councilmember William Esbeck stated caring for students, staff, and families of the community is what really makes the school stand out.

Councilmember Carter Kirkpatrick stated that at Cline Elementary you can trust the students to fill your bucket.

Mayor Bristol Del Bello adjourned the Cline Elementary portion of the meeting.

Mayor Foreman stated Council would formally consider Resolution **R2018-21**.

With concurrence of Council, Mayor Foreman moved to Agenda Item 18B, Resolution R2018-21.

RESOLUTION

Councilmember Scott moved to approve Resolution **R2018-21 – A resolution of City of Friendswood, Texas, declaring October 02, 2018, as Cline Elementary School Day in the City of Friendswood, Texas.
Seconded by Councilmember Rockey. The motion was approved unanimously.

Mayor Foreman stated cookies and punch would be served in the foyer.

Mayor Foreman recessed the meeting at 6:03 PM, and reconvened the meeting at 6:30 PM.

With concurrence of Council, Mayor Foreman moved to Agenda Item 6A, Presentation of the Five Star Spirit Award for the second quarter of 2018 to James Ruthstrom, Peace Officer, Friendswood Police Department.

SPECIAL RECOGNITION AND ACKNOWLEDGEMENTS (continued)

City Manager Morad Kabiri presented the Five Star Spirit Award for the second quarter of 2018 to Friendswood Police Department Peace Officer James Ruthstrom who has been with the city since December 2016. Officer Ruthstrom was nominated after responding to a call at Centennial Park for a 52-year-old male that was not responding. Officer Ruthstrom performed CPR for 15 minutes and assisted the Fire Chief until Emergency Medical Services (EMS) could arrive. Once EMS arrived Officer Ruthstrom assisted by cutting clothing, getting supplies from the ambulance, prepping the IV, and loading the patient into the ambulance. Officer Ruthstrom exemplifies the attributes of the Five Star Spirit Award being courteous, competent, reliable, professional and enthusiastic. The city congratulates Officer Ruthstrom on being the recipient of the Five Star Spirit Award for the second quarter of 2018.

Officer Ruthstrom introduced his family.

With concurrence of Council, Mayor Foreman moved to Agenda Item 7, Public Hearing.

PUBLIC HEARING

Mayor Foreman called a Public Hearing to order to receive comments from the public, both oral and written, to review Harris County's Method of Distribution (MOD) for the Community Development Block Grant - Disaster Recovery (CDBG-DR) Round 1 funds for Hurricane Harvey and the allocation of $4,405,330 to the city. The United States Department of Housing and Urban Development (HUD) allocated Harris County $1.115 Billion in CDBG-DR funding through the Texas General Land Office (GLO) and has developed a MOD to allocate funding to local cities. The city is seeking input on the community needs resulting from

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Hurricane Harvey and the projects needed to assist with recovery within the city.

Fire Marshal Office Deputy Director Brian Mansfield presented a PowerPoint presentation regarding that following Hurricane Harvey, Harris County received a direct Community Development Block Grant (CDBG) allocation of $1,115,386,830 for recovery purposes, and direct allocation was made due to Harris County being one of the most impacted counties. The City of Houston received its own allocation and cannot receive funds from the Harris County allocation. This meeting and use of funds refers only to the Harris County portion of Friendswood, and CDBG funds for the Galveston County side will be through the Texas General Land Office (GLO). The Harris County Supplemental Action Plan was approved by Commissioners Court on July 10, 2018, and submitted to the GLO on July 13, 2018. The action plan divided funding based on the Federal Register, housing 79%, non-housing infrastructure 21%, and planning up to 5% of overall allocation. Under infrastructure/non-housing, the Harris County Supplemental Action Plan identifies three funding activities that include commercial buyouts of $12,.5 Million combined with the residential buyout program to relocate vulnerable businesses to reduced flood risk areas, Harris County/small cities allocation of $120,000,000 Method of Distribution (MOD) of infrastructure/non-housing funding, and competitive pool of $76,688,492 for a Request for Proposal (RFP) process for cities not included in county or regional MODs, non-cities eligible entities that suffered damage. Harris County, under the guidance of the GLO, has developed a MOD used to distribute Community Development Block Grant - Disaster Recovery (CDBG-DR) infrastructure funding ($120,000,000) to the most impacted jurisdictions due to Hurricane Harvey. The City of Friendswood was calculated to receive $4.4 Million.

City Manager Morad Kabiri stated the city will have to apply to GLO in Harris County in order to receive any funding, and the application will be reviewed to see if eligibility requirements are met.

Fire Marshal Office Deputy Director Brian Mansfield continued the PowerPoint presentation regarding that cities with an MOD allocation will be required to perform citizen participation activities that include providing a letter of intent from the city to participate and provide eligible projects under the MOD allocation, publish a public notice of CDBG-DR funding allocation and advertise public meeting, hold one public meeting for citizens to provide input on CDBG-DR allocation and possible city projects under the funding, and submit an eligible non-housing/infrastructure application in the county's RFP for the amount allocated under the MOD. Eligible activities under CDBG-DR infrastructure/non-housing funding include flood control and drainage repair and improvements, including the construction or rehabilitation of storm water management systems, restoration of publically owned infrastructure (such as water and sewer facilities, streets/bridges, provision of generators, etc.), and demolition, rehabilitation/reconstruction of publicly-owned commercial, institutional, or industrial buildings and code enforcement. Ineligible activities under CDBG-DR infrastructure/non-housing funding include to enlarge a dam or levee beyond the original footprint of the structure, to assist privately-owned utility for any purpose, and to assist building/facilities used for the general conduct of government.

City Manager Morad Kabiri stated based upon eligibility requirements, the city has approximately four projects that are being evaluated for potential application. The projects include acquisition and remodel of the Blackhawk property for use as a public shelter estimated at $1.5 Million, installation of detention pond at Forest Bend estimated at $10 Million, installation of detention pond at Dixie Farm Road estimated at $10 Million, elevation of Whispering Pines Bridge estimated at $10 Million, and application for local 10% cost share of Federal Emergency Management Agency (FEMA) Public Assistance Projects estimated at $200,000. The list does not have to be limited to those four projects, can be added to and Staff evaluate/submit an application, and if more than one project is approved Staff will have Council prioritize.

Councilmember Hanks asked if there was a penalty for requesting more than the $4 Million being allocated, City Manager Morad Kabiri answered no, and following Hurricane Ike the city applied for similar disaster recovery dollars and the public list was well in excess of the funding received.

Councilmember Griffon asked if projects had to be defined before the city would receive allotted funds, and City Manager Morad Kabiri stated an application has to be made by the city, depending on the Harris County GLO's response on if the projects qualify the Council could prioritize.

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Councilmember Rockey asked if the Blackhawk property has to be used exclusively as a shelter, or can the space be used for any purpose, and City Manager Morad Kabiri answered the property can be used for anything else providing it does not negatively negate the city's ability to provide an emergency shelter.

Fire Marshal Office Deputy Director Brian Mansfield continued the PowerPoint presentation by discussing a tentative timeline, Low to Moderate Income (LMI) is a requirement, requires 70% of funds to be used on LMI projects, to qualify as an LMI project 51% or more of the project's service area must be LMI, Friendswood does not have any LMI neighborhoods or projects, and due to LMI requirements the city may not receive all or any funds allocated to the city within the Harris County Method of Distribution (MOD). City of Friendswood projects will have to rely on Harris County having enough LMI projects to cover the 70% LMI requirements.

Mayor Foreman asked if anyone from the public would like to speak.

