

Sherry Garrison, Council Position 1  
Thane Harrison, Council Position 2  
Tommy Ginn, Council Position 3



Bill Patterson, Council Position 4  
Ron Martin, Council Position 5  
Rae A. Sinor, Council Position 6

James Stokes, City Manager  
Gary Jackson, Assistant City Manager

Jerry Mouton Jr., Mayor

Shannon Bennett, TRMC, City Secretary  
Jim Fox, City Attorney

## CALL TO ORDER

1. Executive Session - By authority of Article 6252-17 (Section 3-e,f, and g) [EXS 19-002](#)  
V.A.T.S., and the Open Meetings Act, the Council may adjourn to an Executive Session related to the following item:
  - b. Property (551.072) - Potential Purchase of Real Property  
**Recommended Action:** Discuss the potential purchase of real property  
**Department:** City Manager's Office
2. Annual update on activities of the South East Texas Housing Finance Corporation and the Deer Park Housing Market from Troy Cothran. [RPT 19-011](#)  
**Recommended Action:** Discussion Only in Workshop  
**Department:** City Council  
**Attachments:** [SETH-FC 2018 Report](#)
3. Presentation of the summary report of the annual Comparative Analysis for Bias Base/Racial Profiling. [PRE 19-001](#)  
**Recommended Action:** Approval for submission to TCOLE.  
**Attachments:** [2018 asset forfeiture memo](#)  
[2018 Racial Profile Report](#)
4. Discussion of issues relating to a Request for Proposals (RFP) for disaster recovery grant management/administrative services. [DIS 19-018](#)  
**Recommended Action:** Discussion only during workshop.
5. Discussion of issues relating to the acquisition of property from Deer Park Independent School District. [DIS 19-023](#)  
**Recommended Action:** Discussion only in Workshop  
**Department:** City Manager's Office and Public Works

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*The Mission of the City of Deer Park is to deliver exemplary municipal services that provide the community a high quality of life consistent with our history, culture and unique character.*

6. Discussion of issues relating to the updates of the City's Financial Management Policy. [DIS 19-019](#)

**Recommended Action:** Discussion only. Action will be taken during the regular meeting.

**Department:** Finance

**Attachments:** [Financial Management Policy 02.05.19](#)

7. Discussion of issues relating to a contract for the collection of delinquent Municipal Court fines and fees with the law firm Linebarger, Goggan, Blair and Sampson. [DIS 19-021](#)

**Recommended Action:** Discussion only in Workshop

**Department:** City Manager's Office

**Attachments:** [Linebarger Contract Deer Park 2019](#)

8. Discussion of issues relating to allowing food trucks at special City of Deer Park events. [DIS 19-024](#)

**Recommended Action:** Discussion only in Workshop.

**Department:** City Manager's Office

9. Discussion of issues relating to the installation of sod vs sprigging grass at the newly renovated DPCDC Deer Park Soccer Complex Project. [DIS 19-025](#)

**Recommended Action:** Discussion only

10. Discussion of issues relating to the Fiscal Year 2019-2020 budget calendar. [BUD 19-001](#)

**Recommended Action:** Discussion only.

**Department:** City Manager's Office

**Attachments:** [BudgetCalendarFY2019-2020\\_council](#)

11. Discussion of issues relating to a petition for voluntary annexation of four tracts of land totaling 49.0146 acres and a petition totaling 83 square feet in the City's ETJ located along the west side of Independence Parkway and north of State Highway 225 into the Deer Park city limits. [DIS 18-172](#)

**Recommended Action:** Discussion only in Council Workshop. Items are included on the City Council Regular Meeting Agenda to 1) hear the petition and the arguments for and against the annexation and grant or refuse the petition, and if granted 2) schedule two (2) public hearings on the voluntary annexation.

**Attachments:** [City of Deer Park Molto Properties Annexation Request 1.25.19 FINAL](#)

## ADJOURN

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*The Mission of the City of Deer Park is to deliver exemplary municipal services that provide the community a high quality of life consistent with our history, culture and unique character.*

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*Shannon Bennett, TRMC  
City Secretary*

*Posted on Bulletin Board  
February 1, 2019*

*City Hall is wheelchair accessible and accessible parking spaces are available. Hearing assistance devices are available. Requests for accommodation services must be made 72 hours prior to any meeting. Please contact the City Secretary office at 281-478-7248 for further information.*

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## Legislation Details (With Text)

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**File #:** EXS 19-002    **Version:** 1    **Name:**

**Type:** Executive Session    **Status:** Agenda Ready

**File created:** 1/29/2019    **In control:** City Council Workshop

**On agenda:** 2/5/2019    **Final action:**

**Title:** Executive Session - By authority of Article 6252-17 (Section 3-e,f, and g) V.A.T.S., and the Open Meetings Act, the Council may adjourn to an Executive Session related to the following item:  
b. Property (551.072) - Potential Purchase of Real Property

**Sponsors:** City Manager's Office

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
2/5/2019	1	City Council Workshop		

Executive Session - By authority of Article 6252-17 (Section 3-e,f, and g) V.A.T.S., and the Open Meetings Act, the Council may adjourn to an Executive Session related to the following item:

b. Property (551.072) - Potential Purchase of Real Property

### Summary:

The Council may adjourn to an Executive Session related to: Property (551.072) - Potential Purchase of Real Property

### Fiscal/Budgetary Impact:

Discuss the potential purchase of real property



## Legislation Details (With Text)

<b>File #:</b>	RPT 19-011	<b>Version:</b>	1	<b>Name:</b>	
<b>Type:</b>	Report	<b>Status:</b>		Agenda Ready	
<b>File created:</b>	1/29/2019	<b>In control:</b>		City Council Workshop	
<b>On agenda:</b>	2/5/2019	<b>Final action:</b>			
<b>Title:</b>	Annual update on activities of the South East Texas Housing Finance Corporation and the Deer Park Housing Market from Troy Cothran.				
<b>Sponsors:</b>	City Council				
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	<a href="#">SETH-FC 2018 Report</a>				

Date	Ver.	Action By	Action	Result
2/5/2019	1	City Council Workshop		

Annual update on activities of the South East Texas Housing Finance Corporation and the Deer Park Housing Market from Troy Cothran.

### Summary:

The South East Texas Housing Finance Corporation (SETHFC) exists to assist individuals in purchasing homes. The Corporation offers homebuyer education classes, grants to assist with down payment and closing costs, mortgage credit assistance programs, etc. SETHFC is governed by a Board of Directors comprised of appointees from municipalities and counties throughout South East Texas, including Deer Park.

For the past several years, Mr. Troy Cothran has been the City of Deer Park's representative to the SETHFC Board of Directors. He currently serves as Chairman of the Board after being re-appointed to this position by the Deer Park City Council in March 2018. Mr. Cothran attends City Council meetings annually to provide an update on the activities of SETHFC and the housing market in Deer Park. Joining him will be the Executive Director of SETHFC, Mr. Ron Williams. A copy of the 2018 SETHFC Annual Report is attached.

### Fiscal/Budgetary Impact:

N/A

Discussion Only in Workshop



SOUTHEAST TEXAS HOUSING FINANCE CORPORATION

TO: City of Deer Park Mayor & City Council Members

FROM: Troy Cothran, Director/President  
Southeast Texas Housing Finance Corporation (SETH)

DATE: February 5, 2019

RE: Activities Report

I would like to update the Mayor and City Council on the activities of The Southeast Texas Housing Finance Corporation.

**SINGLE FAMILY HOMEOWNERSHIP PROGRAMS:**

TOTAL Deer Park Homebuyers Assisted: 102 (10/15/12—01/15/19)  
Down Payment & Closing Cost Assistance Provided as a GRANT: \$722,099  
TOTAL Mortgage Loan Amounts: \$14,491,804  
Average Grant per Homeowner: \$7,079  
Average Sales Price: \$143,110  
Sales Price Range: \$80,000--\$230,000  
Average Annual Income: \$55,700

Because of Market Conditions, SETH has implemented several new homeownership programs that use a 3, 7 or 10 year Second Lien that is forgiven over time if the homeowner remains in their home during the time limit. It also allows for lower mortgage rates.

SETH's Mortgage Credit Certificate (MCC) Program is now FREE to all eligible homebuyers. The MCC allows the homeowner a direct tax credit up to \$2000 per year in the amount of interest they pay on their mortgage. The MCC is allowable as long as the homeowner remains in their home.

## **MULTIFAMILY PROGRAMS:**

SETH continues to increase its Multifamily Portfolio. Currently SETH is in an ownership position in the following communities:

Gateway Lake Jackson Apartments—Lake Jackson—160 units—Family. 50% affordable for families earning 60% or less of area median income. 50% market units.

[Sale is scheduled for third week of February]

Sweetwater Apartments—Wharton—56 units—Family. 35% affordable for families earning 80% or less of area median income.

Heritage Crossing—Santa Fe—72 units—Seniors. 75% affordable for individuals earning 60% or less of area median income.

Birdsong Place Villas—Baytown—96 units—Seniors. 100% affordable for individuals earning 60% or less of area median income.

Stonegate Apartments—Alvin—160 units—Family. 75% affordable for families earning 60% or less of area median income.

SETH is a couple of months away from Groundbreaking on a 119-unit Senior Development in Bay City named the Monarch at Bay Prairie. It will be 20% or 35% affordable for individuals earning 80% or less of area median income. 90% of the units will be held for individuals who earn less than 160% of area median income.

## **HOMEBUYER'S EDUCATION:**

As previously reported, SETH was the first housing finance agency in the Nation that required Homebuyer's Education for anyone using any of SETH's single family programs. In the past 6 years, SETH has educated over **23,000** homebuyers.

### **TRANSITIONAL HOUSING:**

SETH has been a big sponsor and supporter of Project Joy & Hope (PJH), a 501(c)3 charitable organization, whose mission is to improve the quality of life for medically fragile children and their families. SETH was able to donate \$275,000 to build a new duplex at the Tulip Street Project in Pasadena. PJH is now able to assist up to 12 families in their time of need free of charge. In addition, SETH donated funds to assist in the construction of the Pediatric Palliative Care Center located at the Tulip Project.

# DEER★PARK

*Birthplace of Texas®*

## HOMEBUYER ASSISTANCE PROGRAMS



Program provides Down Payment and Closing Costs Assistance. Government Loan Types include FHA, VA, USDA and are a Community 2nd and forgiven in 3 years. Grants provided with Conventional Options.



Program provides Larger Amounts of Down Payment and Closing Costs Assistance in the form of a Community Second. Buyers can choose between Forgiveness Terms of 7 or 10 Years.

- No First Time Homebuyer Requirement
- Max Sales Price: \$331,200 FHA /\$484,350 USDA/VA/Conv.
- Qualify for a Mortgage Loan with a Participating Lender
- Borrowers must not exceed the following income limits for Deer Park, TX: \$86,135



## SETH HomeCredit

### Mortgage Credit Certificate (MCC) Program

Our MCC Program provides eligible First Time Homebuyers a Federal Tax Credit. Can be combined with SETH 5 Star or SETH GoldStar. Must owner occupy for 9 years to avoid potential Federal Recapture Tax.

**EACH YEAR OUR HOMEBUYERS  
CLAIM  
50%  
OF THEIR  
TOTAL  
MORTGAGE  
INTEREST  
AS A FEDERAL TAX CREDIT  
UP TO A \$  
MAXIMUM 2,000**

Example: Loan Amount...\$150,000 Interest Rate..4.5%

The buyer will have paid approximately \$6,750 in interest that year

Tax credit provided by our MCC Program: 50%

$\$6,750 \times 50\% = \$3,410$

MCC Savings for Homeowner.....\$2,000

Program Income Limits	1-2 Family Members	3 or More
Deer Park, TX	<b>\$74,900</b>	<b>\$86,135</b>



11111 S Sam Houston Parkway East Houston, TX 77089 www.sethfc.com 281.484.4663



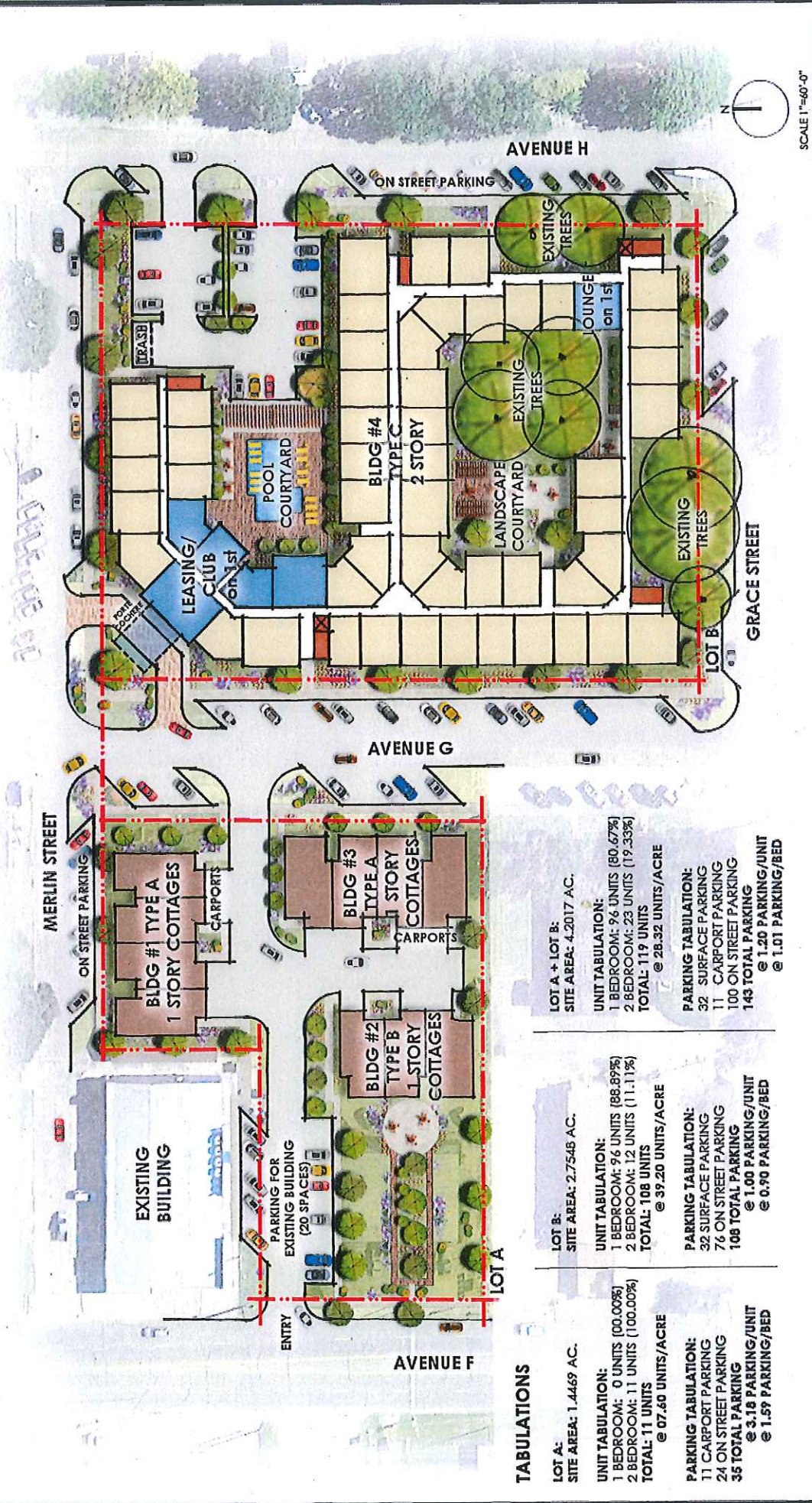












# SETH IN BAY CITY SENIOR HOUSING: SCHEMATIC SITE PLAN #2

BAY CITY, TEXAS

# 18143  
06.01.2018  
DMA Development

## TABULATIONS

LOT A:  
SITE AREA: 1.4469 AC.

UNIT TABULATION:  
1 BEDROOM: 0 UNITS (00.00%)  
2 BEDROOM: 11 UNITS (100.00%)  
TOTAL: 11 UNITS  
@ 07.60 UNITS/ACRE

PARKING TABULATION:  
11 CARPORT PARKING  
24 ON STREET PARKING  
35 TOTAL PARKING  
@ 3.18 PARKING/UNIT  
@ 1.59 PARKING/BED

LOT B:  
SITE AREA: 2.7549 AC.

UNIT TABULATION:  
1 BEDROOM: 96 UNITS (88.89%)  
2 BEDROOM: 12 UNITS (11.11%)  
TOTAL: 108 UNITS  
@ 39.20 UNITS/ACRE

PARKING TABULATION:  
32 SURFACE PARKING  
76 ON STREET PARKING  
108 TOTAL PARKING  
@ 1.00 PARKING/UNIT  
@ 0.90 PARKING/BED

LOT A + LOT B:  
SITE AREA: 4.2017 AC.

UNIT TABULATION:  
1 BEDROOM: 96 UNITS (80.67%)  
2 BEDROOM: 23 UNITS (19.33%)  
TOTAL: 119 UNITS  
@ 28.32 UNITS/ACRE

PARKING TABULATION:  
32 SURFACE PARKING  
11 CARPORT PARKING  
100 ON STREET PARKING  
143 TOTAL PARKING  
@ 1.20 PARKING/UNIT  
@ 1.01 PARKING/BED







## Legislation Details (With Text)

<b>File #:</b>	PRE 19-001	<b>Version:</b>	1	<b>Name:</b>	
<b>Type:</b>	Presentation	<b>Status:</b>		Agenda Ready	
<b>File created:</b>	1/7/2019	<b>In control:</b>		City Council Workshop	
<b>On agenda:</b>	2/5/2019	<b>Final action:</b>			
<b>Title:</b>	Presentation of the summary report of the annual Comparative Analysis for Bias Base/Racial Profiling.				
<b>Sponsors:</b>					
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	<a href="#">2018 asset forfeiture memo</a> <a href="#">2018 Racial Profile Report</a>				

Date	Ver.	Action By	Action	Result
2/5/2019	1	City Council Workshop		

Presentation of the summary report of the annual Comparative Analysis for Bias Base/Racial Profiling.

State law and the Deer Park Police Department General Orders 1.2.14 G. 4 and 1.2.14 G. 5 require this data to be collected and analyzed to determine if any racial profiling or other form of bias-based policing exists in the Deer Park Police Department. The findings then must be submitted to the Texas Commission on Law Enforcement (TCOLE) database via their website by March 1, 2019. During calendar year 2018, the Deer Park Police Department received no complaints of racial profiling. In the attachments you will find a summary of practices including any citizen concerns (of which there were none) with the supporting data for examination of the disposition of stops, including searches resulting from the stops. Also included is a copy of the report required to be entered into the Texas Commission on Law Enforcement (TCOLE) database via their website and the "Asset Seizure and Forfeit Review" memorandum from Captain Wade Conner that is included for this analysis. The Deer Park Police Department has complied with all the requirements of the Texas Racial Profiling Law including officer training and distribution of information to the public on the complaint process. At present, there is no indication that racial profiling is occurring in the department. In 2018, there were no internal affairs investigations or disciplinary actions taken towards an officer related to bias based policing. A review of the current Deer Park Police Department General Order 1.2.14 regarding Bias Base /Racial Profiling was conducted while compiling this report, and there is no indication of a need for any changes to these policies and procedures at this time.

It should be noted that an amendment will be made to the 2017 Racial Profiling submittal to the Texas Commission on Law Enforcement (TCOLE) database. One complaint of racial profiling had been filed by a citizen during 2017 and was inadvertently overlooked when doing the report. The investigation had not been completed and entered into the Police Department database until after the

report had been submitted to the Commission.

Summary:

Presentation of the summary report of the annual Comparative Analysis for Bias Base/Racial Profiling. This is necessary to satisfy state law by entering this data into the Texas Commission on Law Enforcement (TCOLE) data base via their website.

Fiscal/Budgetary Impact:

None

Approval for submission to TCOLE.

## MEMORANDUM

To: Chief G. Grigg

From: Captain Wade Conner

Date: 01/07/2019

Subject: Asset Seizure and Forfeiture Review (2018) CALEA 1.2.9d

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**During 2017/18 fiscal year, the Department made nine seizures, as follows:**

- Deer Park Case #18-00589 – 02/8/2018, seizure amount \$1589. \$1,113.17 was awarded by the court on 12/5/2018. This seizure was a result of an arrest for no driver's license of Paul Martinez and an arrest of James Hope Wilson II for a Harris County warrant. During the traffic stop scales, bags and .62 ounces of marijuana were also seized. The District Attorney's office refused charges but agreed to the seizure do to signs of deliver.
- Deer Park Case #18-00861 – 02/25/2018, seizure amount \$2,430. This seizure was a result of an arrest of Cody Michael Brown for possession of marijuana.
- Deer Park Case #18-01014 – 03/07/2018, seizure amount \$993. This seizure was a result of an arrest of Jamie Kyle St. Andre and Martin Saucedo each for possession of a controlled substance with intent to deliver.
- Deer Park Case #18-01398 – 04/03/2018, seizure amount \$1,501. This seizure was a result of an arrest of Anthony Rivon for possession of a control substance.
- Deer Park Case #18-01509 – 04/06/2018, seizure amount \$6,380. This seizure was a result of an arrest of Thomas Gonzales for possession of marijuana.
- Deer Park Case #18-01705 – 04/25/2018, seizure amount \$12,680. \$8,880.67 was awarded by the court on 11/09/2018. This seizure was a result of an arrest of Micah Galban for possession of a controlled substance.
- Deer Park Case #18-01776 – 04/24/2018, seizure amount \$3,300.10. This seizure was a result of an arrest of Sabrina Renee Ryan for possession of a controlled substance with intent to deliver.

- Deer Park Case #18-02271 – 05/25/2018, seizure amount \$3,361. This seizure was a result of an arrest of Abraham Ulises Arrona for possession of marijuana.
- Deer Park Case #18-03015 – 07/17/2018, seizure amount \$1,026. This seizure was a result of an arrest of Eduardo Munoz-Sifuentes for possession of a control substance.

**The forfeited funds originated from cases that were filed and documented in 2016.**

- Deer Park Case #16- 01761- filed 4/28/2016 \$7,233.16. \$4,321.18 was awarded by the court on 09/06/2018.
- Deer Park Case# 16-03427 – filed 7/25/2016 \$3,476.01. Courts awarded two checks as follows: 4/25/2018 \$2,787.72 and 9/17/18 \$1,577.97.
- Deer Park Case #16-03549 – filed 8/26/2016, 2007 Chevrolet Silverado VIN# 2gcekl3v371139597. Court awarded \$4,201.41 on 4/17/2018 after sell of vehicle.

**The forfeited funds originated from cases that were filed and documented in 2017.**

- Deer Park Case 17-00511 – filed 1/28/2017, \$1,199.00. Court awarded \$839.90 on February 6, 2018.
- Deer Park Case 17-01270 – filed 3/11/2017, \$1,153.00. Court awarded \$807.53 on January 5, 2018.
- Deer Park Case 17-01875 – Filed 4/16/2017, \$2454.00. Court awarded \$947.04 on 8/22/18

Eleven individuals were arrested in the nine 2018 seizures. Of the defendants in the seizures listed, five were Hispanic males, one was white female, two were black males and three were white males. After review of the case reports associated and the circumstances surrounding these seizures there is no indication of bias-based profiling during 2017/18.

## Interoffice Memo

To: Gregory L. Grigg  
Chief of Police

*Greg Grigg, 1-29-19*

Via: Sharon W. Massey  
Assistant Chief of Police

*Sharon W. Massey*

Wade A. Conner  
Captain

*W. A. Conner*

From: John C. Yettevich  
Lieutenant

*John C. Yettevich*

Date: 1/28/19

Subject: Annual Comparative Analysis for Bias Base /Racial Profiling (General Orders 1.2.14 G. 4 and 1.2.14 G. 5)

Below is the information for the comparative analysis of the data collected for traffic stops, traffic citations issued, traffic stop arrests, asset forfeiture, and seizures. State law and the Deer Park Police Department General Orders 1.2.14 G. 4 and 1.2.14 G. 5 require this data to be collected and analyzed to determine if any racial profiling or other form of bias-based policing exists in the Deer Park Police Department. The findings then must be submitted to the Texas Commission on Law Enforcement (TCOLE) database via their website by March 1, 2019.

During calendar year 2018, the Deer Park Police Department did not receive any complaints of racial profiling.

Below you will find (1) a summary of practices including citizen concerns; (2) the data for examination of the disposition of stops, including searches resulting from the stops; (3) the report required to be entered into the Texas Commission on Law Enforcement (TCOLE) database via their website; and (4) the "Asset Seizure and Forfeit Review" memorandum from Captain W. A. Conner that is the source for this analysis.

## **Summary of Practices**

In conjunction with the efforts mentioned below, the Police Department holds numerous community meetings throughout the year to address issues and concerns as part of our Community Oriented Policing philosophy. This is a testament of the training and the quality of officers that the Deer Park Police Department is hiring.

Since January 1, 2002, the Deer Park Police Department, in accordance with the Texas Racial Profiling Law (SB 1074), has been collecting police contact data. SB 1074 required the collection of a violator's race and whether a search was conducted and, if so, whether the person detained consented to the search on all traffic stops in which a citation was issued or an arrest made. Subsequently, House Bill 3389 of the 81<sup>st</sup> Legislature of the State of Texas requires the reporting of racial profiling data for the previous calendar year to TCOLE by March 1<sup>st</sup> of each year. The Deer Park Police Department General Order 1.2.14 prohibits all bias based policing. This General Order has been reviewed and is in compliance with state law and current best practices. Racial Profiling is a law enforcement-initiated action based on an individual's race, ethnicity, or national origin rather than on the individual's behavior or on information identifying the individual as having engaged in criminal activity.

Article 2.133 of the Code of Criminal Procedure requires certain information be recorded each time a Police Officer stops a motor vehicle for an alleged violation of a law or ordinance regulating traffic or who stops a pedestrian for any suspected offense, unless the contact is recorded by mobile recording equipment. The Violator/Suspect Contact form (PD-69) has been developed for use by officers to record traffic and pedestrian stops made in absence of functional mobile recording equipment. The Violator/Suspect Contact form (PD-69) will be used anytime mobile video recording equipment is inoperable or unavailable.

The Deer Park Police Department has complied with all the requirements of the Texas Racial Profiling Law including officer training and distribution of information to the public on the complaint process. The Deer Park Police Department acquired in-car video equipment in June of 2003, which has been used consistently for the collection of data on all vehicular and pedestrian stops, and is constantly upgrading its technology to stay current with the times. The current system allows greater storage capacity and ready access to any supervisor's desk top computer for constant and immediate reviews of traffic stops. Finally, the Deer Park Police Department traffic citations and arrest reports comply with state mandates that require the proper information to be collected to capture data regarding racial profiling issues.

To ensure compliance with General Order 1.2.14, Deer Park Patrol Sergeants are required to review random samples of at least two traffic / pedestrian stops per assigned officer "on a monthly" basis to ensure policies are being followed. An email of that review with a memorandum attached is forwarded to the Community Services Lieutenant detailing the review and whether or not the department's policies are being complied with. Any violations of the department's policies shall be reported immediately to the Division's Commander via Interoffice Memorandum. At present, there is no indication that racial profiling is occurring in the department. In 2018, there was no internal affairs investigation which resulted in disciplinary action(s) taken towards an officer related to bias based policing.

A review of the current Deer Park Police Department General Order 1.2.14 regarding Bias Base /Racial Profiling was conducted while compiling this report, and there is no indication of a need for any changes to these policies and procedures at this time.

The following data provides a statistical summary for year 2018 that affirms that the Deer Park Police Department has not experienced any problems regarding racial profiling practices. Again, this is supported by the fact that of the thousands of public contacts during the year 2018, the Deer Park Police Department did not receive any complaints from a community member regarding officers' misconduct associated with racial profiling practices.

A subsequent review of all allegations made in Calendar Year 2017 indicated that there was one complaint, which included an allegation of bias based / racial profiling. This allegation was "Not Sustained". This was discovered after the submittal of the 2017 Bias Base / Racial Profiling report to council and the state.

### **Disposition of stops, including searches resulting from the stops:**

#### Motor Vehicle Racial Profiling Information

**Total stops: 34,661**

#### **1. Gender**

CCP 2.133(b)(1)(a)

1.1 Female: **12,620**

1.2 Male: **22,041**

#### **2. Race or ethnicity**

CCP 2.132(a)(3), 2.132(b)(6)(A), 2.133(b)(1)(B)

2.1 Black: **3,640**

2.2 Asian/Pacific Islander: **550**

2.3 White: **22,742**

2.4 Hispanic/Latino: **7,654**

2.5 Alaska Native/American Indian: **75**

#### **3. Was race or ethnicity known prior to stop?**

CCP 2.132(b)(6)(C)

3.1 Yes: **691**

3.2 No: **33,970**

#### **4. Reason for stop?**

CCP 2.132(b)(6)(F), 2.133(b)(2)

4.1 Violation of law: **3,976**

4.2 Preexisting knowledge: **403**

4.3 Moving traffic violation: **18,457**

4.4 Vehicle traffic violation: **11,825**

**5. Street address or approximate location of the stop**

CCP 2.132(b)(6)(E), 2.133(b)(7)

5.1 City street: **32,091**

5.2 US highway: **2,341**

5.3 County road: **0**

5.4 State highway: **0**

5.5 Private property or other: **229**

**6. Was a search conducted?**

CCP 2.132(b)(6)(B), 2.133(b)(3)

6.1 Yes: **1,732**

6.2 No: **32,929**

**7. Reason for Search?**

7.1 Consent: **649**

CCP 2.132(b)(6)(B), 2.133(b)(3)

7.2 Contraband in plain view: **56**

CCP 2.133(b)(5)(A)

7.3 Probable cause: **671**

CCP 2.133(b)(5)(B)

7.4 Inventory: **401**

CCP 2.133(b)(5)(C)

7.5 Incident to arrest: **243**

CCP 2.133(b)(5)(C)

**8. Was Contraband discovered?**

CCP 2.133(b)(4)

8.1 Yes: **754**

8.2 No: **978**

**9. Description of contraband**

CCP 2.133(b)(4)

9.1 Drugs: **474**

9.2 Currency: **7**

9.3 Weapons: **61**

9.4 Alcohol: **101**

9.5 Stolen property: **13**

9.6 Other: **168**

**10. Result of the stop**

10.1 Verbal warning: **21,020**

CCP 2.133(b)(8)

10.2 Written warning: **1,920**

CCP 2.133(b)(8)

10.3 Citation: **10,369**

CCP 2.133(b)(8)

10.4 Written warning and arrest: **9**

10.5 Citation and arrest: **129**

10.6 Arrest: 1,418 CCP 2.133(b)(6)

**11. Arrest based on**

CCP 2.133(b)(6)

11.1 Violation of Penal Code: 731  
11.2 Violation of Traffic Law: 207  
11.3 Violation of City Ordinance: 10  
11.4 Outstanding Warrant: 608

**12. Was physical force resulting in bodily injury used during stop?**

CCP 2.132(b)(6)(D), 2.133(b)(9)

12.1 Yes: 8  
12.2 No: 34,653

**Information to be submitted to TCOLE in the form of a FULL RACIAL PROFILING REPORT:**

**Agency Name:** DEER PARK POLICE DEPT.

**Reporting Date:** 1/28/19

**TCOLE Agency Number:** 201204

**Chief Administrator:** GREGORY L. GRIGG

**Agency Contact Information:** Phone: 281-479-1511  
Email: [jyettevich@deerparktx.org](mailto:jyettevich@deerparktx.org)  
Mailing Address:

DEER PARK POLICE DEPT.  
2911 Center Street  
Deer Park, TX 77536

This Agency is filing a full racial profiling report.  
Our vehicles that conduct motor vehicle stops are equipped with video and audio equipment and we maintain videos for 90 days.

By submitting, the chief administrator affirms that the agency has a policy in place in accordance with:

Texas Code of Criminal Procedure §2.132 and that the policy:

- (1) clearly defines acts constituting racial profiling;
- (2) strictly prohibits peace officers employed by the agency from engaging in racial profiling;
- (3) implements a process by which an individual may file a complaint with the agency if the individual believes that a peace officer employed by the agency has engaged in racial

profiling with respect to the individual;

(4) provides public education relating to the agency's compliment and complaint process, including providing the telephone number, mailing address, and email address to make a compliment or complaint with respect to each ticket, citation, or warning issued by a peace officer;

(5) requires appropriate corrective action to be taken against a peace officer employed

by the agency who, after an investigation, is shown to have engaged in racial profiling in violation of the agency's policy adopted under this article;

(6) requires collection of information relating to motor vehicle stops in which a ticket, citation, or warning is issued and to arrests made as a result of those stops, including information relating to:

(A) the race or ethnicity of the individual detained;

(B) whether a search was conducted and, if so, whether the individual detained consented to the search;

(C) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual; and

(D) whether the peace officer used physical force that resulted in bodily injury,

as that term is defined by Section 1.07, Penal Code, during the stop;

(E) the location of the stop; and

(F) the reason for the stop; and

(7) requires the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision (6) to:

(A) the Texas Commission on Law Enforcement; and

(B) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

**Executed by:** Chief Administrator

**Date:**

**I certify these policies are in effect.**

Executed by: **GREGORY L. GRIGG**

Chief Administrator

DEER PARK POLICE DEPT.

Date: 1/28/19



## Legislation Details (With Text)

**File #:** DIS 19-018    **Version:** 1    **Name:**  
**Type:** Discussion    **Status:** Agenda Ready  
**File created:** 1/25/2019    **In control:** City Council Workshop  
**On agenda:** 2/5/2019    **Final action:**  
**Title:** Discussion of issues relating to a Request for Proposals (RFP) for disaster recovery grant management/administrative services.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
2/5/2019	1	City Council Workshop		

Discussion of issues relating to a Request for Proposals (RFP) for disaster recovery grant management/administrative services.

### Summary:

In 2017, the President declared a major disaster in Harris County, Texas for Hurricane Harvey, during which public funds were expended for Emergency Protective Measures and Emergency Debris Removal in the City of Deer Park. Additionally, several City facilities incurred damage as a result of the storm. Expenses related to the emergency protective measures, cleanup, and repairs to damages resulting from the storm are eligible for grant assistance through the FEMA Public Assistance grant program. The City applied for said assistance and has been working with FEMA and the Texas Division of Emergency Management (TDEM) to secure the grant funding. Most of the grant reimbursement for expenses associated with the Debris Removal have been received. Also, the reimbursement for expenses associated with Emergency Protective Measures has been obligated by FEMA and reimbursement is pending. We have recently been authorized to proceed with the procurement process for the repairs to the Police Department Firearms Training Facility. Also, we are ready to proceed with the procurement process for several storm water repair projects.

Due to the extensive amount of grant related requirements involved in the procurement and administration of the remaining projects remaining (Police Department Firearms Training Facility and storm water repair) it is recommended that we issue a Request for Proposals (RFP) for disaster recovery grant management/administrative services. The cost of the services is an eligible expense as a Standard Directive Administrative Cost (DAC) under the FEMA Public Assistance Grant. The scope of work to be included in the RFP would be as follows:

Scope of Work -The successful respondent(s) is to provide management services that may include but are not limited to the following:

- Comprehensive administration of FEMA programs and projects contemplated by Project Worksheets (PWs);
- Attend meetings with FEMA, TDEM, and other agencies in conjunction with and on behalf of the local

- government;
- Collaborate with local government on project formulation, including damage assessments (field team assessment of damages including a comprehensive list of damaged structures, contents, etc.); Information gathering (photo-document damages, gather records, drawings, insurance policies, historical photos/videos, etc.); project development (define both small and large projects' scope, size, and damages, including cost estimating that will be the basis of each PW); project submittals (draft and submit small and large project PWs to TDEM/FEMA);
- Proactively identify opportunities to maximize Public Assistance and Post-Disaster Mitigation Section 406 funding within the current regulatory framework;
- Provide ongoing guidance to maximize FEMA Public Assistance funding;
- Coordinate and manage deliverables with TDEM and FEMA;
- Assist with TDEM, FEMA, and/or other federal grants quarterly reporting;
- Generate time extension requests to FEMA and/or other federal grants and TDEM when necessary so that eligibility is not forfeited;
- Assist with insurance claim submission and tracking in relation to projects submitted to FEMA to avoid duplication of benefits and document final amount of insurance proceeds applied to each project;
- Assist in getting the necessary legal documents for proper filing;
- Advise on document retention strategies;
- Coordinate with local government staff to obtain all cost and necessary backup documentation to develop, revise, and submit PWs;
- Track status of FEMA and other agency reimbursement and serve as a co-liaison between FEMA/other agencies and local government;
- Assist in responding to Requests for Information from FEMA/other agencies;
- Assist with the submission of appeals to FEMA;
- Provide detailed and periodic management reports on the status of PWs including developments, revisions, submissions/approvals, open issues, financial overview, etc.;
- Assist with submittals of appeals to FEMA;
- Provide Cash Management reports showing the projected schedule for reimbursement requests and the actual status of reimbursements received;
- Preparing public procurement documentation and providing additional procurement assistance, including but not limited to preparing and writing requests for qualifications, requests for proposals, or other applicable procurements for identified projects that align with PWs, other public assistance projects, and federal and state requirements;
- Development of database/electronic system for tracking and management of project worksheets, claims, grant applications and status, and associated information to facilitate effective documentation, management of grant management and funding programs, and information sharing;
- Developing program guidelines, policies, procedure, implementation plans, or other pertinent documents;
- Research, development, and prepare grant applications and other applicable public assistance documents;
- Review data and records for compliance with federal requirements;
- Advise on the management of the closeout process; and
- Researching, monitoring, reporting, documenting, managing, analyzing, assessing, designing, and other work related to disaster recovery, disaster planning, disaster mitigation, and public assistance.

#### Fiscal/Budgetary Impact:

The cost of the services is an eligible expense as a Standard Directive Administrative Cost (DAC) under the FEMA Public Assistance Grant.

Discussion only during workshop.



## Legislation Details (With Text)

**File #:** DIS 19-023    **Version:** 2    **Name:**  
**Type:** Discussion    **Status:** Agenda Ready  
**File created:** 1/30/2019    **In control:** City Council Workshop  
**On agenda:** 2/5/2019    **Final action:**  
**Title:** Discussion of issues relating to the acquisition of property from Deer Park Independent School District.  
**Sponsors:** City Manager's Office, Public Works  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
2/5/2019	2	City Council Workshop		

Discussion of issues relating to the acquisition of property from Deer Park Independent School District.

### Summary:

In the aftermath of Hurricane Harvey, staff identified those areas of Deer Park which sustained the greatest amounts of flood damage. One such area is the Heritage Addition Subdivision in south Deer Park, near Dabbs Elementary School. The City then hired the engineering firm CobbFendley to assess drainage improvement needs in Heritage Addition, in hopes of determining solutions to the subdivision's localized flooding. CobbFendley examined a 6.19 acre property near the subdivision which is owned by DPIISD. They concluded this property could be utilized to create a detention pond to help alleviate flooding in Heritage Addition.

Staff next discussed with Victor White, DPIISD's Superintendent of Schools, and his staff. They were agreeable to working with the City to acquire this property. DPIISD staff next presented this matter to their Board of Trustees, where it was met favorably. DPIISD officials then had the property appraised to determine its fair market value, and that was determined to be \$675,000. It now is recommended the City purchase this property from DPIISD in the amount of \$675,000.

On Tuesday evening, staff will provide an update on the matter to Council and review the next steps involved in purchasing the property. These include having an environmental assessment of the property completed, having the property surveyed, establishing its legal description, having the City

Attorney and DPISD's attorney agree to a purchase contract, establishing a closing date, and having City Council and the DPIDS School Board approve the sale. It is anticipated the sale will take place in mid-March.

Also of note, DPISD has expressed an interest in allowing the City to take over maintenance of the detention pond located near the northwest portion of the DPHS - South Campus property. This potentially could allow for the City to deepen the pond to take on drainage from the neighboring Deer Meadows Subdivision. Staff will provide additional information on this project on Tuesday evening, as well.

Fiscal/Budgetary Impact:

\$675,000

Discussion only in Workshop



## Legislation Details (With Text)

**File #:** DIS 19-019    **Version:** 1    **Name:**  
**Type:** Discussion    **Status:** Agenda Ready  
**File created:** 1/25/2019    **In control:** City Council Workshop  
**On agenda:** 2/5/2019    **Final action:**  
**Title:** Discussion of issues relating to the updates of the City's Financial Management Policy.  
**Sponsors:** Finance  
**Indexes:**  
**Code sections:**  
**Attachments:** [Financial Management Policy 02.05.19](#)

Date	Ver.	Action By	Action	Result
2/5/2019	1	City Council Workshop		

Discussion of issues relating to the updates of the City's Financial Management Policy.

**Summary:** The City's Financial Management Policy was last reviewed and updated on September 25, 2018 as part of the annual review. While the policy is reviewed annually and, if necessary, updated at that time, the policy may also be updated during the year. At this time, the City recommends two updates to the Financial Management Policy as it relates to (1) the use of contingency funds in an emergency situation and (2) purchasing.

Section III. Budgeting and Long Range Financial Planning includes a subsection for an "Amended Budget." The City recommends an update to the Financial Management Policy to address the immediate need to expend funds in an emergency or unforeseen circumstance with funding for such an expenditure from contingency funds, unassigned fund balance, or prior year revenue. City Council action would follow at their next regular meeting.

Typically the City's annual budget includes a contingency line item in the General Fund (Dept. 105-General Government) as a funding source for emergency or unforeseen expenditures that may occur during the fiscal year. For accounting purposes, an expenditure that will be funded by the contingency in Dept. 105 will still be charged to the particular department's budget, not the budget for Department 105. Until the City Council has approved the use of these contingency funds, by way of a budget amendment to cover the emergency or unforeseen expenditure in a departmental budget, the expenditure of those funds equates to spending funds not appropriated in that departmental budget. By its very nature, an emergency or unforeseen circumstance may need to be addressed prior to City Council approval of a budget amendment to cover the expenditure. To avoid potentially costly delays (e.g., additional damage to an operating system requiring repair), the City recommends that the Financial Management Policy be amended to allow the City Manager to approve such an expenditure to be followed by City Council approval of an ordinance amending the budget for such expenditure at the next regular meeting. This approval would cover expenditures to be funded by available contingency funds, but the approval could also cover expenditures to be covered by

unassigned fund balance.

Previously, a contingency line item was also included in the Water/Sewer Fund under Public Works Administration. Because emergency or unforeseen expenditures typically occur in specific departments, a contingency is now budgeted by department in Dept. 501 - Water & Sewer Maintenance, Dept. 505 - Wastewater Treatment Plant, and Dept. 506 - Water Treatment Plant. In the event the contingency line item will be overspent due to the number of or amount of emergency expenditures, it would be necessary to amend these departmental budgets. Similar to the scenario described above, to avoid potentially costly delays, it may be necessary to allow the City Manager to approve such an expenditure to be followed by City Council approval of an ordinance amending the budget for such expenditure at the next regular meeting. This approval would cover expenditures to be funded by prior year revenues of the Water/Sewer Fund.

The proposed language to update this subsection is as follows:

*In the case of an emergency or unforeseen circumstance, the City Manager is authorized to approve the immediate use of available contingency funds, unassigned fund balance, or prior year revenue to purchase the necessary goods or services to address the situation in a timely manner. Following such action, the related budget amendment shall be presented to City Council for approval at the next regular meeting.*

Section V. Operating Expenditures includes a subsection for "Purchasing." The City has previously conferred authority to the City Manager by Ordinance No. 3774 dated January 19, 2016 to contract for expenditures of budgeted items not to exceed \$50,000.00 without further City Council approval. The City recommends including this authorization in the Financial Management Policy. Additionally, the City recommends including a reference to the required Form 1295 in the policy.

The proposed language to update this subsection is as follows:

*The City Charter allows the City Council to confer upon the City Manager the general authority to contract for expenditures without further approval of City Council for all budgeted items not exceeding \$50,000. To more efficiently and effectively operate the City's purchasing operations, the City Council has conferred upon the City Manager the authority to contract for expenditures of budgeted items not to exceed \$50,000.00 without further City Council approval.*

*Subject to the requirements of Government Code Section 2252.908, which became effective on January 1, 2016, the City will need to obtain Form 1295, which is a disclosure form required from vendors if the purchase (a) requires an action or vote by the City Council before the contract may be signed; or (b) has a value of at least \$1,000,000. For any purchase presented to City Council for approval, the City will need to obtain a Form 1295 from vendors prior to action by City Council to approve the purchase, even if there is not a formal contract associated with the purchase (note: a purchase order is considered a contract).*

Fiscal/Budgetary Impact:

N/A.

Discussion only. Action will be taken during the regular meeting.



**REVISED AND ADOPTED FEBRUARY 5, 2019**

**CITY OF DEER PARK  
FINANCIAL MANAGEMENT POLICY**

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## SUMMARY

The City of Deer Park (City) is responsible to safeguard and prudently manage public funds, which includes planning for and providing adequate funding and resources to deliver the needed and desired municipal services to the community. To establish and document a policy framework for effective fiscal decision-making, planning, and management, the City shall establish and maintain a comprehensive Financial Management Policy. This policy shall incorporate sound financial management practices and shall demonstrate compliance with the associated federal, state, and local statutes and other legal documents and mandates.

The Financial Management Policy shall be reviewed annually and updated or revised, as necessary. Updates and changes to the policies contained herein shall be presented to City Council for approval.

This Financial Management Policy shall apply to all funds maintained by the City, unless otherwise specified herein. The purpose of these policies is to ensure that financial resources are available to meet the present and future needs of the City and its citizens. Specifically the policy framework contained herein mandates the pursuit of the following fiscal objectives:

- I. ***Accounting, Auditing and Financial Reporting:*** The City shall implement and maintain accounting practices that conform to generally accepted accounting principles and comply with prevailing federal, state, and local statutes and regulations. The City shall present regular reports that analyze, evaluate and forecast the City's financial performance and economic condition. The City shall issue a Comprehensive Annual Financial Report no later than six months following the end of the fiscal year.
- II. ***Financial Consultants:*** The City shall employ the assistance of qualified financial advisors and consultants, as needed, to assist in the administration and management of the City's financial affairs, including audit services, debt administration, delinquent tax collections, and financial modeling.
- III. ***Budgeting and Long Range Financial Planning:*** The City shall establish budgeting guidelines and shall employ a prudent fiscal strategy to provide for the short-term and long-term needs of the City through strategic management and preservation of its financial resources.
- IV. ***Revenues:*** The City shall establish, manage, and maintain a revenue system to assure a reliable, equitable, and sufficient cash flow to support the desired level of City services and fund balance.
- V. ***Operating Expenditures:*** The City shall identify and prioritize services, determine appropriate service levels, and monitor the expenditure of available resources to ensure fiscal stability and the effective and efficient delivery of services.

- VI. *Fund Balance/Working Capital:*** The City shall maintain the fund balance and working capital (retained earnings) of all operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position during emergencies or economic fluctuations.
- VII. *Capital Expenditures and Improvements:*** The City shall annually review and monitor the state of the City's capital assets, setting priorities for the addition, replacement, and renovation of these assets based on needs, funding alternatives, and availability of resources.
- VIII. *Debt:*** The City shall establish guidelines for debt financing to provide needed land, long-term capital additions, and infrastructure improvements while minimizing the impact of debt payments on current and future revenues.
- IX. *Cash Management and Investments:*** The City shall invest idle operating cash so as to ensure the absolute safety of principal, to meet the liquidity needs of the City, and to achieve the highest possible yield in accordance with state statute and the City's Investment Policy.
- X. *Grants:*** The City shall seek, apply for, and effectively administer federal, state, and local grants, which support the City's current and future priorities and policy objectives.
- XI. *Intergovernmental Relations:*** The City shall coordinate efforts with other governmental agencies to achieve common policy objectives, share the cost of providing government services on an equitable basis, and support favorable legislation at the state and federal levels.
- XII. *Internal Controls:*** The City shall establish and maintain a system of internal controls designed to safeguard City assets, ensure the accuracy and reliability of accounting and financial records, promote operational efficiency, and adhere to prescribed policies in compliance with federal and state regulations and City ordinances and policies.

## I.

# ACCOUNTING, AUDITING AND FINANCIAL REPORTING

The City shall implement and maintain accounting practices that conform to generally accepted accounting principles and comply with prevailing federal, state, and local statutes and regulations. The City shall present regular reports that analyze, evaluate and forecast the City's financial performance and economic condition. The City shall issue a Comprehensive Annual Financial Report no later than six months following the end of the fiscal year.

### A. *Accounting Practices and Principles*

The City shall implement and maintain accounting practices that conform to Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB), the authoritative standard setting body for state and local governments. All City financial reports, including the comprehensive annual financial report, official statements, and continuing disclosure reports shall comply with these standards.

### B. *Financial Reports and Fiscal Monitoring*

Monthly financial reports shall be prepared and distributed to the City Manager, Assistant City Manager, and department directors. Quarterly financial reports shall be presented to the City Council.

These financial reports shall be useful for analyzing, evaluating, and forecasting the City's financial performance and economic position. Additionally, the reports shall be used to evaluate key areas of performance and to develop any remedial actions necessary to maintain the City's financial position.

### C. *Annual Audit*

Pursuant to state statute and City ordinance, the City shall have its records and accounts audited annually and shall prepare an annual financial statement and report. The audit shall be performed by a certified public accounting (CPA) firm, licensed to practice in the State of Texas. The annual financial statement and report, including the auditor's opinion, shall be part of an official Comprehensive Annual Financial Report (CAFR), which shall be filed within 180 days after the last day of the City's fiscal year.

The audit firm shall provide a management letter to the City prior to the filing of the audit. The Director of Finance shall be responsible for establishing a process to ensure timely resolution of audit recommendations.

D. *Annual Financial Disclosure*

As required by the Securities and Exchange Commission (SEC) Rule 15c2-12, the City, with the support of the financial advisor, shall annually provide certain financial information and operating data to information repositories. This disclosure requirement also applies to the filing of any periodic material event notices in compliance with Rule 15c2-12.

E. *Escheating Checks*

As required by State law, the City shall file the necessary reports on an annual basis to turn over to the State Comptroller any checks outstanding more than three years. This property is considered abandoned and shall be delivered to the State Comptroller on or before July 1 of each year.

F. *Finance Committee*

The City has established a Finance Committee consisting of mayoral appointments from City Council. The members shall be appointed/re-appointed to the committee annually. The City Manager, Assistant City Manager, and Director of Finance shall also serve on the committee. The committee shall meet quarterly for an update on the City's financial statements and investments. Further, the committee shall meet to review the results of the annual audit and at any other time it may be necessary to report on an internal audit or other external audit authorized by City Council.

## II.

### FINANCIAL CONSULTANTS

The City shall employ qualified financial advisors and consultants, as needed, to assist in the administration and management of the City's financial affairs including, but not limited to, audit services, debt administration, delinquent tax collections, and financial impact modeling. The principal factors in the selection of these advisors and consultants shall include technical expertise, experience, ability to perform the services, and references.

#### A. *Selection of Auditors*

The City Council shall select an independent firm of certified public accountants to perform an annual audit of the City's accounts and records and to render an opinion on the financial statements of the City. At least every five years, the City shall request proposals from qualified firms, to affirm the current audit firm or select a new firm.

Annually, the independent auditor will provide a letter of engagement to the City Council for the fiscal year to be audited.

#### B. *Arbitrage*

The City is responsible for the annual arbitrage rebate calculation on each bond issue. The City shall provide the necessary information and records to a qualified firm for completing these calculations and preparing the required report filings. The City shall make timely payments of any rebate amount owed to the federal government.