Robert Bertrand, Friendswood resident, stated he lives in Wedgewood Village Subdivision, is an important issue to him, always anxious on the Harris County side for the city to come forward with what is best for their side of the creek, supports the city's use of the old Food Lion building, and suggested the facility be built with extra meeting rooms for community use. Wedgewood Village Subdivision was built in the 1970's, drainage pipes have not been cleaned or surveyed, need to get the drainage cleaned up, and some of the allotted funds could be applied to clean drainage pipes. He is a member of Wedgewood Village Homeowners Association (HOA), seeing vacant homes, sending letters asking homeowners what their future plans are, some homes may not be picked up, money would be needed for buyouts. Wedgewood Village HOA does not include Section 8, and anything the city can do to help will be greatly appreciated. The park in Wedgewood Village Subdivision was flooded during Hurricane Harvey, essentially wiped out much of the equipment, and any assistance with the park would be appreciated. He is committed to bringing Wedgewood Park back to the way it was if not better. The HOA has begun repairs on the gazebo, currently working on repairs for Edendale Park (known as the dog park), and recently sent out a letter requesting volunteers. Some of the HOA members are struggling to rebuild their properties. The HOA had a moratorium on violations, and is now at the stage where it is critical to send out violations. Some homeowners are still living in trailers in their driveways, and it would be appreciated if the city can assist homeowners with rebuilding their homes. He would like to see funds put together for post event review and recommendations, Drainage Subcommittee is not sitting down and talking to people about their experience during Hurricane Harvey, and go through day-to-day things that happened during the storm. Harris County Flood Control District (HCFCD) has a new feature on their maps that in real-time shows what streets are flooding, needed to see that picture 12 hours before Hurricane Harvey hit to decide whether to stay, additional high clearance trucks are needed, look at what happened, what is important and where are the city's priorities, and encouraged other Harris County residents to speak. Need to supplement and enhance resources provided and not take away any resources.

City Manager Morad Kabiri stated the proposed Forest Bend detention pond would not remove the fire station, will utilize land outside of that. A contract was awarded last month to desilt all storm sewers that were underwater during Hurricane Harvey, and the project should get kicked off by the end of October. In regards to buyouts, the $4.4 Million is for non-housing infrastructure.

Jaimlyn Sypniewski, Friendswood resident, stated she lives in Forest Bend Subdivision, lost her house in Hurricane Harvey, a master student at Texas A&M, doing research on building infrastructure and how it affects flooding, and looking at the soundwall on Highway 288 (she misspoke and meant to say FM 528) as a possible reverse levy. She is one of the authors of the "Commission to Rebuild Texas", would like to bring some of her research home, knows there are many projects available, when picking need to make sure it is not an arbitrary decision, is a GIS modeler, and advocates for a risk assessment to evaluate the values of the projects. In the event of a Hurricane Harvey type storm would like to make sure the projects are having the greatest affect on the community as a whole, and asked if she could submit ideas in writing for public comment.

Mayor Foreman stated yes written comments from the public can be submitted.

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City Manager Morad Kabiri stated public comments can be emailed to fwdcity@friendswood.com, or provide your contact information to Fire Marshal Office Deputy Director Brian Mansfield, Deputy Fire Marshal Stephen Simmons, or Director of Public Works/City Engineer Patrick Donart. Ms. Sypniewski stated she is mainly advocating for a risk assessment and to inform Council that preliminary research shows the soundwall on Highway 288 (she misspoke and meant to say FM 528) may have caused up to two additional feet of flooding within the neighborhood upstream due to most of the water culverts being blocked.

Councilmember Rockey stated the drainage subcommittee will do a risk assessment on all projects discussed during the drainage subcommittee work session, and the preliminary report will be available on the city's website after tonight's meeting.

City Manager Morad Kabiri stated the city's Office of Emergency Management and engineering have done risk assessments on the identified projects, city will apply for all projects, if multiple projects are accepted Staff will bring back to Council for prioritization, and Staff would be happy to meet with anyone to discuss.

Police Chief Bob Wieners stated Mr. Bertrand made some good suggestions. It is important for Council to know Staff met after Hurricane Harvey and identified gaps, have reconstituted damaged equipment, have four upgraded high water rescue vehicles, and procured from drug dealer seizures a second heavy rescue boat, and do not need public funds available from Harris County.

City Manager Morad Kabiri requested anyone that spoke to sign in for a record of their attendance.

Harold Benson, Friendswood resident, stated he lives at the confluence of Clear Creek and Mary's Creek on the Galveston County side of Friendswood. If it turns out that detention ponds are the best solution it might be easier to sell proposed projects if Harris and Galveston Counties worked together.

City Manager Morad Kabiri stated Houston-Galveston Area Council is the agency that has been tasked with developing a Method of Distribution for non-Harris County and City of Houston jurisdictions. Preliminarily, the City of Friendswood has been identified to receive about $2.6 Million in non-housing and $2.7 Million for housing through the Community Development Block Grant (CDBG) program, not as far into the process as Harris County, not ready for applications yet, but a similar process will be done for Galveston County.

Debra Durst, Friendswood resident, stated she lives in Forest Bend Subdivision, spoke with Staff at the town hall meeting at the police station after Hurricane Harvey, her property is on the edge of the new floodplain map, and asked if she would qualify for a potential grant to have her home lifted.

City Manager Morad Kabiri informed Ms. Durst she could speak with Director of Public Works/City Engineer Patrick Donart regarding an ongoing Hazard Mitigation Grant application that the city applied for elevation assistance, and the consultant could see if she qualifies for elevation assistance.

Ms. Durst thanked Staff for the great job they are doing, amazed at how well the city came together during Hurricane Harvey, has been through a couple of storms in her life, and glad she was living in Friendswood during Hurricane Harvey.

Mayor Foreman adjourned the Public Hearing.

COMMUNICATIONS FROM THE PUBLIC

Don Johnson, Friendswood resident, addressed Council and stated he was impressed with the study results from the subcommittee, reminded him of a couple of decades ago when the United States Army Corps of Engineers presented a dynamic concept, truisms he eventually grasped, all channelization projects engineers usually wind up going for flow by increasing the width of the channel, example of moving numerous cars on a two-lane road versus a six-lane road, straighten out and a lot more can be moved in conveyance, and he agrees with those not in favor of detention basins.

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CITY MANAGER'S REPORT

City Manager Morad Kabiri reported that in October of 2003, the city teamed up with the Friendswood Chamber of Commerce to conduct the first Annual Broker Event on the same day as the Chamber's Annual Golf Tournament. This year's 16th Annual Broker and Developer Day Event and 21st Annual "Swing into Fall" Golf Tournament will be held on Thursday, October 25, 2018, at Timber Creek Golf Club. Each year, there are about 40 attendees at the workshop, and many participate in the Chamber's afternoon golf tournament. The event is sponsored by CenterPoint Energy's Economic Development Department. The Mayor, City Manager, and Economic Development Coordinator will make presentations and interact with the commercial brokers and developers interested in doing business in the City of Friendswood.

The City Manager reported that in conjunction with America Recycles Day the city and Keep Friendswood Beautiful (KFB) are holding the Annual Fall Haul-A-Day community clean-up and garage sale event on Saturday, November 10, 2018, at Centennial Park. This is not an area-wide event, but is presented for the benefit of the citizens of Friendswood. Residents will have to show proof of residency to participate. Free paper shredding is being sponsored by JSC Federal Credit Union from 8:00 AM to 12:00 PM or until the truck is full. There is a 200-pound limit of paper per vehicle. Only non-hazardous items will be accepted. Electronic recycling will be added to this year's event, computers, monitors, and TV's up to 36 inches in size will be accepted. Residents can donate garage sale items to KFB. Garage sale items can be dropped off the morning of the event at Centennial Park. All proceeds from the garage sale will benefit the beautification of city facilities and parks. KFB would like to encourage residents to bring items that would benefit the wildlife rehabbers in Friendswood. They need aquariums (do not have to hold water), dog and cat kennel carriers, clean rags (towels/shirts), and shallow crock bowls. These volunteers take care of the many injured wild animals that make their homes in Friendswood's green space.

The City Manager reported that recent rains have caused an increase in the mosquito population. Even the smallest of puddles can breed thousands of mosquito larvae because they lay their eggs in standing water or slow moving water. Everyone can help reduce the number of new mosquitoes by not giving mosquitoes a place to breed. Galveston and Harris Counties are responsible for mosquito control. Galveston County routinely sprays aerially and supplements with trucks. Due to high tide and weather conditions, their aerial spraying activities were hampered much of September. Harris County only sprays following a confirmed West Nile case. In an effort to assist residents on the Harris County side of the city, Friendswood trucks supplement the area when spraying city facilities/parks. The spray truck is currently down and need repairs. Once repairs have been made, Staff will resume the spray schedule of twice a week spraying. Residents can also call their respective county to request spraying in a specific area.

The City Manager reported that the city received $3.2 Million in reimbursement funds from Federal Emergency Management Agency (FEMA) related to funds expended following Hurricane Harvey for debris removal activities. Staff continues to work with FEMA representatives and anticipates more reimbursements to come. Last week, members of Friendswood's Hazard Mitigation Plan Planning Committee met for an annual review of the city's plan. The committee is comprised of various Staff members in multiple departments as well as representatives from the Galveston County Consolidated Drainage District. In addition to the city having its own Hazard Mitigation Action Plan, the city is a party to Galveston County and Harris County's Local Mitigation Plan. Participation in and updates to the various plans are critical in order to qualify for any federal assistance on mitigation activities; similar to the buyout and elevation assistance application that was submitted earlier this summer.

The City Manager reported that Staff is continuing to move forward with Emergency Medical Services (EMS) billing process. Contracts have been executed with the Fire Department and Emergicon, LLC, and a town hall meeting will be scheduled for November to explain to citizens.

COMMUNICATIONS FROM COMMITTEES AND SPECIAL REPORT

Friendswood Chamber of Commerce Chairman Derrick Brown gave the annual report and stated he would like to highlight a few items that relate to the role of the Chamber of Commerce serving the city. Each year the Chamber of Commerce hosts or sponsors events that include the annual State of the City luncheon for the Mayor, safety awareness seminar by the Friendswood Police Department, and a hurricane awareness and preparation meeting. Each year a guidebook is mailed to over 10,000 Friendswood residents and another 4,000 mailed to area businesses, newcomers, and interested parties. The Chamber of Commerce also works directly with map makers in editing, selling ads, and distributing current maps for the Friendswood area. The Chamber of Commerce is continually grateful for the partnership with the City of Friendswood. The Friendswood Chamber of Commerce is in charge of helping assure a positive and nurturing environment for area businesses. Creating such an environment is a joint effort. The Chamber is fortunate to have many partners with the same vision. As the Chamber of Commerce and the city grow, the Chamber remains ready and willing to work in partnership with the City of Friendswood, Friendswood Independent School District, Clear Creek Independent School District, and many organizations to make Friendswood a place where businesses and family can thrive in a safe community. On behalf of the board of directors and staff of the Chamber of Commerce, would like to thank Council for their time and continuous support.

ACTION ITEMS

******Councilmember Branson moved to approve a three-year contract with the Friendswood Chamber of Commerce in the amount of $20,000 per year for economic development services and authorize the Mayor to execute the contract.
Seconded by Councilmember Griffon. The motion was approved unanimously.

******Councilmember Rockey moved to approve the designation of Captain Shari Forward as the Local Rabies Control Authority and Director of Animal Control.
Seconded by Councilmember Hanks. The motion was approved unanimously.

******Councilmember Branson moved to approve the designation of Captain Shari Forward as the city's Animal Shelter Advisory Committee member.
Seconded by Councilmember Rockey. The motion was approved unanimously.

******Councilmember Branson moved to approve action regarding Friendswood city pool restrooms.
Seconded by Councilmember Rockey.

Discussion took place between Mayor, Council, and Staff regarding that Stevenson Park pool restrooms do not currently meet Americans with Disabilities Act (ADA) requirements or facility capacity to stall ratio according to the International Building Code (IBC), and multiple broken items. Staff recommends demolishing the restrooms and ticket office, and replace with prefabricated buildings. The consensus of Council was a ticket office and Restroom Option B with a price of $582,171, and funding would be allocated from funds approved by the 2013 Bond Election.

******Councilmember Branson moved to **amend** the main motion to include Restroom Option B.
Seconded by Councilmember Rockey. The **amended** main motion was approved 4-3 with Councilmembers Griffon, Scott, and Gustafson opposed.

******Councilmember Branson moved to approve an Interlocal Agreement with the Houston-Galveston Subsidence District to participate in the WaterWise Conservation Program and authorize the Mayor to execute the agreement.
Seconded by Mayor Foreman. The motion was approved 6-1 with Councilmember Griffon opposed.

******Councilmember Branson moved to approve the proposed Downtown Improvement Plan.
Seconded by Councilmember Hanks. The motion was approved unanimously.

******Councilmember Rockey moved to approve the disposition of Bid No. 2018-19 designating the Official City Newspaper for publications for legal and official news for the City of Friendswood and award to Friendswood Reporter News.
Seconded by Councilmember Branson. The motion was approved unanimously.

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RESOLUTIONS

Councilmember Branson moved to approve Resolution **R2018-20 – A resolution of the City Council of the City of Friendswood, Texas, to certify local support of the Friendswood Downtown District Pedestrian Access and Safety Enhancements Project application for funding under the Houston-Galveston Area Council Fiscal Year 2019 – Fiscal Year 2028 Transportation Improvement Program call for projects.
Seconded by Councilmember Hanks. The motion was approved unanimously.

Councilmember Branson moved to approve Resolution **R2018-22 – A resolution of the City Council of the City of Friendswood, Texas, to certify local support of the Friendswood Lakes Boulevard Project application for funding under the Houston-Galveston Area Council Fiscal Year 2019 – Fiscal Year 2028 Transportation Improvement Program call for projects.
Seconded by Councilmember Hanks. The motion was approved unanimously.

ORDINANCES

Councilmember Scott moved to approve the Second and Final reading of Ordinance No. **2018-25 – An ordinance amending Appendix D of the Code of Ordinances of the City of Friendswood, Texas, by providing for the addition or adjustment of administration fees, buildings and building regulations fees, utility service fees and parks and recreation facility rentals, network nodes, subdivisions and zoning.
Seconded by Councilmember Griffon. The motion was approved unanimously.

Councilmember Branson moved to approve the Second and Final reading of Ordinance No. **2018-26 – An ordinance providing for a reasonable limit on the amount of time to be spent without charge for repeat public information requestors; requiring payment for time and expenditures incurred beyond this limit; providing for exceptions; providing for an Open Meetings clause; and providing an effective date.
Seconded by Councilmember Hanks. The motion was approved 5-2 with Councilmembers Rockey and Scott opposed.

Mayor Foreman read the agenda item to approve the First and Final reading of Ordinance No. **2018-28** – An ordinance approving and adopting the City of Friendswood, Texas, General Budget for the Fiscal Year 2018 – 2019; making appropriations for the city for such Fiscal Year as reflected in said budget, and making certain findings and containing certain provisions relating to the subject.

**Councilmember Scott moved that the proposed budget for Fiscal Year 2018 – 2019 be adopted as presented including revenue projections totaling $58,628,153 and expenditure appropriations totaling $58,265,943.
Seconded by Councilmember Branson. The motion was approved 6-1 with Councilmember Rockey opposed.

Mayor Foreman read the agenda item to ratify the property tax revenue reflected in the budget for Fiscal Year 2018 – 2019 (**Ordinance No. 2018-28**), as required by Local Government Code Section 102.007(c).

**Councilmember Scott moved to ratify the property tax revenue reflected in the budget for Fiscal Year 2018 – 2019, as required by Local Government Code Section 102.007(c).
Seconded by Councilmember Griffon. The motion was approved 5-2 with Councilmembers Rockey and Gustafson opposed.