Requests for qualifications shall be solicited at least every five years from firms qualified to prepare arbitrage rebate calculations and reports.

#### C. *Delinquent Tax Collection Attorney*

Due to the specialized nature of these services, the City shall hire an experienced attorney to collect delinquent property taxes. These services shall also include the filing of bankruptcy claims, foreclosures on real property, and seizures of personal property. The attorney shall provide legal representation for the City in court cases and property sales.

D. *Bond Counsel*

Bond counsel to the City shall provide an objective legal opinion concerning the issuance of bonds and other debt instruments. Generally, bonds are not marketable without the opinion of bond counsel indicating the bonds are valid and binding obligations of the City and exempt from federal and state income taxes.

Due to the complexity of the City's financial structure and the benefits that come from a history and knowledge of the City, the City maintains an ongoing relationship with the bond counsel for continuity. The engagement letter with bond counsel may be terminated at any time upon written notice by either party.

E. *Financial Advisory Services*

The City issues various types of securities to finance its capital improvement program and shall employ a financial advisor for these services. Debt issuance and restructuring requires a comprehensive list of services associated with municipal transactions including, but not limited to, analysis of market conditions, size and structure of the issue, method of sale, preparation of disclosure documents, evaluation of and advice on the pricing of securities, facilitation of rating agency relations, and calculation of debt service schedules. The financial advisor shall provide other financial advice and expertise, as needed.

Due to the complexity of the City's financial structure and the benefits that come from a history and knowledge of the City, the City maintains an ongoing relationship with the financial advisor for continuity. The City's agreement with the financial advisor is for a five-year term and automatically renews on the fifth anniversary for an additional five years. Either party may terminate the agreement at any time with thirty days written notice.

F. *Depository Bank*

Pursuant to state statute, the City may approve a depository services contract for a term up to five years. The City typically establishes the contract for depository services for an initial term of three years with the option to renew annually in each of the remaining two years. The City shall select a depository through a formal bid process in order to provide the City with the most comprehensive, flexible, and cost-effective banking services available.

G. Investment Advisory Services

The City Council may from time to time employ qualified individuals or firms as an Investment Advisor to assist the investment officer(s) in carrying out the investment program and complying with the requirements of the City's Investment Policy and the Public Funds Investment Act.

H. *OPEB*

The City is required to comply with the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement also identifies the methods and assumptions that are required to be used to project benefit payments, to discount projected benefit payments to their actuarial present value, and to attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about other (than pension) postemployment benefits (OPEB) are also addressed within this Statement. The City shall hire an experienced and qualified firm to provide actuarial and consulting services to the City to comply with these reporting requirements. These services shall include completion of the actuarial valuation and information to complete the notes to the financial statements and the required supplementary information included in the CAFR.

### III.

## BUDGETING AND LONG RANGE FINANCIAL PLANNING

The City shall establish budgeting guidelines and shall employ a prudent fiscal strategy to provide for the short-term and long-term needs of the City through strategic management and preservation of its financial resources.

#### A. *Balanced Budget*

Budgeting is an essential element of the financial planning, control, and evaluation process of the City. The operating budget represents the City's annual financial operating plan. It includes all operating departments of the City. Annually, the City Manager shall file an operating budget for the ensuing fiscal year in accordance with state and local statutes. This budget shall adhere to the City's fund balance policies.

The operating budget should be balanced with current revenues, exclusive of beginning balances, greater than or equal to current expenditures/expenses. Excess balances may be used for capital outlay or other non-recurring expenditures.

#### B. *Current Funding Basis*

The City shall budget and operate on a current funding basis with expenditures budgeted and controlled so as not to exceed projected current revenues. Recurring expenditures shall be funded exclusively with recurring revenues to facilitate operations on a current funding basis.

#### C. *Ad Valorem Tax Rate*

The City Manager shall recommend an ad valorem (property) tax rate to enable the City to operate efficiently and to fund the required annual debt service payments in the general fund.

#### D. *Revenue Estimating for Budgeting*

To protect the City from revenue shortfalls and to maintain a constant level of services, the City shall use a conservative, objective, and analytical approach when preparing revenue estimates. The process shall include an analysis of probable economic changes and the estimated impact on revenues in conjunction with a review of historical revenue collection rates and trends. This approach should reduce the likelihood of revenue shortfalls and should help to avoid decreased service levels during the year.

Sales tax is used to fund recurring operations, but sales tax revenue fluctuates with changes in economic conditions. To mitigate the overall effects of these revenue fluctuations, the City shall limit discretionary spending, exercise budget control, and generate conservative revenue forecasts.

The Utility Fund water and wastewater revenues shall be budgeted using an analysis of prior service levels, historical trends in water consumption and usage, and projected new service requirements.

E. *Budget Management*

The City Manager shall administer the budget after it is formally adopted by City Council. Department directors shall be responsible to manage spending so as not exceed the department's total budget allocation.

F. *Amended Budget*

Emergency situations, unforeseen circumstances, and revised cost estimates may require amending the original budget. Budget amendments shall be presented to City Council for approval, as needed.

In the case of an emergency or unforeseen circumstance, the City Manager is authorized to approve the immediate use of available contingency funds, unassigned fund balance, or prior year revenue to purchase the necessary goods or services to address the situation in a timely manner. Following such action, the related budget amendment shall be presented to City Council for approval at the next regular meeting.

G. *Operating Deficits*

The City shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue forecasts are such that an operating deficit is projected at year-end. Corrective actions may include any or all of the following:

- Deferral of capital purchases
- Expenditure reductions
- Hiring and/or salary freezes
- Reduction or elimination of wage increases
- Use of fund balance
- Increased service and usage fees
- Staff reductions

Short-term loans shall not be used to balance the budget.

With City Council approval, fund balance, as a one-time revenue source, may be used to cover an annual operating deficit.

H. *Finance Committee*

The City has established a Finance Committee consisting of mayoral appointments from City Council. The members shall be appointed/re-appointed to the committee annually. The City Manager, Assistant City Manager, and Director of Finance shall also serve on the committee. The committee shall meet quarterly for an update on the City's financial statements and investments. Further, the committee shall meet to review the results of the annual audit and at any other time it may be necessary to report on an internal audit or other external audit authorized by City Council.

## IV.

### REVENUES

The City shall establish, manage, and maintain a revenue system to assure a reliable, equitable, and sufficient cash flow to support the desired level of City services and fund balance.

A. *Balance and Diversification in Revenue Sources*

The City shall strive to maintain a stable and diversified revenue system to protect the City from fluctuations in any single revenue source due to changes in local economic conditions, for example, which may adversely impact the revenue source (e.g., sales tax revenue).

The City shall maintain balance in its revenue structure to ensure fairness and neutrality as it relates to cost of service and willingness and ability to pay.

B. *User Fees – General Fund*

For services that benefit specific users, the City shall establish and collect fees to recover the costs of these services. The City shall determine the appropriate level of cost recovery and establish a fee schedule accordingly. Each fee shall be set and classified by the City Council.

The City shall identify and evaluate direct and indirect costs to determine what is applicable in calculating cost of service. The following may also be considerations when setting user fees: current economic conditions, demand for services, impact on users, and competitive pricing in the private sector, if applicable. While the City shall seek to recover full direct and indirect costs, in some cases, the City may deem it appropriate to set user fees at a level that will result in partial or minimal cost recovery. The City shall review user fees on an annual basis to calculate the level of cost recovery and determine if adjustments are necessary or appropriate.

C. *User Fees – Enterprise Funds*

Utility rates and user fees shall be set at levels sufficient to fully cover direct and indirect operating costs, meet debt obligations and all legal restrictions of applicable bond covenants (e.g., debt service coverage), allow for planned pay-as-you-go funding for capital improvements, and provide an adequate level of working capital.

The City shall separately establish a drainage utility fee structure to comply with federal and state regulations to reduce storm water pollution and prevent flooding. Fees are assessed according to the potential impact a property could have on the public drainage system. These funds may only be used to cover costs related to the City's drainage system, which may include a reserve/contingency fund to cover unexpected regulatory costs.

Revenues collected for water and wastewater services and for the public drainage system shall remain in the respective enterprise funds. The City shall monitor monthly utility revenues to project any revenue surplus or shortfall for the year.

The City shall not use general funds to subsidize the enterprise fund.

D. *Sales Tax*

Voters in Deer Park may, by referendum, adopt special option sales taxes (e.g., special districts, street maintenance). These special tax revenues shall be allocated accordingly upon receipt.

The City shall monitor monthly sales tax revenues to project any revenue surplus or shortfall for the year.

E. *Revenue Collections*

The City shall enact collection policies that ensure revenues will materialize as budgeted/forecast. The City shall follow an aggressive, consistent, yet reasonable approach for revenue collection by pursuing delinquent and overdue accounts to the fullest extent allowed by law.

The City shall levy a charge against any person making a payment to the City by check, credit card, or any automated or electronic means when such payment is returned to the City and not paid. This charge shall apply to payments of any kind, including but not limited to, taxes, permits, fees, and utilities. The City shall establish this charge based on the associated direct and indirect costs incurred by the City to recover and process the monies owed to the City. The charge shall not exceed the maximum allowed by state law.

F. *Write-off of Uncollectible Receivables – Property Tax Accounts*

Annually, the City shall turn over any delinquent property tax accounts to the tax attorney in an effort to collect the past due amount(s). The City shall remove from the delinquent tax roll (write-off) delinquent property tax accounts in accordance with state law, which authorizes the release or extinguishment, in whole or in part, of the applicable indebtedness, liability, or obligation as follows: "If there is no pending litigation concerning the delinquent tax at the time of cancelation and removal, the collector for a taxing unit shall cancel and remove from the delinquent tax roll...a tax on real property that has been delinquent for more than 20 years [and] a tax on personal property that has been delinquent for more than 10 years." The Director of Finance shall review the write-off of delinquent property tax accounts.

G. *Write-off of Uncollectible Receivables – Industrial District*

The City receives annual "in-lieu-of-tax" payments from industries located within its extraterritorial jurisdiction ("industrial district"). Relative to the amounts owed, the City may elect to turn any delinquent account over to a collection agency for further attempts to collect the past due amount(s). The City shall write-off industrial district accounts where collection efforts have been exhausted or are no longer feasible or cost effective. Aged receivables shall be considered for write-off when mail has been returned and all attempts to acquire a valid forwarding address have failed or after accounts have been outstanding for four years or more and all attempts to collect the past due amount(s) have been exhausted.

The City shall consider any write-off of uncollected accounts as an accounting entry only and does not release the debtor from any debt owed to the City. If an account becomes collectible after having been written-off, the accounts receivable balance shall be reinstated and payments applied to that balance. The Director of Finance shall review the write-off of delinquent industrial district accounts.

H. *Write-off of Uncollectible Receivables – Utility & Other Accounts*

The City may elect to turn any delinquent account over to a collection agency for further attempts to collect the past due amount(s). The City shall write-off utility accounts where collection efforts have been exhausted or are no longer feasible or cost effective. Aged receivables shall be considered for write-off when mail has been returned and all attempts to acquire a valid forwarding address have failed or after accounts have been outstanding for four years or more and all attempts to collect the past due amount(s) have been exhausted.

The City shall consider any write-off of uncollected accounts as an accounting entry only and does not release the debtor from any debt owed to the City. If an account becomes collectible after having been written-off, the accounts receivable balance shall be reinstated and payments applied to that balance. The Director of Finance shall review the write-off of delinquent utility and other accounts.

I. *Write-off of Uncollectible Receivables – Ambulance Billing Accounts*

Aged receivables shall be considered for write-off of individual ambulance billing accounts that have been outstanding more than 12-months. If an account becomes collectible after having been written-off, the accounts receivable balance shall be reinstated and payments applied to that balance.

The 12-month threshold shall not apply in the following circumstances:

- The account has been discharged in bankruptcy court
- The City has been provided with a death certificate showing the debtor is deceased
- The debt cannot be sustained in court due to a refusal of judgment
- The amount owed represents the difference between the amount billed and the amount allowed by Medicare
- Further pursuit of collection is not cost effective

Individual account balances of \$20 or less shall be written-off. The Director of Emergency Services is authorized to approve the write-off of individual accounts up to \$500. The Director of Finance is authorized to approve the write-off of individual accounts up to \$1,000. The City Manager is authorized to approve the write-off of individual accounts up to \$2,000.

The City Attorney is authorized to settle or dismiss any individual account involving legal action when the balance does not exceed \$500. If an account involves legal action and the balance due is in excess of \$500, the City Attorney may submit a recommendation to the City Manager to settle or dismiss the balance if it is less than \$2,000.

The City Council shall approve the write-off or settlement of any individual account in excess of \$2,000.

J. *Write-off of Outstanding Warrants (Municipal Court)*

When a Defendant makes payment arrangements for the fine, costs and fee(s) associated with a traffic offense and fails to make a payment per the payment plan, the Municipal Court shall issue a "Capias Pro Fine Warrant" in the amount of the remaining balance on the payment plan as permitted by the State of Texas. A warrant fee shall be added to each offense in which the payment plan is still outstanding. Relative to the total amount owed, the City may elect to turn any delinquent warrants over to a collection agency for further attempts to collect the past due amount(s). The City shall write-off the total amount due, including capias pro fine warrants, where collection efforts have been exhausted or are no longer feasible or cost effective. All outstanding balances shall be considered for write-off after ten years.

The City shall consider any write-off of uncollected warrants as an accounting entry only and does not release the Defendant from any amount owed to the City. If the amount owed becomes collectible after having been written-off, the amount owed shall be reinstated and payments applied to that balance. The Director of Finance shall review the write-off of outstanding warrants.

K. *Non-Recurring Revenues*

One-time or non-recurring revenues shall not be used to finance current on-going operations. Non-recurring revenue sources, such as a one-time revenue remittance, may only be used to fund non-recurring expenditures, such as capital purchases or capital improvement projects. Non-recurring revenues shall not be used to balance the budget.

## V.

### OPERATING EXPENDITURES

The City shall identify and prioritize services, determine appropriate service levels, and monitor the expenditure of available resources to ensure fiscal stability and the effective and efficient delivery of services.

A. *Current Funding Basis*

The City shall budget and operate on a current funding basis with expenditures budgeted and controlled so as not to exceed projected current revenues and/or planned use of fund balance accumulated through prior year savings. Recurring expenditures shall be funded exclusively with recurring revenues to facilitate operations on a current funding basis. Any use of fund balance for expenditures shall be in accordance with the City's fund balance policy incorporated in this Financial Management Policy.

B. *Maintenance of Capital Assets*

Within the resources available each fiscal year, the City shall maintain capital assets and infrastructure at a sufficient level to protect the City's investment, to minimize future replacement and maintenance costs, and to maintain service levels.

C. *Review of Programs and Services*

Annually, as part the budget process, a schedule of services and/or programs, including a calendar of events for each program, shall be established for the ensuing year. The City shall conduct periodic reviews of programs and services to evaluate demand, efficiency and effectiveness. Privatization and contracting with other governmental agencies or private entities may be considered as alternative approaches to service delivery.

D. *Purchasing*

The City shall conduct its purchasing and procurement activities efficiently and effectively and in compliance with all applicable state laws and City ordinances. The City shall strive to maximize discounts and capitalize on savings through the use of competitive bidding or, when competitive bidding is not required, shall seek to obtain the most favorable terms and pricing.

The City Charter allows the City Council to confer upon the City Manager the general authority to contract for expenditures without further approval of City Council for all budgeted items not exceeding \$50,000. To more efficiently and effectively operate the City's purchasing operations, the City Council has conferred upon the City Manager the authority to contract for expenditures of budgeted items not to exceed \$50,000.00 without further City Council approval.

Subject to the requirements of Government Code Section 2252.908, which became effective on January 1, 2016, the City will need to obtain Form 1295, which is a disclosure form required from vendors if the purchase (a) requires an action or vote by the City Council before the contract may be signed; or (b) has a value of at least \$1,000,000. For any purchase presented to City Council for approval, the City will need to obtain a Form 1295 from vendors prior to action by City Council to approve the purchase, even if there is not a formal contract associated with the purchase (note: a purchase order is considered a contract).

The City has implemented a procurement card program to provide an efficient and cost effective alternative to the traditional purchasing process for fuel, materials, supplies, and travel. With few exceptions, the limit on an individual procurement card does not exceed \$5,000. The City Manager must approve all requests for and limits on a City procurement card. Use of a procurement card does not replace or override the City's purchasing guidelines or state law. Misuse of a procurement card may be considered misappropriation of City funds and may result in revocation of the card with or without prior notice. The monthly statement of charges shall be reviewed and monitored by the Finance Department. Further, the Finance Department shall annually provide the list of cardholders and associated spending levels to the City Manager for review.

## VI.

### FUND BALANCE/WORKING CAPITAL

The City shall maintain the fund balance and working capital of its operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position during emergencies or economic fluctuations. It is essential that the City maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances.

The City's policy has been updated for GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

#### A. *Classifications*

Fund equity is generally the difference between a fund's assets and liabilities and is commonly referred to as "fund balance". In accordance with GASB Statement No. 54, fund balance shall be classified based on the following distinctions, which depict the relative strength of the spending constraints placed on the purposes for which the funds may be used. Committed, assigned, and unassigned fund balance shall be considered unrestricted fund balance.

- Nonspendable fund balance includes amounts that are not in a spendable form or are required to be maintained intact. Examples are inventory or permanent funds.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and child safety fees.
- Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- Assigned fund balance comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- Unassigned fund balance is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are available for any purpose.

B. *Restricted Fund Balance*

The City Council shall review all restricted fund balance line items and approve expenditures relating to these categories during the budgeting process. The City shall ensure all expenditures adhere to the requirements of the law and/or City ordinances that restrict these funds.

C. *Committed Fund Balance*

The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City Council at a public meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to constraint may be determined in the subsequent period.

D. *Assigned Fund Balance*

The City Council may assign fund balance for a specific purpose in relation to this fund balance policy. The City Council may, by resolution, designate authority to the City Manager to assign fund balance to reflect the City's intended use of the funds.

E. *Unassigned Fund Balance*

The City has established a target level of unassigned fund balance to alleviate revenue shortfalls and/or unanticipated expenditures to ensure the orderly and continued provision of services. The City shall strive to maintain an unassigned fund balance in the general fund equal to at least 25% of normal recurring operating costs, based on the current year's budgeted operating expenditures.

If the unassigned fund balance exceeds this target amount, non-recurring expenditures in the following fiscal year may be funded through a drawdown of the balance. The City may elect to transfer any excess unassigned fund balance to the Capital Improvements Fund.

If the unassigned fund balance falls below the target amount, the City shall seek to reduce expenditures prior to increasing revenues in order to replenish the fund balance within a reasonable timeframe not to exceed three years.

F. *Order of Expenditure of Funds*

When multiple categories of fund balance are available for expenditure, the City shall start with the most restricted category of fund balance and spend those funds first before moving down to the next category with available funds.

G. *Working Capital of Enterprise Operating Funds*

In enterprise operating funds, the City shall maintain working capital sufficient to provide reserves for emergencies and revenue shortfalls, specifically in the Utility System. A cash operating reserve shall be established and maintained at a minimum of 25% of the current year's budget appropriation for operating expenses.

H. *Use of Fund Balance or Working Capital*

Fund balance or working capital shall be used only for emergencies, non-recurring expenditures/expenses, or major capital purchases that become necessary but cannot be accommodated through current year revenues. Should such use reduce balances below the established target levels, the City Manager shall provide restoration recommendations that accompany the decision and request to utilize said balances within the guidelines established in this policy.

I. *Governmental Fund Types*

- General Fund – The general fund is the City's primary operating fund and shall be used to account for and report all financial resources not accounted for and reported in another fund. The general fund shall be used to finance the basic operations of the City.
- Debt Service Fund – The debt service fund shall be used to account for and report the accumulation of resources that are restricted, committed, or assigned for payment of principal and interest on the City's general long-term debt.
- Special Revenue Fund – The City shall maintain special revenue funds to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects.
- Capital Project Fund – The City shall maintain capital project funds to account for and report financial resources that are restricted, committed, or assigned for capital outlay (e.g., bond funds).

J. *Proprietary Fund Types*

- Water and Wastewater Fund – The City shall maintain a water and wastewater fund to account for and report the operations of the water and sewer service (utility) operations of the City, including the annual funding of enterprise fund debt service requirements.
- Storm Water Fund – The City shall maintain a storm water fund to account for and report the operations of the City's drainage system in compliance with federal and state regulations. The fund may include a reserve/contingency to cover unexpected regulatory costs.

K. *Fiduciary Fund Types*

- Senior Citizens Trust Fund – The City shall maintain a senior citizens trust fund to account for disbursements made from investment earnings from an initial \$100,000 corpus established as a trust fund to benefit citizens age 55 and older.

## VII.

### CAPITAL EXPENDITURES AND IMPROVEMENTS

The City shall annually review and monitor the state of the City's capital assets, setting priorities for the addition, replacement and renovation of these assets based on needs, funding alternatives, and availability of resources. This review shall be done during the annual budget process.

#### A *Capitalization Threshold for Tangible Capital Assets*

- Tangible capital items should be capitalized only if they (1) have an estimated useful life of at least two years following the date of acquisition or significantly extend the useful life of the existing asset, (2) cannot be consumed, unduly altered, or materially reduced in value immediately by use, and (3) have a cost of not less than \$5,000 for any individual item.
- The capitalization threshold of \$5,000 will be applied to individual items rather than to a group of similar items. (e.g., desks, chairs, etc.).
- Computer software, regardless of cost, shall not be capitalized.

#### B. *Capital Improvement Plan*

As part of the annual budget process, the City shall prepare a capital improvement plan (CIP) based on the needs for capital improvements and equipment, including replacement and renovation and potential new projects. Annual capital spending needs shall be considered within the scope of the long-range capital improvement plan taking into consideration pay-as-you go, debt requirements, operating costs, etc.

Capital expenditures are generally defined as those to purchase and/or construct land, buildings, improvements other than buildings, and infrastructure, including roads, sidewalks, bridges, utility lines, etc., in order to provide services over a considerable period of time. Capital costs typically consist of preliminary and final engineering and design and construction, but may also include the acquisition of land or easements. For each project identified in the plan, a project scope and justification shall be provided for review and consideration and shall include cost estimates, funding sources, and projected annual operation and maintenance costs. Capital projects shall become part of the City's asset inventory.

The Capital Improvement Plan shall be reviewed along with the annual budget. Appropriations are for the life of the capital project. At fiscal year-end, projects shall be reviewed and if complete, shall be closed. Following completion of a project, any remaining funds shall be re-appropriated as part of the next year's capital budget. Funds remaining from bond proceeds may only be used in accordance with the legal use of those funds.

C. *Infrastructure Evaluation and Replacement/Rehabilitation*

Water, wastewater, drainage, street lighting, streets and sidewalks, municipal facilities, and other infrastructure are fundamental and essential for public health and safety, environmental protections, and the economic well-being of the City. The City's CIP shall be focused on ensuring that infrastructure is replaced as needed to protect the City's investment, to minimize future replacement and maintenance costs, to maintain existing levels of service, and to accommodate growth.

Infrastructure will be replaced, if feasible, at the end of its useable service life. If upgrades are warranted to meet current design standards, a cost/benefit analysis shall be done and presented to City Council for review and consideration.

D. *Capital Expenditure Financing*

The City utilizes several basic methods of financing its capital needs: pay-as-you-go from current revenues, fund balance/working capital, and debt. Capital projects shall not commence prior to the necessary funds being appropriated.

When cash funding is available, the City may elect to pay for all or part of its capital improvements from the appropriate fund rather than through the issuance of debt. The anticipated benefit of pay-as-you-go financing is a reduced or minimized impact on the property tax rate and utility rates. The use of pay-as-you-go financing may not reduce fund balance below target levels.

Debt financing may include general obligation bonds, revenue bonds, certificates of obligation, lease/purchase agreements, and other obligations permitted by state law. Capital improvement projects may not be debt-financed for periods longer than the projected useful life of the project or improvement.

E. *Monitoring*

In order to track the existence, condition, and retirement or disposal of capital assets, the Finance Department shall utilize various methods to monitor the City's capital assets. A capital asset listing shall be sent to each department head for review near the end of each fiscal year in order to determine if the asset is still in service, impaired or obsolete. The Finance Department shall perform a periodic review of capital assets to verify the asset is still functional and in use. At least every two years, the City shall complete a physical inventory of capital assets and a reconciliation to the capital asset listing. Capital asset records shall be retained by the Finance Department in accordance with the City's records retention schedule.

F. *Reporting*

A summary and status report on capital projects and expenditures shall be included in the quarterly financial report presented to City Council.

## VIII.

### DEBT

The City shall establish guidelines for debt financing to provide needed land, long-term capital additions, and infrastructure improvements while minimizing the impact of debt payments on current and future revenues.

#### A. *Use of Debt Financing*

Debt financing, including general obligation bonds, revenue bonds, certificates of obligation, lease/purchase agreements, and other obligations permitted by state law, shall only be used to purchase capital assets that cannot be acquired from current revenues or fund balance/working capital. Debt financing may be used to fund infrastructure improvements and additions.

#### B. *Debt Financing*

The City shall not assume more tax-supported general purpose debt than it retires each year without conducting an objective analysis regarding the City's ability to assume and support additional debt service. This analysis shall include an examination of the costs and benefits of the proposed capital spending and the anticipated impact on the property tax rate. The decision to issue new debt shall be based on this analysis, a review of the current and projected conditions of the municipal bond market, and the City's ability to service the new debt.

General Obligation Bonds require voter approval and shall be issued to accomplish projects identified in the bond referendum. General Obligation Bonds shall be used to fund capital assets of the City and shall not be used to fund current operating expenditures.

Certificates of Obligation may be issued without voter approval to finance any public works project or capital improvement, as permitted by state law. The City may issue Certificates of Obligation in the event it is more economical than issuing Revenue Bonds.

Revenue Bonds are secured by the revenues of an enterprise fund and require adequate projected revenues to cover anticipated future payments over the life of the bonds. If the City determines it is feasible to issue Revenue Bonds, it may also be necessary to make adjustments to the City's utility rate structure to maintain required coverage. Coverage requirements, and the need for and level of reserve funds to provide additional security in support of the bonds, are subject to rating agency review and market standards.

C. *Debt Structure*

The term of any debt issuance may not exceed the useful life of the asset funded by the debt. Relative to the issuance of revenue bonds, the term of the debt shall also be consistent with the revenue-generating capacity of the asset. The maximum term of any debt issue shall not exceed 40 years.

The structure of any debt issuance shall be designed to achieve the best possible results for the City given current market conditions, etc. Consideration shall be given to the term, amortization schedule, interest rates, yield, pricing and call provisions.

To achieve a more favorable interest rate, the City shall strive to issue bonds in amounts such that the issue is bank qualified. However, if the City needs to issue debt that is non-bank qualified, the fact that the issue is so designated will not be a consideration if all other factors support the issuance.

D. *Debt Refunding*

The City's financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. The City may issue an advance refunding if the difference between when the new bonds are issued and the outstanding bonds being refunded are called or paid at maturity is greater than 90-days. If that difference is less than 90-days, the City may issue a current refunding. Pursuant to federal tax law, the City may advance refund bonds only once on a tax-exempt basis. There is no limit on the number of times the City may current refund bonds.

As a general rule, the net present value savings of an advance refunding should exceed three percent (3%) of the refunded maturities (including cost of issuance), unless, a debt restructuring is necessary.

E. *Bond Elections*

General obligation bond elections shall be determined and set by the City Council based upon recommendations of the City's financial advisers, bond counsel, and underwriters. An analysis showing the impact of the new debt on the City's tax rate and total debt capacity will be included with each proposal to issue new general obligation bonds.

F. *Method of Sale*

The City shall use a competitive bidding process for the sale of debt unless the nature of the issue warrants a negotiated sale. The City may utilize a negotiated sale when the debt issuance is, or contains, a refinancing that is dependent on market timing.

G. *Underwriting Syndicates*

As part of the debt issuance process, the City shall partner with qualified and experienced firms. The City shall be actively involved in the debt issuance process and shall work with the financial advisor, bond counsel, and underwriter(s) to develop and recommend the most appropriate debt financing to meet the City's needs. For any given bond issue, the City may elect to work with a single underwriter or with an underwriting syndicate, which includes several firms and a designated lead underwriter.

H. *Rating Agency Presentations*

Full disclosure of operations and open lines of communication shall be maintained with the rating agencies. The City shall work with the financial advisor to prepare the necessary materials and presentation to the rating agencies. Credit ratings will be sought from one or more of the nationally recognized municipal bond rating agencies, currently Moody's Investor Service, Standard & Poor's Ratings Services, and Fitch Ratings, based on the recommendation of the financial advisor.

I. *Bond Ratings*

The City shall prudently manage the general and enterprise funds in order to maintain or improve the City's bond rating.

J. *Lease/Purchase Agreements*

The City may consider lease/purchase agreements for short-term financing needs when it is the most cost-effective option.

K. *Interest Earnings on Debt Proceeds*

Interest earnings on debt proceeds in the general fund shall be transferred to the debt service fund. Interest earnings on water and wastewater debt proceeds shall remain in the enterprise fund.

L. *Continuing Financial Disclosure*

The City shall comply with all requirements for continuing financial disclosure prescribed by state and federal regulations and City bond ordinances. In order to meet these requirements, the City must annually provide certain updated financial information and operating data to the Municipal Securities Rulemaking Board.

In compliance with SEC Rule 15c2-12, the City is obligated to provide (1) certain updated financial information and operating data annually, and (2) timely notice of specified material events, to the Municipal Securities Rulemaking Board (MSRB) in an electronic format as prescribed by MSRB. This information is available free of charge via the Electronic Municipal Market Access (EMMA) system at [www.emma.msrb.org](http://www.emma.msrb.org).

The information to be provided includes quantitative financial information and operating data as well as audited financial statements. This financial disclosure must be filed by March 31 of each year.

A material event notice must be filed within ten business days of the occurrence of any of the following:

- Principal and interest payment delinquencies
- Non-payment related defaults associated with outstanding bonds, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions affecting the tax-exempt status of the City's bonds
- Modifications to the rights of bondholders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution, or sale of property securing repayment of the City's bonds, if material
- Changes to the City's credit ratings
- Bankruptcy, insolvency, receivership or similar event of the City
- Merger, consolidation or acquisition involving the City, including the sale of all, or substantially all, City assets
- Appointment of a successor Paying Agent/Registrar or, if material, a change in the name of the Paying Agent/Registrar

M. *Post-Issuance Compliance*

The City has adopted a separate post-issuance compliance policy and procedures to address the requirements of the Tax Code relative to its debt issuances. These requirements include restrictions on the use of proceeds, arbitrage yield restrictions, and the arbitrage rebate requirement. In general, these requirements are applicable throughout the period the debt issuance remains outstanding.

## IX.

### CASH MANAGEMENT AND INVESTMENTS

The City shall invest idle operating cash in such a manner so as to ensure the absolute safety of principal, to meet the liquidity needs of the City, and to achieve the highest possible yield in accordance with state statutes and the City's Investment Policy.

#### A. *Investment Management*

- All aspects of cash and investment management shall be designed to first ensure the safety of the City's financial assets.
- Cash and investment management activities shall be conducted in full compliance with prevailing state statutes and the City's Investment Policy.
- The City shall only do business with financial institutions and broker/dealers approved by City Council and who have executed a written certification of their review and understanding of the City's Investment Policy.
- The City shall design and establish policies relative to a variety of cash and investment management issues as set forth in the City's Investment Policy.
- Investments of City funds shall be made with the exercise of judgment and care which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Safety of the investment principal and liquidity needs of the City must be taken into account before yield may become a consideration in the investment process. Speculative investments are prohibited.

#### B. *Investment Strategy*

The City shall implement an investment strategy to achieve safety of principal, to maintain adequate liquidity to meet operating requirements, and to achieve a reasonable yield commensurate with the preservation of principal and liquidity. The City shall seek to diversify the investment portfolio in terms of investment type and maturity.

#### C. *Interest Income*

The City consolidates funds for investment. Interest earned from investments shall be allocated to the funds from which the funds were provided.

D. *Arbitrage Investments and Reporting*

The investment of bond proceeds shall be made in accordance with the same priority order of safety, liquidity, and yield. Bond proceeds shall be invested in separate instruments or accounts and not commingled with other investment purchases. Arbitrage rebate calculations shall be done for each bond issue, as required, and funds shall be set aside for any positive arbitrage. Arbitrage shall be rebated to the federal government when due.

E. *Collateralization of Deposits*

Pledged collateral on the City's deposits shall be held at an independent third-party institution and evidenced by a written receipt. The type and amount of collateral shall comply with the City's Investment Policy. Currently, all deposits shall be collateralized at a minimum level of 102 percent of par value. Substitutions of collateral shall comply with the City's Investment Policy. Collateral shall not be released until the replacement collateral has been received into the City's account.

F. *Finance Committee*

The City has established a Finance Committee consisting of mayoral appointments from City Council. The members shall be appointed/re-appointed to the committee annually. The City Manager, Assistant City Manager, and Director of Finance shall also serve on the committee. The committee shall meet quarterly for an update on the City's financial statements and investments. Further, the committee shall meet to review the results of the annual audit and at any other time it may be necessary to report on an internal audit or other external audit authorized by City Council.

G. *Reporting*

A quarterly investment report shall be prepared and presented to City Council in accordance with state law and the City's Investment Policy.

## X.

# GRANTS

The City shall seek, apply for, and effectively administer federal, state, and local grants, which support the City's current and future priorities and policy objectives.

### A. *Grant Guidelines*

The City has implemented and will follow the requirements outlined under Title 2, Subtitle A, Chapter 2 of the Code of Federal Regulations (2 CFR 200). The City shall seek and apply for all appropriate grants consistent with the objectives and priority needs identified by the City or City Council. The City shall recover indirect costs to the maximum amount permitted by the grant. The City may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant. Grant funding may be considered to leverage City funds; however, inconsistent and/or fluctuating grants should not be relied upon to fund ongoing programs. The potential to incur ongoing costs shall be considered prior to applying for a grant.

### B. *Conflict of Interest*

In accordance with 2 CFR 200.318(c)(1), no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if that employee, officer, or agent has a real or apparent conflict of interest (e.g., an immediate family member or partner, or an organization which employs or is about to employ any of the parties has a financial or other interest in or a tangible personal benefit from a firm considered for a contract). An employee, officer, or agent of the City may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

### C. *Grant Review & Approval*

All grant submittals shall be reviewed for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet the City's goals and policy objectives. If there is a cash match requirement, the source of funding for the matching funds shall be identified prior to submitting the grant application. All grant submittals shall also be reviewed for any "in-kind" grant match being considered in-lieu-of a cash match. Since an "in-kind" match requires the use of force account labor, the requesting department shall confirm this will not negatively impact existing service levels.

All grant submissions must include an explanation of the need for the grant, the terms of the grant, including reporting requirements, and an analysis of the ongoing maintenance and operations costs that will be incurred by the City upon acceptance of the grant. The department shall designate a Grant Administrator for each grant. The Grant Administrator

shall coordinate all grant submissions with the Assistant City Manager prior to consideration by the City Manager. Once a grant is approved, the Grant Administrator shall establish and maintain a shared folder accessible by the Assistant City Manager and the Director of Finance. A new subfolder shall be added for each approved grant submission and shall include a copy of the grant application and all-grant related correspondence, documentation, and reports.

The City Manager shall approve all grant submissions. The City Council must approve all grant applications. If a department has a narrow window to pursue a grant opportunity less than \$25,000 (e.g., grant funds unexpectedly become available on a compressed timeline), the grant application may be ratified at the City Council meeting immediately following the submission of the grant application.

If the grant opportunity is identified during the budget process, it shall be included in the appropriate revenue and expenditure accounts. If the grant is accepted after completion of the budget process, the department applying for the grant funding shall work with the Finance Department to prepare the associated budget amendment.

D. *Grant Administration*

The Grant Administrator shall provide a copy of the approved grant submission (via email or hard copy) to the Assistant City Manager and the Director of Finance. Once a grant agreement is signed, the Grant Administrator shall provide a copy of the executed agreement to the City Secretary. The Grant Administrator shall then initiate a meeting with the Assistant City Manager, the Director of Finance, and any other department members participating in the grant funded program/expenditure. At that meeting, the roles and responsibilities related to the administration of and reporting for the grant shall be established and the appropriate fund and account number(s) shall be assigned.

E. *Grant Management*

The Grant Administrator shall be responsible for all operational aspects of grant management and shall maintain detailed records to ensure maximum reimbursement of grant funds and full compliance with the grant requirements and the Single Audit Act. The Grant Administrator shall notify the Assistant City Manager and the Director of Finance when any correspondence, documentation, or reports have been added to the shared folder for the specific grant.

F. *Procurement*

The expenditure of grant funds shall follow all applicable City policies and procedures, including purchasing and bid policies. Any procurement that involves Federal awards will follow and comply with the policy and procedures outlined in 2 CFR 200.317 through 2 CFR 200.326. In accordance with 2 CFR 200.320, the City “must use one of the following methods of procurement:”

- Procurement by micro-purchase, which is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold, which is currently \$10,000 (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act). Because the micro-purchase threshold is periodically adjusted for inflation, it should be verified before utilizing micro-purchases. To the extent practicable, the City must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the City considers the price to be reasonable.
- Procurement by small purchase procedures, which are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold. Because the simplified acquisition threshold, currently \$250,000, is periodically adjusted for inflation, it should be verified before utilizing small purchase procedures. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
- Procurement by sealed bids, which are publicly solicited and result in a firm fixed price contract awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the following conditions apply: (a) a complete, adequate, and realistic specification or purchase description is available; (b) two or more responsible bidders are willing and able to compete effectively for the business; and (c) the procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply: (a) the invitation for bids must be publicly advertised and bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids; (b) the invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond; (c) all bids shall be publicly opened at the time and place prescribed in the invitation for bids; (d) a firm fixed price contract award shall be made, in writing, to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation costs, and life cycle costs must be considered in determining which bid is lowest. Payment discounts may only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and (e) any or all bids may be rejected if there is a sound documented reason.

- Procurement by competitive proposals are normally conducted with more than one source submitting an offer, and either a fixed price or cost reimbursement type contract is awarded, and are generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply: (a)

requests for proposals must be publicized and identify all evaluation factors and their relative importance and any response must be considered to the maximum extent practical; (b) proposals must be solicited from an adequate number of qualified sources; (c) the City must have a written method for conducting technical evaluations of the proposals and for selecting recipients; (d) contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and (e) the City may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. Note: the method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

- Procurement by noncompetitive proposals, which is procurement through solicitation of a proposal from only one source, may be used only when one or more of the following circumstances apply: (a) the item is available only from a single source; (b) the public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation; (c) the Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the City; or (d) after solicitation of a number of sources, competition is determined inadequate.

If there is an instance where Federal grant requirements are more restrictive than State or City requirements, the City shall follow the most restrictive requirements at all times. As an example, Federal guidelines may not accept the policies associated with purchasing cooperatives, which would require the City to use competitive bidding for the purchase of goods or services for which it will seek reimbursement through Federal grant funding (e.g., FEMA).

For purchases using grant funds administered by the Federal Emergency Management Agency (FEMA), both FEMA and the U.S. Department of Homeland Security's Office of Inspector General (OIG) emphasize following the principles and requirements for grant related procurement outlined below:

- Ensuring every procurement transaction is conducted in a manner allowing full and open competition.
- Documenting compliance with all six affirmative steps for soliciting small and minority businesses, women's business enterprises, and labor surplus firms.
- Ensuring no solicitation (other than for A&E services) has a local or geographic preference.

- Performing and documenting a cost or price analysis, consistent with the instructions specified in the then current FEMA Pricing Guide, in conjunction with all procurement transactions in excess of \$150,000, including any upward or downward contract modifications.
- Ensuring each contract and purchase order contains all required federal contract provisions.
- Avoiding making any noncompetitive awards to consultants on retainer contracts.
- Avoiding "piggybacking" onto a pre-existing contract solicited and awarded by another entity.
- Terminating any noncompetitively awarded contract for emergency or exigent work as soon as the period of emergency or exigency ends.
- Precluding contractors that develop or draft specifications, requirements, statements of work, invitations for bid or requests for proposals from competing for and being awarded the subsequent contract for that work.
- Avoiding the use of forbidden cost-plus-percentage-of-cost or percentage-of-construction-cost contracts.
- Not taking any action during the solicitation process that could be viewed as arbitrary or restrictive of competition.
- Ensuring any contract awarded on a time-and-materials basis has a not-to-exceed ceiling and a documented finding that no other contract type is suitable.
- Never awarding any contract to a vendor who is suspended or debarred.

The Grant Administrator shall verify that any vendors selected for the grant funded program/expenditure are not debarred or excluded from providing goods and services under state or federal award programs. The list of vendors debarred from doing business with the State of Texas is available at the website of the Texas Comptroller of Public Accounts (Debarred Vendor List) at: [http://www.window.state.tx.us/procurement/prog/vendor\\_performance/debarred/](http://www.window.state.tx.us/procurement/prog/vendor_performance/debarred/). The Grant Administrator shall utilize the Official U.S. Government System for Award Management (SAM) to verify that a potential vendor/contractor has not been excluded or debarred before contracting with that vendor on a federally funded grant. SAM contains an electronic roster of debarred companies excluded from Federal Procurement and non-procurement programs throughout the U.S. Government (unless otherwise noted) and from receiving Federal contracts or certain subcontracts and from certain types of Federal financial and nonfinancial assistance and benefits. Instructions on how to access SAM may be found at: <http://www.dol.gov/ofccp/regs/compliance/preaward/debarlst.htm>.

G. *Grant Termination and/or Reduced Grant Funding*

In the event of reduced grant funding, City resources shall be substituted only after all program priorities and alternatives have been considered during the budget process, unless the City is obligated, through the terms of the grant, to maintain the program or associated positions.

The City shall terminate grant-funded programs and associated positions when grant funds are no longer available and it is determined that the program no longer supports City goals and policy objectives or is no longer in the best interest of the City. The City shall complete any outstanding obligations following the termination of any grant funding.

H. *Reporting Certifications (Personal Liability)*

To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official authorized to legally bind the City, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims or otherwise."

I. *Internal Reporting*

While individual departments are responsible for grant applications and program administration and reporting, it is necessary to prepare and maintain an annual report of expenditures related to all outstanding grants. To accommodate the annual audit requirements, the Finance Department shall prepare an annual report on the status of all outstanding grants. Prior to its finalization, a draft of the report shall be reviewed and discussed at a director's (staff) meeting. To accommodate this reporting requirement, the Finance Department shall reference the following:

- Copy of signed grant application/agreement;
- Copy of check vouchers and invoices for all expenditures funded by the grant;
- Copy of any program reports submitted to the granting authority;
- Copy of any correspondence related to the grant;
- Copy of any other pertinent information related to the grant.

The Finance Department prepares a quarterly financial report, which is available to any department required to furnish a periodic or interim financial report to the granting authority. Each individual department shall be responsible for program administration and related program reporting. Copies of all program reports shall be added to the shared folder for the specific grant. These reports shall be made available as documentation for the annual grant report provided to the auditors.

## XI.

### Intergovernmental Relations

The City shall coordinate efforts with other governmental agencies to achieve common policy objectives, share the cost of providing government services on an equitable basis, and support favorable legislation at the state and federal levels.

A. *Interlocal Cooperation in Delivery of Services*

In order to promote the efficient and effective delivery of services, the City shall actively seek to work with other local jurisdictions to share, on an equitable basis, the costs of services, to share facilities, and to develop joint programs to improve service to its citizens.

B. *Legislative Program*

The City shall cooperate with other jurisdictions to actively oppose any state or federal regulation or proposal that mandates additional City programs or services but does not provide the funding to implement them.

## XII.

### Internal Controls

The City shall establish and maintain a system of internal controls designed to safeguard City assets, ensure the accuracy and reliability of accounting and financial records, promote operational efficiency, and adhere to prescribed policies in compliance with federal and state regulations and City ordinances and policies.

A. *Segregation of Duties*

The City shall strive to maintain appropriate segregation of duties in the conduct of City business in order to reduce the opportunities for any person to perpetrate and conceal errors or irregularities in the normal course of assigned duties.

B. *Training*

The City shall ensure that all employees responsible for cash handling and/or financial transactions are familiar with and understand the applicable City policies and procedures associated with these responsibilities. Employees shall be properly trained and supervised in the exercise of these duties.

C. *Fiscal Authority*

The City shall implement appropriate levels of fiscal authority and shall design, implement, and maintain procedures to ensure financial transactions and activities are properly reviewed and authorized.

D. *Signature of Checks*

All City checks shall require up to three signatures. Three persons shall be authorized to sign checks: the Mayor, City Manager, and Director of Finance. The Mayor Pro-Tem and the Assistant City Manager are authorized to sign in place of the Mayor and City Manager, respectively. The Accounting Supervisor is authorized to sign in place of the Director of Finance. The signatures of the Mayor, City Manager and Director of Finance shall be affixed on all City checks up to \$1,000 via facsimile signature. Checks in the amount of \$1,000 and greater but less than \$5,000 shall include the facsimile signature of the City Manager and the Director of Finance and the manual signature of the Mayor. All checks in the amount of \$5,000 and over will be manually signed by all three authorized check signers.

E. *Electronic Payment Vouchers*

The City may have occasion to make vendor payments electronically. Three persons shall be authorized to sign electronic payment vouchers: the Mayor, City Manager, and Director of Finance. The Mayor Pro-Tem and the Assistant City Manager are authorized to sign in place of the Mayor and City Manager, respectively. The signatures of the City Manager and Director of Finance shall be affixed on all electronic payment vouchers up to \$1,000. The Mayor shall also sign all electronic payment vouchers over \$1,000 in accordance with the City Charter.

F. *Bank Reconciliations*

The Director of Finance shall receive and initial the monthly bank statements. The completed bank reconciliations shall be reviewed by the Accounting Supervisor. The Director of Finance shall then perform a final review using the on-line banking system to check for unusual activity and to ensure there were no modifications made to the banking activity.

To mitigate the City's exposure to the inherent risks of limited segregation of duties, the employee who completes the bank reconciliations shall not handle cash or post related cash or adjusting entries.

G. *Recordkeeping*

The City shall design, implement, and maintain procedures to ensure financial transactions and events are properly recorded such that all financial reports are current, accurate, and up-to-date. The Director of Finance shall review and approve (sign) all journal entries prepared by the Accounting Supervisor as well as any journal entries that include individual amounts over \$50,000, the activities of which have not been subject to prior review or approval.

H. *Safeguarding Assets and Financial Records*

The City shall design, implement, and maintain procedures to ensure appropriate and adequate safeguards exist over the access to and use of financial assets and records. These measures shall be designed to protect the City's assets from unauthorized access, fraud or theft.

I. *Internal Audits*

The City shall conduct internal audits to ensure compliance with established procedures and proper valuation of recorded amounts. During the year, the Finance Department shall conduct at least one surprise audit of each petty and working cash fund.

J. *Annual Review*

The City shall conduct an annual review of the system of internal controls and shall make any appropriate changes or modifications to improve the controls.



## Legislation Details (With Text)

**File #:** DIS 19-021    **Version:** 1    **Name:**

**Type:** Discussion    **Status:** Agenda Ready

**File created:** 1/29/2019    **In control:** City Council Workshop

**On agenda:** 2/5/2019    **Final action:**

**Title:** Discussion of issues relating to a contract for the collection of delinquent Municipal Court fines and fees with the law firm Linebarger, Goggan, Blair and Sampson.

**Sponsors:** City Manager's Office

**Indexes:**

**Code sections:**

**Attachments:** [Linebarger Contract Deer Park 2019](#)

Date	Ver.	Action By	Action	Result
2/5/2019	1	City Council Workshop		

Discussion of issues relating to a contract for the collection of delinquent Municipal Court fines and fees with the law firm Linebarger, Goggan, Blair and Sampson.

### Summary:

At this time, Council will discuss renewal of a contract for delinquent Municipal Court fines and fees with the law firm Linebarger, Goggan, Blair and Sampson. Mr. Richard Hill from the Linebarger firm will be in attendance representing his firm on this item. In 2010, the City entered into a contract for the collection of delinquent municipal court fines and fees with the law firm Linebarger, Goggan, Blair and Sampson. This contract was renewed in February 2016 for a three (3) year period, and soon will expire. As such, staff recommends its renewal (please see attached). The new contract contains identical language to our present contract and call for identical collection rates payable to Linebarger. It has a term of three (3) years, and may be terminated by the City with 60 days notice.

Fiscal/Budgetary Impact:

Collection amounts vary

Discussion only in Workshop

# **Contract for Fines and Fees Collection Services**

STATE OF TEXAS

COUNTY OF HARRIS

THIS CONTRACT (hereinafter "AGREEMENT") is made and entered into by and between the City of Deer Park, acting herein by and through its governing body, hereinafter styled "CLIENT", and Linebarger Goggan Blair & Sampson, LLP, hereinafter styled "FIRM".

## **Article I**

### *Nature of Relationship and Authority for Contract*

1.01 The parties hereto acknowledge that this AGREEMENT creates an attorney-client relationship between CLIENT and FIRM.

1.02 The CLIENT hereby employs the FIRM to provide the services hereinafter described for compensation hereinafter provided.

1.03 This AGREEMENT is entered into pursuant to and as authorized by Subsection (a) of ART. 103.0031, Texas Code of Criminal Procedure.

## **Article 2**

### *Scope of Services*

2.01 CLIENT agrees to employ and does hereby employ FIRM to provide specific legal services provided herein and enforce the collection of delinquent court fees and fines that are subject to this AGREEMENT, pursuant to the terms and conditions described herein. Such legal services shall include but not be limited to recommendations and legal advice to CLIENT to take legal enforcement action; representing CLIENT in any dispute or legal challenge over authority to collect such court fees and fines; defending CLIENT in litigation or challenges of its collection authority; and representing CLIENT in collection interests in bankruptcy matters as determined by FIRM and CLIENT. This AGREEMENT supersedes all prior oral and written agreements between the parties regarding court fees and fines, and can only be amended if done so in writing and signed by all parties. Furthermore, this contract cannot be transferred or assigned by either party without the written consent of all parties.

2.02 The CLIENT may from time-to-time specify in writing additional actions that should be taken by the FIRM in connection with the collection of the fines and fees that are subject to this AGREEMENT. CLIENT further constitutes and appoints the FIRM as CLIENT's attorneys to sign all legal instruments, pleadings, drafts, authorizations and papers as shall be reasonably necessary to pursue collection of the CLIENT's claims.

2.03 Fines and fees that are subject to this AGREEMENT are those that are more than sixty (60) days past due as of the effective date hereof and those that become more than

sixty (60) days past due during the term hereof. As used in this section, "more than 60 days past due" has that meaning assigned by Subsection (f) of Art. 103.0031, Texas Code of Criminal Procedure [as amended by Senate Bill 782, 78th Legislature (2003), effective June 18, 2003]. The meaning assigned to the phrase "more than 60 days past due" shall, for the term and purposes of this AGREEMENT, survive any future amendments to, or repeal of, Article 103.0031, Texas Code of Criminal Procedure, or any parts thereof.

2.04 The CLIENT agrees to provide to the FIRM data regarding any fines and fees that are subject to this AGREEMENT. The data shall be provided by electronic medium in a file format specified by the FIRM. The CLIENT and the FIRM may from time-to-time agree in writing to modify this format. The CLIENT shall provide the data to the FIRM not less frequently than monthly.