Mayor Foreman read the agenda item to approve the First and Final reading of Ordinance No. **2018-29** – An ordinance providing for the levy and collection of ad valorem taxes of the City of Friendswood, Texas, for the tax year commencing October 01, 2018, and ending September 30, 2019; providing the date on which such taxes shall be due and payable; providing for penalty and interest on all taxes not timely paid; providing for severability; and repealing all ordinances or parts of ordinances inconsistent or in conflict herewith.

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**Councilmember Scott moved that the City of Friendswood's property tax rate be decreased by the adoption of a tax rate of $0.532391, which is approximately 0.96% more than the current tax rate. The proposed tax rate is composed of a maintenance and operations rate of $0.437173 and a debt service rate of $0.095218.
Seconded by Councilmember Gustafson. The motion was approved 5-2 with Councilmember Rockey and Gustafson opposed.

COMMUNICATIONS FROM THE MAYOR AND COUNCILMEMBERS

Councilmember Gustafson thanked Drainage Subcommittee members Lee Coggins and James Stahl for the effort they put into their presentation, thanked the subcommittee for all the work they have done, still a lot more to do, been an honor to serve on the subcommittee, has opened lines of communication with the Unites States Army Corps of Engineers and Harris County Flood Control District.

Councilmember Scott stated he had nothing to report.

Councilmember Griffon congratulated the Friendswood Mustang Varsity football team for beating Texas City High School, and Administrative Services Director Katina Hampton and Staff for earning the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Office Association.

Councilmember Hanks stated she agreed with the congratulations to Administrative Services Director Katina Hampton.

Councilmember Branson thanked Deputy Fire Marshal Steven Simmons for the great job with Federal Emergency Management Association (FEMA) funds reimbursement, and congratulations to Administrative Services Director Katina Hampton.

Councilmember Rockey stated the Eighth Annual Historween event will be October 27, 2018, at 7:00 PM, looking for actors, contact him if you would like to have a small role or help be a guide. He thanked Mayor Foreman for the Student Education Outreach Program. The Friendswood Public Library is going to start a program called Read Your Fines Away, and kids who owe fines can read for a period to apply towards reducing their fines.

Mayor Foreman thanked everyone involved in the Student Education Outreach Program with Cline Elementary, especially Councilmember Hanks, Wedgewood Elementary will be in December, and Westwood Elementary in February.

City Manager Morad Kabiri stated this past week members of the city's Hazard Mitigation team met to review the city's Hazard Mitigation Action Plan, city has its own mitigation plan as well as a party to the counties local mitigation plans, is a risk assessment that identifies potential problems in the community, an annual review, and critical to receiving federal funds as they become available.

Mayor Foreman stated he would like to point out that the Fire Marshal's Office does a lot more than check on restaurants to make sure they are up to code, is responsible for all the Federal Emergency Management Association (FEMA) work to get reimbursements recouped for the city and thanked the Fire Marshal's Office Staff.

CONSENT AGENDA

**Councilmember Scott moved to approve all items on the Consent Agenda as presented: A. Authorizing the final acceptance of the Sterling Creek, Section 3 Paving and Utilities Improvements Project, releasing the contractor's maintenance bond. B. Accepting the August 2018 Property Tax Report.
Seconded by Councilmember Rockey. The motion was approved unanimously.

The meeting was adjourned at 8:28 PM.

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Mayor Mike Foreman

Attest:

Melinda Welsh, TRMC
City Secretary

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STATE OF TEXAS)(
CITY OF FRIENDSWOOD)(
COUNTIES OF GALVESTON/HARRIS)(
NOVEMBER 05, 2018)(

MINUTES OF A REGULAR MEETING OF THE FRIENDSWOOD CITY COUNCIL THAT WAS HELD ON MONDAY, **NOVEMBER 05, 2018,** AT 4:30 PM AT FRIENDSWOOD CITY HALL COUNCIL CHAMBERS, 910 S. FRIENDSWOOD DRIVE, FRIENDSWOOD, TEXAS, WITH THE FOLLOWING PRESENT CONSTITUTING A QUORUM:

MAYOR	MIKE FOREMAN
MAYOR PRO-TEM	JOHN SCOTT
COUNCILMEMBER	STEVE ROCKEY
COUNCILMEMBER	SALLY BRANSON
COUNCILMEMBER	TRISH HANKS
COUNCILMEMBER	ROBERT J. GRIFFON
COUNCILMEMBER	CARL GUSTAFSON
CITY ATTORNEY	MARY KAY FISCHER
CITY MANAGER	MORAD KABIRI
CITY SECRETARY	MELINDA WELSH

REGULAR SESSION

Mayor Foreman called the meeting to order.

The invocation was given by Pastor Mike Cervantes with New Hope Church.

Mayor Foreman led the Pledge of Allegiance to the United States and to the State of Texas.

COMMUNICATIONS FROM THE PUBLIC

Mayor Foreman asked if anyone would like to speak. No one spoke.

WORK SESSION

Mayor Foreman opened the discussion regarding Emergency Medical Services (EMS) billing. Fire Marshal Office Deputy Director Brian Mansfield presented a PowerPoint presentation and stated there has been a significant increase over the last 10 years of call volume for EMS Services but not fire department. The median age has grown so the need has increased along with population growth over the last 20 years. A historic timeline was given regarding the Council directive to form a subcommittee in early 2017 made up of select members of Council, Staff and Friendswood Volunteer Fire Department (FVFD) to look at the issue, presented to Council in July 2017, and request for proposals with most recent for emergency medical billing and collections. There is an increase in cost and decrease in volunteers. City Manager Morad Kabiri stated the subcommittee worked for six to seven months and evaluated the growing number of call volume in the elderly population as well as the decrease in volunteerism. Some of that had to do with certifications for providers, which are the same whether they are volunteer or hired. Deputy Director Mansfield stated in July 2018, Friendswood EMS was awarded the contract for emergency medical services. In August 2018, an RFP for medical billing and collections was awarded to Emergicon. The city will have a contract with the Friendswood Volunteer Fire Department (FVFD) for emergency medical services. A couple of months ago, Council authorized the City Manager to amend that contract so billing can be implemented. Contract negotiations are going on right now for a future contract. The current contract window will expire at the end of September 2019. The FVFD will hold the state license for EMS services, will also hold a Medicare license, as well as hold the agreement for the Medical Director who will oversee the medical protocols for emergency medical response. The contract with Emergicon will be between the City of Friendswood and Emergicon who will help with billing and collections. They will be the primary contact for patient inquiries. The contract will be administered by the Fire Marshal's office. A flat rate model was chosen versus an itemized to simplify billing. A question and answer session was held between Mayor, Council, and Staff regarding the difference between a basic life support transfer and a special care transport with basic life support being two medics and two Emergency Medical Technicians and special care transport being transport between facilities, charges for different levels of care, no charge for lift assists, mutual aid charges currently being charged, insurance is billed, training needed for intake, scheduling an upcoming town hall meeting, encouraged continuation of the $6 donation on utility bills for capital equipment such as is on the agenda tonight, specifics on the billing and accounting process, billing will begin at the first of next year, have been subsidizing insurance companies by not charging for this service, and taxpayers have been carrying the burden. Mayor welcomed EMS Chief Lisa Camp, 1st Assistant EMS Chief Roy Hunter, FVFD Lieutenant Greg Otto and FVFD member Blake Brazzel, who were in attendance at the meeting.