2.05 The FIRM, in all communications seeking the collection of fines and fees, shall direct all payments directly to the CLIENT at an address designated by the CLIENT. If any fines and fees are paid to the FIRM, said payments shall be expeditiously turned over to the CLIENT.

### **Article 3**

#### *Compensation*

3.01 The CLIENT agrees to pay the FIRM as compensation for the services required hereunder thirty (30%) percent of the total amount of all the fines and fees [exclusive of any collection fee assessed by the CLIENT pursuant to Subsection (b) of Article 103.0031, Texas Code of Criminal Procedure] subject to the terms of this AGREEMENT as set forth in Section 2.03 above that are collected by the CLIENT during the term of this AGREEMENT. All compensation shall become the property of the FIRM at the time payment of the fines and fees is made to the CLIENT.

3.02 The CLIENT shall pay the FIRM by the twentieth day of each month all compensation earned by the FIRM for the previous month as provided in this Article 3. The CLIENT shall provide an accounting showing all collections for the previous month with the remittance.

### **Article 4**

#### *Intellectual Property Rights*

4.01 The CLIENT recognizes and acknowledges that the FIRM owns all right, title and interest in certain proprietary software that the FIRM may utilize in conjunction with performing the services provided in this AGREEMENT. The CLIENT agrees and hereby grants to the FIRM the right to use and incorporate any information provided by the CLIENT ("CLIENT Information") to update the databases in this proprietary software, and, notwithstanding that CLIENT Information has been or shall be used to update the databases in this proprietary software, further stipulates and agrees that the CLIENT shall have no rights or ownership whatsoever in and to the software or the data contained therein, except that the CLIENT shall be entitled to obtain a copy of such data that directly relates to the CLIENT's accounts at any time.

4.02 The FIRM agrees that it will not share or disclose any specific confidential CLIENT Information with any other company, individual, organization or agency, without the prior written consent of the CLIENT, except as may be required by law or where such information is otherwise publicly available. It is agreed that the FIRM shall have the right to use CLIENT Information for internal analysis, improving the proprietary software and database, and generating aggregate data and statistics that may inherently contain CLIENT Information. These aggregate statistics are owned solely by the FIRM and will generally be used internally, but may be shared with the FIRM's affiliates, partners or other third parties for purposes of improving the FIRM's software and services.

## **Article 5**

### *Costs*

5.01 The FIRM and CLIENT recognize that certain costs may be incurred in the process of providing any additional services contemplated in Section 2.02 above or in providing any special litigation services. The CLIENT agrees that all such costs shall be billed to the CLIENT, but that the FIRM will either (i) advance such costs on behalf of the CLIENT or, (ii) when possible, arrange with the vendor or agency providing the service that the costs of services will not be paid unless and until such costs are recovered by the CLIENT from the debtor.

5.02 The CLIENT acknowledges that the FIRM may provide such services with its own employees or with other entities or individuals who may be affiliated with the FIRM, but the FIRM agrees that any charges for such services will be reasonable and consistent with what the same services would cost if obtained from a third party.

5.03 The CLIENT agrees that upon the recovery of such costs, the CLIENT will (i) pay the FIRM for any such costs that have been advanced by the FIRM or performed by the FIRM and (ii) pay any third party agency or vendor owed for performing such services.

## **Article 6**

### *Term and Termination*

6.01 This AGREEMENT shall be effective February , 2019 (the "Effective Date") and shall expire on February , 2022 (the "Expiration Date") unless extended as hereinafter provided.

6.02 Unless prior to sixty (60) days before the Expiration Date, the CLIENT or the FIRM notifies the other in writing that it does not wish to continue this AGREEMENT beyond its initial term, the CLIENT has the option to extend the AGREEMENT for two additional two-year terms, without the necessity of further action by either party.

6.03 If, at any time during the initial term of this AGREEMENT or any extension hereof, the CLIENT determines that the FIRM's performance under this AGREEMENT is unsatisfactory, the CLIENT shall notify the FIRM in writing of the CLIENT's determination. The notice from the CLIENT shall specify the particular deficiencies that the CLIENT has observed in the FIRM's performance. The FIRM shall have sixty (60) days from the date of the notice to cure any such deficiencies. If, at the conclusion of that sixty (60) day remedial period, the CLIENT remains unsatisfied with the FIRM's performance, the CLIENT may terminate this AGREEMENT effective upon the expiration of thirty (30) days following the date of written notice to the FIRM of such termination ("Termination Date").

6.04 Whether this AGREEMENT expires or is terminated, the FIRM shall be entitled to continue to collect any items and to pursue collection of any claims that were referred to and placed with the FIRM by the CLIENT prior to the Termination Date or Expiration Date for an additional ninety (90) days following termination or expiration. The CLIENT agrees that the FIRM shall be compensated as provided by Article 3 for any such item or pending matters during the ninety (90) day period.

6.05 The CLIENT agrees that the FIRM shall be reimbursed for any costs advanced and shall be paid for any services performed pursuant to Article 5 when such costs are recovered by or on behalf of the CLIENT, regardless of the date recovered. It is expressly agreed that neither the expiration nor the termination of this AGREEMENT constitutes a waiver by the FIRM of its entitlement to be reimbursed for such costs and to be paid for such services. It is further expressly agreed that the expiration of any ninety (90) day period under Section 6.04 does not constitute any such waiver by the FIRM.

## **Article 7**

### *Miscellaneous*

7.01 Subcontracting. The FIRM may from time-to-time obtain co-counsel or subcontract some of the services provided for herein to other law firms or entities. In such cases, the FIRM will retain supervisory control and responsibility for any services provided by such co-counsel or subcontractors and shall be responsible to pay any compensation due to any such co-counsel or subcontractor.

7.02 Arbitration. Any controversy between the parties to this AGREEMENT involving the construction or application of any of the terms, covenants, or conditions of this AGREEMENT shall, on the written request of one party served on the other, be submitted to arbitration, and such arbitration shall comply with and be governed by the provisions of the Texas General Arbitration Act.

7.03 Integration. This AGREEMENT contains the entire AGREEMENT between the parties hereto and may only be modified in a written amendment, executed by both parties.

7.04 Representation of Other Governmental Entities. The CLIENT acknowledges and consents to the representation by the FIRM of other governmental entities that may be

seeking the payment of fines and fees or other claims from the same person(s) as the CLIENT.

7.05 Notices. For purposes of sending any notice under the terms of this contract, all notices from CLIENT shall be sent to FIRM by certified United States mail, or delivered by hand or by courier, and addressed as follows:

Linebarger Goggan Blair & Sampson, LLP  
Attention: Director of Client Services  
The Terrace II  
2700 Via Fortuna Drive  
Suite 400  
Austin, TX 78746

All notices from the FIRM to the CLIENT shall be sent to CLIENT by certified United States mail, or delivered by hand or by courier, and addressed as follows:

City of Deer Park  
P.O. Box 700  
Deer Park, Texas 77536

7.06 *Compliance with Tx. Govt. Code §2270.002.* In order to comply with Tx. Govt. Code §2270.002, the Firm verifies that it does not boycott Israel and will not boycott Israel during the term of the contract.

EXECUTED ON the day of February, 2019

By: \_\_\_\_\_  
Honorable Jerry Mouton, Jr., Mayor

Linebarger Goggan Blair & Sampson, LLP

By: \_\_\_\_\_  
Richard Hill, Partner  
For the FIRM



## Legislation Details (With Text)

**File #:** DIS 19-024    **Version:** 2    **Name:**  
**Type:** Discussion    **Status:** Agenda Ready  
**File created:** 1/30/2019    **In control:** City Council Workshop  
**On agenda:** 2/5/2019    **Final action:**  
**Title:** Discussion of issues relating to allowing food trucks at special City of Deer Park events.  
**Sponsors:** City Manager's Office  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
2/5/2019	2	City Council Workshop		

Discussion of issues relating to allowing food trucks at special City of Deer Park events.

### Summary:

Presently, City regulations do not allow food trucks to operate in Deer Park. With this item, we would like to discuss with Council possible changes to municipal code to permit food trucks to operate at City facilities as part of special events. An example of this would include having a food truck(s) in Dow Park during the Thursday night summer concerts at the new pavilions. Staff will present for discussion what we hope to accomplish, what changes to existing code need to occur to implement this, and what pitfalls we will need to avoid to prevent unintended consequences relative to existing code. We seek Council input in determining how best to move forward, or not.

### Fiscal/Budgetary Impact:

N/A

Discussion only in Workshop.



## Legislation Details (With Text)

**File #:** DIS 19-025    **Version:** 1    **Name:**  
**Type:** Discussion    **Status:** Agenda Ready  
**File created:** 1/30/2019    **In control:** City Council Workshop  
**On agenda:** 2/5/2019    **Final action:**  
**Title:** Discussion of issues relating to the installation of sod vs sprigging grass at the newly renovated DPCDC Deer Park Soccer Complex Project.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
2/5/2019	1	City Council Workshop		

Discussion of issues relating to the installation of sod vs sprigging grass at the newly renovated DPCDC Deer Park Soccer Complex Project.

Currently in the DPCDC Deer Park Soccer Complex construction plans is to sprig the four (4) lighted soccer fields and two (2) unlighted fields will be hydro mulched. Due to the inclement weather and project set-backs, the sprigs have not been planted to date and are proposed to be installed in March of 2019. This will result in the grass not being matured until late 2019 or early 2020. There has been discussion to expedite the growing process of the grass by installing sod which will in turn have the grass ready for Fall of 2019. This will increase the cost of the project which will be discussed.

Current Sprigging Cost - DPCDC Funds for the Deer Park Soccer Complex Project

\$52,908.90    Cost to sprig 4 lighted soccer fields per the current contractor's cost of \$1.10/ sq yd  
\$26,454.00    Cost to sprig 2 lighted soccer fields per the current contractor's cost of \$1.10/ sq yd

Proposed Sodding Cost

\$288,600.00    Cost to sod 4 lighted soccer fields per the current contractor's cost of \$6/ sq yd  
\$144,300.00    Cost to sod 2 lighted soccer fields per the current contractor's cost of \$6/ sq yd

**Option #1    Have access to two (2) lighted fully matured sodded fields in the Fall 2019**

\$144,300.00    Cost to sod 2 lighted soccer fields per the current contractor's cost of \$6/ sq yd  
\$26,454.00    Cost to sprig 2 lighted soccer fields per the current contractor's cost of \$1.10/ sq yd

\$117,846.00     Requesting from City Funds

\*A budget amendment would be required from City Funds for the \$117,846.00

Discussion only



## Legislation Details (With Text)

**File #:** BUD 19-001    **Version:** 1    **Name:**  
**Type:** Budget    **Status:** Agenda Ready  
**File created:** 1/30/2019    **In control:** City Council Workshop  
**On agenda:** 2/5/2019    **Final action:**  
**Title:** Discussion of issues relating to the Fiscal Year 2019-2020 budget calendar.  
**Sponsors:** City Manager's Office  
**Indexes:**  
**Code sections:**  
**Attachments:** [BudgetCalendarFY2019-2020\\_council](#)

Date	Ver.	Action By	Action	Result
2/5/2019	1	City Council Workshop		

Discussion of issues relating to the Fiscal Year 2019-2020 budget calendar.

### Summary:

The current fiscal year began on October 1, 2018 and ends on September 30, 2019. The 2019-2020 fiscal year will begin on October 1, 2019. The process for developing a proposed FY 2019-2020 Budget will begin on March 25, 2019 with a Budget Kick-off meeting.

Attached is the proposed FY 2019-2020 Budget calendar. This calendar includes budget related workshops, meetings and hearings for the City staff, City Council, the CCPD Board, the FCPEMSD Board and the Deer Park Community Development Corporation Board. The schedule was designed to meet the requirements of the City Charter as well as applicable State statutes. The meeting dates involving the City Council are highlighted in yellow.

### Fiscal/Budgetary Impact:

N/A

Discussion only.

**CITY OF DEER PARK**  
**BUDGET SCHEDULE FOR FY 2019-2020**  
(INCLUDES COUNCIL, **CCPD**, **FCPEMSD** & **DPCDC**)

<b>Date</b>	<b>Time</b>	<b>Meeting Description</b>
<b>March 25</b>	<b>TBD</b>	“Budget Kickoff” meeting to discuss FY 2019-2020 budget process and distribute budget materials.
<b>April 22</b>	<b>5:30 PM</b>	DPCDC Board of Directors reviews preliminary FY 2019-2020 DPCDC Budget
<b>April 29 – May 22</b>	<b>TBD</b>	City Manager/Assistant City Manager/Finance Director Meetings with Department Heads to discuss FY 2018-2019 budget estimates and FY 2019-2020 budget requests.
<b>May 13</b>	<b>5:15 PM</b>	CCPD Meeting – PD presents proposed FY 2019-2020 CCPD budget to board. Board schedules public hearing on proposed budget ( <i>Note: a P&amp;Z Meeting is scheduled this evening.</i> )
<b>May 13</b>	<b>5:45 PM</b>	FCPEMSD Meeting – FD presents proposed FY 2019-2020 FCPEMSD budget to board. Board schedules a public hearing on budget ( <i>Note: a P&amp;Z Meeting is scheduled this evening.</i> )
<b>May 22</b>		Notice for FCPEMSD public hearing on proposed FCPEMSD budget runs in newspaper.
<b>May 22</b>		Notice for CCPD public hearing on proposed CCPD budget runs in newspaper.
<b>June 10</b>	<b>5:15 PM</b>	CCPD public hearing on CCPD budget.
<b>June 10</b>	<b>5:45 PM</b>	FCPEMSD public hearing on FCPEMSD budget.
<b>June 10</b>	<b>After P.H.</b>	FCPEMSD budget workshop – (follows Public Hearing)
<b>June 20</b>	<b>TBD</b>	Distribute FY 2019-2020 Budget Workbooks to Council.
<b>June 24</b>	<b>5:30 PM</b>	City Council Budget Workshop.
<b>June 25</b>	<b>5:30 PM</b>	City Council Budget Workshop ( <i>if necessary</i> ).
<b>July 8</b>	<b>5:15 PM</b>	CCPD Meeting to adopt FY 2019-2020 CCPD budget. ( <i>Board submits budget to Council</i> )
<b>July 8</b>	<b>5:45 PM</b>	FCPEMSD meeting to adopt FY 2019-2020 FCPEMSD budget. ( <i>Board submits budget to Council</i> )
<b>July 16</b>	<b>7:30 PM</b>	City Council calls for public hearing on proposed CCPD and FCPEMSD budgets.
<b>July 22</b>	<b>5:30 PM</b>	DPCDC adopts FY 2019-2020 Budget and submits to Council.
<b>July 24</b>		Notice for Council public hearing on CCPD budget runs in newspaper.
<b>July 24</b>		Notice for Council public hearing on FCPEMSD budget runs in newspaper.
<b>July 31</b>		Submit Notice for Council public hearing on City budget to newspaper.
<b>August 1</b>	<b>TBD</b>	City Manager presents proposed budget to City Council. Council calls public hearing on proposed City budget – <i>Special Meeting</i> .
<b>August 7</b>		Notice for Council public hearing on City budget runs in newspaper.
<b>August 20</b>	<b>7:30 PM</b>	Public Hearing on proposed City budget.
<b>August 20</b>	<b>TBD</b>	Council workshop on FY 2019-2020 DPCDC Budget
<b>August 20</b>	<b>7:30 PM</b>	City Council public hearing on proposed CCPD budget. City Council approves or rejects the CCPD Budget. If the governing body rejects the budget submitted by the board, the governing body and the board shall meet and together amend and approve the budget before the beginning of the fiscal year.
<b>August 20</b>	<b>7:30 PM</b>	City Council public hearing on proposed FCPEMSD budget. City Council approves or rejects the FCPEMSD Budget. If the governing body rejects the budget submitted by the board, the governing body and the board shall meet and together amend and approve the budget before the beginning of the fiscal year.
<b>August 20</b>	<b>7:30 PM</b>	City Council adopts FY 2019-2020 DPCDC Budget
<b>Sept. 17</b>	<b>7:30 PM</b>	City Council adopts FY 2019-2020 Budget.
<b>Oct. 1</b>		FY 2019-2020 begins.



## Legislation Details (With Text)

**File #:** DIS 18-172    **Version:** 1    **Name:**  
**Type:** Discussion    **Status:** Agenda Ready  
**File created:** 12/10/2018    **In control:** City Council Workshop  
**On agenda:** 2/5/2019    **Final action:**  
**Title:** Discussion of issues relating to a petition for voluntary annexation of four tracts of land totaling 49.0146 acres and a petition totaling 83 square feet in the City's ETJ located along the west side of Independence Parkway and north of State Highway 225 into the Deer Park city limits.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [City of Deer Park Molto Properties Annexation Request 1.25.19 FINAL](#)

Date	Ver.	Action By	Action	Result
2/5/2019	1	City Council Workshop		

Discussion of issues relating to a petition for voluntary annexation of four tracts of land totaling 49.0146 acres and a petition totaling 83 square feet in the City's ETJ located along the west side of Independence Parkway and north of State Highway 225 into the Deer Park city limits.

**Summary:**

Pursuant to the Molto Properties annexation presentation given by Chad Parrish at the December 4, 2018 Council Workshop, the City has now received two petitions for voluntary annexation of property in the City's ETJ located along the west side of Independence Pkwy and North of State Highway 225 into the Deer Park city limits. The first petition is for four (4) tracts totaling 49.0146 acres owned by Geo Specialty Chemicals, Inc. The second petition is for 83 square feet owned by RBD Development, LLC. (see attached letter from Molto Properties and exhibits). State law states that after the 5th day but on or before the 30th day after the date the petition is filed, the city council shall hear the petition and the arguments for and against the annexation and shall grant or refuse the petition as the city council considers appropriate. Therefore, pursuant to state statute, the City Council must now consider this petition and grant or refuse it, as the Council considers appropriate. The action of granting the petition does not approve the annexation. If the petition is granted Council will need to schedule two (2) public hearings on the proposed annexation on March 5, 2019 and April 2, 2019. Also, prior to final approval of the annexation ordinance, the City and property owners will have reach an annexation service agreement. The owner is requesting water and sanitary sewer service from the City, but understands it will be the property owner's responsibility to pay for the cost of extension of said services from their site to the point of connection in the City as designated by the City.

Since the property is currently in the industrial district in the ETJ and falls under an industrial district contract paying an in-lieu-of tax payment annually to the City, if the tract is annexed it will be removed from the industrial district but would be subject to full City ad valorem taxation.

The property is currently vacant, undeveloped land. The proposed use is two Class A industrial/office/warehouse buildings featuring concrete tilt-wall construction totaling approximately 555,000 square feet. The proposed Project will add approximately \$40,000,000 of assessed value to the Property. The City will benefit from the additional value and the City taxes after annexation and will eliminate the need for an

Industrial District Agreement on this property. The proposed project will have a relatively low impact on the City's water and sewer resources as typical industrial/warehouse and distribution uses are low consumers of water and sewer. The City will have to provide City services, such as Police Fire/EMS. A municipal service agreement will be required to be approved.

The Developer and Owner/Applicant are also contemplating a possible second phase to the project that would include +/- 12 acres and an additional +/-171,000 SF industrial/warehouse/distribution building.

**Fiscal/Budgetary Impact:**

Additional taxable value would result after annexation. City services would have to be provided.

Discussion only in Council Workshop. Items are included on the City Council Regular Meeting Agenda to 1) hear the petition and the arguments for and against the annexation and grant or refuse the petition, and if granted 2) schedule two (2) public hearings on the voluntary annexation.



January 25, 2019

James Stokes  
City Manager  
City of Deer Park  
710 E. San Augustine  
Deer Park, TX 77536

RE: Request for Annexation of +/- 49.0166 acres of Undeveloped Tracts Located along the west side of Independence Pkwy and North of State Highway 225

Dear Mr. Stokes:

Molto Properties Fund III LLC, the developer, on behalf of GEO Specialty Chemicals and RBD Warehouse, the property owners, is submitting this petition as a formal request to voluntarily have the above referenced property annexed into the City of Deer Park for commercial development purposes. As we have discussed in earlier meetings, the anticipated development consists of multiple industrial/distribution warehouse buildings with an estimated total square footage of approximately 775,000 square feet.

We, the developer, are aware that the costs associated with the extension of city water and sanitary sewer service to the site will be our responsibility up to the point deemed appropriate by the City of Deer Park.

The size of the tract under consideration is approximately 49 acres and is reflected on the attached plan shown as "Exhibit A". Further, the site is described as attached in "Exhibit B".

Attached as "Exhibit C" please find formal petitions executed by the property owners, including boundary exhibits the metes and bounds for each annexation tract.

Attached as "Exhibit D" please find recorded copies of the "fee strips" that were acquired by GEO Specialty Chemical on January 24, 2019. These deeds indicate the ownership interest by GEO Specialty Chemical of a contiguous fee simple interest from the GEO Specialty Chemical property to the RBD Warehouse parcel. RBD Warehouse is adjoining this petition alongside GEO Specialty Chemical. It is the intent of the parties to transfer title of the GEO Specialty Chemical annexation tract and the RBD Warehouse annexation tract to an entity wholly owned by Molto Properties Fund III LLC after the acceptance of the annexation petition by the City of Deer Park, but before the finalization of the annexation proceedings. At such time, Molto Properties Fund III LLC, or its affiliate, will own fee simple interest to a contiguous property touching the existing City Limit of the City of Deer Park.

Please consider and advise if you need further information in order to process this request. We look forward to working with the City of Deer Park on this exciting project.

Sincerely,

A handwritten signature in black ink, appearing to read "Chad Parrish". The signature is fluid and cursive, with the first name "Chad" and last name "Parrish" clearly distinguishable.

Chad Parrish  
Vice President  
Molto Properties LLC

## Exhibit A

13.51 AC (TRACT XI)  
SAFETY-KLEEN (BRIDGEPORT), INC  
TO  
CLEAN HARBORS DEER PARK L.P.  
C.F. NO. W099876  
09-10-2002

- P.O.B.  
49.0166 AC.  
Y=13829792.78  
X=3209369.15  
FND 5/8" IR  
IN/CAP

PHASE 2  
12.0000 AC.  
(522,720 S.F.)

108.499  
HAMPSHIRE CHEMICAL CORP.  
TO  
GEO SPECIALTY CHEMICALS, INC  
C.F. NO. Y871006  
11-01-2005

108.499  
HAMPSHIRE CHEMICAL CORP.  
TO  
GEO SPECIALTY CHEMICALS, INC  
C.F. NO. Y871006  
11-01-2005

GEORGE ROSS SURVEY, A-646

CALLED 13.6700 ACRES  
 HOUSTON PIPE LINE CO.  
 (VOL. 3348, PG. 153 H.C.D.R.)

TOTAL ANNEX AREA  
49.0166 AC.  
(2,135,161 SQ. FT.)

PHASE 1  
36.9623 AC.  
(1,610,078 SQ. FT.

108.499  
HAMPSHIRE CHEMICAL CORP.  
TO  
GEO SPECIALTY CHEMICALS, INC.  
C.F. NO. Y871006  
11-01-2005

5.7310 ACRES  
BLOCK 1, RESERVE "A"  
BKTT DEVELOPMENT PARK REPLAT NO.  
(F.C. NO. 671094 H.C.M.R.)  
INDEPENDENCE BUSINESS PARK LLC
























2.7710 ACRES  
BLOCK 1, RESERVE "B"  
T DEVELOPMENT PARK REPLAT NO. 1  
(F.C. NO. 671094 H.C.M.R.)  
DEPENDENCE BUSINESS PARK LLC

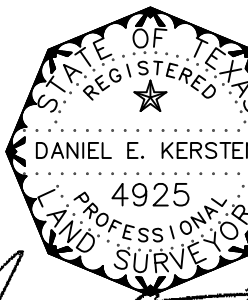
12.095 ACRES  
PRO EQUIPMENT LEASING, LTD  
TO  
DREAM 7 EQUITIES, LLC  
(C.F. NO. 20130125105)  
03-18-2013

OPS &  
INC.  
(2613)

11.5000 AC.  
LOVES TRAVEL STOPS &  
COUNTRY STORES, INC.  
(C.F. NO. 20120162613)

**LEGEND**

-  TRAFFIC SIGN
-  COMMUNICATIONS MANHOLE
-  TELEPHONE ENCLOSURE
-  CHAIN LINK FENCE
-  WOOD FENCE
-  POWER POLE
-  POWER POLE w/DOWN GUY
-  STREET/AREA LIGHT
-  GAS VALVE
-  GAS METER
-  STORM/SAN/CHILLWATER MANHOLE
-  OVERHEAD ELECTRIC LINE
-  STORM SEWER WITH SIZE
-  BURIED GAS LINE WITH SIZE
-  BURIED WATER LINE WITH SIZE
-  CHAIN LINK FENCE
-  CORRUGATED METAL PIPE
-  IRON PIPE
-  IRON ROD
-  CENTERLINE
-  PINCH TOP PIPE
-  PULL BOX
-  NO PARKING SIGN
-  CURB INLET
-  SQUARE INLET
-  FIRE HYDRANT
-  WATER METER
-  SANITARY CLEAN OUT
-  JUNCTION BOX
-  GAS MANHOLE
-  HANDICAP PARKING
-  TELEPHONE
-  SAMPLE WELL
-  VIB-YARB DRAIN



01-25-2019	<i>Daniel E. Kersten</i>	4925
DATE	DANIEL E KERSTEN	PRISON

I HEREBY CERTIFY THAT THIS PLAN  
CORRECTLY REPRESENTS THE ACTUAL  
CONDITIONS FOUND ON THE GROUND  
AT THE TIME OF THE SURVEY.

## GENERAL NOTES

1. ALL BEARINGS AND COORDINATES SHOWN ARE BASED ON THE TEXAS COORDINATE SYSTEM OF 1983. COORDINATES REFLECT GRID VALUES AND MAY BE CONVERTED TO SURFACE VALUES BY APPLYING A SCALE FACTOR OF 0.99988797257.
2. UNLESS OTHERWISE NOTED ALL CORNERS MARKED WITH SET 5/8" IRON ROD W/CA

PREJEAN & COMPANY, INC.  
surveying / mapping

HOUSTON, TX 77055  
713-467-MAPS  
8124 WESTVIEW DRIVE

## BOUNDARY EXHIBIT

49.0166 AC. OUT OF THE  
GEORGE ROSS SURVEY. A-646

01-25-2019	1"=100'	JOB NO. 342-15
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## Exhibit B

### METES AND BOUNDS DESCRIPTION 49.0166 ACRES OUT OF THE GEORGE ROSS SURVEY, A-646 HARRIS COUNTY, TEXAS

All that certain 49.0166 acre tract of land out of the George Ross Survey, A- 646 being a portion of that certain 108.499 acre tract of land described in a deed dated 11-01-2005 from Hampshire Chemical Corp. to GEO Specialty Chemicals, Inc. filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number Y871006 and a portion of those certain 6.356 and 19.381 acre tracts of land described in a deed dated 12-21-2006 from Trans Gulf Transportation, Inc. to BKTT Developments LLC filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20060286457 and a portion of that certain 16.088 acre tract of land described in a deed dated 04-02-2015 from BKTT Developments LLC to Independence Business Park, LLC, filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20150140199 and a portion of that certain 12.095 acre tract of land described in a deed dated 03-18-2013 from Pro Equipment Leasing, LTD to Dream 7 Equities, LLC, filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20130125105 and a portion of Unrestricted Reserve "A", RBD Warehouse according to the plat thereof filed at Film Code Number 674607, Harris County Map Records and being more particularly described by metes and bounds as follows. All coordinates and bearings being referenced to the Texas Coordinate System of 1983. All coordinates reflect grid values and may be converted to surface values by applying a scale factor of 0.99988797257.

BEGINNING at a found 5/8" iron rod with cap in the west right-of-way line of Independence Parkway (120' wide) marking the northeast corner of said 108.499 acre tract having grid coordinates of Y=13829792.78, X=3209369.15;

THENCE S 02°24'59" E – 2022.70', with said west right-of-way line to a found 5/8" iron rod with cap marking a point on a curve to the right, having a central angle of 03°51'38", a radius of 1090.60', a chord which bears S 00°37'54" E-73.47';

THENCE with said curve, continuing with said west right-of-way line for an arc distance of 73.49' to a found 5/8" iron rod, marking a point on a curve to the right, having a central angle of 15°45'32", a radius of 1090.60', a chord which bears S 09°07'06" W-299.02';

THENCE with said curve, continuing with said west right-of-way line for an arc distance of 299.96' to a found 5/8" iron rod with cap for angle point;

THENCE S 17°11'38" W - 494.50', continuing with said west right-of-way line to a set 5/8" iron rod for angle point;

THENCE S 17°08'52" W - 121.92', continuing with said west right-of-way line to a set 5/8" iron rod for angle point;

THENCE S 17°11'17" W - 649.34', continuing with said west right-of-way line to a found 5/8" iron rod for angle point;

THENCE S 17°10'31" W - 15.02', continuing with said west right-of-way line to a set "X" in concrete for angle point;

THENCE S 17°15'25" W - 67.73', continuing with said west right-of-way line to a set 5/8" iron rod for corner;

THENCE N 72°44'35" W - 1.00' with the north line of an 11.500 acre tract of land conveyed to Loves Travel Stops & Country Stores, Inc. described in a deed filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20120162613 to a set 5/8" iron rod with cap for corner;

THENCE N 17°15'25" E - 67.73' to a set "X" in concrete for angle point;

THENCE N 17°10'31" E - 14.67' to a set 5/8" iron rod for angle point;

THENCE N 17°11'17" E - 649.69' to a set 5/8" iron rod for angle point;

THENCE N 17°08'52" E - 121.55' to a set 5/8" iron rod for angle point;

THENCE N 17°11'38" E - 494.86' to a set 5/8" iron rod with cap marking a point on a curve to the left, having a central angle of 15°45'19", a radius of 1089.60', a chord which bears N 09°07'12" E-298.67';

THENCE with said curve for an arc distance of 299.62' to a set 5/8" iron rod for corner;

THENCE S 87°13'47" W - 652.39', with the north line of the aforementioned 6.356 acre tract to a found 5/8" iron rod with cap for corner;

THENCE S 02°46'13" E - 657.64', with the west line of said 6.356 acre tract to a found 5/8" iron rod with cap for corner;

THENCE S 87°10'33" W - 1250.57', with the north line of BKTT Development Park Replat No. 1 according the plat thereof filed a Film Code Number 671094, Harris County Map Records to a set 5/8" iron rod with cap for corner;

THENCE N 02°51'06" W - 826.61', with the east line of a called 2.2559 acre tract of land acquired by Houston Pipeline Company described in a deed filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number G318905 to a set 5/8" iron rod with cap for corner;

THENCE N 87°38'17" E - 766.07', with the south line of a called 13.6700 acre tract of land acquired by Houston Pipeline Company described in a deed filed at Volume 3348, Page 153 Harris County Deed Records to a found 1 1/2" iron pipe for corner;

HENCE N 02°50'41" W - 368.64', with the east line of said 13.6700 acre tract to a set 5/8" iron rod with cap for corner;

THENCE N 87°09'17" E - 481.65' to a found 5/8" iron rod for corner;

THENCE N 02°56'05" W - 200.80' to a found 5/8" iron rod for corner;

THENCE N 87°08'03" E - 261.52' to a found 5/8" iron rod for corner;

THENCE S 02°32'05" E - 200.90' to a set 5/8" iron rod for corner;

THENCE N 87°09'17" E - 402.37' to a set 5/8" iron rod for corner

THENCE N 02°24'59" W - 709.90' to a set 5/8" iron rod for corner;

THENCE S 87°16'46" W - 153.87' to a set 5/8" iron rod for corner;

THENCE S 02°39'37" E - 120.07' to a set 5/8" iron rod for corner;

THENCE S 87°15'31" W - 323.08' to a set 5/8" iron rod for corner;

THENCE N 02°51'50" W - 206.39' to a set 5/8" iron rod for corner;

THENCE N 47°51'31" W - 149.57' to a set 5/8" iron rod for corner;

THENCE N 02°24'59" W - 593.19' to a set 5/8" iron rod for corner;

THENCE N 34°11'00" E - 88.56' to a set 5/8" iron rod for corner;

THENCE N 87°29'30" E - 532.81', with the north line of the aforementioned 108.499 acre tract to the POINT OF BEGINNING containing 49.0166 acres, (2,135,161 square feet) of land more or less.  
Compiled from survey by:

**PREJEAN & COMPANY, INC.**  
Surveying / Mapping  
01-25-2019



Exhibit C

PETITION FOR VOLUNTARY ANNEXATION

TO: THE MAYOR AND CITY COUNCIL OF THE CITY OF DEER PARK, TX

The undersigned owners of the hereinafter described tract of land which is vacant and without residents, or on which less than three (3) qualified voters reside, hereby petition your honorable body to extend the present municipal limits so as to include and annex as a part of the City of Deer Park, Texas, the property described by metes and bounds on the attached Exhibit "A", which is incorporated herein for all purposes. We certify that this Petition is signed and acknowledged by each and every corporation and person owning said land or having an interest in any part thereof.

GEO SPECIALTY CHEMICALS, INC.,  
an Ohio corporation

By: \_\_\_\_\_

Randy Lay

Title: \_\_\_\_\_

EVP + CFO

360 Central Avenue, Suite 873  
Saint Petersburg, Florida 33701

STATE OF VIRGINIA §  
§  
COUNTY OF CHESAPEAKE §

This instrument was acknowledged before me by Randy Lay, the CFO of  
Geo Specialty Chemicals, Inc., an Ohio corporation, on the 25 day of January, 2019.

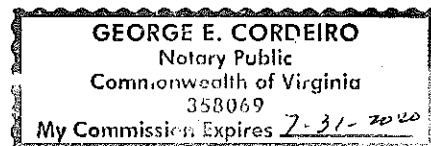
Notary Public, State of \_\_\_\_\_

Virginia

George E. Cordeiro

My commission expires \_\_\_\_\_

July 31, 2020



**Exhibit “A”**

**{See attached}**

METES AND BOUNDS DESCRIPTION  
36.9983 ACRES OUT OF THE  
GEORGE ROSS SURVEY, A-646  
HARRIS COUNTY, TEXAS

All that certain 36.9983 acre tract of land out of the George Ross Survey, A- 646 being a portion of that certain 108.499 acre tract of land described in a deed dated 11-01-2005 from Hampshire Chemical Corp. to GEO Specialty Chemicals, Inc. filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number Y871006 and a portion of those certain 6.356 and 19.381 acre tracts of land described in a deed dated 12-21-2006 from Trans Gulf Transportation, Inc. to BKTT Developments LLC filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20060286457 and a portion of that certain 16.088 acre tract of land described in a deed dated 04-02-2015 from BKTT Developments LLC to Independence Business Park, LLC, filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20150140199 and a portion of that certain 12.095 acre tract of land described in a deed dated 03-18-2013 from Pro Equipment Leasing, LTD to Dream 7 Equities, LLC, filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20130125105, and being more particularly described by metes and bounds as follows. All coordinates and bearings being referenced to the Texas Coordinate System of 1983. All coordinates reflect grid values and may be converted to surface values by applying a scale factor of 0.99988797257.

COMMENCING at a found 5/8" iron rod with cap in the west right-of-way line of Independence Parkway (120' wide) marking the northeast corner of said 108.499 acre tract having grid coordinates of Y=13829792.78, X=3209369.15; THENCE S 02°24'59" E – 1563.64', with said west right-of-way line to a found 5/8" iron rod with cap marking the POINT OF BEGINNING of the herein described tract.

THENCE S 02°24'59" E – 459.06', continuing with said west right-of-way line to a found 5/8" iron rod with cap marking a point on a curve to the right, having a central angle of 03°51'38", a radius of 1090.60', a chord which bears S 00°37'54" E-73.47';

THENCE with said curve, continuing with said west right-of-way line for an arc distance of 73.49' to a found 5/8" iron rod, marking a point on a curve to the right, having a central angle of 15°45'32", a radius of 1090.60', a chord which bears S 09°07'06" W-299.02';

THENCE with said curve, continuing with said west right-of-way line for an arc distance of 299.96' to a found 5/8" iron rod with cap for angle point;

THENCE S 17°11'38" W - 494.50', continuing with said west right-of-way line to a set 5/8" iron rod for angle point;

THENCE S 17°08'52" W - 121.92', continuing with said west right-of-way line to a set 5/8" iron rod for angle point;

THENCE S 17°11'17" W - 649.34', continuing with said west right-of-way line to a found 5/8" iron rod for angle point;

THENCE S 87°57'59" W - 1.06', with the north line of Unrestricted Reserve "A", RBD Warehouse according to the plat thereof filed at Film Code No. 674607 to a set 5/8" iron rod with cap for corner;

THENCE N 17°11'17" E - 649.69' to a set 5/8" iron rod for angle point;

THENCE N 17°08'52" E - 121.55' to a set 5/8" iron rod for angle point;

THENCE N 17°11'38" E - 494.86' to a set 5/8" iron rod with cap marking a point on a curve to the left, having a central angle of 15°45'19", a radius of 1089.60', a chord which bears N 09°07'12" E-298.67';

THENCE with said curve for an arc distance of 299.62' to a set 5/8" iron rod for corner;

THENCE S 87°13'47" W - 652.39', with the north line of the aforementioned 6.356 acre tract to a found 5/8" iron rod with cap for corner;

THENCE S 02°46'13" E - 657.64', with the west line of said 6.356 acre tract to a found 5/8" iron rod with cap for corner;

THENCE S 87°10'33" W - 1250.57', with the north line of BKTT Development Park Replat No. 1 according the plat thereof filed a Film Code Number 671094, Harris County Map Records to a set 5/8" iron rod with cap for corner;

THENCE N 02°51'06" W - 826.61', with the east line of a called 2.2559 acre tract of land acquired by Houston Pipeline Company described in a deed filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number G318905 to a set 5/8" iron rod with cap for corner;

THENCE N 87°38'17" E - 766.07', with the south line of a called 13.6700 acre tract of land acquired by Houston Pipeline Company described in a deed filed at Volume 3348, Page 153 Harris County Deed Records to a found 1 1/2" iron pipe for corner;

HENCE N 02°50'41" W - 368.64', with the east line of said 13.6700 acre tract to a set 5/8" iron rod with cap for corner;

THENCE N 87°09'17" E - 481.65' to a found 5/8" iron rod for corner;

THENCE N 02°56'05" W - 200.80' to a found 5/8" iron rod for corner;

THENCE N 87°08'03" E - 261.52' to a found 5/8" iron rod for corner;

THENCE S 02°32'05" E - 200.90' to a set 5/8" iron rod for corner;

THENCE N 87°09'17" E - 403.37' to the POINT OF BEGINNING containing 36.9983 acres, (1,611,646 square feet) of land more or less.

Compiled from survey by:

**PREJEAN & COMPANY, INC.**  
Surveying / Mapping  
01-24-2019



COMMENCING POINT  
36.9983 AC..  
Y=13829795.39  
X=3209432.53  
FND 5/8" IR  
W/CAP

108.499  
HAMPSHIRE CHEMICAL CORP.  
TO  
GEO SPECIALTY CHEMICALS, INC.  
C.F. NO. Y871006  
11-01-2005

CALLED 13.6700 ACRES  
 HOUSTON PIPE LINE CO.  
 (VOL. 3348, PG. 153 H.C.D.R.)

108.499  
HAMPSHIRE CHEMICAL CORP.  
TO  
GEO SPECIALTY CHEMICALS, INC.  
C.F. NO. Y871006  
11-01-2005

CALLED TRACT 1  
 CALLED 6.356 ACRES  
 TRANS GULF TRANSPORTAION, INC.  
 TO  
 BKTT DEVELOPMENTS LLC  
 (C.F. NO. 20060286457)  
 12-21-2006

CALLED TRACT 2  
 CALLED 19.381 ACRES  
 TRANS GULF TRANSPORTAION, INC  
 TO  
 BKT DEVELOPMENTS LLC  
 (C.F. NO. 20060286457)  
 12-21-2006

5.7310 ACRES  
BLOCK 1, RESERVE "A"  
BKTT DEVELOPMENT PARK REPLAT NO. 1  
(F.C. NO. 671094 H.C.M.R.)  
INDEPENDENCE BUSINESS PARK LLC

2.7710 ACRES  
BLOCK 1, RESERVE "B"  
BKTT DEVELOPMENT PARK REPLAT NO. 1  
(F.C. NO. 671094 H.C.M.R.)  
INDEPENDENCE BUSINESS PARK LLC

12.095 ACRES  
PRO EQUIPMENT LEASING, LTD.  
TO  
DREAM 7 EQUITIES, LLC  
(C.F. NO. 20130125105)  
03-18-2013

UNRESTRICTED RESERVE "A"  
RBD WAREHOUSE  
(F.C. NO. 674607 H.C.M.R.)

11.5000 AC.  
LOVES TRAVEL STOPS &  
COUNTRY STORES, INC.  
(C.F. NO. 20120162613)

01-24-2019	<i>Daniel E. Kersten</i>	4925
DATE	DANIEL E. KERSTEN	R.P.L.S. NO.

I HEREBY CERTIFY THAT THIS PLAT  
CORRECTLY REPRESENTS THE ACTUAL  
CONDITIONS FOUND ON THE GROUND  
AT THE TIME OF THE SURVEY.

GENERAL NOTES

1. ALL BEARINGS AND COORDINATES SHOWN ARE BASED ON THE TEXAS COORDINATE SYSTEM OF 1983. COORDINATES REFLECT GRID VALUES AND MAY BE CONVERTED TO SURFACE VALUES BY APPLYING A SCALE FACTOR OF 0.99988797257.

2. UNLESS OTHERWISE NOTED ALL CORNERS MARKED WITH SET 5/8" IRON ROD W/CAP.

PREJEAN & COMPANY, INC.  
surveying / mapping

HOUSTON, TX 77055  
713-467-MAPS  
9324 WESTMEW DRIVE

*BOUNDARY EXHIBIT*

36.9983 AC. OUT OF THE  
GEORGE ROSS SURVEY, A-646

01-24-2019	1"=100'	JOB NO. 342-15
------------	---------	----------------

- |             |                              |
|-------------|------------------------------|
|             | TRAFFIC SIGN                 |
|             | COMMUNICATIONS MANHOLE       |
|             | TELEPHONE ENCLOSURE          |
|             | CHAIN LINK FENCE             |
|             | WOOD FENCE                   |
|             | POWER POLE                   |
|             | POWER POLE w/DOWN GUY        |
|             | STREET/AREA LIGHT            |
|             | GAS VALVE                    |
|             | GAS METER                    |
|             | STORM/SAN/CHILLWATER MANHOLE |
|             | ROOF OVERHANG                |
|             | ELEC MANHOLE                 |
|             | OVERHEAD ELECTRIC LINE       |
| - = 12" RCP | STEEL SEWER WITH SIZE        |
| - = 2" C    | BURIED GAS LINE WITH SIZE    |
| - = 22" WL  | BURIED WATER LINE WITH SIZE  |
|             | CHAIN LINK FENCE             |
| CMP         | CORRUGATED METAL PIPE        |
| IRP         | IRON PIPE                    |
| IR          | IRON ROD                     |
|             | CENTERLINE                   |
| PTP         | PINCH TOP PIPE               |
|             | PULL BOX                     |
|             | NO PARKING SIGN              |
|             | CURB INLET                   |
|             | SQUARE INLET                 |
|             | TRAFFIC SIGNAL POLE          |
|             | FIRE HYDRANT                 |
|             | WATER VALVE                  |
|             | WATER METER                  |
|             | SANITARY CLEAN OUT           |
|             | JUNCTION BOX                 |
|             | GAS MANHOLE                  |
|             | HANDICAP PARKING             |
|             | TELEPHONE                    |
|             | SAMPLE WELL                  |
|             | YD-YARD DRAIN                |

PETITION FOR VOLUNTARY ANNEXATION

TO: THE MAYOR AND CITY COUNCIL OF THE CITY OF DEER PARK, TX

The undersigned owners of the hereinafter described tract of land which is vacant and without residents, or on which less than three (3) qualified voters reside. hereby petition your honorable body to extend the present municipal limits so as to include and annex as a part of the City of Deer Park, Texas, the property described by metes and bounds on the attached Exhibit "A", which is incorporated herein for all purposes. We certify that this Petition is signed and acknowledged by each and every corporation and person owning said land or having an interest in any part thereof.

GEO SPECIALTY CHEMICALS, INC.,  
an Ohio corporation

By: [Signature]  
Randy Lay  
Title: CEO

360 Central Avenue, Suite 873  
Saint Petersburg, Florida 33701

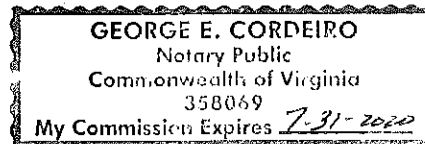
STATE OF Virginia §  
§  
COUNTY OF Chesapeake §

This instrument was acknowledged before me by Randy Lay, the CEO of  
Geo Specialty Chemicals, Inc., an Ohio corporation, on the 25 day of January, 2019.

Notary Public, State of Virginia

[Signature: George E. Cordeiro]

My commission expires July 31, 2020



**Exhibit “A”**

**{See attached}**

METES AND BOUNDS DESCRIPTION  
12.0163 ACRES OUT OF THE  
GEORGE ROSS SURVEY, A-646  
HARRIS COUNTY, TEXAS

All that certain 12.0163 acre tract of land out of the George Ross Survey, A- 646 being a portion of that certain 108.499 acre tract of land described in a deed dated 11-01-2005 from Hampshire Chemical Corp. to GEO Specialty Chemicals, Inc. filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number Y871006, and being more particularly described by metes and bounds as follows. All coordinates and bearings being referenced to the Texas Coordinate System of 1983. All coordinates reflect grid values and may be converted to surface values by applying a scale factor of 0.99988797257.

BEGINING at a found 5/8" iron rod with cap in the west right-of-way line of Independence Parkway (120' wide) marking the northeast corner of said 108.499 acre tract having grid coordinates of Y=13829792.78, X=3209369.15;

THENCE S 02°24'59" E – 1563.64', with said west right-of-way line to a found 5/8" iron rod with cap for corner.

THENCE S 87°09'17" W - 1.00' to a set 5/8" iron rod with cap for corner;

THENCE N 02°24'59" W - 709.90' to a set 5/8" iron rod with cap for corner;

THENCE S 87°16'46" W - 153.87' to a set 5/8" iron rod with cap for corner;

THENCE S 02°39'37" E - 120.07' to a set 5/8" iron rod with cap for corner;

THENCE S 87°15'31" W - 323.08' to a set 5/8" iron rod with cap for corner;

THENCE N 02°51'50" W - 206.39' to a set 5/8" iron rod with cap for angle point;

THENCE N 47°51'31" W - 149.57' to a set 5/8" iron rod with cap for angle point;

THENCE N 02°24'59" W - 593.19' to a set 5/8" iron rod with cap for angle point;

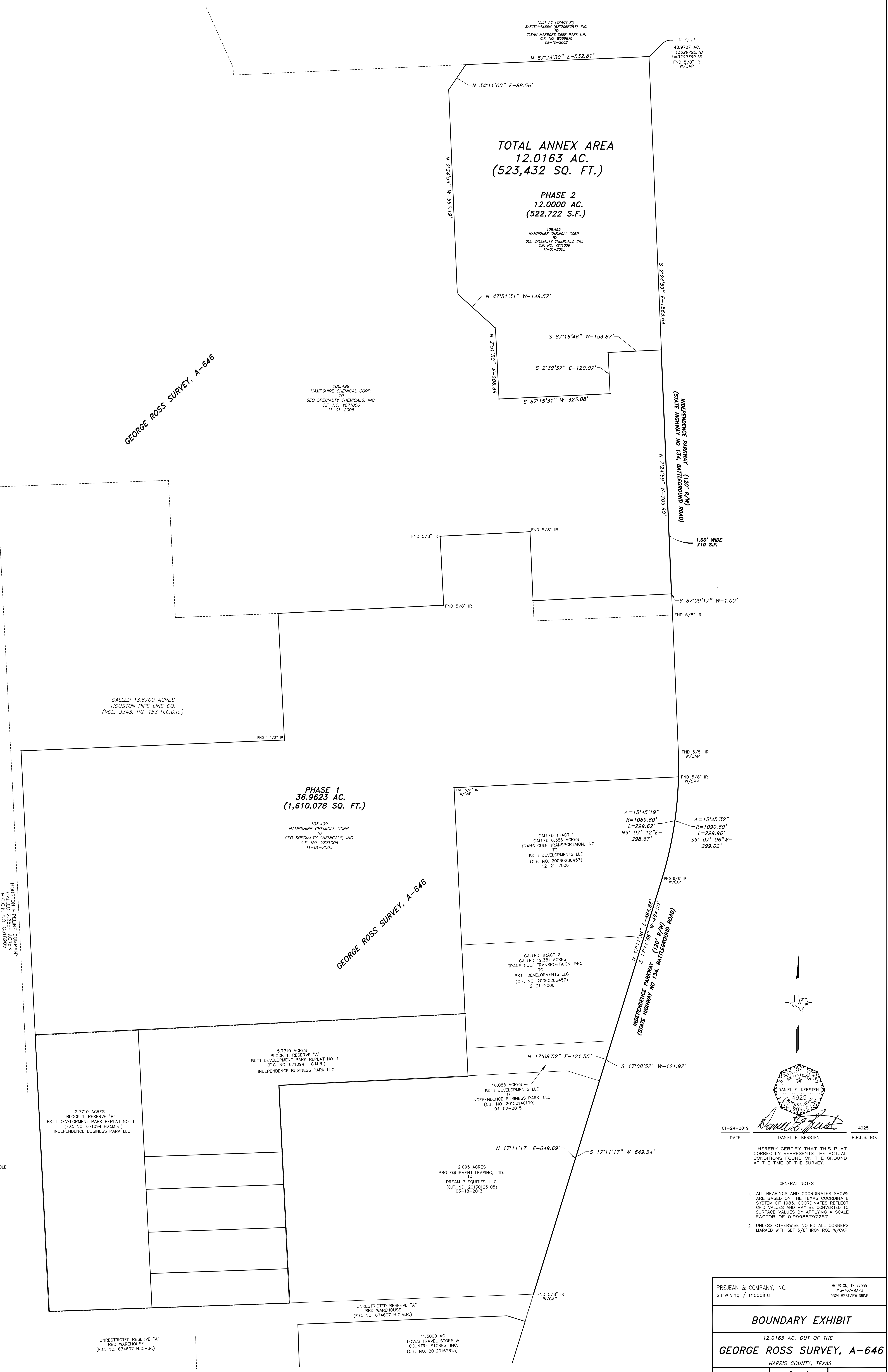
THENCE N 34°11'00" E - 88.56' to a set 5/8" iron rod with cap for angle point;

THENCE N 87°29'30" E - 532.81' to a the POINT OF BEGINNING containing 12.0163 acres, (523,432 square feet) of land more or less

Compiled from survey by:

**PREJEAN & COMPANY, INC.**  
Surveying / Mapping  
01-24-2019





- LEGEND**
- TRAFFIC SIGN
  - COMMUNICATIONS MANHOLE
  - TELEPHONE ENCLOSURE
  - CHAIN LINK FENCE
  - WOOD FENCE
  - POWER POLE
  - POWER POLE W/DOWN GUY
  - STREET/AREA LIGHT
  - GAS VALVE
  - GAS METER
  - STORM/SAN/CHILLWATER MANHOLE
  - ROOF OVERHANG
  - ELEC MANHOLE
  - OVERHEAD ELECTRIC LINE
  - 12" RCP STORM SEWER WITH SIZE
  - 2" BURIED GAS LINE WITH SIZE
  - 12" BURIED WATER LINE WITH SIZE
  - CHAIN LINK FENCE
  - CMP CORRUGATED METAL PIPE
  - IP IRON PIPE
  - IR IRON ROD
  - € CENTERLINE
  - PTP PINCH TOP PIPE
  - PULL BOX
  - NO PARKING SIGN
  - CURB INLET
  - SQUARE INLET
  - TRAFFIC SIGNAL POLE
  - FIRE HYDRANT
  - WATER VALVE
  - WATER METER
  - SANITARY CLEAN OUT
  - JUNCTION BOX
  - GAS MANHOLE
  - HANDICAP PARKING
  - TELEPHONE
  - SAMPLE WELL
  - YD-YARD DRAIN

01-24-2019

DATE

Daniel E. Kersten

DANIEL E. KERSTEN

4925

R.P.L.S. NO.