Mayor Foreman opened the discussion regarding Simple Recycling Program in Friendswood. Parks and Recreation Director James Toney presented a PowerPoint regarding Simple Recycling textile recycling program, a curbside recycling clothing and home goods program launched in 2013, has quickly become the largest and fastest growing curbside clothing and home goods recycling company in the nation, and currently provides service to over four million residents across various states. Simple Recycling is a free turnkey curbside clothing and home goods recycling company focused on providing maximum convenience and simplicity for its partner municipalities and their residents. Offers free fundraising clothing drives and environmental initiatives by providing clothing and collection bins at sponsored events. Simple Recycling has approached the city in the past, was reluctant at first because it was a new company, recently with new add-ons from various cities around the area Parks and Recreation Department thinks they can do a good job for the City of Friendswood, and Keep Friendswood Beautiful (KFB) has endorsed the program. In Council's backup documents, there are references from neighboring cities stating they are satisfied with the services being provided. An explanation of the program was given, city and Staff will not have to do anything similar to waste services, program pays residents for textile collected, city could see on average $150 to $200 per month, and funds could go to KFB for beautification projects. Simple Recycling has 50 years of experience, sister company manages clothing and household discard donation programs for non-profit organizations, clothing is sorted and then taken to non-profits sorting centers, items that cannot be resold are recycled and turned into other things such as rags, and cuts down on waste going to landfills. Collect different clothing, appliances, durables and furniture, accounts for 15% of local waste, and the Environmental Protection Agency (EPA) estimates that 70 pounds of personal clothing is thrown away each year. The intent of the program is to reduce the amount of waste that goes to landfills, residents will receive a bag to fill with unwanted gently worn or used items, and the bag would be collected from the curb similar to the city's recycling pickup, would run the same once a week schedule the city currently runs for recycling, once a bag is picked up Simple Recycle will leave an additional bag, residents can request additional bags from Simple Recycle, trucks are clearly marked and environmentally clean, all informational materials would be provided by Simple Recycling and sent out to residents, and potential to create local jobs. A representative, Scott Stevens, from Simple Recycle is at the meeting to answer any questions Council may have. Discussion took place between Mayor, Council, Simple Recycle representative Scott Steven, and Staff regarding per the City Attorney there is an indemnification to the city, truck would pick up once a week, and would mimic current recycle schedule.

Mayor Foreman opened the discussion regarding the 2018 Waterworks and Sewer System Revenue Bonds Series 2019 General Obligation Refunding Bonds. City Manager Morad Kabiri reminded Council there had been discussion a number of times over the last several months but more recently during the budget workshop over the five-year capital improvement projects related to water and sewer projects. John Robuck with BOK Financial Securities, Inc., the city's long-time financial advisor, gave the okay and is here this evening to explain the proposed issuance of revenue bonds and refunding bonds. Mr. Robuck gave a scheduled events presentation that outlines the sale of water and sewer bonds pursuant to the capital improvement projects and also a refunding opportunity that came available, approximately $20,025,000 Waterworks and Sewer System Revenue Bonds, Series 2018, and approximately $3,725,000 General Obligation Refunding Bonds, Series 2019. He gave an overview of the current bond market – Bond Buyer Index, Waterworks and Sewer System Revenue Bonds, Series 2018, estimated debt service requirements, General Obligation Refunding Bond, Series 2019, a summary of bond to be current refunded, estimated debt service and savings and reviewed the tentative schedule of events. Mayor, Council, Staff and Mr. Robuck had a question and answer session regarding some of the projects listed and the need for

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automated meter implementation, are getting away from manual meter reading, the benefits and consequences of waiting to refinance, cost savings in issuing together, why finance 15 years or 20 years instead of 30 years, why the city can issue bonds for water and sewer without having an election, and the Charter requires that an election be held for any general obligation bonds relative to tax debt service but are not under the same obligation on the utility revenue side, and will come back December 3, 2018, with sale results for both bond issues.

Mayor Foreman opened the discussion regarding the quarterly Capital Projects update. Director of Public Works/City Engineer Patrick Donart presented a Power Point presentation regarding the progress made on Capital Projects over the last quarter. He reported on Old City Park, Blackhawk Boulevard Phase II, 2018 street maintenance contract, de-silting project, current Texas Department of Transportation (TxDOT) projects, current Galveston County Consolidated Drainage District projects, sidewalks on Greenbriar Drive, city-wide traffic study, utility rate study, and utility impact rate study. Discussion took place between Mayor, Council, and Staff regarding status of the dog park at Old City Park, Staff, will provide a timeline and the order streets will be prepared for the 2018 street maintenance contract, Staff will develop a plan and provide Council a tentative outline for ditch recut and maintenance. Staff will communicate with Texas Department of Transportation (TxDOT) regarding a turn lane at FM 2351 and Sunset Drive, and the first part of 2019 the foundation should be poured for the pool restrooms.

With concurrence of Council, Mayor Foreman moved to Agenda Item 21, Consent Agenda.

CONSENT AGENDA

******Councilmember Hanks moved to approve all items on the Consent Agenda as presented **with the exception of Agenda Item K**, A. Approving a contract with Galveston County Health District for Water Pollution Control and Abatement services for 2018-2019 and authorize the Mayor to execute the contract. B. Authorizing the final acceptance of the Lift Station 18 construction project at completion of the one-year maintenance period. C. Authorizing the final acceptance of the Arbor Gate Section 2 Paving and Utilities improvements at the completion of the contractor's one-year maintenance period. D. Authorizing the final acceptance of the Arbor Gate Section 5 Paving and Utilities improvements at the completion of the contractor's one-year maintenance period. E. Authorizing the final acceptance of the 2013 Street Bond Project at the completion of the contractor's one-year maintenance period. F. Authorizing the final acceptance of the Centennial Park Basketball Pavilion construction project at completion of the one-year maintenance period. G. Authorize acceptance of the Friendswood Trails construction project at completion of the one-year maintenance period. H. Approving the disposal of three decommissioned police vehicles. I. Approving the purchase of a Friendswood Volunteer Fire Department vehicle for the Assistant Fire Chief. J. Approving the disposal and replacement purchase of a fire truck for the Friendswood Volunteer Fire Department. L. Approving a Buyout License Agreement for 15510 Wandering Trail and authorizing the Mayor to execute the agreement. M. Accepting the September 2018 Property Tax Report. N. Approving the minutes of the September 10, 2018, Council Meeting.
Seconded by Councilmember Scott. The motion was approved unanimously.

City Manager Morad Kabiri explained Consent Agenda Item K, authorizing the Mayor to execute a grant acceptance form for the Federal Emergency Management Agency's (FEMA) Emergency Management Performance Grant. The city has secured the Emergency Management Performance Grant for 21 consecutive years. This year's allocation is roughly $33,000, goes towards the city's emergency management efforts to be better prepared for storms and other activities, and helps offset personnel cost in the Fire Marshal's Office for emergency management.

******Councilmember Scott moved to approve Consent Agenda Item K. Authorizing the Mayor to execute a grant acceptance form for the Federal Emergency Management Agency's (FEMA) Emergency Management Performance Grant.
Seconded by Councilmember Rockey. The motion was approved unanimously.

With concurrence of Council, Mayor Foreman moved to Agenda Item 20, Communications from the Mayor and Councilmembers.

COMMUNICATIONS FROM THE MAYOR AND COUNCILMEMBERS

Councilmember Gustafson stated he attended the Rotary Club's Rotary Regatta, brought his daughter, and it was quite an event with 40 to 50 participants. There is some trash to pick up on the creek but Friendswood has a lovely creek. Hopefully the event will continue and there will be some opportunities to engage in kayaking and canoeing on the creek at various other times during the year. He wished everyone a Happy Thanksgiving.

Councilmember Scott stated tomorrow is the last day to vote so go vote. Early voting turnout has been through the roof, would be nice if that many people participated in local elections but great to see everyone engaged. He will speak on Thursday at the Veterans Day Celebration at the Friendswood Activity Center, plan on attending, and a meal will be served.

Councilmember Griffon stated the Marine Corps birthday is coming up on November 10, 2018. He thanked Kate Griffon for her years of service as a volunteer at the Senior Activity Center, going to miss her, and there are a lot of volunteers ready to step in and help out.

Councilmember Hanks stated the Community and Economic Development Committee has been busy, members have been visiting established businesses in the community through a program called "Friendswood Cares", attended Texas Municipal League Conference with classes on strategic planning, social media, and the elected office. Encouraged everyone to vote, have had record turnout for early voting, is an important election. In December, the second graders from Wedgewood Elementary will attend the Council meeting and they are excited about being honored. The Mayor, a few Councilmembers, and Parks and Recreation Director James Toney had the opportunity to model and help out the residents of Hope Village, an example of people that are stepping up and volunteering for the community, and she appreciates it.

Councilmember Branson reminded everyone to get out and vote, school board election is located at the end of the ballot, one position up for election on the school board, and wished everyone a happy turkey day. The Historical Society will host their Annual Tree Lighting the first Tuesday in December, and kicks off all of the events that go on throughout the city. Attended a "Farm and Vine" event, was an amazing outdoor dinner. The purpose of the event was to raise funds for the second downtown mural. Councilmember Hanks has a birthday coming up next week.

Councilmember Rockey stated the Drainage Subcommittee is still working away, got the attention from the General Land Office (GLO) and they will send a representative from GLO to join the subcommittee team, and are making connections along the way. He thanked everyone who participated in Historween. He was unable to attend this year since his son was getting married in Dallas but Councilmember Branson ran the show and it was very successful, nice event to learn a little Friendswood history and have some Halloween fun.

Mayor Foreman wished Councilmember Hanks a Happy Birthday on November 12, 2018, the Marine Corps a Happy Birthday on November 10, 2018, and asked the Marines in the room to stand up for recognition of their service. The second graders from Wedgewood Elementary will take over Council in December. He explained that he is wearing a University of Houston tie due to the fact that the United States Naval Academy recently lost a football game to University of Houston, and he wanted to tip his hat to the University of Houston brethren present, and "Go Coogs" it is.

Mayor Foreman recessed the meeting at 6:00 PM, and reconvened the meeting at 7:00 PM.

With concurrence of Council, Mayor Foreman moved to Agenda Item 6, Special Recognition and Acknowledgements.

SPECIAL RECOGNITION AND ACKNOWLEDGEMENTS

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City of Webster Finance Director Mike Rodgers, representing the Gulf Coast Government Finance Officers Association, presented a Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2016-2017 to Administrative Services Director Katina Hampton. This is the 30th consecutive year for the city to receive this award. Ms. Hampton thanked Staff and thanked Council for their support and efforts that help attain this achievement.

JOINT PUBLIC HEARINGS

Mayor Foreman and Planning and Zoning Commission Chair Joe Matranga called a Joint Public hearing to order to receive comments from the public both oral and written, regarding a zone classification change request for a 55.159 acre tract of land, located at 3099 West Parkwood Avenue, Friendswood, Galveston County, Texas, to change from Light Industrial (LI) to Light Industrial/Specific Use Permit (LI/SUP) to allow NAICS Use No. 7139 Other Amusement and Recreation Industries (shooting ranges).

Community Development Director/City Planner Aubrey Harbin explained the request is for a Specific Use Permit, PSC Shooting Club is an existing business developed property within the city, proposing to add additional buildings, Permitted Use Table requires a Specific Use Permit for shooting ranges, proposal to add a classroom building with a porch along with parking, and requesting that all buildings they may put on the property in the future be covered on this request.

Planning and Zoning Commission Chair Matranga asked if the applicant would like to speak.

Charles Cotton, Chief Instructor for PSC Shooting Club, stated the current clubhouse doubles as a classroom, was built 35 years ago, and needs a larger facility.

Planning and Zoning Commission Chair Matranga asked if anyone would like to speak in favor or in opposition of the request.

Sherry Angelo, executor of the estate of George Bofysil, showed a map of land owned by the estate, showed the area currently under contract with DR Horton for property to develop a subdivision. DR Horton has been approved to put a subdivision with 560 lots. The estate asks that conditions be put into the Specific Use Permit (SUP) that are consistent with surrounding land and with housing being developed. Last weekend DR Horton and PSC Shooting Club owners met together and discussed the things that might be considered to be involved in the SUP, only allowed to expand the existing office and classroom space, no outdoor ranges or other facilities be allowed. PSC Shooting Club agreed to not expand their current membership, existing berms and canopy should be maintained in a manner to prevent bullets from carrying over to an adjacent property, operate in compliance with all applicable City of Friendswood ordinances in a manner that will not constitute a nuisance, and landscaping and screening compatible with surrounding properties. It is the estate's belief that if these requirements are included it will be beneficial to the surrounding land and all of Friendswood. She is available to provide a list of requirements to be considered for the SUP, and is available for any questions.

Jonathon Woodruff, representative of DR Horton, stated he is a 13-year resident of Friendswood, scheduled to close on the property in December, development will start in January 2019, will have 560-570 homes, all will be Friendswood Independent School District houses, subdivision name will be Georgetown, met with people from the gun range, good feedback on both sides, DR Horton has invested a lot of money to comply with zoning requirements, everything has been designed around the existing gun range, does not object if it stays more or less what it is today, and would like the city to make sure the zone change does not affect DR Horton's property.

Planning and Zoning Commission Chair Matranga adjourned the Planning and Zoning Commission's portion of the Joint Public Hearing. Mayor Foreman left the Council's portion of the Joint Public Hearing open.

Mayor Foreman and Planning and Zoning Commission Chair Joe Matranga called a Joint Public Hearing to order to receive comments from the public both oral and written, regarding a request to vacate a 40-foot

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right-of-way of Blackhawk Boulevard. (portion adjacent to 4650 FM 2351), a 0.6061 acre (26,400 square foot) tract of land located within Unrestricted Reserve A, Block 1, of the Benzie Development Garage Condominiums, Friendswood, Harris County, Texas.

Community Development Director/City Planner Aubrey Harbin explained the property was platted in 2016. At the time of the plat the Blackhawk Boulevard extension was on the Major Thoroughfare Plan, and was required to dedicate 40 feet for waterline easement. The Major Thoroughfare Plan has been revised, and the property owner is requesting to get the 40 feet easement back.

Planning and Zoning Commission Chair Matranga asked if the applicant would like to speak.

Nick Deutsch, applicant, stated he is developing garage condominiums on the property, request from a dedication from plat for Blackhawk that has now been removed from the city's Major Thoroughfare Plan, and is happy to answer any questions.

Planning and Zoning Commission Chair Matranga asked if anyone would like to speak in favor or in opposition of the request. No one spoke.

Planning and Zoning Commission Chair Matranga adjourned the Planning and Zoning Commission's portion of the Joint Public Hearing. Mayor Foreman left the Council's portion of the Joint Public Hearing open.

Mayor Foreman and Planning and Zoning Commission Chair Joe Matranga called a Joint Public Hearing to order to receive comments from the public both oral and written, regarding a request to vacate three public waterline easements at 1501 West Parkwood Avenue: 1) A 0.017 of an acre (749 square feet) waterline easement, out of Lot 2, Block 1, Gardens at Friendswood Lakes, Friendswood, Galveston County, Texas. 2) A 0.017 of an acre (749 square feet) waterline easement, out of Lot 2, Block 1, Gardens at Friendswood Lakes, Friendswood, Galveston County, Texas. 3) A 0.070 of an acre (3,070 square feet) waterline easement, out of Lot 2, Block 1, Gardens at Friendswood Lakes, Friendswood, Galveston County, Texas.

Community Development Director/City Planner Aubrey Harbin explained the property was platted in 2008, vacant tract between Gardens at Friendswood Lakes and Kid City, anticipated at the time of platting that the apartment complex would expand to the property, apartment complex will not be expanded, current property owner is proposing two retail strip center buildings, and easements for the waterline are not needed.

Planning and Zoning Commission Chair Matranga asked if the applicant would like to speak. No one spoke.

Planning and Zoning Commission Chair Matranga asked if anyone would like to speak in favor or in opposition of the request. No one spoke.

Planning and Zoning Commission Chair Matranga adjourned the Planning and Zoning Commission's portion of the Joint Public Hearing. Mayor Foreman left the Council's portion of the Joint Public Hearing open.

COMMUNICATIONS FROM THE PUBLIC

Mayor Foreman asked if anyone would like to speak. No one spoke.