I HEREBY CERTIFY THAT THIS PLAT CORRECTLY REPRESENTS THE ACTUAL CONDITIONS FOUND ON THE GROUND AT THE TIME OF THE SURVEY.

GENERAL NOTES

1. ALL BEARINGS AND COORDINATES SHOWN ARE BASED ON THE TEXAS COORDINATE SYSTEM OF 1983. COORDINATES REFLECT GRID VALUES AND MAY BE CONVERTED TO SURFACE VALUES BY APPLYING A SCALE FACTOR OF 0.99988797257.

2. UNLESS OTHERWISE NOTED ALL CORNERS MARKED WITH SET 5/8" IRON ROD W/CAP.

PREJEAN & COMPANY, INC.

surveying / mapping

HOUSTON, TX 77055

713-467-4400

9324 WESTVIEW DRIVE

BOUNDARY EXHIBIT

12.0163 AC. OUT OF THE

GEORGE ROSS SURVEY, A-646

HARRIS COUNTY, TEXAS

01-24-2019

1"=100'

JOB NO. 342-15

PETITION FOR VOLUNTARY ANNEXATION

TO: THE MAYOR AND CITY COUNCIL OF THE CITY OF DEER PARK, TX

The undersigned owners of the hereinafter described tract of land which is vacant and without residents, or on which less than three (3) qualified voters reside, hereby petition your honorable body to extend the present municipal limits so as to include and annex as a part of the City of Deer Park, Texas, the property described by metes and bounds on the attached Exhibit "A", which is incorporated herein for all purposes. We certify that this Petition is signed and acknowledged by each and every corporation and person owning said land or having an interest in any part thereof.

This Petition is being submitted in connection with the proposed purchase of property by 739 Independence LLC (a wholly owned subsidiary of Molto Properties Fund III, LLC ("Molto") from Geo Specialty Chemicals, Inc., and other Petitions for Voluntary Annexation are being submitted by or on behalf of Molto. If the purchase from Geo is not consummated by 739 Independence LLC (or another assignee of Molto), then this Petition for Voluntary Annexation may be withdrawn by the undersigned, provided that such withdrawal occurs prior to the passage of the annexation ordinance by the Deer Park City Council

RBD Development, L.L.C.

a Texas limited liability company

By: Bernard Reingold

Name: Bernard Reingold

Title: Member

11643 Wallisville Road #A  
Houston, Texas 77013-3439  
Attention: Mr. Bernie Reingold

STATE OF TEXAS §

§

COUNTY OF HARRIS §

This instrument was acknowledged before me by Bernard Reingold, a member of RBD Development L.L.C., a Texas limited liability company, on behalf of said limited liability company, on the 24th day of January, 2019.

Sandra Renee Crawford  
Notary Public, State of Texas

My commission expires JANUARY 17, 2021



Exhibit "A"

METES AND BOUNDS DESCRIPTION  
83 SQUARE FEET OUT OF  
UNRESTRICTED RESERVE "A"  
RBD WAREHOUSE  
HARRIS COUNTY, TEXAS

All that certain 83 square feet tract of land out of Unrestricted Reserve "A", RBD Warehouse according to the plat thereof filed at Film Code Number 674607, Harris County Map Records and being more particularly described by metes and bounds as follows. All coordinates and bearings being referenced to the Texas Coordinate System of 1983. All coordinates reflect grid values and may be converted to surface values by applying a scale factor of 0.99988797257.

BEGINNING at a found 5/8" iron rod with cap in the west right-of-way line of State Highway No. 134 (120' wide) marking the northeast corner of said Unrestricted Reserve "A", having, coordinates of Y=13826193.93, X=3209033.85;

THENCE S 17°10'31" W - 15.02', with said west right-of-way line to a point for corner;

THENCE S 17°15'25" W - 67.73', continuing with said west right-of-way line to a point for corner;

THENCE N 72°44'35" W - 1.00', with the north line of an 11.500 acre tract of land conveyed to Loves Travel Stops & Country Stores, Inc. described in a deed filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20120162613 to a set 5/8" iron rod with cap for corner.

THENCE N 17°15'25" E - 67.73' to a set "X" in concrete for corner;

THENCE N 17°10'31" E - 14.67' to a set 5/8" iron rod with cap for corner;

THENCE N 87°57'59" E - 1.06', with the north line of the aforementioned Unrestricted Reserve "A" to the POINT OF BEGINNING containing 83 square feet (0.0019 acres) of land more or less.

Compiled from survey by:

PREJEAN AND COMPANY, INC.  
Surveying / Mapping  
12/13/2018



RBD Warehouse – 83 Square Feet

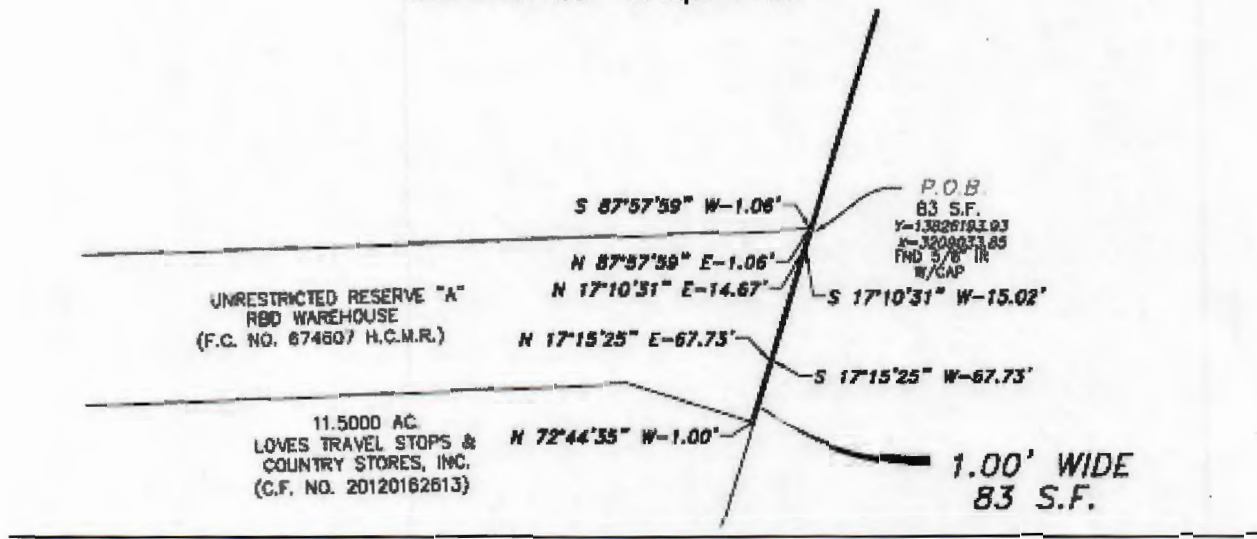


Exhibit D

**SPECIAL WARRANTY DEED WITH EASEMENT RESERVATION**

THE STATE OF TEXAS                   §  
  §     KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF HARRIS                 §

This Deed is by and between **DREAM 7 EQUITIES, LLC**, a Texas limited liability company, having an address of 1431 Greenway Drive, Suite 300, Irving, Texas 75038 ("Grantor") and **GEO SPECIALTY CHEMICALS, INC.**, an Ohio corporation, having an address of 401 South Earl Avenue, Suite 3A, Lafayette, Indiana 47904 ("Grantee").

**WITNESSETH:**

Grantor, for and in consideration of the sum of SIX THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$6,500.00), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Grantor does hereby BARGAIN, GRANT, SELL AND CONVEY unto Grantee, its successors and assigns forever, all of Grantor's right, title and interest, if any, in and to that certain approximately one (1) foot wide strip of land located along the eastern most property line of the real estate commonly known as Harris County Appraisal District Account #: 0440990000127, such strip of land being more particularly described to wit (the "Property"):

**SEE EXHIBIT "A".**

Together with all right, title and interest, if any, of Grantor in and to any streets and roads abutting the Property to the centerlines thereof, plus all the estate and rights of Grantor in and to any easements, rights, privileges, appurtenances and other hereditaments appurtenant to the Property.

This conveyance is made by Grantor and accepted by Grantee subject to the matters of record affecting the Property described on Exhibit "B" attached hereto.

TO HAVE AND TO HOLD the Property unto Grantee, its successors and assigns forever. Grantor covenants with Grantee that Grantor has done nothing to impair such title as Grantor received, and, subject to the reservations herein made, Grantor will warrant and defend the title against the lawful claim of all persons claiming by, through or under Grantor, but not otherwise. The preceding sentence is for the benefit of Grantee and the successors in title to Grantee.

Grantor reserves for Grantor and Grantor's successors and assigns a free, uninterrupted, perpetual easement on, over, across and under the Property hereby conveyed for vehicular and pedestrian ingress and egress to and from Grantor's land adjoining the Property described on **EXHIBIT "D"** attached hereto (hereinafter "Grantor's Property") and the public right of way adjoining the Property, for the maintenance, installation and repair of utilities serving Grantor's Property. The aforesaid easement shall include the use by Grantor and Grantor's successors and assigns of the surface and subsurface of the Property and the right to maintain, construct, install and

RP-2019-29583

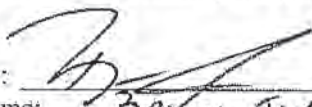
replace improvements such as driveways or sidewalks on the surface of the Property (but Grantor shall not construct any buildings or other material structures upon the Property) and utility lines and drainage or other facilities in the subsurface of the Property in connection therewith the aforesaid uses. Grantor and Grantor's successors and assigns shall also have a free, perpetual easement and right to use the surface of the Property for the maintenance of lawns and other landscaping. The easements reserved unto Grantor and Grantor's successors and assigns herein are appurtenant to and run with Grantor's Property and all portions of it, whether the easement is referenced in any conveyance of Grantor's Property or any portion of it. The easement binds and inures to the benefit of Grantor and the Grantor's successors and assigns. Grantor and Grantor's successors and assigns shall have the right to convey to others from time to time the right to use all or part of the easements reserved herein in conjunction with Grantor so long as such further conveyance is subject to the terms set forth herein. The easements reserved herein may be enforced by restraining orders and injunctions (temporary or permanent) prohibiting interference and commanding compliance. Restraining orders and injunctions will be obtainable on proof of the existence of interference or threatened interference, without the necessity of proof of inadequacy of legal remedies or irreparable harm, and will be obtainable only by the parties to or benefited hereby; provided, however, that the act of obtaining an injunction or restraining order will not be deemed an election of remedies or a waiver of any other rights or remedies available at law or in equity. If Grantor or Grantor's successors or assigns retain an attorney to enforce the terms of the easements reserved herein, they shall be entitled to recover reasonable attorneys' fees and court and other costs.

GRANTEE IS TAKING THE PROPERTY IN AN ARM'S-LENGTH AGREEMENT BETWEEN THE PARTIES. THE CONSIDERATION WAS BARGAINED ON THE BASIS OF AN "AS IS, WHERE IS" TRANSACTION AND REFLECTS THE AGREEMENT OF THE PARTIES THAT THERE ARE NO REPRESENTATIONS OR EXPRESS OR IMPLIED WARRANTIES, EXCEPT THOSE CONTAINED IN THIS SPECIAL WARRANTY DEED. GRANTEE HAS NOT RELIED ON ANY INFORMATION OTHER THAN GRANTEE'S INSPECTION AND THE REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED IN THIS SPECIAL WARRANTY DEED.

This conveyance is further subject to the reservation set forth on Exhibit "C" attached hereto and incorporated herein by this reference.

EXECUTED: January 11, 2019.

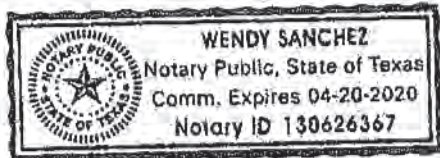
GRANTOR:  
DREAM 7 EQUITIES, LLC,  
a Texas limited liability company

By:   
Name: Bryan Javier  
Title: President

STATE OF TEXAS

COUNTY OF HARRIS

THIS INSTRUMENT was acknowledged before me on January 10, 2019, by Brian Jarvis, the President of DREAM 7 EQUITIES, LLC, a Texas limited liability company, on behalf of said company.



WITNESS my hand and official seal.

Wendy Sanchez  
Notary's Signature

Recorded at the request of and return to:

First American

ATTN: \_\_\_\_\_ (NCS \_\_\_\_\_)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY HEREBY CONVEYED

METES AND BOUNDS DESCRIPTION  
650 SQUARE FEET OUT OF THE  
GEORGE ROSS SURVEY, A-646  
HARRIS COUNTY, TEXAS

All that certain 650 square feet tract of land out of the George Ross Survey, A- 646 being a portion of that certain 12.095 acre tract of land described in a deed dated 03-18-2013 from Pro Equipment Leasing, LTD to Dream 7 Equities, LLC, filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20130125105 and being more particularly described by metes and bounds as follows. All coordinates and bearings being referenced to the Texas Coordinate System of 1983. All coordinates reflect grid values and may be converted to surface values by applying a scale factor of 0.99988797257.

BEGINNING at a found 5/8" iron rod with cap in the west right-of-way line of State Highway No. 134 (120 wide) marking the northeast corner of said 12.095 acre tract having grid coordinates of Y=13826814.27, X=3209225.73;

THENCE S 17°11'17" W - 649.34', with said west right-of-way line to a found 5/8" iron rod with cap for corner;

THENCE S 87°57'59" W - 1.06', with the north line of Unrestricted Reserve "A", RBD Warehouse according to the plat thereof filed at Film Code Number 674607, Harris County Map Records to a set 5/8" iron rod with cap for corner;

THENCE N 17°11'17" E - 649.69' to a set 5/8" iron rod with cap for corner;

THENCE S 72°48'46" E - 1.00', with the north line of the aforementioned 12.095 acre tract to the POINT OF BEGINNING containing 650 square feet (0.0149 acres) of land more or less.

Compiled from survey by:

PREJEAN AND COMPANY, INC.  
Surveying / Mapping  
12/13/2018



**EXHIBIT "B"**

**PERMITTED EXCEPTIONS**

Non-delinquent standby fees, taxes and assessments by any taxing authority for year 2018 and subsequent years.

Easements and covenants of record affecting the land.

All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges and immunities relating thereto, appearing in the public records.

## EXHIBIT "C"

### RESERVATION OF MINERAL RIGHTS

The Grantor hereby reserves all of the Mineral Estate (as hereinafter defined) in the Property owned by Grantor. As used herein, "Mineral Estate" means all oil, gas, and other minerals in and under and that may be produced from the Property, any royalty under any existing or future mineral lease covering any part of the Property, executive rights (including the right to sign a mineral lease covering any part of the Property), implied rights of ingress and egress, exploration and development rights, production and drilling rights, mineral lease payments, and all related rights and benefits. The Mineral Estate includes water, sand, gravel, limestone, building stone, caliche, surface shale, near-surface lignite, and iron, and the use of the surface of the Property or the use of surface materials for mining, drilling, exploring, operating, developing, or removing the oil, gas, and other minerals from the Property.

**EXHIBIT "D"**

**GRANTOR'S PROPERTY**

8.000 acres of land situated in the George Ross Survey, Abstract Number 646, Harris County, Texas, being a portion of that certain called 12.095 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number 20060286455, said 8.000 acres of land being more particularly described by metes and bounds as follows:

COMMENCING at a 1 inch aluminum disk in concrete found in the Westerly right-of-way line of State Highway No. 134 (Independence Parkway) (120 foot right-of-way) for the Southeasterly corner of that certain called 13.51 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number W099876 and the most Easterly Northeast corner of that certain called 108.499 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number Y871006;

Thence, S 02°28'30" E, along the Westerly right-of-way line of said State Highway No. 134 (Independence Parkway), a distance of 2022.30 feet to a 5/8 inch iron rod with cap found for a point of non-tangent curvature to the right;

Thence, in a Southwesterly direction, continuing along the Westerly right-of-way line of said State Highway No. 134 (Independence Parkway), with said non-tangent curve to the right, having a central angle of 19°39'37", a radius of 1090.60 feet, an arc length of 374.23 feet, a chord bearing of S 07°12'26" W and a chord distance of 372.39 feet to a 5/8 inch iron rod with cap found for a point of non-tangency;

Thence, S 17°08'52" W, continuing along the Westerly right-of-way line of said State Highway No. 134 (Independence Parkway), a distance of 906.74 feet to a 5/8 inch iron rod with cap set for the POINT OF BEGINNING of the herein described tract of land;

Thence, S 17°08'52" W, continuing along the Westerly right-of-way line of said State Highway No. 134 (Independence Parkway), a distance of 359.21 feet to a 5/8 inch iron rod with cap found for the Southeasterly corner of said 12.095 acre tract;

Thence, S 87°57'59" W, along the Southerly line of said 12.095 acre tract, a distance of 709.00 feet to a 5/8 inch iron rod with cap found for the Southwesterly corner of said 12.095 acre tract;

Thence, N 02°49'44" W, along the Southerly line of said 12.095 acre tract, a distance of 634.39 feet to a 5/8 inch iron rod with cap found for the Northwesterly corner of said 12.094 acre tract;

Thence, N 87°10'16" E, along the Northerly line of said 12.095 acre tract, a distance of 293.21 feet to a 5/8 inch iron rod with cap set for an angle point;

Thence, S 02°49'44" E, a distance of 299.16 feet to a 5/8 inch iron rod with cap set for corner;

Thence, N 87°57'59" E, a distance of 538.49 feet to the POINT OF BEGINNING and containing 8.000 acres of land.

LESS AND EXCEPT THE APPROXIMATELY 1' WIDE STRIP OF LAND CONVEYED BY THIS DEED TO GEO SPECIALTY CHEMICALS, INC. AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

{See legal description of excepted parcel on next page}

{Exception Parcel}

All that certain 650 square feet tract of land out of the George Ross Survey, A- 646 being a portion of that certain 12.095 acre tract of land described in a deed dated 03-18-2013 from Pro Equipment Leasing, LTD to Dream 7 Equities, LLC, filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20130125105 and being more particularly described by metes and bounds as follows. All coordinates and bearings being referenced to the Texas Coordinate System of 1983. All coordinates reflect grid values and may be converted to surface values by applying a scale factor of 0.99988797257.

BEGINNING at a found 5/8" iron rod with cap in the west right-of-way line of State Highway No. 134 (120 wide) marking the northeast corner of said 12.095 acre tract having grid coordinates of Y=13826814.27, X=3209225.73;

THENCE S 17°11'17" W - 649.34', with said west right-of-way line to a found 5/8" iron rod with cap for corner;

THENCE S 87°57'59" W - 1.06', with the north line of Unrestricted Reserve "A", RBD Warehouse according to the plat thereof filed at Film Code Number 674607, Harris County Map Records to a set 5/8" iron rod with cap for corner;

THENCE N 17°11'17" E - 649.69' to a set 5/8" iron rod with cap for corner;

THENCE S 72°48'46" E - 1.00', with the north line of the aforementioned 12.095 acre tract to the POINT OF BEGINNING containing 650 square feet (0.0149 acres) of land more or less.



RP-2019-29583  
# Pages 9  
01/24/2019 08:43 AM  
e-Filed & e-Recorded in the  
Official Public Records of  
HARRIS COUNTY  
DIANE TRAUTMAN  
COUNTY CLERK  
Fees \$44.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.  
THE STATE OF TEXAS  
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



*Diane Trautman*

COUNTY CLERK  
HARRIS COUNTY, TEXAS

RP-2019-29583

**SPECIAL WARRANTY DEED WITH EASEMENT RESERVATION**

THE STATE OF TEXAS                   §  
  §     KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF HARRIS                   §

This Deed is by and between **BKTT DEVELOPMENTS LLC**, a Texas limited liability company, having an address of 437 Independence Parkway S., La Porte, Texas 77571 ("Grantor") and **GEO SPECIALTY CHEMICALS, INC.**, an Ohio Corporation, having an address of 401 South Earl Avenue, Suite 3A, Lafayette, Indiana 47904 ("Grantee").

**W I T N E S S E T H:**

Grantor, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Grantor does hereby BARGAIN, GRANT, SELL AND CONVEY unto Grantee, its successors and assigns forever, all of Grantor's right, title and interest, if any, in and to that certain approximately one (1') foot wide strip of land located along the westerly right of way line of Independence Parkway in Harris County Texas, such strip of land being more particularly described as to wit (the "Property"):

**SEE EXHIBIT "A".**

Together with all right, title and interest, if any, of Grantor in and to any streets and roads abutting the Property to the centerlines thereof, plus all the estate and rights of Grantor in and to any easements, rights, privileges, appurtenances and other hereditaments appurtenant to the Property.

This conveyance is made by Grantor and accepted by Grantee subject to the matters of record affecting the Property described on Exhibit "B" attached hereto.

TO HAVE AND TO HOLD the Property unto Grantee, its successors and assigns forever. Grantor covenants with Grantee that Grantor has done nothing to impair such title as Grantor received, and, subject to the reservations herein made, Grantor will warrant and defend the title against the lawful claim of all persons claiming by, through or under Grantor, but not otherwise. The preceding sentence is for the benefit of Grantee and the successors in title to Grantee.

Grantor reserves for Grantor and Grantor's successors and assigns a free, uninterrupted, perpetual easement on, over, across and under the Property hereby conveyed for vehicular and pedestrian ingress and egress to and from Grantor's land adjoining the Property described on **EXHIBIT "D"** attached hereto (hereinafter "Grantor's Property") and the public right of way adjoining the Property, for the maintenance, installation and repair of utilities serving Grantor's Property. The aforesaid easement shall include the use by Grantor and Grantor's successors and assigns of the surface and subsurface of the Property and the right to maintain, construct, install and replace improvements such as driveways or sidewalks on the surface of the Property (but

Grantor shall not construct any buildings or other material structures upon the Property) and utility lines and drainage or other facilities in the subsurface of the Property in connection therewith the aforesaid uses. Grantor and Grantor's successors and assigns shall also have a free, perpetual easement and right to use the surface of the Property for the maintenance of lawns and other landscaping. The easements reserved unto Grantor and Grantor's successors and assigns herein are appurtenant to and run with Grantor's Property and all portions of it, whether the easement is referenced in any conveyance of Grantor's Property or any portion of it. The easement binds and inures to the benefit of Grantor and the Grantor's successors and assigns. Grantor and Grantor's successors and assigns shall have the right to convey to others from time to time the right to use all or part of the easements reserved herein in conjunction with Grantor so long as such further conveyance is subject to the terms set forth herein. The easements reserved herein may be enforced by restraining orders and injunctions (temporary or permanent) prohibiting interference and commanding compliance. Restraining orders and injunctions will be obtainable on proof of the existence of interference or threatened interference, without the necessity of proof of inadequacy of legal remedies or irreparable harm, and will be obtainable only by the parties to or benefited hereby; provided, however, that the act of obtaining an injunction or restraining order will not be deemed an election of remedies or a waiver of any other rights or remedies available at law or in equity. If Grantor or Grantor's successors or assigns retain an attorney to enforce the terms of the easements reserved herein, they shall be entitled to recover reasonable attorneys' fees and court and other costs.

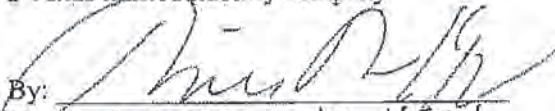
GRANTEE IS TAKING THE PROPERTY IN AN ARM'S-LENGTH AGREEMENT BETWEEN THE PARTIES. THE CONSIDERATION WAS BARGAINED ON THE BASIS OF AN "AS IS, WHERE IS" TRANSACTION AND REFLECTS THE AGREEMENT OF THE PARTIES THAT THERE ARE NO REPRESENTATIONS OR EXPRESS OR IMPLIED WARRANTIES, EXCEPT THOSE CONTAINED IN THIS SPECIAL WARRANTY DEED. GRANTEE HAS NOT RELIED ON ANY INFORMATION OTHER THAN GRANTEE'S INSPECTION AND THE REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED IN THIS SPECIAL WARRANTY DEED.

This conveyance is further subject to the reservation set forth on Exhibit "C" attached hereto and incorporated herein by this reference.

EXECUTED: January 22 2019.

GRANTOR:

**BKTT DEVELOPMENTS LLC,**  
a Texas limited liability company

By:   
Name: William W. Iles  
Title: PRESIDENT + MANAGER

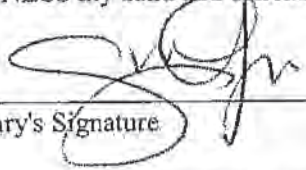
STATE OF TEXAS

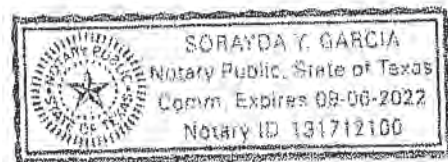
§  
§  
§

COUNTY OF HARRIS

THIS INSTRUMENT was acknowledged before me on January 22, 2019, by William W. Lyons, the ~~President~~ Manager of BKTT Developments LLC, a Texas limited liability company, on behalf of said company.