CITY MANAGER'S REPORT

City Manager Morad Kabiri reported that the city's participation in the Bay Area Heart Walk promotes fun ways to be physically active and make healthier choices every day. Imagine the impact if we reduce death and disability from cardiovascular diseases and stroke by 20% by 2020. Please help reach this lifesaving goal by joining the city's team. Together, we can make healthier, longer lives possible for everyone. Mayor

Foreman has issued a challenge to neighboring cities and would like to invite all residents to join "Team Friendswood Strong" and help make a difference. The Bay Area Heart Walk will be November 10, 2018. Check–in is at 8:00 AM, and the walk begins at 8:30 AM at the Kemah Boardwalk. Residents can join or donate by going to the American Heart Association's website, selecting the Bay Area Heart Walk and joining "Team Friendswood Strong".

The City Manager reported that in conjunction with America Recycles Day the city and Keep Friendswood Beautiful (KFB) are holding the Annual Fall Haul-A-Day community clean-up and garage sale event on Saturday, November 10, 2018, at Centennial Park. This is not an area-wide event but is presented for the benefit of the citizens of Friendswood. Residents will have to show proof of residency to participate. Only non-hazardous items will be accepted. Free paper shredding is being sponsored by JSC Federal Credit Union from 8:00 AM to 12:00 PM or until the truck is full. There is a 200-pound limit of paper per vehicle. Electronic recycling will be added to this year's event, computers, monitors, and TV's up to 36 inches in size will be accepted. Residents can donate garage sale items to KFB. Garage sale items can be dropped off the morning of the event at Centennial Park. All proceeds from the garage sale will benefit the beautification of city facilities and parks. KFB would like to encourage residents to bring items that would benefit the wildlife rehabbers in Friendswood. They need aquariums (do not have to hold water), dog and cat kennel carriers, clean rags (towels/shirts), and shallow crock bowls. These volunteers take care of the many injured wild animals that make their homes in Friendswood's green space. For more information, call the Friendswood Parks and Recreation Department.

The City Manager reported that this year's Veteran's Day Luncheon will be November 08, 2018, from 11:00 AM to 1:00 PM at the Friendswood Activity Building. Everyone is invited to pay tribute to those that have served and are currently serving our country. Listen to a special guest speaker and performances by local residents. Lunch will be served at 11:30 AM. Mayor Pro Tem and former Marine, John Scott, will be filling in for Mayor Foreman who will be out of town on November 08, 2018. For more information, contact the Friendswood Parks and Recreation Department.

The City Manager reported that this year's Flap Jack Fun Run will be December 1, 2018, from 8:00 AM to 11:00 AM at Stevenson Park. Whether you are a walker or runner, young or old, the annual Flapjack Fun Run 5K and Kid's K are for you. The Kid's K Fun Run (12 and under) begins at 8:00 AM and the 5K Fun Run (chip timed) starts at 8:15 AM. The Flapjack Fun Run is named for the delicious pancake breakfast served after the race, provided by Whataburger. Proceeds from the event go to City of Friendswood park improvements. For more information, contact the Friendswood Parks and Recreation Department.

The City Manager reported that the Blue Santa Shootout Softball Tournament and Toy Drive will be held November 17, 2018, at 9:00 AM at the Corporal Steven Schulz Sportspark. The adult softball tournament will benefit Blue Santa. Only a $25 entry fee per team plus a new toy per person or bicycle per team, and $15 umpire fee, per game. Men's D and Coed divisions, USA Softball Rules, Home Run Derby, and prizes for the top three teams. Deadline to register is November 12, 2018. All proceeds go to the Blue Santa toy drive, and $1 entry per person for spectators. For more information, contact the Friendswood Parks and Recreation Department.

The City Manager reported that the Friendswood Public Library now offers a "Read Away Your Fines" program for children up to 18 years of age. For every 15 minutes of reading, the library will waive $1 off your fine. Sign up for this program at the children's desk and read a book in sight of a librarian. It does not include lost items or damaged items. It can apply to an adult card, but only to the children's or young adult book titles on that card. For more information, contact the Friendswood Public Library.

The City Manager reported that the Distinguished Alumni Awards recognize Friendswood High School graduates who have demonstrated exemplary performance and made significant accomplishments in their professional career or have made significant contributions in the area of philanthropy and/or public service. President of Friendswood High School Alumni Association Judy Ballard Connors was quoted, "We are thrilled to be honoring these outstanding individuals, and we could not be more proud of their accomplishments. All of them have made such significant contributions to their communities that will last for many years. The Association, Friendswood Independent School District and our community are all so

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proud of their achievements in their personal and professional lives." Friendswood Deputy Chief Josh Rogers has made public safety and community service his life's work. An 18-year veteran of the Friendswood Police Department, Deputy Chief Rogers has served in numerous positions throughout his career.

The City Manager reported that Staff continues to meet with Federal Emergency Management Agency (FEMA) representatives in an effort to closeout project worksheets relative to damaged facilities. Some progress has been made, but the former Public Works and Parks and Recreation Service Center on Deepwood project has not been finalized. The city's Hazard Mitigation Grant Program (HMGP) application for elevations and buyouts continue to remain in a holding pattern with the Texas Division of Emergency Management. The Mayor, the city's grant consultant, members of the Fire Marshal's Office, and himself have all communicated with Chief of Texas Division of Emergency Management Nim Kidd and his office to move the city's application forward; to no avail. Staff has reached out to State and Federal representatives for assistance in this matter. This past week, two Community Development Block Grant – Disaster Recovery (CDBG – DR) program applications were submitted by the city for the Harris County allocation. The two applications included the elevation of the Whispering Pines Avenue Bridge over Clear Creek, and the partial conversion of the Blackhawk facility (former Food Lion) into an emergency shelter. Just as a reminder, the city's allocation for this program is approximately $4.4 Million, limited to the Harris County side of Friendswood. A similar application will be made later this year for the Galveston County allocation, approximately $2.6 Million.

ACTION ITEMS

******Councilmember Branson moved to approve the reappointment of Darrell Fales to the Fourth of July Steering Committee with a term to expire November 2021, reappointment of Larry Collison to the Investment Committee with a term to expire November 2021, appointment of Betty Moreno to Keep Friendswood Beautiful Committee to fill a vacancy with a term to expire November 2021, reappointment of Kaye Corey, Paul Marx, David Montz, Sherry Goen, Brandee Fernandez, Mary Giles-Wise and Leslie Peralta to Keep Friendswood Beautiful Committee with terms to expire November 2021, appointment of David O'Brien to the Senior Citizens Advisory Committee to fill a vacancy with a term to expire November 2021, appointment of current alternate member, Vickie Hefner, to become a regular member of the Senior Citizen Advisory Committee with a term to expire November 2021, appointment of Charlene Mizener as alternate member to the Senior Citizens Advisory Committee with a term to expire November 2019, reappointment of Nancy Mastrofrancesco, Dorothy Montz and Dennis Rundell to the Senior Citizens Advisory Committee with terms to expire November 2020, and reappointment of Yolanda Robles to the Senior Citizens Advisory Committee with a term to expire November 2021.
Seconded by Councilmember Griffon. The motion was approved unanimously.

******Councilmember Rockey moved to approve a contract with Friendswood Historical Society for the maintenance and preservation of historical sites in the city and authorizing the Mayor to execute the contract and approve the budget amount of $15,000.
Seconded by Councilmember Branson. The motion was approved unanimously.

******Councilmember Griffon moved to approve the disposition of Bid No. 2018-20 for the construction of restrooms and pavilion at Old City Park and award to Tandem Services LLC.
Seconded by Councilmember Hanks. The motion was approved unanimously.

******Councilmember Hanks moved to approve the designation of Lieutenant Matthew Wise as the Local Rabies Control Authority and Director of Animal Control.
Seconded by Councilmember Branson. The motion was approved unanimously.

City Manager Morad Kabiri explained that the sudden retirement of Captain Shari Forward prompted the need to designate a new Director of Animal Control and the city's designation of the Local Rabies Control Authority.

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**Councilmember Branson moved to approve the designation of Lieutenant Matthew Wise as the city's Animal Shelter Advisory Committee member.
Seconded by Councilmember Griffon. The motion was approved unanimously.

**Councilmember Rockey moved to approve a contract with Simple Recycling.
Seconded by Councilmember Branson.

Discussion took place between Mayor, Council, and Staff regarding limiting how often pickups can occur (quarterly or biannually) or following the city's current recycle schedule. On average the penny per pound collection rate would be $150 to $200 per month, perceived as additional duties for Staff, and suggested to approve for Spring Sparkle or Fall Haul-A-Day events only.

***Councilmember Scott moved to **table** and discuss with Simple Recycling to do Spring Sparkle and Fall Haul-A-Day events only.
Seconded by Councilmember Griffon. The motion to **table** was approved 5-2 with Mayor Foreman and Councilmember Branson opposed.

**Councilmember Scott moved to approve the schedule for the city's Series 2018 Water & Sewer Bonds and Series 2019 Refunding Bonds.
Seconded by Councilmember Rockey. The motion was approved unanimously.

**Councilmember Scott moved to approve a contract with Axon Enterprises, Inc. (formerly TASER).
Seconded by Councilmember Branson. The motion was approved unanimously.

RESOLUTIONS

Councilmember Branson moved to approve Resolution **R2018-23 – A resolution of the City Council of the City of Friendswood, Texas, establishing a Capital Improvements Advisory Committee and adopting procedural rules to carry out its duties in accordance with the Impact Fee statutes found in Texas Local Government Code Chapter 395; providing an open meetings clause and providing an effective date.
Seconded by Councilmember Gustafson. The motion was approved unanimously.

ORDINANCES

Councilmember Scott moved to approve the First reading of Ordinance No. **T2018-30 – An ordinance establishing fees for ground emergency medical services to be provided by the Friendswood Volunteer Fire Department, Inc., as the contractor for the City of Friendswood, Texas, and providing an effective date.
Seconded by Councilmember Branson. The motion was approved unanimously.

Councilmember Scott moved to approve the First reading of Ordinance No. **T2018-31 – An ordinance of the City of Friendswood, Texas, amending the Code of Ordinances, Chapter 14, "Buildings and Building Regulations" by amending Section 14-2 "Registration and Licensing of Providers and Repair Services" relating to contractor registration fees, and amending Section 14-63 "License Required", Section 14-118 "Responsibility for Inspection and Fees", Section 14-160 "Who May Obtain", Section 14-162 "Schedule of Fees" and repealing Division 6. Sections 14-229 through 14-233 relating to electrician's licensing; repealing all ordinances or parts of ordinances inconsistent or in conflict herewith; providing for severability, publication and an effective date.
Seconded by Councilmember Hanks. The motion was approved unanimously.

Councilmember Rockey moved to approve the First reading of Ordinance No. **T2018-32 – An ordinance adopting an order setting a public hearing on January 14, 2019, at 7:00 PM, to discuss and review the updated Land Use Assumptions and Capital Improvements Plan and amendment of Impact Fees.
Seconded by Councilmember Branson. The motion was approved unanimously.

Community Development Director/City Planner Aubrey Harbin reported that the Planning and Zoning Commission's vote for Agenda Item 19D, First reading of Ordinance No. T2018-33, An ordinance approving

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a vacation of a portion of a public right-of-way located adjacent to 4650 FM 2351 within the property platted as Benzi Development Garage Condominiums; authorizing the Mayor to execute and the City Secretary to attest a Quitclaim Deed by and between the City and Nick Deutsch was **approved unanimously**.

******Councilmember Scott moved to approve the First reading of Ordinance No. **T2018-33** – An ordinance approving a vacation of a portion of a public right-of-way located adjacent to 4650 FM 2351 within the property platted as Benzi Development Garage Condominiums; authorizing the Mayor to execute and the City Secretary to attest a Quitclaim Deed by and between the City and Nick Deutsch.
Seconded by Councilmember Griffon. The motion was approved unanimously.

Community Development Director/City Planner Aubrey Harbin reported that the Planning and Zoning Commission's vote for Agenda Item 19E, First reading of Ordinance No. T2018-34, An ordinance approving a vacation of three waterline easements located within the property located at 1501 West Parkwood Avenue in the Gardens at Friendswood Lakes Subdivision; authorizing the Mayor to execute and the City Secretary to attest a Quitclaim Deed by and between the City and Jose Garza was **approved unanimously**.

******Councilmember Scott moved to approve the First reading of Ordinance No. **T2018-34** – An ordinance approving a vacation of three waterline easements located within the property located at 1501 West Parkwood Avenue in the Gardens at Friendswood Lakes Subdivision; authorizing the Mayor to execute and the City Secretary to attest a Quitclaim Deed by and between the City and Jose Garza.
Seconded by Councilmember Branson. The motion was approved unanimously.

Community Development Director/City Planner Aubrey Harbin reported that the Planning and Zoning Commission's vote for Agenda Item 19F, First reading of ordinance No. T2018-35, An ordinance amending the Code of Ordinances of the City of Friendswood, Texas, Appendix C – "Zoning," by amending the zoning classification for a tract or parcel containing 55.159 acres of land located in the Beaty Sealy and Forwood Survey, Abstract 625, in the I&GN RR Company Survey, Section 23, Abstract 624, according to Galveston County Document No. 7402108, Friendswood, Galveston County, Texas; amending the zone classification from Light Industrial (LI) to Light Industrial/Specific Use Permit to allow NAICS Use No. 7139 "Other Amusement and Recreation Industries (shooting ranges);" providing for amendment of the Official Zoning Map was **approved unanimously**.

******Councilmember Scott moved to approve the First reading of Ordinance No. **T2018-35** – An ordinance amending the Code of Ordinances of the City of Friendswood, Texas, Appendix C – "Zoning," by amending the zoning classification for a tract or parcel containing 55.159 acres of land located in the Beaty Sealy and Forwood Survey, Abstract 625, in the I&GN RR Company Survey, Section 23, Abstract 624, according to Galveston County Document No. 7402108, Friendswood, Galveston County, Texas; amending the zone classification from Light Industrial (LI) to Light Industrial/Specific Use Permit to allow NAICS Use No. 7139 "Other Amusement and Recreation Industries (shooting ranges);" providing for amendment of the Official Zoning Map; providing a penalty in an amount not to exceed $2,000 for each day of violation of any provision hereof; and providing for severability.
Seconded by Councilmember Griffon. The motion was approved unanimously.

******Councilmember Branson moved to approve the First and Final reading of Ordinance No. **2018-36** – An ordinance amending City of Friendswood, Texas, Ordinance No. 2017-32, passed and approved October 2, 2017, same being an ordinance approving and adopting the City's General Budget for Fiscal Year 2017-2018 by approving "Budget Amendment XIII" to the "Original General Budget of the City of Friendswood, Texas, for the Fiscal Year 2017-2018"; providing for supplemental appropriation and/or transfer of certain funds; providing for severability; and providing other matters related to the subject.
Seconded by Councilmember Griffon. The motion was approved unanimously.

******Councilmember Griffon moved to approve the First and Final reading of Ordinance No. **2018-37** – An ordinance amending City of Friendswood, Texas, Ordinance No. 2018-28, passed and approved October 1, 2018, same being an ordinance approving and adopting the City's General Budget for Fiscal Year 2018-2019 by approving "Budget Amendment I" to the "Original General Budget of the City of Friendswood, Texas, for the Fiscal Year 2018-2019"; providing for supplemental appropriation and/or transfer of certain

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funds; providing for severability; and providing other matters related to the subject. Seconded by Councilmember Hanks. The motion was approved unanimously.

The meeting was adjourned at 7:59 PM.

Mayor Mike Foreman

Attest:

Melinda Welsh, TRMC
City Secretary