WITNESS my hand and official seal.

  
\_\_\_\_\_  
Notary's Signature



Recorded at the request of and return to:

Alamo Title Company

ATTN: \_\_\_\_\_ (NCS \_\_\_\_\_)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY HEREBY CONVEYED

METES AND BOUNDS DESCRIPTION  
794 SQUARE FEET OUT OF THE  
GEORGE ROSS SURVEY, A-646  
HARRIS COUNTY, TEXAS

All that certain 794 square feet tract of land out of the George Ross Survey, A- 646 being a portion of those certain 6.356 and 19.381 acre tracts of land described in a deed dated 12-21-2006 from Trans Gulf Transportation, Inc. to BKT Development LLC filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20060286457 and being more particularly described by metes and bounds as follows. All coordinates and bearings being referenced to the Texas Coordinate System of 1983. All coordinates reflect grid values and may be converted to surface values by applying a scale factor of 0.99988797257.

BEGINNING at a found 5/8" iron rod with cap in the west right-of-way line of State Highway No. 134 (120' wide) marking the northeast corner of said 6.356 acre tract being a point on a curve to the left, having a central angle of 15°45'32", a radius of 1090.60', a chord which bears S 09°07'06" W - 299.02' having grid coordinates of Y=13827698.41, X=3209455.24;

THENCE with said curve and with said west right-of-way line for an arc distance of 299.96' to found 5/8" iron rod with cap for angle point;

THENCE S 17°11'38" W - 494.50', continuing with said west right-of-way line to a set 5/8" iron rod with cap for corner;

THENCE S 87°05'03" W - 1.06' with the north line of a 16.088 acre tract of land described in a deed dated 04-02-2015 from BKT Development LLC to Independence Business Park, LLC filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20150140199 to a set 5/8" iron rod with cap for corner;

THENCE N 17°11'38" E - 494.86' to a set 5/8" iron rod with cap on a curve to the right, having a central angle of 15°45'19", a radius of 1089.60', a chord which bears N 09°07'12" E - 298.67'

THENCE with said curve for an arc distance of 299.62' to a set 5/8" iron rod with cap for corner;

THENCE N 87°13'47" E - 1.00', with the north line of the aforementioned 6.356 acre tract to the POINT OF BEGINNING of the herein described tract containing 794 square feet (0.0182 acres) of land more or less.  
Compiled from survey by:

PREJEAN & COMPANY, INC.  
Surveying / Mapping  
12/13/2018



## EXHIBIT "B"

### PERMITTED EXCEPTIONS

Non-delinquent standby fees, taxes and assessments by any taxing authority for year 2018 and subsequent years.

Easements and covenants of record affecting the land.

All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges and immunities relating thereto, appearing in the public records.

## EXHIBIT "C"

### RESERVATION OF MINERAL RIGHTS

The Grantor hereby reserves all of the Mineral Estate (as hereinafter defined) in the Property owned by Grantor. As used herein, "Mineral Estate" means all oil, gas, and other minerals in and under and that may be produced from the Property, any royalty under any existing or future mineral lease covering any part of the Property, executive rights (including the right to sign a mineral lease covering any part of the Property), implied rights of ingress and egress, exploration and development rights, production and drilling rights, mineral lease payments, and all related rights and benefits. The Mineral Estate includes water, sand, gravel, limestone, building stone, caliche, surface shale, near-surface lignite, and iron, and the use of the surface of the Property or the use of surface materials for mining, drilling, exploring, operating, developing, or removing the oil, gas, and other minerals from the Property.

EXHIBIT "D"

GRANTOR'S PROPERTY

Tract 1 of Grantor's Property

6.356 acres of land situated in the George Ross Survey, Abstract Number 646, Harris County, Texas, being a portion of that certain called 103.943 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number R743842, said 6.356 acres of land being more particularly described by metes and bounds as follows:

COMMENCING at a 1 inch aluminum disk in concrete found in the Westerly right-of-way line of State Highway No. 134 (Battleground Road) (120 foot right-of-way) for the Southeasterly corner of that certain called 13.51 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number W099876 and the most Easterly-Northeast corner of that certain called 108.499 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number Y871006;

Thence, S 02°28'30" E, along the Westerly right-of-way line of said State Highway No. 134 (Battleground Road), a distance of 2022.30 feet to a 5/8 inch iron rod with cap found for a point of non-tangent curvature to the right;

Thence, in a Southerly direction, continuing along the Westerly right-of-way line of said State Highway No. 134 (Battleground Road), with said non-tangent curve to the right, having a central angle of 03°51'39", a radius of 1090.60 feet, an arc length of 73.49 feet, a chord bearing of S 00°41'33" E and a chord distance of 73.47 feet to a 5/8 inch iron rod with cap found for the most Easterly Southeast corner of said 108.499 acre tract and the POINT OF BEGINNING of the herein described tract of land;

Thence, in a Southwesterly direction, continuing along the Westerly right-of-way line of said State Highway No. 134 (Battleground Road) and said non-tangent curve to the right, having a central angle of 15°47'58", a radius of 1090.60 feet, an arc length of 300.74 feet, a chord bearing of S 09°08'15" W and a chord length of 299.78 feet to a 5/8 inch iron rod with cap found for a point of non-tangency;

Thence, S 17°08'52" W, continuing along the Westerly right-of-way line of said State Highway No. 134 (Battleground Road), a distance of 174.90 feet to a 5/8 inch iron rod with cap set for corner

Thence, S 87°10'16" W, a distance of 531.49 feet to a 5/8 inch iron rod with cap set in an Easterly line of said 108.499 acre tract;

Thence, N 02°49'44" W, along an Easterly line of said 108.499 acre tract, a distance of 457.64 feet to a 5/8 inch iron rod with cap found for an interior corner of said 108.499 acre tract;

Thence, N 87°10'16" E, along a Southerly line of said 108.499 acre tract, a distance of 653.39 feet to the POINT OF BEGINNING and containing 6.356 acres of land.

BEARING ORIENTATION BASED ON S 17°13'47" W BEING A WESTERLY LINE OF STATE HIGHWAY NO. 134 AS DESCRIBED IN THAT CERTAIN 103.943 ACRE TRACT RECORDED UNDER HARRIS COUNTY CLERK'S FILE NUMBER R743842.

TRACT BEING SHOWN ON MAP (SEE HSC 01164-E-3)

{legal description continued on next page}

Tract 2 of Grantor's Property

6.356 acres of land situated in the George Ross Survey, Abstract Number 646, Harris County, Texas, being a portion of that certain called 103.943 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number R743842, said 6.356 acres of land being more particularly described by metes and bounds as follows:

COMMENCING at a 1 inch aluminum disk in concrete found in the Westerly right-of-way line of State Highway No. 134 (Battleground Road) (120 foot right-of-way) for the Southeasterly corner of that certain called 13.51 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number W099876 and the most Easterly/Northeast corner of that certain called 108.499 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number Y871006;

Thence, S 02°28'30" E, along the Westerly right-of-way line of said State Highway No. 134 (Battleground Road), a distance of 2022.30 feet to a 5/8 inch iron rod with cap found for a point of non-tangent curvature to the right;

Thence, in a Southerly direction, continuing along the Westerly right-of-way line of said State Highway No. 134 (Battleground Road), with said non-tangent curve to the right, having a central angle of 03°51'39", a radius of 1090.60 feet, an arc length of 73.49 feet, a chord bearing of S 00°41'33" E and a chord distance of 73.47 feet to a 5/8 inch iron rod with cap found for the most Easterly Southeast corner of said 108.499 acre tract and the POINT OF BEGINNING of the herein described tract of land;

Thence, in a Southwesterly direction, continuing along the Westerly right-of-way line of said State Highway No. 134 (Battleground Road) and said non-tangent curve to the right, having a central angle of 15°47'58", a radius of 1090.60 feet, an arc length of 300.74 feet, a chord bearing of S 09°08'15" W and a chord length of 299.78 feet to a 5/8 inch iron rod with cap found for a point of non-tangency;

Thence, S 17°08'52" W, continuing along the Westerly right-of-way line of said State Highway No. 134 (Battleground Road), a distance of 174.90 feet to a 5/8 inch iron rod with cap set for corner

Thence, S 87°10'16" W, a distance of 531.49 feet to a 5/8 inch iron rod with cap set in an Easterly line of said 108.499 acre tract;

Thence, N 02°49'44" W, along an Easterly line of said 108.499 acre tract, a distance of 457.64 feet to a 5/8 inch iron rod with cap found for an interior corner of said 108.499 acre tract;

Thence, N 87°10'16" E, along a Southerly line of said 108.499 acre tract, a distance of 653.39 feet to the POINT OF BEGINNING and containing 6.356 acres of land.

BEARING ORIENTATION BASED ON S 17°13'47" W BEING A WESTERLY LINE OF STATE HIGHWAY NO. 134 AS DESCRIBED IN THAT CERTAIN 103.943 ACRE TRACT RECORDED UNDER HARRIS COUNTY CLERK'S FILE NUMBER R743842.

TRACT BEING SHOWN ON MAP (SEE HSC 01164-E-3)

LESS AND EXCEPT FROM SAID TRACT 2 THAT CERTAIN 16.088 ACRE TRACT OF LAND CONVEYED BY BKTT DEVELOPMENTS LLC TO

EXHIBIT "D"

GRANTOR'S PROPERTY

INDEPENDENCE BUSINESS PARK, LLC BY DEED DATED APRIL 2, 2014  
AND RECORDED IN OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY  
TEXAS ON APRIL 7, 2015 AS DOCUMENT NO. 20150140199

AND ALSO LESS AND EXCEPT FROM THE ABOVE DESCRIBED LAND THE  
APPROXIMATELY 1' WIDE STRIP OF LAND CONVEYED BY THIS DEED  
TO Geo Specialty Chemicals, Inc. AND MORE PARTICULARLY  
DESCRIBED AS FOLLOWS:

{Exception Parcel}

All that certain 794 square feet tract of land out of the George Ross Survey, A- 646 being a portion of those certain 6.356 and 19.381 acre tracts of land described in a deed dated 12-21-2006 from Trans Gulf Transportation, Inc. to BKTT Developments LLC filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20060286457 and being more particularly described by metes and bounds as follows. All coordinates and bearings being referenced to the Texas Coordinate System of 1983. All coordinates reflect grid values and may be converted to surface values by applying a scale factor of 0.99988797257.

BEGINNING at a found 5/8" iron rod with cap in the west right-of-way line of State Highway No. 134 (120 wide) marking the northeast corner of said 6.356 acre tract being a point on a curve to the left, having a central angle of 15°45'32", a radius of 1090.60', a chord which bears S 09°07'06" W - 299.02' having grid coordinates of Y=13827698.41, X=3209455.24;

THENCE with said curve and with said west right-of-way line for an arc distance of 299.96' to found 5/8" iron rod with cap for angle point;

THENCE S 17°11'38" W - 494.50', continuing with said west right-of-way line to a set 5/8" iron rod with cap for corner;

THENCE S 87°05'03" W - 1.06' with the north line of a 16.088 acre tract of land described in a deed dated 04-02-2015 from BKTT Developments, LLC to Independence Business Park, LLC filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20150140199 to a set 5/8" iron rod with cap for corner;

THENCE N 17°11'38" E - 494.86' to a set 5/8" iron rod with cap on a curve to the right, having a central angle of 15°45'19", a radius of 1089.60', a chord which bears N 09°07'12" E - 298.67'

THENCE with said curve for an arc distance of 299.62' to a set 5/8" iron rod with cap for corner;

THENCE N 87°13'47" E - 1.00', with the north line of the aforementioned 6.356 acre tract to the POINT OF BEGINNING of the herein described tract containing 794 square feet (0.0182 acres) of land more or less.

RP-2019-29581  
# Pages 10  
01/24/2019 08:43 AM  
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DIANE TRAUTMAN  
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Fees \$48.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.  
THE STATE OF TEXAS  
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



*Diane Trautman*

COUNTY CLERK  
HARRIS COUNTY, TEXAS

RP-2019-29581

**SPECIAL WARRANTY DEED WITH EASEMENT RESERVATION**

THE STATE OF TEXAS                   §  
  §    KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF HARRIS                   §

This Deed is by and between **INDEPENDENCE BUSINESS PARK, LLC**, a Texas limited liability company, having an address of 207 Blue Point Road, Clear Lake Shores, Texas 77565 ("Grantor") and **GEO SPECIALTY CHEMICALS, INC.**, an Ohio corporation, having an address of 401 South Earl Avenue, Suite 3A, Lafayette, Indiana 47904 ("Grantee").

**WITNESSETH:**

Grantor, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Grantor does hereby BARGAIN, GRANT, SELL AND CONVEY unto Grantee, its successors and assigns forever, all of Grantor's right, title and interest, if any, in and to that certain approximately one (1') foot wide strip of land located along the westerly right of way line of Independence Parkway in Harris County Texas, such strip of land being more particularly described as to wit (the "Property"):

**SEE EXHIBIT "A".**

Together with all right, title and interest, if any, of Grantor in and to any streets and roads abutting the Property to the centerlines thereof, plus all the estate and rights of Grantor in and to any easements, rights, privileges, appurtenances and other hereditaments appurtenant to the Property.

This conveyance is made by Grantor and accepted by Grantee subject to the matters of record affecting the Property described on Exhibit "B" attached hereto.

TO HAVE AND TO HOLD the Property unto Grantee, its successors and assigns forever. Grantor covenants with Grantee that Grantor has done nothing to impair such title as Grantor received, and, subject to the reservations herein made, Grantor will warrant and defend the title against the lawful claim of all persons claiming by, through or under Grantor, but not otherwise. The preceding sentence is for the benefit of Grantee and the successors in title to Grantee.

Grantor reserves for Grantor and Grantor's successors and assigns a free, uninterrupted, perpetual easement on, over, across and under the Property hereby conveyed for vehicular and pedestrian ingress and egress to and from Grantor's land adjoining the Property described on **EXHIBIT "D"** attached hereto (hereinafter "Grantor's Property") and the public right of way adjoining the Property, for the maintenance, installation and repair of utilities serving Grantor's Property. The aforesaid easement shall include the use by Grantor and Grantor's successors and assigns of the surface and subsurface of the Property and the right to maintain, construct, install and replace improvements such as driveways or sidewalks on the surface of the Property (but

Grantor shall not construct any buildings or other material structures upon the Property) and utility lines and drainage or other facilities in the subsurface of the Property in connection therewith the aforesaid uses. Grantor and Grantor's successors and assigns shall also have a free, perpetual easement and right to use the surface of the Property for the maintenance of lawns and other landscaping. The easements reserved unto Grantor and Grantor's successors and assigns herein are appurtenant to and run with Grantor's Property and all portions of it, whether the easement is referenced in any conveyance of Grantor's Property or any portion of it. The easement binds and inures to the benefit of Grantor and the Grantor's successors and assigns. Grantor and Grantor's successors and assigns shall have the right to convey to others from time to time the right to use all or part of the easements reserved herein in conjunction with Grantor so long as such further conveyance is subject to the terms set forth herein. The easements reserved herein may be enforced by restraining orders and injunctions (temporary or permanent) prohibiting interference and commanding compliance. Restraining orders and injunctions will be obtainable on proof of the existence of interference or threatened interference, without the necessity of proof of inadequacy of legal remedies or irreparable harm, and will be obtainable only by the parties to or benefited hereby; provided, however, that the act of obtaining an injunction or restraining order will not be deemed an election of remedies or a waiver of any other rights or remedies available at law or in equity. If Grantor or Grantor's successors or assigns retain an attorney to enforce the terms of the easements reserved herein, they shall be entitled to recover reasonable attorneys' fees and court and other costs.

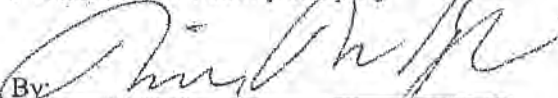
GRANTEE IS TAKING THE PROPERTY IN AN ARM'S-LENGTH AGREEMENT BETWEEN THE PARTIES. THE CONSIDERATION WAS BARGAINED ON THE BASIS OF AN "AS IS, WHERE IS" TRANSACTION AND REFLECTS THE AGREEMENT OF THE PARTIES THAT THERE ARE NO REPRESENTATIONS OR EXPRESS OR IMPLIED WARRANTIES, EXCEPT THOSE CONTAINED IN THIS SPECIAL WARRANTY DEED. GRANTEE HAS NOT RELIED ON ANY INFORMATION OTHER THAN GRANTEE'S INSPECTION AND THE REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED IN THIS SPECIAL WARRANTY DEED.

This conveyance is further subject to the reservation set forth on Exhibit "C" attached hereto and incorporated herein by this reference.

EXECUTED: January, 2019.

**GRANTOR:**

**INDEPENDENCE BUSINESS PARK, LLC,**  
a Texas limited liability company

By:   
Name: William W. Kay  
Title: PRESIDENT + MANAGER

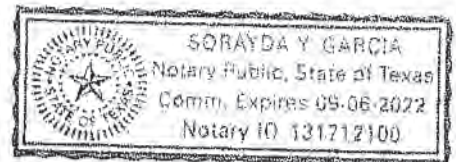
STATE OF TEXAS

COUNTY OF HARRIS

THIS INSTRUMENT was acknowledged before me on January 22, 2019, by William W. Kays, the ~~President~~ Manager of Independence Business Park, LLC, a Texas limited liability company, on behalf of said company.

WITNESS my hand and official seal.

Notary's Signature



Recorded at the request of and return to:  
Alamo Title Company  
ATTN: \_\_\_\_\_ (NCS \_\_\_\_\_)

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PROPERTY HEREBY CONVEYED**

**METES AND BOUNDS DESCRIPTION  
122 SQUARE FEET OUT OF THE  
GEORGE ROSS SURVEY, A-646  
HARRIS COUNTY, TEXAS**

All that certain 122 square feet tract of land out of the George Ross Survey, A- 646 being a portion of that certain 16.088 acre tract of land described in a deed dated 04-02-2015 from BKTT Developments LLC to Independence Business Park, LLC, filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20150140199 and being more particularly described by metes and bounds as follows. All coordinates and bearings being referenced to the Texas Coordinate System of 1983. All coordinates reflect grid values and may be converted to surface values by applying a scale factor of 0.99988797257.

BEGINNING at a set 5/8" iron rod with cap in the west right-of-way line of State Highway No. 134 (120 wide) marking the northeast corner of said 16.0881 acre tract having grid coordinates of Y=13826930.77, X=3209261.68;

THENCE S 17°08'52" W - 121.92', with said west right-of-way line to a found 5/8" iron rod with cap for corner;

THENCE N 72°48'46" W - 1.00', with the north line of a 12.095 acre tract of land described in a deed dated 03-18-2013 from Pro Equipment Leasing, LTD. To Dream 7 Equities, LLC filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20130125105 to a set 5/8" iron rod with cap for corner;

THENCE N 17°08'52" E - 121.55' to a set 5/8" iron rod with cap for corner;

THENCE N 87°05'03" E - 1.06', with the north line of the aforementioned 16.088 acre tract to the POINT OF BEGINNING containing, 122 square feet (0.0028 acres) of land more or less.

Compiled from survey by:

**PREJEAN AND COMPANY, INC.**  
Surveying / Mapping  
12/13/2018



## **EXHIBIT "B"**

### **PERMITTED EXCEPTIONS**

Non-delinquent standby fees, taxes and assessments by any taxing authority for year 2018 and subsequent years.

Easements and covenants of record affecting the land.

All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges and immunities relating thereto, appearing in the public records.

## EXHIBIT "C"

### RESERVATION OF MINERAL RIGHTS

The Grantor hereby reserves all of the Mineral Estate (as hereinafter defined) in the Property owned by Grantor. As used herein, "Mineral Estate" means all oil, gas, and other minerals in and under and that may be produced from the Property, any royalty under any existing or future mineral lease covering any part of the Property, executive rights (including the right to sign a mineral lease covering any part of the Property), implied rights of ingress and egress, exploration and development rights, production and drilling rights, mineral lease payments, and all related rights and benefits. The Mineral Estate includes water, sand, gravel, limestone, building stone, caliche, surface shale, near-surface lignite, and iron, and the use of the surface of the Property or the use of surface materials for mining, drilling, exploring, operating, developing, or removing the oil, gas, and other minerals from the Property.

EXHIBIT "D"

GRANTOR'S PROPERTY

16.088 acres of land situated in the George Ross Survey, Abstract Number 646, Harris County, Texas, being a portion of that certain called 19.381 acres of land as described in deed and recorded in the Official Public Records of Harris County, Texas, under County Clerk's File Number 20060286457, said 16.088 acres of land being more particularly described by metes and bounds as follows:

COMMENCING at a 1 inch aluminum disk in concrete found in the Westerly right-of-way line of State Highway No. 134 (Independence Parkway) (120 foot right-of-way) for the Southeast corner of that certain called 13.51 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number W099876 and the most Easterly Northeast corner of that certain called 108.499 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number Y871006;

Thence, S 02°28'30" E, along the Westerly right-of-way line of said State Highway No. 134 (Independence Parkway), a distance of 2022.30 feet to a 5/8 inch iron rod with cap found for a point of non-tangent curvature to the right;

Thence, in a Southerly direction, continuing along the Westerly right-of-way line of said State Highway No. 134 (Independence Parkway), with said non-tangent curve to the right, having a central angle of 19°39'37"; a radius of 1090.60 feet, an arc length of 374.23 feet, a chord bearing of S 07°12'26" W and a chord distance of 372.39 feet to a 5/8 inch iron rod with cap found for a point of non-tangency;

Thence, S 17°08'52" W, continuing along the Westerly right-of-way line of said State Highway No. 134 (Independence Parkway), a distance of 494.62 feet to the POINT OF BEGINNING of the herein described tract of land;

Thence, S 17°08'52" W, continuing along the Westerly right-of-way line of said State Highway No. 134 (Independence Parkway), a distance of 121.92 feet to a 5/8 inch iron rod with cap found for the Northeast corner of that certain called 12.095 acres of land as described in deed and recorded in the Official Public Records of Harris County, Texas, under County Clerk's File Number 2012601102;

Thence, N 72°51'08" W, along the Northerly line of said 12.095 acre tract, a distance of 99.22 feet to a 5/8 inch iron rod with cap found for an angle point;

Thence, S 87°10'16" W, continuing along the Northerly line of said 12.095 acre tract, a distance of 837.54 feet to a 5/8 inch iron rod with cap found for the Northwestern corner of said 12.095 acre tract;

{legal description continued on next page}

Thence, S 02°49'44" E, along the Westerly line of said 12.095 acre tract, a distance of 634.39 feet to a 5/8 inch iron with cap found in the Northerly line of that certain called 29.699 acres of land described in deed and recorded in the Official Public Records of Harris County, Texas, under County Clerk's File Number 20060286459, for the Southwesterly corner of said 12.095 acre tract;

Thence, S 87°57'59" W, along the Northerly line of said 29.699 acre tract, a distance of 699.30 feet to the Easterly line of that certain called 2,2559 acres of land as described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number G318905, for the Northwesterly corner of said 29.699 acre tract and the Southwesterly corner of said 19.381 acre tract;

Thence, N 02°54'37" W, along the Westerly line of said 19.381 acre tract, a distance of 894.67 feet to a 5/8 inch iron rod with cap found for the most Southerly Southwest corner of said 108.499 acre tract;

Thence, N 87°07'02" E, along the Southerly line of said 108.499 acre tract, a distance of 1250.57 feet to a 5/8 inch iron rod with cap found for the most Southerly Southeast corner of said 108.499 acre tract;

Thence, S 02°49'44" E, a distance of 101.12 feet to a point for corner;

Thence, N 87°05'03" E, a distance of 422.25 feet to the POINT OF BEGINNING and containing 16.088 acres of land.

LESS AND EXCEPT THE APPROXIMATELY 1' WIDE STRIP OF LAND  
CONVEYED BY THIS DEED TO Geo Specialty Chemicals, Inc. AND  
MORE PARTICULARLY DESCRIBED AS FOLLOWS:

{See legal description of excepted parcel on next  
page}

**EXHIBIT "D"**

**GRANTOR'S PROPERTY**

{Exception Parcel}

All that certain 122 square feet tract of land out of the George Ross Survey, A-646 being a portion of that certain 16.088 acre tract of land described in a deed dated 04-02-2015 from BKTT Developments LLC to Independence Business Park, LLC, filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20150140199 and being more particularly described by metes and bounds as follows. All coordinates and bearings being referenced to the Texas Coordinate System of 1983. All coordinates reflect grid values and may be converted to surface values by applying a scale factor of 0.99988797257.

BEGINNING at a set 5/8" iron rod with cap in the west right-of-way line of State Highway No. 134 (120 wide) marking the northeast corner of said 16.0881 acre tract having grid coordinates of Y=13826930.77, X=3209261.68;

THENCE S 17°08'52" W - 121.92', with said west right-of-way line to a found 5/8" iron rod with cap for corner;

THENCE N 72°48'46" W - 1.00', with the north line of a 12.095 acre tract of land described in a deed dated 03-18-2013 from Pro Equipment Leasing, LTD. To Dream 7 Equities, LLC filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File Number 20130125105 to a set 5/8" iron rod with cap for corner;

THENCE N 17°08'52" E - 121.55' to a set 5/8" iron rod with cap for corner;

THENCE N 87°05'03" E - 1.06', with the north line of the aforementioned 16.088 acre tract to the POINT OF BEGINNING containing, 122 square feet (0.0028 acres) of land more or less.

RP-2019-29582  
# Pages 10  
01/24/2019 08:43 AM  
e-Filed & e-Recorded in the  
Official Public Records of  
HARRIS COUNTY  
DIANE TRAUTMAN  
COUNTY CLERK  
Fees \$48.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.  
THE STATE OF TEXAS  
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



*Diane Trautman*

COUNTY CLERK  
HARRIS COUNTY, TEXAS

RP-2019-29582